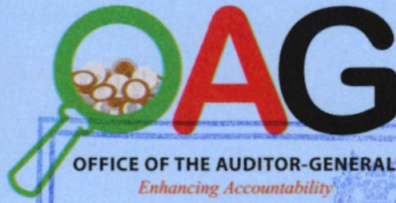


REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

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BY:

Hon. Samuel Chapkong'a

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REPORT

PARLIAMENT
OF KENYA
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OF

THE AUDITOR-GENERAL

ON

MOI UNIVERSITY

FOR THE YEAR ENDED
30 JUNE, 2025



MOI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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



Table of Contents.....		Page
1.	Acronyms and Definition of Key Terms	iii
2.	Key Entity Information and Management.....	iv
3.	The University Council	xi
4.	Key Management Team.....	xvi
5.	Chairman’s Statement.....	xix
6.	Report of the Vice Chancellor	xxi
7.	Statement of Performance against Predetermined Objectives for FY 2024/2025.....	xxiii
8.	Corporate Governance Statement	xxviii
9.	Management Discussion and Analysis.....	xxxiv
10.	Environmental and Sustainability Reporting.....	xxxviii
11.	Report of the University Council	xlii
12.	Statement of Council Responsibilities	xliv
13.	Report of the Independent Auditor for the Financial Statements of Moi University.....	xlvi
14.	Statement of Financial Performance for the year ended 30 June 2025.....	1
15.	Statement of Financial Position as at 30 June 2025	2
16.	Statement of Changes in Net Assets for the year ended 30 June 2025	3
17.	Statement of Cash Flows for the year ended 30 June 2025.....	4
18.	Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025..	6
19.	Notes to the Financial Statements	11
20.	Appendices	56

1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The University was established under the Moi University Act in 1984 as the second Public University in Kenya. The University is a body corporate established under the Moi University Charter 2013 and is domiciled in Kenya. It has Campuses and Constituent Colleges as listed below.

Nairobi Satellite Campus

P.O Box 63056-00200

Nairobi

Annex Campus,

P.O. Box 4603-30100,

Eldoret.

Coast Satellite Campus

P.O Box 3735-80100

Mombasa.

College of Health Sciences

P.O Box 4606-30100

Eldoret

Bomet University College

P.O. Box 701-201400

Bomet.

Rivatex East Africa Limited Factory

Kipkaren Road, off Eldoret- Kisumu Road

P.O. Box 4744- 30100

Eldoret

The Main Campus of the University is located in Kesses, 35 kilometers from Eldoret Town, and 310 kilometers Northwest of Nairobi, the capital city of Kenya. Moi University has expanded tremendously over the past decade largely based on the commitment of the entire Moi University fraternity, government investments, strategic partnerships, and the visionary leadership of the University Council and Management. These achievements are a testament to the resilience and fortitude of every faculty and staff member.

Since 1984, the University has experienced phenomenal growth leading to the establishment of several constituent colleges across the country, many of which have since grown to fully fledged Universities namely Maseno University, Masinde Muliro University of Science and Technology, Maasai Mara University, University of Kabianga, University of Eldoret, Karatina University , Rongo

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

University and Alupe University that was recently granted a charter on 2nd August 2022 to be a fully-fledged university.

The University currently has the following Schools:

- School of Education
- School of Arts and Social Sciences
- School of Business and Economics
- School of Agriculture and Natural Resources
- School of Information Sciences
- School of Engineering
- School of Medicine
- School of Public Health
- School of Nursing
- School of Dentistry
- School of Law
- School of Tourism, Hospitality and Events Management
- School of Sciences and Aerospace Studies
- School of Graduate Studies, Research and Innovation

The University also wholly owns the Rivatex East Africa Limited (REAL), a limited liability company that was acquired in the year 2007 and incorporated under the Companies Act, for purpose of Training, Research and to undertake Commercial activities for Income generation purposes.

(b) Principal Activities

The University's vision, mission, core values and philosophy underpin every facet of the University's operations

Vision

To be the University of Choice in nurturing innovation and talent in science, technology and development

Mission

To preserve, create, and disseminate knowledge, conserve and develop scientific, technological, and cultural heritage through quality teaching and research; to create conducive work and learning environment, and to work with stakeholders for the betterment of society.

Core Values

Intellectual freedom, excellence and the truth

Team work, networking and culture of peace

Transparency and accountability

Professionalism and social justice

Self-respect, institutional loyalty and patriotism

Continual improvement of services, competitiveness and relevance

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

Philosophy

Putting knowledge to work is the University's guiding philosophy. At Moi University, the discovery, dissemination, and application of knowledge are synergistically balanced. The University is driven by the process of involvement - involvement in world affairs; in the needs of individuals and their communities, businesses, industries, and governments; in the nurturing of inquisitive minds; in the transfer of ideas from the campus to the market- place; and involvement in societal problems in our country and beyond. The creation of new knowledge that will benefit society is at the heart of the University's mission. The distinction between basic and applied research has become more blurred as the processes of discovery, scientific inquiry and scholarship inform all aspects of the educational enterprise at Moi University.

(c) Key Management

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

- ❖ **The University Council;**
- ❖ **The Vice-Chancellor;**
- ❖ **The University Management Board**
- ❖ **The University Senate**

No.	Designation	Name
1.	Prof. Noah O. Midamba	Chairman
2.	Prof. Noah Wasike	Member
3.	Dr. Mercy N. Kanyara	Member
4.	Dr. Edward Sambili	Member
5.	Ms. Anne W. Makori	Member
6.	Prof. Kiplagat Kotut	Ag. Vice Chancellor

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice-Chancellor	Prof. Kiplagat Kotut
2.	DVC - Administration, Planning and Strategy	Prof. Loice Maru

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

3.	DVC - Academics, Research, Extension and Student Affairs	Prof. Khaemba Ongeti
4.	Principal – College of Health Sciences	Prof. Robert K. Tenge
5.	Ag. Chief Accountant	CPA William Kipchoge
6.	Ag. Legal Officer	Ms. Dorcas Mengich
7.	Ag. Head of Procurement	Mr. Wilson Bett
8.	Ag. Registrar- Administration Planning Strategy	Prof. Simeon Mining
9.	Registrar - Academics, Research, Extension and Student Affairs	Dr. David Rutto

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The University Council provides fiduciary oversight on the financial operations of the University through the Finance, Administration and Strategy Committee and the Audit, Risk and Compliance Committee.

The Finance, Administration and Strategy Committee reviews the University Quarterly Financial Statements before they are submitted to the Ministry of Education and National Treasury by the 15th day after the end of every quarter.

The Audit, Risk and Compliance Committee provides oversight on the University's financial statements and through the Internal Audit Unit of the University provides oversight on the internal controls and the maintenance of proper accounting records.

The Office of the Auditor General conducts annual audit of the operations of the University. The reports of the Auditor General are submitted to the National Assembly through the Public Investments Committee (P.I.C), which provides the overall fiduciary oversight on the operations of the University.

Regular audit and financial and progress reports are provided to development partners who have provided funds to the University. This is to ensure financial probity on the utilization of funds in the University.

(f) University Headquarters

Moi University Main Campus
P.O. Box 3900-30100
Cheptiret-Kesses Road, Off Eldoret-Nairobi Road
Eldoret, KENYA

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

(g) University Contacts

Telephone:(254) 736 138770/771 336911

E-mail: info@mu.ac.ke

Website: www.mu.ac.ke

Rivatex East Africa Limited Contacts

Telephone: (254) 53 2030901

E-mail: info@rivatex.co.ke

Website: www.rivatex.co.ke

(h) University Bankers

National Bank of Kenya

Moi University Branch

P.O. Box 22 - 30107

Moi University, Kenya

2. Co-operative Bank of Kenya

Eldoret Branch

P.O Box 2948 - 30100

Eldoret, Kenya

Kenya Commercial Bank

Eldoret Branch

P.O Box 560 - 30100

Eldoret, Kenya

4. Equity Bank

Eldoret Branch

P.O Box 2210 - 30100

Eldoret, Kenya

5. Standard Chartered Bank

Eldoret Branch

P.O Box 7 - 30100

Eldoret, Kenya

6. Absa Bank of Kenya

Eldoret Branch

P.O Box 22 - 30100

Eldoret, Kenya

Access Bank

Eldoret Branch

P.O Box 4308 - 30100

Eldoret, Kenya

Key Entity Information and Management (continued)



(i) **Independent Auditor**


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


(j) **Principal Legal Adviser**



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


3. The University Council

Ref	Council Member	Details
1.	 <p data-bbox="411 768 762 909"> Prof. Noah O. Midamba, Ph.D. Int Studies, Chairman D.O.B – 2nd February 1949 </p>	<p data-bbox="874 443 1490 1317"> Prof. Noah Midamba is a Senior Associate of the Global Centre for Policy and Strategy and previously served as Vice-Chancellor and CEO of KCA University. With a distinguished background, he was CEO and Senior Partner at International Education and Consulting Services in the USA. Prof. Midamba's scholarly career includes roles such as Vice President and Chief Diversity Officer at Kent State University and Chief International Officer at Youngstown State University. Active in higher education and curriculum development, he is renowned as a commentator. His research focuses on economic development at International, Regional, and National levels. He holds a PhD in Defence and Foreign Policy, an MA in International Relations from the University of Denver, an MPP, and a Bachelor's from the University of Puget Sound, along with an associate's in business from Tacoma Community College, Prof. Midamba is an accomplished academic and leader in higher education and policy. </p>
2.	 <p data-bbox="427 1659 751 1765"> Prof. Ronald Wasike Independent Member D.O.B – 17th April, 1962 </p>	<p data-bbox="874 1368 1490 2056"> Prof. Ronald Wasike is a Consultant General and Breast Surgeon. He did both his undergraduate and post-graduate medical studies at the University of Nairobi Medical School in Kenya. He did his clinical fellowship in breast surgery at the University of Alberta in Western Canada. He won the first Avon Foundation for women scholarship for Global clinical Breast Cancer Scholars where he was attached at the Emory University, Atlanta Georgia in the USA. He has worked as a military doctor in the Kenya Defence Forces Medical Corps previously before joining the Aga Khan University- Nairobi, where he currently heads the Breast service and teaches post-graduate students. His main interests are to provide the best breast clinical services in Kenya and in the broader Eastern region, patient health education, and clinical research </p>




		<p>on breast cancer. Prof Wasike is currently pursuing a PhD in Biochemistry in Vitamin D Receptor Polymorphism in Breast Cancer patients at the University of Nairobi.</p> <p>Prof. Wasike Chairs the Academics, Research, extension and Student Affairs Committee of Council and a member of the AMPATH Board.</p>
3.	 <p>CS. Dr. Mercy Nyambura Kanyara, Independent Member D.O.B 9th November, 1963</p>	<p>Dr. Mercy Kanyara is an Advocate of the High Court of Kenya and a Commissioner for Oaths. She is also a Professional Certified Mediator (CPM), a Certified Public Secretary (CS), a Chaplain, a Pastor and an Entrepreneur in real estate and hotel industry. She practices law at M. N. Kanyara & Company Advocates. She is also a motivational speaker, Counselor, Women Leader and a lecturer.</p> <p>She holds an LLM degree from UON, an MBA from JKUAT, an LLB degree from UON, Diploma in Legal Studies from the Kenya School of Law, Diploma in Human Resource Management- Kenya Institute of Management, Diploma in Leadership -Word of Faith Bible Institute, Certificate in Counseling. She holds an honorary PhD in Humane Letters. She is pursuing a PhD in Entrepreneurship.</p> <p>With 34 years' experience as an advocate and wide experience at senior management positions in both public and NGO sector, out of which about 17 years are in University management. In the 2005- 2016, she was the Chief Legal Officer at JKUAT and in year 2019-2021 she was the Registrar - Administration, Planning & Development at AMREF University.</p> <p>She is a member of the Law Society of Kenya (LSK), Institute of Certified Secretaries of Kenya (ICPSK), Institute of Chartered Mediators & Conciliators (ICMC) and a long-time member of Lions Club International.</p> <p>Dr. Kanyara Chairs the Audit, Risk & Compliance Committee of Council</p>

<p>4.</p>	 <p>Dr. Edward Sambili, CBS Independent Member D.O.B – 24th September, 1957</p>	<p>Dr. Edward Sambili studied at the University of Nairobi, where he performed well academically, leading to a scholarship opportunity. He secured a scholarship from the Ford Foundation to pursue studies in International Trade and Development at Lancaster University.</p> <p>Dr. Sambili is an economist with a distinguished career in Government and Finance, a former Permanent Secretary in the Ministry of Planning and National Development, as well as a former Deputy Governor at the Central Bank of Kenya. He was also the founding chairman of Kabarak University. He was also appointed as the Chairperson of the Kenya Revenue Authority (KRA) Board.</p> <p>Dr. Sambili Chairs the Finance, Administration and Strategy Committee of the Council</p>
<p>5.</p>	 <p>Ms. Anne Waceke Makori EBS Independent Member D.O.B 24th July, 1965</p>	<p>Ms. Anne Makori is an Advocate of the High Court of Kenya with over 30 years post-admission experience, and has previously served as the Chairperson of the Independent Policing Oversight Authority (IPOA). She holds an LLB degree from the University of Nairobi and a Postgraduate Diploma in Human Resource Management and a Masters in Leadership.</p> <p>She is a certified professional trainer, a Certified Professional Mediator and a Certified Public Secretary (CPS K).</p> <p>Ms. Makori has over 25 years of experience with exposure at both the Board and Management levels. She has worked for the Kenya Government, the media industry, the finance sector (banking) and a law firm specializing in civil litigation, conveyancing and corporate law. She has also worked in human resource consulting on local and international scale.</p> <p>Ms. Makori has previous oversight and leadership experience at various levels, including as a General Manager in charge of Business Development, Legal and Human</p>





		<p>Resources. She is a member of the Kenya Law Society (LSK), the Kenya Institute of Certified Public Secretaries (ICPSK) and the Institute of Human Resource Management (IHRM).</p> <p>Ms. Makori chairs the Human Resource & Governance Committee of the Council</p>
6.	 <p>Prof. Kiplagat Kotut Ag. Vice-Chancellor, Secretary to Council D.O.B 23rd February, 1963</p>	<p>Prof. Kiplagat Kotut is the Acting Vice-Chancellor of Moi University, with a rich academic background and leadership experience. He holds a Ph.D. in Phytoplankton Ecology (1998) and an MSc in Plant Ecology (1989), both from Kenyatta University. Prof. Kotut also completed a B.Ed. in Botany, Zoology, and Education (1987) from Kenyatta University. His career includes serving as the Deputy Vice-Chancellor for Academic, Research, and Extension (ARE) at the University of Embu, where he led key academic and research initiatives. With his expertise in ecology and education, Prof. Kotut has contributed significantly to the academic and research development of higher education institutions, fostering growth in both academic and research excellence. His leadership continues to guide Moi University toward achieving greater academic goals.</p>
7.	 <p>Dr. Chris Kiptoo, CBS PS The National Treasury and Economic Planning D.O.B 31 December, 1967</p>	<p>Dr Chris Kiptoo has a Ph.D. Finance (UoN), Master of Science (Agric. Economics) and Bachelor of Science (Agric. Economics) (Egerton). He is an Accredited fellow in Micro Economic and Financial Management Institute of Eastern and South Africa (MEFMI)</p> <p>Dr. Chris Kiptoo has also served as the Principal Secretary Ministry of Environment and Forestry and the state department of Trade, Ministry of Industry, trade and cooperatives.</p> <p>Dr. Kiptoo has a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Markets Authority and the International Monetary Fund, where he served in various capacities.</p>

8.	 <p>Dr. Beatrice Inyangala Muganda PS State Department for Higher Education and Research, Ministry of Education</p>	<p>Dr. Beatrice Inyangala Muganda holds a Ph.D. (Athens) M.Phil in Planning and Economics of Education (Moi) and a B.Ed (Moi) degree.</p> <p>She has served in various capacities in the Education sector such as Director of Higher Education at the Partnership for African Social and Governance Research (PASGR) and has led Pedagogical Leadership in Africa (PedaL) project. She has trained over 1,000 teaching staff in 60 Universities on the African continents in innovative pedagogies. She has contributed to Kenya national policy documents such as the Medium-Term Framework on Education and Training for Vision 2030, and the National Manpower Survey</p>
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4. Key Management Team

SN	Name of Management Member	Area of responsibility
1.	 Prof. Kiplagat Kotut	Ag. Vice-Chancellor
2.	 Prof. Loice Maru	Ag. Deputy Vice-Chancellor, Administration, Planning and Strategy
3.	 Prof. Khaemba Ongeti	Ag. Deputy Vice-Chancellor, Academics, Research, Extension and Student Affairs.

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

4.	 <p>Prof. Robert K. Tenge</p>	Principal, College of Health Sciences
5.	 <p>Prof. Simeon Mining</p>	Ag. Registrar- Administration, Planning and Strategy
6.	 <p>Dr. David Rutto</p>	Registrar -Academics, Research, Extension and Student Affairs
7.	 <p>CPA William Kipchoge</p>	Ag. Chief Accountant

8.



Ms. Dorcas Mengich

Ag. Legal Officer

5. Chairman’s Statement

On behalf of the University Council, I am pleased to present the Chairman’s Statement for Moi University for the financial year ended 30th June 2025. This year marked both significant progress and formidable challenges, and I commend the entire University leadership and community for their resilience, commitment, and innovation in fulfilling our mandate amidst a demanding environment.

Academic and Strategic Progress

The University continued to demonstrate academic leadership by strengthening programme delivery and expanding access to higher education. Notable achievements include the graduation of over 7,800 students, the introduction of new postgraduate programmes in climate resilience and artificial intelligence, and the continued focus on Science, Technology, Engineering and Mathematics (STEM) disciplines.

The digitisation of more than 65% of our course content reflects a deliberate move toward blended learning, making education more accessible and flexible. Moreover, our partnerships with reputable institutions locally and abroad enhanced our research profile and institutional capacity.

In line with the Strategic Plan (2023–2027), the University has accelerated reforms in academic administration, embraced automation of services, and undertaken restructuring initiatives to drive efficiency and performance.

Financial Overview

The Council remains acutely aware of the financial constraints that public universities in Kenya continue to face. The University’s total income for the year stood at **Kshs.5.9 billion** against an expenditure of **Kshs.6.5 billion**. This shortfall underscores the urgent need for sustainable financing models within the higher education sector.

Despite these constraints, the University took commendable steps to manage costs through staff rightsizing, rationalization of budgets, and reorganization of administrative functions resulting in a reduced wage bill. Importantly, a structured plan to address historical statutory arrears was initiated, showing the University’s commitment to financial responsibility.

Going forward, diversification of revenue sources remains a top priority. We support the University’s efforts to grow its internally generated income through research grants, consultancy, commercial ventures, and increased alumni engagement.

Infrastructure and Strategic Projects

The Council is pleased with the steady implementation of priority infrastructural projects that align with the institution’s long-term growth. Key projects completed during the year include:

The ACEII PTRE centre, positioning Moi University at the forefront of postgraduate training and research in energy.

The digital records and archives centre, enhancing document integrity and compliance.

Continued rehabilitation of key infrastructure across academic and residential facilities.

The launch of a green campus initiative reflecting our commitment to environmental sustainability.

These developments will go a long way in improving the learning environment and institutional effectiveness.

Governance, Risk and Compliance

The Council upholds the principles of good governance, integrity, and transparency. We have provided oversight in ensuring that the University adheres to legal, regulatory, and audit obligations.

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

I acknowledge the management team for their cooperation with oversight institutions and for implementing corrective actions where needed.

The University continues to face risks including declining government funding, increasing dependence on student fees, and emerging cybersecurity threats. Council is actively supporting mitigation measures such as strengthening internal audit systems, enhancing ICT infrastructure, and intensifying stakeholder engagement.

As Moi University enters the second year of implementing its 2023–2027 Strategic Plan, the Council will continue to provide guidance in achieving the set goals. Our priorities for the coming year include:

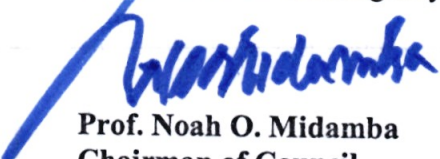
Supporting enrolment growth through improved outreach and academic relevance.

Deepening resource mobilization and fundraising strategies.

Promoting innovations in TVET and digital learning.

Enhancing staff motivation, welfare, and professional development.

In conclusion, I extend my appreciation to the Ministry of Education, the National Treasury, our development partners, staff, students, alumni, and all stakeholders for their continued support. Together, we remain focused on building a globally competitive and socially responsive institution that contributes meaningfully to Kenya's socio-economic development.



Prof. Noah O. Midamba
Chairman of Council

6. Report of the Vice Chancellor Officer

It is my pleasure to present the Vice Chancellor's Statement for Moi University for the financial year ended 30th June 2025. This report provides a detailed reflection on the University's performance over the year, including progress made in academic excellence, financial stewardship, institutional transformation, risk mitigation, and our strategic focus for the future.

1. Academic and Operational Performance

During the financial year under review, The University made significant strides in the delivery of its academic mandate, in line with our vision to be a university of excellence in teaching, research, and service to humanity. The University continued to offer quality and market-responsive academic programmes across all levels diploma, undergraduate, and postgraduate through our campuses.

Key achievements included

Graduation of 7,079 students, with increased enrolment in STEM-related programmes.
Launch of two new postgraduate programmes in climate resilience and artificial intelligence.
Enhanced digital learning infrastructure, with over 65% of course content digitised to support blended and remote learning modalities.
Strategic partnerships signed with leading institutions both locally and internationally to support academic exchanges, collaborative research, and capacity development.
Administrative functions were also strengthened through automation of key services, implementation of an e-recruitment platform, and continued restructuring aimed at enhancing efficiency and cost containment.

2. Financial Performance

The University operated under a constrained fiscal environment due to underfunding, rising wage obligations, and inflationary pressures. Despite these challenges, we remained committed to prudent financial management and sustainability.

Key financial highlights:

Total income for the year stood at Kshs. **5.9 billion**, comprising exchequer grants, internally generated income, and donor support.
Expenditure amounted to **Kshs. 6.5 billion**, with salaries and statutory obligations accounting for the largest portion.
The University implemented a number of cost rationalization measures, including staff rightsizing and optimization of operational budgets, which resulted in a reduction of the overall wage bill by 8.5% compared to the previous year.
Delayed exchequer releases and legacy statutory arrears continued to pose liquidity risks, but a structured repayment plan was developed in collaboration with key stakeholders.
Efforts are ongoing to grow alternative revenue streams through commercial ventures, research grants, alumni support, and enhanced consultancy services.

3. Key Projects and Strategic Initiatives

The University implemented several capital and strategic projects aligned to our 2023–2027 Strategic Plan. Notable among them are:
Completed construction of the ACEII PTRE, funded under a bilateral agreement with a development partner.

Completion of the digital records and archives centre, aimed at improving document management and compliance.

Rehabilitation of key infrastructure at main campus and college of health sciences, including lecture halls, hostels.

Commencement of a green campus initiative targeting improved waste management, tree planting, and energy efficiency.

4. Compliance and Governance

The University has adhered to applicable statutory and regulatory requirements, including reporting to oversight bodies

The University Council and Management remain committed to integrity, accountability, and institutional transparency in line with Chapter 6 of the Constitution of Kenya.

5. Key Risks and Mitigation Measures

Key risks facing the University include:

Reduced capitation from government and reliance on tuition revenue.

Compliance and litigation risk arising from statutory arrears and human Resource rationalization.

Cybersecurity threats due to increased digitalisation.

To mitigate these, we are:

Diversifying revenue sources and intensifying resource mobilization efforts.

Engaging in proactive stakeholder consultations to manage change.

Strengthening internal audit and ICT security systems.

6. Future Priorities

Looking ahead, The University remains focused on repositioning itself as a premier centre for research, innovation, and student success. Our priorities for FY 2025/2026 include:

- Increasing enrolment through targeted marketing and partnerships.
- Strengthening the University's endowment and fundraising activities.
- Enhancing staff capacity and wellbeing.
- Expanding TVET and online learning programmes.

As we implement the second year of our Strategic Plan, I am confident in the resilience and ingenuity of our staff, students, alumni, and stakeholders. Together, we shall continue to grow Moi University into a transformative force in education and national development



Prof. Kiplagat Kotut, PhD,
Vice Chancellor

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

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

Moi University has five strategic issues and objectives within its Strategic Plan for the FY 2023/2024- 2027/2028. These strategic issues are as follows:

Strategic issue 1: Enhance learning experience through Establishment, Design, Review and Delivery of Academic Programmes .

Strategic Issue 2: Quality Student life in the University

Strategic Issue 3: Effective Management of University resources in Service Delivery

**Strategic Issue 4: Enhanced Governance Structures, Systems and Compliance
Social Responsibility**

Strategic Issue 5: Sustainability through Resource Mobilization

The University develops its annual work plans based on the above five Strategic issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2023/2024 period for its five strategic issues, as indicated in the diagram below;

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
S.I 1 Academic Excellence, Research and Extension	To promote Excellence in Academics, Research and Extension	<ol style="list-style-type: none"> 1. Provide Quality, accredited and market driven Academic programmes 2. Create an environment that supports cutting edge research 3. Improve library services 4. Mainstream outreach and extension services 5. Restructure academic units to enhance delivery of academic services 	<ol style="list-style-type: none"> 1. Reviewed 19 programmes of academic as per CUE requirements Negotiate and conclude agreements with partners and collaborating institutions 2. Council approved the merit award policy and sensitized stakeholders 3. The University designed and initiated the process of constructing Annex Phase II library Subscribed to electronic resources database 4., Participated on the environmental conservation through tree planting, Held one dental outreach clinics 	<p>Implemented 19 reviewed programmes</p> <p>The University signed 34 MOUs with various collaborating institutions</p> <p>2. Council approved the Merit award policy. and the completed the ACEII PTRE building for researchers</p> <p>3. Contract awarded and signed</p> <p>Increased usage of E resources</p> <p>Increased sitting capacity through re designing of sitting arrangement</p> <p>4. Provided access to healthcare in counties through the COBES Programme, planted trees in Campus and collaborated with the County</p>

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

			5.The university harmonised academic programmes	Governments of Nandi and Uasin Gishu in tree planting 5. The university aligned the programmes and academic staff at the school of Arts, HR, IS and School of law
S.I 2 Quality Student Life in the University	To ensure quality student experience in the University	<ol style="list-style-type: none"> 1. Create a conducive environment that enriches student life 2. Provide and improve student support services 3. Streamline existing and introduce new games and other co curriculum activities 4. Construct and revamp facilities to support disadvantaged students Sustain students' involvement 	<ol style="list-style-type: none"> 1. Renovated students' hostels, Lecture halls and increased Wi-Fi hotspots- 2. Held cultural week and did training on the mental health and provided mentors to students 3. Drafted working programme and provided mentors to students 4. ACEII building was commissioned for occupation 	<p>ACEII building was commissioned for occupation</p> <p>Student leadership MUSO continued to participate/seat in Senate meetings and articulate issues affecting the students. They present students grievances if any champion welfare needs.</p>

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

		in management of university affairs	Constantly involved students in the management of student affairs	
S.I 3 Effective and Efficient Management of University Resources in service delivery	To effectively manage University Resources in Service delivery	<ol style="list-style-type: none"> 1. Effective Management of University Human Resources in Service Delivery 2. Effective Management of University's Financial Resources in Service Delivery to achieve financial stability & sustainability 3. Effective Management of University's Infrastructural Resources in Service Delivery <p>Effective Management of University's ICT Infrastructural Resources in Service Delivery</p>	<ol style="list-style-type: none"> 1. Conducted performance appraisal for staff and trained staff on work-life balance, customer care and work ethics, communication and public Relations and Time management and planning skills 1. The University to absorb the funds allocated to it by GoK 3 Developed annual maintenance schedule and procurement plan 	<ol style="list-style-type: none"> 1. Conducted performance appraisal for staff and trained staff on work-life balance, customer care and work ethics, communication and public Relations and Time management and planning skills <p>The University absorbed 100% of the funds allocated by GoK</p> <p>Maintained the infrastructure and timely completion of projects</p>
S.I 4	To enhance governance	<ol style="list-style-type: none"> 1. Effective Governance 		

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

Enhanced Governance Structures, Systems and Corporate Social Responsibility	structures, systems and corporate social responsibility	structure and systems 2. Corporate social responsibility engagements Marketing and promotion of activities		
S.I 5 Sustainability through Resource Mobilization	To enhance sustainability through resource mobilization	<ol style="list-style-type: none"> 1. Create an entrepreneurial unit for financial growth and sustainability 2. To Enhance IGU Revenue Generation 3. Improve partnerships and collaborations with strategic partners Promote Alumni activities in the University 	<ol style="list-style-type: none"> 1. Created Directorate of RMEDIA to spearhead resource mobilization 2. Mounted 30 beehives in the Apple farm 3. Provided seed capital for IGU 4. Collaborations with partners are in advance stage of completion 5. Assembly of computer and IT related products <p>Mentorship programmes was held and donation of games kits to the University</p>	

8. Corporate Governance Statement

Corporate governance comprises rules, procedures, regulations and processes through which the University is directed. The University is committed to the highest standards of corporate governance and ethics. Good corporate governance practices are therefore essential to the delivery of long-term sustainability of the University.

Ownership

The University was established under the Moi University Act in 1984 as the second Public University in Kenya. The University is a body corporate established under the Moi University Charter 2013. It is headed by the Vice-Chancellor and Secretary to the University Council, who is responsible for implementation of the Council's policy decisions and day-to-day operations of the University.

Constitution, Appointment and Retirement of Members of Council

The Council consists on nine persons appointed by the Cabinet Secretary in charge of Education. The membership of the Council is as follows:

- (i) The Chairperson
- (ii) The Principal Secretary in charge of University Education
- (iii) The Principal Secretary in charge of The National Treasury
- (iv) Five persons appointed by the Cabinet Secretary through an open and competitive process
- (v) The Vice-Chancellor, who is an ex-officio member of the Council

Newly appointed members of Council are facilitated to undergo an induction process covering the business of the University by availing relevant information and also taking them through structured induction training.

The members of Council retire at the expiry of their term of appointment or when appointed to other offices that could bring a conflict of interest.

The University Charter and the Universities Act No 42 of 2012, Moi University has established the following organs of governance: -

- The Council
- The Senate
- Moi University Management Board

The University has continued to implement effective corporate governance by ensuring timely and relevant disclosures as provided in the Public Finance Management (PFM) Act 2012, ensuring strong audit procedures and audit independence, having clearly defined Council and Management duties and responsibilities and ensuring compliance with relevant laws and ensuring the highest levels of integrity at all levels in the University

Council Charter

The Charter of the Council is crucial to the University's governance and defines the Council's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. The Charter provides guidance on the following:

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

- The separation of the roles, functions, responsibilities and powers of the Council and its individual members
- Nomination, appointment, induction, on-going training and performance evaluation of the Council and its committees
- Policies and practices of Council on corporate governance matters, Council members' declarations and conflict of interest, conduct of Council and Council committee meetings
- Powers delegated to Council committees as well as matters reserved for final decision making and approval by the Council

Council Size, Composition and Appointments

The constitution of Council is stipulated in the University Charter and the Universities Act No. 12 of 2012. The University Council is headed by the Chairman and is composed of Nine [9] members inclusive of the Vice-Chancellor who is the only executive member. The constitution of the Council takes into consideration requirements of the education sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the operations of the University.

Roles and Responsibilities of the Council

The roles and functions of the board are clearly defined and include giving the overall oversight of Management and giving the strategic direction of the University. The Council defines the University's strategies, objectives, values and ensures that procedures and practices are put in place to ensure effective control over strategic, financial, operational and compliance issues. The Council develops short- and long-term goals of the University, develops strategies to achieve those goals and monitors the performance of the University against the set goals. The Council also spearheads the preparation of financial statements and reports of the University, approves and reviews annual budgets and ensures that the University has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

While the Council sets the direction and general guidance on policy, the day to day running of the University has been delegated to the Vice Chancellor. However, the Council is responsible for the stewardship of the University and assumes responsibility for the effective control of the University.

The Council has unrestricted access to timely and relevant information as well as advice and services of the Corporation Secretary to discharge its duties effectively. They operate in compliance with the Mwongozo code of conduct that offers corporate governance framework for all state corporations and the members of Council have duly undergone training under this code.

Council Meetings

The Council prepares an annual Almanac showing the schedule of their meetings planned for each year. During the year, the University Council held regular quarterly meetings, while special meetings were called when necessary.

Full and Special Council Meetings

Name	Position	No. of Meetings
Prof. Noah Midamba	Chairman	16
Prof. Ronald Wasike	Member	16
Dr. Mercy Kanyara	Member	16
Dr. Edward Sambili	Member	15
Ms. Anne Makori	Member	16
Mr. Fredrick Ndambuki	Member	16
Ms. Anne Chelangat	Member	15
Dr. Dr. Humphrey Njuguna	Former Chairman	16
Mr. Christopher Khaemba	Former Member	14
Mr. Charles Obiero	Former Member	13
Prof. Clara Samiji	Former Member	14
Hon. Eusila Ngeny	Former Member	16
Ms. Susan Aletia	Former Member	14

Audit, Risk and Compliance Committee

Name	Position	No. of Meetings
Dr. Mercy Kanyara	Chairperson	2
Prof. Ronald Wasike	Member	2
Ms. Anne Chelangat	Member	4
Mr. Fredrick Ndambuki	Member	2
Ms. Susan Aletia	Former Chairperson	2
Mr. Christopher Khaemba	Former Member	2
Mr. Obiero Charles	Former Member	2

Academic, Research, Extension and Student Affairs Committee

Name	Position	No. of Meetings
Prof. Ronald Wasike	Chairperson	2
Dr. Mercy Kanyara	Member	2
Ms. Anne Chelangat	Member	4
Mr. Fredrick Ndambuki	Member	2
Mr. Christopher Khaemba	Former Chairperson	2
Mr. Obiero Charles	Former Member	1
Ms. Susan Aletia	Former Member	2

Finance, Administration and Strategy Committee

Name	Position	No. of Meetings
Dr. Edward Sambili	Chairperson	3
Ms. Anne Makori	Member	3
Ms. Anne Chelangat	Member	5

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

Mr. Fredrick Ndambuki	Member	3
Prof. Clara Samiji	Former Chairperson	5
Mr. Obiero Charles	Former Member	3
Hon. Eusila Ngeny	Former Member	5

Human Resource and Governance Committee

Name	Position	No. of Meetings
Ms. Anne Makori	Chairperson	2
Dr. Edward Sambili	Member	2
Mr. Fredrick Ndambuki	Member	2
Ms. Anne Chelangat	Member	4
Hon. Eusila Ngeny	Former Chairperson	2
Mr. Obiero Charles	Former Member	2
Prof. Clara Samiji	Former Member	2

Council Committees

The Council Members are appointed to various Council Committees, and hence, bring their diverse experiences in deliberations during Council meetings. The Council Committees have well defined terms of reference that are intended to facilitate efficient decision making by the Council in discharging its duties and responsibilities. The Council Committees and their functions are as indicated below.

The University has an Audit, Risk and Compliance Committee as required by law. The Council in appointing the members of this committee has ensured that at least one member of the committee has relevant qualifications and expertise in audit, financial management, or accounting with experience in public service and knowledge in risk management and is a member of a professional body in good standing.

Audit, Risk and Compliance Committee	Academic, Research, Extension and Students' Affairs Committee
Functions	Functions
To assist the Vice Chancellor in enhancing internal controls in order to improve efficiency, transparency and accountability.	To provide guidelines on University wide research activities
To review audit issues raised by both internal and external auditors.	To research set priorities and targets for research activities in the University

To resolve unsettled and unimplemented Public Investment Committee's (P.I.C) Recommendations	To receive, consider and recommend to Council award of honorary degrees
To enhance communication between management, internal and external audit and to foster an effective audit function	To provide guidelines on University wide training
Finance, Administration and Strategy Committee	Human Resource and Governance Committee
Functions	Functions
To explore ways of raising funds for the University both internally and externally	To recommend to Council the appointment of suitable candidate(s) after considering all the requirements for the post or in case of there being no suitable candidates to recommend re-advertisement of the position.
To develop appropriate and conducive policies to guide and promote resource mobilization and income generation activities in the University.	To recommend to Council improvements in the job grading classifications as the Committee may consider appropriate.
To monitor and evaluate income generation and resource mobilization activities in the University.	To review and make recommendations to Council on Terms and Conditions of Service as and when necessary or when directed to do so by Council from time to time.
To develop policies on utilization of resources (Income Generation) for the development of the core business of the University.	To examine and make recommendations to Council on salaries, terms and conditions of service for all University employees.

Council Boards

Council Appeals Board

The mandate of this board is to consider appeals from members of staff and make recommendations to Council.

Conflict of interest

Council Members are obligated to disclose to the Council any real or potential conflict of interest which comes to the Council Member's attention, whether direct or indirect. The Council has a conflict of interest register and at every meeting, members are required to declare any conflict of interest with regard to the matters under discussion.

Ethics and code of conduct

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

The Council members and employees of the University are expected to act with honesty, integrity and fairness in all their dealings with one another and with all stakeholders and to respect the diverse cultures of all people. The University has a code of conduct that binds every council member and employee.

Procurement policies

The University has in place procurement policies in line with the Public Procurement and Asset Disposal Act, 2015 that promote fair and transparent procurement

9. Management Discussion and Analysis

Moi University, a premier public university in Kenya established under the Moi University Act of 1984 (now governed by the Universities Act, 2012), continues to play a pivotal role in the delivery of quality higher education, research, innovation, and community service. The 2024/2025 financial year was marked by a combination of steady progress in academic offerings, ongoing reforms to enhance operational efficiency, financial constraints, and major efforts in infrastructure development. This MDA report provides insights into the University's academic, operational, and financial performance, implementation of strategic projects, governance matters, and risk exposures.

Academic and Operational Performance

During the year under review, Moi University maintained its strong academic reputation, offering undergraduate and postgraduate programmes across its constituent schools and campuses. Notable achievements included:

- Successful graduation of 7,071 students in two graduation ceremonies held in December 2024 and March 2025.
- Increased enrolment in Open, Distance, and e-Learning (ODEL) and postgraduate programmes due to enhanced digital infrastructure.
- Strengthening of quality assurance mechanisms and curriculum reviews in line with CUE guidelines and industry relevance.
- Ongoing staff rationalization and right-sizing exercises aimed at improving academic-to-non-academic staff ratios and productivity.
- Expansion of collaborative research projects and MOUs with international institutions to boost research output and staff development.

Operationally, the University streamlined service delivery through automation of administrative processes including student admissions, examination management, payroll, and procurement. Key reforms were undertaken in ICT systems, human resource policies, and financial controls to enhance accountability and transparency.

Financial Performance

The financial year 2024/2025 was marked by constrained revenues owing to declining capitation levels and reduced internally generated income (IGU) due to economic pressures. The summary of performance is as follows:

Revenue Performance:

The University's total revenue stood at **Kshs.5.9 billion** against a final budget of **Kshs.6.8 billion**, representing a utilization rate of 89%.

- Exchequer funding accounted for **Kshs.2.87 billion**.
- AIA (including tuition, consultancy, and commercial ventures) contributed **Kshs.3.0 billion**.

Expenditure: Total expenditure amounted to **Kshs.6.5 billion**. A large portion (78%) went towards personnel emoluments, highlighting the persistent wage pressure.

Deficit: The University recorded a deficit of **Kshs.0.6B** due to rising fixed costs and delayed disbursements.

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

Financial Controls: During the year, internal audit coverage was strengthened, procurement plans aligned to budget ceilings, and expenditure monitored through quarterly budget reviews.

Implementation of Key Infrastructural Projects

Despite financial constraints, the University advanced several capital projects to support academic delivery and research:

- Completion of the Science and Technology Innovation Hub under the World Bank-funded Africa Centres of Excellence (ACE II) project.
- Refurbishment of lecture halls and hostels at the Main Campus
- Expansion of digital learning infrastructure including installation of high-capacity servers and LAN upgrades.

Major Risks and Uncertainties

The University recognizes several key risks that may impede operations or affect service delivery:

- Funding Volatility: Inconsistent disbursement of exchequer grants and heavy reliance on state funding create budgeting uncertainties.
- Declining Student Enrolment: Competition, demographic shifts, and affordability issues are affecting enrolment trends.
- Statutory Compliance: Delays in remittance of statutory deductions due to cash flow challenges have exposed the institution to penalties and audit queries.
- ICT System Vulnerability: Cybersecurity threats and reliance on aging legacy systems present operational risks.
- Staff Turnover and Morale: Delayed promotions, rationalization impacts, and financial constraints have affected staff motivation and retention.

Material Arrears in Statutory Obligations

As of 30th June 2025, the University reported material arrears amounting to **Kshs.7.4 billion** in unremitted statutory and pension obligations, primarily arising from legacy debt. Measures to address the backlog include:

- Active engagement with the National Treasury and Ministry of Education for structured debt resolution frameworks.
- Implementation of a phased payment plan aligned to cash inflows.
- Prioritization of current obligations to avoid accumulation of further arrears.

Financial Probity and Governance

The University maintained its commitment to good governance, financial integrity, and transparency. Key milestones include:

- Strengthening of internal audit capacity with quarterly reporting to the Audit and Risk Management Committee of Council.
- Full operationalization of the Audit Committee, Finance Committee, and Human Resource Committees of Council.
- Adherence to the Public Procurement and Asset Disposal Act (PPADA), with 85% of tenders uploaded to the IFMIS platform.

- Timely submission of Financial Reports to the Office of the Auditor-General and the Ministry of Education.

Strategic Focus

Looking ahead, the University is committed to financial sustainability, academic excellence, and institutional reforms. Priority areas for FY 2025/2026 include:

- Diversification of revenue streams through commercialization of patents and copyrights, alumni engagement, and research grants.
- Enhanced enrolment strategies including online programmes and regional recruitment drives.
- Continued implementation of the University Strategic Plan 2023/24–2027/28.
- Modernization of infrastructure, digital systems, and green initiatives.
- Strengthened governance, risk management, and compliance frameworks.

Balance sheet and Ratio Analysis

The University's Statement of Financial Position reflects a total asset base of Kshs.10.1 billion, with Kshs.5.4 billion (53%) invested in property, plant and equipment. While this demonstrates a strong capital foundation, it also highlights a lack of flexibility, as most assets are fixed and not readily available to meet short-term funding needs.

Liquidity remains critically weak. Current assets stood at Kshs.4.2 billion against current liabilities of Kshs.9.0 billion, resulting in a current ratio of 0.46 (far below the recommended minimum of 1.0). Cash balances were particularly low, covering only 5% of current obligations, indicating a serious strain in meeting immediate commitments.

The University's debt burden is high, with 91% of assets financed by liabilities. Net assets are thin at Kshs.878 million, translating to a debt-to-equity ratio of 10.55. This demonstrates heavy reliance on creditors and exposes the institution to solvency risks. The overall gearing ratio of 91% further confirms that the University's capital structure is overwhelmingly debt-driven.

Another concern is the significant portion of assets tied up in receivables, totalling Kshs.3.7 billion (36% of total assets). This not only delays cash inflows but also increases exposure to collection risk.

The University's financial position is characterized by severe liquidity constraints, high leverage, and limited financial flexibility. While the asset base is strong, immediate obligations and statutory arrears (Kshs.7.4 billion) pose significant risks to sustainability. To restore financial stability, priority actions should include:

- Securing structured debt resolution frameworks with Treasury and the Ministry of Education.
- Phased clearance of arrears while ensuring current obligations are promptly settled.
- Strengthening receivable collection to unlock tied-up resources.
- Exploring revenue enhancement and cost optimization measures to reduce dependency on short-term liabilities.

With these interventions, the University can gradually restore solvency, improve liquidity, and safeguard operational continuity.

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

Conclusion

The University acknowledges the challenges it faces but remains steadfast in fulfilling its mandate of advancing knowledge, innovation, and service to the nation, through institutional reforms, stakeholder engagement, and strategic resource mobilization. The University is committed to strengthen its fee collection policy to ensure maximum cash inflows, while upholding fiscal discipline.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The University, as a premier public institution of higher learning in Kenya, is guided by its mandate to promote research, innovation, and education that are not only transformative but also sustainable. In an era defined by rapid climate change, resource scarcity, and increasing demand for accountability, the University aligns its sustainability strategy with global frameworks such as the United Nations Sustainable Development Goals (SDGs), Kenya Vision 2030, and the African Union's Agenda 2063.

The University recognizes the implications of global political and macroeconomic trends including climate volatility, inflation, and technological disruptions on service delivery and institutional resilience. As part of our sustainability framework, we have prioritized environmental conservation, inclusive economic participation, responsible governance, and social welfare.

Key Achievements (FY 2024/2025):

- Transitioned 40% of operations to paperless systems, significantly reducing stationery use.
- Increased procurement allocation to youth, women, and persons with disabilities (PWDs) to 34% of total local contracts.
- Adopted a revised Service Delivery Charter enhancing responsiveness and efficiency.

Challenges and Mitigation:

- **Challenge:** Limited funding constrained full implementation of green infrastructure plans.
Mitigation: Leveraged partnerships with development partners to co-fund eco-projects.
Mitigation: Conducted targeted training for procurement officers on sustainable sourcing

ii) Environmental performance

Environmental Policy Implementation:

The University is guided by its Environmental Sustainability Policy, which emphasizes conservation, pollution reduction, and biodiversity preservation. The University collaborates with NEMA and the Ministry of Environment to implement environment-friendly practices.

Key Successes:

- Installed waste segregation bins across all faculties and student hostels.
- Replaced 60% of traditional lighting with solar-powered or energy-efficient LEDs.
- Maintained tree cover through biannual tree planting days in collaboration with the Kenya Forest Service and student associations.
- Automated internal memos, payroll, and student records systems to reduce paper consumption.

Biodiversity and Waste Management:

- Emphasis on the “3Rs” – Reduce, Reuse, Recycle – with strict protocols for electronic and laboratory waste.
- Introduced biodegradable packaging in campus eateries.
- Vehicles servicing staff and departmental use are routinely maintained to reduce CO₂ emissions.

Climate-Smart Initiatives:

- Development of an eco-Jiko innovation project by the School of Engineering.
- Introduction of drought-tolerant crop varieties for agricultural research and demonstration farms.
- Planning of green building retrofits for new faculty buildings—featuring natural lighting and ventilation.

iii) Employee welfare

Recruitment and Inclusivity:

The University recruitment policy ensures fair representation of gender, youth, and PWDs in hiring processes. Recruitment panels are trained on inclusivity and bias reduction.

Career Development and Rewards:

- Conducted three capacity-building workshops and refresher courses in FY 2024/2025.
- Adopted a revamped Performance Appraisal System linked to promotions and rewards.

Occupational Health and Safety:

- The University is fully compliant with the Occupational Safety and Health Act (OSHA) 2007.
- Conducted quarterly fire drills and first aid training.
- Reported four minor injuries during the reporting period, down from seven in the previous year, attributed to enhanced safety protocols and signage installations.

iv) Market place practices-

a) Responsible Competition Practice:

- The University enforces a strict anti-corruption policy, with an internal whistle-blower system and a dedicated ethics and integrity unit.
- All procurement is done via open tendering and e-procurement systems to ensure transparency.

- Service automation initiatives include student self-registration, e-invoicing, and online result slips.

b) Responsible Supply Chain:

- All suppliers are registered under the IFMIS system and contracts are honoured per terms.
- Prompt payments are prioritized for SMEs and special groups to enhance business sustainability.

c) Responsible Marketing and Engagement:

- Avoidance of misleading advertisements is monitored by the Public Relations Office.
- The University maintains regular engagement through community radio, local newspapers, and social media.
- Regular open forums and consultative stakeholder meetings are held across campuses.

d) Product Stewardship and Awareness:

- Consumer and student rights are protected through proper data handling and dispute resolution systems.
- Dissemination of public interest information (e.g., HELB, NHIF, NSSF) is done regularly during orientation and via digital platforms.

v) Corporate Social Responsibility / Community Engagements

The University recognizes the importance of strengthening ties with the community through structured CSR programs aligned to its core mandate.

Community Engagement Highlights:

- Conducted 3 major free health clinics reaching over 1,200 community members in Eldoret, Kesses, and Cheptiret.
- Donated over 4,000 tree seedlings to community groups for environmental restoration.
- Awarded 120 full and partial bursaries to students from marginalized backgrounds.
- Partnered with local schools to host science and ICT outreach programs.
- Supported the development of a borehole in Kiplombe village through a community-university partnership.

Public Participation:

- Active engagement in county budget hearings and joint environmental assessment exercises with Uasin Gishu County.
- Participated in civic education sessions on constitutional rights with the Law Faculty leading public dialogues on legal literacy.

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

11. Report of the University Council

The University Council submit their report together with the audited financial statements for the year ended June 30th 2025, which show the state of the University's affairs.

Principal activities

The principal activities of the University continue to be the provision University education through teaching, research and outreach.

Results

The results of the University for the year ended June 30th, 2025, are set out on page 1-56

Council Members

The members of the Council who served during the year are shown on page xi to xv.

Auditors

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

By Order of the University Council



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Prof. Kiplagat Kotut, Ph.D.

Vice Chancellor/Secretary to the Council

12. Statement of Council Responsibilities

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

The Council Members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the University; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Universities Act, 2012. The Council Members are of the opinion that the University's financial statements give a true and fair view of the state of Moi University transactions during the financial year ended June 30, 2025, and of the University's financial position as at that date.

The Council Members further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

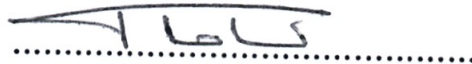
The Council is aware of the liquidity challenges, as result of dwindling revenues and negative working capital, which may hinder the university operations for at least the next twelve months from the date of this statement if Government financial support is not enhanced.

Approval of the financial statements

The University's financial statements were approved by the University Council on 24/11/2025 2025 and signed on its behalf by:



Prof. Noah O. Midamba, Ph.D
Chairperson of Council



Prof. Kiplagat Kotut, Ph.D.
Vice Chancellor

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2025

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 the Government achieves value for money and that such funds are applied for intended purpose; and,
- C. Report on the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 and the University Act 2012. 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 Moi University set out on pages 1 to 113, which comprise of the statement of financial position as at 30 June, 2025 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 Moi University as at 30 June, 2025 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 the Public Finance Management Act, 2012 and the Universities Act, 2012.

Basis for Qualified Opinion

1. Potential Loss of Investment in Rivatex E.A. Limited

The statement of financial position reflects an investment balance of Kshs. 480,834,000, as disclosed in Note 24 to the financial statements. This investment pertains to Rivatex E.A. Limited in which Moi University was a majority shareholder, holding 99% of the shares with a nominal value of Kshs.1,000,000. However, the Government, through Executive Order Number 1 of 2023 issued in January, 2023, transferred Rivatex East Africa Ltd. to the State Department of Industry. This action has led to uncertainty regarding the control and ownership of the Company. Subsequently, the Government has leased Rivatex to a strategic investor and Moi University no longer retains ownership rights to its investment.

In the circumstances, the accuracy and completeness of the investment balance of Kshs. 480,834,000 could not be confirmed

2. Long Outstanding Receivables from Non - Exchange Transactions

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.1,726,562,000 as disclosed in Note 22 to the financial statements. However, review of the ageing analysis revealed that the entire balance of Kshs.1,726,562,000 were all overdue — Kshs.390,893,000 within one to two years and Kshs.1,335,689,000 over three years. Management indicated that part of this balance of Kshs.200,568,000 was expected from University Fund Scholarship/HELB but not received while Kshs.190,305,000 relates to a bank guarantee tied to a court case between the University and a Company. In addition, Kshs.1,335,689,000 stemmed from an agreement between IPUCCF and UASU concerning pension benefits, signed on 23 November, 2025.

In the circumstances, the recovery, validity and completeness of receivables from exchange transactions balance of Kshs.1,726,582,000 could not be confirmed.

3. Long Outstanding Creditors

The statement of financial position reflects trade and other payables amount of Kshs.9,008,331,000 as disclosed in Note 28 to the financial statements. Out of this balance Kshs.7,654,360,000 represents approximately 85% of the total payables which comprise of payables exceeding one year distributed as follows; Kshs.996,558,000 which has been outstanding for one to two (1-2) years, Kshs.613,267,000 for two to three (2-3) years, and Kshs.6,044,535,000 over three years.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs. 9,008,331,000 could not be confirmed.

4. Underutilization of University Staff Quarters

The statement of financial position reflects property, plant and equipment balance of Kshs.5,377,338,305 as disclosed in Note 25 to the financial statements. Included in the balance is Kshs.2,711,276,532 in respect of buildings. However, physical verification at Main Campus revealed that there were five hundred and eighty-five (585) staff houses, out of which only five hundred and sixteen (516) were occupied. The remaining sixty-nine (69) staff houses were not occupied and appeared dilapidated and abandoned.

In the circumstances, the valuation, accuracy and completeness of property, plant and equipment balance of Kshs. 5,377,338,305 could not be confirmed.

5. Non-Implementation of Enterprise Resource Planning (ERP) System

The statement of financial position reflects intangible assets balance of Kshs.19,944,000 as disclosed in Note 26 to the financial statements. Audit review revealed that the balance relates to part-payment for an ERP System procured in the financial year 2017/2018 at a contract sum of Kshs.26,595,959 including a lifetime license fee of Kshs.11,500,000.

However, the ERP System remains incomplete, with several modules and sub-modules yet to be implemented. The System has not been commissioned or put to use, preventing the University from obtaining value for money on the expenditure incurred. In addition, the financial statements did not disclose the software's usefulness.

In the circumstances, the accuracy, completeness and value for money of the intangible assets balance of Kshs.19,944,000 could not be confirmed.

6. Irregularities in the Management of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.5,377,338,000 as disclosed in Note 25 to the financial statements. However, examination of records and documents provided revealed significant weaknesses in asset management and non-compliance with applicable laws and standards as detailed below;

- i. The fixed asset register was not updated to reflect additions amounting to Kshs.49,311,055 during the year which includes electronic items worth Kshs.155,271 purchased through imprest issued on 04 July, 2024. Further, the University held one thousand, three hundred and forty-seven (1,347) hectares of land under nine title deeds however, no valuation had been undertaken.
- ii. There was no evidence of revaluation of property, plant and equipment in accordance with IPSAS 17. In addition, most assets were not tagged and assets remained dispersed across departments without proper tracking. Further, obsolete items remained in use or storage without disposal action. This was contrary to Regulation 176(1) of the Public Procurement and Asset Disposal Regulations, 2020.
- iii. The student hostels accommodating approximately 2,250 students and staff houses were found in dilapidated condition, posing safety risks and affecting potential revenue generation. In addition, several office and furniture items remained in use despite being fully depreciated. Further, the University had not established a sinking fund for asset replacement as required by Section 16(1) of the State Corporations Act.

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

7. Irregular Payments for Goods and Services

The statement of financial performance reflects use of goods and services amount of Kshs.1,091,417,000 as disclosed in Note 11 to the financial statements. Included in the amount is Kshs.183,706,000 which relates to other administrative expenses. However, review of procurement records revealed that payments amounting to Kshs.8,943,655 were made in cash for the procurement of various goods and services in preparation for the Moi University at 40 celebrations. The payments were not subjected to competitive procurement processes. Further, they were not supported by documentation to show value for money or adherence to the provisions of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the validity, accuracy and completeness of other administrative expenses amount of Kshs. 183,706,000 could not be confirmed.

8. Avoidable Interest Expenses

The statement of financial performance reflects finance costs amount of Kshs.63,371,000 as disclosed in Note 17 to the financial statements. Included in the amount is Kshs.62,823,000 which relates to interest expenses that arose from a garnishee order issued by the court in favour of a Company, resulting in the freezing of the University's bank accounts to enforce settlement of a long-outstanding legal liability. In addition, review of records provided revealed that the University issued a bank guarantee amounting to Kshs.185,305,011 in relation to Legal Case between a company vs

Moi University and the bank & others (as Garnishees), as confirmed in the bank guarantee confirmation dated 7 November, 2025.

In the circumstances, the propriety and validity of the finance cost amount of Kshs.62,823,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit institution (ISSAIs). I am independent of Moi University Management in accordance with ISSAI 130 on the 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.

Material Uncertainty Related to Going Concern

The statement of financial performance reflects a deficit amount of Kshs.597,496,000, resulting in an accumulated deficit of Kshs.3,518,673,000, up from Kshs.3,287,150,000 reported in the prior year. Further, the statement of financial position reflects total current assets of Kshs.4,189,702,000 against total current liabilities of Kshs.9,038,330,000, resulting in a negative working capital of Kshs.4,848,628,000. This indicates that the University's ability to sustain its operations is dependent on continued Government support and creditors. In addition, the net assets balance declined from Kshs.1,475,869,000 in the prior year to Kshs.878,373,000 in the current year, resulting in a reduction of Kshs.597,496,000 arising from the current deficit. Further, the University has not undertaken revaluation of land and buildings as required under The National Treasury Circular No. 20 of 2020, which mandates revaluations at least once every five years to ensure fair presentation of assets.

The continued deterioration in financial position and failure to comply with valuation requirements pose a significant going concern risk. The sustainability of the University's operations remains uncertain.

My opinion is not modified in respect of this matter.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual revenue on comparable basis of Kshs.6,896,890,000 and Kshs.6,039,218,000 resulting to under-receipt of Kshs.857,672,000 or 12% of the budget. Similarly, the University spent Kshs6,728,037,000 against actual revenue of Kshs.6,039,218,000 resulting to an over-expenditure of Kshs. 688,819,000 or 11% of the actual revenue.

The underfunding and over-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there were no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matter

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Emphasis of the Matter, Report on Lawfulness and Effectiveness in the Use of Public Resources and Report on the Effectiveness in Internal Controls, Risk Management and Governance. The issues have remained unresolved. **See Appendix I.**

Other Information

The University Management is responsible for the Other Information set out on page ii to xlv which comprise of Key University Information and Management, The University Council, Key Management Team, Chairmen's Statement, Report of the Vice Chancellor, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement Council Discussions and Analysis, Environmental and Sustainability Reporting, Report of the Council and Statement of Council's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the University's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Compensation of Employees Exceeding 35% of Revenue

The statement of financial performance reflects employees' costs amount of Kshs.5,120,848,000 as disclosed in Note 12 to the financial statements. This amount represents 85% of the total revenue of Kshs.5,992,936,000 which exceeds the 35% limit set under Regulation 26 of the Public Financial Management (National Government) Regulations, 2015. Further, the University had an approved budget of Kshs.6,896,890,000. However, no allocation was made for development expenditure contrary to Section 15(2)(a) of the Public Finance Management Act, 2012, which requires at least 30% of the budget to be directed to development. Therefore, several ongoing projects have stalled due to lack of funding.

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

2. Stalled Construction of Student Accommodation Hostels

The statement of financial position reflects work-in-progress of Kshs.1,874,740,047 under property, plant and equipment as disclosed in Note 25 to the financial statements. Included in the balance is Kshs.60,307,036 paid toward the completion of a 2,250-bed student hostel project at the Main Campus. The project, initiated in 2018, stalled following withdrawal of Government funding. A company was contracted to complete wing "C", block 3 under Tender No. MU/ONT/14/2017-18, with payments totalling Kshs.60,307,036 against a contract sum of Kshs.65,221,260. A site visit in the month of November, 2025 confirmed that the hostels remained incomplete and unused. Electrical works, costing Kshs.7,864,690 were incomplete, and the contractor left the site in 2021. Management reported vandalism and theft of electrical installations, rendering the buildings unusable. The inspection also revealed roof leakages, cracks on supporting columns, and overall structural deterioration.

In addition, no contract management plans, progress reports, or evidence of oversight meetings required under the Public Procurement and Asset Disposal Regulations, 2020 were provided for audit verification.

In the circumstances, value for money on the construction of the student accommodation hostels could not be confirmed.

3. Delayed Completion of the School of Science Complex

The statement of financial position reflects property, plant, and equipment balance of Kshs. 5,377,338,305 as disclosed in Note 25 to the financial statements. Included in the balance is Kshs.1,874,740,047 which relate to work in progress of the school of science complex project, which was originally awarded in 1989 to a contractor but stalled after funding ceased and was only revived in 2019/2020 with an approved budget of Kshs.4,200,000,000 but only Kshs.100,000,000 (2% of the contract sum) was allocated and utilized for designs and structural tests. Audit review revealed that the project was planned in three phases over nine years; however, as at the time of audit inspection conducted in the month of November 2025, physical progress remained at 0%, representing a delay of more than four (4) years since revival, with evident of site deterioration, vandalism, and material theft.

Further, the contractor sued the University claiming Kshs.472,497,286, while court records indicate a ruling on 17 October 2024 requiring the University to secure a bank guarantee for Kshs. 185,305,011. However, the guarantee will attract interest increasing the University's financial exposure.

In the circumstances, the value for money for the construction of school of science complex could not be confirmed.

4. Stalled Construction of Amphitheatre

The statement of financial position reflects property, plant and equipment amounting to Kshs. 5,377,338,305, including work in progress of Kshs. 1,874,740,047. Audit review revealed that a contractor was awarded Tender No. MU/ONT/58/2020-2021 dated 10 October, 2021 for the construction of the Amphitheatre at a contract sum of Kshs.395,000,000 and with a completion date of 9 October 2024. Payments totaling Kshs.177,790,676 had been made to the contractor.

However, audit inspection carried out in the month of November 2025 revealed that; the contract period had lapsed, the project remained incomplete, and no extension of time had been requested by the contractor. Minutes of the University Management Board meeting held on 24 March 2025 indicated approval to terminate the contract upon expiry. As a result, the remaining works and the timeline for completion could not be ascertained. Previous certifications estimated progress at 30% as at 27 April 2023.

In the circumstances, value for money could not be confirmed.

5. Proposed Construction of Digital Innovation Centre

The statement of financial position reflects property, plant and equipment balance of 5,377,338,305 as disclosed in Note 25 to the financial statements. Included in the balance is Kshs.1,874,740,047 for work in progress. The University awarded an engineering construction company for the construction of Digital Innovation Centre on 30 November, 2022 at a cost of Kshs.228,802,785, it was supposed to take a period of twenty-six (26) months to be completed by 28 November, 2024. Audit review of the project file revealed that, the project had stalled contrary to Section 135(2) and (3) of the Public Procurement and Asset Disposal Act, 2015 which states that a written contract shall be entered into within the specified period.

In addition, examination of payment details for the construction of digital innovation centre revealed that the contractor was paid Kshs.32,254,787. The contract agreement stipulated that the construction was to be completed by 28 November 2024. However, as at the time of audit in the month of November, 2025, the works had not been completed.

In the circumstances, the value for money for the construction of Digital Innovation Centre could not be confirmed.

6. Remuneration to Council

6.1 Council Meeting Beyond the Approved Limit

Review of the Council Almanac, attendance registers, and related supporting records revealed that the University Council held a total of thirty-seven (37) full Council meetings (comprising of seven (7) regular and thirty (30) special meetings) against the approved maximum of six (6) meetings per financial year as stipulated in Circular No. OP/CAB.9/1A of March 11, 2020, resulting in an excess of 31 meetings. In addition, the Finance, Administration and Strategy Committee convened eight (8) meetings which contravened the Circular's cap of six (6) meetings per Committee per financial year. Further, no evidence was provided to demonstrate that justification for holding additional meetings was submitted to and approved by the relevant Cabinet Secretary in consultation with the State Corporations Advisory Committee (SCAC), as required under Paragraph A (3) of the Circular.

6.2 Non-Staggering of Board of Directors

Review of records revealed that the composition of the fourteen (14th) Council (Board of Directors) did not comply with the principle of staggered appointments as outlined in Section 1.14 read together with annexure 1 paragraph D (5) on succession planning and Board term limits respectively, of the Mwongozo Code of Governance for State Corporations (2015) which recommend that the board's composition should be staggered to ensure continuity and stability in governance, while allowing for the regular infusion of new skills and perspectives.

In addition, it was noted that the Chairperson and four Independent Board Members were all appointed in 17 January, 2025 with their terms ending simultaneously on 16 January, 2028 which indicated that 100% of the Board Members were appointed on the same date and will exit at the same time therefore, undermining the Staggered Board structure.

Further, the other two Members of the Board were Principal Secretaries of the State Department for Higher Education and the National Treasury & Economic Planning, and did not serve on fixed-term contracts. Their appointments were ex-officio and were not subject to rotation or term expiry which further emphasizes the need for staggering the terms of the non-ex officio members to maintain Board continuity

6.3 Lack of Financial Expertise in Board Composition

Review of the Board composition revealed that there was no appointed member who met the definition of a financial expert as outlined in Section 1.1(6) of *Mwongozo Code of Governance for State Corporations (2015)*. None of the current Board Members held professional qualifications or is affiliated with a recognized accountancy body.

6.4 Lack of a Board Annual Work Plan

The Board had not developed an Annual Work Plan for the financial year 2024/2025 as required under Section 1.9 of the *Mwongozo Code of Governance for State Corporations, 2015*. Instead, a Board Almanac for the same period was availed for review. However, the Almanac did not meet the comprehensive requirements of a Board Work Plan as outlined in the Mwongozo Code, and no evidence was provided to demonstrate implementation or alignment with the prescribed governance focus areas.

6.5 Issuance of Block Imprest to Cater for Council Expenses

The statement of financial performance reflects remuneration to council of Kshs.27,174,000 as disclosed in Note 13 to the financial statements. Included in the amount is Kshs. KShs.25,512,002 which was disbursed through two officers who received funds on behalf of council members. The payments covered sitting allowances, daily subsistence allowances (DSA), and transport reimbursements.

However, review of the supporting imprest warrants and documentation revealed that the imprests were not issued to the individual Council Members but instead to officers in consolidated amounts. This practice contravened the requirements of the Public Finance Management Regulations, which emphasize individual application and accountability for imprests.

In addition, part of the group imprest amounting to Kshs.2,424,898 was used to procure goods and services such as meals, fuel, repairs, stationery, and other items through cash transactions, in amounts exceeding the low-value procurement thresholds, without following the prescribed procurement procedures.

6.6 Irregular Board Committee Composition

A review of the 14th Council committee composition revealed that all four committees— Audit, Risk and Compliance; Academic, Research, Extension and Student Affairs; Human Resource and Governance; and Finance, Administration and Strategy each comprised four (4) members, exceeding the allowable one-third of the full board membership (6 members). This contravened section B.4 of OP Circular No. OP/CAB.9/1A of 11 March 2020 which states that the number of members to the board committees should be not more than one third (1/3) of all the full board members to obviate the risk of a committee conducting its business within the framework of a full board structure and any exception must be approved by the cabinet secretary in consultation with the SCAC and that members can only sit in a maximum of two committees.

6.7 Absence of Legal Compliance and Independent Legal Audit

Review of records and discussions with Management revealed that the University had not conducted any legal compliance audit or independent legal audit in the last two years, contrary to Section 8.4 of the Mwongozo Code of Governance for State Corporations (2015) which requires the Board to ensure that a legal compliance audit is carried out at least annually with the objective of establishing the level of adherence to applicable laws, rules, regulations and standards.

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

7. Failure to Conduct Governance Audit

Review of governance practices revealed that the University did not conduct a governance audit as there was no documentary evidence availed to confirm that the Board, in consultation with the Oversight Office, subjected the Organization to an Annual Governance Audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose as required under Section 1.13 of Mwongozo Code of Governance for State Corporations (2015)

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

8. Non-Compliance with the Requirement of Ethnic Balance

An analysis of data from the Department of Human Resource indicated that the University had a total of two thousand two hundred and ninety-seven (2,297) employees comprising of eight hundred and nine (809) teaching staff and one thousand four hundred and eighty eight (1,488) non-teaching staff.

Among teaching staff, three hundred and seventy (370) or 46% were from the dominant community, which among the non-teaching staff, one thousand and eighty- four (1,084) or 73% were from the same ethnic group. This indicated that both teaching and non-teaching staff compositions exceeded the one-third or 33.3% threshold contrary to the requirements of the National Cohesion and Integration Act, 2008. The university was

therefore not compliant with the Ethnic composition parameter and there was need for deliberate efforts to ensure compliance with Article 10 of the Constitution and other statutory requirements on diversity and inclusivity.

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

9. Irregular Procurement Procedures

The statement of financial performance reflects use of goods and services amount of Kshs.1,091,417,000 as disclosed in Note 11 to the financial statements. Included in the amount is Kshs.183,706,000 which relates to other administrative expenses. However, the Department procured goods on cash basis over and above the prescribed threshold of Kshs.50,000 for Kshs.2,017,113 contrary to the requirement on low value procurement.

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

10. Poor Inventory Management

The statement of financial position reflects inventory balance of Kshs.49,612,000 as disclosed in Note 23 to the financial statements. However, review of procurement and stores records revealed that items valued at Kshs.832,112 were received but not taken on charge. This was contrary to the requirements of Section 162(1) of the Public Procurement and Asset Disposal Act, 2015.

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

11. Irregular Consultancy Services on Right Sizing Exercise

The statement of financial performance reflects contracted services amount of Kshs.148,569,000 as disclosed in Note 16 to the financial statements. Included in the amount is Kshs.41,161,000 which relates to contracted services. During the year, it was noted that a company was awarded a consultancy contract vide Tender No. MU/RFP/09/2022-2023 for the provision of human resource right sizing services at a total contract sum of Kshs.11,832,580. The contract was signed on 8 April 2024 and included five milestone-based deliverables, each payable at 20% of the total contract sum. As at the time of audit, the University had paid a total of Kshs.9,466,064 to the consultant upon submission of four deliverables: The Inception Report, organization structure review, skills and workload analysis, and the consolidated assignment draft report.

However, it was noted that value for money was not realized. as letter dated 16 January, 2025 from the Principal Secretary, State Department for Higher Education and Research, directed the University to halt further engagement with the consultant, following a directive from the Parliamentary Investment Committee on Education and Governance.

In addition, although the University issued termination letters to over 800 academic and non-academic staff in May, 2025 based on the consultant's recommendations, these terminations were nullified by the Employment and Labour Relations Court. The Court cited lack of meaningful consultations with relevant trade unions, rendering the exercise procedurally flawed and legally unenforceable. The intended objective was not achieved.

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

12. Failure to Remit Statutory Deductions

The statement of financial performance reflects employee costs amount of Kshs.5,120,848,000 as disclosed under Note 12 to the financial statements. However, examination of payroll records, payment vouchers and bank statements revealed that statutory deductions totalling Kshs.1,275,313,594 were not remitted to respective authorities. The unremitted amounts comprise of Kshs.91,417,809, Kshs.104,069,437, Kshs. 67,859,200, and Kshs. 1,011,967,146 in respect of NSSF, NHIF, Housing Levy, and PAYE. Failure to remit statutory deductions exposes the University to penalties, interest, and legal sanctions.

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

13. Un-surrendered Imprest

The statement of financial position reflects receivables from exchange transactions amounting to Kshs. 1,967,135,000 as disclosed in Note 21 to the financial statements. Review of the imprest management records revealed that imprests totalling Kshs.20,677,028 remained unsurrendered contrary to Regulation 93(5) of the Public Finance Management Regulation, 2015 (National Government) which requires that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station. The unsurrendered imprests had not been recovered from the respective officers, and no evidence of follow-up or recovery actions by management was provided for audit review.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Failure to Act on Internal Audit Reports

The specific internal audit findings which require Management action and resolutions are as detailed below;

1.1 Status of the Innovation Firm Limited (IFL)

The Company had been incorporated in November, 2010 as a Private Limited Company to undertake commercial activities with the aim of enhancing the University's revenue base. It faced operational and statutory related challenges and Management recommended that it be wound up to pave way for the establishment of Directorate of Resource Mobilization, Enterprise Development and University Advancement (RMEDIA). However, no documentary evidence was provided during the audit to indicate the winding up status of the Innovation Firm Limited (IFL).

1.2 Outstanding Revenue for Nairobi Campus - Car Park Operations

The University car park in the Nairobi Campus was leased to a company for three (3) year contract commencing on 1 April, 2023 for Kshs.25,200,000 to be paid Kshs.2,100,000 quarterly starting 1 April, 2023 to 31st March, 2026. Management Board in its 188th Regular meeting held on 27 January, 2025 noted that the Company had failed to honor the Contract, defaulting lease rent of Kshs.11,000,000 as per the Lease Agreement. Management resolved to terminate the contract for breach of contract and recover outstanding amount through lawyers. However, no documentary evidence was provided during the audit to indicate the outstanding amount of Kshs.11,000,000 was recovered.

1.3 Air Ticketing and Travel Policy

The transport and travel draft policy had been developed awaiting Management consideration and Council approval. Though Committee appointed by the management has submitted the Draft Policy for discussion by the Management, it was yet to be forwarded to the Council for approval.

1.4 Part-Time Lecturers' Claims

Internal audit review noted that Part-time lecturers' claims of Kshs.7,264,511 had been converted to fees or paid to claimants, however Kshs.221,536,359 was still outstanding as at 20 January, 2025. Lecturers were encouraged by Management to convert their claims to fees for dependents due to liquidity problems being faced by the University. Management resolved to provide an update on outstanding lecturers claims with a breakdown for internal and external part-timers. However, no documentary evidence was provided during the audit to ascertain the existence and accuracy of Part-time lecturers' claims of Kshs.221,536,359.

1.5 Failure to Procure an Audit Management Systems

During the year under review, it was noted that the Internal Audit Committee recommended the adoption of an audit management system TeamMate Plus as an internal audit solution at a cost of Kshs.7,061,633, which was duly incorporated in the 2024/2025 budget. The Committee observed that the manual audit approach was inadequate for timely and effective identification of financial reporting weaknesses. Management resolved to expedite the acquisition of the audit software and further directed the Chief Internal Auditor to assess audit systems used by peer universities and report on cost implications. However, as at the time of audit, the software had not been procured.

1.6 Non-Implementation of Internal Audit Recommendations

Audit Committee noted that there were inadequacies in the financial reporting identified during internal audit reviews. The inadequacies were occasioned by lack of training capacity in finance and accounts departments. Management should develop training schedule for capacity building to enhance the effectiveness and efficiency of financial reporting.

Management resolved to develop and implement training program for financial reporting in order to enhance capacity and reduce misreporting and misclassification in the financial statements. However, as at the time of audit these audit issues remained outstanding contrary to Section 68 (2) (l) of the Public Finance Management Act,2012 which states that in the performance of a function under subsection (1), an accounting officer shall take appropriate measures to resolve any issues arising from audit which may remain outstanding.

In the circumstances, the effectiveness and internal controls on the internal audit reports could not be confirmed.

2. Failure to Update Internal Audit and Audit Committee Charters

Review of documentation and inquiry with Management revealed that the Internal Audit Charter and the Audit Committee Charter had not been reviewed in the previous financial year. This was contrary to Clause 9.0 and 11.0 of the Internal Audit Charter and the Audit Committee Charter respectively requiring that the respective charters should be reviewed and updated at least annually to ensure alignment with emerging practices and applicable

standards. The most recent updates were last done in 14th December 2017, and there is no documented evidence of subsequent reviews or board approval of revisions thereafter.

In the circumstances the effectiveness of internal audit charter and audit committee charters could not be confirmed.

3. Uncertainties on Office Holders for Management Positions

Audit review of minutes for the 138th Regular meeting of council held on 25 June 2025 noted the following concerns in relations to management positions;

3.1 Extension of Acting Deputy Vice Chancellor Administration Planning and Strategy (DVC-APS)

Review of the Council minutes indicated that the current office bearer was appointed to the position of Acting Deputy Vice Chancellor for a period of six months, with the term commencing on 31 January, 2025 and scheduled to expire on 30 July, 2025. However, as at the time of the audit in the month of August, 2025, the appointed term had lapsed. Management, did not provide documentary evidence to substantiate an extension of the appointment.

3.2 Uncertainty in Position of Chief Finance Officer (CFO)

Review of the minutes from the 138th Regular Council meeting concerning the internal audit report revealed that a directive was given to expedite the recruitment of a substantive CFO. Management requested the secondment of a CFO from The National Treasury on 16 May, 2025 while awaiting approval for the permanent position. However, as of the audit date of 1 August, 2025, the position remained vacant, and no substantive CFO had been appointed. Further, no documentary evidence was presented to the audit team to demonstrate that any concrete measures were being taken to fill the position or to confirm the status of the secondment request.

In the circumstances, the effectiveness and governance on handling of the management positions could not be confirmed.

4. Failure to Submit Annual Climate Change Performance Reports

Review of records revealed that the University occupies approximately 3,140 acres of land, three-quarters of which is arable and suitable for agricultural activities. The Farm Department, under the Directorate of Resource Mobilization-Enterprise Development and University at Advancement (RMEDIA), has access to over 1,800 acres for farming, while the remaining arable land comprise of forests and University infrastructure. Despite the University possessing vast land with significant potential for climate-related initiatives, review of the documents provided revealed that no evidence was availed to confirm that annual climate change performance reports were submitted to the Climate Change Council, as required under Section 15(5)(f) of the Climate Change Act, 2016.

In the circumstances, the effectiveness of Management compliance with the Climate Change Act, 2016 could not be confirmed.

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 the Management and those Charged with Governance

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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the University'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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and International Standards of Supreme Audit Institution (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAI's will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 December, 2025

Appendix I

Prior Year Audit Matters 2023/2024

No	Financial Year	Audit Matter Issue	Financial Year
Report on the Financial Statements			
1	2023/2024	Variance and undisclosed Long Outstanding Trade Payables	2023/2024
2	2023/2024	Unsupported Receivables – Provident Fund Contributions	2023/2024
3	2023/2024	Inaccuracy in Intangible Assets	2023/2024
4	2023/2024	Variance in Prior Year Revenue Reserve	2023/2024
5	2023/2024	Inaccuracy in Capital and Revenue Reserve	2023/2024
6	2023/2024	Unsupported Impairment of Receivables	2023/2024
7	2023/2024	Unreconciled Variance in Students' Fees	2023/2024
8	2023/2024	Variance in Tuition Fees and related charges	2023/2024
9	2023/2024	Unsupported Council Expenses	2023/2024
10	2023/2024	Unsupported Non-Agricultural Expenses	2023/2024
11	2023/2024	Unsupported Property, Plant and Equipment	2023/2024
13	2023/2024	Unsupported Balance on GOK Loan	2023/2024
14	2023/2024	Consolidation of Rivatex East Africa Ltd.	2023/2024
15	2023/2024	Biological Assets	2023/2024
Material Uncertainty Related to Going Concern			
16	2023/2024	Material Uncertainty Related to Going Concern	2023/2024
Emphasis of the Matter			
17	2023/2024	Budgetary Control and Performance	2023/2024
Report on Lawfulness and Effectiveness in Use of Public Resources			
18	2023/2024	Non-Implementation of ERP System	2023/2024
19	2023/2024	Delayed Completion of Projects	2023/2024
20	2023/2024	Non- Compliance with Law on Ethnicity	2023/2024
21	2023/2024	Overemployment	2023/2024

No	Financial Year	Audit Matter Issue	Financial Year
22	2023/2024	Council Meetings Beyond Approved Limit	2023/2024
23	2023/2024	Unapproved Council Retreat	2023/2024
24	2023/2024	Payment of Allowances to Non-Council Members	2023/2024
25	2023/2024	Irregular Composition of the Council	2023/2024
26	2023/2024	Failure To Conduct Governance Audit and Council Evaluation	2023/2024
27	2023/2024	Council Expenses Exceeding Approved Budget	2023/2024
28	2023/2024	Unsupported Expenditure on Consultancy Services	2023/2024
29	2023/2024	Irregular Variations	2023/2024
30	2023/2024	Weakness in ICT	2023/2024
31	2023/2024	Failure to Remit Staff Deduction	2023/2024
Report on Lawfulness and Effectiveness in Use of Public Resources			
32	2023/2024	Weak Information Technology Internal Control Environment	2023/2024

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024/2025	2023/2024
		Kshs '000'	Kshs '000'
Revenue from non-exchange transactions			
Transfers from other governments entities	6	2,900,270	3,433,769
		2,900,270	3,433,769
Revenue from exchange transactions			
Rendering of services	7	2,935,051	2,189,710
Sale of goods	8	95,315	73,542
Rental revenue from facilities and equipment	9	51,692	34,133
Other incomes	10	10,059	115,934
Total Revenue from exchange transactions		3,092,117	2,413,319
Total revenue		5,992,387	5,847,089
Expenses			
Use of goods and services	11	1,091,417	1,981,870
Employee costs	12	5,120,848	4,444,760
Remuneration to council	13	27,174	29,227
Depreciation and amortization expense	14	135,582	134,053
Repairs and maintenance	15	9,647	7,105
Contracted services	16	148,569	98,612
Finance Costs	17	63,371	660
Total expenses		6,596,608	6,696,287
Other gains/(losses)			
Gain on sale of assets	18	550	11,423
Gain on fair value Biological assets	19	6,176	
Surplus/(deficit) for the year		(597,496)	(837,775)

The notes set out on pages 1 to 56 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 10 were signed on behalf of the University Council by:



Prof. Kiplagat Kotut, Ph.D.
Vice Chancellor:

Date 24/11/2025



CPA William Kipchoge
Ag. Chief Accountant
ICPAK M/No:20105

Date 24/11/2025



Prof. Noah Midamba, Ph.D.
Chairman of the Council

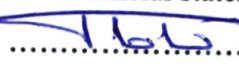
Date 24/11/2025

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

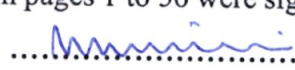
15. Statement of Financial Position as at 30 June 2025

	Notes	2024/2025	2023/2024
		Kshs '000'	Kshs '000'
Assets			
Current Assets			
Cash and Cash equivalents	20	446,393	553,733
Receivables from Exchange Transactions	21	1,967,135	1,374,854
Receivables from Non-Exchange Transactions	22	1,726,562	1,538,590
Inventories	23	49,612	54,802
Total Current Assets		4,189,702	3,521,979
Non-Current Assets			
Investment	24	480,834	480,834
Property, Plant and Equipment	25	5,377,338	5,281,785
Intangible assets	26	19,944	19,944
Biological Assets	27	80,135	75,087
Total Non- Current Assets		5,958,251	5,857,650
Total Assets (A)		10,147,952	9,379,629
Liabilities			
Current Liabilities			
Trade and Other Payables	28	9,008,331	7,654,360
Current provisions	29	29,999	18,150
Total Current Liabilities		9,038,330	7,672,510
Non-Current Liabilities			
GoK loan	30	231,250	231,250
Total Non- Current Liabilities		231,250	231,250
Total Liabilities (B)		9,269,580	7,903,760
Net Assets (A-B)		878,373	1,475,869
Represented by:			
Capital Reserves		4,397,046	4,763,019
Revenue Reserves		(3,518,673)	(3,287,150)
Net Assets		878,373	1,475,869

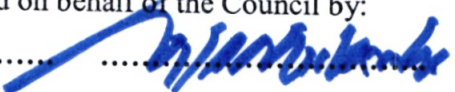
The financial statements set out on pages 1 to 56 were signed on behalf of the Council by:


 Prof. Kiplagat Kotut, Ph.D.
 Vice Chancellor:

Date 24/11/2025


 CPA William Kipchoge
 Ag. Chief Accountant
 ICPAK M/No:20105

Date 24/11/2025


 Prof. Noah Midamba, Ph.D.
 Chairman of the Council

Date 24/11/2025

17. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Capital/ Development Grants/Fund	Retained earnings	Revaluation reserve	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
As at July 1, 2023	4,841,133	(2,575,739)	-	2,265,394
Surplus/(Deficit) for the year	-	(837,775)	-	(837,775)
Capital development grants received during the year	48,250	-	-	48,250
Transfer of excess depreciation on revaluation	(126,364)	126,364	-	-
As at June 30, 2024	4,763,019	(3,287,150)	-	1,475,869
As at July 1, 2024	4,763,019	(3,287,150)	-	1,475,869
Surplus/(Deficit) for the year	-	(597,496)	-	(597,496)
Capital development grants received during the year	-	-	-	-
Capital development grants received during the year – Rivatex	-	-	-	-
Transfer of excess depreciation on revaluation	(135,582)	135,582	-	-
As at June 30, 2025	4,627,437	(3,749,064)	-	878,373

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

17. Statement of Cash Flows for the year ended 30 June 2025

	Notes	2024/2025	2023/2024
		Kshs '000'	Kshs '000'
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	2,900,270	3,433,769
Rendering of services	7	2,935,051	2,195,583
Sale of goods	8	95,315	189,476
Rental revenue from facilities and equipment	9	51,691	28,260
Other incomes	10	10,059	11,423
Total receipts		5,992,936	5,858,512
Payments			
Use of goods and services	11	1,091,417	1,981,870
Employee costs	12	5,120,848	4,444,760
Remuneration to council	13	27,174	29,227
Depreciation and amortization expense	14	135,582	134,053
Repairs and maintenance	15	9,647	7,105
Contracted services	16	148,569	98,612
Finance costs	17	63,371	660
Total payments		6,596,608	6,696,287
Net cash flows from/(used in) operating activities		(603,672)	(837,775)
Adjustment for			
Depreciation		135,582	134,053
Provision for audit fees		3,730	3,730
Increase in doubtful debts provision		132,016	-
Operating deficit before working capital changes		(332,344)	(699,992)
Changes in working capital			
Decrease in inventories		5,190	- 166
(Increase)/decrease in biological assets		5,048	(11,828)
Increase in trade and other payables		1,320,665	941,962
Provision for audit fees		(3,730)	(3,730)
Increase in doubtful debts provision		(132,016)	
Increase in Receivables from Non-Exchange Transaction		(187,972)	202,901
Increase in trade and other receivables		(733,419)	(44,092)
Total Changes in Working Capital		(58,578)	385,055
Cash flows from investing activities			
Purchase of PPE		(49,311)	(229,220)
Proceeds from sale of PPE		550	11,423
Purchase of investments			-

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

Sale of investments			-
Net cash flows from/(used in) investing activities		(48,761)	(217,797)
Cash flows from financing activities			
Proceeds from borrowings		-	48,250
Repayment of borrowings		-	-
Proceeds from issue of shares		-	-
Net cash flows from financing Activities		-	48,250
Net increase/(decrease) in cash & Cash equivalents		(107,340)	215,508
Cash and cash equivalents at 1 July		553,733	549,602
Cash and cash equivalents at 30 June		446,393	553,733

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual cumulative to date	Performance difference	% of utilization
	2024/2025	2024/2025	2024/2025	2024/2025	2024/2025	
	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	
Revenue						
Exchequer grants	1,079,203	1,789,216	2,868,419	2,868,419	0	100%
Tuition and related charges	1,635,018	1,557,020	3,192,038	2,595,540	(596,498)	81%
Alumni Income	2,000	0	2,000	0	(2,000)	0%
Students' accommodation and catering fees	74,744	0	74,744	58,272	(16,472)	78%
Students field trips/courses	104,640	0	104,640	145,020	40,380	139%
Students' activities	54,413	0	54,413	65,588	11,175	121%
Research Funds	303,679	0	303,679	162,073	(141,606)	53%
Farm income	18,949	(3,949)	15,000	5,149	(9,851)	34%
Rental income	42,693	0	42,693	50,446	7,753	118%
MU Technologies income	119,200	0	119,200	69,237	(49,963)	58%
Elimu Millers income	33,840	0	33,840	457	(33,383)	1%
MU CHS Dental Clinical Services	8,000	0	8,000	965	(7,035)	12%
Centre For Strategic Leadership Devt	20,000	0	20,000	0	(20,000)	0%
Disposal Of Property	1,500	0	1,500	893	(607)	60%
Apple Farming Income	10,000	(5000)	5,000	171	(4,829)	3%
TVET Institute Income	23,490	0	23,490	0	(23,490)	0%
Other income	28,234	0	28,234	16,988	(11,246)	60%
Total income	3,559,603	3,337,288	6,896,890	6,039,218	(857,673)	88%
Expenses						
Personal emoluments						
Basic salaries	1,127,725	1,794,206	2,921,931	2,879,875	42,055	99%
House allowance	382,440	518,127	900,567	898,179	2,388	100%
Other personal allowances	149,279	216,281	365,560	360,798	4,762	99%
Commuting allowance	136,021	153,139	289,159	292,447	(3,288)	101%
Gratuity and Pension	19,317	41,227	60,544	0	60,544	0%
Passage and leave	225	1,217	1,442	0	1,442	0%
Employer Contribution-NSSF	26,913	42,161	69,074	77,684	(8,610)	112%
Employer Contribution-Pension Fund	158,086	198,792	356,877	346,630	10,247	97%
Employer Contribution-Provident Fund	9,164	16,484	25,648	25,216	432	98%

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

Employer Contribution-Housing Levy	26,100	37,413	63,513	59,354	4,160	93%
Leave Allowance	6,216	6,943	13,159	0	13,159	0%
Staff Right Sizing Contract Staff	0	37,930	37,930	37,930	0	100%
Staff on Contracts Cost	0	0	0	131,254	(131,254)	0%
Sub-total	2,041,484	3,063,920	5,105,404	5,109,367	(3,963)	100%
Operations and maintenance expenses						
Medical expenses	358,000	19,000	377,000	354,898	22,102	94%
Board Medical Cover-Council Members	2,500	0	2,500	0	2,500	0%
Transport operating expenses	4,812	5,396	10,209	3,526	6,682	35%
Travelling and accommodation expenses	6,813	2,920	9,733	6,249	3,484	64%
External travel and accommodation exp	2,947	0	2,947	1,333	1,614	45%
Internal/External examiners	16,000	0	16,000	5,427	10,573	34%
Students Supervision & Thesis Exam.	4,900,000	2,100,000	7,000,000	1,591,900	5,408,100	23%
Postal expenses	198	0	198	189	9	96%
Telephone expenses	38	43	80	9	71	11%
Internet expenses	30,409	0	30,409	24,352	6,057	80%
Official entertainment	378	159	537	70	467	13%
Deans committee and senate expenses	1,031	0	1,031	326	704	32%
Conferences and seminars	2,802	201	3,003	1,454	1,549	48%
Council expenses	24,803	4,000	28,803	26,189	2,614	91%
Staff welfare support and funeral expenses	739	1,447	2,186	1,203	982	55%
Graduation expenses	15,509	8,491	24,000	19,490	4,510	81%
Open and cultural day expenses	93	1,062	1,155	0	1,155	0%
Electricity, water and conservancy exp	75,000	20,287	95,287	73,038	22,249	77%
Teaching materials	30,349	0	30,349	1,407	28,941	5%
Publishing and printing expenses	646	738	1,384	0	1,384	0%
Purchase of uniforms and clothing	3,350	0	3,350	158	3,193	5%
Library expenses	12,117	0	12,117	92	12,025	1%
Purchase of stationery	6,906	0	6,906	7,351	(444)	106%
Examination materials and Expenses	18,000	0	18,000	2,293	15,707	13%
Shows & Exhibitions	0	3,000	3,000	1,505	1,495	50%
Advertising and publicity	5,120	0	5,120	876	4,245	17%
Audit fees and expenses	6,852	10,924	17,776	3,730	14,046	21%

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

Rent and rates	25,000	20,000	45,000	31,878	13,122	71%
Computer expenses	2,882	0	2,882	33	2,849	1%
Insurance expenses	60,119	0	60,119	59,527	593	99%
Legal expenses	16,854	32,179	49,033	47,881	1,152	98%
Cleaning materials and detergents	7,206	3,088	10,294	1,286	9,008	12%
Farm expenses	13,264	1,834	15,099	6,273	8,825	42%
Training Expenses	1,163	0	1,163	890	273	77%
Post graduate Programme	637	2,000	2,637	0	2,637	0%
University research Programme	2,000	0	2,000	0	2,000	0%
Purchase of motor vehicles	8,000	(8,000)	0	0	0	0%
Purchase of plant and equipment	15,000	0	15,000	0	15,000	0%
Maintenance of plant & equipment	972	485	1,458	241	1,216	17%
Maintenance of computers	0	0	0	0	0	0%
Maintenance of buildings	20,000	7,367	27,367	7,037	20,330	26%
Maintenance of catering and hostels facilities	25,000	10,246	35,246	9,008	26,238	26%
Maintenance of water supplies & Sewerage	4,912	0	4,912	1,261	3,651	26%
Maintenance of playgrounds	2,914	187	3,102	335	2,767	11%
ICT infrastructure	3,500	4,000	7,500	4,738	2,762	63%
Online Teaching Infrastructure	2,000	1,000	3,000	0	3,000	0%
ERP expenses	1,500	0	1,500	0	1,500	0%
Directorate of Open & Distance Learning	2,598	0	2,598	0	2,598	0%
Infrastructure development	12,000	(2,000)	10,000	0	10,000	0%
Payment of outstanding debts	47,500	207,793	255,293	528,466	(273,173)	207%
Remedial Pension and Provident Plan	5,564	4,436	10,000	0	10,000	0%
Staff right-sizing costs	11,833	0	11,833	9,466	2,367	80%
Out sourcing of non-core services	8,000	(7,000)	1,000	0	1,000	0%
Programme accreditation costs	15,240	0	15,240	5,229	10,011	34%
Curriculum Development and Review	8,400	0	8,400	474	7,926	6%
Contract services and subscriptions	5,450	8,050	13,500	10,623	2,877	79%
Research funds disbursements	274,422	(14,030)	260,391	257,902	2,489	99%
MU Technologies expenses	83,440	(50,000)	33,440	26,010	7,430	78%
Students field trips/courses	73,248	4,598	77,846	23,270	54,575	30%
Students' activities	38,089	(8,717)	29,372	21,563	7,809	73%
Alumni Activities	1,000	0	1,000	156	844	16%
Contingent Liabilities Expenses	2,771	1,229	4,000	0	4,000	0%

Moi University
Annual Report and Financial Statements
for the year ended June 30, 2025

Satellite campuses expenses	2,490	0	2,490	1,543	948	62%
ISO and ISO related expenses	1,950	2,000	3,950	3,338	612	84%
Strategic Plan implementation & Monitoring	1,000	0	1,000	549	451	55%
Performance contracting expenses	1,981	1,019	3,000	3,381	(381)	113%
Revaluation of fixed assets	500	3,415	3,915	0	3,915	0%
GoK loan repayment	4,138	0	4,138	0	4,138	0%
Elimu Millers expenses	12,400	0	12,400	1,328	11,072	11%
MU CHS Dental Clinical Services	5,600	0	5,600	954	4,646	17%
Centre For Strategic Leadership Dev.	4,550	0	4,550	1,699	2,851	37%
KUCCPS placement costs	7,507	420	7,928	7,116	811	90%
Directorate of communication expenses	809	1,000	1,809	0	1,809	0%
IPO and linkages expenses	1,404	0	1,404	6,114	(4,710)	436%
Apple Farming Project	10,000	(7,000)	3,000	1,821	1,179	61%
Solar Project	20,000	(19,000)	1,000	139	861	14%
Avocado Farming-Land Preparation	5,000	(4,000)	1,000	0	1,000	0%
TVET Institute Expenses	6,000	(3,000)	3,000	382	2,619	13%
Sub-total	1,518,119	273,367	1,791,487	1,618,670	172,816	90%
Total expenditure	3,559,603	3,337,288	6,896,890	6,728,037	168,853	98%
Deficit for the period				(688,819)	(688,819)	98%

Budget notes

Revenue

Final budget was Kshs 6.90 billion against actual receipts of Kshs 6.04 billion (88% performance). Exchequer grants achieved 100%, while tuition reached 81%. Other income sources, including Alumni, TVET, and Elimu Millers, underperformed, though field trips and rental income exceeded targets.

Expenditure

Actual spending stood at Kshs 6.73 billion against a budget of Kshs 6.90 billion (98% utilization). Personnel emoluments were fully absorbed, while operations showed mixed performance. Some items overshot allocations (outstanding debts, IPO & linkages), while key academic support areas like supervision, library, and teaching materials were underutilized.

A deficit of Kshs 688.8 million was recorded, attributed to shortfalls in internally generated income streams.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(688,819)
1	Payment of Outstanding Debts	174,498
2	Accruals	693,116
3	Provisions	132,016
4	Depreciation Expense	135,582
	Closing Cash and Cash Equivalent as per the statement of Cash flows	446,393

19. Notes to the Financial Statements

1. General Information

Moi University is established by and derives its authority and accountability from the Universities Act, 2012 (as amended). The University is a public institution wholly owned by the Government of Kenya and is domiciled in Kenya.

The University's principal activity is the provision of higher education, training, and research in line with its mandate as a public university.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Entity*. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Taxes, Levies and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for the Current FY was approved by the National Assembly on *July 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of 3,337,288 on the 2024/2025 budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The *Entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under section *note 18* of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *Entity* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an -year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* **(entity to amend appropriately based on the model adopted)** Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Entity*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *Entity* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *Entity* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

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

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

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

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note*.

b) Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) 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. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

m) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

n) Contingent liabilities

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

o) Contingent assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

q) Changes in accounting policies and estimates

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

r) Employee benefits

Retirement benefit plans

The *Entity* 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 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.

s) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

t) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u) Related parties

The *Entity* regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers*. (*Entity to amend accordingly*)

v) Service concession arrangements

The *Entity* analyses all aspects of service concession arrangements that it enters 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 the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

w) Cash and cash equivalents

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

x) Comparative figures

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

y) 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, 20xx.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments 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. State all judgements, estimates and assumptions made:

Estimates and assumptions.

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

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

6. Transfers from Other Government entities

Description	2024/2025	2023/2024
	KShs '000"	KShs '000"
Unconditional Grants		
Operational Grant	2,868,419	2,434,809
Development grants	-	262,596
Other Grants-ACEII	31,851	736,364
Total Unconditional Grants	2,900,270	3,433,769

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

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2024/2025	2023/2024
	KShs '000"	KShs '000"	KShs '000"	KShs '000"	KShs '000"
State Department for Higher Education and Research	2,868,419	-	-	2,868,419	2,483,059
Total	2,868,419	-	-	2,868,419	2,483,059

7. Rendering of services

Description	2024/2025	2023/2024
	KShs '000"	KShs '000"
Tuition and Related Charges	2,804,828	1,884,170
Research Funds	130,223	305,540
Total	2,935,051	2,189,710

8. Sale of Goods

Description	2024/2025	2023/2024
	KShs '000"	KShs '000"
Accommodation and catering services	20,301	25,415
Elimu Millers	457	348
Farming activities	5,320	2,955
MU Technologies income	69,237	44,823
Total Sale of Goods	95,315	73,542

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

8 i). Elimu Milling Trading Account

Description	2024/2025 KShs '000'	2023/2024 KShs '000'
Sales	457	348
Opening stocks	1,327	-
Operating expenses	1,630	4,459
Closing stocks	-	1,327
Cost of sales	(2,957)	3,132
Surplus/(Deficit)/ for the year	(2,500)	(2,784)

8 ii). Farm Revenue Account

Description	2024/2025 KShs '000'	2023/2024 KShs '000'
Sales	5,319	2,780
Opening stocks	2,428	262
Operating expenses	8,159	1,294
Personnel costs		238
Closing stocks	(1,044)	(2,428)
Cost of sales	(9,543)	(634)
Surplus/(Deficit)/ for the year	(4,224)	2,146

8 iii). MU Technologies Trading Account

Description	2024/2025 KShs '000'	2023/2024 KShs '000'
Sales	69,237	44,823
Cost of sales		
Opening stocks	27,536	32,718
Operating expenses	26,010	37,445
Closing stocks	(33,350)	(27,536)
	(20,196)	42,627
Surplus/(Deficit)/ for the year	49,041	2,196

9. Rental Revenue from Facilities and Equipment

Description	2024/2025	2023/2024
	KShs '000'	KShs '000'
Rental income	48,346	28,260
Hire of Facilities	3,345	5,873
Total Rental Revenue	51,692	34,133

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

10. Other Incomes

Description	2024/2025 KShs '000''	2023/2024 KShs '000''
Donations	1,528	0
Endowment income	100	100
Water sales	681	743
Sale of tender	42	0
Interest income	43	45
Staff surcharge	2,833	31
Research administrative income	1,643	1,153
Dental income	963	623
Clinical health	2	1208
MU Press	48	53
Library & Bindery	537	912
Other sundry income	1,639	111,066
Total other income	10,059	115,934

11. Use of Goods and Services

Description	2024-2025 Ksh '000'	2023-2024 Ksh '000'
Marketing & Publicity Cost	876	7,185
Academic Expenses	102,921	212,675
Utilities, Electricity, Water, Internet, Rent	129,467	188,743
Travel & Subsistence	7,877	13,121
Staff Recruitment & Development	890	1,695
Research Expenses	256,961	1,177,802
Catering Services	8,235	9,453
Agricultural Expenses	9,788	5,990
Non-Agricultural Expenses	28,853	39,785
Other Administrative expenses	183,706	37,667
Staff Welfare Services	355,616	285,581
Student Activity Expenses	6,228	2,172
Total expenses	1,091,417	1,982,529

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

12. Employees Costs

Description	2024/2025 Ksh '000'	2023/2024 Ksh '000'
Salaries and Wages	2,879,502	2,433,954
Employer contribution to pension scheme	371,846	362,662
Housing benefits	898,179	920,899
Travel/Car and commuting allowances	449,529	303,830
Social contributions (NSSF Employer)	77,684	42,642
Other employee related costs	444,108	380,773
Total Employee Costs	5,120,848	4,444,760

13. Remuneration to Council

Description	2024/2025 Ksh '000'	2023/2024 Ksh '000'
Honoraria to chairman	1,044	1,044
Council expenses	26,130	28,183
Total Remuneration to Council	27,174	29,227

14. Depreciation and Amortization

Description	2024/2025 Ksh '000'	2023/2024 Ksh '000'
Property, plant and equipment	135,142	133,613
Amortization	440	440
Total Depreciation and Amortization	135,582	134,053

The amortization of leasehold land amounting to Kshs.440,000 has been recognized in the financial statements in accordance with the requirements of International Public Sector Accounting Standard (IPSAS) 17 – Property, Plant and Equipment. IPSAS 17 requires that leasehold land classified as a depreciable asset be amortized over the shorter of the lease term or its useful life, on a systematic basis that reflects the pattern of consumption of economic benefits or service potential. Accordingly, the reported charge represents the periodic allocation of the leasehold land's cost to expenditure to ensure compliance with accrual-based reporting and fair presentation of assets in the financial statements.

15. Repairs and Maintenance

Description	2024/2025 Kshs'000	2023/2024 Kshs'000
Vehicle running expenses	-	559
Maintenance of Building	-	6,006
Maintenances of Plant and Equipment	241	540
Others Repairs, & Maintenance	9,405	0
Total repairs and maintenance	9,647	7,105

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

16. Contracted Services

Description	2024/2025 Kshs'000	2023/2024 Kshs'000
Insurance expenses	59,527	61,114
Legal expenses	47,881	13,702
Other Contracted Services	41,161	23,796
Total Contracted Services	148,569	98,612

17. Finance costs

Description	2024/2025 Kshs'000	2023/2024 Kshs'000
Bank charges	548	660
Interest expense	62,823	-
Total Finance costs	63,371	660

18. Gain on sale of assets

Description	2024/2025 Kshs'000	2023/2024 Kshs'000
Gain on sale of Motor vehicle	550	11,423
Total gain on sale of assets	550	11,423

19. Gain on fair value Biological assets (apples)

Description	2024/2025 Kshs'000	2023/2024 Kshs'000
Gain on fair value of Biological assets	6176	0
Total gain on sale of assets	6,176	11,423

20. Cash and Cash Equivalents

Description	2024/2025 Kshs'000	2023/2024 Kshs'000
Current accounts	430,890	545,601
E Citizen	15,503	8,132
Total Cash and cash equivalents	446,393	553,733

Detailed Analysis of the Cash and Cash Equivalents

Financial institution	2024/2025 Kshs'000	2023/2024 Kshs'000
Current Account		
Absa Bank of Kenya	15,958	14,446
Co-operative Bank of Kenya	2,520	107
Equity Bank	2,377	1,077
Kenya Commercial Bank	222,725	332,075
National Bank of Kenya	120,109	84,124
Standard Chartered Bank	2,650	106
Access Bank	64,551	113,664
Sub- total	430,890	545,601

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Mpesa/Cash at hand		
E Citizen	15,503	8,132
Cash at hand	0	0
Sub- total	15,803	8,132
Grand total	446,393	553,733

21. Receivables from Exchange Transactions

Description	2024/2025	2023/2024
	Kshs'000	Kshs'000
Receivables		
Students' Fees Debtors	2,132,637	1,420,074
Other Exchange Debtors	266,308	256,577
	2,398,945	1,676,651
Less: impairment	(431,810)	(301,797)
Total Current Receivables	1,967,135	1,374,854

During the year, management applied an impairment provision rate of 18% on outstanding receivables amounting to 2,398,945, consistent with the institution's approved finance policy. Accordingly, an impairment allowance of 431,810 has been recognized in the Statement of Financial Performance and deducted from receivables in the Statement of Financial Position

22. Receivables from Non-Exchange Transactions

Description	2024/2025	2023/2024
	Kshs'000	Kshs'000
University Fund Scholarship/ HELB	200,568	202,901
Bank Guarantee	190,305	-
Less: impairment allowance	-	-
Total receivables	390,873	202,901
Current portion transferred to current receivables	-	-
Unfunded CBA Pension Employer contribution	1,335,689	1,335,689
Total receivables (a+b)	1,726,562	1,538,590

(a) Ageing analysis for Receivables from exchange transactions

Description	2024/2025		2023/2024	
	Kshs'000		Kshs'000	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	0%	202,901	13%
Between 1- 2 years	390,893	22%	0	%
Between 2-3 years	0	0%		%
Over 3 years	1,335,689	78%	1,335,689	87%
Total (a+b)	1,726,582	100%	1,538,590	100%

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

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

Impairment allowance/ provision	2024/2025	2023/2024
	Kshs'000	Kshs'000
At the beginning of the year	301,797	392,641
Additional provisions during the year	130,013	
Recovered during the year	0	(90,844)
Written off during the year	0	0
At the end of the year	431,810	301,797

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

(c) Receivables from Non-Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs'000		Kshs'000	
Capitation	390,873		202,901	
Other debtors (non-exchange transactions)	1,335,689		1,335,689	
Less: impairment allowance	-			
Total receivables from non- exchange transactions	1,726,562		1,538,590	
Ageing Analysis- Receivables from non-exchange transactions	2024/25	% of the total	2023/24	% of the total
Less than 1 year	390,873	%	-	%
Between 1-2 years	-	%	-	%
Over 3 years	1,335,689	100%	1,335,689	%
Total	1,726,562	%	1,335,689	%

Description	2024/2025		2023/2024	
	Kshs'000		Kshs'000	
At the beginning of the year	1,335,689		1,335,689	
Additional provisions during the year	-		-	
Recovered during the year	(-)		(-)	
Written off during the year	(-)		(-)	
At the end of the year	1,335,689		1,335,689	

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

23. Inventories

Description	2024/2025	2023/2024
	Kes'000	Kes'000
Main	14,267	21,758
Catering	951	1,803
Farm	1,044	2,428
Elimu Millers	-	1,328
MU Technologies	33,350	27,535
Less: allowance for impairment	-	-
Total inventories at the lower of cost and net realizable value	49,612	54,852

Detailed disclosure on inventories

	2024/2025 Kes'000
Opening balance	54,852
Additional Inventory in the year	54,271
Inventory expensed in the year	(59,511)
Write-downs in the year	-
Others specify	-
Closing balance	49,612

24. Investments

Description	2024/2025	2023/2024
	Kes'000	Kes'000
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	0	0
b) Investment with Financial Institutions/ Banks		
Rivatex E.A Ltd	479,834	479,834
Sub- total	479,834	0
c) Equity investments (specify)		
Equity/ shares in Entity (Rivatex E.A limited)	1000	1000
Sub- total	1000	1000
Grand total	480,834	480,834

***Moi University had invested in Rivatex (E.A.) Ltd through an initial subscription of Ksh 1,000,000 in share capital and a further Kshs 479,834,000 incurred in 2007 as acquisition costs*

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

to support the revival and operationalization of the company. The total investment recognized amounted to Kshs 480,834,000.

*Subsequently, control of Rivatex (E.A.) Ltd was transferred to the Ministry of Industrialization, Trade and Enterprise Development, and the University no longer exercises control or significant influence over the entity. In accordance with IPSAS 36 – Investments in Associates and Joint Ventures and IPSAS 35 – Consolidated Financial Statements, the investment no longer qualifies for consolidation or recognition as an associate.***

d) Movement of Equity Investments

Impairment allowance/ provision	2024/2025	2023/2024
	Kes'000	Kes'000
At the beginning of the year	1000	1000
Purchase of investments in the year	0	0
Sale of investments during the year	0	0
Gain/(loss) in fair value of investments through surplus or deficit	0	0
At the end of the year	1000	1000

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

e) Shareholding in other entities

For investments in equity share listed under note 33 above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Comparative year
	%	%	%	Kshs	Kshs	Kshs
Rivatex E.A Ltd	99	1	100	1000	1000,000	1000,000
	99	1	100	1000	1000,000	1000,000

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

25. Property, Plant and Equipment

Cost	Land	Buildings	W.I.P	Furniture plant and Equipment	Computers	Motor vehicles & Aero planes	Total
	Kes	Kes	Kes	Kes	Kes	Kes	Kes
At 1st July 2023	547,715,000	4,084,576,477	1,622,059,799	587,169,980	432,117,550	413,819,962	7,687,458,768
Additions	-	-	206,816,846	4,857,414	3,115,341	14,430,000	229,219,601
Disposals				-		34,213,000	34,213,000
At 30 June 2024	547,715,000	4,084,576,477	1,828,876,645	592,027,394	435,232,891	394,036,962	7,882,465,369
At 1st July 2024	547,715,000	4,084,576,477	1,828,876,645	592,027,394	435,232,891	394,036,962	7,882,465,369
Additions	-	-	45,863,402	283,861	3,163,792	-	49,311,055
Disposals						(350,000)	(350,000)
At 30 June 2025	547,715,000	4,084,576,477	1,874,740,047	592,311,255	438,396,683	393,686,962	7,931,426,424
Depreciation and Impairment							
At 1st July 2023	12,826,995	1,240,170,865	-	406,215,890	399,530,366	259,832,052	2,318,576,168
Depreciation	-	66,564,540	-	23,226,438	10,710,757	33,551,228	134,052,963
Amortization	440,000	-	-	-	-	-	440,000
Disposals						34,213,000	34,213,000
At 30 June 2024	13,266,995	1,306,735,405	-	429,442,328	410,241,123	259,170,280	2,418,856,131
At 1st July 2024	13,266,995	1,306,735,405	-	429,442,328	410,241,123	259,170,280	2,418,856,131
Depreciations	-	66,564,540	0	23,261,921	11,764,300	33,551,228	135,141,988
Amortization	440,000	0	0	0	0	-	440,000
Disposals						(350,000)	(350,000)
At 30 June 2025	13,706,995	1,373,299,945	0	452,704,249	422,005,423	292,371,507	2,554,088,118
Net book values							
At 30 June 2025	534,008,005	2,711,276,532	1,874,740,047	139,607,006	16,391,260	101,315,455	5,377,338,305
At 30 June 2024	534,888,005	2,662,581,612	1,622,059,799	180,954,090	32,587,184	153,987,910	5,187,058,600

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

(b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs '000'	Kshs '000'	Kshs '000'
Land	547,715	13,707	534,008
Buildings	4,084,576	1,373,300	2,711,276
Furniture, Plant and Equipment	592,311	452,704	139,607
Motor Vehicles, Including Motorcycles	393,687	292,372	101,315
Computers And Related Equipment	438,397	422,005	16,392
Total	6,056,686	2,553,418	3,502,598

Property, Plant and Equipment is depreciated using the straight line method on the following rates

Description	Annual depreciation charge
Plant and Machinery	12.5%
Motor Vehicles including Motorcycles	25%
Computers and Related Equipment	30%
Office Equipment, Furniture and Fittings	12.5%

Notes to the Financial Statements (Continued)

26. Intangible Assets

Description	2024/2025	2023/2024
	Kes'000	Kes'000
Cost		
At beginning of the year	19,944	19,944
Additions	0	0
At end of the year	19,944	19,944
Additions—internal development	0	0
At end of the year	19,944	19,944
Amortization and impairment		
At beginning of the year	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	19,944	19,944

Intangible asset relates to ERP system which is yet to be fully implemented. Once fully implemented the total cost will be amortised

27. Biological Assets

Description	2024/2025	2023/2024
	Kes'000	Kes'000
Apple Trees in a plantation	76,445	70,479
Animals: Dairy Cattle, Pigs, Sheep	3,690	4,608
Others specify	0	0
Total	80,135	75,087

The University recognizes biological assets comprising apple trees valued at Kshs 76,445,000 (bearer plants) and dairy animals valued at Kshs 3,690,000. In accordance with IPSAS 27 – Agriculture, biological assets are measured at fair value less costs to sell, except where fair value cannot be reliably measured, in which case they are carried at cost less accumulated depreciation and impairment. Bearer plants, such as apple trees, are accounted for under IPSAS 17 – Property, Plant and Equipment, and are depreciated over their useful lives, while dairy animals are treated as biological assets under IPSAS 27 and valued at fair value. Management reviews the condition and value of these assets annually to ensure that they are fairly stated in the financial statements.

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

28. Trade and Other Payables

Description	2024/2025		2023/2024	
	Kes'000		Kes'000	
Trade payables	1,155,576		1,141,793	
Employee payables	7,461,438		5,893,763	
Other payables	391,317		618,804	
Total trade and other payables	9,008,331		7,654,360	
		% of the		% of the
Ageing analysis: (Trade and other payables)	2024/2025	Total	2023/2024	Total
Under one year	1,353,971	16%	996,558	13%
1-2 years	996,558	11%	613,267	8%
2-3 years	613,267	7%	919,900	12%
Over 3 years	6,044,535	66%	5,124,635	67%
Total (tie to above total)	9,008,331	100%	7,654,360	100%

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

29. Current Provisions

Description	Audit Fees	Corporate tax Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	18,150		-	18,150
Additional provisions	3,730	26,269	-	29,999
Provision utilised	(-)	(-)	(-)	(-)
Change due to discount and time value for money	(-)	(-)	(-)	(-)
Transfers from non -current provisions	(18,150)	-	-	(18,150)
Total provisions year end	3,730	26,269	-	29,999

30. GoK Loan

Description	2024/2025	2023/2024
	Kes'000	Kes'000
a) External borrowings		
Balance at beginning of the year	0	0
External borrowings during the year	0	0
Repayments of during the year	0	0
Balance at end of the year	0	0
b) Domestic borrowings (Gok)		
Balance at beginning of the year	231,250	231,250
Domestic borrowings during the year	0	0
Repayments during the year	0	0
Balance at end of the year	231,250	231,250
Balance at end of the period- domestic and External borrowings c = a+b	231,250	231,250

The GoK Loan relates to borrowing to acquire Karatina University

The analyses of both external and domestic borrowings are as follows:

	2024/2025	2023/2024
	Kes'000	Kes'000
External Borrowings		
Dollar Denominated Loan From 'X Organization'	0	0
Sterling Pound Denominated Loan From 'Y Organization'	0	0
Euro Denominated Loan from Z Organization'	0	0

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Domestic Borrowings	0	0
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Total Balance at End Of The Year	0	0

Description	2024/2025	2023/2024
	Kes'000	Kes'000
Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	231,250	231,250
Total	231,250	231,250

31. Cash Generated from Operations

Description	2024/2025	2023/2024
	Kes'000	Kes'000
Surplus for the year before tax	(597,496)	(1,204,840)
Adjusted for:		0
Depreciation	135,582	308,742
Contribution to provisions	3,730	0
Contribution to impairment allowance	132,016	0
Working capital adjustments	(332,344)	(891,535)
Increase in inventory	5,190	(66,126)
Increase in Biological assets	5,048	(11,828)
Increase in receivables	(733,419)	(32,506)
Increase in receivables (Non-exchange)	(187,972)	202,901
Increase in payables	1,320,665	766,950
Increase in provisions for audit	(3,730)	-3,730
Contribution to impairment allowance	(132,016)	
Net cash flow from operating activities	(58,578)	(36,506)

32. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

i) **Credit risk**

The Entity 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.

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Receivables from exchange transactions	1,967,135	1,576,648	-	432,617
Receivables from non-exchange transactions	1,726,562	1,726,562	1,335,689	-
Bank balances	446,393	446,393	0	0
Total	4,140,090	3,749,603	1,335,689	432,617
As at 30 June 2024				
Receivables from exchange transactions	1,781,672	1,474,624	0	307,048
Receivables from non-exchange transactions	1,335,689	1,335,689	1,335,689	0
Bank balances	562,661	562,661	0	0
Total	3,680,022	3,372,974	1,335,689	307,048

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from . The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'
As at 30th June 2025				
Trade payables				
Current portion of borrowings				
Provisions	3,730			
Deferred income				
Employee benefit obligation				
Total				
As at 30th June 2024				
Trade payables	22,836	91,343	1,657,891	1,772,070
Current portion of borrowings	0	0	231,250	231,250
Provisions	0	0	18,150	18,150
Deferred income	0	0	0	0
Employee benefit obligation	117,875	471,501	5,304,386	5,893,762
Total	140,711	562,844	7,211,677	7,915,232

Notes to the Financial Statements (Continued)
Financial Risk Management

iii) **Market risk**

The *Entity* has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) **Foreign currency risk**

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Financial Risk Management

The carrying amount of Moi University foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Current FY 2024/2025

Description	In Kshs	Other currencies	Total
	Kshs'000'	Kshs'000'	Kshs'000'
As at 30th June (Current FY)			
Financial Assets			
Investments			
Cash	344,615	101,778	446,393
Debtors	1,967,135	0	
Total Financial Assets	2,311,750	101,778	2,413,528
Financial Liabilities			
Trade And Other Payables			
Borrowings			
Total Financial Liabilities			
Net Foreign Currency Asset/(Liability)	2,311,750	101,778	2,413,528

Foreign currency sensitivity analysis

Current FY 2024/2025

Description	In Kshs	Other currencies	Total
	Kshs'000'	Kshs'000'	Kshs'000'
As at 30th June (Current FY)			
Financial Assets			
Investments			
Cash			
Debtors			
Total Financial Assets			
Financial Liabilities			
Trade And Other Payables			
Borrowings			
Total Financial Liabilities			
Net Foreign Currency Asset/(Liability)			

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Financial Risk Management

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs'000'	Kshs'000'	Kshs'000'
Current FY			
Euro	10%		
USD	10%		
Previous FY			
Euro	10%		
USD	10%		

b) Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Financial Risk Management

Sensitivity analysis

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs (Current FY: Kshs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs (Current FY – Kshs)

Notes to the Financial Statements (Continued)

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

Financial Risk Management

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total
	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'
As at 30 June (Current FY)				
Financial Assets				
Quoted Equity Investments				
Non- Financial Assets				
Investment Property				
Land And Buildings				
Total				
As at 30th June (Previous FY)				
Financial Assets				
Quoted Equity Investments				
Non- Financial Assets				
Investment Property				
Land And Buildings				
Total				

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

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

Description	2024/2025	2023/2024
	Kshs'000'	Kshs'000'
Revaluation Reserve	-	73,653
Retained Earnings	(3,518,673)	(3,298,573)
Capital Reserve	4,397,046	4,763,019
Total Funds	4,397,046	1,538,099
Total Borrowings	9,269,580	7,665,833
Less: Cash and Bank Balances	(446,393)	(553,733)
Net Debt/(Excess Cash And Cash Equivalents)	8,823,187	7,112,100
Gearing	201%	462%

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

33. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2024/2025	2023/2024
	Kshs '000'	Kshs '000'
Contingent Assets		
Insurance Reimbursements		
Assets Arising from Determination Of Court Cases		
Reimbursable Indemnities and Guarantees		
Receivables From Other Government Entities		
Others (Specify)		
Total		

Contingent Liabilities

Description	2024/2025	2023/2024
	Kshs '000'	Kshs '000'
Contingent Liabilities		
Court Case xx against the Entity		
Bank Guarantees in Favour of Subsidiary		
Contingent Liabilities arising from Contracts Including PPPs		
Others (Specify)		
Total		

34. Events after the Reporting Period

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

35. Ultimate And Holding Entity

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Education State Department for Higher Education and Research. Its ultimate parent is the Government of Kenya.

36. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest '000' Kshs.

20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0 Variances and Undisclosed Long Outstanding Trade Payables	<ul style="list-style-type: none"> The statement of financial position reflects trade and other payables balance of Kshs.7,764,154,000 while the respective Note reflected a balance of 7,801,708,000 resulting to a variance of Kshs.37,554,000. included in other payables of Kshs.7,801,708,000 was trade payables amount of Kshs.1,289,141,000, employee payables of 	<p>The University acknowledges the variance of Kshs. 37,554,000. This was noted in the draft financial statements as an omission and duly corrected. This is verifiable in the Note 28 of the signed financial statements.</p> <p>The long outstanding payables is due to liquidity challenges faced by the University. The Management is working with the Ministry of Education</p>	<p>-Though management has acknowledged failure to settle trade payable, this had an effect on the pending bills of the failure to comply with treasury circular No 10/2020 of 16 June 2020.</p> <p>Not Resolved</p>	June 2026

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

	<p>Kshs.5,893,763,000 and third-party payments of Kshs.618,804,000 which had been outstanding for over one year.</p> <ul style="list-style-type: none"> • detailed individual creditors ageing analysis and the creditors policy were not provided. Also, there was an increase of payables compared to previous year by an amount of Kshs.1,107,806,000. • Other liabilities disclosed in Note 28 of the financial statements excludes unquantified amount of interest charged on unremitted pension contribution that attracts 6.1% pa which has been outstanding since financial year 2012/2013 	<p>to resolve the matter as follows:</p> <ol style="list-style-type: none"> i). Bailout request of over Kshs. 7,055,927,776 which includes the payables in question as supported by the Pending Bills Submission Report attached (DOC A1). ii). Increase of student enrolment from current 4,800 to the approved 13,100 as supported by the Kenya Universities and Colleges Central Placement Service (KUCCPS) as supported by the approved report (DOC A2), among other income generation strategies. <p>A detailed individual creditors aging analysis is hereby provided for audit verification (DOC A3),</p>		
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Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

	In the circumstances, the accuracy of trade and other payables balance of Kshs.7,801,708,000 could not be confirmed.	<p>The Management acknowledges the increase in payables by Kshs. 1,107,806,000 compared to the previous year. The increase was due to liquidity challenges resulting from outstanding payables occasioned by sharp reduction in A-in-A and capitation. The matter is being addressed as earlier stated.</p> <p>The accruing annual interest of 6.1% from the Pension of Ksh. 3,673,935,327 has been quantified to Kshs. 224,110,055 to be included in the financial reports of the FY2024/2025</p>		
2.0 Unsupported Provident Fund	The statement of financial position reflects receivables from non-exchange transactions balance of	- The University acknowledges the outstanding receivables of Kshs. 1,538,590,000	-Though the management explains that the Collective Bargaining	June 2026

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

<p>Contributions Receivable</p>	<p>Kshs.1,538,590,000. The receivable relates to unfunded employers' pension and provident fund contributions by the Ministry of Education arising from Collective Bargaining Agreements (CBAs) between labour unions representing staff at the University and Inter-Public Universities Council Consultative Forum (IPUCCF) for the period 2010-2013 and 2013-2017 which have remained unfunded.</p>	<p>related to unfunded employers' pension and provident fund contributions, as reflected in Note 23 of the financial statements. arising from the 2010-2013 and 2013-2017 Collective Bargaining Agreements (CBAs). The management has formally written to the National Treasury through the parent Ministry of Education requesting for acknowledgement of the amount in question. The awaited response will provide away forward.</p> <p>Management acknowledges the exposure of the accruing interest on the unfunded pension and provident fund in question and awaiting acknowledgement from the National Treasury</p>	<p>Agreements relating to the outstanding payments were signed by the respective parties ,but the Government did not honour its part which had been recognised in the books as receivable. -The matter is not adequately addressed. Not Resolved</p>	
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

<p>3.0 Inaccuracy in Intangible Assets</p>	<p>- Consolidated statement of financial position reflects intangible assets of Kshs.19,944,000. However, Note. 27 to the financial statements reflects intangible assets of Kshs.19,944,000 for Moi University and Kshs.37,554,000 for Rivatex all totaling Kshs.57,498,000 resulting to unreconciled variance of Kshs.37,554,000. In the circumstances, the accuracy and completeness of consolidated intangible asset of Kshs.19,944,000 could not be confirmed</p>	<p>We acknowledge the audit query regarding the non-consolidation of intangible assets as reflected in Note 27 of the financial statements. The matter arises from the classification of intangible assets related to Moi university and Rivatex right of use assets, which was included in the Property, Plant, and Equipment (PPE) schedule.</p> <p>The correct disclosure and classification of Kshs. 37,554,000 as right for use intangible asset will be updated in the financial statements for 2024/2025.</p>	<p>Management has provided explanation on the matter to be effected in the next financial year Implementation to be followed up and confirmed in the next audit . KIV</p>	<p>Done</p>
<p>4.0 Variance in Prior Year Revenue Reserve</p>	<p>- the consolidated statements of net changes in net assets reflects closing and opening balances of accumulated deficits of Kshs.4,510,074,000.</p>	<p>- The Management acknowledges the variance of Kshs. 32,000 and has been earmarked for correction in the in the</p>	<p>Resolved</p>	<p>Done</p>

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	However, the audited financial statements for previous year reflects accumulated deficit of Kshs.4,510,106,000 resulting to unexplained variance of Kshs.32,000.	financial statements for 2024/2025.		
5.0 Inaccuracy in Capital Revenue Reserve	- Consolidated statement of financial position reflects capital and revenue reserve of Kshs.14,599,936,000 and (Kshs.6,695,686,000) respectively. However, the statement of changes in net assets reflects capital and retained reserve of Kshs.14,328,997 and (Kshs.6,427,457,000)	The differences/variances were primarily due to timing differences in the recognition of certain adjustments and reclassifications between the two financial statements. These discrepancies were related to the treatment of certain transactions, such as adjustments to the	<ul style="list-style-type: none"> The matter has been addressed and reconciliation provided <p>The matter adequately addressed. Resolved</p>	Done

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	respectively resulting to unexplained variance of Kshs.270,945,000 both in capital and revenue reserve.	reserves and some prior period adjustments that were not fully reflected in both statements. A full reconciliation report explaining the variances is herewith provided for audit review.		
6.0 Unsupported Impairment of Receivables from Exchange Transactions	- Statement of financial position reflects total current assets of Kshs.4,148,174,000 which includes receivables from exchange transactions gross amount of Kshs.1,781,672,000 as disclosed in Note 22 to the financial statements. An impairment allowance of Kshs.307,048,000 was deducted resulting to a net receivable from exchange transactions balance of Kshs.1,474,624,000. However, the basis and supporting accounting	We acknowledge the audit query concerning the impairment of receivables from exchange transactions of Kshs. 307,048,000. The impairment rate of 18% as guided under IPSAS 19 has been adopted and this has now been enshrined in the draft policy awaiting Council approval as herewith attached (DOC A4).	Management provided a draft policy on impairment of receivable The matter is not adequately addressed. Not Resolved	December 2025

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

	policy was not disclosed in the financial statements to justify the impairment.			
7.0 Unreconciled Variances in Students' Fees Debtors	- The consolidated statement of financial position reflects receivables from exchange transactions amount of Kshs.1,474,624,000 which includes students' fees debtors amount of Kshs.1,420,074,000 as disclosed in Note 22 to the financial statements. However, the balance varies with the amount generated from the system of Kshs.1,097,574,008 by Kshs.322,499,992	- The University acknowledges the variance of Kshs. 322,499,992 between the students' fees debtors balance reflected in the consolidated statement of financial position. This discrepancy has been thoroughly investigated, and the reconciliation has been completed as supported by a reconciliation report attached (DOC A5 SOFT COPY).	Management has reconciled the variances. The matter is addressed. Resolved	Done
8.0 Variance in Tuition Fee and Related Charges	-The consolidated statement of financial performance reflects rendering of services balance of Kshs.1,884,170,000	- The ledger balances of all tuition and related charges have been reconciled and agree with the carrying figures of the revised Financial	Reconciliation has been provided <ul style="list-style-type: none"> The matter is adequately addressed. 	Done

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>which related to tuition and related charges. However, the balance varied with amounts generated from the system that reflected Kshs.1,878,351,039 resulting to a variance of Kshs.5,818,961 that had not been reconciled</p>	<p>Statements. (Doc A6 Soft copy)</p>	<ul style="list-style-type: none"> • Resolved 	
<p>9.0 Unsupported Council Expenses</p>	<ul style="list-style-type: none"> • The consolidated statement of financial performance and Note 13 to the financial statements reflects remuneration to council expenses of Kshs.34,061,000 in respect of payments of honoraria, council allowances, and other related expenditures. However, the council expenditure schedules provided did not indicate the details of the payee's name, the nature of the meeting, date and minutes of the meeting and locations 	<p>Unsupported Allowances: The allowances of Kshs. 568,000 paid to council chair were external meetings where the chair represented the university i.e. IPUCCF. Appropriate measures are being implemented to ensure all future claims are supported by requisite documentation as per the auditor's recommendation (Doc A7).</p> <p>Council Minutes Filing: The University recognizes the inadequacies in the current filing system of</p>	<ul style="list-style-type: none"> • Management has provided invitation letters for the meetings outside university inviting the chair of council to attend. However, the university has not provided attendance register and minutes of the meetings • Issue not adequately addressed 	<p>December 2025</p>

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

	<p>where meetings were conducted. Further, allowances amounting to Kshs.568,000 were not supported with invitation letters and signed minutes of meetings held.</p> <ul style="list-style-type: none"> In addition, the university did not maintain a minute book for Council meetings but instead the minutes were stored in presentation folder files which increases the risk of loss, misplacement or tampering with official records due to the inadequacy of the current filing system. 	<p>council minutes and has initiated the acquisition of Minute Books to prevent loss, misplacement, or tampering.</p> <p>The University is committed to enhancing its record-keeping and documentation processes to address these gaps. Comprehensive reviews of Council expenditures will be conducted to validate their propriety, and measures are being implemented to strengthen internal controls and ensure compliance with audit requirements.</p>	Not Resolved	
10.0 Unsupported Non-Agricultural Expenses	-The statement of financial performance reflects a balance of Kshs.2,695,866,000 relating to use of goods and services. Included in this amount was	-We hereby attach the supporting documents for the highlighted expenses below; Doc...2	The management has provided support schedule up to Kshs2,317,861.out of Kshs3,232,161, leaving a balance of	Done

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	Kshs.39,785,000 relating to non-agricultural expenses as disclosed in Note 11 to the financial statements. However, review of sampled supportive schedules and payment vouchers revealed that payments vouchers totaling Kshs.3,232,161 were not supported		Kshs 914,300 as unsupported Resolved	
11.0 Unsupported Property, Plant and Equipment	The statement of financial position reflects property, plant and equipment balance of Kshs.11,268,418,000 whereas the re-casted balance was Kshs.11,391,650,000 which differed with the assets register balance of Kshs.6,729,506,640 resulting to unexplained variance of Kshs.4,662,143,360. - Further, and as disclosed in Note 26 to the financial statements, the property, plant and equipment balance of Kshs.11,268,418,000	- We have attached PPE Registers reconciling to the Financial Statements for your review. Doc...3	Issue partially resolved. However, management has not provided asset register for its subsidiary company Rivertex (E.A) LTD -W.I.P Certificate has since been provided Resolved	December 2025

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>included additions during the year of Kshs.315,149,000 which included Kshs.216,787,000 in respect of Work in Progress. However, the WIP additions was not supported by the Interim Payment Certificate as at 30 June, 2024.</p> <p>- Also, textbooks of unknown value were not included as property, plant and equipment.</p>			
12.0 Government of Kenya Loan	<p>- As previously reported, the consolidated statement of financial position reflected Government of Kenya (GoK) loan balance of Kshs.231,250,000. The University received GoK loan of Kshs.250,000,000 on 11 June, 2008 to facilitate the acquisition of Karatina Campus; which is now a fully chartered University.</p>	<p>We acknowledge the observations raised in the audit report regarding the Government of Kenya (GoK) loan balance of Kshs.231,250,000. We would like to provide clarifications and updates on the issues highlighted.</p> <p>GoK Loan and Purchase of Karatina Campus:</p>	<ul style="list-style-type: none"> • Karatina University has not accepted by signing the assigned portion of the loan neither has Moi University made any repayments. • Though the management has stated that treasury had given the consent to splitt the loans between 	<p>The management is waiting for PIC report to implement its decision.</p>

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>However, the following observations were made:</p> <p>- The contract between Moi University and Kenya Tea Development Agency (KTDA) for purchase of Kagochi Training Institute which became Karatina Campus indicated that Kshs.168,852,825 was agreed and the University paid Kshs.151,675,429 on 4 September, 2009. Information provided indicated that Kshs.168,852,825 was supposed to be paid to the vendor as deposit towards the purchase price on or before the execution of the sale agreement by the parties. However, there was no documentary evidence indicating that the payment was made to Kenya Tea</p>	<p>The University received Kshs.250,000,000 on 11 June 2008 from the Government of Kenya to facilitate the acquisition of the Kagochi Training Institute, which is now Karatina University. The loan balance of Kshs.231,250,000 as reported in the consolidated statement of financial position reflects the outstanding amount after considering previous payments made towards the acquisition.</p> <p>Payment to Kenya Tea Development Agency (KTDA): As per the contract between Moi University and KTDA for the purchase of Kagochi Training Institute (now Karatina Campus), the agreed purchase price was Kshs.168,852,825. The University paid</p>	<p>Karatina University, the signing by the two Institutions has not been completed.</p> <p>-The University has supported payment Kshs.151,675,429 .However supporting document paid to third parties of Kshs 16,852,826 is not supported.</p> <ul style="list-style-type: none"> • The matter is not adequately addressed. <p>Not Resolved</p> <p>-the issue is yet to be resolved by Moi university, Karatina</p>	
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>Development Agency Ltd (KTDA).</p> <p>- The purchase agreement indicated a contract price of Kshs.168,852,825 and other expenditure of Kshs.24,640,300 totaling Kshs.193,493,125.</p> <p>However, there was no evidence indicating that The National Treasury had given consent of assigning the loan to Karatina University in accordance with legal notice establishing Karatina University College.</p> <p>- It was also noted that the loan had not been serviced for the last twelve years and the University is in breach of GoK loan agreement terms. Further, no documentary evidence detailing the utilization of Kshs.56,506,875 was provided for audit.</p>	<p>Kshs.151,675,429 on 4 September 2009 as part of the purchase price, and additional expenditure of Kshs.24,640,300 was incurred, bringing the total to Kshs.193,493,125. (Doc A11)</p> <p>Loan Segregation and Consent from the National Treasury: The National Treasury had granted consent for the loan to be assigned to Karatina University, as per the legal notice establishing Karatina University College. We have now obtained the necessary consent documentation from the National Treasury and are providing it for review. This will confirm the proper segregation of the loan as required by the legal framework. (DOC A12)</p>	<p>university and the National Treasury</p>	
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Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

		<p>Loan Servicing: The loan has not been serviced for the last twelve years. Efforts are underway to engage with the relevant authorities, including the National Treasury, to regularize the loan servicing and ensure compliance with the loan agreement moving forward.</p> <p>Utilization of Kshs.56,506,875: Regarding the utilization of Kshs.56,506,875, we have reviewed our records and are providing a detailed utilization report for this amount. The report outlines the specific expenditures and their relevance to the acquisition and development of Karatina Campus. This report will be submitted</p>	<p>-Evidence of utilization of Kshs Kshs.56,506,875 has been provided.</p>	
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

		for audit review to provide the necessary evidence of how the funds were utilized. (DOC A13)		
13.0 Consolidation of Rivatex East Africa Limited	- The Consolidated statements of financial position and financial performance included the operating results and financial position of Rivatex EA Limited, an investment procured by the University for an amount of Kshs.480,834,000 as detailed in Note 25 to the financial statements. This represented acquisition of majority shareholding with 99% of the shares with nominal value shares of Kshs.1,000,000. However, the Government through Executive order number 1 of 2023 issued in the	We acknowledge the uncertainty of Rivatex East Africa Limited (Rivatex EA Ltd) ownership arising from Government Executive Order No. 1 of 2023. The management has sought for clarification of ownership and control of the university resources and investments of Kshs. 480,834,000 in the Rivatex East Africa Limited (Rivatex EA Ltd) to the National Treasury through the Ministry of Education (DOC A14).	Although the university management has written to head of public services seeking clarification on restructuring to River text E.A to Ministry of industrialization. Not Resolved	December 2025

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>month of January 2023 moved Rivatex East Africa Ltd to State Department of Industry leading to uncertainty on the control and ownership of the Company and hence the basis of consolidation of the financial statements.</p>	<p>Impact on Consolidation: Based on the uncertainty in control over Rivatex EA Ltd, we recognize that the University may no longer have the power to govern the financial and operating policies of Rivatex EA Ltd, which is a requirement for consolidation under IPSAS 35 (Consolidated Financial Statements). Given this development, we are reassessing whether the investment should continue to be consolidated or if it should be accounted for using the equity method, as would be appropriate for an investment in an associate or joint venture.</p> <p>Next Steps:</p>		
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Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

		<p>The University is taking the following steps to address this situation:</p> <p>Clarification on Ownership and Control: We are engaging with the relevant government bodies, including the Ministry of Investments, Trade and Industry, to clarify the University's ongoing control or lack thereof over Rivatex EA Ltd and to understand the implications of the Executive Order on the University's ownership and decision-making power.</p> <p>Review of Financial Reporting Treatment: Once the clarity on control is obtained, the University will adjust its financial reporting in line with applicable accounting standards. If it is determined that the</p>		
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

		<p>University no longer controls Rivatex EA Ltd, the University will reassess whether the investment should be consolidated or accounted for under the equity method.</p> <p>Audit and Compliance: We are working closely with the audit team to ensure that the financial statements for the year ending 30 June 2024 reflect the correct accounting treatment for this investment, based on the outcome of the ongoing review.</p>		
14.0 Biological Assets	<p>- The consolidated statement of financial position and Note 24b reflected biological assets balance of Kshs.75,087,000. Audit review of biological assets records noted that the University had two major biological assets which were 41,000</p>	<p>We acknowledge the audit observations regarding the biological assets balance of Kshs.75,087,000 as reported in the consolidated statement of financial position and Note 24b.</p>	<p>-The management has initiated the process of valuation of its assets -The matter is not adequately addressed. Not Resolved</p>	December 2025

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>apple trees and seedlings and 67 cows. These biological assets were verified to be in existence. However, it was noted that the valuation of these assets was not supported by relevant valuation reports to ascertain the fair value.</p> <p>- In addition, the University owns extensive agricultural land which remains idle and was not put to use to generate revenue. The University had an operational dairy farm with 58 dairy cows whose operations can be maximized through modern dairy farming practices to increase milk production. The cows are grazed in open fields, the structures in the dairy farm are dilapidated, and require modernization for optimal productivity.</p>	<p>Valuation of Biological Assets: We acknowledge that the valuation of these assets was not supported by relevant valuation reports, as noted in the audit review. The management is in the process of engaging the Ministry of Livestock and Agriculture to guide in the valuation of the fair value of both the apple trees/seedlings and the cows, and we will provide these reports for audit review as soon as they are available.</p> <p>Idle Agricultural Land: The University owns extensive agricultural land, some of which is currently idle and not being utilized for revenue generation. We recognize the importance of utilizing</p>		
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>Audit verification of the orchard farms revealed that the farm had significant spinach vegetables which were overdue for harvesting and going to waste.</p>	<p>these resources effectively and we are currently reviewing potential opportunities to put the land to productive use. The University has identified several avenues to maximize the land's potential, including potential partnerships for agricultural activities that could contribute to revenue generation.</p> <p>Dairy Farm Operations: We acknowledge the concerns regarding the management and operations of the farm. The cows are currently grazed in open fields, and the dairy farm structures are in a dilapidated state, which hinders optimal productivity. The management has started the process to modernizing the farm's</p>		
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Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

		<p>infrastructure and adopt a more efficient, modern dairy farming practices.</p> <p>Overdue and Wasted Spinach Vegetables: We acknowledge the audit query. The management has continued to harvest and sell the vegetables.</p>		
<p>15.0 Uncertainty on Sustainability of Services</p>	<p>- The consolidated statement of financial position reflected total current liabilities balance of Kshs.7,782,304,000 which was more than the current assets balance of Kshs.4,148,174,000 resulting to a negative working capital of Kshs.3,634,130,000.</p> <p>Further, the group incurred a deficit of Kshs.1,204,840,000 resulting to accumulated deficit of</p>	<p>We acknowledge the audit observations regarding the University's financial position, specifically the negative working capital of Kshs.3,634,130,000 and the accumulated deficit of Kshs.6,695,686,000 as reflected in the consolidated statement of financial position. Below is a detailed response to the concerns raised:</p> <p>Negative Working Capital: The audit</p>	<ul style="list-style-type: none"> • Management has taken cognizant of material uncertainty related to going concern. • The institution's going concern remains under threat. <p>Not Resolved</p>	<p>June 2027</p>

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>Kshs.6,695,686,000, that indicator that the University was unable to meet its financial obligations as and when they fall due.</p>	<p>highlights a significant gap between current liabilities (Kshs.7,782,304,000) and current assets (Kshs.4,148,174,000), resulting in a negative working capital of Kshs.3,634,130,000. We recognize that this indicates a liquidity shortfall, which is a matter of concern for the University's ability to meet its short-term financial obligations. The University has been actively working to improve its liquidity position through various measures, including:</p> <p>Revenue Enhancement Initiatives: The University is reviewing and strengthening its revenue-generating activities, including expanding academic programs, increasing</p>		
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Moi University
 Annual Reports and Financial Statements
 for the year ended June 30, 2025

		<p>student intake, and pursuing new sources of income such as grants and research funding.</p> <p>Cost Management: We have initiated cost-cutting measures to reduce operational expenses where possible. This includes streamlining administrative processes to improve efficiency and reduce costs.</p> <p>Debt Restructuring: We are in discussions with financial institutions and government agencies to restructure existing liabilities, extend repayment periods, and explore alternative financing options to improve the liquidity position.</p>		
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

		<p>Strategic Financial Planning: We are in the process of developing a comprehensive financial recovery plan to improve financial performance. This includes targeted strategies to increase revenue streams and optimize the use of existing resources.</p> <p>Engagement with the National Government: As the University continues to experience financial challenges, we are seeking additional support from the National Government to cover the operational and capital deficits. We are in discussions with the Ministry of Education and other relevant government agencies to explore potential funding solutions.</p>		
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Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

		<p>Financial Controls and Efficiency: We are enhancing our financial management processes, focusing on improving financial controls, monitoring, and reporting to ensure that funds are used efficiently and that future deficits are minimized.</p> <p>Government Support and Partnerships: The University will continue to seek financial support from the National Government, as well as build partnerships with external stakeholders and development partners, to ensure the continuity of services and programs.</p> <p>Sustainable Financial Strategy: We are working on a long-term financial sustainability strategy that will</p>		
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Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

		<p>include diversifying income sources, improving operational efficiency, and securing strategic investments. This plan will ensure the University is better positioned to meet its obligations in the future without undue reliance on external financial assistance.</p> <p>Audit Concerns about Dependence on Government and Creditors: The audit's concerns about the University's dependency on financial support from the National Government and creditors is acknowledged. While the University has historically relied on this support, it is actively working to reduce this dependency by increasing internal revenue generation and</p>		
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

		improving operational efficiency. However, we also acknowledge the role that government support plays in sustaining the University's operations and services, particularly in the context of a public institution.		
Budgetary Control and Performance	- The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.6,719,372,000 and Kshs.5,125,425,000 respectively resulting to an under-funding of Kshs.1,593,947,000 or 24% of the budget. Similarly, the University spent Kshs.5,553,815,000 against actual receipt of Kshs.5,125,425,000 resulting to an under-expenditure of Kshs.428,390,000 or 8% of the actual receipt.	The underperformance in Moi University's financial results is primarily due to a combination of factors, which have contributed to significant variances between the budgeted and actual revenue and expenditure. 1. Under-Realization of Revenue The University's actual revenue of Kshs. 5,125,425,000 fell short of the budgeted amount of Kshs. 6,719,372,000, resulting in an underfunding of Kshs. 1,593,947,000 (24%).	-Management did not meet its budgeted targets and service provision is likely to have been affected. The matter is not adequately addressed. Not Resolved	June 2026

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>- Further, the statement of comparison of budget and actual amounts reflected actual revenue of Kshs.5,125,425,000 and actual expenditure of Kshs.5,553,815,000 which was at variance with the statement of financial performance amounts of Kshs.6,276,136,000 and Kshs.7,492,447,000 resulting to unexplained and unsupported variances of Kshs.1,150,711,000 and Kshs.1,938,632,000 respectively.</p>	<p>This shortfall was mainly due to reduced government funding allocations, lower-than-expected student enrollments, and delays in securing other expected revenue streams, such as grants and donor funding.</p> <p>2. Under-Expenditure Although the University spent Kshs. 5,553,815,000, which was higher than the actual revenue of Kshs. 5,125,425,000, an under-expenditure of Kshs. 428,390,000 (8%) was noted. This was due to delayed procurement processes, deferrals of certain capital projects, and slower-than-anticipated implementation of planned activities, all of which were directly impacted by the underfunding.</p>		
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Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

		<p>3. Variance in Financial Performance The variances between the statement of comparison of budget and actual amounts and the statement of financial performance. These discrepancies, totaling Kshs. 1,150,711,000 in revenue and Kshs. 1,938,632,000 in expenditure, are attributed to timing differences in revenue recognition, accounting treatments, and the non-inclusion of certain financial adjustments in the budget report.</p> <p>Impact on Service Delivery The underperformance and under-realization of funds impacted the University's ability to deliver on planned activities, potentially affecting service delivery and project</p>		
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

		<p>execution. Management is addressing these issues by revising its funding strategies, improving revenue generation, and aligning expenditures with actual available funds. Steps are also being taken to ensure better coordination between the budget and financial performance reports to avoid future discrepancies.</p>		
Unresolved Prior Year Audit Matters	<p>- In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved and disclosed the status of all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board. Management has not provided satisfactory explanation for the delay in resolving the issues.</p>	<p>-The University acknowledges the unresolved prior year audit matters and recognizes the need for timely resolution as per the Public Sector Accounting Standards Board (PSASB) reporting requirements.</p> <p>Management has taken remedial and corrective measures for prior audit matters awaiting consideration and approval by the PIC</p>	<p>- Waiting for recommendations from Parliament for implementation. The matter is not adequately addressed. Not Resolved</p>	December 2025

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

		Management is committed to ensuring full compliance with the reporting requirements and will take the necessary steps to avoid similar delays in the future.		
1.0 Non-Implementation of Enterprise Resource Planning (ERP) System	- The statement of financial position reflected intangible assets balance of Kshs.19,944,000 as disclosed in Note 27 to the financial statements. Review of documents provided revealed that Kshs.19,944,000 was part of the money that was paid to a contractor who was awarded a contract to develop an ERP software at a contract sum of Kshs.26,591,959 with a one lifetime license fee payment of Kshs.11,500,000 procured in the financial year 2018-2019. However, the	The delayed implementation of the ERP system is acknowledged, with some modules and sub-modules implemented, but full deployment still pending. The reasons for the delay are under review, and corrective actions are being taken to expedite the process. The management, through its resolution of 181 st Board's Regular Meeting has taken an initiative to have the ERP fully implemented and be officially handed over to university (DOC A15)	Matter not adequately addressed. Not Resolved	December 2025

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	implementation of the system is yet to be completed with some modules and sub-modules not implemented. There was no evidence on the commissioning of the software, there was also no disclosure in the financial statements to indicate the systems useful life and the amortization rates.			
2.0 Delayed Completion of Projects	- Review of records provided for audit on project implementation status and physical verification exercise conducted in the month of January 2025 revealed that there were projects for the construction of the Amphitheatre and the Digital Innovation Centre which had a total contract value of Kshs.623,802,785 and cumulative payments of Kshs.198,045,463.	Digital Innovation Centre: the project was delayed due to change in foundation design arising from ground conditions noticed during excavation and further hindered by weather condition. The extension of time has been awarded as hereby attached (DOC A16) Further, the management has sought for commitment from contractor through the	Although the Management has expressed concern on the delay of the projects. The issue remains unresolved. Not Resolved	June 2027

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>However, the projects were behind the agreed completion dates of 9 October, 2024 and 28 November, 2024 respectively and they were 31% and 10% complete.</p>	<p>Project Manager to have the project completed within the extended timelines.</p> <p>Amphitheatre project: this is government funded project. The delay has been occasioned by lack of funding.</p> <p>Management acknowledges the funding constraints and is actively engaging with the relevant Government authorities to address the insufficient allocation and secure additional funds to ensure project completion.</p>		
<p>Employee Costs 3.1 Non-Compliance with Law on Ethnic Composition</p>	<p>- During the year under review, the total number of employees of the University was two thousand three hundred and eighteen (2,318) out</p>	<p>The University has strived to ensure that the ethnic composition of its staff conform to the National Cohesion and Integration Act,</p>	<p>- Management is in breach of the law.</p> <p>The matter is inadequately addressed.</p>	<p>June 2026</p>

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>of which one thousand four hundred and ninety-one (1,491) or approximately 64% of the total number were members of the dominant ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, “all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community”.</p>	<p>2008 as well as the Constitution of Kenya. -In terms of percentage, the ethnic composition of the University’s top Management is as follows:</p> <table border="0"> <tr> <td>Kalenjin</td> <td>- 40%</td> </tr> <tr> <td>Kikuyu</td> <td>- 20%</td> </tr> <tr> <td>Luhya</td> <td>- 20%</td> </tr> <tr> <td>Meru</td> <td>- 20%</td> </tr> </table> <p>The ethnic group with the highest percentage of staff in the University is the Kalenjin who are mainly in the low to middle cadres. This is attributable to the geographical proximity of the group to the location of the University’s Main Campus. These cadres invariably attract people from the ethnic group where an Institution is located. However, as seen above, the ethnic composition of top</p>	Kalenjin	- 40%	Kikuyu	- 20%	Luhya	- 20%	Meru	- 20%	<p>Not Resolved</p>	
Kalenjin	- 40%											
Kikuyu	- 20%											
Luhya	- 20%											
Meru	- 20%											

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

		<p>management reflects the array of ethnicities within the Country. In order to address the issues noted, especially in the low and middle grades, the University has put in place measures to ensure that in its recruitment it hires staff that reflect the ethnic diversity of Kenya and that we comply with all legal provisions going forward. We have also put in place the following additional measures:</p> <ul style="list-style-type: none"> a) The appointment of members to the Appointment Committees takes into account representation of both gender and the ethnic diversity of the people of Kenya; b) The University considers re-advertising of any vacant positions 		
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

		<p>where the applicants have not met the Constitutional threshold that conforms to the employment of staff in a public establishment i.e. gender, ethnicity and disability; and</p> <p>c) The University considers the application of affirmative action whenever necessary in some special cases during employment of staff</p>		
3.2 Over-Employment	<p>- The statement of financial performance and as disclosed in Note 12 to the financial statements reflected employee costs of Kshs.4,513,509,000. The employee costs accounted for seventy-two percent (72%) of total revenue of Kshs.6,276,136,000</p>	<p>- The university employs based on the prevailing workload when the students were high resulting expansion of the satellite campuses. With the reduction of student numbers that led to closure of campuses and the university employment</p>	<p>Management is in breach of the law. -Management has not explained how it exceeded 35% threshold. Not resolved</p>	December 2025

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

	<p>contrary to Regulation 26(a) of Public Finance Management (National Government) Regulations, 2015 on fiscal responsibility principles, which provides that, expenditure on the compensation to employees shall not exceed thirty-five (35%) percent of the total revenue. Further, the University may not be in a position to meet other essential services since employee cost exceeded the required thresholds as a greater percentage of its income is spent on staff costs.</p>	<p>cost ratio increased while the revenues decreased.</p> <p>The Management has embarked on the following measures to ensure employee cost is 35% of total revenues:</p> <p>Review of Staffing Levels: We are undertaking a comprehensive review of our staffing levels and workloads to ensure that they are aligned with the University’s financial position and sustainability.</p> <p>Diversification of Revenue Sources: The University is actively pursuing strategies to diversify its revenue sources, such as increasing external funding, expanding research activities, enhancing revenue-generating</p>		
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Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

		<p>Academic Programmes, and strengthening partnerships with industry. A more diversified revenue base would help alleviate the financial pressure and ensure that employee compensation remains within the prescribed limits.</p> <p>Long-Term Financial Strategy: The University is developing a long-term financial sustainability plan to ensure that its expenditure remains within fiscal responsibility limits while also fulfilling its core mandate.</p> <p>An independent Human Resource Consultant, PKF Consulting (K) Limited, has been engaged and is working on a Report which will advise Management on rationalization of staff</p>		
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Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

		<p>to ensure effective staffing for service delivery (see the appointment letter).</p> <p>The University is committed to adhering to the fiscal responsibility principles set out in the Public Finance Management Regulations, and we are actively working to address this challenge to ensure the Institution's financial health and ability to continue delivering on its educational and research goals.</p>		
<p>Council Expenses 4.1 Council Meetings Beyond the Approved Limit</p>	<p>- The consolidated statement of financial performance reflected remuneration to council of Kshs.34,061,000 which included council allowances and other related expenditure of Kshs.32,121,000 as disclosed in Note 13 to</p>	<p>Section 36(6) of the Universities Act applies the provisions of the First Schedule of the Universities Act to the conduct of business of the Council. During the period under review,</p>	<p>Management Acted against paragraph A2 of the Head of Public Service Circular OP/CAB.9/1A of 11 March 2020 -Although the management has provided notice of</p>	<p>December 2025</p>

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>the financial statements. Review of Council ALMANAC, attendance register, and related records in support of the expenses revealed that the Council held a total of 35 full council and committee meetings against approved maximum number of twenty-two (22) meetings resulting to an excess of 13 meetings. Further, the University Council held sixteen (16) Council meetings, while the finance, administration and strategy committee held eight (8) meetings.</p> <p>However, there were no authorizations by the Cabinet Secretary for the extra and special meetings conducted contrary to paragraph A2 of the Head of Public Service Circular OP/CAB.9/1A of 11</p>	<p>the Council held extra meetings to deliberate on urgent issues and consult with stakeholders on matters that threatened service continuity. The extra meetings were special meetings allowed under the First Schedule to transact the business of the University. Samples of Agenda for Special Meetings attached (DOC A17)</p>	<p>meetings, agenda the and minutes Issue not adequately addressed in compliance to Mwongozo cord of Governance for state cooperation and Head of Public Service Circular OP/CAB.9/1A of 11 March 2020 Not Resolved</p>	
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	March 2020 capping the maximum number of meetings to six (6) for each financial year including the respective committees of the board.			
4.2 Unapproved Council Retreat	The consolidated statement of financial performance reflects remuneration to council amount of Kshs.34,061,000 as disclosed in Note 13 to the financial statements. Examination of expenditure records relating to council expenses revealed payments totaling to Kshs.3,013,893 incurred towards facilitations of council retreats. However, there was no approval from the Cabinet Secretary for the Council to hold a retreat outside its registered office. This was contrary to Section A (4) of Circular	That Council held retreat with Management on 18th - 20th September, 2023 and approval was sought from the Principal Secretary, State Department for Higher Education and Research on 24th August, 2023, as per the attached letter (DOC A18) On 24th August, 2023, the Principal Secretary, State Department for Higher Education and Research approved the University's request for Council and Management Retreat as	Evidence of approval of council retreat has been provided Resolved	Done

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>OP/CAB.9/1A, 11 March 2020 which requires that all board business (including committee meetings) shall be transacted at the principal or registered office of the corporation (not branch offices) and board retreats shall be approved by the respective Cabinet Secretary. In addition, the deliberations of the meeting and the resultant report from the retreat were not provided for audit review.</p>	<p>per the attached letter (DOC A19)</p> <p>The Management Board had a Retreat from 21st to 23rd February, 2024 and Council Members were invited to attend. During the Retreat, newly appointed Council Members were briefed on the University functions and their mandates. The notice of the invitation is herewith attached as (DOC A20)</p>		
<p>4.3 Payments of Allowances to Non-Council Members</p>	<p>- The consolidated statement of financial performance reflected remuneration to council expenses of Kshs.34,061,000 as disclosed in Notes 13 to the financial statements. The expenditure included Kshs.9,834,763 paid to non-council members</p>	<p>Payment to non-Council members were made to staff facilitating Council meetings, such as Council Secretariat personnel.</p> <p>The non-council members were the council secretariat and</p>	<p>- management acknowledgement of payment of allowances to non-council member has been adequately addressed Resolved</p>	<p>Done</p>

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	for attending council meetings held outside the University's head office. This is in contravention of Section 36(1) of the Universities Act, 2012 and the Mwongozo Code of Governance for State Corporations which states that the council of a public university or constituent college of such a university shall consist of nine persons appointed by the Cabinet Secretary.	MUMB who were in attendance for council meetings held outside main campus. The University is now processing the payments for Council and the non-Council members from different Votes to avoid utilization of Council votes to pay staff supporting Council activities.		
4.4 Irregular Composition of the Council	- Review of the council records and committee membership revealed that all the four committees of the council had more than one-third of the full board members. Further, two (2) council members served in four (4) committees contrary to paragraph B.4 of the Head of Public Service Circular	We acknowledge your observation on irregular composition of Council as guided by Paragraph B.4 of the Circular Ref: OP/CAB.9/1A dated 11 th March, 2020 from the Head of Public Service. The Officers in contention are Representative from The National Treasury and the parent Ministry of Education. However,	- Although the management has written to Cabinet Secretary Ministry of Education to give direction and advice on the same. However, the issue remains unresolved. Not Resolved -	December 2025

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>No.OP/CAB.9/1A of March 2020 which stipulates that members can only sit in a maximum of two committees.</p>	<p>paragraph B.5 of the said Circular provides for an exception to paragraph B.4. This allows members representing the National Treasury and the parent Ministry to serve in Audit Committee and Finance Committee hence the reliance on this for the two members to serve in all four Committees of Council.</p> <p>This has also been the practice across public Universities in Kenya. Consequently, we have sought for an interpretation from SCAC as supported by the letter Ref: MU/VC/CS/GC/017 and a response is being awaited for. (DOC A21)</p>		
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

<p>4.5 Failure to Conduct Governance Audit and Council Evaluation</p>	<p>- During the year under review, the University Council did not undertake a governance audit and board performance evaluation. This was contrary to the requirement of section 1.12 and 1.13 of the Mwongozo code of conduct for State Corporations on board evaluation and governance audit which provides that the board in consultations with the oversight office should ensure that it subjects the organization to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose and that the governance audit should among other areas cover the governance</p>	<p>During the year under review, Board Evaluation for Council Members was carried out for the period 2022/2023 Financial Year on 19th September, 2023 by Officers from State Corporations Advisory Committee (SCAC) and the results were communicated on 30th July, 2024 and are herewith attached (DOC A22)</p> <p>Governance Audit has not been done for the University Council. Consideration for conducting Governance Audit will be tabled in the next meeting of Council to enable scheduling.</p>	<p>Although board operations were carried out in 2022-2023, it is evident that no review was carried in 2023-2024</p> <p>-Issue not adequately addressed</p> <p>Not Resolved</p>	<p>December 2025</p>
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>practices of the organization.</p> <p>Further, it requires the board to undertake an annual evaluation of the performance of all committees, individual members, the chief executive officer, and the corporation secretary. In the absence of a governance audit and the council's evaluation reports, it was not possible to confirm the existence of effective overall governance and performance evaluation measures at the University.</p>			
4.6 Council Expenses Exceeding the Approved Budget	<p>- The statement of comparison of budget and actual amount reflected an expenditure of Kshs.34,061,000 under remuneration to council, against an approved budget of Kshs.28,802,991</p>	<p>The Council expenses hereby captured included expenses for the Chair of Council Honorarium of Kes.1,044,000. This expense is provided for under Personnel Emolument and not</p>	<p>-management has provided explanations on council vote to satisfactory that the vote was not over-drawn. Resolved</p>	<p>Done</p>

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>resulting in an over-expenditure of Kshs.5,258,009. No evidence was provided to show that reallocation of funds was approved by the Council and The National Treasury contrary to Section 43(b) of the Public Finance Management (National Government) Regulations,2015 which states that an Accounting Officer shall ensure that public funds entrusted to their care are properly safeguarded and are applied for purposes for only which they were intended and appropriated.</p>	<p>under Council Expenses. The budgeted Council Expenses was Kes.28,803,000. The Council Expenses for the period was Kes.28,183,000.</p> <p>Expenses for the Rivatex East Africa Limited Board, inclusive of Honoraria to Chair of Board, which have been included in the Council expenditure was Kes.4,834,000. Moi University does not run or provide for the budget of the Rivatex East Limited Board.</p> <p>The Council Expenses in the Statement of Comparison of Budget and Actual as per the Revised Financial Statements is within the budgeted amount</p>		
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

		attached herewith the extract of the statement on page 6-10 of the Financial Statements.		
5.0 Unsupported Expenditure on Consultancy Services	<p>- The statement of financial position and as disclosed in Note 26b to the financial statements reflected assets amount of Kshs.11,268,418,000 which included additions by the University of Kshs.229,219,000. Included in Kshs.229,219,000 is Kshs.50,649,336 being payment for consultancy services to various consultants and sub-consultants for design, review of tender documents and supervision of various projects.</p> <p>However, the payments were not supported by reports prepared by the</p>	<p>The auditor's observation has been noted and the requested documentation is hereby provided for audit review.</p> <p>i) The request from Lead Consultant to pay sub-consultants and the subsequent approval for acceptance by the University is hereby attached (DOC A23)</p> <p>ii) Guidance on the contract price is in</p>	<p>-Management is in breach of the law.</p> <p>The matter is not adequately addressed Not Resolved</p>	December 2025

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>consultancy firms as an indication that the services were actually offered as per the agreed deliverables, sub-consultants' contract of agreements not provided, while payment made to date as supported by measured services and inspection and acceptance committee certificate to certify that the services were actually delivered and that value for money was obtained were not provided.</p> <p>-Further, it was observed that sub-consultants were being paid directly by the University contrary to clause 39.1 of the contract agreement which state that all payments under the contract shall be made to the accounts of the consultant specified in</p>	<p>iii) The Management action to address stalled project in question is highlighted in the response for delayed completion of the project in observation 40. (DOC A24)</p>	<p>accordance with the "conditions of engagement and scale of fees for professional services for building and engineering works, 1987 Second edition.</p>	
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>the special conditions to the contract.</p> <p>-In addition, the contracts signed between the consultancy firm and the University did not indicate the breakdown of contract price, terms of reference, expected milestones and timelines. The consultants were paid Kshs.11,446,944 for provision of consultancy services for the Amphitheatre which had stalled. Clause 24 of the contract agreements required the consultant and sub-consultant to take and maintain insurance at its cost however, no evidence was provided to confirm that the insurance cover was taken.</p>	<p>iv) The insurance cover as per clause 24 of the Contract is hereby provided (DOC A25)</p> <p>For Inspection and acceptance committee certificate to certify that the services were actually delivered, the minutes of CIT approving the payment after confirming that works were done as per the contract is hereby attached (DOC A26)</p>		
<p>6.0 Irregular Variation</p>	<p>- Review of records provided revealed that</p>	<p>Section 151 of the PPDA provides</p>	<p>- Management is in breach of the law.</p>	<p>December 2025</p>

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>the University contracted contractors for various construction works. However, it was observed that the works certified differed from the tendered bills of quantities amounts resulting to irregular variations amounting to Kshs.47,731,755. The variations were not supported by revised bill of quantities, design and relevant approvals from the procurement unit as stipulated in contract agreements and section 139 of the Public Procurement and Asset Disposal Act 2015.</p>	<p>guidelines for complex and specialized contract implementation team. Section 151(2)(e) directs that the responsibility of the complex and specialized contract implementation team shall include review of any contract variation requests and make recommendations to the respective tender awarding authority for considerations and that such reviews for variation shall be clearly justified by the technical department in writing backed by supporting evidence and submitted to the head of the procurement function for processing.</p> <p>The University has project implementation team for the above contracts and the request for variation of</p>	<p>The matter is inadequately addressed. Not Resolved</p>	
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

		<p>the contracts were tabled before this implementation team which duly considered it and recommended it for approval as indicated in the Act. The variation was thus approved as provided for in the Act.</p> <p>There is discrepancy in the variation amount of Ksh. 47,731,755 as captured by the auditor. The actual amount is Ksh. 34, 138, 591.19. (DOC A27)</p>		
7.0 Failure to Remit Staff Deductions	<p>- The consolidated statement of financial position reflected trade and other payables from exchange transactions balance of Kshs.7,764,154,000 which included employee payables not remitted to respective bodies of Kshs.5,893,593,763 as disclosed in Note 28 to</p>	<p>- The long outstanding payables is due to liquidity challenges faced by the University. The Management have been working with the Ministry of Education to resolve the matter as follows: i). Bailout request of over Kshs. 7,055,927,776 which includes the</p>	<ul style="list-style-type: none"> • Management is in breach of the law. <p>The matter is not adequately addressed</p> <p>Not Resolved</p>	June 2027

**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

	<p>the financial statements. This was contrary to Section 35 of Cooperatives Act, Cap 490 and Section 53A of Retirement Benefits Act, 1997 which states that where an employer, having with the agreement of an employee who is a member of a scheme, made a deduction from the employee's emoluments for remittance to the scheme, fails to remit the deduction within fifteen days of the deduction, the scheme may, after giving such employer not less than seven days' notice, institute proceedings for the recovery of the deduction. Further, the University may face legal challenges on outstanding deductions including payment of interest on unremitted staff deductions.</p>	<p>payables in question as supported by the Pending Bills Submission Report attached (DOC A28)</p> <p>ii). Increase of student enrolment from current 4,800 to the approved 13,100 as supported by the Kenya Universities and Colleges Central Placement Service (KUCCPS) as supported by the approved report among other income generation strategies (DOC A29)</p>		
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

<p>Weak Information Technology Internal Control Environment</p>	<p>- Review of the Information Technology Internal Controls revealed that Management had not developed an approved emergency procedure, IT continuity and disaster recovery plan which would be resorted to in case of disruption of service. These are important in performing the oversight function and formulation of policies to ensure that the IT investments and functions are directed towards achievement of the mandate of Moi University.</p>	<p>-In response to the findings, the University Management recognizes the gaps identified in the absence of a formally approved Emergency Procedure, IT continuity, and disaster recovery plans. We understand that these plans are vital to ensure resilience, minimize risks, and maintain service continuity, especially in the face of unforeseen disruptions. We have taken the following actions to address the concerns raised: 1. Development of Emergency Procedures: Management has already initiated the process of developing formal Emergency Procedures for IT Systems. A Team has been assigned to draft</p>	<p>-Issue not satisfactorily addressed</p> <ul style="list-style-type: none"> • The matter is inadequately addressed <p>Not Resolved</p>	<p>December 2025</p>
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Moi University
 Annual Reports and Financial Statements
 for the year ended June 30, 2025

		<p>these procedures in line with best practices and industry standards.</p> <p>2. IT Continuity and Disaster Recovery Plans: The Management is the process of development of IT Continuity and Disaster Recovery Plan to address potential risks that includes provisions for data recovery, system restoration, and business continuity in the event of a disaster.</p> <p>3.Engagement with Consultants: To strengthen our efforts and ensure that our plans meet the required standards, we are considering engaging with consultants specializing in IT Continuity and Disaster Recovery Planning. This will also ensure the plan aligns with recognized frameworks.</p>		
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Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

		<p>4. Timeline for Implementation: We expect to complete the development and approval of these Plans within the next 3–6 months, with the implementation phase to follow shortly thereafter. This will include regular reviews and updates to adapt to evolving technological needs.</p> <p>5. Monitoring and Training:</p> <p>In addition to the development of the Plans, training sessions will be held for relevant staff to ensure that the procedures are well understood and can be</p>		
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**Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025**

		effectively executed. We will also establish a routine monitoring and testing schedule to ensure that the procedures remain functional and up-to- date.		
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Vice Chancellor

Date:

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Appendix II: Projects implemented by (The Entity)

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of Library - Annex	300,000	300,000	100%			GoK
2	Construction of PDN-Phase II	600,000	96,406	60%			GoK
3	Construction of 2250 Hostels- Wing C	150,000	60,307	80%			GoK
4	Construction of Sewer Line	255,000	101,287	98%			GoK
5	Renovation of Hostel J	150,000	30,178	30%			GoK

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

6	Construction of School of Science	4,200,000	1,058	5%		GoK
7	500No. Lecture Hall	11,395	11,373	100%		A.I.A
8	Amphitheatre	600,000	161,520	33%		GoK
9	Digital Information Centre	350,000	20,254	28%		AIA
10	ACE II PTRE	88,000	65,833	90%		World Bank
11	New gate	26,000	28,631	100%		AIA

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Appendix IV: Transfers from Other Government Entities

Appendix V- Inter-Entity Confirmation Letter

Name of Transferring entity STATE DEPARTMENT FOR HIGHER EDUCATION

Name of Beneficiary entity MOI UNIVERSITY

Confirmation of amounts received by Moi University as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
NBK24226FDFGMKBH	13/08/2024	89,933,569.90	0	89,933,569.90	
NBK24255KCFLGLKM	11/09/2024	89,933,569.90	0	89,933,569.90	
FT242829LP04	08/10/2024	89,933,569.90	0	89,933,569.90	
FT24319JZQKZ	14/11/2024	539,601,420.00	0	539,601,420.00	
FT243197N28T	14/11/2024	89,933,570.00	0	89,933,570.00	
NBK24340CKGBLKMK	05/12/2024	89,933,570.00	0	89,933,570.00	
NBK25007BOBDFDBC	07/01/2025	89,933,570.00	0	89,933,570.00	
NBK50150DKFFKBM	15/01/2025	500,000,000.00	0	500,000,000.00	
NBK25045FCGOMMFJ	14/02/2025	500,000,000.00	0	500,000,000.00	
511857858	17/04/2025	500,000,000.00	0	500,000,000.00	
S2304528529052025	29/05/2025	289,216,174.00	0	289,216,174.00	
Total		2,868,419,013.70	0	2,868,419,013.70	

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

Head of Accounts Department - Beneficiary Entity:

Name WILLIAM KIPCHOGE Sign [Signature] Date 24/11/2025

Moi University
 Annual Reports and Financial Statements
 for the year ended June 30, 2025

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
MU Going Green Project	Collaboration initiative the Partners including Nandi and Elgeiyo Marakawet Counties and National Government	To fulfil and comply with the 21 st December 2022 Presidential Directives for National Tree Growing Restoration Campaign targeting 15,000,000 forest cover	(i) Planted over 30,000 trees (ii) Climate sensitization initiatives			Kes. 60,000		Internal	(i) Nandi County Government (ii) Elgeiyo Marakawet Counties (iii) Ministry of Environment

Moi University
Annual Reports and Financial Statements
for the year ended June 30, 2025

Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments