

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS Laid

DATE: 19 JUN 2024

DAY:
WEDNESDAY

TABLED
BY:

THE HON. NAOMI WAGG
MP
DEPUTY MAG. WHIP

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ESTHER NG'WID

PARLIAMENT
OF KENYA
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REPORT

OF

THE AUDITOR-GENERAL

ON

KAIMOSI FRIENDS UNIVERSITY

FOR THE YEAR ENDED

30 JUNE, 2023





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**ANNUAL
REPORT
AND
FINANCIAL
STATEMENTS
FOR THE
PERIOD
ENDED
30TH JUNE 2023**



**KAIMOSI FRIENDS UNIVERSITY
(KAFU)**
Spring of Knowledge

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

www.kafu.ac.ke

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

KAFU	Kaimosi Friends University
ODEL	Open Distance and E-Learning
PFM	Public Finance Management
CPA	Certified Public Accountant
ICPAK	Institute of Certified Public Accountant
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
KCB	Kenya Commercial Bank
ABSA	Amalgamated Bank of South Africa
PSSP	Private Student Sponsorship Programme
GSSP	Government Student Sponsorship Programme
VC	Vice Chancellor
DVC(ASA)	Deputy Vice Chancellor Academic & Student Affairs
DVC(AF&D)	Deputy Vice Chancellor Administration Finance and Development
ASPD&I	Academic Strategy, Planning, Development & Innovation
FHR	Finance and Human Resource
AGRAC	Audit, Governance, Risk Assurance and Compliance
SESS	School of Education and Social Sciences
SOBE	School of Business and Economics
SCIT	School of Computing and Information Technology
MMUST	Masinde Muliro University of Science and Technology

B: Glossary of Terms

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

Comparative Year- Means the prior period.

University Council- They are board members appointed by the government to oversee the activities and operations of the university.

University Senate – The University’s supreme academic body that regulates the teaching and discipline of the university and promotes research and innovation.

University Management Board – The University’s Executive organ that ensures implementation of policies and enactment of day to day operations of the institution.

Vice Chancellor- An accounting officer of the University

2. Key Entity Information and Management

(a) Background information

Kaimosi Friends University hereinafter referred to as KAFU is a Statutory Corporation established under the Universities Act, 2012 on 2nd August 2022 via Legal Notice No.165 of 2022.

The University derives its objectives and functions from Section 3(1) of the Universities Act.

KAFU, the only University in the tropical rain forest in Kenya is situated off Chavakali - Kapsabet road in Vihiga County. It is the premier and the only University in the County. Its location in the forest provides a serene environment for teaching, learning and research.

On 2nd August 2022, KAFU was awarded a charter by H.E retired President Uhuru Kenyatta to become a full-fledged University, through legal notice no. 165 of 2022.

The University has established five (5) Schools with four (4) Senate approved PhD Programmes, fifteen (15) Masters Programmes, twenty-three (23) Bachelor Programmes, four (4) Diploma courses and four (4) Certificate courses and endeavours to develop more programmes that suit the University's philosophy and Academic niche.

In conclusion, KAFU with the support of the Government, the University Council, the University Management and other stakeholders, has actualized her dream of being a University of Excellence in Teaching, Learning, Research, Innovation and Holistic Development, notwithstanding the challenges of inadequate funding.

(b) Principal Activities

The principal activities of the University are derived from the core functions as stipulated in the Universities Act 2012, KAFU charter 2022 and the University Statutes 2022. The mandate of KAFU is to provide quality education and training, research and innovation to meet the needs of a dynamic society.

The University derives its mandate from the University Act 2012 No.42, of 13th December, 2012, which stipulates the objectives as follows:

- Provide directly, or in collaboration, with other institutions of higher learning, facilities for university education including technological, scientific, professional education and research;
- Advance knowledge and its practical application by research, innovation and other means;
- Disseminate the outcomes of research by various means, and commercially exploit the results of such research;
- Participate in technological innovation as well as in the discovery, creation, transmission and enhancement of knowledge, and to stimulate the intellectual life in the economic, social, cultural, scientific, and technological development;

- Contribute to industrial and technological development of society in collaboration and partnership with industry and other organizations;
- Develop quality and relevant programmes for degrees, diplomas and certificates;
- Establish colleges, faculties, schools, centres, institutes, departments, and other resources and administrative units as may be appropriate;
- Inculcate and promote a culture of innovation, critical inquiry and creativity in art, science, technology, engineering, and education, amongst staff, students, and society;
- Develop an institution of excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application to society;
- Provide a multi-level system of education and training that is relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between educational levels;
- Provide high quality facilities for educational, research, residential, commercial, cultural, social, recreational, sporting, and other activities;
- Facilitate student mobility between programmes of study at different universities;
- Participate in commercial ventures and activities that promote the objectives of the institution;
- Foster the general welfare of staff, students, and the community;
- Provide opportunities for development and further training for staff of the institution;
- Develop and provide educational, cultural, professional, technical and vocational services to the community and in particular fostering of corporate social responsibility;
- Facilitate the development, provision, and expansion of services, programmes, and other products in ways that are easily accessible and reflect the principles of equity and social justice;
- Conduct examinations for, and grant such, academic awards as may be provided for in the statutes, and to syndicate examinations for awards at other institutions as may be approved by the senate;
- Determine who may teach, what may be taught, and how it may be taught in the university;
- Promote socio-economic development in line with the country's development agenda; and
- Ensure the university sustainability and adoption of the best practices in university management and institutionalization of systems of checks and balances.



Strategic Objectives

KAFU will continue to focus on the following strategic objectives as set out in the strategic plan



(c) Key Management

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

- University Council
- University Management Board
- University Senate
- Vice chancellor

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

	Designation	Name
1	Ag. Vice Chancellor	Prof. Ogodo M.J. Nandi
2	Ag. Deputy Vice Chancellor (ASA)	Prof. Julius Kipkemboi
3	Ag. Deputy Vice Chancellor (AF&D)	Prof. Maurice Musasia Amadalo
4	Finance Officer	CPA Irine Nanzala Lumatete
5	Senior Ass.Registrar-Academic Affairs	Dr. Jane Amunga
6	Deputy Registrar-HR and Admin	Dr. Patrick Agesa Mugesani
7	In-charge Legal Affairs	Comm. Linet Mayavi
8	Ag. Dean of Students	Dr. Peter Karanja
9	Director Quality Assurance	Dr. Jane Imbunya

(e) Fiduciary Oversight Arrangements

The key oversight committees are;

1. Finance and Human Resource Committee
2. Audit Governance Risk Assurance and Compliance Committee
3. Academic Strategy Planning Development & Innovation Committee

(f) Entity Headquarters

Kaimosi Friends University
 Off Chavakali - Kapsabet road,
 P.O. BOX 385-50309
 Kaimosi, Kenya.

(g) Entity Contacts

Telephone: (254) 777373633
 E-mail: vc@kafu.ac.ke
 Website: www.kafu.ac.ke

(h) Entity Bankers

Entity Bankers	
 CO-OPERATIVE BANK <small>We are you</small>	 EQUITY <small>Bank • Your Listening, Caring Partner</small>
Co-operative Bank of Kenya Limited Mbale Branch P.O. Box 816-50300 Maragoli	Equity Bank Limited Mbale Branch P.O BOX 545-50300 Maragoli
 KCB Making the Difference	 absa
Kenya Commercial Bank Limited Serem Branch P.O BOX 122-50308 Serem	Absa bank plc Western Group of Branches Mbale Branch P.O BOX 285-50300 Maragoli
 KCB Making the Difference	 standard chartered
Kenya Commercial Bank Limited Mbale Branch P.O BOX 1123-50300 Maragoli	Standard Chartered Bank Kenya Ltd Kakamega Branch P.O BOX 30003 -00100 Nairobi

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3. The Board of Directors/Council

Directors	Details
	<p>Dr. Bernadette F. Mungai, PhD Chairperson Independent Member YoB: 28.09.1959 PhD(KU), MBA(USIU), BBM(USIU)</p> <p>Dr. Mungai is a Consultant and an Entrepreneurship Development Expert with over twenty-seven (27) years working experience in the African region. She has been a Team Leader on various donor funded projects – the British Council, DfID and The World Bank funded Private Sector Development Projects.</p> <p>Additionally, Dr. Mungai has been involved in capacity building, strategic management and business development programmes. She has extensive experience in Africa having worked in Kenya, Ethiopia, Uganda, Tanzania, Rwanda, Ghana, Nigeria, South Africa, Zimbabwe and South Sudan.</p>
	<p>Prof. Ogodo, M. J. Nandi, PhD Secretary/Chief Executive Officer YoB: 19.03.1965 PhD (Maseno University), MBA (Moi University), MA (UoN) BA (UoN)</p> <p>Prof. Ogodo, M. J. Nandi is a full Professor and currently the Acting Vice Chancellor of Kaimosi Friends University. He is a Senior academician with over twenty-five (25) years of teaching and research at the University. Prof. Nandi is widely published with several university level books, book chapters and numerous papers/articles presented and published in conferences/seminars and peer reviewed journals.</p> <p>His excellent expertise in grant and proposal writing has won him national and international research grants in multi-disciplinary research. Prof. Nandi has taught, supervised and mentored many students to completion at both Masters and PhD levels.</p> <p>Over and above that, Prof. Nandi is a seasoned and innovative administrator with extensive experience in management, policy formulation and strategic planning having served as an administrator for over eighteen (18) years; four (4) of which he served as Principal, eight (8) as a Director and six (6) as a Head of Department.</p> <p>Prof. Nandi is a consummate team player with excellent organizational, interpersonal and communication skills and has established several linkages with scholars globally. He also serves on several School boards as a way of giving back to the society.</p>

He is a member of four (4) professional bodies in good standing: Association of African Study of Religion, Ecumenical Symposium of East African Theologians, Ecumenical Association of Third World Theologians and African Society of Edible and Medicinal Mushrooms.



Dr. Josephine D. Waudu, PhD
Chairperson, ASPD & I Committee
Independent Member

YoB: 02.09.1955

PhD, (KU), M. Ed (UON), BED (UoN), Higher National Diploma (KIPC), Cert Teacher Education (State of Israel)

Dr. Waudu is a seasoned educationist with a rich background in Education Management, Policy and Curriculum Studies. She has worked in various capacities at the Ministry of Education Science and Technology (MoE) headquarters, Nairobi. Dr. Waudu, was a Senior Assistant Director- Research in charge of Policy, Planning and Strategy in the Directorate of Research Management and Development, an Assistant Director Quality Assurance and Standards Officer in charge of Teacher Education Development, and a Senior Inspector of Schools in charge of Grading and regrading of Teachers Sub-section. In addition, she was an Inspector of Schools for over three (3) years and also coordinated Social Studies Subject at the MoE headquarters.



Dr. Fauziya Brek Karama, OGW, PhD
Chairperson FHR Committee

Independent Member

YoB:10.04.1966

PhD (JKUAT), MBA (Baraton), BSc. (UoN)

Dr. Karama is a dynamic and results oriented leader with vast knowledge in Governance, Leadership, and Quality Management Strategies, Human Resource, Audit and Risk Management, and Project planning and execution. Further, she is an excellent stakeholder manager and team player who was awarded the Order of the Grand Warrior of Kenya. With over twenty (20) years of experience in Telecommunications, Operations, Programs management, Products development and Marketing, she worked as the Head of Special Programs & Brand Communication – (B2B Marketing Telkom Kenya), having risen through the ranks. Dr. Karama is a former Head of Department at the School of Business Raf International University. Previously, she was an Audit Committee member at the Ministry of Education, and a Council member and Chairperson of the Audit, Risk and Quality Committee at Pioneer International University. She also served as a Board Member for the Lamu Port - South Sudan-Ethiopia Transport Corridor Development (LAPSSSET).

She is a member of two (2) Professional bodies in good standing: Kenya Institute of Management and Marketing Society of Kenya.



Dr. Francis Joseph Bwire, PhD
Chairman AGRAC Committee

YoB: 01.01.1978

PhD (UON), MBA (Egerton), B.Ed. (Arts)- UoN

Dr. Bwire is a fully trained expert in strategic management, finance and economics with superb skills in grant and proposal writing. He won the National Research Fund grant for his PhD research work.

He is a management consultant, trainer; an academic and researcher with several papers/articles presented and published in international conferences/seminars, and peer reviewed journals respectively. He is also a dynamic business development specialist and a seasoned banker with over nineteen (19) years of experience in the Financial Services Sector.

Dr. Bwire is currently serving as the Chairman, Board of Directors - Oasis Specialist Hospital Ltd. In addition, he is a former Council Member and Chairman - Audit, Risk, and Compliance Committee, Technical University of Mombasa (TUM) and Non-Executive Director, Technical University of Mombasa Enterprises Ltd (TUMEL).

He is a member of the Academy of Management (AOM - Strategic Management and Management Consulting Divisions) New York, USA; Africa Academy of Management (AFAM); and Institute of Internal Auditors (IIA) Kenya Chapter, in good standing.

Mr. Paul Mwaura Wanderi

Independent Member

YOB: 03.04.1977

MA-Project Planning & Management
(UON), PGD-HRM(KIM), B.Ed(Egerton)



Mr. Wanderi is a highly knowledgeable result-driven professional with diverse skills in Project Planning, Management, Monitoring and Evaluation. He is an independent assessor for Sustainable Development Goals for governments and intergovernmental bodies in Africa.

He is also a vastly skilled expert with in-depth knowledge and unparalleled abilities in executive management and leadership. Mr. Wanderi is the current Director of Programmes at Uraia Trust Kenya. He earlier worked as a Deputy Chief Executive Officer and Head of Programmes at Kenya Land Alliance (KLA).



Dr. Rodney Odhiambo Oluoch, PhD

Independent Member

YoB: 17.05.1980

**LL.D (UNISA), LL.M (UNISA), LL.B - Hons (Moi),
PGDL (KSL), MCI Arb.**

Dr. Oluoch is an Advocate of the High Court of Kenya who is in good standing with the Law Society of Kenya and is a Notary Public and Commissioner for Oaths. He is a proficient legal expert in Tax Law, Arbitration, Insurance Law and Employment Law, and is well trained in management and leadership.

He is an academic who has published in peer reviewed journals and presented papers at various conferences, workshops and seminars. Dr. Oluoch has more than 12 years in practical legal experience during which he has: practiced law as a litigation counsel, drafted Bills and By-Laws for County Governments, and offered general consultancy services for various Government agencies and private enterprises.

Dr. Oluoch has also worked as an adjunct lecturer in local universities and colleges. Earlier, he was an employee of Bondo University College/Jaramogi Oginga Odinga University of Science and Technology (JOOUST) as a Senior Legal officer, head of Legal Department, Scheme Secretary of JOOUST Staff Retirement Benefits Scheme; Performed Council/Board Secretarial duties for

He is a member of: Law Society of Kenya, East Africa Law Society, Chartered Institute of Arbitrators (London and Kenya), Christian Legal Education Aid Research (CLEAR), CRADLE and Pro bono advocate and friend of the Federation of Women Lawyers (FIDA).



Mr. John Payiani Yiampoi

YoB: 00.00.1979

B. B. A. Periyar, University-India

**Representative of the Principal Secretary, State
Department for Higher Education and Research,
Ministry of Education**

Mr. Yiampoi is an Assistant Director Human Resource Management and Development in the Ministry of Education, State Department for Higher Education and Research with over twelve (12) years' experience in public sector administration and environments. His core competencies are Manpower and Staffing Planning, Performance Management, Human resources planning, development and management and organizational restructuring.

He is also knowledgeable in institutional and organizational development, capacity development, organizational reviews, development and implementation of organization structures, systems, procedures and staffing. He is an

experienced recruiter having taken part in recruitment, promotion and secretariat for the Ministerial Human Resource Management Advisory Committee that also prepares the MTEF Budget.

Mr. Yiampoi served as a Personal Assistant to the Principal Secretary in two different Ministries; State Department of Devolution and State Department of East African Affairs. He is a member of the Institute of Human Resources Management Kenya (IHRM).



Mrs. Josephine Waruguru Macharia Kanyi
Alternate to the Cabinet Secretary, National Treasury & Planning

YoB: 17.07.1966

Master of Economics and Bachelor of Economics-(UoN)

Mrs. Kanyi is an experienced economist who has worked in several Government ministries. Currently, she is a Senior Deputy Director at the National Treasury Budget Fiscal and Economic affairs in the Department of Intergovernmental Fiscal relations.

She has served in the Ministry of Planning and National Development from 1991 to 1994, Ministry of Research and Technology (1994-1998) Ministry of Finance 1998-2010 as head of Intergovernmental Fiscal Relations and Business Regulation Reform Units. She served as Chief Economist in National Treasury from 2010-2016.

Mrs. Kanyi has attended Courses on Fiscal Decentralization and Financial Management and Tax Policy Analysis and Revenue forecasting at the Harvard University, USA & Macro Economic Diagnostics at the IMF institute in the USA.

She also serves in Kenya Hotel Properties Ltd Company, Business Registration Service Board and Local Authority Transfer Fund and has previously served in KIPPRA Board, Kenya Vehicles Manufacturers Board and National Government Constituency Development Fund.

4. Key Management Team



Prof. Ogodo, M. J. Nandi
Ag. Vice Chancellor
PhD (Maseno University) MBA (Moi University)
MA (UoN) BA (UoN)



Prof. Julius. Kipkemboi
Ag. Deputy Vice Chancellor A & SA
PhD (Wageningen University, Msc (The Delft
Institute-Netherlands) Bsc (Egerton University)



Prof. Musasia. M. Amadalo
Ag. Deputy Vice Chancellor F & D
PhD (KU) , M.Ed. (KU), B.Ed. (Sc), Hons (UoN)



Dr. CHRP Patrick. A. Mugesani
Deputy Registrar (Admin)
PhD HR (JKUAT), MBA HRM (KU)



CPA Irine N. Lumatete
Finance Officer
MBA Finance (UoN), B. Com
Accounting (UoN), CPA (K)



Dr. Jane Amunga
Senior Registrar (A&SA)
PhD. (MMUST), M.Ed. (MMUST)
B.Ed. Arts (KU)



Dr. Peter Ndichu Karanja
Ag. Dean of Students
PhD (University of the Western Cape),
M.A. (UoN), B.Ed (KU)



Dr. Jane Kere Imbunya
Director Quality Assurance.
PhD: University of Botswana
M.Phil: University of Botswana
M.Ed.: University of Botswana
B.Ed. Arts: UoN



Comm. Linet Mayavi
In-Charge Legal affairs Office
LLB Hons KU, Post Graduate Dip, Law
(KSL), Diploma PR (ICM)

5. Chairperson's Statement



I am humbled to present the Kaimosi Friends University Annual Report and Financial Statements for the FY 2022/2023. This report is a highlight of the activities and achievements of our University over the year ending 30th June 2023. It is important to note that this was our year of Jubilee during which, KAFU became a full-fledged University.

In the FY 2022/2023, KAFU was awarded a Charter on 2nd August 2022 by the former President of the Republic of Kenya His Excellency Uhuru Kenyatta. As a young University, KAFU hit the ground running despite the hard economic times and the diminishing University funding. Its growth and momentum towards the vision of becoming a world-class university is commendable.

The University is making remarkable strides towards achievement of its vision, mission and strategic objectives. The Council is keen on ensuring that it adheres to all relevant laws, regulations, and policies while charting its way forward to excellence. Management's prudent financial decision-making and the implementation of effective policies and procedures have significantly contributed to the University's long-term sustainability and success.

We are indeed in unprecedented times, but I am hopeful, our University will successfully endure the storm by implementing austerity measures while actively seeking for alternative funding to boost our revenues. The resilience and determination exhibited by the University community during these difficult times is admirable. Council will continue working collaboratively with the University Management and all other stakeholders to ensure sustained growth and prosperity of KAFU.

On behalf of the University Council, I passionately commit our unwavering support to the Management team in all its operations. We sincerely recognize and appreciate the exemplary leadership and strategic decision-making that the Management has consistently demonstrated.

We acknowledge the challenges faced by the University, both internally and externally, and we are fully committed to working closely with the Management to overcome these hurdles. The University will continue to implement its strategic plan whose focus is on the Bottom-up Economic Transformation Agenda (BETA).

In conclusion, allow me to appreciate the Government of Kenya and all our stakeholders for their continued support in ensuring that KAFU realizes its mandate. Together, we steered the University through another fruitful year.


CHAIRPERSON
KAIMOSI FRIENDS UNIVERSITY COUNCIL

6. Report of the Vice Chancellor



Kaimosi Friends University looks back in appreciation for realising several key accomplishments in the FY 2022/2023, in line with its Strategic Plan 2018-2023. During the Financial Year, KAFU remained committed to working harmoniously with its strategic stakeholders.

Key amongst our achievements was the award of Charter on 2nd August, 2022 and the convention of our first graduation ceremony on 21st December, 2022. Being the first and only University in Vihiga County, KAFU remained focused on strengthening its core mandate of teaching, training and research. The university also fast tracked and finalised its journey towards ISO 9001:2015 certification and was recommended for certification by the Kenya Bureau of Standards (KEBS).

I am happy to report that our student enrolment increased and we attracted students across Kenya. During this period, the University admitted 1,063 students; a Cohort that included students admitted to the new School of Health Sciences, and our niche area programmes in: Optometry and Vision Science, Clinical Medicine and Nursing Programme.

The University Management has diligently ensured proper allocation and utilization of funds while effectively implementing ongoing projects. Despite the economic meltdown and limited funding, we have successfully fulfilled our statutory obligations, including timely payment of salaries and remittance of statutory deductions and we maintained an impressive trajectory of growth and accomplishments. We had no pending bills at the end of the FY 2022/2023.

Throughout this, the University unwaveringly pursued its mission of providing quality education and training, research and innovation. It is my pleasure to report that we successfully hosted our inaugural virtual national conference, which received overwhelmingly positive feedback and confirmed our commitment to fostering academic excellence. Additionally, we hosted the Society of Educational Research and Evaluation in Kenya conference, which further established our position as a hub for knowledge exchange, collaboration and academic excellence.

Another noteworthy achievement during this financial year was the fruitful collaboration dialogue initiated between our University and the Ambassador of the Islamic Republic of Iran to Kenya. These discussions hold immense potential for future collaborations and partnerships with Iranian universities. We eagerly anticipate the exciting opportunities that lie ahead of us.

The University's outstanding performance in Performance Contracting among government agencies continues to shine brightly. We consistently demonstrate our commitment to delivering exceptional outcomes and achieving our targets. This remarkable achievement reflects the collective efforts of our dedicated faculty, staff, and administrators.

On the infrastructure front, the University received funds towards our ongoing ultramodern library project as well as the construction of a perimeter wall along the University boundaries to strengthen security and prevent encroachment. The two mega projects are on course.

As at end of FY 2022/2023, we were mainly funded through Government Capitation and recorded a total recurrent income of KES 626.366M which included recurrent grant of KES 456.358M, and KES 170.008M from Appropriation In Aid (A-I-A). The University recorded a deficit of KES 29.474M as compared to the previous year's deficit of KES 0.357M. In the period under review, the University implemented a number of austerity measures to maintain stability.

We are confident in our ability to build upon the strong foundation we have established. Our focus on teaching, research, and collaboration will continue to drive our success and impact. With the support of our stakeholders and the dedication of our university community, we are poised to achieve even greater heights.

I sincerely thank our stakeholders and partners for their continued support and collaboration throughout the financial year. In particular, I commend the Government of Kenya for the continued support to our university. Finally, I acknowledge the University Council, Staff members and students for their collective effort, dedication, commitment and reliance in propelling KAFU towards meeting its core mandate.



PROF. PETER N. MWITIA
ACTING VICE CHANCELLOR

7. Statement of Performance against Predetermined Objectives for FY 2022/2023

Kaimosi Friends University has FOUR Strategic Issues (SI) and objectives within the current Strategic Plan for the FY 2018/2019 - 2022/2023. These Strategic Issues are as shown in the figure:



KAFU developed its annual work plans based on the above four strategic issues. Assessment of the council’s performance against its annual work plan is done on a quarterly basis. The University achieved its performance target set for the FY 2022/2023 for its strategic pillars as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Strategic issue 1: Academic Excellence and Student Engagement	To increase student enrolment equitably	Number of students in science based courses	Admit students in science programmes	1374 students admitted to date
		Number of students enrolled	Admitted students to the programmes	Total student enrolment of 3,897
		E-learning infrastructure	Operationalize Open Distance E- learning by installing and commissioning of a studio for video recording and online teaching	Fully operational
	To Develop demand driven academic programmes	Number of programmes in place	Operationalization of the School of Health Science	3 Programmes running
	To enhance institutionalization of quality management in teaching and learning	Number of policies in place to guide teaching and learning	Developing and Operationalization of teaching and learning policies	12 approved policies
To improve student engagement	No of student support	Engaging students in work study programme	20 students were supported during the year	

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		Trained student leaders	Train all student governing council leaders	The student governing council were trained during the year
Strategic Issue 2: Technological Enhancement and Infrastructure	To Enhance security	Construction of perimeter wall	construction of a perimeter wall	Construction is at 7% completion
		Installation of security surveillance system eg CCTV & firewall	installation of security surveillance system	100% completed
		Recruitment of security personnel	Tender award for security services	Done
	To develop new infrastructure	Construction of Ultra-modern Library	Fully equipped Ultra-Modern Library	Construction is at 25% completion
		Construction of perimeter wall	construction of a perimeter wall	Construction is at 7% completion
	Enhance and maintain ICT infrastructure	Improved network and performance	Increase internet connectivity and bandwidth	The University is fully networked
Up to date website		Redesign and maintain the University website	The University has an up to date website	
Strategic Issue 3: Research, Innovation, Outreach and Linkages	To sensitize staff and students to undertake research	Facilitation	Sensitization of staff and students	Staff & students were facilitated to attend seminar and conference
	Outreach ,innovation and Linkages	Partnership and Linkages	Create linkages with relevant institutions	14 MOU were signed with other institutions during the year
		Innovation	Facilitate the innovators	A member of staff attended an innovation conference.
	To Facilitate and improve research activities	Amount allocated	Create university research fund	An amount of KES 3M was allocated during the year
To institutionalize research ethical methods	Number of seminars and workshops	Undertake educational and training workshops and seminars	1 conferences 7 seminars were held during the year	
Strategic issue 4: Sustainability	To establish a strong capital and financial base	Pending bills	Ensure pending bills do not exceed 1% of total budget	0%
	Enhanced resource Mobilization	A-In A Mechanisms	Enhance A-in-A revenue	The total AIA collected during the year of ksh 170,007,580
		Absorption of allocated funds	Ensure absorption of all allocated funds	97% absorption rate
	To Harness Human Resource	Number of staff trained and developed	Train & Develop Staff	Staff training was done
		Staff Training Needs Assessment	Carry out Staff Needs Assessment and execute the intervention strategies	Performance appraisal was done
		Performance monitoring	Conduct staff performance appraisal based on negotiated and agreed performance targets	100% done
To Institutionalize Governance	Put in place quality management system	ISO 9001:2015 internal and external audit carried out.	audit successfully Done	

8. Corporate Governance Statement

1. Ownership

KAFU is a corporate body Chartered on 2nd August, 2022 via Legal Notice No.165 of 2022 as a full-fledged University in Kenya. The University is wholly owned by the Government of Kenya.

2. Responsibility of the University Council

The University Council is responsible and accountable to the Government of Kenya through the State Department for Higher Education and Research (SDHER). It ensures that the University complies with the requirements of: the Constitution of Kenya 2010 and the Universities Act 2012 (No. 42 of 2012), adheres to the highest standards of Corporate Governance as prescribed in the State Corporations Act and the Mwongozo Code of Governance for State Corporations, the University Charter and Statutes (2022) and other relevant University policies.

3. Remuneration of the University Council members

The University Council members do not receive a salary except for the Vice Chancellor. However, they are usually paid a sitting allowance for each meeting attended as per the State Corporations Act Cap 446, Part III, Section 10(1-2). The sitting allowance paid to the Council members is disclosed in note 10 of the annual report and financial statements.

4. Appointment, Removal from office and Success Plan

Council members are appointed by the Ministry of Education through a competitive process. The appointment and removal from office is as per the Universities Act, 2012 and KAFU Statutes.

5. Conflict of Interest

The University Council adheres to the Mwongozo Code of Governance for State Corporations' provisions in clause 1.3(c.) and 1.16(b.). Each Council member is expected to act honestly at all times, and not to place himself or herself in a situation where their personal interests conflict with those of the organization.

The University also developed a conflict of interest policy to further guide Council to this effect as envisaged in clause 2.6 (b) and applied as in and clause 4.3. Council members usually disclose all real or perceived conflicts of interest at each sitting. The Conflict of Interest register is maintained and updated accordingly.

6. Council and Member Performance Evaluation

Corporate governance best practices require that Council conducts self-evaluation of its performance on annual basis. Further, the *Mwongozo* Code of Governance for State Corporations, requires that

Council carries out annual performance evaluation and file a report thereof with the parent Ministry and the State Corporations Advisory Committee (SCAC).

In the FY 2022/2023, Council did its performance evaluation on 13th October, 2022 facilitated by State Corporations Advisory Committee.

7. Risk Management

Risk identification and management is a continuous process linked to the achievement of the University's strategic objectives. The Council is responsible for risk management, monitoring and evaluation. KAFU has an approved policy, a dully-updated risk register and standard operating procedure document that guides risk management.

The University has established an Internal Audit department to carry out continuous risk based internal audits. Further, risk assessment is conducted on regular basis, which informs the internal audit plan. A Risk Management Committee is in place to oversee the risk management processes.

The University Council through its Audit, Governance, Risk Assurance and Compliance Committee received regular reports during the financial year on internal controls and risks.

Additionally, the University Management conducts quarterly legal compliance reviews and reports to the Council. The University has an in-house Legal Officer who advises on legal and compliance matters.

8. Statement of Compliance

The University Council hereby confirms that throughout the financial year ending 30th June, 2023, KAFU complied with the entire statutory and regulatory requirements and was managed in accordance with the principles of Corporate Governance.

9. Committees of the University Council

In order to facilitate the smooth running of its affairs, the University Council establishes such Committees with the membership and with such terms of reference as it may deem fit. The following Committees were in place during the financial year ending 30th June, 2023;

- Finance & Human Resource Committee
- Audit, Governance, Risk Assurance & Compliance Committee
- Academic, Strategy, Planning, Development & Innovation Committee

The University Council nominates the Chairperson of each Committee of the Council provided that in the absence of the Chairperson of any Committee, the members present and constituting a quorum may elect one person from among them to chair the meeting. A new Council Chairperson was appointed during this period.

Finance & Human Resource Committee

The Committee provides oversight, policy recommendation and advises on matters relating to the University Finance & Human Resource, with a view to referring the matters of utmost importance to the Council for final approval.

Audit, Governance, Risk Assurance & Compliance Committee

The Committee oversees and advises on matters relating to the safety of assets; operations of adequate systems; control processes, preparation of accurate financial reports in compliance with legal and statutory requirements and standards; internal and external audits; risk assurance strategies; institutional governance; monitoring of performance contract; and quality assurance.

Academic, Strategy, Planning Development & Innovation Committee

The Committee advises and provides an oversight role to the strategic development and implementation of academic and research programmes; physical facilities and infrastructures plan; quality assurance for excellence in teaching, research and innovation and protection of intellectual assets.

a) MEMBERSHIP TO COMMITTEES OF COUNCIL

a) FINANCE AND HUMAN RESOURCE COMMITTEE

- | | | |
|-------------------------------|---|---|
| 1. Dr. Fauziya B. Karama, OGW | - | Chairperson |
| 2. Dr. Rodney O. Oluoch | - | Member |
| 3. Mr. John P. Yiampoi | - | Rep. PS, State Department for Higher Education and Research |
| 4. Mrs. Josephine W. M. Kanyi | - | Rep. CS, National Treasury and Planning |
| 5. Prof. Ogodo, M. J. Nandi | - | Secretary |

b) AUDIT, GOVERNANCE, RISK ASSURANCE AND COMPLIANCE COMMITTEE (AGRAC)

- | | | |
|-------------------------------|---|---|
| 1. Dr. Francis J. Bwire | - | Chairman |
| 2. Mr. Paul M. Wanderi | - | Member |
| 3. Mr. John P. Yiampoi | - | Rep. PS, State Department for Higher Education and Research |
| 4. Mrs. Josephine W. M. Kanyi | - | Rep. CS, National Treasury & Planning |
| 5. CPA Fred Wasike | - | Internal Auditor/Secretary |

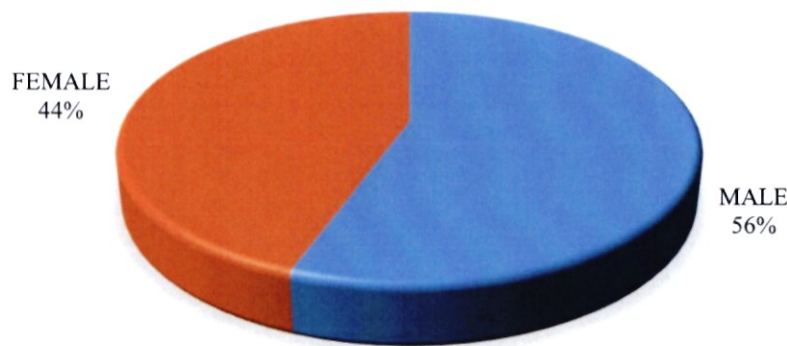
**c) ACADEMIC STRATEGY, PLANNING, DEVELOPMENT & INNOVATION
COMMITTEE (ASPD&I)**

- | | | |
|-------------------------------|---|--|
| 1. Dr. Josephine D. Waudo | - | Chairperson |
| 2. Mr. Paul M. Wanderi | - | Member |
| 3. Mr. John P. Yiampoi | - | Rep. PS, State Department for
Higher Education and Research |
| 4. Mrs. Josephine W. M. Kanyi | - | Rep. CS, National Treasury &
Planning |
| 5. Prof. Ogodo, M. J. Nandi | - | Secretary |

GENDER DIVERSITY OF THE UNIVERSITY COUNCIL

The University Council composition is in line with the constitutional requirement relating to gender rule as shown in the pie chart below;

GENDER DIVERSITY OF THE COUNCIL



TERMS OF REFERENCE (ToR) OF COUNCIL COMMITTEES;

Finance and Human Resource Committee ToR

- i) Ensure compliance with finance and labour related laws, regulations and relevant circulars.
- ii) Recommend for approval, the necessary policies for finance, resource mobilization and Human Resource functions.
- iii) To advise the council on policies and strategies relating to finance and resource mobilization.
- iv) Shall review and recommend to Council the approval of the Budget and the Financial Reports.
- v) Shall recommend for approval the annual procurement plan and ensure it is aligned to the approved Annual Budget and cash flow projections.
- vi) To receive and consider Monitoring and Evaluation reports on performance in the execution of ongoing projects and make suitable recommendations to the Council.

- vii) To oversee the proper utilization and safeguarding of all University assets and funds.
- viii) To consider and make recommendation to Council, any intended application of the University Seal to documents.
- ix) To review and recommend employment structure including job grading/classification.
- x) To review and recommend the appointment, terms of appointment, performance and remuneration of the senior staff.
- xi) To review and recommend terms and conditions of service for employees, grievance mechanism, disciplinary action, staff development and training, and incentives for employees.
- xii) Review, recommend and co-ordinate training needs and appropriate Council evaluation.
- xiii) Review and assess, at least annually, the Committee's Charter for approval by the Council.
- xiv) Co-ordinate Council committees' effectiveness and performance.
- xv) Perform any other duties that the Council may assign from time to time related to finance, resource mobilization and Human Resource functions.

Audit Government Risk Assurance and Compliance Committee ToR

- i) Ensure compliance with the law and regulations.
- ii) Approve the necessary policies for Audit, Governance, Risk Management and Compliance functions.
- iii) To oversee the internal and external audit function.
- iv) Examine Internal and External Auditors' findings and recommendations for the improvement of the internal controls.
- v) Receive Management's response and track implementation status of internal control recommendations.
- vi) Advise Management about any significant deficiencies in the design and operation of internal controls.
- vii) Continuously review the implementation of the risk management framework.
- viii) Review and assess, at least annually, the Audit Committee's Charter for approval by the Council.
- ix) Perform other oversight functions that the Council may assign from time to time related to Audit, Governance, Risk Management and Compliance functions.

Academic Strategy Planning Development & Innovation Committee ToR

- i. Oversee the development and regular updating of all policies relevant to the University's Strategic Plan, Academic, development and innovation.

- ii. Provide strategic advice to the Council on development and updating of the University's Strategic Plan, Academic, development and innovation.
- iii. Ensure negotiation, monitoring and evaluation of the University's Performance Contract (PC).
- iv. Provide oversight to all infrastructure developments.
- v. Oversee the development and evaluation of the University's academic programmes.
- vi. Recommend to the Council potential areas of research, development and innovation for the University.
- vii. Ensure monitoring and evaluation of the University's research as well as dissemination of research outputs through publications and exhibitions.
- viii. Oversee protection of the University's intellectual property and rights.
- ix. Advise the Council on matters pertaining to international conventions.
- x. Enhance the University's Corporate Image.
- xi. Ensure the University's certification by the International Organization for Standardization (ISO).
- xii. Oversee the development and approval of the Council Charter, Almanac and work plan.
- xiii. Review and assess, at least annually, the Committee's Charter for approval by the Council.
- xiv. Perform other oversight functions that the Council may assign from time to time related to Strategic Plan, Academic, development and innovation function.

10. Council Charter

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

11. Ethics and conduct

The University Council is committed to the highest standards of behaviour at the work place in order to contribute to the achievement of the national development goals. Approved Codes of Conduct and Ethics for both Council and staff members are in place to guide ethical conduct and integrity at the workplace. The Codes have set out expectations for individual behaviour necessary to meet these standards and include requirements and guidance to help Council carry out their oversight role with integrity and in compliance with the law.

12. Governance and Legal Audit

Council formed a standing committee on governance to guarantee compliance with all statutory requirements. Governance and Legal Compliance Audits and Reporting are to be conducted annually to establish the level of adherence to applicable laws, rules and standards. However, an annual governance audit was not conducted in FY 2022/2023. It is expected that it shall be done in the FY 2023/2024, subject to availability of funds.

13. University Council Meetings

During the FY 2022/2023, Council and its standing Committees implemented the Council Almanac by holding nineteen (19) regular and nine (9) special meetings. In addition, Council attended two (2) trainings, Charter Award and the first KAFU graduation ceremonies.

Further, the Council was timely sensitised on dynamics in practice, policies, laws and regulations governing operations of the University from time to time. The Principal Secretary, State Department for Higher Education and Research, approved all special meetings.

Ordinarily, meetings are held as per the State Corporation Act 446, PFM Act 2012, Mwongozo Code of Governance for State Corporations and performance contracting regulations for the purposes of complying with the statutory timeliness stipulated in these laws for submission of reports to specific Government Agencies.

Below is a summary of Council meetings held during the financial year under review.

Council Members	Position in Council (Chairman/CEO/Member)	Gender	Date of Appointment DD/MM/YYYY	Expiry of Appointment DD/MM/YYYY	Membership & attendance	University Council	Special Council	Finance & Human Resource Committee	Special FHR	Academic, Strategy, Planning, Development and Innovation	Special ASPD&I	AGRMC	Graduations	Charter Award	Trainings
Dr. Bernadette F. Mungai	Chairperson	F	05/08/2022	04/08/2025	Attendance	6/7	2/4	X	X	X	X	X	2/2	X	2/2
					Membership	√	√	X	X	X	X	X	√	X	√
Prof. Ogodo, M. J. Nandi	CEO	M	02/08/2022	01/01/2024	Attendance	7/7	4/4	5/5	4/4	3/3	1/1	X	2/2	1/1	2/2
					Membership	√	√	√	√	√	√	X	√	√	√
Dr. Josephine D. Waudu	Member	F	05/08/2022	04/08/2025	Attendance	7/7	3/4	X	X	3/3	1/1	X	2/2	1/1	2/2
					Membership	√	√	X	X	√	√	X	√	√	√
Dr. Fauziya B. Karama, OGW	Member	F	05/08/2022	04/08/2025	Attendance	7/7	4/4	5/5	4/4	X	X	X	2/2	1/1	2/2
					Membership	√	√	√	√	X	X	X	√	√	√
Dr. Francis Joseph Bwire	Member	M	05/08/2022	04/08/2025	Attendance	6/7	2/4	X	X	X	X	3/4	2/2	X	2/2
					Membership	√	√	X	X	X	X	√	√	X	√
Mr. Paul Wanderi	Member	M	05/08/2022	04/08/2025	Attendance	7/7	4/4	X	X	3/3	1/1	4/4	2/2	1/1	2/2
					Membership	√	√	X	X	√	√	√	√	√	√
Dr. Rodney O. Oluoch	Member	M	05/08/2022	04/08/2025	Attendance	5/7	2/4	4/5	2/4	X	X	X	0/2	1/1	2/2
					Membership	√	√	√	√	X	X	X	√	√	√
Mr. Johnson Nanjakululu	Representative, PS, State Department for University Education & Research	M	05/08/2022	10/10/2022	Attendance	4/7	2/4	3/5	X	1/3	X	2/4	X	1/1	X
					Membership	√	√	√	X	√	X	√	X	√	X
Mr. John P. Yiampoi	Representative, PS, State Department for University Education & Research	M	11/10/2022	10/10/2025	Attendance	2/7	1/4	2/5	3/4	2/3	1/1	2/4	2/2	X	2/2
					Membership	√	√	√	√	√	√	√	√	√	X
Mr. Isaiah O. Ochelle	Representative, CS, National Treasury	M	19/08/2019	29/09/2022	Attendance	2/7	2/4	0/5	X	X	X	0/4	X	1/1	1/2
					Membership	√	√	√	X	X	X	√	X	√	√
Mrs. Josephine W. M. Kanyi	Representative, CS, National Treasury	M	30/09/2022		Attendance	2/7	2/4	2/5	3/4	2/3	1/1	2/4	2/2	X	1/2
					Membership	√	√	√	√	√	√	√	√	√	X
Mr. Arthur A. Rateng'	Member	M	20/11/2019	4/08/2022	Attendance	1/7	2/4	X	X	X	X	1/4	X	1/1	X
					Membership	√	√	X	X	X	X	√	X	√	X

9. Management Discussion and Analysis

We have the pleasure to present the Annual Report and Financial Statements of KAFU for the period ended June 30, 2023 as per the Universities Act, 2012 and the Public Audit Act, 2015.

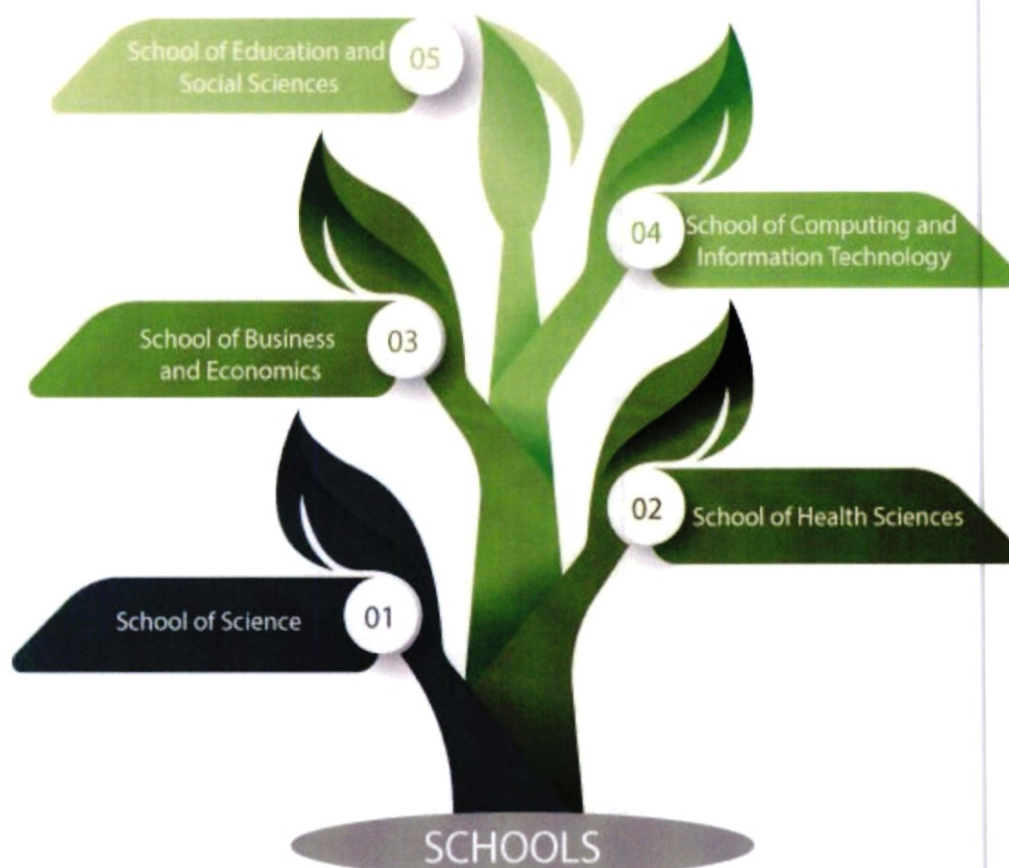
Despite the myriad challenges inherent in the University's operating environment, the University continued to discharge its mandate of teaching, research and innovation successfully throughout the year.

a. Academic and student affairs

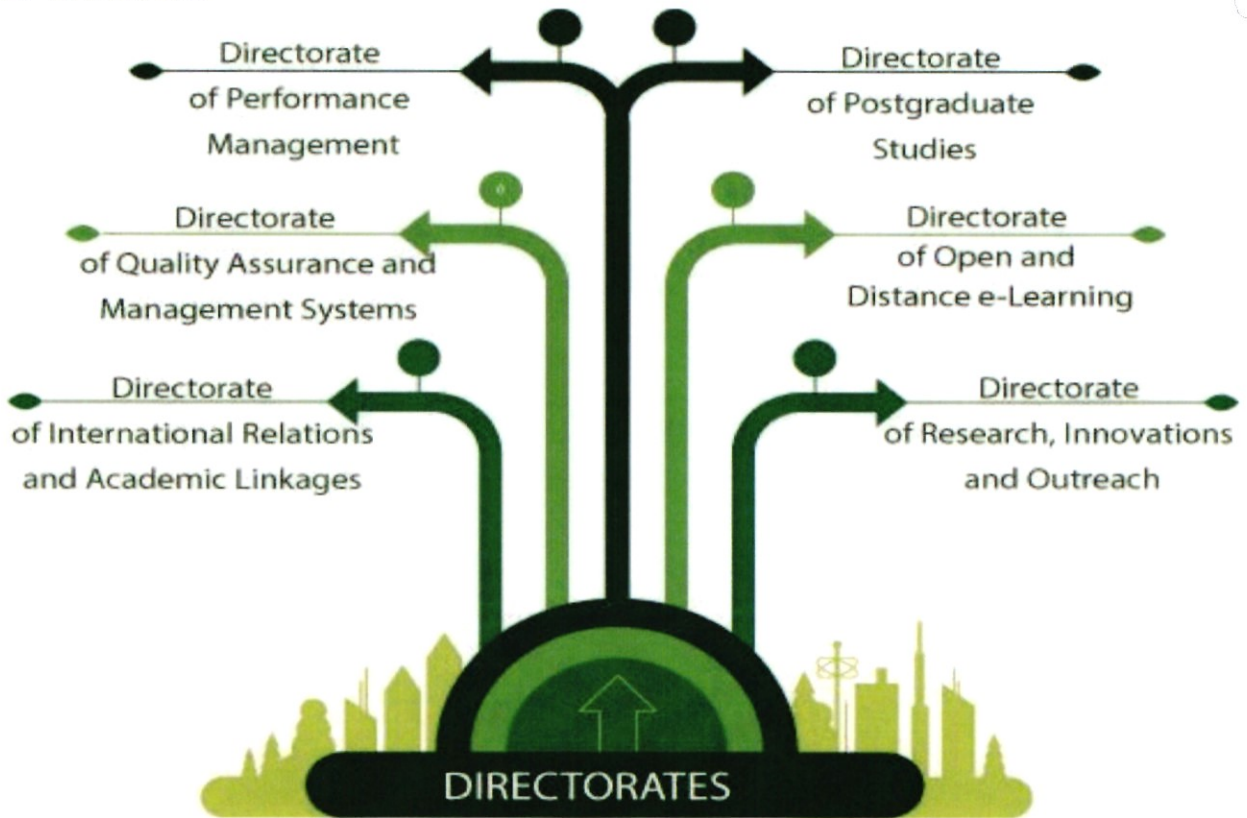
Student Enrolment and Teaching

The Academic Division is mandated to implement quality teaching, learning, research, innovation and holistic development as outlined in the University Vision. This Division is made up of five schools and six Directorates as shown below:

1. Schools



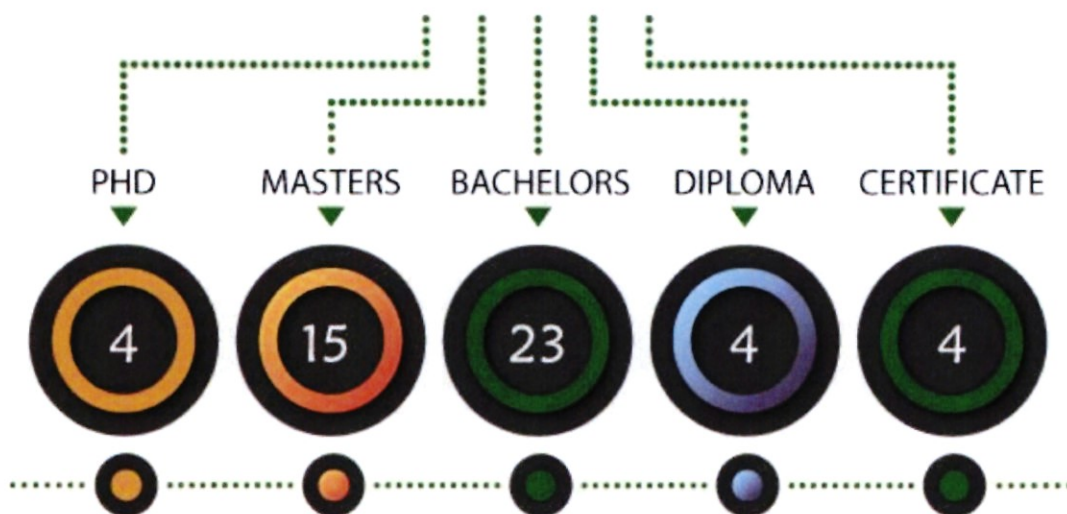
2. Directorates



ACADEMIC PROGRAMS

The University offers 50 Senate approved and CUE accredited programs whose enrolment has generally been on a growth trajectory since the establishment of the University. These include:

PROGRAMMES



ACADEMIC STAFF DISTRIBUTION

The University has seventy (70) full time academic members of staff across schools distributed by rank as indicated in the table below.

Cadre	School of Business & Economics	School of Computing & Information Technology	School of Education & Social Sciences	School of Science	School of Health Sciences	Total
Professor	0	0	1	0	0	1
Associate Professor	0	1	2	1	0	4
Senior Lecturer/ Senior Research Fellow	3	0	5	3	1	12
Lecturer	5	0	15	5	3	28
Tutorial Fellow	4	5	7	0	4	20
Clinical Instructor/ Research Assistant	0	0	0	1	4	5
Total	12	6	30	10	12	70

A graphical representation of the academic staff distribution in the University is depicted below:

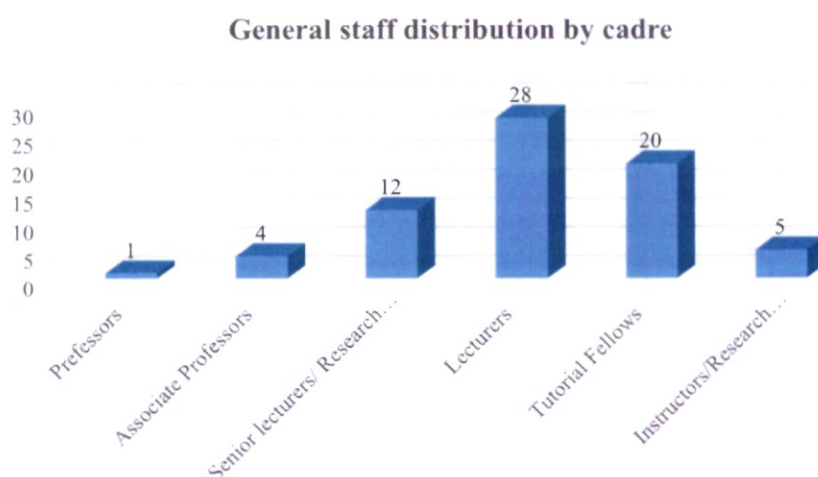


Fig. 1: Overall distribution of Academic Staff by Rank

The tabulation above as well as the graph shows that the University is understaffed, with Part-time lecturers filling the staffing gap. There were 107 Part-time lecturers during the last financial year.

It is also apparent that, there are very few members of staff in senior ranks. The implication is that, the University has to outsource staff from other universities as programme leaders and even supervisors of post graduate students.

GENERAL STUDENT ENROLMENT

Since its establishment as a campus, subsequently as a Constituent College of Masinde Muliro University of Science and Technology (MMUST), and as a University on 2nd August, 2022, there has been a steady positive growth in student enrolment; Table 2 highlights enrolment for the period 2014/2015 to 2022/2023

Table 2: Institutional Enrolment Trend 2014/15-2022/23

YEAR	GSSP	PSSP	TOTAL
2014/15	186	49	235
2015/16	455	101	556
2016/17	1,013	306	1319
2017/18	1,520	218	1738
2018/19	1,585	235	1820
2019/20	1,879	279	2158
2020/21	2,476	346	2822
2021/22	3,343	403	3,746
2022/23	3,637	260	3,897

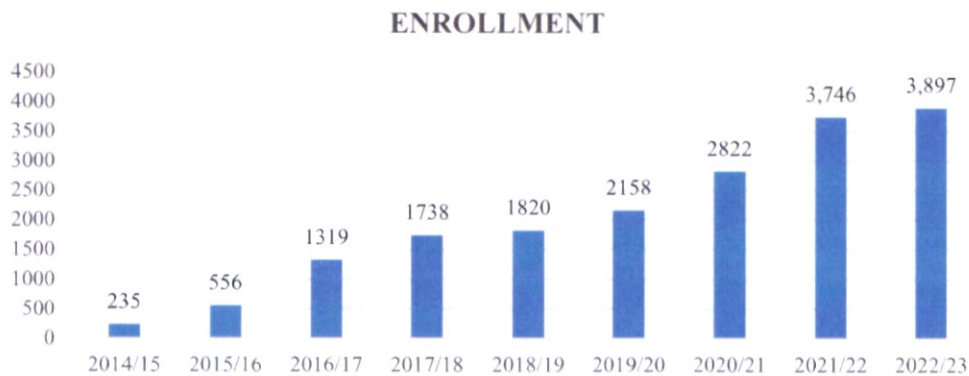


Figure 2: Enrolment trends

GRADUATION

The University has graduated five (5) cohorts since enrolling the first group of students in August 2014. The distribution of graduates across schools is as indicated in the Table 3:

Table 3: No. of Graduands

Year	SOBE	SESS	SCIT	SOSCI	TOTAL
2018	53	142	0	0	195
2019	56	208	6	0	270
2020	117	177	10	3	307
2021	110	228	25	67	430
2022	130	223	18	31	402
Total	466	978	59	101	1604

Between 2018 and 2021, the university graduated students under MMUST because it was a constituent college. The 1st graduation for the university after award of Charter was on 21st December 2022 and this saw 402 students graduate.

Figure 3 depicts general graduation trends.

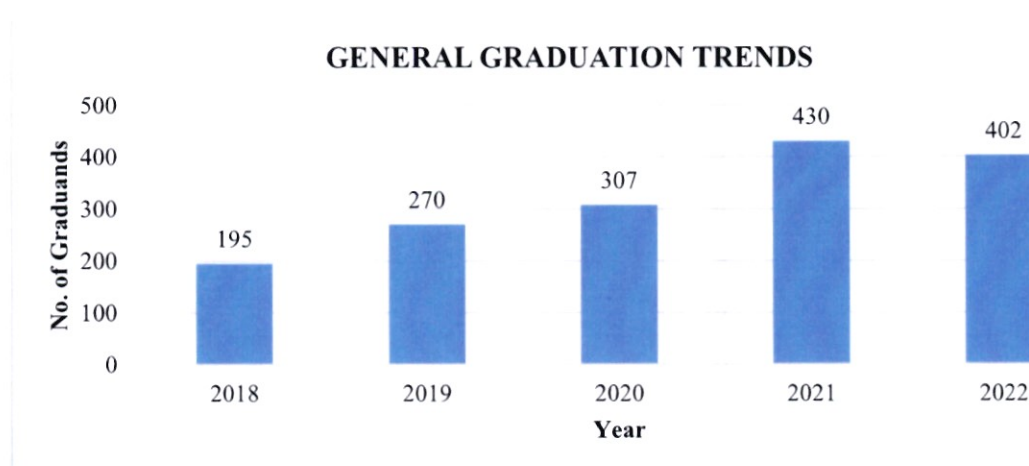


Figure 3: General Graduation Trends.

Graduation rates have been on an upward trend but slightly dipped in 2022.

ANALYSIS AT SCHOOL LEVEL

This section discusses activities and outputs from schools. This analysis is important in unearthing any hidden disparities that are masked by general enrolment and graduation trends.

1. SCHOOL OF EDUCATION AND SOCIAL SCIENCES

The School of Education and Social Sciences (SESS) is the mother of all schools in KAFU having been the transitional School from MMUST.

Departments

The following departments constitute the School of Education and Social Sciences:

- i) Department of Languages and Literature
- ii) Department of Social Sciences
- iii) Department of Curriculum and Instruction
- iv) Department of Educational Psychology, Foundations and Management

Programs

The following Programs are offered in the School of Education and Social Sciences:

- | | |
|--|--|
| i) Doctor of Philosophy in Comparative Literature | ii) Bachelor of Education (Arts) |
| iii) Doctor of Philosophy in Curriculum & Instruction | iv) Bachelor of Education (Science) |
| v) Doctor of Philosophy in Religion | vi) Bachelor of Education (French) |
| vii) Master of Education in English Language Education | viii) Bachelor of Education (Early Childhood Education) |
| ix) Master of Arts in Religion | x) Bachelor of Disaster Management and International Diplomacy |

- | | |
|---|--|
| xi) Master of Arts in Comparative Literature | xii) Bachelor of Arts (Criminology and Criminal Justice) |
| xiii) Master of Education in Educational Psychology | xiv) Bachelor of Social Work |
| xv) Master of Arts in Kiswahili | xvi) Diploma in Criminology and Criminal Justice |
| xvii) Master of Arts in Geography | xviii) Diploma in Social Work and Community Development |
| xix) Master of Arts (History) | xx) Certificate in Criminology |
| xxi) Master of Arts in Curriculum and Instruction | xxii) Certificate in Social Work |

Enrolment

The school has a total enrolment of 3,066 students distributed in the programmes as shown in table 4.

Table 4: Enrolment in Programs

S.No	PROGRAM	GSSP	PSSP	TOTAL
1	Bachelor of Arts (Criminology and Criminal Justice)	229	10	239
2	Bachelor of Disaster Management & International Diplomacy	31	0	31
3	Bachelor of Education (Arts)	1,886	28	1914
4	Bachelor of Education (French)	33	0	33
5	Bachelor of Education (Science)	675	9	684
6	Bachelor of Education in Early Childhood Education	0	0	0
7	Bachelor of Social Work	73	0	73
8	Certificate in Criminology	0	7	7
9	Certificate in Social Work	0	3	3
10	Diploma in Criminology and Criminal Justice	0	33	33
11	Diploma in Social Work	0	5	5
12	Master of Arts in Geography	0	7	7
13	Master of Arts in Kiswahili	0	3	3
14	Master of Education in Educational Psychology	0	7	7
15	Master of Arts in Comparative Literature	0	4	4
16	Master of Arts in Religion	0	7	7
17	Master of Education in English Language Education	0	4	4
18	Doctor of Philosophy in Comparative Literature	0	3	3
19	Master of Arts (History)	0	4	4
20	Master of Education in Curriculum and Instruction	0	5	5
	TOTAL	2,927	139	3066

SESS is the largest school in the University. With an enrolment of 3,066 students, it constitutes 80 % of the entire student population. The school has had a steady growth in student numbers over the years whose trend distribution in the academic shown in the table 5:

Table 5: Enrolment Growth

Year	Enrolment		
	GSSP	PSSP	TOTAL
2014/15	134	44	178
2015/16	348	83	431
2016/17	660	136	796
2017/18	956	177	1,133
2018/19	945	169	1,114
2019/20	1,214	174	1,388
2020/21	1,772	185	1,957
2021/22	2,637	198	2,835
2022/23	2,927	139	3,066

Figure 5 below provides a pictorial representation of enrolment trends in SESS.

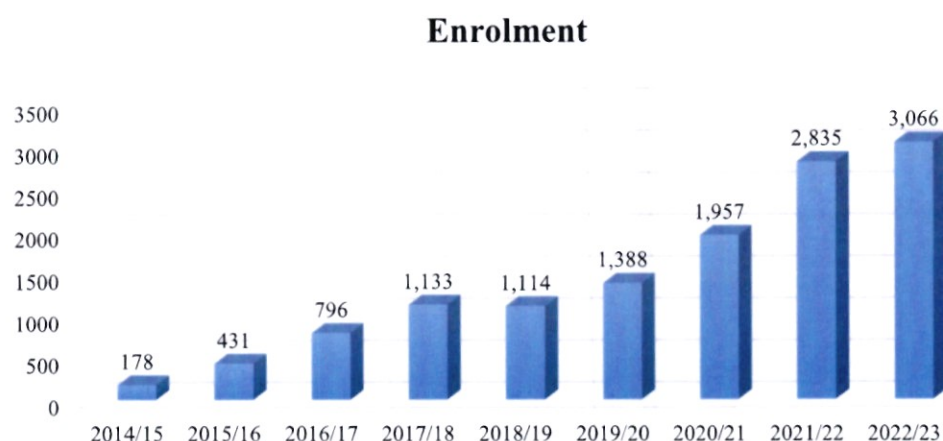


Figure 5: Enrolment Trends

Graduation

The school has had five (5) cohorts of students who have graduated in various programs since its establishment. Table 6 is a display of graduations per program for the years under consideration.

Table 6: Students Graduations per Program

Year	Masters	Bachelors	Diploma	Certificate	Total
2018	0	127	10	5	142
2019	0	188	15	5	208
2020	0	166	9	2	177
2021	0	223	3	2	228
2022	3	213	2	5	223
Total	3	917	39	19	978

Figure 6 below is a pictorial illustration of the trend in graduation in the School of Education and Social Sciences (SESS).



Figure 6: Graduation Trend in SESS

There has been a steady increase in the number of graduands from 2018 to 2022 and a slight dip in 2022.

2. SCHOOL OF BUSINESS AND ECONOMICS

The school of Business and Economics (SOBE) was established at inception in 2015. Its vision is to be a leading Business school connecting the region and the world. The School's enrolment currently stands at 348.

Departments

SOBE is made up of the following three departments:

- i) Department of Business, Administration and Management
- ii) Department of Accounting and Finance
- iii) Department of Economics

Academic Programs

The school offers the following seven (8) programs:

- i) Doctor of Philosophy in Business Administration
- ii) Masters of Business Administration
- iii) Master of Science (Economics)
- iv) Bachelors of Commerce
- v) Bachelors of Science in Economics
- vi) Bachelor of Science (Economics and Statistics)
- vii) Diploma in Business Management
- viii) Certificate in Business Administration

Enrolment

Student enrolment in regular programs of the school for the 2022/2023 academic year is indicated in Table 7 below:

Table 7: Student Enrolment

PROGRAMS	GSSP	PSSP	TOTAL
Bachelor of Commerce	229	33	262
Bachelor of Science (Economics)	42	0	42
Bachelor of Science Economics and Statistics	4	0	4
Certificate in Business Administration	0	1	1
Diploma in Business Management	0	1	1
Master of Science in Economics	0	1	1
Master of Business Administration	0	10	10
Doctor of Philosophy Business Administration	0	19	19
Short courses (CPA)	0	8	8
TOTAL	275	73	348

Enrolment Trends

The student enrolment for the period 2014/15 – 2022/23 is summarized in the table 8 below:

Table 8: Student Enrolment for 2014/15 – 2022/23

Academic Year	GSSP	PSSP	TOTAL
2014/15	52	5	57
2015/16	107	18	125
2016/17	242	16	258
2017/18	371	37	408
2018/19	409	50	459
2019/20	401	66	467
2020/21	376	114	490
2021/22	338	127	465
2022/23	275	73	348

The Figure 7 depicts enrolment trends in the school

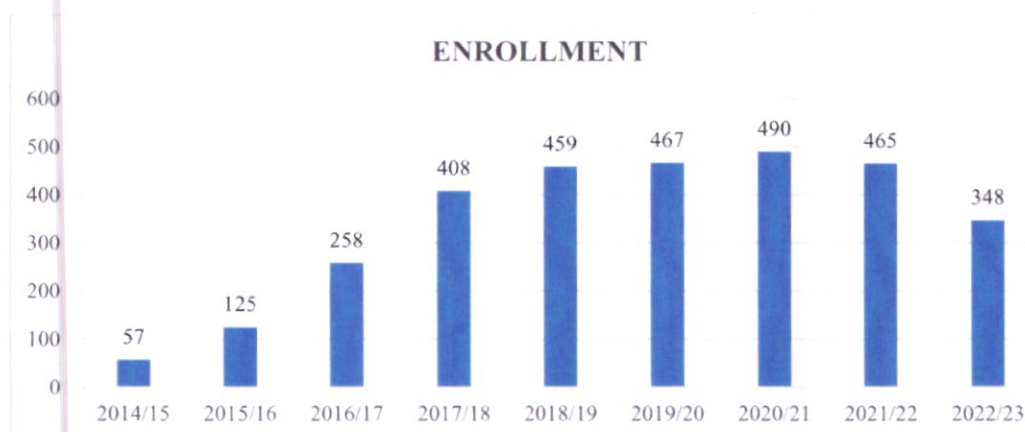


Figure. 7: Enrolment Trends in SOBE

There was a steady increase in enrolment between 2014/2015 to 2020/2021 followed by a slight decline in 2021/22 and a sharp drop in 2022/23.

Graduation

The school has graduated three (3) cohorts of students since its establishment. Table 9 below is a display of graduations for the programs offered in the school.

Table 9: Graduation

Year	MSc. Economics	MA. Business Admin.	B. Commerce	BSc. Economics	Diploma	Certificate	Total
2018	0	0	46	0	7	0	53
2019	0	0	49	0	4	3	56
2020	0	0	88	21	6	2	117
2021	0	0	87	11	9	3	110
2022	1	18	79	23	8	1	130
Total	1	18	349	55	34	9	466

Figure 8 gives a pictorial illustration of graduation trends in the School of Business and Economics:



Figure. 8: Graduation Trends

There has been a steady increase in the number of graduating students over the years.

3. SCHOOL OF SCIENCE

The school of science is among schools established after a significant growth in students and staff population at the School of Education. It has an enrolment of 183 students, with its departments engaged in servicing sciences-based courses for students in the School of Education and Social Sciences. The School of Science has been at the centre in driving the University's mission of teaching, research and innovation in the area of natural sciences.

Departments

The following departments constitute the School of Science:

- i) Biological and Agricultural Sciences
- ii) Mathematics and Statistics
- iii) Physical Sciences

Programs

The School of Science offers the following programs:

- i) Master of Science in Microbiology
- ii) Master of Science in Physics

- iii) Master of Science in Applied Mathematics
- iv) Master of Science in Pure Mathematics
- v) Bachelor of Science in Agricultural, Economics and Resource Management
- vi) Bachelor of Science in Applied Statistics with IT
- vii) Bachelor of Science in Mathematics and Economics with IT
- viii) Bachelor of Science in Mathematics with IT
- ix) Bachelor of Science (Chemistry)
- x) Bachelor of Science (Biology)
- xi) Bachelor of Science (Physics with Appropriate Technology)

Enrolment

Table 10 shows student enrolment trends since the establishment of the school in the 2016/2017 academic year.

Table 10: Student Enrolment

Year	GSSP	PSSP	TOTAL
2016/17	90	0	90
2017/18	149	1	150
2018/19	181	2	183
2019/20	205	8	213
2020/21	214	17	231
2021/22	131	46	177
2022/23	163	20	183

The Figure 9 depicts a pictorial enrolment trend in the school over the period 2016/2017 to 2022/2023 academic years.

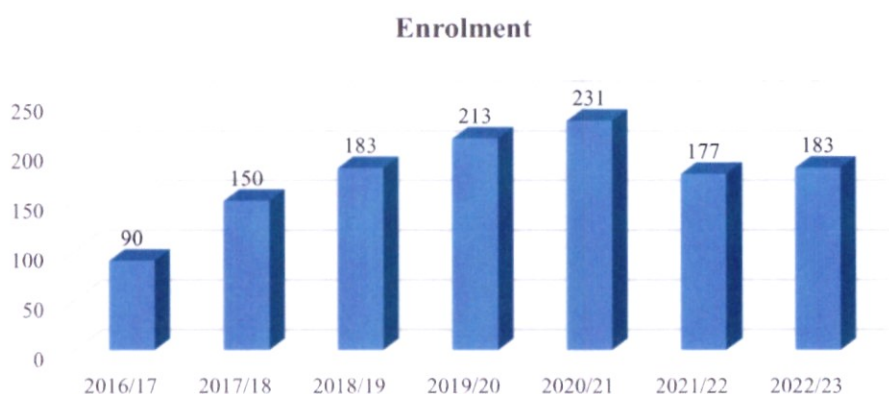


Figure. 9: Student Enrolment Trends

Graduation

The school graduated its first cohort at the end of the academic year 2019/2020. Table 11 highlights the pioneer students who were able to graduate in the school under the program Bachelor of Science Agricultural Economics and Resources Management.

Table 11: Graduation Trend in School of Science

Year	Bachelors	Masters	Total
2018	0	0	0
2019	0	0	0
2020	3	0	3
2021	67	0	67
2022	28	3	31
TOTAL	98	3	101

Two graduation ceremonies held in 2021 saw the school graduate the highest number of students compared to other years.

Figure 10 gives a pictorial illustration of the graduation trends in the school.



Figure 10: Graduation trends in the school.

4. SCHOOL OF COMPUTING AND INFORMATION TECHNOLOGY (SCIT)

The school of Computing and Information Technology (SCIT) previously existed as a Department in the School of Science. SCIT provides critical support in servicing courses with ICT components across the Schools.

Departments

The school has the following departments

- i. Information Technology.
- ii. Computer Science

However, the school also houses and is nurturing the Open and Distance e-Learning Centre whose mandate is to improve student access for virtual learning services and to help integrate Information Technology in all programs offered at the University.

Programs

The following programs are currently offered at the School of Computing and Informatics:

- i) Master of Science in Information Technology
- ii) Bachelor of Science in Information Technology

- iii) Bachelor of Science in Computer Science
- iv) Bachelor of Science in Information Systems and Knowledge Management
- v) Diploma in Information Technology
- vi) Certificate in Information Technology

Enrolment

Enrolment in the school over the years is captured in the table 12 below:

Table 12: Enrolment in the School

Program	GSSP	PSSP	TOTAL
Bachelor of Science (Information Technology)	90	2	92
Bachelor of Science in Computer Science	27	0	27
Certificate in Information Technology	0	2	2
Diploma in Information Technology	0	1	1
Master of Science in Information Technology	0	8	8
Total	117	13	130

Enrolment Trends

Table 13 highlights enrolment trend in the School of Computing and Information Technology since 2016/2017 academic year.

Table 13: Enrolment Trend, School of Computing and Information

Year	GSSP	PSSP	TOTAL
2016/17	21	1	22
2017/18	44	3	47
2018/19	50	14	64
2019/20	59	33	92
2020/21	102	42	144
2021/22	131	46	177
2022/23	117	13	130

The figure 11 gives a pictorial representation of enrolment growth in the school for the highlighted period.



Figure. 11: Enrolment Growth Trends

Enrolment increased sharply from 2016/17 but dropped in 2022/2023.

Graduation

The school first graduated students in 2020. Table 13 highlights graduation rates in the school.

Table 13: Graduation

Year	Masters	Bachelors	Diploma	Certificate	Total
2018	0	0	0	0	0
2019	0	0	0	6	6
2020	0	5	2	3	10
2021	0	22	0	3	25
2022	2	11	5	0	18
Total	2	38	7	12	59

Fig. 12: Graduation Trends, School of Computing and Information Technology

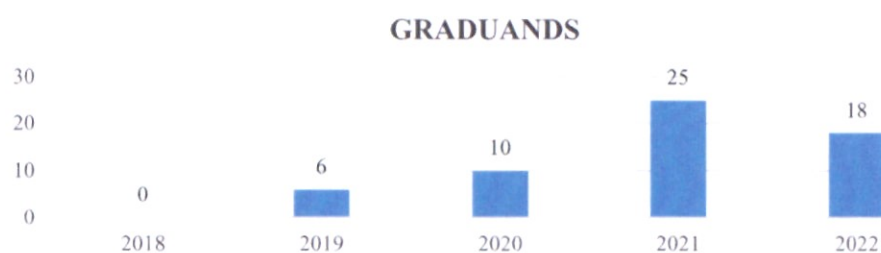


Figure 12: Graduation trends in SCIT

Academic Activities in the School

1. Curriculum Implementation: Teaching, Examination
2. New Curriculum Development:
 - a. Draft Curriculum on Bachelor of science in data Science and Analytics
 - b. Bachelor of Business Information Technology
3. QMS procedures Implementation and Internal Audit
4. MOU-
 - a. MOU with Huawei leading to establishment of Huawei Academy
 - b. MoU with AFRALTI
 - c. MoU with Egerton University on Transpath Project

5. SCHOOL OF HEALTH SCIENCES

This is the youngest school at the University having been established in 2022. Programmes in the school continue to attract a lot of students. It is expected that, with approval of expansion of capacity from the respective regulators, enrolment in schools will grow tremendously. The school houses the niche programmes for the university.

Departments

The following departments constitute the School of Health Sciences:

- i) Department of Nursing
- ii) Department of Clinical Medicine
- iii) Department of Optometry and Vision Sciences

Programmes

- i. Bachelor of Science in Nursing
- ii. Bachelor of Science in Clinical Medicine and Community Health
- iii. Bachelor of Science (Optometry and Vision Sciences)

Table 14 below highlights enrolment trend in the School of Health Sciences since 2021/2022 academic year.

Table 13: Enrolment Trend, School of Health Sciences

Year	GSSP	PSSP	TOTAL
2021/22	46	8	54
2022/23	152	18	170

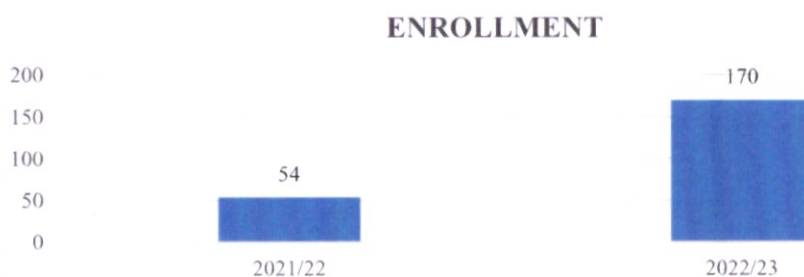


Table 13: Enrolment Trend, School of Health Sciences

Directorate of Quality Assurance and Quality Management Systems

The Directorate of Quality Assurance and Quality Management Systems in Kaimosi Friends University (KAFU) seeks to promote, maintain and improve relevance, efficiency, leadership and students’ progression through self and external assessments.

In the financial year 2022/2023 the University was able to successfully conduct two (2) internal audits and one (1) external audit by officers from KEBS in a bid to get the ISO 9001:2015 standard certification. The University currently awaits ISO certification.

Directorate of Open and Distance e-Learning

The University has established an Open and Distance e-Learning Centre whose mandate is to facilitate delivery of programmes online, and promote integration of ICT in teaching. This will enable the University adopt a blended (face-to-face and virtual) mode of content delivery. KAFU strives to be among the institutions in western region that can reach out to international students through virtual engagement.

During the financial year 2022/2023 the University was able to teach and administer continuous assessment tests for all the common units on ODeL platform. In addition, the University was able to install and commission a studio to enhance efficient teaching and learning platform on ODeL.

Directorate of International Relations and Academic Linkages

The Directorate of International Relations and Academic Linkages (DIRAL) at Kaimosi Friends University (KAFU) was established in 2019 with the sole responsibility of overseeing matters of partnerships, collaborations, and linkages with like-minded organizations and institutions with the sole purpose of improving the University's image both locally and globally. DIRAL is dedicated to serving as the link between the academia and the non-academic community by developing services and delivering programs to facilitate student and staff engagement for their personal growth and for the good of society at large.

The Directorate has continued to work towards realizing various collaborations with institutions both local and foreign. The University has so far signed MOUs with fourteen (14) Institutions (11 local and 3 foreign). However, KAFU is still negotiating with other institutions to collaborate with. In so far, six (6) MOUs are underway and awaiting finalization and signing.

Directorate of Performance Management

Performance Management is a product support strategy used to achieve measurable performance outcomes for an organization and its subsystem. It is a mechanism under public sector reforms that aims at improving performance of the public sector through: targets, and specifying agent performance in terms of results. Performance contract is an agreement entered into between the government of the republic of Kenya through the Ministry of Education and the Management of Kaimosi Friends University.

During the 2022/2023 financial year the University achieved a positive composite score after various targets were achieved and surpassed notably the AIDS Control Unit (ACU) held a free community medical camp for various tests, HIV & AIDS tests, counselling and cancer screening.

Directorate of Research, Innovation and Outreach

Research is one of the core functions of Kaimosi Friends University. This is embodied in the mission of the University in which it pledges to be a "University of excellence providing quality education and training, research and innovation to meet the needs of a dynamic society". The University conducts regular capacity building and promotes collaborative research teams within and beyond the University.

During this financial year the University undertook one virtual national conference and seven seminar activities.

Directorate of Graduate Studies

The Directorate of Graduate Studies coordinates admission, teaching, field research, supervision and examination of students in diverse programmes leading to the award of PhD and Masters Degrees. It is headed by a director who chairs the Board of Graduate Studies (BGS). The directorate facilitates both students and graduate faculty to implement effective processes in advanced level study in compliance with the university's graduate study policy and CUE guidelines to attain results comparable with national, regional and international best practices.

In view of the above, during the financial year 2022/2023 the University was able to have her own first graduation ceremony. The directorate of graduate studies churned out twenty-seven (27) post graduate students.

Overview of activities during the FY 2022/2023

AWARD OF CHARTER TO KAIMOSI FRIENDS UNIVERSITY



AUGUST 2, 2022 | Retired President His Excellency Uhuru Kenyatta awards the University Charter to Kaimosi Friends University at State Lodge Kakamega.

The Charter was received by the Acting Vice Chancellor Prof. Ogodo, M.J. Nandi and the Presiding Chair of Council Dr. Josephine Waudu. They were accompanied by MMUST Chancellor Dr. Peter Muthoka, MMUST Council Chair Dr. Jane Mutua, MMUST Vice Chancellor Prof. Solomon Shibairo, and members of Kaimosi Friends University Management Board.



President Kenyatta, in his speech, challenged the University to change track in the delivery of higher education in the country to cope with the market demands.

The President said the next phase in the development of the country's Institutions of higher learning should shift focus to university education that is more responsive to a dynamic global economy.

On his part, the Acting Vice Chancellor said the Charter launches KAFU into the league of public universities that contribute to the globally competitive quality education, training, and research for sustainable development.

INAUGURATION OF 1ST UNIVERSITY COUNCIL



SEPTEMBER 1, 2022 | Inauguration of the 1st University Council
The nine-member Council's inauguration was graced by the Principal Secretary for State Department for University Education and Research (SDUER) Amb. Simon Nabukwesi, who also issued them with their appointment letters.

The ceremony which was presided over by the University Legal Officer Linet Mayavi saw a comeback of the founding Council Chairperson Dr. Bernadette Mungai and seven other members who were reappointed by the Government for a second term.

The members are: Dr. Bernadette Mungai (Chairperson); Prof. Ogodo, M.J. Nandi (Acting Vice Chancellor and Council Secretariat); Mr. Johnson Nanjakululu (PS SDUER representative); Mr. Isaiah Ochelle (CS National Treasury & Planning representative); Dr. Josephine Waudu; Dr. Fauziya Karama; Mr. Rodney Oluoch; Mr. Paul Wanderi; and Dr. Francis Bwire.

VICE CHANCELLOR'S SPEECH DURING ORIENTATION OF FIRST YEAR STUDENTS 2022/2023



SEPTEMBER 9, 2022 | Ag Vice Chancellor accompanied by the University Dons during his speech to first year students.

The Ag. Vice Chancellor during his Key Note speech to first year students, encouraged them to work hard and focus on their academic journey. He noted that the University is situated in a conducive environment for studies to concentrate in their studies.

The Ag. Vice Chancellor challenged the students to produce first class results at the end of their studies and the University will sponsor them for master programmes.

KAFU'S 1ST GRADUATION CEREMONY



DECEMBER 21, 2022 | *Graduands follow proceedings during the first KAFU graduation ceremony.*

KAFU held its inaugural graduation ceremony on Wednesday, 21st December 2022, which was graced by the Prime Cabinet Secretary Hon. Musalia Mudavadi. During the ceremony 27 Masters, 354 Bachelors, 16 Diplomas and 6 Certificates were conferred.

TAMASHA FESTIVALS



NOVEMBER 31ST TO DECEMBER 2ND 2022 | Students dancing during Tamasha Festivals

This Annual Festival realized a large students participation in all sports that are offered within the University. There was general enthusiasm from the students population to exhibit their talents. The motivating part was the reward sytem of certificate of participation and a token of appreciation from the University Management.

Students took part in Athletics, Basketball, Darts, Hockey, Netball, Rugby, Volleyball, Handball, Martial Arts, Indoor Games and Lawn Tennis. The event was climaxed by the anvailling of Mr. and Miss KAFU who were also rewarded.

ELECTED KAFUSA LEADERS



Elected KAFUSA leaders pose with their certificates after being sworn into office on 27th February, 2023. With them is DVC (A&SA) Prof. Julius Kipkemboi.

PUBLIC LECTURE



Kiharu MP and Chairperson Parliamentary Budget and Appropriations Committee Chairperson Ndindi Nyoro gives a public lecture on Government's Reaction to External Shocks on 6th February 2023 at the Assembly Hall.

SIGNING OF MOU BETWEEN KUPPET AND KAFU



The acting DVC Academic and Student Affairs Prof. Julius Kipkemboi and KUPPET Secretary General Akello Misori display the signed MoU between the union and KAFU. The MoU offers a 16% tuition fee waiver to union members.

VIHIGA CAREER FAIR



Students from various schools in Vihiga County engage with staff from the University's Marketing Department during the Vihiga Career Fair held on 4th March, 2023 at Kidundu Stadium.

VISIT OF THE AMBASSADOR OF THE ISLAMIC REPUBLIC OF IRAN TO KENYA



(From Right) Ag. Vice Chancellor Prof. Ogodo, M.J. Nandi, Chairperson of Council Dr. Bernadette Mungai, H.E the Ambassador of the Islamic Republic of Iran to Kenya Dr. Jafar Barmaki, Vihiga County Deputy Governor Mr. Wilberforce Kitiezo, and a section of KAFU staff and other stakeholders pose for a group photo when the University hosted the ambassador to initiate collaboration and partnership with Iranian universities and institutions.

VISIT BY THE NCK GENERAL SECRETARY



The acting VC shakes hands with National Council of Churches of Kenya General Secretary Rev. Chris Kinyanjui, on 12th May, 2023 after fruitful discussions on how the university can partner with Jumuia Hospital Kaimosi to advance training in Health Sciences.

KAFU's 1ST NATIONAL CONFERENCE



Ag. Vice Chancellor Prof. Ogodo, M.J. Nandi (Centre) with other members of the KAFU faculty during the first KAFU National Conference held virtually between 15th and 16th May 2023. The University is focusing on its core mandate of teaching and research and platforms such as the national conference strengthen this.

SEREK CONFERENCE



The acting Vice Chancellor Prof. Ogodo, M.J. Nandi (fifth from Right) poses for a group photo with participants of the SEREK conference held between May 11th – 12th at the University.

CUE OFFICIALS ON CBC PREPAREDNESS



Ag. DVC (A&SA) Prof. Julius Kipkemboi (Second from Right Front) in a group photograph with officials from CUE and KAFU Deans of Schools when the Commission visited to assess KAFU's preparedness for Competency-Based Education in May 2023.

1ST CERTIFICATION AUDIT BY KEBS



KAFU's ISO 9001:2015 consultants ACAL Consultants officer outlines the University's progress to KEBS auditor during the first certification audit on 12th May, 2023

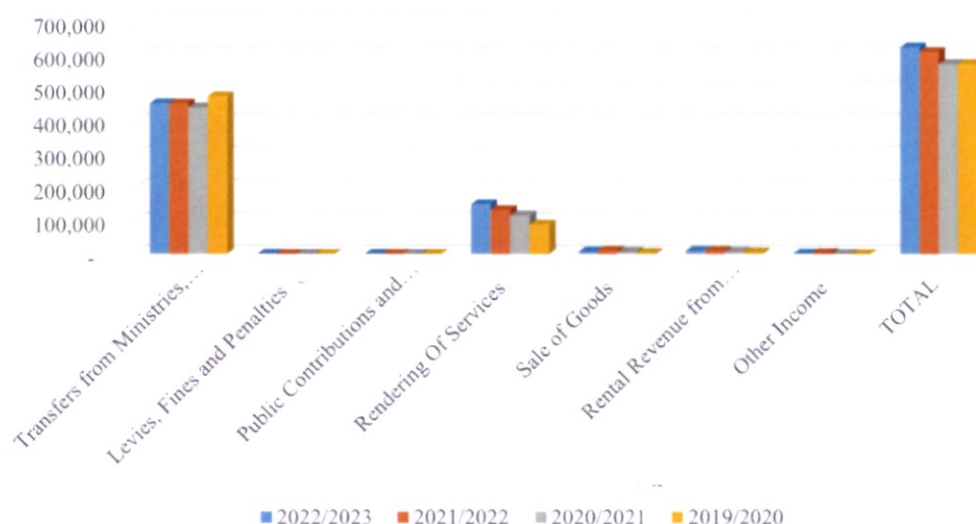
b. Financial Performance

The University recorded an aggregate income of **KES 626.366 Million** as at end of the year, with the recurrent grant from the Exchequer of **KES 456.358 million**. Internally generated revenue stood at **KES 170.008 million** as at end of the year consisting of Rendering of services, sale of goods, rental revenues, levies, fines & Penalties, public contributions & donations and other income. In General, the University recorded a deficit of **KES 29.474 million** as compared with a deficit of **KES 0.357 million** during the previous year. The University is committed to establishing Income generating activity projects that will enhance Appropriation in Aid (A-I-A).

INCOME

Particulars	2022/2023	2021/2022	2020/2021	2019/2020	2022/2023	2021/2022	2020/2021	2019/2020
	KES '000'				PERCENTAGE (%)			
Transfers from Ministries, Departments and Agencies (MDAs)	456,358	455,539	444,024	477,893	73	74	77	83
Levies, Fines and Penalties	126	50	80.951	69	0	0	0	0
Public Contributions and Donations	90	180	0	110	0	0	0	0
Rendering Of Services	151,602	133,892	117,572	89,929	24	22	20	16
Sale of Goods	7,549	10,062	7,151	3,178	1	2	1	1
Rental Revenue from Facilities and Equipment	9,432	9,290	6,605	5,048	2	2	1	1
Other Income	1,209	2,988	503.821	74	0	0	0	0
TOTAL	626,366	612,000	575,935	576,301	100	100	100	100

INCOME DISTRIBUTION

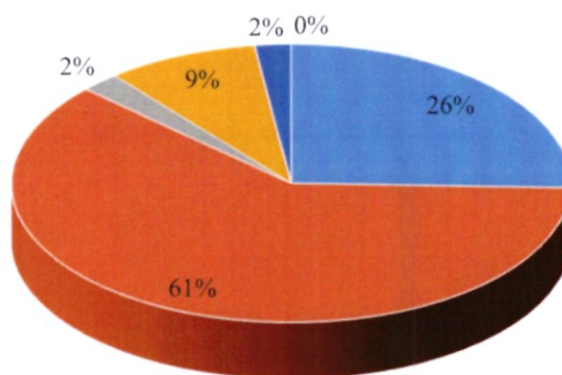


EXPENDITURE

Personnel emoluments continued to comprise the largest part of the expenditure during the year at 61% of the total expenditure while all other expenses constituted the balance of 39%. The table below illustrates the expenditure trends for four year-period with the overall total expenditure rising steadily during the year under review.

Particulars	2022/2023	2021/2022	2020/2021	2019/2020	2022/2023	2021/2022	2020/2021	2019/2020
	KES '000'				PERCENTAGE (%)			
Use of Goods and Services	167,517	163,137	140,107	104,927	26	27	25	22
Employee Costs	402,079	376,506	352,771	308,946	61	61	62	65
Council Expenses	14,893	12,839	11,364	8,112	2	2	2	2
Depreciation and Amortization Expense	57,742	45,357	41,125	25,503	9	7	7	5
Repairs and Maintenance	13,602	14,467	17,682	24,304	2	2	3	5
Contracted Services	7	51	4,980	-	0	0	1	0
TOTAL	655,840	612,357	568,028	471,792	100	100	100	100

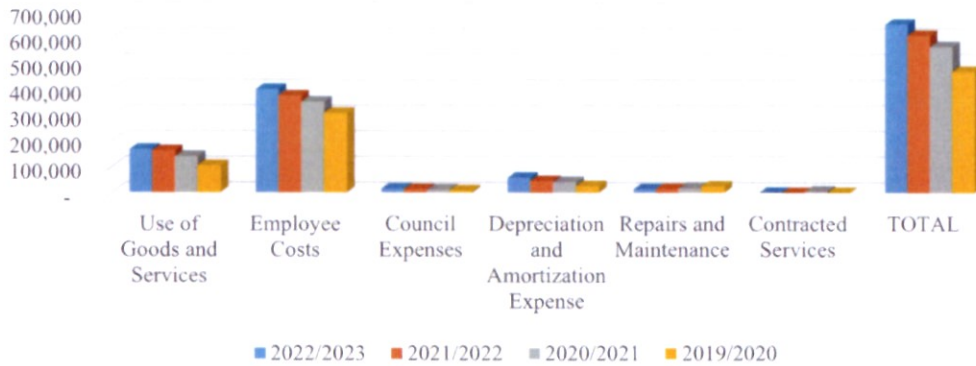
EXPENDITURE DISTRIBUTION



- Use of Goods and Services
- Employee Costs
- Council Expenses
- Depreciation and Amortization Expense
- Repairs and Maintenance
- Contracted Services

To ensure the achievement of academic excellence, the University has focused most expenses on enhancing teaching and research in a progressive manner.

EXPENDITURE TREND



Of the employee costs, a larger percentage goes to the teaching staff as shown in the analysis below:

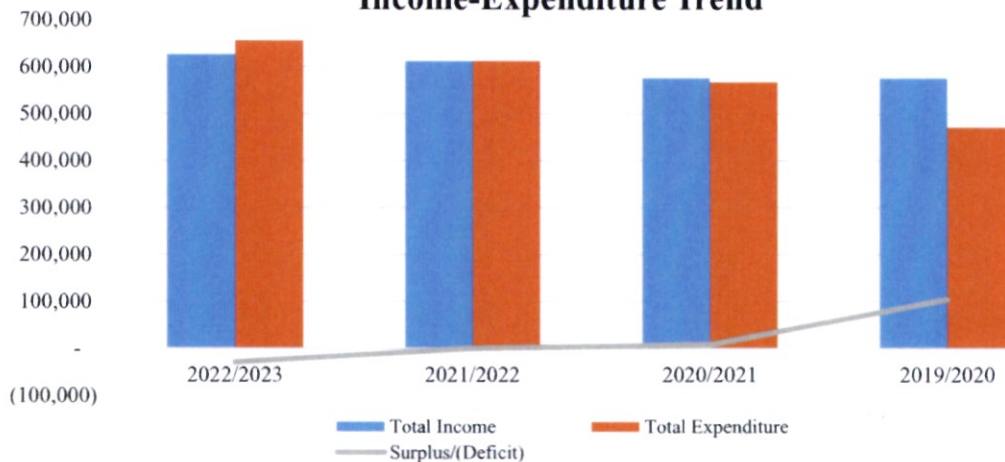
Details	Amount	Amount	Percentage
Teaching Staff	222,198,992	238,735,342	59%
Part Time	16,536,350		
Non- Teaching Staff	163,343,802	163,343,802	41%
TOTAL	402,079,144	402,079,144	100%

TOTAL INCOME VERSUS TOTAL EXPENDITURE

The relationship between income and expenditure is as tabulated below. There has been seasonal trend in the performance of the institution for a period of four years.

Income/Expenditure trend	2022/2023	2021/2022	2020/2021	2019/2020
	KES'000'	KES'000'	KES'000'	KES'000'
Total Income	626,366	612,000	575,935	576,301
Total Expenditure	655,840	612,357	568,028	471,792
Surplus/(Deficit)	(29,474)	(357)	7,907	104,509

Income-Expenditure Trend

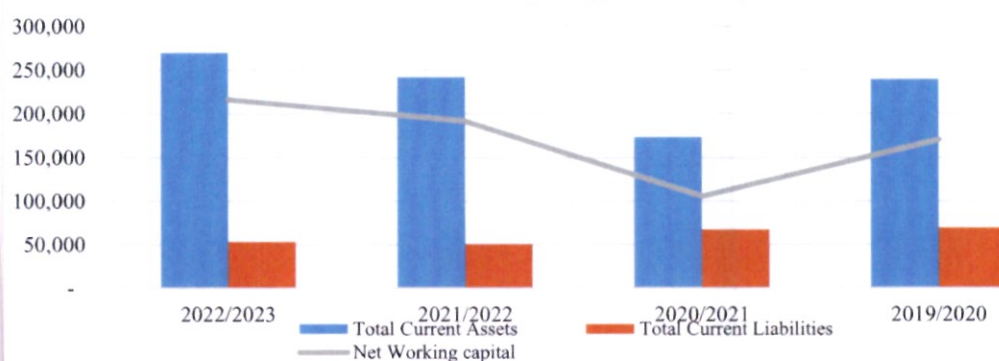


WORKING CAPITAL

The University has had a healthy Working capital position with positive net current assets position as shown below:

Working capital review	2022/2023	2021/2022	2020/2021	2019/2020
	KES'000'	KES'000'	KES'000'	KES'000'
Total Current Assets	269,972	242,197	172,928	239,328
Total Current Liabilities	55,381	50,874	67,743	69,315
Net Working capital	214,591	191,324	105,185	170,013
Working capital Ratio	5:1	5:1	3:1	3:1

Working Capital Analysis



Performance Margin

Description	JUNE 2023	JUNE 2022
	KES	KES
Surplus/(Deficit)	(29,474,498)	(357,164)
Total Recurrent Revenue	626,365,657	611,999,512
Performance Margin	-0.05%	-0.06%

The University posted a performance (deficit) margin of -0.05% in the FY 2022/2023 compared to -0.06% in the previous year. The margin improved from the previous year.

Debt to Equity Ratio

Description	JUNE 2023	JUNE 2022
	KES	KES
Debt(Non-Current Liabilities)	23,562,661	49,244,789
Capital Fund & Reserves	1,302,806,222	1,211,447,788
Debt To Equity Ratio	0.02: 1	0.04: 1

This ratio tells how much debt you have per Kshs 1 of equity. Once the debt to equity ratio is less than 1, then it is generally less risky than debt to equity ratio which is greater than 1. This ratio has a direct relationship with liquidity and insolvency risks. Therefore, the low ratio depicts low risks, which means the chances of running bankrupt are low or zero. Hence, the University has a good debt to equity ratio.

c. University's Key Projects

In the year under review, the University undertook two major projects namely: the construction of Ultra-Modern Library and Construction of the Perimeter Fence. This follows the national government directive, that no new development projects will be undertaken before previous ones are completed.

WORK IN PROGRESS

Proposed Construction of Ultra-Modern Library and Associated works: KES. 645,555,963. The project is ongoing at 24% completion.



Proposed Construction of Perimeter Fence and Associated works: KES. 598,928,587. The project is ongoing at 7% completion.



d. Compliance with statutory requirements

The University is cognizant of the fact that compliance is a continuous process. To this effect it has put measures in place to ensure that it maintains the required threshold of compliance in adherence to the best corporate Governance principles. Consequently, the University has complied with all statutory requirements.

e. Major risks facing the University

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

KAFU is exposed to the following risks:

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

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

The institution's risk management policies have been established to identify and analyze the risks encountered by the University, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems will be reviewed regularly to reflect changes in economic conditions and the University's activities.

i) Market risk: -Low Student Enrolment

The University is more likely to experience low student enrolment due to competition which may result in the reduction of revenue.

ii) Liquidity risk: -Low Funding

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

result to liquidity issues and slow development in infrastructure which can lead to congestion & inadequate facilities.

iii) Credit risk

Credit risk is the risk of financial loss to the University if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. KAFU receives fees from students which minimizes the credit risk exposure.

10. Environmental and Sustainability Reporting

Kaimosi Friends University exists to transform lives. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

Kaimosi Friends University is committed to embedding the principles of sustainable living and development across the whole scope of the activities. Sustainability has been defined as meeting the needs of the present without compromising the ability of the future generations to meet their own needs. KAFU aims to:

- Adopt as far as possible, recognized good practice across all of its operations.
- Comply with all applicable legal requirements.
- Provide all students with opportunities to develop their awareness of sustainability related curriculum, tutoring and enrichment activities.
- Promote the conservation of material sources to reduce environmental impact.
- To include sustainability and environment impact as criteria when assessing potential contractors.
- Make choices to reduce energy consumption, improve energy efficiency where possible and to endeavour to use renewable energy supplies

In the view of the above KAFU is in the process of setting up a climate change center which will provide targeted training programs for various stakeholders in climate action. The Centre will carry out research, career advisory on green jobs and green skilling, climate information management, and documentation on climate change. It will also form a hub for the development of innovation in broad areas including renewable energy, clean energy solutions, innovations in waste management, environmental conservation and establishment of tools for sustainable knowledge management. This Centre will unpack the various global documents on climate change such as the declarations and frameworks to contribute to Sustainable Development Goals.

The centre for climate change aims to:

1. Be a knowledge hub for training on Climate Change at different levels.
2. Develop and implement action-oriented community outreach programs for Climate Change Resilience, Adaptation and Mitigation
3. Develop climate information services, Climate Change Action-based Research and Knowledge Exchange.
4. Promote climate-smart technology and innovations.
5. Promote the creation of green jobs and sustainable livelihoods in the region.

6. Create a CECARE regional green observatory to support the green transition on jobs and skills across sectors and occupations in the region that will equip young learners with green transition skills, knowledge, and understanding

ii) Environmental performance

The focus on environmental sustainability lies at the heart of Kaimosi Friends University's strategic plan for the years 2018/19 to 2022/23. The institution is committed to a series of initiatives that will significantly reduce its carbon footprint and waste, while conserving precious resources such as energy and water. These green strategies also promote the utilization of clean and renewable sources.

One of the key approaches involves incorporating environmental and sustainability topics into the educational fabric of the university. This integration aims to raise awareness about the pressing issues related to our environment among students and researchers alike.

A critical objective within this plan is the minimization of waste produced by the university. This is to be achieved through various strategies, including the conversion of 90% of cafeteria food waste into compost for bio manure. Moreover, the institution plans to optimize its energy consumption by harnessing solar renewable energy and employing LPG gas, thereby curbing power wastage. The elimination of harmful materials, particularly in water, is also on the agenda through the implementation of bio-digestion for septic systems. In alignment with sustainable practices, the university aims to sale its products sourced from its own farm. Additionally, there is a push to reduce paper usage and transition to a paperless environment for transactions.

The conservation of forests holds another significant objective within the strategic plan. To achieve this, the university commits to the annual planting of at least 500 trees, encompassing indigenous and fruit-bearing varieties, contributing to enhanced forest cover and increased self-sufficiency in fruit production. The application of agroforestry techniques aims to optimize agricultural practices, and the introduction of supporting methods like apiaries further bolsters the institution's forestry efforts. Bamboo, due to its rapid regeneration, is identified as a valuable resource for various purposes, including food, furniture, and other wood-based activities. Extensive research is planned to explore bamboo's potential.

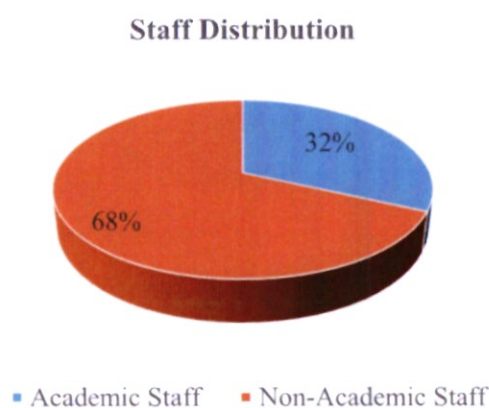
In terms of curriculum and learning, the strategic plan underscores the importance of creating a supportive environment that fosters the incorporation of sustainability principles. This is to be achieved by designing, developing, and implementing development opportunities that equip educators with the best practices for sustainability education. Additionally, the university aims to extend assistance to academic departments and campuses seeking to integrate sustainability into their

curricula. Compliance with relevant rules and regulations governing sustainability is a priority, along with a focus on research and outreach programs that contribute to this overarching goal.

Renewable resources are given due attention, with the adoption of solar energy for the primary electricity supply being a pivotal strategy. The university commits to purchasing and disposing of resources in a manner that aligns with national sustainability standards, including those related to information technology.

iii) Employee welfare

Kaimosi Friends University staff population was two hundred and twenty (220) as at 30th June 2023. This consisted of seventy (70) academic staff while administrative and support staff were one hundred and fifty (150) as shown in the distribution table below:



The university has HR policy that subscribes to tenets of public service values and principles in recruitment of staff, as provided in Article 232 of the constitution. The staff are subjected to fair performance appraisal whose output, amongst other aspects, is the identification of areas of improvement and training.

The University recognizes training and development as a key determinant in the quality of services rendered by the employees. Staff training and development contributes significantly to the realization of staff potential and enhancement of their professional development and work environment.

The University's office is certified by Ministry of Labour as a registered place of work, and thus, it is in conformity with requirements of Occupational Health, Safety and Work Environment (OSHA) Act of 2007 (OSHA,2007). Further, the university provides Group life insurance, medical cover and WIBA to members of staff.

iv) Market place practices-

a) Responsible Competition Practice

Kaimosi Friends University is bound and abides by provisions of the Constitution of Kenya 2010, Public Procurement Act 2015, the Competition (Amendment) Act 2019 as well as the Internal Procurement Policy and Anti-corruption policy.

Every time a new good or service is being procured, the University appoints tender evaluation and acceptance committees, who carry out the technical and financial evaluation of tenders or proposals thus enhancing fair competition. Further, a committee of the Ethics and Anti-Corruption Commission guards against vested individual interests.

b) Responsible Supply chain and supplier relations

Kaimosi Friends University encourages responsible supply chain and supplier relations by conducting sensitization workshops to Youth, Women and Persons with Disability groups on government procurement procedures and the requirements for accessing government procurement opportunities. In addition, the University has set a target of 30% in its Procurement Policy for the supply goods and services by the special groups. Payments to suppliers are always made within the credit period and there are no pending bills as at end of the period under review.

c) Responsible marketing and advertisement

The University continually markets its services to prospective clients through general and targeted advertising and publicity.

Mass media marketing are bound by provisions of the Marketing Society of Kenya and the Government Advertising Agency: Rules and Guidelines, as well as the Communication Authority of Kenya.

Internally, marketing activities are guided by provisions of the Communication and Public Relations Policy.

d) Product stewardship

The University is bound by a strong code of practice and endeavours to maintain a good working relationship with its business partners. The University commits to honouring contracts and agreed terms of payment.

Moreover, the University has a service delivery charter in both Kiswahili and English which guides its clients on the services and requirements for the services being sought. The service delivery charters are displayed at strategic points for ease of reference by its clients.

Lastly, the University has put in place policies in its programmes that guide on the safety of its consumers, suppliers and other stakeholders with an objective of enhancing visibility of the University and its programmes as well as positioning KAFU as a University of choice.

e) Corporate Social Responsibility / Community Engagements

Kaimosi Friends University is a public-spirited institution that aspires to make positive contribution to the community. This is achieved through cognizance of the importance of stakeholder participation and partnerships in the attainment of the strategic objectives.

In this regard, we have built a strong commitment around our core mandate to contribute to the socio-economic wellbeing of the extensive KAFU community.

Our CSR strategy is anchored on the following strategic objectives:

- i. Developing, in partnership with local leadership, programmes that address social justice and Security issues
- ii. Organizing training for stakeholders and communities to improve their livelihood.
- iii. Partnering with stakeholders to hold free medical camps to address the community's health issues.
- iv. Offering other outreach programmes aimed at giving back to society to foster good relationships between the University and the community
- v. Intensifying National Cohesion and integration campaigns to improve peaceful coexistence between KAFU and the community.
- vi. Promoting Gender and Disability Mainstreaming activities to ensure inclusivity.

During the Financial Year under review, the University trained bodaboda riders in the Kaimosi Complex and its environs on road safety and distributed reflector jackets.



11. Report of the Directors

The University Council submits their report together with the audited financial statements for the year ended June 30, 2023, which show the state of KAFU's affairs.

i) Principal activities

The principal activity of KAFU is to provide quality education and training, research and innovation to meet the needs of a dynamic society.

ii) Results

The results of the University for the year ended June 30, 2023, are set out on page 1 to 5

iii) Directors

The members of the council who served during the year are shown on page ix to xiii. During the FY 2022/2023 a new council was appointed following the award of charter to the University with effect from 2nd August, 2022.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Therefore, the University did not remit any funds to the Consolidated Fund since it does not fall under category 3.

v) Auditors

The Auditor-General is responsible for the statutory audit of KAFU in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the University for the year/period ended June 30, 2023, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Council

Prof. Peter N. Mwita

Signature:

Date:

25/03/2024

Ag. Vice Chancellor/Secretary to the Council

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act cap 446 require that the Council to prepare financial statements in respect of the University, which gives 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 the year ended June 30, 2023. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

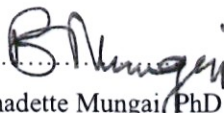
The University Council is responsible for the preparation and presentation of KAFU's financial statements, which reflect a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate 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 KAFU; (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 KAFU; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Council members accept responsibility for KAFU's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act Cap 446. The Council members are of the opinion that University's financial statements reflect a true and fair view of the state of KAFU's transactions during the financial year ended June 30, 2023, and of the University's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for KAFU, 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. Prof.O.M.J Nandi's term expired on 2nd February 2024 ,Prof.Peter Mwita was appointed an Ag.Vice Chancellor with effect from 19th February 2024.

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

Approval of the financial statements

KAFU's financial statements were approved by the Council on 28/09/2023 and signed on its behalf by:


.....
Dr. Bernadette Mungai, PhD
Chairperson of Council, KAFU


.....
Prof. Peter N. Mwita
Ag. Vice Chancellor, KAFU

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KAIMOSI FRIENDS UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kaimosi Friends University set out on pages 1 to 54, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 Kaimosi Friends University as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Receivables from Exchange Transactions

The statement of financial position reflects a net balance of Kshs.13,766,162 in respect of receivables from exchange transactions which as disclosed in Note 20 to the financial statements reflects gross student debtors of Kshs.14,600,467, which further includes student debtors of Kshs.9,920,068 which had been outstanding for a period of over one (1) year. No reasons were given for failure to collect these student debts. This was contrary to Paragraph 8.8.3 of the University Finance Policy.

In the circumstances, the recoverability of the balance of Kshs.9,920,068 in respect of student debtors is doubtful.

2. Unutilized Student Funds

The statement of financial position reflects a balance of Kshs.4,225,213 in respect to special accounts and grants which, as disclosed in Note 31 to the financial statements includes an amount of Kshs.1,583,390 and Kshs.2,020,023 for HELB Loan Fund and Constituency Development Fund (CDF)/Sponsorship Funds respectfully. However, details in the list of beneficiaries provided by the sponsors differ with the names and registration numbers in the University student register making it difficult to match and allocate the funds to the beneficiaries.

In the circumstances, the funds have not been utilized for the intended purpose of assisting needy students.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delay in Completion of Library Construction

The statement of financial position and as disclosed in Note 24 to the financial statements reflects property, plant and equipment balance of Kshs.1,108,604,465 which includes capital work in progress balance of Kshs.92,586,738 which further includes Kshs.74,321,310 for construction of Ultra-modern Library, whose tender was awarded to a contractor at a contract sum of Kshs.454,697,725. The twenty-four (24) months contract was to commence on 5 January, 2022 and end on 5 January, 2024 but the completion period was revised to 29 November, 2024. However, review of the project's technical status report as at 30 June, 2023 indicated amounts certified as Kshs.74,205,590 which translates to 16% completion. Physical verification carried out in February, 2024 revealed that the project is ongoing and the contractor is on site.

In addition, it was observed that the University budgeted for a total of Kshs.97,823,775 for the construction of the library against an actual expenditure of Kshs.43,258,920 leading to underutilization variance of Kshs.54,564,855 arising from delay in funding from the Government.

Further, the University budgeted for a total of Kshs.160,714,335 only for development projects while a contract of over Kshs.454,697,725 had been signed for the construction of the library alone. This implies that the development budget approved was not consistent with the real development requirements of the University.

In the circumstances, the low development expenditure budget and slow work progress may subsequently result into cost overruns and value for money will not be achieved.

2. Weaknesses in the Procurement Plan

Review of the procurement plan for the year 2022/2023 which was provided for audit revealed the following inadequacies.

- i. A schedule of planned delivery, implementation or completion dates of all goods, works or services was not attached to the plan contrary to Regulation 41(b) of the Public Procurement and Asset Disposal Regulations, 2020.
- ii. The plan did not indicate whether some procurements were to be procured within a single year period or under a multi-year period.
- iii. There was no indication on whether any items could be aggregated for procurement as a single package or for procurement through any applicable arrangement for common user items.

- iv. The annual procurement plan was not done in accordance with the format specified in Regulation 42 of the Public Procurement and Asset Disposal Regulations, 2020 and pursuant to Section 53(2) of the Act that requires annual procurement plan be done in accordance with the format specified in the Third Schedule.

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

3. Unsupported Payments to Inter-Public Universities Council Consultative Forum (IPUCCF)

The statement of financial performance reflects an amount of Kshs.14,892,578 in respect to Council expenses which includes two expenditure amounts of Kshs.1,154,399 and Kshs.300,000 being payment to Inter-Public Universities Council Consultative Forum (IPUCCF). The payments were made to Technical University of Kenya KCB Bank as communicated from the Chairperson of the Vice-chancellors' Committee to all vice-chancellors and college principals vide a letter dated 31 March, 2023. The contributions were to aid in the following activities;

- i. Payment of legal fees for the representation of IPUCCF in court matters.
- ii. Outstanding and current Vice-chancellors' Committee and IPUCCF Secretariat Honoraria.
- iii. Support the function of the IPUCCF, Joint Negotiations Committee (JNC) up to the financial year 2024/2025.

However, no circular or authority from the Ministry of Education to authorize the payment was provided for audit review. Further, the regularity of the expenditure could not be confirmed. In addition, the expenditure was not budgeted for as it was expensed under University Management Board expenses.

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

4. Non-Compliance with Fiscal Responsibility Principles

The statement of financial performance and as disclosed in Note 14 to the financial statements reflects expenditure on compensation of employees of Kshs.402,079,144, which represents 64% of the total revenue of Kshs.626,365,657. This is in excess of the set limit of 35% as per Regulation 26(1) of the Public Finance Management (National Government) Regulations, 2015.

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

5. Non-Compliance with Law on Ethnic Composition

Review of the staff establishment and documents provided revealed that the University had two hundred and seventeen (217) employees out of which one hundred and fifty-two (152) or 70% were from one dominant community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the University Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

22 April, 2024

14. Statement of Financial Performance for the year ended 30 June 2023

	NOTES	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non Exchange Trans:			
Transfers from Ministries, Departments and Agencies (MDAs)	6 (b)	456,358,077	455,539,013
Levies, Fines and Penalties	7	126,230	49,600
Public Contributions and Donations	8	90,000	180,000
Total Revenue from Non-Exchange Trans		456,574,307	455,768,613
Revenue From Exchange Trans:			
Rendering Of Services	9	151,601,181	133,891,500
Sale of Goods	10	7,549,245	10,062,048
Rental Revenue from Facilities and Equipment	11	9,431,858	9,289,612
Other Income	12	1,209,066	2,987,739
Total Revenue from Exchange Trans		169,791,350	156,230,899
TOTAL REVENUES		626,365,657	611,999,512
EXPENSES			
Use of Goods and Services	13	167,517,223	163,137,359
Employee Costs	14	402,079,144	376,506,137
Council Expenses	15	14,892,578	12,839,020
Depreciation and Amortization Expense	16	57,742,215	45,356,761
Repairs and Maintenance	17	13,601,834	14,466,598
Contracted Services	18	7,160	50,800
TOTAL EXPENSES		655,840,155	612,356,675
Surplus/(Deficit) for the Period		(29,474,498)	(357,164)

The notes set out on pages 22 to 33 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Council by:



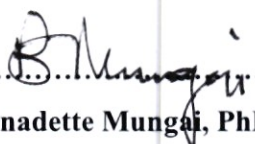
Prof. Peter N. Mwita
 Ag. Vice Chancellor

Date: 25/03/2024



CPA Irine Lumatete
 Head of Finance

ICPAK M/No: 16901
 Date: 25/03/2024



Dr. Bernadette Mungai, PhD
 Chairperson of the Council

Date: 25/03/2024

15. Statement of Financial Position as at 30 June 2023

ASSETS	NOTES	2022-2023	2021-2022
		Kshs	Kshs
Current Assets			
Cash And Cash Equivalents	19	179,388,561	156,245,688
Receivables from Exchange Trans	20	13,766,162	24,011,131
Receivables from Non-exchange Trans	21	69,726,969	50,001,800
Inventories	22	7,028,356	11,877,875
Prepayments	23	61,465	60,910
Total Current Assets		269,971,513	242,197,404
Non-current Assets			
Property, Plant & Equipment	24	1,108,604,465	1,060,465,949
Intangible Assets	25	1,613,974	7,243,062
Biological Assets	26	1,559,880	1,660,000
Total Non-current Assets		1,111,778,319	1,069,369,011
TOTAL ASSETS		1,381,749,832	1,311,566,416
Liabilities			
Current Liabilities			
Trade and Other Payables	27	(1,163)	(1,163)
Refundable Deposits and Prepayments from Customers	28	41,224,143	35,983,591
Current Provisions	29	9,594,396	9,330,152
Deferred Income	30	338,360	781,430
Special Accounts & Grants	31	4,225,213	4,779,828
Total Current Liabilities		55,380,949	50,873,838
Non-Current Liabilities			
Non-Current Provision	32	5,292,295	17,808,154
Capital Retentions	33	18,270,366	31,436,635
Total Non-Current Liabilities		23,562,661	49,244,789
Total Liabilities		78,943,610	100,118,628
Net Assets			
Revenue Reserves		25,364,082	64,947,530
Capital Fund	35	877,002,796	770,504,166
Revaluation Reserve	36	400,439,344	375,996,092
Total Net Assets		1,302,806,222	1,211,447,788
TOTAL NET ASSETS & LIABILITIES		1,381,749,832	1,311,566,416

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


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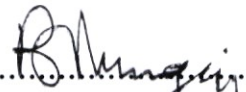
Prof. Peter N. Mwita
Ag. Vice Chancellor

Date: 25/03/2024


.....

CPA Irine Lumatete
Head of Finance

ICPAK M/No: 16901
Date: 25/03/2024


.....

Dr. Bernadette Mungai, PhD
Chairperson of the Council

Date: 25/03/2024

16. Statement of Changes in Net Assets for the year ended 30 June 2023

Description	CAPITAL FUND	REVENUE RESERVE	REVALUATION RESERVE	TOTAL
	Kshs	Kshs	Kshs	Kshs
At July 1, 2021	585,504,166	75,953,870	376,052,092	1,037,510,128
Adjustment	-	(10,649,176)	-	(10,649,176)
	585,504,166	65,304,693	376,052,092	1,026,860,952
Capital Grant	185,000,000	-	-	185,000,000
Fair Value adjustment on Biological Assets	-	-	(56,000)	(56,000)
Surplus/(Deficit) for the year	-	(357,164)	-	(357,164)
At June 30, 2022	770,504,166	64,947,530	375,996,092	1,211,447,788
At July 1, 2022	770,504,166	64,947,530	375,996,092	1,211,447,788
Adjustment	-	(10,108,950)	-	(10,108,950)
	770,504,166	54,838,580	375,996,092	1,201,338,838
Capital Grant	102,837,069	-	-	102,837,069
Capital Donations	3,661,561	-	-	3,661,561
Fair Value adjustment on Biological Assets	-	-	74,880	74,880
Revaluation Gain	-	-	24,368,372	24,368,372
Surplus/(Deficit) for the year	-	(29,474,498)	-	(29,474,498)
At June 30, 2023	877,002,796	25,364,082	400,439,344	1,302,806,222

Notes:

An analysis of the Adjustments made in the FY 2022/2023 is as below:

	Details	Kshs
a.	Student fee adjustment	(11,918,250)
b.	Provision for Part time	1,320
c.	Provision for Audit	(40,000)
d.	Provision for PSSP	2,298,100
e.	Rental Income-Double recognition	(334,400)
f.	Re-classification of expense from WIP	(115,720)
		(10,108,950)

- The student adjustments relate to student invoices recognized in the previous year, but the students deferred their studies.
- The provision for part time expense relates to underutilization of NSSF
- The audit adjustments relate to an under provision of audit expense in the previous years
- The PSSP policy was suspended hence an adjustment made on the PSSP expense made in the previous years
- Rental income was double recognized hence an adjustment to correct the same.
- An expense had been wrongly classified to WIP in the previous financial year hence reclassification of the same

17. Statement of Cash Flows for the year ended 30 June 2023

	NOTES	2022-2023 Kshs	2021-2022 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts:			
Transfers from Ministries, Departments and Agencies (MDAs)		456,358,077	455,539,013
Revenue from customers		160,083,755	127,460,212
Total Receipts		616,441,832	582,999,225
Payments:			
Operational Expenditure		199,191,879	208,363,445
Employee Costs		402,079,144	376,506,137
Council Expenses		14,892,578	12,839,020
Total Payments		616,163,601	597,708,602
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	39	278,230	(14,709,377)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	24	(75,883,271)	(136,242,219)
Increase/(Decrease) in Capital(Retentions) payables	33	(13,166,269)	(2,352,847)
Disposal of Biological Assets	26	175,000	90,000
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(88,874,540)	(138,505,065)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Capital Funds/Equity (Capital Grants)	35	106,498,630	185,000,000
Refundable Deposits from Customers	28	5,240,552	20,532,347
NET CASH FLOWS FROM FINANCING ACTIVITIES		111,739,182	205,532,347
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		23,142,873	52,317,905
Add Cash & Cash Equivalents At Start of the period		156,245,688	103,927,782
Cash & Cash Equivalents At End of the period	19	179,388,561	156,245,688

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

Particulars	ORIGINAL BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL ON COMPARABLE BASIS	PERFORMANCE DIFFERENCE	% OF UTILIZATION	EXPLANATION OF MATERIAL VARIANCES
RECURRENT BUDGET	Kshs	Kshs	Kshs	Kshs	Kshs		
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100	
INCOME							
Transfers from Ministries, Departments and Agencies (MDAs)	456,358,077	-	456,358,077	456,358,077	-	100	a
Levies, Fines, and Penalties	-	140,000	140,000	126,230	(13,770)	90	b
Public Contributions and Donations	-	100,000	100,000	90,000	(10,000)	90	c
Rendering Of Services	154,911,033	(1,947,673)	152,963,360	151,601,181	(1,362,179)	99	d
Sale of Goods	7,000,000	-	7,000,000	7,549,245	549,245	108	e
Rental Revenue from Facilities & Equipment	6,088,967	1,697,673	7,786,640	9,431,858	1,645,218	121	f
Other Income	-	10,000	10,000	1,209,066	1,199,066	12091	g
TOTAL INCOME	624,358,077	-	624,358,077	626,365,657	2,007,580	100	
EXPENDITURE							
Use of Goods and Services	150,354,681	17,210,146	167,564,827	167,517,223	47,604	100	h
Employees Costs	421,696,820	-	421,696,820	402,079,144	19,617,676	95	i
Remuneration of Council Members	14,116,526	777,474	14,894,000	14,892,578	1,422	100	j
Repairs and Maintenance	9,590,050	4,031,450	13,621,500	13,601,834	19,666	100	k
Contracted Services	150,000	(142,500)	7,500	7,160	340	95	l
Non-Current Assets	28,450,000	(21,876,570)	6,573,430	6,571,775	1,655	100	m
TOTAL EXPENDITURE	624,358,077	-	624,358,077	604,669,714	19,688,363	97	
RECURRENT SURPLUS/(DEFICIT)	-		-	21,695,942	21,695,942		
CAPITAL EXPENDITURE	191,877,266	(31,162,931)	160,714,335	65,765,655	94,948,680	41	

Budget Notes

1. Explanation of significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)

Rental revenue from facilities and equipment (f)

Increased occupancy by the students in the hostels led to increase in accommodation fees hence increased revenues received from rental facilities.

Other Income (g)

This was occasioned by: a decrease in provision for doubtful debts, gain on disposal and miscellaneous income.

2. An explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

Revenue

- The adjustment on Levies, fines & penalties, Public contributions & donations, rendering of services, Rental revenue from facilities and other income was pegged on mid-year performance review.

Expenditure

- The changes between original and final budget was based on mid-year actual performance review.
- The adjustments on capital expenditure was due to revision from the Supplementary estimates received during the financial year.

3. Purchase of Non-Current assets was moved to Property, Plant and Equipment hence is not part of the Statement of Financial Performance. It was capitalized and therefore forms part of the Statement of Financial Position. The table below shows reconciliation between the Statement of Budget comparison with actual amounts and Statement of Financial Performance surplus.

Reconciliation Between Recurrent Budget Comparison and S. F. Performance Surplus		Kshs
	Surplus As Per Statement of Comparison of Budget and Actual	21,695,942
Add:	Purchase of Non-Current Assets	6,571,775
Less:	Depreciation Charge for the year	(57,742,215)
	Surplus/(Deficit) As Per Statement of Financial Performance	(29,474,498)

19. Notes to the Financial Statements

1. General Information

Kaimosi Friends University is established by and derives its authority and accountability from University Act 2012. KAFU is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide quality education and training, research and innovation to meet the needs of a dynamic society.

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 at their estimated recoverable amounts. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) accrual allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying *KAFU'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 University. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS) accrual. The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>KAFU provided for doubtful debt on student debtors as at end of the financial year ended 30th June,2023.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows. <p>KAFU remits monthly staff pension contributions to KAFUCO SRBS and pays gratuity to its staff on contract which is recognised as an expense in the financial year.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41,</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

Financial Instruments

- b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.
- c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.
- d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

Ageing of receivables is done as at end of the financial year.

Other improvements to IPSAS

Applicable 1st January 2023

- *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amendments to refer to the latest System of National Accounts (SNA 2008).
- *IPSAS 39: Employee Benefits.* Now deletes the term composite social security benefits as it is no longer defined in IPSAS.
- **IPSAS 29: Financial instruments: Recognition and Measurement.** Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

The university continues to adopt the new changes made to the standard.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

	The University did not have any leases as at end of the financial year 30 th June,2023.
IPSAS 44:	<i>Applicable 1st January 2025</i>
Non-Current Assets Held for Sale and Discontinued Operations	<p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The University did not have any non-current assets held for sale and discontinued operations as at 30th June, 2023</p>

iii. Early adoption of standards

The University did not early-adopt any new or amended standards in the year 2022/2023.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Sale of goods

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

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 University'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 FY 2022-2023 was approved by the National Assembly in June 2022. 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 University upon receiving the respective approvals in order to conclude the final budget. Accordingly, the University did not receive any additional appropriations during the financial year 2022/2023.

The University's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the

accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 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 University 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.

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.

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. 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.

KAFU does not have any investment property.

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

University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation and amortisation are calculated on the straight-line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

Asset	Annual Rate
Buildings	2.5 %
Plant, Machinery and Equipment	20 %
Computer	25 %
Motor Vehicle	20 %
Furniture, Fixtures & Fittings	12.5 %
Intangible Assets	20 %
Books & Journals	12.5 %

As at end of the financial year 2022/2023, the University had a motor vehicle (KAW 523Z) which was received from Masinde Muliro University when the university was a constituent college of the University. Currently, the motor vehicle's ownership is still in the name of Masinde Muliro University. However, the University is in the process of returning back the vehicle.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the University. 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 University 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 University 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 University. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

KAFU did not have any leases in the FY 2022/2023.

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) Research and development costs

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

i) 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.

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 University 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

KAFU 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 University'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 the University has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the University 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.

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 University 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 University 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 20.

b) Financial liabilities

Classification

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

KAFU did not have any financial instrument as at end of the financial year.

j) 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 University.

k) Provisions

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

l) 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.

m)Contingent liabilities

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

The University entered into a Contract of Works on 23rd December, 2016, with Lubimbayi Limited, for the construction of the Tuition Block and Associated Works. The contract was terminated on 7th October, 2019 because of breaches.

The claimant is claiming Kshs 293,316,096.45 as damages while the respondent is claiming Kshs 772,704,079.68. In the event the University loses the case, the amount owed is a liability.

n) Contingent assets

The University does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial

statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

The University entered into a Contract of Works on 23rd December, 2016, with Lubimbayi Limited, for the construction of the Tuition Block and Associated Works. The contract was terminated on 7th October, 2019 because of breaches.

The claimant is claiming Kshs 293,316,096.45 as damages while the respondent is claiming Kshs 772,704,079.68. In the event the University wins the case, the amount owed is a debt but the probability of recovery cannot be reliably ascertained.

o) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. KAFU maintains revenue and capital reserves as per the approved policy by the University Council.

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

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

r) Foreign currency transactions

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

s) 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

t) Related parties

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over KAFU, or vice versa. Members of key management are regarded as related parties and comprise Council members, members of the University Management Board and Senate.

u) Service concession arrangements

The University 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, KAFU 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 University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

KAFU did not have any service concession arrangements at end of the FY 2022/2023.

v) Cash and cash equivalents

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

w) Comparative figures

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

x) 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, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of KAFU'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 university based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the 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 29 & 32.

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.

Provisions raised in this Financial Year are as below.

	Particulars	Kshs
i.	Provision for Gratuity	5,192,527
ii.	Provision for Audit Fees	968,000
iii.	Provision for Doubtful Debt of 10%	1,460,047
iv.	Provision for Electricity	404,892
v.	Provision for External Examiners	1,609,640
vi.	Provision for Fuel	15,903

6. Transfers from Other Government entities

Description	2022/2023	2021/2022
	Kshs	Kshs
Unconditional Grants		
Recurrent Grants	456,358,077	455,539,013
Development Grants	102,837,069	185,000,000
Total Government Grants and Subsidies	559,195,146	640,539,013

Operational grant is classified as recurrent grants and is used to facilitate operational expenditures whereas unconditional development grants are classified as development grants and used for the current development projects in the university.

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 Recognized in Capital Fund	Total Transfers 2022/2023	Prior Year 2021/2022
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department for Higher Education and Research	456,358,077	-	102,837,069	559,195,146	640,539,013
Total	456,358,077	-	102,837,069	559,195,146	640,539,013

7. Levies, Fines and Penalties

Description	2022/2023	2021/2022
	Kshs	Kshs
Surcharge & Fines	126,230	49,600
Total	126,230	49,600

This relates to surcharges and fines made to students for loss or destruction of property.

8. Public Contributions and Donations

Description	2022/2023	2021/2022
	Kshs	Kshs
Health Donations	-	-
Research Donations	-	-
Donations Transferred to Revenue on Conditions being met	-	-
Other Public Donations	90,000	180,000
Total Transfers and Sponsorships	90,000	180,000
Reconciliation of Public Contributions and Donations		
Balance unspent at Beginning of the Year		
Current year Receipts	90,000	180,000
Conditions met- Transferred to Revenue		
Conditions to be Met- Remain liabilities		

This is a donation received from KCB, Pride Kings and Neat Hygiene towards KAFU's 1st graduation ceremony

9. Rendering of Services

Description	2022/2023	2021/2022
	Kshs	Kshs
KUCCPS Tuition Fees	65,180,000	55,169,000
PSSP Tuition Fees	9,470,000	12,158,900
Master Tuition Fees	1,832,000	3,572,000
Ph.D Tuition Fees	252,000	540,000
Registration Fees	585,700	592,700
Teaching Practice/Attachment Fees	9,990,000	5,315,400
Student ID Cards	534,500	538,500
Examination Fees	15,164,500	14,388,300
Activity Fees	3,333,000	2,670,500

Description	2022/2023	2021/2022
	Kshs	Kshs
Amenity	3,334,000	2,669,000
Medical Fees	5,209,500	4,369,000
KUCCPS Processing Fees	1,498,500	1,492,500
ICT Levy	16,878,000	13,679,000
Library Fees	10,136,000	8,204,400
Graduation Fees	2,682,500	2,773,500
Students Organisation Fees (KAFUSO)	1,316,000	1,068,400
Application Fees	117,500	119,000
Supervision Fees	1,749,000	2,910,000
Supplementary Exams	486,000	497,400
CUE Quality Assurance Fee	1,057,000	1,045,000
Insurance Fee	68,500	24,000
Skills Laboratory Fee	200,000	48,000
Hospital Consumables	436,000	47,000
Research Income	90,981	-
Total Revenue From Rendering of Services	151,601,181	133,891,500

This is revenue collected from student fees. Library fee includes Library fee I and Library fee. Examination fees includes Thesis /Project examination and examination fee

10. Sale of Goods

Description	2022/2023	2021/2022
	Kshs	Kshs
Farm Sales	1,694,641	2,570,538.00
Catering Sales	5,854,604	7,491,509.80
Total Revenue from Sale of Goods	7,549,245	10,062,047.80

This is revenue from sale of farm produce and meals from the catering department. Catering sales includes students catering sales and catering income others.

11. Rental Revenue from Facilities and Equipment

Description	2022/2023	2021/2022
	Kshs	Kshs
Accommodation Fees	8,941,000	8,769,100
Hire of Hall & Conference facilities	28,000	8,000
Rent Income	173,000	435,800
Hire Of Playing Ground	-	17,000
Hire Of Bus	289,858	59,712
Total Rentals	9,431,858	9,289,612

This is revenue generated from accommodation given to students, rent and hire of facilities.

12. Other Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Other Incomes		
Gain on disposal	71,250	14,235
Miscellaneous Income	47,806	211,921
Bad & Doubtful Debts	1,090,010	2,761,583
Total Other Income	1,209,066	2,987,739

Miscellaneous income relates to charges recovered to cater for operating costs.

13. Use of Goods and Services

Description	2022/2023	2021/2022
	Kshs	Kshs
Academic Trips	177,800	182,430
Admission Expenses	416,870	220,870
Advertisements & Publicity	1,548,084	1,569,788
Alcohol and Drug Abuse Prevention and Counselling	-	100,000

Description	2022/2023	2021/2022
	Kshs	Kshs
Anti-corruption Expenses	6,000	151,920
Audit Fees	928,000	928,000
Bank Charges	514,156	498,045
Research innovation and Incubation expenses	72,300	4,200
Cleaning Materials	557,125	571,973
Coaching and Mentoring	-	6,100
CUE Inspection Expenses	-	108,610
Corporate Social Responsibility	-	216,430
Cultural Week/Tamasha Expenses	396,350	422,000
Disability and Gender Mainstreaming	77,600	174,550
Examination Expenses	1,902,403	888,260
External Examiners	2,907,440	1,946,620
Fees Waiver Expense	71,360	32,000
Fuel & Lubricants	4,173,726	2,410,118
Fumigation	640,000	640,000
Group Life Cover	1,489,613	1,466,362
Hire of Transport, Plants, Tents & Machinery	36,000	
HIV/Aids	270,300	486,830
ICT Operating Expense	268,220	98,450
Inter-University Games	741,100	632,880
ISO Certification	2,321,790	7,028,140
KAFUSO	916,250	1,012,500
KUCCPS Admission	-	1,317,000
Laboratory Materials	2,260,820	686,290
Library expenses	362,340	77,685
Subscriptions, License & Affiliation Expenses	1,570,790	1,400,390
University Management Board Expenses	1,154,399	2,452,730
Purchase of Medical Drugs and reagents	4,415,708	4,583,546
Curriculum development/review expenses	15,000	680,630
Office Expenses	533,298	767,133
Consultancy/Professional Services	1,000,000	2,263,964
Performance Contracting Services	757,577	575,910
Professional & Legal Charges	5,138,000	1,500,000
Property Insurance Expenses	627,525	719,891
Public Celebrations & Funerals	543,510	404,705
Printing & Publications	3,598,100	2,107,000
Purchase of Stationary	5,501,837	4,451,282
Recruitment, Appointments and Promotions	47,400	330,070
University College research fund	1,840,214	513,820
Sanitary Services Expenses	600,000	594,500
Teaching Practice	3,899,050	2,963,390
Security Services	15,137,170	14,556,320
SGC Elections & Training	661,670	893,470
Sports Equipment	-	297,780
Staff Training & Development	1,650,900	4,744,890
Seminars & Conference	219,850	519,950
Strategic Planning & Training expenses	433,250	-
Teaching Materials	624,020	150,105
Tender Expenses	1,000,000	1,729,700
Travelling & Accommodation expenses	10,101,110	12,565,725
Loss on Disposal	-	3,510,000
Graduation Expenses	3,974,874	2,773,500
Contracted Cleaning Services	6,719,999	5,740,000
Corporate social Responsibility / Community Outreach	249,750	
Research Expenses	11,850	
Staff ID	372,300	
Admission related expenses (KUCCPS)	1,434,000	
Staff Uniform & protective gears	46,000	378,680

Description	2022/2023	2021/2022
	Kshs	Kshs
Student Work Study	268,500	316,450
Payment of Medical Bills	23,486,504	18,782,200
Development of Policies and Statutes	424,370	
Collaborations and Linkages	42,550	256,254
Industrial Attachment	1,805,240	1,026,830
National Cohesion	27,400	100,000
Public Complains	59,660	89,600
Transport expense	100,190	49,370
Curtains and mattresses	499,970	1,119,000
IGU Operating Expenses	3,199,971	3,692,254
Catering Expense-Others	11,181,717	9,266,436
ODel Expense	749,444	519,530
CUE Quality assurance expenses	1,156,500	1,156,000
Career services expenses	18,050	126,405
Staff development programme	258,400	2,325,000
University Drama	713,540	690,992
Industrial workshop materials	199,964	340,990
Pension expenses	1,574,520	511,540
COVID-19 Related Expenses	-	465,150
Risk Management Expenses	67,900	412,880
Road Safety Mainstreaming	-	75,000
Professional Centre Expenses	900	683,470
Outsourced Landscaping & Lawn Mowing	2,149,629	614,697
Student Smart Cards	634,000	415,500
Charter Expenses	831,300	2,710,160
Competence Development Framework	1,500	318,220
Clinical Placement & Attachment	207,960	48,160
Directorate of Post Graduate studies	65,430	92,050
Thesis/Project Exam expense	2,373,100	
University senate board expenses	271,500	
Purchase of computer software	-	745,000
Purchase of Gowns	-	237,500
Purchase of Instrument of Authority	-	362,000
Internet Charges	8,076,634	8,166,318
Postal and courier expenses	75,965	115,325
Electricity expenses	5,445,089	5,015,491
Water & Sewerage	4,607,550	4,244,456
Loss on exchange rate transactions	7,479	-
Total Use of Goods and Services	167,517,223	163,137,359

Variations in expenditure are due to increased operational cost in the year under review.

14. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Basic salary	206,861,515	194,708,579
House Allowance	82,724,571	78,144,725
Commuting Allowance	12,476,474	12,393,139
Car Allowance	15,975,823	14,515,982
Responsibility Allowance	8,369,806	7,738,449
Acting Allowance	3,576,299	419,372
Entertainment allowance	5,263,333	4,810,159
Telephone Allowance	2,887,333	2,747,225
Domestic workers	1,320,000	1,260,000
Professorial Allowance	120,000	120,000
Risk Allowance	862,550	572,901
Extraneous Allowance	5,158,666	2,931,000
Passage and Baggage allowance	12,000	139,500

Description	2022/2023	2021/2022
	Kshs	Kshs
Part-time Teaching Payments	16,344,000	22,448,000
Gratuity	5,667,725	5,029,010
EMPLOYERS NSSF	1,691,430	976,720
Employers Pension Contributions	29,811,069	23,047,363
Leave Allowance	1,933,000	1,812,800
Casual Labour expenses	364,968	2,026,376
Electricity Allowance	111,982	55,803
Research/Book Allowance	335,000	335,000
Special Allowance	-	51,384
NITA Employer Contribution	141,600	152,650
Uniform Allowance	70,000	70,000
Total Employee costs	402,079,144	376,506,137

These are expenses in relation to remuneration of employees.

15. Council Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Sitting Allowance	4,974,000	3,968,000
Honoraria	900,000	-
Subsistence Allowance	3,824,800	4,777,500
Other Council Expenses	5,193,778	4,093,520
Total Council Expenses	14,892,578	12,839,020

Appointment of a substantive chairperson of council and special meetings occasioned by the award of charter and the 1st graduation ceremony led to increased costs.

16. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	Kshs	Kshs
Depreciation on Building	18,740,795	11,167,194
Depreciation on Computers, Copiers & Printers	6,712,327	6,094,577
Depreciation on Furniture, Fixtures & Fittings	4,262,100	4,103,930
Depreciation on Motor Vehicles	5,378,700	1,035,952
Depreciation on Plant, Machinery and Equipment	15,665,482	16,343,752
Amortization on ERP System	5,446,800	5,446,800
Depreciation on Books & Journals	1,353,725	982,269
Amortization on Computer Software	182,288	182,288
Total Depreciation and Amortization	57,742,215	45,356,761

The increase was due to completion and handover of the Tuition Block which was fully depreciated in the financial year.

17. Repairs and Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Maintenance of Buildings & Stations	2,799,125	8,419,702
Maintenance of Computers & Other Electronics	994,875	955,000
Maintenance of Motor Vehicles-Other Repairs	2,470,296	1,066,177
Maintenance of Plant & Equipment	1,436,652	1,738,495
Maintenance of Playgrounds	-	14,820
Maintenance of Water Suppliers & Sewerage	-	182,500
Maintenance of ERP system and other software	4,312,292	459,904
Maintenance of Networks	1,588,595	1,630,001
Total Repairs & Maintenance	13,601,834	14,466,598

Reduced costs is as a result of proper planning and adoption of improved maintenance strategies

18. Contracted Services

	2022/2023	2021/2022
Description	Kshs	Kshs
Property Valuation Expense	7,160	50,800
Total Contracted Services	7,160	50,800

The variation was occasioned by a reduced cost on valuation of biological assets.

19. Cash and Cash Equivalents

	2022/2023	2021/2022
Description	Kshs	Kshs
Current Account	179,388,561	156,245,688
Total Cash and Cash Equivalents	179,388,561	156,245,688

Variations are due to retention money held, funds for development project and student fee prepayments.

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account Number	2022/2023	2021/2022
		Kshs	Kshs
a) Current Account			
CO-OP PSSP FEES A/C	1129698477700	23,813,525	34,844,384
EQUITY KUCCPS FEES	960271081548	40,562,811	6,738,624
KCB SAVINGS A/C MMUST-KAIMOSI	1164385291	-	1,241,260
KCB SAVINGS A/C KAFUCO DEPOSIT	1203735065	45,412,448	42,649,015
KCB KAFUCO CAPITAL DEVELOPMENT A/C	1203709862	25,758,687	8,034,732
KCB-KAFUCO PAYMENTS A/C	1203735030	14,428,310	10,125,079
Equity Retention Account	0960279158643	27,691,781	50,773,530
KCB BANK GUARANTEE AC		1,082,000	850,000
ABSA RESEARCH ACCOUNT-A/C	2042616160	230,000	988,085
KCB RETENTION ACCOUNT	1222460874	-	980
STANDARD CHARTERED ACCOUNT	0102489010900	409,000	-
Grand Total		179,388,561	156,245,688

20. Receivables from Exchange Transactions**(a) Receivables from Exchange Transactions (Current)**

	2022/2023	2021/2022
Description	Kshs	Kshs
Receivables		
Student Debtors	14,600,467	25,500,568
Prov. for Doubtful Debts	(1,460,047)	(2,550,057)
Sundry Debtors	625,742	916,620
Insurance Claim Receivables	-	144,000
Total Current Receivables	13,766,162	24,011,131

These are current receivables from students, Insurance Regulatory Authority and Kenya Commercial Bank.

(b) Receivables from Exchange Transactions (Long-term)

	2022/2023	2021/2022
Description	Kshs	Kshs
Receivables		
Service, water and Electricity Debtors	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Receivables	-	-
Current Portion Transferred to current receivables	-	-
Total non- Current Receivables	-	-
Total Receivables (a+b)	13,766,162	24,011,131

(c) Ageing analysis for Receivables from exchange transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	2022/2023	% of the total	2021/2022	% of the total
Less than 1 year	5,315,259	35	12,449,535	47
Between 1-2 Years	9,339,208	61	233,000	1
Between 2-3 Years	0	-	7,305,262	28
Over 3 Years	571,742	4	6,573,392	25
Total (a+b)	15,226,209	100	26,561,188	100

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

	2022/2023	2021/2022
Impairment allowance/Provision	Kshs	Kshs
At the beginning of the year	2,550,057	5,311,640
Additional provision during the year		
Recovered during the year	(1,090,010)	(2,761,583)
Written off during the year		
At the end of the year	1,460,047	2,550,057

Provision for doubtful debts on student debtors is provided for at 10%.

21. Receivables from Non-Exchange Transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Staff Advances	389,900	1,800
Grants Receivable	69,337,069	50,000,000
Total Receivables from Non-Exchange Transactions	69,726,969	50,001,800

Ageing analysis for Receivables from non-exchange transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	2022/2023	% of the total	2021/2022	% of the total
Less than 1 year	69,726,969	100	50,001,800	100
Between 1-2 Years		-		-
Between 2-3 Years		-		-
Over 3 Years		-		-
Total	69,726,969	100	50,001,800	100

22. Inventories

Description	2022/2023	2021/2022
	Kshs	Kshs
Central Stores:- Stationary	1,568,849	2,799,322
Medical Drug Stores	1,128,949	2,521,267
Maintenance Stores	2,895,636	3,100,510
Central Stores :- Catering Stores (Foodstuff)	416,665	1,729,245
Central Stores:- Cleaning	109,100	145,275
Teaching Laboratory Stores	-	393,920
Farm Stores	909,158	1,188,336
Total Inventories	7,028,356	11,877,875

These are stocks held as at end of the financial year

23. Prepayments

Description	2022/2023	2021/2022
	Kshs	Kshs
Prepaid Nssf	6,000	6,000
VAT @ 16%	52,470	52,470
Withholding Vat 2%	2,995	2,440
Total Prepayments	61,465	60,910

24. Property, Plant and Equipment

Particulars	Land	Buildings	Motor vehicles	Furniture, Fixtures & fittings	Computer & Accessories	Plant, Machinery & Equipment	Books & Journals	Capital Work In Progress	Total
		2.5%	20%	12.5%	25%	20%	12.5%		
Cost:	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2021	204,000,000	350,955,030	39,574,550	31,275,335	32,361,062	85,888,021	6,643,177	302,604,469	1,053,301,644
Additions	-	-	-	2,074,800	1,928,000	3,414,000	1,619,968	127,122,734	136,159,502
Disposals	-	(3,600,000)	-	-	-	-	-	-	(3,600,000)
Transfer/ adjustments	-	390,130,927	-	-	-	-	-	(390,130,927)	-
At 30th June 2022	204,000,000	737,485,957	39,574,550	33,350,135	34,289,062	89,302,021	8,263,145	39,596,276	1,185,861,146
Additions	-	-	-	1,016,700	2,189,000	1,005,000	6,022,636	65,649,935	75,883,271
Disposals	-	-	-	-	-	-	-	-	-
Valuation/Transfer/adjustments	-	12,659,473	(12,681,050)	-	-	-	-	(12,659,473)	(12,681,050)
At 30th June 2023	204,000,000	750,145,430	26,893,500	34,366,835	36,478,062	90,307,021	14,285,781	92,586,738	1,249,063,364
Depreciation and impairment:									
At 1 July 2021	-	4,881,294	36,013,472	10,021,955	20,416,290	16,226,989	1,790,240	-	89,350,240
Depreciation for the year	-	11,167,194	1,035,952	4,103,929	6,094,577	16,343,750	982,269	-	39,727,671
Disposals	-	(90,000)	-	-	-	-	-	-	(90,000)
Impairment	-	-	-	-	-	-	-	-	-
Transfers/ adjustments	-	-	-	(283,538)	(4,435,796)	1,126,619	-	-	(3,592,715)
At 30th June 2022	-	15,958,488	37,049,424	13,842,346	22,075,071	33,697,358	2,772,509	-	125,395,196
Depreciation for the year	-	18,740,795	5,378,700	4,262,100	6,712,327	15,665,482	1,353,725	-	52,113,127
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfers/ adjustments	-	-	(37,049,424)	-	-	-	-	-	(37,049,424)
At 30th June 2023	-	34,699,283	5,378,700	18,104,446	28,787,398	49,362,840	4,126,234	-	140,458,899
Net Book Values:									
At 30 June 2023	204,000,000	715,446,147	21,514,800	16,262,389	7,690,664	40,944,181	10,159,547	92,586,738	1,108,604,465
At 30 June 2022	204,000,000	721,527,469	2,525,126	19,507,789	12,213,991	55,604,663	5,490,636	39,596,276	1,060,465,950

WIP of Kshs. 92,586,738 relates to works on Ultra-Modern Library, Construction of Perimeter Fence, LPG Installation, ICT Infrastructure and Renovation of Buildings & associated works.

Valuation

Land and buildings were valued by Mobisoft Ltd on 02.12.2020 on reinstatement cost basis of valuation, in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). These amounts were adopted by the Council on 26.04.2021.

24 (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	Kshs	Kshs
Land	204,000,000.00	-	204,000,000
Buildings	750,145,429.39	(34,699,282)	715,446,147
Furniture, Fixtures and Fittings	34,366,832.96	(18,104,447)	16,262,386
Computer, Copiers & Printers	36,478,061.78	(28,787,397)	7,690,665
Motor Vehicles	26,893,500.01	(5,378,700)	21,514,800
Plant, Machinery and Equipment	90,307,020.32	(49,362,840)	40,944,181
Books and Journals	14,285,781.00	(4,126,233)	10,159,548
Total	1,156,476,625	(140,458,899)	1,016,017,726

25. Intangible Assets

Description	ERP System	Computer software systems	TOTAL
	Kshs	Kshs	Kshs
Cost			
As at 1st July 2021	27,234,000	911,430	28,145,430
Additions	-	-	-
As at 30th June 2022	27,234,000	911,430	28,145,430
Additions	-	-	-
As at 30th June 2023	27,234,000	911,430	28,145,430
Amortization and impairment			
As at 1st July 2021	15,045,420	227,860	15,273,280
Amortization	5,446,800	182,288	5,629,088
As at 30th June 2022	20,492,220	410,148	20,902,368
Amortization	5,446,800	182,288	5,629,088
As at 30th June 2023	25,939,020	592,436	26,531,456
NBV	1,294,980	318,994	1,613,974

26. Biological Assets

Description	2022/2023	2021/2022
	Kshs	Kshs
Cows	1,559,880	1,660,000
Total Biological Assets	1,559,880	1,660,000

27. Trade and Other Payables

Description	2022/2023	2021/2022
	Kshs	Kshs
General Creditors	(1,162)	(1,162)
Capital Creditors	(1)	(1)
Total Trade and Other Payables	(1,163)	(1,163)

Ageing analysis: (Trade and other payables)

Description	2022/2023	% of the Total	2021/2022	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	(1,163)	100	(1,163)	100
Total	(1,163)	100	(1,163)	100

28. Refundable Deposits and Prepayments from Customers

Description	2022/2023 Kshs	2021/2022 Kshs
Fees Prepayments	37,089,143	32,569,591
Cautions Money-Refundable Deposit	4,135,000	3,414,000
Total Refundable Deposits and Prepayments from Customers	41,224,143	35,983,591

Ageing analysis: (Refundable deposits)

Details	2022/2023	% of the Total	2021/2022	% of the Total
Under one year	41,224,143	100	35,983,591	100
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	41,224,143	100	35,983,591	100

These are funds held in respect to caution money from students and fee prepayments

29. Current Provisions

Description	Provision for part time teaching payments	Provision for CBA Arrears	Provision for Fuel & Lubricants	Provision for Electricity	Provision for PSSP Payments	Provision for Graduation	Provision for Smart Cards	Provision for NITA Employer Contribution	Provision for Audit Fees	Provision for External Examiners expense	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Balance b/f	255,200	1,258,041	312,186	260,905	2,298,100	4,449,920	416,000	79,800	-	-	9,330,152
Additional Provisions	-	-	15,903	404,892	-	-	-	-	-	1,609,640	2,030,435
Provision utilised	(255,200)	-	(312,186)	(260,905)	(2,298,100)	-	(416,000)	(79,800)	-	-	(3,622,191)
Change due to discount and time value for money	-	-	-	-	-	-	-	-	-	-	-
Transfers from non-current provision	-	-	-	-	-	-	-	-	1,856,000	-	1,856,000
Total Provisions year end	-	1,258,041	15,903	404,892	-	4,449,920	-	-	1,856,000	1,609,640	9,594,396

Fuel and electricity were provided for since they are services incurred on a monthly basis and invoices were yet to be received at end of the financial year, however payments were made in the subsequent year.

30. Deferred Income

Description	2022/2023 Kshs	2021/2022 Kshs
National Government	26,500	36,500
International Funders	311,860	744,930
Public Contributions and Donations	-	-
Total Deferred Income	338,360	781,430

These are research grants received in respect to different researches and researchers. The amount is held as a liability in our accounts as at 30th June, 2023

The deferred income movement is as follows:

	National Government	International Funders	Public Contributions and Donations	Total
Description	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	36,500	744,930	-	781,430
Additions	-	1,497,661		1,497,661
Transfers to Capital Fund	-			-
Transfers to Income Statement	(10,000)	(49,287)		(59,287)
Disbursements	-	(1,881,444)		(1,881,444)
Balance Carried Forward	26,500	311,860	-	338,360

31. Special Accounts and Grants

	2022/2023	2021/2022
Description	Kshs	Kshs
Endowment Funds	409,000	333,000
HELB Loan Fund	1,583,390	1,557,290
CDF/Sponsorships	2,020,023	2,696,638
Direct bank deposits control account	212,800	192,900
Total Special Accounts & Grants	4,225,213	4,779,828

32. Non-Current Provisions

	Provision for Audit Fee	Provision for Gratuity	Total
Description	Kshs	Kshs	Kshs
Balance at the Beginning of the Year	1,816,000	15,992,154	17,808,154.45
Additional Provision	968,000	5,192,527	6,160,526.60
Provision Utilised	(928,000)	(15,892,386)	(16,820,386.47)
Change Due to Discount and Time value for Money	-		-
Less: Current Portion	(1,856,000)		(1,856,000.00)
Balance at the end of the year	-	5,292,295	5,292,295

Provision for Audit fees has been reclassified to current provision

33. Capital Retentions

	2022/2023	2021/2022
Description	Kshs	Kshs
Retention Fees 10 %	15,842,765	28,622,960
Retention 5%	-	52,495
CLOSED-Retention Account	2,427,601	2,761,180
Total Capital Retentions	18,270,366	31,436,635

34. Reserves

	2022/2023	2021/2022
Description	Kshs	Kshs
Revenue Reserves	60,650,873	71,116,986
Opening Balance Equity	(5,812,293)	(5,812,293)
Total Reserves	54,838,580	65,304,693

35. Capital Fund

	2022/2023	2021/2022
Description	Kshs	Kshs
Capital Development Funds	871,059,837	768,222,768
Capital Donations	5,942,959	2,281,398
Total OWNERS EQUITY	877,002,796	770,504,166

Capital donations increased as a results of book donation received from Maasai Mara University

36. Revaluation Reserves

Description	2022/2023	2021/2022
	Kshs	Kshs
Revaluation Reserves	400,439,344	375,996,092
Total Revaluation Reserves	400,439,344	375,996,092

36.a Revaluation Reserves

Description	Kshs
Balance b/d 01/07/2022	375,996,092
Additions during the year:	
Revaluation on Motor Vehicle	24,368,372
Fair Value adjustment on Biological Assets	74,880
Total Revaluation Reserve as at 30/06/2023	400,439,344

37. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The University did not make any surplus during the year (FY 2022/2023-Nil) and hence no remittance to the Consolidated Fund since it does not fall under category 3.

38. Taxation

The University does not realize taxable income hence no taxation. However, it withholds tax from suppliers and remits the same to KRA.

39. Cash Generated from Operations

	NOTES	2022-2023	2021-2022
		Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) for the Period		(29,474,498)	(357,164)
Add:			
Depreciation	16	57,742,215	45,356,761
		28,267,717	44,999,597
Working capital adjustments			
(Increase)/Decrease in receivables from exchange transactions	20	10,244,970	24,749,845
(Increase)/Decrease in receivables from non-exchange transactions	21	(19,725,169)	(44,371,400)
(Increase)/Decrease in inventory	22	4,849,519	2,559,986
(Increase)/Decrease in Prepayments	23	(555)	110,272
Increase/(Decrease) in Trade and other payables	27&31	(554,615)	436,951
Increase/(Decrease) in Provisions	29&32	(12,251,616)	(23,056,448)
Increase/(Decrease) in Deferred Income	30	(443,070)	(9,489,004)
Increase/(Decrease) in Revenue Reserve Adjustments	34	(10,108,950)	(10,649,176)
Total		(27,989,487)	(59,708,974)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		278,230	(14,709,377)

40. Financial Risk Management

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

i) Credit risk

KAFU 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 University's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2023				
Receivables from exchange transactions	13,766,162	13,766,162	0	0
Receivables from non-exchange transactions	69,726,969	69,726,969	0	0
Bank balances	179,388,561	179,388,561	0	0
Total	262,881,692	262,881,692	0	0
As at 30 June 2022				
Receivables from exchange transactions	24,011,131	24,011,131	0	0
Receivables from non-exchange transactions	50,001,800	50,001,800	0	0
Bank balances	156,245,688	156,245,688	0	0
Total	230,258,619	230,258,619	0	0

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the University has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. KAFU has significant concentration of credit risk on amounts due from students (receivables from exchange transactions). The Council sets the University's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University's Council, who have built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. KAFU 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	Kshs	Kshs	Kshs
As at 30th June 2023				
Trade payables	(1,163)	-	-	(1,163)
Current portion of borrowings	-	-	-	-
Provisions	9,594,396	-	5,292,295	14,886,691
Deferred income	338,360	-	-	338,360
Employee benefit obligation	-	-	-	-
Total	9,931,592	-	5,292,295	15,223,887
As at 30th June 2022				
Trade payables	(1,163)	-	-	(1,163)
Current portion of borrowings	-	-	-	-
Provisions	9,330,152	-	17,808,154	27,138,306
Deferred income	781,430	-	-	781,430
Employee benefit obligation	-	-	-	-
Total	10,110,419	-	17,808,154	27,918,573

iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the 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 University's Risk Management Committee is responsible for the development of detailed risk management policies (subject to review and approval by the University Council) and for the day-to-day implementation of those policies. There has been no change to the KAFU's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The University does not have any transactional currency exposures.

b) Interest rate risk

Interest rate risk is the risk that the University’s financial condition may be adversely affected as a result of changes in interest rate levels. The KAFU’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.

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.

All the University’s bank accounts are held in deposits and not savings, hence not affected by fluctuations in interest rates.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

The University does not hold any financial instrument

iv) Capital Risk Management

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	400,439,344	375,996,092
Retained Earnings	25,364,082	64,947,530
Capital Reserve	877,002,796	770,504,166
Total Funds	1,302,806,222	1,211,447,788
Total Borrowings	-	-
Less: Cash and Bank Balances	(179,388,561)	(156,245,688)
Net Debt/(Excess Cash And Cash Equivalents)	(179,388,561)	(156,245,688)
Gearing	0%	0%

41. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of Kaimosi Friends University, holding 100% of the KAFU's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external

Other related parties include:

- i) State Department for Higher Education and Research
- ii) KAFU key management
- iii) KAFU Council

Description	2022/2023	2021/2022
	Kshs	Kshs
Transactions with related parties		
a) Grants /transfers from the government		
Grants from national govt	456,538,077	455,539,013
Total	456,538,077	455,539,013
b) Key management compensation		
Council' emoluments	14,892,578	12,839,020
Compensation to key management	35,547,352	25,865,853
Total	50,439,930	38,704,873

N/B: Key Management includes the Vice Chancellor, Deputy Vice Chancellor- AF& D and Deputy Vice Chancellor- ASA

42. Segment Information

Kaimosi Friends University does not operate in different geographical regions other than the Main Campus, and therefore segmental reporting does not apply.

43. Capital Commitments

Capital Commitments	2022/2023	2021/2022
	Kshs	Kshs
Authorised and Contracted for	1,162,870,305	623,286,047
Total	1,162,870,305	623,286,047

44. Events after the Reporting Period

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

45. Ultimate and Holding Entity

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

46. Currency

The financial statements are presented in Kenya Shillings (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.

FY 2021-2022

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. Inaccuracies in Financial statements 1.1 Unsupported Depreciation and Amortization Expenses	The statement of financial performance reflects an amount of Kshs.45,357,000 under depreciation and amortization, which as disclosed in Note 16 to the financial statements relates to depreciation and amortization charged on the property, plant and equipment of the College. However, records presented for audit revealed depreciation and amortization charges amounting to Kshs. 52,730,660, resulting to unreconciled and unsupported variance of Kshs. 7,373,660. The management attribute to change in the depreciation however, no disclosure note has been made in the financial statement. In addition no explanation was provided for change in the depreciation and amortization rates,	After restatement, depreciation charges moved from Kshs 52,730,660 to Kshs. 45,357,000 after Management adopted and aligned depreciation as per the National Treasury Standard Asset Register Template. The variance which arose was restated as per Council approval of the over depreciation of PPE. Note that the variance of Kshs. 7,373,899.41 relates to over- depreciation in the year under review (FY 2021/2022), whereas Kshs 3,592,715.59 relates to prior years, which cumulates to a total of Kshs 10,966,615.00	RESOLVED	March 2023
1.2 Current and Non- current Provisions	The statement of financial position reflects an amount of Kshs. 9,330,000 and Kshs. 17,808,000 under current and non-current provisions, which as disclosed in Note 29 and 32 to the financial statements respectively and which relates to unpaid but existing liabilities, and some provisions. It is therefore not clear, and management has not disclosed why certain incurred services should be recorded as provisions. It is also not clear, and management has not explained, how provision for audit fees can be a non-current provision. In the circumstances, the accuracy and completeness of the indicated balance on current and non-current provisions of Kshs. 9,330,000 and Kshs. 17,808,000 respectively, could not be confirmed	The accrual basis of accounting requires that revenues are recorded when earned and expenses when incurred. Therefore, the audit expense relating to any particular financial year, should be charged to that specific year or period. Subsequently, the audit exercise for any particular financial year occurs after end of the year under review, which means that a provision for the same expense is provided for in that year. However, this is treated as non-current provision since the actual certificates/invoices are presented way after 2 years, which is more than 12months, hence a long term provision.	RESOLVED	June 2023

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)																																												
1.3 Unsupported Movement of Revenue Reserves	The statement of financial position reflects an amount of Kshs.64,947,000 under revenue reserves, however, this amount includes an adjustment of Kshs.10,649,000 made to the revenue reserves as disclosed in the statement of changes in net assets. The adjustments to revenue reserve related to ordinary transactions of the university like, deferring of fees, provision for part time lectures pay, revision of rate of depreciation and provision for gratuity. However, management did not explain the reasons for adjusting normal transactional activities directly to revenue reserves. In the circumstance, the accuracy of reported revenue reserves of Ksh 64,947,000 could not be confirmed.	The adjustments of Ksh 10,649,000 made to the revenue reserves were transactions which relates to prior years hence the treatment.	RESOLVED	March 2023																																												
Basis for conclusion 1.Non- Compliance to Fiscal Responsibility Principles	The statement of financial performance reflects expenditure on compensation of employees of Kshs. 376,541,887 and as disclosed in Note 14 to the financial statements is approximately 61% of the total revenue of Kshs. 612,000,000 which is in excess of the set limit of 35% as per Regulation 26(1) of the Public Finance Management (National Government) Regulations, 2015. In the circumstances, the Management was in breach of the law.	The core mandate of the University is teaching, research and community service. Being a service institution, the University invests more in human capital in order to meet the regulatory requirements hence most of the expenditure are in human capital. Since the university is still in its initial growth, some unavoidable fixed costs such as employee expenses will be incurred regardless of the entity size. However, the overall percentage cost is expected to reduce proportionately as the university grows.	ON-GOING																																													
2.Non-Compliance with Law on Ethnic Composition	Review of the staff establishment and documents provided revealed that the University had two hundred and nine (209) staff out of which one hundred and forty-one (141) or 64% are from one dominant community within the County. This is contrary to the provisions of Section 7(1) and (2) the National Cohesion & Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community. In the circumstances, the Management was in breach of the law.	In 2014 the University started as a College of Masinde Muliro University of Science and Technology with a total of 105 staff from one ethnic community (Luhya) who expressed interest to work in their home county. The University is striving to comply with the provisions of the National Cohesion and Integration by ensuring that during subsequent recruitment gender and ethnic balancing is adhered to. As at the end of FY 2021/2022, the percentage was as indicated in table below.	ON-GOING																																													
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3 Payment avoidable Penalties	<p>The statement of financial performance reflects employee cost of Kshs. 376,506,137 which as disclosed in Note 14 to the financial statements, includes employer NSSF of Kshs. 976,720. However, it was noted that the University incurred penalties amounting to Kshs. 103,720 due to late remittance of NSSF deductions</p> <p>This was contrary to Regulation 43 (d) of the Public Finance Management (National Government) Regulations, 2015 which states that an Accounting Officer shall manage, control and ensure that policies are carried out efficiently and wastage of public funds is eliminated</p> <p>In the circumstances, management was in breach of law</p>	<p>The penalty arose due to payment to part-time lecturers and not on full time members of staff. The University always remits NSSF deductions by 9th of the following month as per the NSSF Act. The University currently is understaffed with respect to academic staff and relies on part-time lecturers who are engaged for each academic semester (4 months), and earn and paid at the end of the period, after satisfying the requirements for payment that; Taught the required number of hours, set and marked CATs, invigilated semester examination, marked the exams and handed in mark sheets to CoD and submitted dully filled attendance sheet. However, NSSF envisages monthly deductions, which is not feasible under the present engagement. If the University opts to pay before they earn, this will lead to advance payment which is against the PFM Regulations 2015 98(2)</p>	RESOLVED	
4 Contingent Liability on Termination of a Contract	<p>Note 24 on Property, Plant and Equipment reflects Kshs.390,130,927 as total amount capitalized under buildings. Included, in this balance is Kshs.70,639,793 paid to a contractor. Review of the contract documents and other correspondences provided for audit revealed that, there was misunderstanding on project execution between the contractor and the University Management. As a result, the University Management terminated the contract in October, 2019 when the contract execution was at 18% of the total contract sum of Kshs.390,130,927 and later awarded the contract to a different contractor.</p> <p>However, vide a letter dated 8/2/2022, the contractor whose contract was terminated for purportedly failing to meet the contractual obligations went for arbitration demanding compensation amounting to over Kshs.293,316,096 citing wrongful termination. The matter is yet to be concluded.</p> <p>In the circumstances, the University risk losing substantial amount of money if the arbitrator rules in favour of the contractor whose contract was terminated.</p>	<p>Management has taken note of the need to conduct proper due diligence on contracts to avoid future litigation processes.</p>	ON-GOING	

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)
<p>5 Failure to Hand over Completed Projects in Time</p>	<p>Note 24 on property, plant and equipment reflect Kshs.390,130,927 as total amount capitalised during the year under review. Included in this amount are projects costing Kshs.30,483,524 which were completed between 2017 and 2018 and were expected to be capitalised and subjected to depreciation charge but this was not done</p> <p>Failure to subject completed buildings to depreciation is in contravention of Paragraph 71 of the International Public Sector Accounting Standards 17, which provides that depreciation of an asset begins when it is available for use, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.</p> <p>In the circumstances, the Management did not adhere to the accounting standards.</p>	<p>Management has taken note of the late submission of documents and will endeavour to submit and follow up on the documentation of projects by ensuring the final account, handing over certificate and practical completion certificate are submitted on time.</p>	RESOLVED	June 2023
<p>6. Inadequate Funding for Construction of a Library Block at Kaimosi Friends University</p>	<p>A contract for construction of a library block at Kaimosi Friends University was awarded to a company at a contract sum of Kshs.454,697,725. The construction work commenced on 5/1/2022 and was expected to be completed on 5/1/2024, a period of two years. The University Management was therefore expected to put in place measures to secure adequate funding for this project.</p> <p>However, examination of the documents and physical verification revealed the following:</p> <p>(a) During this audit in February 2023, one year had elapsed from the time of commencement of the project and only 14% of the work had been completed as per the certificate No.3 prepared in December 2022. Although, the University Management pegged the completion percentage at 21% in February 2023, the work progress was extremely slow and it may not be completed in the next 11 months as envisaged in the contract.</p> <p>(b) During the year under review, the University budgeted for a total of Kshs.188,946,000 only for development projects while the University Management had earlier negotiated a contract of over Kshs.454 million for the construction of the library alone. This implies that the budget provision</p>	<ul style="list-style-type: none"> Management has noted the slow progress works and has made communication to the contractor through the site meetings convened on monthly basis. Management will ensure issuance of updated works program and close supervision of the contractor. The University proposed budget for 2023/2024 is Kshs. 300M. However, this will be controlled by government ceiling on capital development budgets. 	ON-GOING	June 2024

FY 2020-2021

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 Unrecorded Receipts in Cash and Cash Equivalents	<p>The statement of financial position reflects cash and cash equivalents balance of Kshs. 103,928,000 as disclosed in Note 19 to the financial statements. Review of bank reconciling statements for the month of June 2021 revealed long outstanding receipts in bank statements not yet recorded in cash book of Kshs. 554,700. Management has not indicated when they will record the long outstanding receipts in the cash book.</p> <p>In the circumstance, the accuracy and completeness of the cash equivalents balance of Kshs. 103,928,000 could not be confirmed</p>	<p>The receipts in bank statements not yet recorded in cash book of Kshs. 366,600 and Kshs. 188,100 from COOP PSSP Fees account and Equity Bank KUCCPS Account respectively relates to receipts that could not be received to specific students because of incomplete student information. The receipts can only be received once the correct student number and name is ascertained, and the correct ledger is also ascertained.</p>	RESOLVED	July 2023
2.0 Consulting Contract on property valuation	<p>The statement of financial performance reflects contracted services expenditure of Kshs. 4,980,000 as disclosed in Note 18 to the financial statements incurred on property valuation. The contract which comprised of asset valuation, tagging, and asset register preparation was awarded to a consultant at a price of Kshs 4,980,000 and signed on 29th September, 2020. Although the consultant was paid on 21 December, 2020, the asset register prepared did not meet the guidelines given by the National Treasury on July, 2020 on Asset and Liability Management Reporting Registers and Template. Further, the contract required the bidder to have previous experience of similar works. However, no supporting documents were provided to confirm that the consultant had the experience.</p>	<p>The management will ensure that the asset register conforms to the given National treasury guidelines going forward.</p> <p>According to section 83(1) of the PPAD Act 2016: An evaluation committee may, after tender evaluation, but prior to the award of the tender, conduct due diligence and present the report in writing to confirm and verify the qualifications of the tenderer who submitted the lowest evaluated responsive tender to be awarded the contract in accordance with this Act. The tender document did not have the criteria on due diligence. Find attached a copy of section 83(1) of the PPAD Act 2016.</p>	RESOLVED	July 2022
3.0 High Employee costs	<p>The statement of financial performance reflects employee costs of Kshs. 352,771,000 as disclosed in Note 14 to the financial statements. The employee costs are approximately 61% of the total revenue of Kshs. 575,935,000 and may be unsustainable in the near future.</p> <p>In the circumstance, the wage bill may not be sustainable unless adequate measures are put in place to contain its rising.</p>	<p>The core mandate of the University is teaching, research and community service. Being a service institution, the University invests more in human capital in order to meet the regulatory requirements hence most of the expenditure are in human capital. Besides, development budget is appropriated differently from the recurrent budget.</p>	ON-GOING	

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)
7. Long outstanding Receivables from Exchange Transactions	<p>was not consistent with the real development requirements of the University.</p> <p>In the circumstances, the low development expenditure budget and slow work progress may subsequently result into cost overruns and value for money will not be achieved.</p> <p>The statement of financial position and Note 20 to the financial statements reflects Kshs. 24,011,131 in respect to receivables from exchange transactions which as disclosed in Note 20 to the financial statements includes a balance of K Kshs. 17,672,374 comprising of student debtors and sundry debtors – insurance of Ksh 17,100,633.00 and 571,741.50 respectively which had been outstanding for the period of over one year. Further, some of the debt relates to student who cleared their courses long ago.</p> <p>This was contrary to paragraph 5.2(i) and 5.2.2 the University Finance Policy which provides that all students must clear their outstanding accounts by the fourth week of the semester and other debtors being allowed a thirty (30) days moratorium period before payment of any outstanding amount due on contractual obligations. A 10% provision has been noted in these financial statements which appears inadequate</p> <p>In the circumstances, the recoverability of receivables from exchange transactions of Kshs. 17,816,374 could not be confirmed.</p>	<p>i. Student Debtors Management implemented the Fee Policy at the start of the academic year 2021/2022 which reduced student debtors from Kshs. 53,116,396 in the FY 2020/2021 to Kshs. 25,500,828 in the FY 2021/2022.</p> <p>ii. Sundry Debtors- Insurance Regulatory Authority Management has been following up on the outstanding payment of Sundry Debtors of Kshs. 571,741.50 from Insurance Regulatory Authority via demand letters.</p> <p>iii. Insurance claim receivable (AMACO) Management has been following up on the outstanding insurance claim receivable of Kshs. 144,000 from Amaco Insurance via demand letters. The debt has since been paid up and settled in the current financial year.</p>	PARTIALLY RESOLVED	June 2024

<p>Incomplete construction of Modern Dairy</p>	<p>The statement of financial position reflects property, plant and equipment balance of Kshs. 963,951,000 as disclosed in Note 24 to the financial statements. The balance includes work in progress of Kshs. 302,604,468. The work in progress amount includes construction of a modern dairy unit works certified of Kshs. 43,220,420. However, physical verification revealed that the calf burn unit was at foundation level and incomplete while the drainage works and floor were not properly done. Further, the floor had a section with mud posing future challenge to its cleaning and maintenance.</p> <p>In the circumstance, the value for money on the construction of modern dairy unit of Kshs. 43,220,420 could not be confirmed.</p>	<p>The Proposed construction of modern dairy project was tendered and awarded under a contract sum of Ksh 45,999,999. The scope of works of the project included:</p> <ul style="list-style-type: none"> • Construction of cow barn • Construction of Milling stores • Construction of milking parlor • Construction of Septic tank • Paddock and Construction of calf barn <p>The project was partially handed over to the management upon of completion of all the above sections apart from calf barn. The calf barn works were still in progress as at the time of the audit with a cumulative expenditure of Ksh 43,220,420.</p> <p>The drainage works were not in the scope of works provided to the contractor as seen in bill of quantities. The cumulative certificate of total works done as at the time of partial handover had no works on drainage that were paid for. The contractor provided a provisional drainage to temporarily serve the structures as management undertakes to complete the system through internal maintenance structure.</p> <p>The floor of the structure was specified in the document to have murrum which was in accordance to the specifications of Bill of quantities and usage for dairy farming.</p>	<p>RESOLVED</p>	<p>July 2022</p>
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FY 2019-2020

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)
<p>Inaccuracies in the Financial Statements</p>	<p>The following inaccuracies were noted from the review of the financial statements:</p> <p>i. The statement of cash flows reflect a decrease of Ksh.28, 053,000 under trade and other payables while the same component in the statement of financial position reflect a decrease of Ksh.14,368,000 resulting to unexplained variance of Ksh.13,685,000.</p> <p>ii. The statement of changes in net assets reflects revenue reserves as at 30th June 2020 of Ksh.74, 398,000 which differs with the amount of Ksh.74,413,000 in the statement of financial position indicated as</p>	<p>This figure includes the change in Trade payables in note 27, Employee benefit obligation in note 30, Payments received in advance in note 31 and Special accounts and grants in note 32.</p> <p>The statement of changes in net assets as at 30th June 2020 includes revenue reserves of Ksh.74, 398,000 and Fair value adjustment of Ksh.15,000 which cumulatively add to Ksh.74,413,000 that appears in the statement of financial position.</p>	<p>RESOLVED</p>	<p>December 2020</p>

	<p>reserves carried forward. Further the fair value adjustment of Ksh.15,000 reflected in the statement of net assets is not explained or supported by an accounting policy or framework. Consequently, the accuracy of the financial statements for the year ended 30th June 2020 could not be confirmed.</p>		
<p>Budgetary control and performance</p>	<p>The statement of comparison of budget and actual amounts reflects total budgeted revenues of Ksh.610,789,000 and actual revenues of Ksh.576,301,000 resulting to a budget shortfall of Ksh.34,488,000 or 6%.The statement also reflects total budgeted expenditure of Ksh.610,789,000 and actual expenditure of Ksh.499,110,000 resulting to under absorption of Ksh.111,679,000 or 18% of the budget. Management explained that the under absorption of Ksh.11,679,000 was caused by cessation of learning activities due to the Covid 19 pandemic. However, the budget shortfall and the under expenditure may have affected the planned activities of the University.</p>	<p>The under absorption of Ksh.11,679,000 was caused by cessation of learning activities due to the Covid 19 pandemic.</p>	
<p>1.0 Stalled Projects</p>	<p>Included in the work in progress of Kshs. 355,670,089 are projects worth Kshs. 36,426,376 as shown below:</p> <ul style="list-style-type: none"> Renovation of Existing Buildings & Associated Works: Start Date- 22 November 2018, Expec. Cmplet. Date- 21 May 2019, Contract Price -Kshs. 18,538,320, Amt Paid to Date Kshs. 13,669,890, Status:- Contractor not on site LPG Installation: Start Date- 1 April 2019, Expec. Complet. Date- 30 June 2020, Contract Price -Kshs. 9,986,490, Amt Paid to Date Kshs. 5,151,031, Status:- Resumption of work on this project depends on the completion of renovations in the project above. <p>At the time of audit in December 2020 the contractor was not on site and LPG installation had not started. Under the circumstances, the value for money on the expenditure of Ksh.18,820,921 incurred on the project may not be realised.</p>	<p>Management acknowledges the stalling of the LPG project. The project stalled as it was depended on another project for renovations of the Dining Hall in which the LPG gas was to be installed. However, the management followed up with the contractor and the project is back on track, expected to be completed by June 2024.</p>	<p>ON-GOING June 2024</p>
<p>2.0 Construction of a Tuition Block</p>	<p>The construction of a tuition block was awarded to a contractor on 23 December 2016 at a contract sum of Kshs. 125,138,335. However due to delayed completion, the contract was terminated and retendered on 8 April 2020. At the time of termination, Kshs. 87,593,233 had been paid and the remaining works at the time estimated at Kshs. 54,545,102. The retendered contract was enhanced to include other associated works and the total</p>	<p>The project is 100% complete and has been handed over.</p>	<p>RESOLVED August 2022</p>

	contract sum revised to Kshs. 269,827,933. The work as at the time of the audit was at 29% and is ongoing. The delay in completion of the project affects its delivery and its intended value to university.			
3.0 Staff Ethnicity	Upon examination of payroll for the month of June, 2020 it was observed that 74% of the university's employees were from one ethnic community against the recommended 70% and below. This is contrary to National Cohesion and Integration Commission Act, 2008 Section 7 (1) which requires that all public establishments seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community. Consequently, the management is in breach of the law.	The University shall implement on subsequent recruitments.	ON-GOING	
4.0 Investment of Excess Funds	The closing cash and cash equivalents as at 30 June 2020 was KShs. 151,316,974 as per the statement of financial position. The university held the funds in various current and savings accounts. Management has not provided valid reasons on why the funds were not being invested in short term bills/bonds as per the Treasury Circulars No.10 of July 1992 and No. 2 of February 1998. Consequently, the funds were not being used in an effective way.	The Treasury Circular No. 12 of 2002 dated 29 th November 2002 stipulates that State Corporation must continue investing surplus funds in treasury bills/bonds and seek treasury approval to invest in commercial banks and financial institutions. The break down for KES 151,316,974 is as follows; <ul style="list-style-type: none"> • KES 74,833,580.79 was for construction of Tuition Block which had been re-tendered and the contractor was on site and other projects. • KES 31,287,934.00 was retention money for contractors and refundable deposits from customers. • KES 1,000,000 was for research activities awarded at the end of the financial year. • Kes. 44,195,460.18 was meant for operations at the start of the new financial year and payment of pending bills. Therefore, KES 151,316,974 was not surplus funds hence the University could not invest the funds.	RESOLVED	December 2020

FY 2018/2019

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)
KSM/KAFU/2018/12	Procurement of fuel and lubricants from Total Kenya Plc with no local purchase order issued or service agreement signed by the two parties	Management noted the external Auditors' observation and has since signed a contract with Total Kenya that ended in December 2020. In 2021 the University engaged Vivo Energy and signed a contract.	RESOLVED	September 2019
2.0 Failure to Observe ONE-Third Rule	Examination of the payroll for the year revealed that nine (9) staff members were earning less than a third of their basic salaries contrary to the Employment Act 2007. Consequently, the management was in breach of the employment law and regulations.	The management has already taken corrective action and ensured strict adherence to the third basic salary rule after the observation by the Auditors since October 2019.	RESOLVED	October 2019

FY 2017/2018

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 Unsupported Payments	<p>1.1 Unsupported Payments in Bank Statement not yet Recorded in the Cash Book: The statement of financial position reflects a cash and cash equivalents balance of Kshs. 99,164,000 as at 30 June 2018. However, various payments were being made direct from bank account without any evidence of payment vouchers being processed in the cash book as detailed on various bank statement dates below:</p> <ul style="list-style-type: none"> • 30th June 2018 –Kshs. 16,800 • 31st May 2018 –Kshs. 30,016,280 • 31st April. 2018 –Kshs. 30,016,280 • 31st March 2018 –Kshs. 10,015,730 • 28th Feb. 2018 –Kshs. 10,015,620 • 31st January 2018 –Kshs. 10,005,510 • 31st December 2017 –Kshs. 0 • 30th November 2017 –Kshs. 10,000,550 	<p>The transactions were inter-bank transfers which did not require a payment voucher to be effected. The following documents confirms the same;</p> <ul style="list-style-type: none"> • Approvals of transfer letters, • copy of transaction declaration form, and • bank statements of transferor and payee bank <p>The other entries are bank charges which had not been recorded in the cash book.</p>	RESOLVED	January 2019

	<ul style="list-style-type: none"> • 31st October 2017 –Kshs. 4,410 • 30th September 2017 –Kshs. 7,910 • 31st August 2017 –Kshs. 4,410 • 31st July 2017 –Kshs. 3,750 <p>Total Kshs. 100,107,250</p>	Transfers and their related bank charges were later updated in the cashbook and the reconciliation is now up-to-date.										
2.0 Property, Plant & Equipment	<p>2.1 The statement of financial position indicates property, plant and equipment balance of Kshs. 46,842,000 as at 30 June 2018. However, the financial statements reflect purchase of Kshs. 106,066,000 additional property, plant and equipment while examination of the fixed asset register in respect of property, plant and equipment indicates total additional assets of Kshs. 104,333,595 resulting in an un-explained difference of Kshs. 1,732,405. Further, the fixed assets register remains un updated with the additional assets.</p> <p>Consequently, the accuracy, completeness and validity of property, plant and equipment balance of Kshs. 46,842,000 in the financial statements is in doubt.</p>	The variance was noted and corrected. Currently there is no variance between the financial statement PPE figures and the Asset Register.	RESOLVED	December 2020								
3.0 Trade and Other Payables	<p>Included in in the financial statements under Note 18 is trade and other payables from exchange transactions of Kshs. 36,031,000 which includes a balance of Kshs. 12,726,000 as refundable deposits from customers. This comprises of refunds meant for contractors' retention money. However, the University did not maintain a deposit account for the refunds. This is contrary to section 81(2) of the Public Finance Management Act (National Government) Regulations,2015 which stipulates that the accounting officer shall include in the financial statements a statement of the entity's assets and liabilities as at the end of the financial year in respect of the recurrent vote, development vote and funds and deposits.</p> <p>Consequently, the University is in breach of the law and the custody and safety of the refundable deposits of Kshs. 12,726,000 could not be ascertained.</p>	<p>The financial statement stipulated clearly the KAFU assets and liabilities in respect of the recurrent vote, development vote and funds and deposits as per PFM Act Section 81(2).</p> <p>The University noted the concern on custody and safety of the refundable deposits. The University management later opened a Retention Account for contractors, retention monies and refundable deposits from customers.</p>	RESOLVED	January 2020								
OTHER MATTER												
1.0 Budget as a Control Tool	<p>1.1 Under Absorption: Analysis of the approved budget revealed that the capital budget had been reduced to Kshs. 42,500,000 from Kshs. 170,000,000 due to utilization of the capital funds during the financial year 2016/2017 resulting to a balance of Kshs. 118,107,441 in the development account as at 30June 2017. During the year under review actual funding for development was Kshs. 36,337,500. However, the University only utilized Kshs. 88,137,142 representing 57% of the available funds amounting to Kshs. 154,444,941 leaving a balance of Kshs. 66,307,799 unutilized as detailed below (under absorption):</p> <table border="1" data-bbox="398 1273 1120 1407"> <thead> <tr> <th>Details</th> <th>Available Funds (Kshs)</th> <th>Actual Expenditure (Kshs)</th> <th>Balance (Kshs)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Details	Available Funds (Kshs)	Actual Expenditure (Kshs)	Balance (Kshs)					<p>The opening balance was meant to be utilized for the 24No Tuition Block project that had stalled thus the low absorption.</p> <p>However, after termination and re-tendering of the project, the amount has been fully utilized in construction of the said project.</p>	RESOLVED	December 2021
Details	Available Funds (Kshs)	Actual Expenditure (Kshs)	Balance (Kshs)									

	Amount carried forward from 2016/2017	118,107,441	-	-			
	Budgeted amount (170,000,000x 0.25= 42,500,000)	36,337,500	-	-			
	Total amount /budgeted & available for use	154,444,941	88,137,142	66,307,799			
2.0 Failure to Prepare Monthly Bank Reconciliation Statements	<p>All the seventy four (74) monthly bank reconciliation statements for the six (6) bank accounts were prepared on the 28 September 2018 as opposed to being prepared on a monthly basis as required by Section 90 (1) of the Public Finance Management Act 2012, which states that "An Accounting Officer shall ensure bank reconciliations are completed for each bank held by that Accounting Officer, every month and submit a bank reconciliation statement not later than the 10th of the subsequent month to the National Treasury with a copy to the Auditor-General". Further, the submitted bank reconciliations statements did not have the names, designation and the dates of the preparer, checker by and the reviewer respectively.</p> <p>In the circumstances, the validity, accuracy and completeness of the submitted bank reconciliation statements could not be ascertained.</p>				Management noted the concern of the external Auditors and since then has prepared monthly bank reconciliation statements in compliance with Section 90(1) of the PFM Act 2012.	RESOLVED	January 2019
1.0 Work in Progress	<p>1.1 Incomplete Works: Examination of tender documents revealed that an open tender was advertised in respect of construction of the proposed tuition block and associated works (Contract No. KAFU/EST/01/16-17), for contract price of Kshs. 125,138,335. The nine (9) firms bided. However, seven (7) firms were responsive hence considered for technical evaluation as follows:</p> <ul style="list-style-type: none"> It was noted that, Lubimbayi Construction Limited was awarded, at a fixed contract price of Kshs. 125,138,335 and formal agreement signed on 23 December 2016. Jumba Engineering Services were paid Kshs. 3,335,790 under the same contract but no payment voucher was made available for audit review. Further, how they were identified was not clear from the examination of both the Bills of Quantities (BQs) and evaluation reports. The contract start date was 24 January 2017 and expected completion date was 30 November 2017 (contract duration of 11 months). This was however revised to 30 May 2018. However, no extension letter has been availed for audit scrutiny. Thus the contract period elapsed and its now 2years later and the works have stalled. 				<p>The tuition block works was tendered in trio as;</p> <ol style="list-style-type: none"> Proposed Construction Tuition Block and associated works Supply delivery Installation, Testing and Commissioning of Sanitary fittings, Plumbing, drainage and portable fire-fighting equipment. Installation of electrical works. <p>Jumba Engineering Services was awarded a contract for installation of Electrical Works. The payment voucher for Jumba Engineering Services was provided.</p> <p>During the evaluation process Lubimbayi Construction Company Limited had the financial capability.</p>	RESOLVED	

	<ul style="list-style-type: none"> Further, it means the contractor Lubimbayi Construction Company Limited did not have the capacity; given the project has stalled and was already paid a total of Kshs. 70,206,564. 			
	<p>1.2 Project Physical Verification: Another contractor, Icon Construction Company Limited was on site, as evidenced by our interaction with his foreman but no signboard was erected to show that he was actually on the ground. No agreement between the contracted contractor, Lubimbayi and Capital Icon Construction Co. Limited was availed to enable us ascertain the terms of engagement of the new contractor.</p> <p>Further, cut off test established that all payments are done to Lubimbayi despite the fact that another contractor has been engaged, thus in case of any dispute arising from non-performance it's not clear who the University being the employer will sue and vice versa.</p> <p>No works evaluation report terminating Lubimbayi and engaging Capital Icon Construction Company Limited was availed for audit review.</p> <p>The University has not obtained value for money from the expenditure of Kshs. 70,206,564 already paid to the contractor for the incomplete works two years after contracting and no effort is being made to remedy the situation.</p>	<p>The tuition block works was tendered in trio as;</p> <ol style="list-style-type: none"> Proposed Construction Tuition Block and associated works –Awarded to Lubimbayi Construction Company Limited Supply delivery Installation, Testing and Commissioning of Sanitary fittings, Plumbing, drainage and portable firefighting equipment – Awarded to Josswa Plumbers and General Contractors Ltd. Installation of electrical works – Awarded to Jumba Engineering Services. The University had no contract with Capital Icon Construction Co. Ltd in respect to Construction of Tuition Block and Associated Works and therefore could not pay Capital Icon 	<p>RESOLVED</p>	
<p>2.0 Work in Progress</p>	<p>2.1 Split Tender: Examination of tender documents revealed that an open tender was advertised in respect of proposed removal of Asbestos, Re-roofing and Associated Works at Kaimosi Friends University (Contract No. KAFU/EST/04/17-18). The following was noted:</p> <p>The contract was awarded to four (4) contractors and divided in Lots I,II,III and IV. Total contract price was grand total of Kshs. 18,518,410. However, this works was split as follows:</p> <ul style="list-style-type: none"> Midland Construction Co.Ltd –Lot I, KAFU/EST/04/17-18 =Kshs. 5,118,400 Kontinum Access Construction Co. Ltd-Lot II, KAFU/EST/05/17-18 =Kshs. 4,135,950 Pan Cable Technology Kenya Kenya Ltd –Lot III, KAFU/EST/06/17-18 =Kshs. 4,286,610 Mecada Contractors Limited –Lot IV, KAFUCO/EST/07/17-18 =Kshs. 4,977,450 <p>TOTAL Kshs. 18,518,410</p> <p>No newspaper advertisement stating whether the tender was open, or request for quotations was availed for audit review. It was not clear, why similar works (proposed removal of asbestos, re-roofing and associated works) was done by four different contractors, some of which bided in all the four contracts. This is tantamount to split tender contrary to Section 54(1) of Public Procurement and Disposal Act 2015. Thus</p>	<p>Management noted the concern and since then no other tender has been split.</p>		

<p>3.0 Repairs & Maintenance</p>	<p>it was not clear why the said contract was done in batches instead of consolidating into one procurement, having been of similar service.</p> <p>3.1 Irregular Procurement of Minibus Repair Services: As disclosed in the report, the vehicle engine for KAW 523Z broke down as result of undue diligence and failure on the part of the driver to exercise reasonable care when engaging the gear system. The report on the damage of the vehicle is from the University department. Further inquiry and assessment was made and it was noted that the department does not have enough capacity in terms of technical know-how to carry out mechanical valuation and assessment. The report is prepared by a driver. It is expected that the University should have liaised with the mechanical officer in the Department of Public Works to aid in the process so that a competent assessment and report is done.</p> <p>Further analysis was done and it was revealed that Kshs. 1,288,618 was incurred as the cost for repairs. Namo Italiano Ltd was charged with the responsibility of the repairs. Consequently, the management was in breach of the procurement law and regulations.</p>	<p>Management noted the anomaly and has since then corrected where by all technical aspects relating to vehicles are first referred to the Public works department for assessment and guidance before taking any action.</p>	<p>RESOLVED</p>	
<p>1.0 Understanding the Entity</p>	<p>1.1 Non-Compliance on Issue on Audit Committee Requirement: It was noted that the Audit Committee did not have the following during the period under review: Approved Audit Committee Service Charter, Approved Risk Based Annual Work Plan (that contain s the risk assessment report) and the Internal Audit Strategic Plan,</p>	<p>Management noted external Auditors' observation and has since then done the following;</p> <p>1.0 The Internal Audit has an approved Audit Committee service charter.</p> <p>There is also an approved Risk based annual work plan that contains risk assessment report.</p> <p>The Department currently has an approved Audit Strategic Plan.</p>	<p>RESOLVED</p>	
	<p>Other notable observations include:</p> <p>i. The audit committee had some recommendations based on audit issues raised to the management which were not adequately responded to.</p>	<p>Management provide responses on all the audit queries raised by the Internal Audit. Audit track the implementation status of each recommendation raised and report to the audit committee to ensure implementation of the recommendations.</p> <p>The status of Audit Committee Recommendations implementation is always an agenda on the Audit committee meetings.</p>	<p>RESOLVED</p>	
	<p>ii. Minutes of the Audit Committee meeting were not signed contrary to Section 5.4 (e) of the same gazette notice number 2690 which requires that after the minutes are confirmed as true record of the meeting, they should be signed by the chair and the secretary.</p>	<p>All minutes of the Audit committee have been signed.</p>	<p>RESOLVED</p>	

FY 2016/2017

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 Stalled Tuition Block and Associated Works	<p>1.1 The 2016/2017 statement of financial position and as disclosed under Note 16 and 17 to the financial statements reflect a balance of Kshs. 103,780,345 which include an amount of Kshs. 52,994,094 in respect of capital works in progress. It was noted that the University awarded a local contractor a contract to construct twenty-four (24) units of tuition block and associated works at a price of Kshs. 52,994,094 captured as work in progress in the financial statements. The components of the works include, main tuition block with 24 units of lecture rooms and 25 offices, mechanical and electrical services, access road and parking yard to paved concrete block finish and a project vehicle. However, a site visit conducted on the project revealed the following anomalies:</p> <p>i). The project had stalled and the contractor has left the site. ii). No materials are on site. iii). Certificates of works done and contract agreement, including project timelines were not availed for audit review. The project started on 10 January 2015 and was supposed to be complete by 10 September, 2017 and seven months down the line the project is not yet complete. iv). There were no progress reports from the public works officer to confirm that the construction works were supervised/inspected by a certified public works officer before payments were made. In the circumstances, it has not been possible to ascertain the carrying value of property, plant and equipment balance of Kshs.103, 780,345</p>	<p>i. The University noted that the project had stalled and efforts were made through default notices and other correspondences to rescue the project. The project stalled because the contractor was not executing the project as per the timelines. ii. Termination process was undertaken and finally project re-tendered and a new contractor engaged. The project is currently progressing on well at 50% completion status and is expected to be complete by April 2021. iii. Certificates for works done including contract agreement and project timelines for the previous contract were provided. iv. Management noted the observation of External Auditors and has since then engaged officers from the ministry of Public Works who have since been filing regular reports and certificates. -Certificates for the old and new contracts -Sample Regular/Progress reports from the public works officers.</p>	RESOLVED	May 2020
2.0 Tuition Fees	<p>2.1 The statement of financial performance and as disclosed under Note 2 to the financial statements reflects a figure of Kshs. 55,868,150 as at 30 June 2017. A review of the tuition fees records showed actual collection figure of 55,868,150. However, schedules availed in support of receipts only added up to a figure of Kshs. 50,488,289 resulting in an un-explained variance of Kshs. 5,379,861</p>	<p>The University is a state corporation that reports its financial transactions and statements on accrual basis and not cash basis. Therefore, the variance of Kshs. 5,379,861 is the fees arrears for the year under review kept on separate schedule and forms part of the total expected tuition fees of Kes. 55,868,150 as per total student invoices.</p>	RESOLVED	
	<p>2.2 Accommodation fees figure of Kshs. 1,948,100 differed with the supporting schedule total of Kshs. 1,450,500, leaving un-reconciled variance of Kshs. 497,600. In addition, there were other variances between the financial statement balances and the supporting schedules as detailed below; 2.3 The financial statement balance of Catering Income of Kshs. 5,471,360 differed with its support schedules of balance of Kshs. 2,524,900 resulting in un-explained variance of Kshs 2,946,460. 2.4 The financial statement balance of Rent Income of Kshs. 32,500 differed with its support schedules of balance of Kshs. 32,000 resulting in un-explained variance of Kshs. 500</p>	<ul style="list-style-type: none"> The variance of Kshs. 497,600 relates to arrears that forms part of the total expected fees from accommodation of Kshs. 1,948,100 The variance of Kshs. 2,946,460 relates to arrears that forms part of the total expected income from Catering income of Kshs. 5,471,360 The variance of Kshs. 500 relates to arrears that forms part of the total expected income from rent of Kshs. 32,500 		

	<p>2.5 The financial statement balance of Sale of Tender Documents of Kshs. 50,000 differed with its support schedules of balance of Kshs. 49,000 resulting in unexplained variance of Kshs. 1,000.</p> <p>2.6 The financial statement balance of Supplementary Exams of Kshs. 70,000 differed with its support schedules of balance of Kshs. 69,000 resulting in unexplained variance of Kshs. 1,000.</p> <p>2.7 The financial statement balance of Personnel Emoluments of Kshs. 15,046,084 differed with its support schedules of balance of Kshs. 14,936,815 resulting in unexplained variance of Kshs. 109,269.</p> <p>In the circumstances it has not been possible to ascertain the accuracy and completeness of tuition fees figure of Kshs. 55,868,150 and other amounts reflected in the financial statement.</p>	<ul style="list-style-type: none"> The variance of Kshs. 1,000 relates to arrears that forms part of the total expected fees from sale of tender of Kshs. 50,000 The variance of Kshs. 1,000 relates to arrears that forms part of the total expected fees from supplementary exams of Kshs. 70,000 The variance of Kshs. 109,269 relates to unpaid..... that is part of the total personnel costs of Kshs. 15,046,084 <p>Therefore, all the variances to the above transactions are accrued items of incomes and expenditure that were included in respective ledgers for accrual basis.</p>		
3.0 Revaluation Reserve	3.1 The statement of financial position shows revaluation reserve balance of Kshs. 7,350,372 which was not supported with a detailed schedules and notes to the financial statements. Further, the University did not carry out any valuation/revaluation of assets during the year under review. In the circumstances, it was not possible to ascertain validity and accuracy of the revaluation reserves balance of Kshs. 7,350,372.	The Kshs. 7,350,372 is the assets donated by MMUST to KAFU when the University was starting.	RESOLVED	
4.0 Under Collection of Tuition Fees	4.1 The University failed to meet its target in collection of tuition fees by Kshs 22,938,550 with a budget of Kshs. 78,806,700 and actual collection of Kshs. 55,868,150 which leads to a variance of 110% of its revenue target.	<ul style="list-style-type: none"> The variance was 29% and not 110% The budget item-tuition fees collection was not met because the first year admission target from KUCCPS for 2016/2017 was not achieved. The University had projected to receive an additional 850 students to add up to 1,397 students but received an actual of 654 adding up to a total of 1,201 students. 	RESOLVED	
5.0 Over-Expenditure	5.1 There was an over expenditure of Kshs. 2,110,697 on repair and maintenance cost leading to a variance of 159% arising from the budgeted cost of Kshs 3,600,000 against the actual expenditure of Kshs. 5,710,697. Also there was an over of Kshs. 1,013,920 on Council expenses which lead to an over expenditure of 110% of the budget of Kshs. 10,000,000 against actual expenditure of Kshs. 11,013,920.	i. The variance on Repair and Maintenance was 59% and not 159% and The variance on Council expenses was 9% and not 110%	RESOLVED	

Signature:  Date: 25/03/2024

Prof. Peter N. Mwita
Ag. Vice Chancellor, KAFU

Appendix II: Projects implemented by KAFU

Projects implemented by the State Corporation/ SAGA Funded by the Government.

S/No	Project Title	Project Number	Donor	Period/ Duration	Donor Commit ment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Proposed Construction of Ultra-Modern Library and Associated Works	KAFU/LIB/001/2021-2022	GOK	104 Weeks	None	No	Yes
2	Construction of Perimeter Wall	KAF/LIB/001/2021-2022	GOK	156 Weeks	None	No	Yes
3	Renovation of Buildings and Associated works	KAFU/EST/D.HALL/001/2022-2023	GOK	36 Weeks	None	No	Yes
4	Supply, Installation and Commissioning of LPG Gas	KAFU/DN/01/18-19	GOK	56 Weeks	None	No	Yes
5	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University	KAFU/ICT/T04/2018-19	GOK	52 Weeks	None	No	Yes

Status of Projects completion

QUARTER 1 FY 2022-2023

S/No	Project Name	Total Project cost (Kshs.)	Total Expended to date (Kshs.)	Completion % to date	Budget (Kshs.)	Actual	Sources of Funds
	Ongoing						
1.	Proposed Construction of Ultra-Modern Library and Associated Works KAFUCO/LIB/001/2021-2022	645,555,963	31,062,390	15%	97,823,775	31,062,390	GOK
2.	Supply, Installation and Commissioning of LPG Gas	10,000,000	5,151,030	71%	5,000,000	0	GOK
3.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College - KAFUCO/ICT/T04/2018-19	3,986,185	3,382,856	85%	0	0	GOK

QUARTER 2 FY 2022-2023

S/No	Project Name	Total Project cost (Kshs.)	Total Expended to date (Kshs.)	Completion % to date	Budget (Kshs.)	Actual	Sources of Funds
	Ongoing						
1.	Proposed Construction of Ultra-Modern Library and Associated Works KAFUCO/LIB/001/2021-2022	645,555,963	65,320,700	20%	97,823,775	65,320,700	GOK
2.	Supply, Installation and Commissioning of LPG Gas	10,000,000	5,151,030	71%	5,000,000	0	GOK
3.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College- KAFUCO/ICT/T04/2018-19	3,986,185	3,382,856	85%	0	0	GOK

QUARTER 3 FY 2022-2023

S/No	Project Name	Total Project cost (Kshs.)	Total Expended to date (Kshs.)	Completion % to date	Budget (Kshs.)	Actual	Sources of Funds
	Ongoing						
1.	Proposed Construction of Ultra-Modern Library and Associated Works KAFUCO/LIB/001/2021-2022	645,555,963	65,320,700	22%	97,823,775	65,320,700	GOK
2.	Supply, Installation and Commissioning of LPG Gas	10,000,000	5,151,030	71%	5,000,000	0	GOK
3.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College- KAFUCO/ICT/T04/2018-19	3,986,185	3,382,856	85%	0	0	GOK

QUARTER 4 FY 2022-2023

S/No	Project Name	Total Project cost (Kshs.)	Total Expended to date (Kshs.)	Completion % to date	Budget (Kshs.)	Actual	Sources of Funds
	Ongoing						
1.	Proposed Construction of Ultra-Modern Library and Associated Works KAFUCO/LIB/001/2021-2022	645,555,963	74,321,310	24%	97,823,775	74,321,310	GOK
2.	Construction of Perimeter Wall	598,928,587	7,292,935	7%	40,000,000	7,292,935	GOK
3.	Renovation of Buildings and Associated works	2,890,560	1,525,635	95%	2,890,560	1,525,635	GOK
4.	Supply, Installation and Commissioning of LPG Gas	10,000,000	6,179,722	95%	5,000,000	6,179,722	GOK
5.	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College - KAFUCO/ICT/T04/2018-19	3,986,185	3,382,856	85%	0	0	GOK

Appendix IV: Transfers from Other Government Entities.

Kaimosi Friends University (KAFU) wishes to confirm the amounts disbursed as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Kaimosi Friends University as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by State Department for Higher Education and Research (Kshs) as at 30th June 2023				Amount Received by KAFU (KShs) as at 30 th June 2022 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT22189ZMT59	08/07/2022					50,000,000	(50,000,000)
FT222154QTVG	03/08/2022	38,029,840			38,029,840	37,874,348	155,492
FT22251Z2V6S	08/09/2022	38,029,840			38,029,840	37,874,348	155,492
FT22273W5KTJ	30/09/2022		33,500,000		33,500,000	67,500,000	(34,000,000)
FT22276N1V01	03/10/2022	38,029,839			38,029,839	37,874,347	155,492
FT223146880C	10/11/2022	38,029,840			38,029,840	37,874,348	155,492
FT22343L6NBD	09/12/2022	38,029,840			38,029,840	37,874,348	155,492
FT223649ZN6H	30/12/2022	38,029,839			38,029,839	37,874,348	155,491
FT230348RP6V	03/02/2023	38,029,840			38,029,840	37,874,348	155,492
FT23076G9Y4V	17/03/2023	38,029,840			38,029,840	37,874,348	155,492
FT23104XBMTN	14/04/2023	38,029,837			38,029,837	37,874,347	155,490
FT231259GTZX	05/05/2023	38,029,841			38,029,841	37,874,348	155,493
FT23160T1FR9	09/06/2023	38,029,841			38,029,841	38,397,767	(367,926)
FT23178XQS68	27/06/2023	38,029,840			38,029,840	38,397,768	(367,928)
FT23185X106B	04/07/2023		69,337,069		69,337,069	67,500,000	1,837,069
Total		456,358,077	102,837,069		559,195,146	640,539,013	(81,343,867)

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

**Ag. Vice Chancellor
Kaimosi Friends University**

**Head of Accounting Unit
State Department for Higher Education & Research**

Sign

Sign

