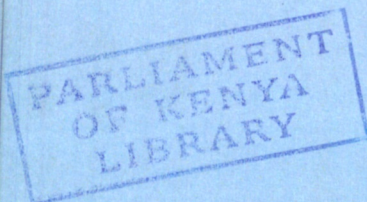


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

PAPER LAID
BY THE
LEADER OF
THE MAJORITY
PARTY ON
16/5/2017

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KIBABII UNIVERSITY COLLEGE**

**FOR THE YEAR ENDED
30 JUNE 2016**



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Kibabii University



ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**



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

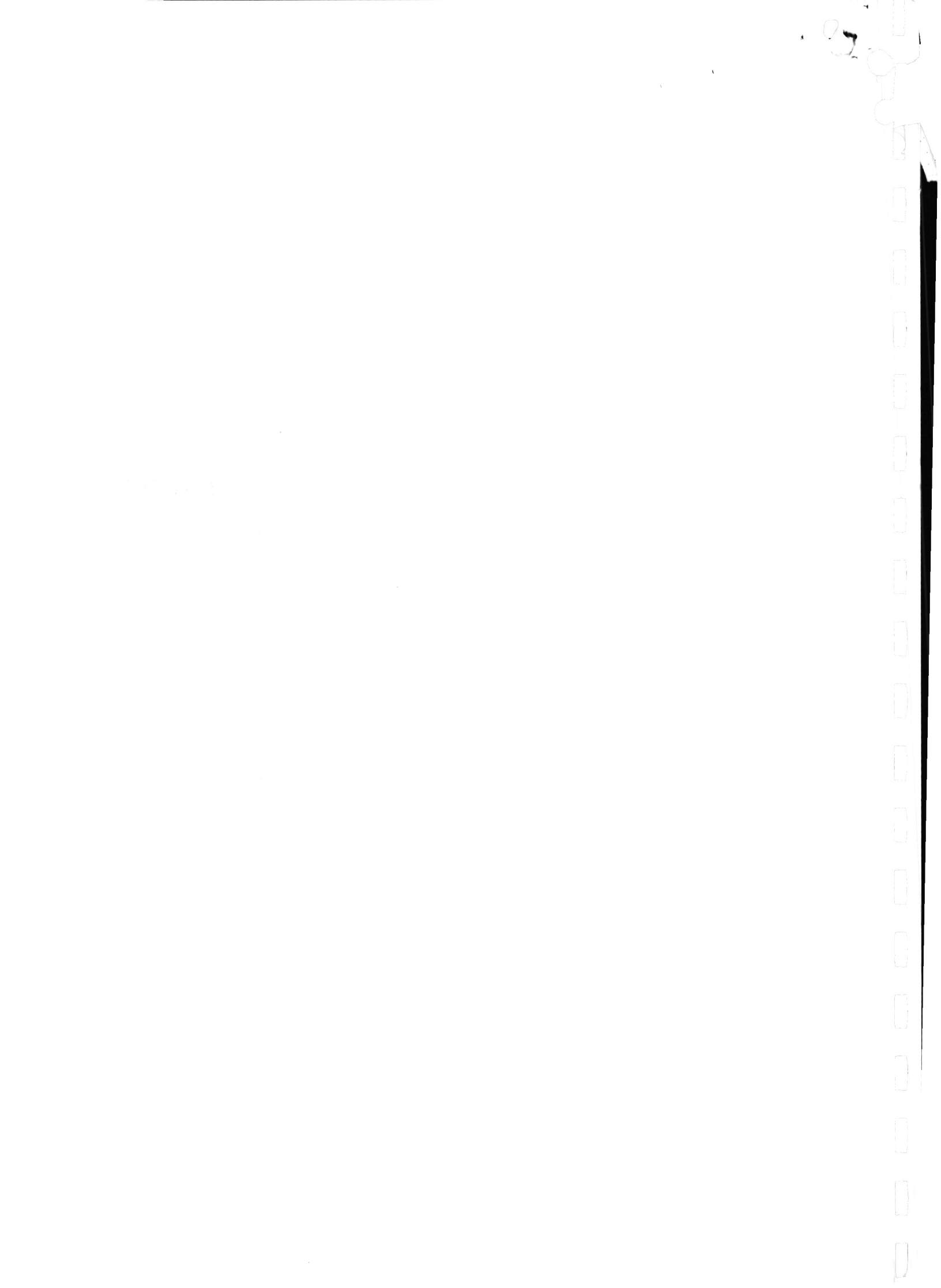


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I. KEY KIBABII UNIVERSITY INFORMATION AND MANAGEMENT

(a) BACKGROUND INFORMATION

The establishment of Kibabii University (KIBU) is traced to the origins of Kibabii Teacher Training College which is the precursor to the current Kibabii University. For more than twenty years, the proposed Kibabii Teachers Training College in Bungoma South district remained a mere dream until 19th September, 2007, when His Excellency President Mwai Kibaki graciously presided over a ground breaking ceremony at the proposed site.

The History of a Teacher Training College in Kibabii dates back to the pre-independence period. The idea was initiated by the Mill Hill Fathers in 1932. This college trained P4's between 1932 and 1942 and P3's between 1958 and 1961 in the current St. Mary's Kibabii High School. However, the college was moved to Eregi to become Eregi Teacher Training College in 1962.

The idea of Kibabii Teachers College was revisited by the local community in 1978. The Government accepted the idea and the Ministry of Education through Projects Implementation Unit and African Development Bank Tender No. PIN/ADB/BLDG/01/94-95 on construction of Kibabii Primary Teachers Training College gave notice of prequalification of contractors. Subsequently into M/C Metic General Contractors was awarded the contract to put up Kibabii College in March 1997. However, the African Development Bank soon ceased funding the Kenya Education II project under which Kibabii Teachers College was to be financed.

In 2007, the Government gave Kibabii Teachers' Training College a new lease of life. What started as a dream was slowly becoming a reality after President Kibaki's ground breaking ceremony that led to the revival of the project. With the President's nod, facilities belonging to Ministry of Gender and Social services in Tuuti within Kibabii area were leased to accommodate the first intake of students as construction works at the proposed site were embarked on. That was in December 2007. Due to limited space, second year students used to take lessons in tents provided by UNICEF. The construction works at the college were undertaken by MILICON'S LTD and his team of sub-contractors with a target that the college was to be fully operational by 25th of May 2011. The project had a workforce of 700 workers thus contributing to employment creation in the area.

Due to a request by the leaders from Bungoma County, His Excellency, President Mwai Kibaki, declared that the newly constructed facilities for Kibabii Diploma Teachers' College be converted to Kibabii University. This was formalized by the Kenya gazette notice of 12th August 2011 that established Kibabii University as a constituent college of Masinde Muliro University of Science and Technology via Legal Notice No.115 of August 2011. This was followed by award of Charter by His Excellency President Uhuru Muigai Kenyatta on 14th November, 2015 which gave the institution fully-fledged university status.



(b) PRINCIPAL ACTIVITIES

The mandate of the University, as contained in the Kibabii University Charter are to;

- a) Provide directly, or in collaboration with other institutions of higher learning, facilities for university education including technological, scientific, professional education and research;
- b) Advance knowledge and its practical application by research, innovation and other means;
- c) Disseminate the outcomes of research by various means, and commercially exploit the results of such research;
- d) 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 other organizations;
- e) Contribute to industrial and technological development of society in collaboration and partnership with industry and other organizations;
- f) Develop quality and relevant programmes for degrees, diplomas and certificates;
- g) Establish colleges, faculties, schools, centres, institutes, departments, and other resources and administrative units as may be appropriate;
- h) Inculcate and promote a culture of innovation, critical inquiry and creativity in art, science, technology, engineering, and education, amongst staff, students, and society;
- i) Develop an institution of excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application to society;
- j) Provide multi-level system of education and training that is relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between educational levels;
- k) Provide high quality facilities for educational, research, residential, commercial, cultural, social, recreational, sporting, and other activities;
- l) Facilitate student mobility between programmes of study at different universities;
- m) Participate in commercial ventures and activities that promote the objectives of the institution;
- n) Foster the general welfare of staff, students, and the community;
- o) Provide opportunities for development and further training for the staff of the institution;
- p) Develop and provide educational, cultural, professional, technical and vocational services to the community, and in particular foster corporate social responsibility;
- q) Facilitate the development, provision, and expansion of services, programmes, and other products in ways that are easily accessible and which reflect the principles of equity and social justice;

- r) Conduct examinations, and grant such academic awards as may be provided for in the Statutes, and to syndicate examinations for awards at other institutions as may be approved by senate;
- s) Determine who may teach, what may be taught, and how it may be taught in the University;
- t) Promote social-economic development in line with the country's development agenda; and
- u) Ensure University sustainability and adoption of the best practices in University management and institutionalization of systems of checks and balances.

PHILOSOPHY

Kibabii University embodies the view that Science, Technology and Innovation are critical for sustainable utilization of material and human resources for the posterity of the universe.

VISION

To be a global and dynamic University of excellence in Science, Technology and Innovation.

MISSION

To achieve excellence in generation, transmission and enhancement of new knowledge in Science, Technology and Innovation through quality Teaching, Research, Training, Scholarship, Consultancy and Outreach programmes.

MOTTO

Knowledge for Development

CORE VALUES

To undertake its mission and realize its vision, Kibabii University upholds the following values:-

Productivity - The University shall strive to produce well trained and qualified graduates.

Professionalism-The University staff shall conduct themselves with decorum and adhere to professional ethics.

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

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

Equity – The University Management shall ensure that there are equal opportunities for all without any form of discrimination, be it gender, race, disability, age, religion or ethnicity.

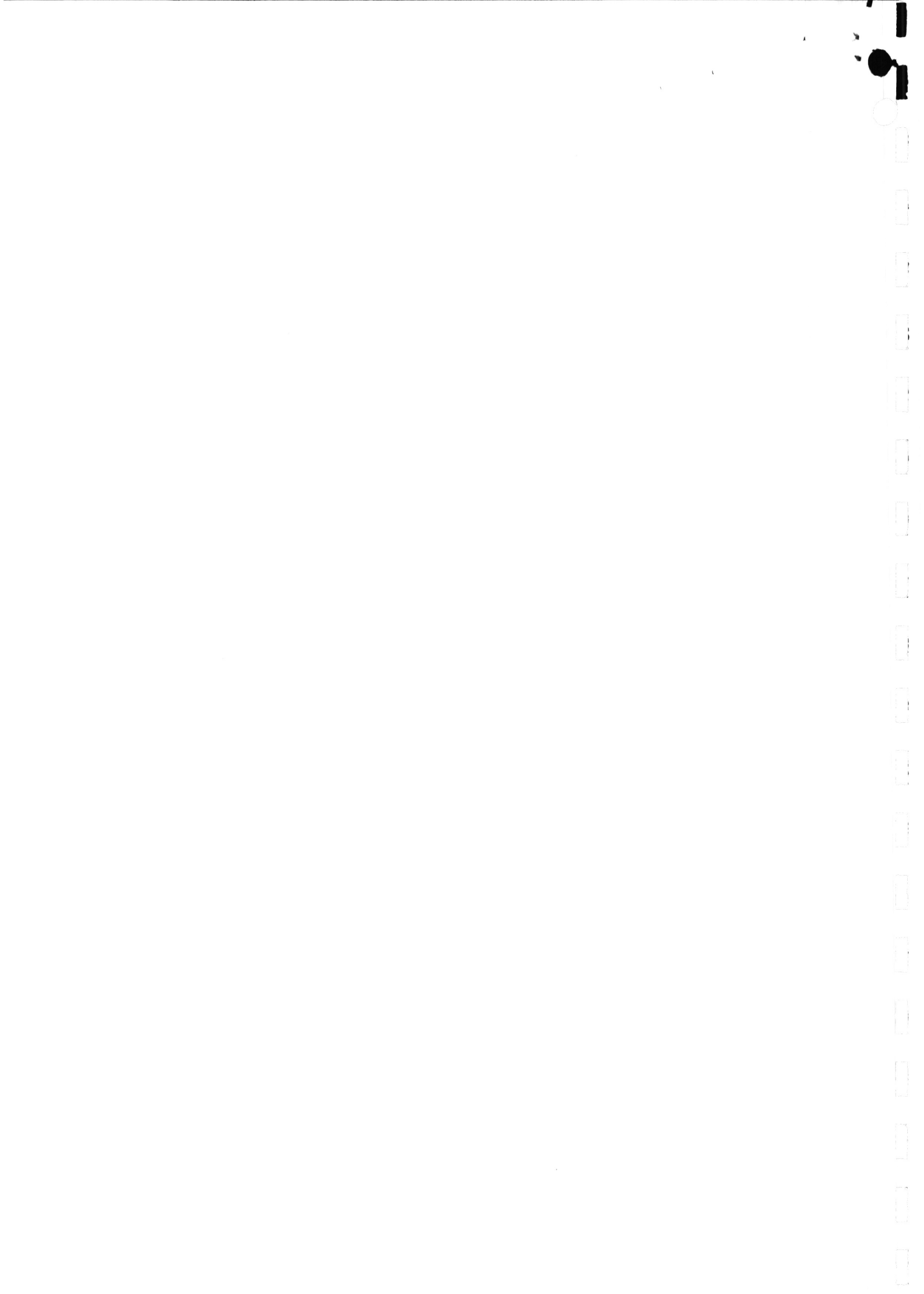
Integrity – The University staff shall have common decorum reflected in their personal appearances, interactions and conducts.

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

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

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

Respect for human rights – The University shall ensure that constitutional rights of all staff and students are upheld.



(c) KEY MANAGEMENT

The *Kibabii University's* day-to-day management is undertaken by the following key organs:

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

(d) FIDUCIARY MANAGEMENT

The key management personnel who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice Chancellor	Prof. Isaac Ipara Odeo
2.	Deputy Vice Chancellor (Administration, Finance and Development)	Prof. Shem O. Aywa
3.	Deputy Vice Chancellor (Academic, Research and Extension)	Prof. Solomon I. Shibairo
4.	Deputy Finance Officer	Benjamin M. Oduori
5.	Deputy Registrar (Administration)	David B. Namasaka
6.	Deputy Librarian	Dr. Jotham Wasike
7.	Director ICT	Dr. Samuel Mbugwa
8.	Deputy Dean of Students	Noel M. Malanda
9.	In-charge Procurement	Jackline Walutsachi
10.	In-charge Health Unit	Johnstone Eshirera

(e) REGISTERED OFFICE

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

(f) KIBABII UNIVERSITY CONTACTS

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

(g) KIBABII UNIVERSITY BANKERS

1. Kenya Commercial Bank
Bungoma Branch
P. O. Box 380, 50200
BUNGOMA
2. Barclays Bank Limited
Bungoma Branch
P. O. Box 91, 50200
BUNGOMA
3. Standard Chartered Bank Kenya Limited
Bungoma Branch
P. O. Box 2531, 50200
BUNGOMA
4. Equity Bank Limited
Bungoma Branch
P. O. Box 2450 - 50200
BUNGOMA
5. National Bank of Kenya Limited
Bungoma Branch
P. O. Box 25 - 50200
BUNGOMA
6. Family Bank Limited
Bungoma Branch
P. O. Box 1068 – 50200
BUNGOMA

(h) INDEPENDENT AUDITORS

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






(i) PRINCIPAL LEGAL ADVISER

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







II. MEMBERS OF THE UNIVERSITY COUNCIL

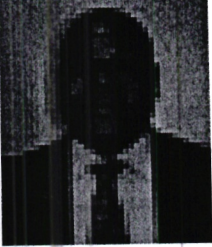



	<p>Prof. Shem Migot Adholla, EBS, 74, Chairman Joined in 2013 as the Chairman of Council. Holds B.A (Hons), University of East Africa-Dar es Salaam, M.A (Sociology)-University of California, and Ph.D (Sociology of Development)-University of California. He has wide experience in land policy, agriculture, rural development and environmental issues from across the world having served in various capacities in the World Bank and the Kenyan Government as Permanent Secretary in the Ministry of Agriculture and Rural Development.</p>
	<p>Prof. Isaac Ipara Odeo, 61, Vice Chancellor Joined in 2013 as the the Principal and Secretary of Council. Holds B.ED (Arts) (UON), M.ED (Kenyatta University), and Ph.D (Moi University). He is an educationist with over 25 years of teaching experience at institutions of Higher learning. Prof. Odeo has also held various leadership positions at the same institutions.</p>
	<p>Mrs. Connie Okwisa Mogaka, 63, Member Joined in 2013 as a Member of Council. Holds M.A in Sociology, Jawaharlal Nehru University, Higher Dip (Professional Counseling), (KAPC) PGDE (NIEPA), and B.ED (UoN). She has wide experience in education matters having served the Government of Kenya as a PDE, Senior Assistant Director of Education, National Coordinator for Early Childhood Development, Education Attache to New Delhi India and a consultant at the Aga Khan Foundation (EA).</p>
	<p>Prof. Mary Wanjiku Gikungu, 51, Member Joined in 2013 as a Council Member. She holds Ph.D in Mathematics and Natural Science (University of Bonn, Germany, MSc. in Biology of Conservation, (University of Nairobi), and BSc. in Botany & Zoology, University of Nairobi . Dr Gikungu has over 23 years' experience as a research scientist. Currently, She is an Associate Professor at Jomo Kenyatta University of Agriculture and Technology.</p>
	<p>Mr. Lawrence Omuhaka, 46, Member Joined in 2013 as a Council Member. Mr. Omuhaka holds MBA in Human Resource, Kenyatta University and B.ED (Arts), University of Nairobi. He is a seasoned teacher and human resource management professional. His experience spans over 14 years.</p>




	<p>Currently, he is the Head of Human Resource, Kakamega County Government.</p>
	<p>Dr. Nicodemus Ojuma Anyang, 51, Member Dr. Anyang joined in 2013 as a Council Member. He is holder of a Ph.D in Educational Administration, (Moi University), MEd, Kenyatta University, and BEd (Arts), Kenyatta University. He has over 10 years' experience in education management. Currently, he is the Nandi County Director of Education.</p>
	<p>Miss Cheptoo Caroline Irene, 35, Member Ms Cheptoo joined in 2013 as a Council Member. Holds Master of Art in Social Ministry with Specialization in Governance, Catholic University of Eastern Africa, PGD in Gender and Development Studies, University of Nairobi, and BA in Philosophy and Sociology, Catholic University of Eastern Africa. She has over 7 years' experience as a research associate. Currently, She is the Secretary/CEO West Pokot County Service Board.</p>
	<p>Mr. David N. Watene, 49, Principal Secretary, Rep. PS., Ex-Officio Member, Ministry of Education, Science and Technology: Mr. Watene joined in 2013 as a Council Member representing the Principal Secretary, State Department for University Education. Holds M.ED (Administration & Planning), U.O.N, Kenya (2007), and B.ED (Arts, Accounting & Economics), U.O.N, Kenya (2004). He is currently Assistant Director State Department of Education with wealth of experience in education administration and planning.</p>
	<p>Mr. Michael Jasper Obonyo, 45, Principal Secretary, Rep. PS., Ex-Officio Members The National Treasury. He Joined in 2015 as a Council Member. He is highly experienced in information communication matters in areas of public relations. He is currently Public Relations Officer in the Pensions Department, National Treasury. Mr Obonyo holds Master of Philosophy in Communication Studies, UoN, Kenya (2011), PGD (Mass Communication) Kenya Institute of Journalism (KIMC), Kenya (1998), B.A. (Hons) UoN, Kenya (1992). He replaced Mr. James Muriuki Gatere.</p>

III. OFFICERS OF THE UNIVERSITY



	<p>Chancellor</p>
	<p>Prof. Shem Migot Adholla, EBS, 74 , Chairman Joined in 2013 as the Chairman of Council. Holds B.A (Hons), University of East Africa-Dar es Salaam, M.A (Sociology)-University of California and Ph.D (Sociology of Development)-University of California. He has wide experience in land policy, agriculture, rural development and environmental issues from across the world having served in various capacities in the World Bank and the Kenyan Government as Permanent Secretary in the Ministry of Agriculture and Rural Development.</p>
	<p>Prof. Isaac Ipara Odeo, 61, Vice Chancellor Joined in 2013 as the Chief Executive and Secretary of Council. Holds B.ED (Arts) (UON), M.ED (Kenyatta University), and Ph.D (Moi University). He is an educationist with over 25 years of teaching experience at Institutions of Higher learning. Prof. Odeo has also held various leadership positions at the same institutions.</p>
	<p>Prof. Shem Omukunda Aywa, 53, Deputy Vice Chancellor (Administration, Finance & Development) Joined in 2013 as a Member of Management Board. Holds B.ED (Sci.) (Kenyatta University), M.Sc (Kenyatta University), and Ph.D (Potchefstroom University). He is an educationist with wide teaching experience of over 23 years at the University level. Prof. Aywa has also held various leadership positions at the same institutions.</p>
	<p>Prof. Solomon Igosangwa Shibairo, 55, Ag. Deputy Vice Chancellor (Academic & Students Affairs) Prof. Shibairo joined in 2013 as a Member of Management Board. He holds B.Sc (Agric) (UON), M.Sc (Agronomy) (UON), Ph.D (Plant Science) (University of British Columbia) and has over 24 years teaching experience at institutions of higher learning. He has also held various leadership positions at the same institutions.</p>
	<p>David B. Namasaka, 45, Deputy Registrar (Administration) Mr Namasaka joined in 2012 as Ag. Senior Assistant</p>

	<p>Registrar (Administration). Holds B. ED (Arts) (UON), and MSC (Disaster Management & Humanitarian Assistance) (MMUST). He has over 5 year's administrative experience at the institutions of higher learning.</p>
	<p>Dr. Jotham M. Wasike, 47, Deputy Librarian Dr. Wasike joined in 2015 as a Deputy Librarian. He is holder of a Doctor of Philosophy in Library and Information Science, Moi University (Kenya), Master in Library in Public Relations Management, Kenyatta University, (Kenya), Diploma in Public Relations Management, Kenya Institute of Management, (Kenya), Higher Diploma in Human Resource Management, Kenya Polytechnic, (Kenya), and Bachelor of Technology in Library Science, University of South Africa, (South Africa). He has over 15 years' experience in library and information management at institutions of higher learning.</p>
	<p>Benjamin Musina Oduori, 43, Deputy Finance Officer Joined in 2013 as Deputy Finance Officer. Mr. Oduori holds BBM (Accounting & Finance) (Moi), MBM (Accounting) (Moi), and CPA (K). He is a professional accountant with over 17 years' experience in auditing and assurance and finance at the institutions of higher learning.</p>
	<p>Dr. Samuel Mbugwa, 51, Director ICT Joined in 2014 as Director ICT and Senior Lecturer in the Department of information technology. He holds a PhD in Information Technology from Masinde Muliro University of Science and Technology and Master of Science in Computer Based Information Systems of the University of Sunderland. He is a Chartered Engineer and an assessor for Chartered Engineer registration for the Engineering Council (UK). Dr. Mbugwa is a member of the ACM and BCS. He has over 20 years of service in both civil service and institutions of higher learning.</p>

	<p>Ms Noel M. Malanda, 44, Deputy Dean of Students Joined in 2014 as Deputy Dean of Students. She holds a Master of Educational Psychology (Maseno University), Bachelor of Education (Home Economics) (Kenyatta University), and Higher National Diploma in Human Resource Management. Ms. Malanda is a member of the International Society for the Study of Behavioral development, Society for Research in child Development and International Cross-cultural Psychology Association.</p>
	<p>Mrs. Jacqueline Walutsachi, 36, In-charge Procurement Joined in 2014 as In-Charge Procurement Department. She holds a Bachelor of Business Management (Purchasing and Supplies Option). Mrs Walutsachi has over 3 years' experience in procurement and supplies functions and also a member of the Institute of Purchasing and supplies Management.</p>
	<p>Mr. Eshirera E.M. Johnstone, 45, Senior Clinical Officer Joined Kibabii University in 2012 as Deputy Senior Clinical Officer and Head of Department of Health services. Previously worked for Masinde Muliro University and Ministry of health respectively. Has both administrative and clinical experience of more than 18 years of service. Trained up to master's level in Community health at Great Lakes University, University of Liverpool (UK), Moi University and Kenya Medical Training College. Holds professional Diplomas in Community Health, Sexual and Reproductive Health in Developing Countries and Clinical Medicine and Surgery.</p>



IV. CHAIRMAN'S STATEMENT

It is with great pleasure that I present the Kibabii University Financial Report for the year ended 30th June, 2016. The University year endeavoured to increase the number of programmes to enhance access to higher education as it prepared for the award of charter.

The vision of the University is to be a global and dynamic University of excellence in Science, Technology and Innovation. Various administrative structures have been developed by the University Council which include; Senate, Deans Committee, Management Board and Faculty/School boards to ensure effective and efficient stewardship of the University functions.

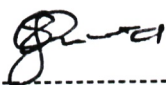
The University seeks linkages with the private and public sectors to enhance quality of teaching, particularly during industrial training and school practice. In the financial year 2015/2016 the University signed memorandum of understanding with various institutions both locally and internationally with an aim of enhancing academic excellence.

I wish to appreciate the Government of Kenya and organizations like the Higher Education Loans Board (HELB) for continuing to support our students in paying their fees. An increasing number of students have difficulties in meeting the cost of education and HELB as well as other bursary providers have assisted in ensuring our students successfully pursue their studies. I appeal for further support from the private sector and Non-Governmental Organizations.

The University Council would like to appeal to the Government to consider enhancing our recurrent and capital development grants to enable the University meet its financial obligations. The University faces huge challenges in putting up critical infrastructure including learning and accommodation facilities. The University is adversely affected by low support by the Government hence not able to complete stalled projects in time and meet other academic as well as administrative activities.

I thank our students, parents, and other stakeholders for choosing to invest in the institution and urge that together we should strive to achieve higher levels of excellence in the coming years.

SIGNATURE:-----



DATE:-----

4/04/17

PROF. SHEM MIGOT ADHOLLA, EBS
CHAIRMAN – KIBABII UNIVERSITY COUNCIL



V. VICE CHANCELLOR'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2016

The financial year ending 30th June, 2016 provided thrilling experience and exciting achievement by the University as it continued its independent operations. During this period the University continued with implementation of its five year strategic plan. One of the key ingredients of the plan is a system of academic commitment by fostering a climate of productivity, professionalism, excellence, accountability and transparency, equity, and innovation in order to be competitive. The strategic plan provides for regular review of curricula and the establishment of linkages with institutions in the public and private sectors.

The University expanded its programmes and opened up a learning centre outside its main campus in Bungoma with the aim of enhancing access to higher education for eligible students.

The University also launched new programmes. One of them being MBA with Information Technology among others. This course will help business students develop skills that are required to re-engineer business processes and practices.

Financial Performance Highlights

The University recorded an improved revenue base because of the expansion of programmes and continuous admissions in January and May intakes which increased the number of students. However, the expansion of programmes also resulted in increased operational costs. Our major challenge is developing mechanisms of instituting cost reduction while implementing quality assurance systems to ensure the quality of programmes is not compromised.


The University received Kshs. 382,553,506.60 in Recurrent and Capital Grants. These grants accounted for 47% of the total receipts by the University while 53% was generated through internal sources. The Recurrent capitation grant has not been increased proportionately to match the ever increasing needs as a result of the University position and high demands from students and staff. The Government released only Kshs. 100,994,714.00 out of Kshs. 148,580,000.00 allocated for capital development in the 2015/2016 financial year which was fully utilized.

Although there has been progress, the University still has shortcomings as a result of lack of adequate teaching space, Laboratories as well as offices for academic and administrative staff. This is due to low funding and capitation/development grant cuts by the Exchequer.

Appreciation

On behalf of the University Council, I would like to thank the Government of Kenya through the Ministry of Education Science and Technology (MOEST) for their continued financial support and the award of Charter to the University during the year under consideration.

Lastly, I would like to thank the University Council, staff, students and other stakeholders for their overwhelming co-operation in running the University during the year under review.

SIGNATURE: 
PROF. ISAAC IPARA ODEO
VICE CHANCELLOR, KIBABII UNIVERSITY

DATE: 04/04/2017

VI. CORPORATE GOVERNANCE STATEMENT

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

The Council

The council consists of nine members inclusive of the Vice Chancellor as the secretary. The council members and their meeting attendance are indicated below;

NO	NAME	1 ST QUARTER	2 ND QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER	4 TH QUARTER
		DATE	DATE	DATE		DATE	DATE
		28 th September, 2015	11 th November, 2015	23 rd November 2015		15 th June, 2016	30 th June, 2016
1	Prof. Shem Migot- Adholla	✓	✓	✓	✓	✓	✓
2	Prof. Mary Gikungu	✓	✓	✓	✓	✓	✓
3	Mr. David Watene	✓	✓	✓	✓	✓	✓
4	Mr. Michael Obonyo	✓	✓	✓	✓	✓	✓
5	Mrs. Connie Mogaka	✓	✓	✓	✓	✓	✓
6	Miss Caroline Cheptoo	✓	✓	X	✓	✓	✓
7	Dr. Nicodemus Anyang	✓	✓	✓	✓	✓	✓
8	Mr. Lawrence Omuhaka	✓	✓	X	✓	✓	✓
9	Prof. Isaac I.Odeo	✓	✓	✓	✓	✓	✓

The biographies of the Council Members are published on page vi-vii. These Council Members possess a broad range of skills, qualifications and experiences required to direct the affairs of the University.

Council Responsibilities

The University Council undertakes the following responsibilities;

1. The Council is the governing body of the University through which the University acts and undertakes the following;
 - a) Administers the property and funds of the University in a manner and for the purposes which promote the interest of the University; but the Council does not charge or dispose of immovable property of the University except in accordance with the procedures laid down by the Government of Kenya;
 - b) Receives, on behalf of the University, donations, endowments, gifts, grants or other moneys and makes disbursements there from to the University or other bodies or persons;
 - c) Provides for the welfare of the staff and students of the University;
 - d) May enter into association with other universities, University's or other institutions of learning, whether within Kenya or otherwise, as the Council may deem necessary and appropriate; and
 - e) May, after consultation with the Senate, make regulations governing the conduct and discipline of the students of the University.
2. All documents, other than those required by law to be under seal, made on behalf of the Council, and all decisions of the Council may be signed under the hand of the Chairman, the Vice Chancellor or any other members of the Council generally or specifically authorized by the Council in that behalf.
3. Ensures that a proper management structure is in place and that the structure functions to maintain corporate integrity, reputation and responsibility.
4. Monitors and evaluates the implementation of strategies, policies, and management criteria and plans of the University.
5. Constantly reviews the viability and financial sustainability of the University, and does so once every year.
6. Ensures that the University complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

Council Committees

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

In the financial year 2013/2014 the Council approved the following committees;

APPEALS BOARD

Membership was as indicated in the table below. The committee did not have any meeting since there was no issue to be deliberated on.

NO.	NAME	TITLE
1.	Ms. Connie Okwisa Mogaka	Chairperson
2.	Mr. Lawrence O. Omuhaka	Member
3.	Dr. Nicodemus A. Ojuma	Member
4.	Principal Secretary, National Treasury	Member

Mandate

The role of the Appeals Board is to consider appeals and make appropriate recommendations to Council.

APPOINTMENTS AND PROMOTIONS COMMITTEE

This committee discharges the responsibility of appointments and promotions of Professors, Associate Professors and Equivalent Administrative and Library Grades.

Membership and meeting attendance of the Appointment and Promotions Committee is as indicated below;

NO.	NAME	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER			4 TH QUARTER
		DATE	DATE	DATE	7 th April, 2016	8 th April, 2016	29 th April, 2016
1.	Prof. Shem Migot-Adholla			✓	✓	✓	✓
2.	Prof. Mary Gikungu			✓	✓	✓	✓
3.	Mr. David Watene			✓	✓	✓	✓
4.	Mr. Michael Obonyo			✓	✓	✓	✓
5.	Mrs. Connie Mogaka			✓	✓	✓	✓
6.	Mr. Lawrence Omuhaka			✓	✓	✓	✓
7.	Dr. Nicademus Anyang			✓	✓	✓	✓
8.	Prof. Isaac I. Odeo			✓	✓	✓	✓
9.	Ms. Caroline Cheptoo			✓	✓	✓	✓

Mandate

- a) To consider qualified candidates for filling vacant positions in the University for Professors, Associate Professors and Equivalent Administrative and Library Grades.
- b) To interview candidates who are considered to have met the job requirements in accordance with the announcement inviting applications for the positions of Professors, Associate Professors and Equivalent Administrative and Library Grades.
- c) To recommend to Council the appointment of suitable candidates(s) after considering all the requirements for the post or in case of there being no suitable candidate to recommend re-advertisement for the positions of Professors, Associate Professors and Equivalent Administrative and Library Grades.

AUDIT, RISK AND COMPLIANCE COMMITTEE

Membership and meeting attendance:

NO.	NAME	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
		DATE	DATE	DATE	DATE
			18 th December, 2015		29 th June, 2016
1.	Prof. Mary Gikungu		✓		✓
2.	Miss Caroline I. Cheptoo		✓		✓
3.	Mr. David Watene		✓		✓
4.	Mr. Lawrence Omuhaka		✓		✓

Mandate

- a) Examine Internal and External Auditors' findings and recommendations for the improvement of the internal controls. Monitor Management's response to and implementation of internal control recommendations.
- b) Assisting the Vice Chancellor in enhancing internal controls in order to improve efficiency, transparency and accountability.
- c) Resolving unsettled and unimplemented measures raised by Public Investment Committee's (PIC).
- d) Enhancing communication between Management, internal and external auditors and fostering an effective internal audit function.
- e) Evaluating adequacy of management procedures with regard to issues relating to risk management, control and governance.
- f) Reviewing the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.

- g) Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Vice Chancellor.
- h) Review and assess, at least annually, the Audit Committee's Charter and submit changes to the Charter for approval by the Council.
- i) Advice on Quality and Performance Monitoring.
- j) Perform other oversight functions as may be requested by the University Council from time to time.

AWARDS, HONORARY DEGREES AND SEALING COMMITTEE

The committee did not hold any meeting in 2015/2016 financial year. The members were as indicated in the table below:

NO.	NAME	TITLE
1.	Prof. Shem Migot-Adholla	Chairman
2.	Ms. Connie Okwisa Mogoka	Member
3.	Dr. Mary W. Gikungu	Member
4.	Prof. Isaac Ipara Odeo	Principal/Secretary

Mandate

- a) To receive and consider proposals to Council and nominations for the award of honorary degrees.
- b) To recommend to Council award of honorary degrees
- c) To authorize on behalf of the Council the application of the University seal to documents.

FINANCE, GENERAL PURPOSES, BUILDING AND DEVELOPMENT COMMITTEE

Membership and meeting attendance;

NO.	NAME	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
		DATE	DATE	DATE	DATE
				29 th January, 2016	15 th June, 2016
1.	Dr. Nicodemus O. Anyang			✓	✓
2.	Prof. Mary Gikungu			✓	✓
3.	Mr. David Watene			✓	✓
4.	Mr. Michael Obonyo			✓	✓
5.	Prof. Isaac I. Odeo			✓	✓

Mandate

1. To take charge of all arrangements for erection of new buildings once the finances have been made available.
2. To receive and consider reports on the performance of various contractors.
3. To be responsible for authorizing expenditure for all maintenance work with the provision that the Committee will have the authority to delegate the minor maintenance work to an executive sub-committee of the University.
4. To provide progress reports to Council or the Finance and General Purposes Committee.
5. To recommend and effect as appropriate any modification in physical facilities as may be necessary.
6. To consider and make recommendations to the Council on acquisition of new fixed assets including land and to advise the Council on utilization of such assets and land.

DISCIPLINARY COMMITTEE (ASLA)

The committee did not hold any meeting in 2015/2016 financial year. The members were as indicated in the table below:

NO.	NAME	TITLE
1.	Dr. Mary W. Gikungu	Chairperson
2.	Mr. David Watene	Rep. PS (MOEST)
3.	Principal Secretary, Public Service	
4.	Union Representatives of the concerned staff	
5.	Prof. Isaac Ipara Odeo	Principal/Secretary

Mandate

To handle matters related to the discipline of University staff in Academic, Senior Library and Administrative functions.

STATUTES, TERMS AND CONDITIONS OF SERVICE COMMITTEE

Membership and meeting attendance:

NO.	NAME	1 ST	2 ND	3 Rd	4 TH
		QUARTER	QUARTER	QUARTER	QUARTER
		DATE	DATE	DATE	DATE
			6 th December, 2015	26 th February, 2016	20 th May, 2016
1.	Mr. Lawrence Omuhaka		X	✓	✓
2.	Dr. Nicodemus O. Anyang		✓	✓	✓
3.	Mrs. Connie Mogaka		✓	✓	✓
4.	Miss Caroline Irene Cheptoo		✓	✓	✓
5.	Mr. David Watene		✓	✓	✓
6.	Prof. Isaac I. Odeo		X	✓	✓

Mandate

- a) To make recommendations to Council on staff welfare related issues.
- b) To recommend to Council improvement in the job grading classification as the Committee may consider appropriate.
- c) To review and make recommendations to Council on Salaries, Terms and Conditions of Service as and when necessary or when directed to do so by Council from time to time for all University employees.
- d) To examine the format and the contents of the University Statutes and make appropriate recommendations to Council for appropriate legislation as provided for in the Kibabii University Legal Notice No. 115.

EXECUTIVE COMMITTEE OF COUNCIL

The committee did not hold any meeting in 2015/2016 financial year. The members were as indicated in the table below:

NO.	NAME	TITLE
1.	Prof. Shem Migot-Adholla	Chairman
2.	Ms. Connie Okwisa Mogaka	Member
3.	Dr. Nicodemus A. Ojuma	Member
4.	Mr. James Gatere	Rep. PS. (National Treasury)
5.	Mr. David Watene	Rep. PS (MOEST)
6.	Prof. Isaac Ipara Odeo	Principal/Secretary

Mandate

To deal with/handle matters of Council as deemed appropriate by Council.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Kibabii University has its Corporate Social Responsibility enshrined in its mission statement and one of its core values hence is an integral component of our business activities. The institution continued to dedicate part of its earnings to social responsibility activities aimed at enhancing the livelihoods of those living within its environs and all Kenyans in general. During the year under review, the University focused on activities aimed at making a positive impact on various communities while creating a cordial relationship and raising the institution's profile. Areas of focus included education, provision of water, environmental conservation, security, support to sporting activities and health care provision.

Water Provision

Kenya is classified as a water-stressed country. Many African countries lack safe drinking water which is the cause of socio-economic problems including starvation and disease. The challenge is more pronounced in rural areas where women and children walk long distances daily in search of water, which is sometimes polluted. Waterborne diseases are still a concern as many people succumb to them annually. Kibabii University is committed to ensure provision of clean water to its communities through the establishment of water collection points. In 2015/2016 financial year the University procured water pumps to be used in pumping of water from a bore hole to a water reservoir so as to ensure steady water supply to the stakeholders. The University also invested in waste water recycling in order to ensure environmental sustainability so as to minimize community complains.

Education

The University through the Needy Students Fund initiated by the institution's Council awarded 85 scholarships to bright but disadvantaged students thus giving them a chance to sit University Examinations. The sponsorship amounted to Ksh 1,318,340.00. In 2015/2016 financial year the University received Kshs. Two million to the support of the kitty from His Excellency President Uhuru Muigai Kenyatta. Kibabii University will continue to solicit funds from its business partners in order to support the ever increasing number of needy students.

Environmental Conservation

In Kenya, the effects of climate change and other environmental challenges have an enormous impact not only on human life, but also on businesses. The pressure on natural resources and the environment in general is huge and calls for concerted efforts to alleviate the situation. Kibabii University has actively participated in environmental conservation initiatives aimed at conserving catchment areas and other delicate ecosystems. In the year under review the University participated in tree planting activities, environmental cleaning and community sensitization on environmental issues.

Tree Planting Activities

Kibabii University through its Environmental Management Mainstreaming Committee identified tree planting as critical component of environmental conservation in and around the University. The University organized for a tree planting activity to help conserve Namatokolo Spring in Kanduyi Division on 18th December 2015. This was done on the realization that environmental conservation goes beyond the University. On this occasion, the University procured a total of 2,600 assorted tree seedlings which were planted around the spring. Again, in April 2016, at the onset of long season rains, the University carried out a tree planting event in the compound of the newly constructed Children's Care Centre in Bungoma Town. Participants, mainly the staff of the centre and local community members were sensitized on need to conserve environment. A total of 400 seedlings were planted on that day as part of University's contribution to the community.



Dr. Obino, Chairman, Environment Management Mainstreaming Committee, Kibabii University, explains the benefits of Bamboo plant to the local community at Namatokolo Spring in Tuuti Ward, Kanduyi Division on 18th December 2015. Looking on is Ms Nancy Kibaba (nominated Member County Assembly from the local area) who was the Chief Guest during the tree planting exercise.

Health

The University supports various health related initiatives that enables its stakeholders minimize infections. In the year under review, the University facilitated HIV/AIDS peer educators training, and other HIV/AIDS related activities on the Worlds Aid day.



Trained HIV/AIDS peer educators, trained shuga facilitators, staff and facilitators during the last day of the training (left) and Kibabii University students perform a skit during world aids day (right)

Security

The University due to increase in insecurity around its locality partnered with the local police to facilitate completion of a stalled police patrol base at Tuuti Market which. This would assist in the provision of security both to the community and the University students who are housed by the local community.



Administration police and Kibabii University staff during site inspection of the Administration Police Camp.

VIII. REPORT OF THE COUNCIL

The Council submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the Kibabii University's affairs.

Principal activities

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

Results

The results of the Kibabii University for the year ended June 30, 2016 are set out on page 1.

Council Members

The Council Members who served during the year are shown on page vii- viii. One of the Council members Mr. James Muriuki Gatere, representative of the Permanent Secretary, The National Treasury was replaced by Mr. Micheal Jasper Obonyo during the year under review.

Auditors

The Auditor General is responsible for the statutory audit of the Kibabii University in accordance with the Section 68 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Council



Prof. Shem Migot-Adholla

Council Chairman

Bungoma

Date:.....

4/04/17

IX. STATEMENT OF THE COUNCIL

Section 68 (k) of the Public Finance Management (PFM) Act, 2012 and section 14 of the State Corporations Act, require the Council Members to prepare financial statements in respect of Kibabii University, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The Council Members are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council Members are also responsible for safeguarding the assets of the University.

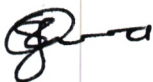
The Council Members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act 2012 and the State Corporations Act 2012. The Council Members are of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2016, and of the University's financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Kibabii University's financial statements were approved by the Council on _____ 2016 and signed on its behalf by:



Council Chairman

4/04/17



Council Member

4/4/2017



Council Member

4/4/2017



are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

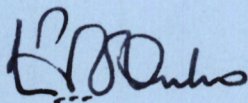
Opinion

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

Other Matter

Financial Performance

During the year under review, the University's financial performance was significantly eroded to a deficit of Kshs.11,509,401 down from a surplus of Kshs.5,681,823 posted in the previous year. The University has not put in place any tangible plan to reverse the negative performance.



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

Nairobi

24 March 2017

REPUBLIC OF KENYA

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Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KIBABII UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kibabii University set out on pages 27 to 55, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015, and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that

XI. KIBABII UNIVERSITY
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2016

	Note	2015-2016	2014-2015
Revenue from non-exchange transactions			
Exchequer grants	3	281,558,795	231,670,749
Public contributions and donations	14	8,313,630	0
		289,872,425	231,670,749
Revenue from exchange transactions			
Rendering of services	4	14,627,552	15,972,306
Tuition fees	5	325,877,048	214,607,848
Rental revenue from facilities and equipment	6	1,804,800	1,794,600
Other income	7	81,444,988	47,470,914
		423,754,388	279,845,668
		713,626,813	511,516,418
Total revenue			
Expenses			
Administrative expenses	8 (a)	717,198,052	493,940,999
Marketing expenses	9	7,938,162	11,893,596
		725,136,214	505,834,595
Total expenses			
(Deficit)/Surplus before tax			
		-11,509,401	5,681,823
Taxation			
		-11,509,401	-
(Deficit)/Surplus for the year			
		-11,509,401	5,681,823
Attributable to:			
(Deficit)/Surplus attributable to owners of the controlling entity			
		-11,509,401	5,681,823

The notes set out on pages 11 to 56 form an integral part of the Financial Statements



**XII. KIBABII UNIVERSITY
STATEMENT OF FINANCIAL POSITION
As at 30 June 2016**

	Note	2015-2016 Kshs	2014-2015 Kshs
Assets			
Current assets			
Cash and cash equivalents	10	92,582,687	46,917,443
Receivables from exchange transactions	11	175,252,853	98,465,672
Receivables from non-exchange transactions	12	0	20,555,896
Inventories	13	7,758,744	10,511,678
		275,594,285	176,450,689
Non-current assets			
Property, plant and equipment	14(a) & (b)	1,789,979,642	1,686,901,489
		<u>1,789,979,642</u>	<u>1,686,901,489</u>
Total assets		<u>2,065,573,927</u>	<u>1,863,352,178</u>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	15	198,739,400	86,002,965
Total liabilities		<u>198,739,400</u>	<u>86,002,965</u>
Net assets			
Revaluation reserves		1,769,652,001	1,668,657,287
Revenue reserves		97,182,526	108,691,926
Total net assets and liabilities		<u>1,866,834,527</u>	<u>1,777,349,213</u>

The Financial Statements set out on pages 1 to 4 were signed on behalf of the University Council by:

Vice Chancellor

Date.....

Chairman of the Council

Date.....

4/04/17



XIII. KIBABII UNIVERSITY
STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2016

	Capital Reserves	Revaluation Reserves	Revenue Reserves	Total
	Kshs	Kshs	Kshs	Kshs
As at 1 July 2012	-	-	-6,182,526	(6,182,526.00)
Development Grants	33,587,515	-	-	33,587,515.00
Surplus/(Deficit) for the Year	-	-	94,026,195	94,026,195.00
As at 30 June 2013	33,587,515	-	87,843,669	121,431,184.00
As at 1 July 2013	33,587,515	-	87,843,669	121,431,184.00
Surplus/(Deficit) for the Year	-	-	15,166,434	15,166,434.00
Capital Funds	50,223,809	1,407,099,296	-	1,457,323,105.00
As at 30 June 2014	83,811,324	1,407,099,296	103,010,103	1,593,920,723.00
As at 1 July 2014	83,811,324	1,407,099,296	103,010,103	1,593,920,723.00
Surplus/(Deficit) for the Year	-	-	5,681,823	5,681,823.40
Capital Funds	177,746,667	-	-	177,746,667.00
As at 30 June 2015	261,557,991	1,407,099,296	108,691,926	1,777,349,213.40
As at 1 July 2015	261,557,991	1,407,099,296	108,691,926	1,777,349,213.40
Surplus/(Deficit) for the Year	-	-	-11,509,401	(11,509,400.87)
Capital Funds	100,994,714	-	-	100,994,714.00
Transfer of funds utilized to revaluation reserves	(362,552,705.00)	362,552,705	-	-
As at 30 June 2016	-	1,769,652,001	97,182,526	1,866,834,527



**XIV. KIBABII UNIVERSITY
STATEMENT OF CASH FLOWS**

	Note	2015-2016 Kshs	2014-2015 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/Surplus for the year		(11,509,401)	5,681,823
Adjustments for :-			
Depreciation		41,218,354	34,147,835
Operating surplus before working capital changes		29,708,953	39,829,658
Increase in stocks and stores		2,752,934	215,903
Increase in Trade and other payables		112,736,435	13,879,009
(Increase) in Trade and other receivables		(56,231,284)	-50,513,674
Net cash from/(used in) operating activities		59,258,085	-36,418,762
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-currents assets	14(a)	(144,296,508)	-185,096,885
Net cash flows investing activities		(144,296,508)	-185,096,885
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital reserves		100,994,714	177,746,667
Net cash flow from financing activities		100,994,714	177,746,667
Net increase/(Decrease) in Cash and cash equivalents		45,665,245	-3,939,323
Cash and cash equivalent at 1st July, 2015		46,917,443	50,856,766
Cash and cash equivalent at 30th June, 2016	10	92,582,687	46,917,443



XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

ITEM CODE	BUDGET SUMMARY DETAILS	ORIGINAL BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL ON COMPARABLE BASIS	PERFORMANCE DIFFERENCE	% VARIANCE
		2015/2016 KShs.	2015/2016 KShs.	2015/2016 KShs.	2015-2016 KShs.	2015-2016 KShs.	2015-2016
	INCOME						
	Income from Exchequer						
100	Exchequer Grants	285,670,750.00	-	285,670,750.00	281,558,793.00		
	Appropriations in Aid (A-I-A)						
101	Tuition Fees	162,176,124.90	126,923,525.10	289,099,650.00	325,877,048.00	(36,777,398.00)	(12.72)
102	Administrative & Related Charges	48,271,443.90	6,413,195.10	54,684,639.00	65,290,488.00	(10,605,849.00)	(19.39)
103	Students Accommodation Fees	9,216,000.00	(516,000.00)	8,700,000.00	10,232,950.00	(1,532,950.00)	(17.62)
107	Field Trips/Attachment/School Practice Courses	6,942,828.90	4,207,451.10	11,150,280.00	16,154,500.00	(5,004,220.00)	(44.88)
	Sub - Total	226,606,397.70	137,028,171.30	363,634,569.00	417,554,986.00		
	Income from IGU's						
105	Rental Income & other income	7,170,040.50	-	7,170,040.50	6,199,402.00	970,638.50	13.54
	Sub - Total	7,170,040.50	-	7,170,040.50	6,199,402.00		-
	Total A-I-A	233,776,438.20	137,028,171.30	370,804,609.50	423,754,388.00		
	Gross Income	519,447,188.20	137,028,171.30	656,475,359.50	705,313,181.00		
	EXPENDITURE						
	(i) Administrative Costs						
	(a) Compensation to Employees						
000	Personal Emoluments	119,216,488.05	62,984,283.97	182,200,772.02	182,200,772.02	-	-
001	Gratuity & Pensions Contributions	25,476,428.59	13,459,670.21	38,936,098.81	38,936,098.81	-	-
002	House Allowance	72,026,775.53	38,053,082.74	110,079,858.27	110,079,858.27	-	-
003	Other Personal Allowances	16,783,150.74	8,866,850.12	25,650,000.86	25,650,000.86	-	-
004	House to Office Allowance	18,934,409.23	10,003,399.92	28,937,809.15	28,937,809.15	-	-



005	Passage and Leave Expenses	2,334,939.66	1,233,591.97	3,568,531.63	3,568,531.63	-	-
006	Part-Time Lecturers costs and PSSP disbursements	46,721,094.88	(28,800.67)	46,692,294.21	48,429,345.50	(1,737,051.29)	(3.72)
	Sub - Total	301,493,286.67	134,572,078.27	436,065,364.94	437,802,416.23		
	(b) Staff and Students Welfare						
200	Medical expenses	5,492,461.46	5,929,064.96	11,421,526.42	12,787,241.00	(1,365,714.58)	(11.96)
201	Inter-University Games & other Students Activities	1,303,848.42	330,762.37	1,634,610.79	1,717,400.00	(82,789.21)	(5.06)
202	Purchase of Uniforms & Clothing	208,615.75	(10,056.56)	198,559.19	-	198,559.19	100.00
203	Public Celebrations & Staff Welfare	408,265.07	(219,557.59)	188,707.48	190,760.00	(2,052.52)	(1.09)
204	Students Expenses	364,648.73	1,113,439.56	1,478,088.29	1,918,218.00	(440,129.71)	(29.78)
205	Choir, Drama & Clubs	543,270.17	694,918.47	1,238,188.64	1,312,800.00	(74,611.36)	(6.03)
206	Coaching & Mentoring	260,769.68	37,069.10	297,838.78	301,877.00	(4,038.22)	(1.36)
207	HIV & AIDS, Gender Mainstreaming, Disability Mainstreaming and other Related Activities	682,537.73	(223,261.28)	459,276.45	187,230.00	272,046.45	59.23
208	Purchase of Sports Equipment	351,387.15	(16,939.02)	334,448.13	213,384.00	121,064.13	36.20
210	Students Admission Expenses	422,724.89	1,057,600.12	1,480,325.00	1,510,000.00	(29,675.00)	(2.00)
211	SGC Elections & Training	760,578.24	902,837.25	1,663,415.50	2,044,728.00	(381,312.50)	(22.92)
212	Car Loan & Mortgage Scheme	-	-	-	-	-	-
213	KIBUCOSA-SGC	1,499,808.56	510,442.91	2,010,251.47	2,120,360.00	(110,108.53)	(5.48)
300	Transport Operating Expenses	4,500,721.76	1,699,663.97	6,200,385.73	5,994,267.70	206,118.03	3.32
301	Travelling & Accommodation Expenses	2,842,128.78	2,625,613.47	5,467,742.25	4,106,180.37	1,361,561.88	24.90
302	External Travelling & Accommodation Exp.	1,475,908.06	(19,953.27)	1,455,954.80	1,514,550.00	(58,595.20)	(4.02)
303	Postal & Telegram Expenses	275,852.49	533,213.55	809,066.05	940,654.50	(131,588.45)	(16.26)
304	Telephone Expenses	1,327,390.27	270,343.07	1,597,733.35	1,020,586.00	577,147.35	36.12
305	Office Expenses	516,323.97	128,194.86	644,518.83	643,272.00	1,246.83	0.19
306	Purchase of Stationery	6,014,575.15	(188,622.04)	5,825,953.11	6,121,024.00	(295,070.89)	(5.06)
307	Council Expenses	9,000,000.00	2,992,602.74	11,992,602.74	11,805,861.00	186,741.74	1.56
310	Audit Fees & Expenses	508,685.60	(17,655.14)	491,030.46	496,520.00	(5,489.54)	(1.12)
311	Purchase of Computers, Printers & other ICT Infrastructure	7,076,078.48	(352,297.45)	6,723,781.03	7,425,898.80	(702,117.77)	(10.44)
313	Legal & Insurance Expenses	1,559,748.85	1,850,393.80	3,410,142.66	3,257,144.00	152,998.66	4.49
314	Recruitment & Training Expenses	1,553,275.00	(9,693.78)	1,543,581.22	1,693,860.00	(150,278.78)	(9.74)



315	Purchase of Motor Vehicles	10,500,000.00	(3,361,545.99)	7,138,454.01	7,262,460.00	(124,005.99)	(1.74)
316	Purchase of Plant, Furniture & Equipment	2,705,200.36	1,513,627.06	4,218,827.42	4,388,615.00	(169,787.58)	(4.02)
317	Performance Contracting Projects	2,173,080.70	(104,755.81)	2,068,324.88	2,545,357.00	(477,032.12)	(23.06)
318	Purchase of ERP System	13,000,000.00	(3,454,630.62)	9,545,369.38	11,937,300.00	(2,391,930.62)	(25.06)
319	CBA Refund	17,643,730.10	(17,643,730.10)	-	-	-	
320	Strategic Plan Preparation, Implementation & Monitoring & Master Plan Development	1,452,502.92	402,352.97	1,854,855.89	1,948,800.00	(93,944.11)	(5.06)
321	Consultancy & Valuation Expenses	3,721,757.90	(1,383,731.46)	2,338,026.43	2,456,442.00	(118,415.57)	(5.06)
322	Town Learning Centre Expenses	451,924.21	163,687.78	615,611.99	646,791.30	(31,179.31)	(5.06)
323	ISO, Performance Contracting & University Charter	12,007,776.63	36,854.42	12,044,631.06	12,282,881.00	(238,249.94)	(1.98)
324	Depreciation	-	21,410,040.00	21,410,040.00	21,410,040.00	-	-
	Sub - Total	112,605,577.11	17,196,292.33	129,801,869.44	134,202,502.67		
	(c) Academic (Teaching, Research, Consultancy & Extension)						
400	Field Trips/Attachments/School Practice Supervision	4,078,872.47	1,356,271.66	5,435,144.13	8,399,119.00	(2,963,974.87)	(54.53)
402	External Examiners	1,516,280.99	(257,814.38)	1,258,466.61	1,322,205.00	(63,738.39)	(5.06)
401	Examination Expenses	1,513,350.69	605,923.05	2,119,273.75	2,226,610.00	(107,336.25)	(5.06)
403	Internet Services	964,170.04	862,482.78	1,826,652.82	1,919,168.51	(92,515.69)	(5.06)
404	Deans, Senate Committees, & Conferences expenses	654,898.79	136,268.83	791,167.61	1,539,177.00	(748,009.39)	(94.54)
405	Graduation Expenses	736,597.78	804,563.98	1,541,161.76	1,619,218.00	(78,056.24)	(5.06)
406	Open & Cultural Day Expenses	717,116.63	62,145.56	779,262.19	818,730.00	(39,467.81)	(5.06)
408	Library Expenses & Bindery	2,464,747.45	(1,641,686.13)	823,061.32	643,912.45	179,148.87	21.77
409	Books & Journals	7,059,442.11	(491,948.93)	6,567,493.18	5,479,473.34	1,088,019.84	16.57
411	Caution Money	217,308.07	308,010.01	525,318.08	217,308.07	308,010.01	58.63
412	Marking Centre	-	-	-	-	-	
413	Hire of Transport, Plant & Machinery	436,358.60	(345,938.19)	90,420.42	95,000.00	(4,579.58)	(5.06)
414	Community Based education, Environment & Extension Services.	360,578.24	16,937.53	377,515.78	400,510.00	(22,994.22)	(6.09)
415	University Research Programme	1,046,514.09	(564,616.10)	481,897.99	506,305.00	(24,407.01)	(5.06)
416	Teaching Materials	9,049,905.51	(92,556.29)	8,957,349.23	10,089,433.00	(1,132,083.77)	(12.64)
	Sub - Total	30,816,141.47	758,043.40	31,574,184.87	35,276,169.37		
	(d) Support Services						

500	Utilities (Electricity, Water & Conservancy)	9,791,642.94	1,989,816.97	11,781,459.91	13,152,978.07	(1,371,518.16)	(11.64)
501	Payment of Rent & Rates	1,884,722.31	7,187,831.10	9,072,553.41	12,104,577.00	(3,032,023.59)	(33.42)
502	Maintenance of Catering & Hostel facilities	288,933.56	96,303.10	385,236.66	404,748.00	(19,511.34)	(5.06)
503	Cleaning Services	24,811,705.73	(5,003,251.83)	19,808,453.90	18,751,194.44	1,057,259.46	5.34
504	Maintenance of Plant, Furniture & Equipment	627,908.45	(29,321.48)	598,586.97	628,904.00	(30,317.03)	(5.06)
505	Maintenance of Computers	581,832.98	(539,002.26)	42,830.72	53,000.00	(10,169.28)	(23.74)
506	Maintenance of Buildings	1,774,779.76	2,042,699.83	3,817,479.59	4,286,921.00	(469,441.41)	(12.30)
507	Affiliation, Contract Services, Subscriptions & Accreditation	4,173,080.70	(2,181,452.34)	1,991,628.36	2,093,899.70	(102,271.34)	(5.14)
508	Maint. of Water Supplies & Sewerage	303,816.23	192,012.22	495,828.45	520,941.00	(25,112.55)	(5.06)
509	Maintenance of Playgrounds & Parks	533,408.71	(25,713.57)	507,695.14	533,408.71	(25,713.57)	(5.06)
511	Security Services	11,135,703.71	(1,165,131.84)	9,970,571.87	8,704,558.00	1,266,013.87	12.70
512	Telecommunication Maintenance	327,192.05	(249,337.20)	77,854.85	-	77,854.85	100.00
513	Fungicides & Insecticides & Sprays	1,176,269.35	344,507.18	1,520,776.53	1,597,800.30	(77,023.77)	(5.06)
510	Catering Expenses	12,713,007.84	104,522.26	12,817,530.10	13,456,714.00	(639,183.90)	(4.99)
	Sub - Total	70,124,004.32	2,764,482.14	72,888,486.46	76,289,644.22		
	Total Administrative Costs	515,039,009.57	155,290,896.15	670,329,905.72	683,570,732.49		
	(ii) Marketing Costs						
308	Advertising & Publicity	2,874,251.09	3,488,064.38	6,362,315.47	6,684,551.86	(322,236.39)	(5.06)
407	Publishing & Printing Expenses	800,561.28	(7,336.27)	793,225.01	833,400.00	(40,174.99)	(5.06)
309	Show Expenses & University Exhibitions	733,366.27	(333,412.97)	399,953.30	420,210.00	(20,256.70)	(5.06)
	Sub - Total	4,408,178.63	3,147,315.15	7,555,493.78	7,938,161.86		
	Total Marketing Costs	4,408,178.63	3,147,315.15	7,555,493.78	7,938,161.86		
	Gross Expenditure	519,447,188.20	158,438,211.30	677,885,399.50	691,508,894.35		
	Budget Surplus/(Deficit)			(21,410,040.00)	13,804,286.65		

NOTE TO THE BUDGET VARIANCES

1.0 Tuition

This is attributed to a significant increase in enrolment in both GSSP and PSSP which resulted to a variance of 12.72%.

2.0 Administrative & Related Charges

This is attributed to a significant increase in enrolment in both GSSP and PSSP which resulted to a variance of 19.39%.

3.0 Students Accommodation Fees

The variance of 17.62% was as a result of the increased number of both Government sponsored students and privately sponsored students who contributed to increase in occupancy in the hostels.

4.0 Field Trips/Attachment/School Practice Income

The variance of 44.88 % was as a result of the increased number of both Government sponsored students and privately sponsored students who were due for field trips, attachments and school practice. This included certificate and diploma students.

5.0 Medical expenses

The variance of 11.96% was attributed to high cost of medical care required by increase in both staff and students. This is attributed to admission of students in January and May, 2016.

6.0 Students expenses

The variance of 29.78% was attributed to increase in student's death cases in the year which the University had to support as well as increase in the number of needy students on the work study programme.

7.0 SGC Elections & Training

The variance of 22.92% was attributed to an election that aborted hence the exercise had to be redone yet already costs had been incurred.

8.0 Postal & Telegram Expenses

The variance of 16.26% was attributed to increase in communication contributed to by Charter award and graduation related correspondences during the period under review.

9.0 Purchase of Computers, Printers & Other ICT Infrastructure

The variance of 10.44% was attributed to increase in demand of computers and computer infrastructure by students across the University schools and faculties which necessitated the increase in the expenditure line. The University initiated implementation of an ERP system that necessitated procurement of additional computers for end users.

10.0 Performance Contracting Projects

The variance of 23.06% was attributed to high and costly number of performance contract projects the University committed to undertake during performance contracting negotiations.

11.0 Purchase of ERP System

The variance of 25.06% was attributed to a demand for additional payment by the ERP software developers.

12.0 Field Trips/Attachment/School Practice Supervision Expenses

The variance of 54.53% was as a result of increased number of students who proceeded on field trips/attachment/school practice. These are facilitated out of funds paid by the students.

13.0 Deans, Senate committees and Conferences Expenses

The variance of 94.54% was attributed to high number of meetings held in preparation for the Charter award and students graduation.

14.0 Teaching Materials

The variance of 12.64% was attributed to increase in student's population due to initiation of new programmes and hence necessitated the increase in the expenditure on laboratory equipment and reagents.

15.0 Utilities (Electricity, water and Conservancy)

The variance of 11.64% was attributed to increase in students and staff population due to opening of additional learning centres.

16.0 Payment of Rent and Rates

The University pays rent for the Bungoma and Turkana Learning Centres. The variance of % 33.42 was a result of increased learning space due to the increased numbers of students at the centres.

17.0 Maintenance of Computers

The variance of 23.74% is attributed to increase in number of requests for servicing of computers and related equipment's.

18.0 Maintenance of Buildings

The variance of 12.3% is attributed to support offered to the Administrative Police Camp incurred by the institution as a corporate social responsibility activity.

XVI. NOTES TO THE FINANCIAL STATEMENTS**1. Statement of compliance and basis of preparation**

The Kibabii University's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) pronounced by the Public Sector Accounting Standards Board as a requirement of the Public Finance Management Act, 2012. The University Adopted International Public Sector Accounting Standards (IPSAS) for the first time with effect from 30th June, 2014.

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the University and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies**a) Revenue recognition****i) Revenue from non-exchange transactions****Transfers from the 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.

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.

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.

here 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.

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 annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the University. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or University differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes

Current income tax

The University is exempted from taxation under the first schedule of the income tax Act Cap 470.

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.

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

The annual depreciation rates in use are:

Building	2%
Furniture, plant and equipment	12.5%
Motor Vehicles	25%
Computers	33.3%
Library books	20%
Freehold land is not depreciated as it is deemed to have an infinite life	

f) Intangible assets

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

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

i) 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:

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of

pected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Financial instruments

Financial assets and financial liabilities are recognised in the University's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial Assets

Government securities

Government securities comprise treasury bonds which are debt securities issued by the Government of Kenya. Government securities are classified as held to maturity and are stated at amortised cost.

Short term deposits

Short term deposits are classified as held to maturity and are stated at amortised cost.

Receivables

Trade receivables are carried at anticipated realised value. An estimate is made for bad and doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps taken to recover them have failed.

Impairment of financial assets

When a receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, the receivable is written off against the related provision for receivable impairment. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are included in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

Financial liabilities

Trade payables

Trade payables are current and are stated at their nominal value.

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 condition are accounted for, as follows:

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

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

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

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

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.

l) 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.

m) Employee benefits

Retirement benefit plans

The University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the University pays fixed contributions into a

parate Kibabii University (a fund) account, 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.

Staff Annual Leave Accrual

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

n) 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.

o) 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.

p) Related parties

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

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.

s) Comparative figures

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

t) Significant judgments and sources of estimation uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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 University. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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

1. The condition of the asset based on the assessment of experts employed by the University.

The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

3. The nature of the processes in which the asset is deployed.

4. Availability of funding to replace the asset.

5. Changes in the market in relation to the asset.

u) Nature and purpose of reserves

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

Revaluation reserves

This represents the change in the values of assets after a revaluation undertaken during the financial year 2013/2014, by Odongo Kabita & Company Valuers. This represents the values of Assets previously owned by the Kibabii Diploma Teachers Training College transferred to Kibabii University. If the carrying amount of a class of assets is increased as a result of a revaluation, the increase is credited directly to revaluation surplus. If the carrying amount of a class of assets is decreased as a result of a revaluation, the decrease is recognized in surplus or deficit. Revaluation increases and decreases relating to individual assets within a class of property, plant, and equipment is offset against one another within that class. Some or the entire revaluation surplus included in net assets/equity in respect of property, plant, and equipment is transferred directly to accumulated surpluses or deficits when the assets are derecognized either by disposing or retiring it.

Capital reserves

This represents the values of Assets capitalized as a result of capital development funding received from the Government of Kenya through the Ministry of Education, Science and Technology.

Revenue reserves

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

v) 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, 2016.

3. Exchequer Grants

	2016	2015
	Kshs.	Kshs.
July	23,805,896	20,555,896
August	23,805,896	20,555,896
September	23,805,896	20,555,896
October	23,805,896	20,555,896
November	23,805,896	20,555,896

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December	23,805,896	20,555,896
January	23,805,896	20,555,896
February	23,805,896	20,555,896
March	23,805,896	20,555,896
April	23,805,896	20,555,896
May	21,749,918	20,555,896
June	21,749,917	20,555,896
TOTAL	281,558,795	246,670,749
LESS CBA REFUND	0	-15,000,000
	281,558,795	231,670,749

CBA refund relate to 2010-2013 collective bargaining agreement money negotiated between Universities Unions and Inter Public University Council's Consultative Forum paid to the University erroneously hence require to be refunded.

4. Rendering of services

	2016	2015
	Kshs.	Kshs.
Catering services	4,156,767	3,694,915
Accommodation services	10,232,950	12,099,000
Grass income	6,650	10,600
Photocopying & Bindery Services	38,858	0
Hire income	192,327	167,791
Total revenue from the rendering of services	14,627,552	15,972,306

5. Tuition

	2016	2015
	Kshs.	Kshs.
Tuition Fees	325,877,048	214,607,848
Total revenue from the tuition	325,877,048	214,607,848

6. Rental revenue from facilities and equipment

	2016	2015
	Kshs.	Kshs.
Rent income	1,804,800	1,794,600
Total rentals	1,804,800	1,794,600

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Other income

	2016	2015
	Kshs.	Kshs.
Activity fee	6,249,000	4,069,000
Agency fees	480,473	96,892
Amenity fee	6,008,000	4,042,500
Application fee	948,385	2,418,973
Computer charge - Fines & Penal	2,059,483	1,500
Computer fees	21,182,000	8,297,375
Examination fee	7,726,550	5,635,750
Identity card	651,750	522,000
KUSO Collections	2,492,000	1,646,800
Library fee	2,433,350	447,800
Medical Subsidy	10,174,100	6,892,000
Registration fee	1,354,900	1,180,200
School practice/Attachment fee	16,154,500	6,513,000
Supervision	2,191,000	2,579,300
Student fines	0	868,824
Tender income	0	179,000
Thesis examination fees	1,339,497	2,080,000
	81,444,988	47,470,914

8. (a) Administration expense

	2016	2015
	Kshs.	Kshs.
Employment costs (Note 8 (b))	482,394,181	319,792,894.30
Academic Board expenses	1,539,177	49,750
Affiliation fees	2,093,900	2,298,627.00
Choir, drama & clubs	1,312,800	1,139,300
Cleaning services	18,751,194	22,452,943
Computer expenses	7,425,899	2,350,018
Couching & mentoring	301,877	39,160.00
Council expenses	11,805,861	7,185,472.80
Community based Education. environment & extension services	400,510	0
Cultural & careers week	818,730	1,139,085.00
Caution money refund	217,308	0
Depreciation	41,218,354	34,147,835
Electricity, water & conservancy	13,152,978	11,651,939
Examination expenses	2,226,610	0
External examiners	1,322,205	1,789,518
External travel & accommodation	5,620,730	6,039,838
Graduation expenses	1,619,218	0
Hire of transport	95,000	0
Income generating units expense	13,456,714	9,191,292
Insurance and legal expenses	3,257,144	2,318,097

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inter-university games	1,717,400	2,085,000
Library expenses	6,123,386	8,469,992.00
Maintenance expenses	8,672,514.31	6,431,916.00
Motor vehicle expenses	5,994,268	3,569,407
Official entertainment	643,272	661,442
Other administrative charges	0	0
Passage & baggage	1,010,900	1,048,990
ISO, Performance Contracting & University Charter	12,282,881	7,585,041.64
Postal and telegrams	940,654	206,907.60
Provision for audit fees	508,686	464,000.00
Provision for bad and doubtful debts (Increase)	4,127,007	1,997,321
PSSP support	0	0
Public celebrations & funerals	190,760	254,000.00
Purchase of sports equipment	213,384	272,070
Purchase of stationery	6,121,024	3,775,157.10
Purchase of uniform	0	0
Rent and rates	12,104,577	2,113,784
School practice	8,399,119	6,371,451.30
Security services	8,704,558	10,551,692
Seminars & conferences	0	1,915,703
SGC elections & training	2,044,728	700,200
SGC expenses	2,120,360	0
Staff training & development expenses	1,693,860	414,300
Student expenses	3,428,218	2,138,496.00
Teaching material	10,089,433	2,870,613
Telecommunication maintenance	0	15,650
Telephone expenses	1,020,586	1,939,796
Tender expenses & other related charges	2,456,442	1,906,746.00
Bank charges	108,784	130,352
Research expenses	850,305	903,150.00
ERP & ICT expenses	1,919,168	177,750
Strategic Plan & Master Plan expenses	1,948,800	3,257,801.00
HIV/AID expenses	187,230	126,500
Performance contracting projects	2,545,357	0
Total	<u>717,198,052</u>	<u>493,940,998</u>

8. (b) Employee costs

	2016	2015
	Kshs.	Kshs.
Employee related costs - salaries and wages	421,177,595	239,337,673
Part time expenses	48,429,346	72,370,670
medical aids	12,787,241	8,084,551
Employee costs	<u>482,394,182</u>	<u>319,792,894</u>

Marketing Costs

	2016	2015
	Kshs.	Kshs.
Advertising & publicity	6,684,552	8,605,386
Publishing and printing	833,400	1,512,970
University shows and exhibitions	420,210	1,775,240
Total finance costs	<u>7,938,162</u>	<u>11,893,596</u>

10. Cash and cash equivalents

	2016	2015
	Kshs.	Kshs.
Cash in hand	80,265	39,000
Petty cash	186,860	18,030
Cheques in transit	671,800	0
Kenya Commercial Bank Limited-889	5,299,582	24,826,088
Kenya Commercial Bank Limited- Deposit	7,047,534	5,498,160
Kenya Commercial Bank Limited -Payment	51,398,345	11,118,838
National Bank of Kenya Limited-Pension	928,173	1,242,977
National Bank of Kenya Limited - Fees Collection	8,539,785	197,950
EQUITY BANK Limited-508	3,614,767	2,569,635
EQUITY BANK Limited-898	3,564,323	920,605
Standard Chartered Bank (K) Limited	3,643,065	396,409
Family Bank Limited	7,510,685	89,650
Barclays Bank of Kenya Limited	97,503	101
Total cash and cash equivalents	<u>92,582,687</u>	<u>46,917,443</u>

11. Receivables from exchange transactions

Current receivables	2016	2015
	Kshs.	Kshs.
Students fees debtors	173,739,008	91,198,861
Provision for bad debts	<u>(8,686,950)</u>	<u>(4,559,943)</u>
Net students debtors	165,052,058	86,638,918
Staff debtors	897,000	389,500
Other debtors (MMUST & PPOA)	9,303,795	11,437,254
Total current receivables	<u>175,252,853</u>	<u>98,465,672</u>

12. Receivables from non-exchange contracts

Current receivables	2016	2015
	Kshs.	Kshs.
Capitation grant due	0	20,555,896
Total current receivables	<u>0</u>	<u>20,555,896</u>

13. Inventories

	2016	2015
	Kshs.	Kshs.
Consumable stores	3,429,189	2,575,247
Medical supplies	553,629	1,246,148
Electrical & plumbing materials	2,706,701	5,823,266
Catering	1,069,225	867,018
Total inventories at the lower of cost and net realizable value	7,758,744	10,511,679

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14 (a) Property, Plant and Equipment

	LAND	BUILDINGS	W.I.P	PLANT AND EQUIPMENT	COMPUTERS, PRINTERS & COPPIERS	FURNITURE & FITTINGS	MOTOR VEHICLES	LIBRARY BOOKS	TOTAL
AS AT 1 JULY, 2014	96,152,728	906,925,586	458,000,000	12,480,908	8,360,258	36,356,231	17,676,725	-	1,535,952,438
ADDITIONS	-	-	172,356,768	750,000	6,656,820	6,658,297	-	-	185,096,885
AS AT 30 JUNE, 2015	96,152,728	906,925,586	630,356,768	13,230,908	15,017,078	43,014,530	17,676,725	-	1,721,049,325
CHARGE FOR THE YEAR	-	18,138,512	-	1,653,864	4,559,462	5,376,816	4,419,181	-	34,147,835
AS AT 30 JUNE, 2015	96,152,728	888,787,074	630,356,768	11,577,045	10,457,616	37,637,714	13,257,544	-	1,686,901,490
AT 30 JUNE 2015 COST	96,152,728	907,294,397	630,356,768	15,089,035	21,279,073	49,483,514	28,360,158	-	1,746,690,672
ACCUMULATED DEPRECIATION	-	18,507,323	-	3,511,990	10,821,457	11,845,800	15,102,613	-	59,789,183
AS AT 1 JULY, 2015	96,152,728	888,787,074	630,356,768	11,577,045	10,457,616	37,637,714	13,257,544	-	1,686,901,489
VALUATION	-	-	-	-	-	-	-	20,666,838	20,666,838
ADDITIONS	-	-	111,260,714	1,586,025	267,060	380,500	-	1,821,741	115,316,040
DONATION	-	-	-	-	-	-	-	8,313,630	8,313,630
TRANSFERS FROM CAPITAL WORK IN PROGRESS	-	83,490,123	-83,490,123	-	-	-	-	-	-
AS AT 30 JUNE, 2016	96,152,728	972,277,197	658,127,359	13,163,070	10,724,676	38,018,214	13,257,544	30,802,209	1,831,197,997
CHARGE FOR THE YEAR	-	19,808,314	-	2,133,017	4,757,088	6,060,644	2,298,850	6,160,442	41,218,355
AS AT 30 JUNE, 2016	96,152,728	952,468,883	658,127,359	11,030,053	5,967,588	31,957,570	10,958,695	24,641,767	1,789,979,642
AT 30 JUNE 2016 COST	96,152,728	990,415,709	658,127,359	16,675,060	21,546,133	49,864,014	28,360,158	30,802,209	1,890,987,180
ACCUMULATED DEPRECIATION	-	37,946,826	-	5,645,007	15,578,545	17,906,445	17,401,463	6,160,442	101,007,538
CLOSING NET BOOK VALUE	96,152,728	952,468,883	658,127,359	11,030,053	5,967,588	31,957,570	10,958,696	24,641,767	1,789,979,642

14. (b). Donations

This relates to donation of books to the University Library in 2012 and 2015 valued at 7,123,870.00 and 1,189,760.00 respectively. The donations were done by Strathmore University, Moi University, and UNEP among other organisations.

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14. (c) In the year under review there were fully depreciated assets acquired in the financial year 2012/2013. This assets could not affect the financial statement substantially hence the University plans to carry out their valuation in the financial year 2016/2017. The gross carrying amount of the fully depreciated assets was kshs. 27,440,861.63. The notional depreciation for the fully depreciated assets was Kshs. 7,242,625.63.
14. (d) The additions in the cash flow statement included books previously accounted for as expenses in prior years. This were valued by the library department and recognised as assets amounting to kshs. 20,666,838.00. Additions also included donations of books received in the year under review amounting to kshs. 8,313,630.00, hence the total additions amounts to kshs. 144,296,508.00.

15. Trade and other payables from exchange transactions

	2016 Kshs.	2015 Kshs.
Trade payables	49,942,060	30,091,915
Payments received in advance (prepaid fees)	32,157,035	20,679,319
Third-party payments (Part-timers claims)	21,312,154	0
Payroll due- June, 2016	29,046,490	22,512,895
Unremitted pension contributions (June, 2016)	3,608,051	2,633,829
Students accounts	0	757,320
HELB account	9,885,000	185,500
CDF	5,028,679	1,517,474
Leave Days Due	24,782,723	0
Service Gratuity Due	10,696,526	0
Provision for audit fees	508,686	508,686
Kibabii University Pension Scheme	928,173	1,045,057
Kibabii University Needy Students Fund	3,564,323	920,605
Caution money	7,279,500	5,150,365
Total trade and other payables	<u>198,739,400</u>	<u>86,002,965</u>

16. Related party disclosures

The following transactions were carried out with related parties

	2016	2015
(i) Key management compensation		
Salaries and other short term employment benefits	<u>20,465,093</u>	<u>19,203,876</u>
(ii) Council remuneration		
Allowances paid to Council members	<u>11,805,861</u>	<u>7,185,473</u>
(iii) Grants from related parties		
Grant from GOK	<u>382,553,507</u>	<u>424,417,416</u>
(vi) Due from related parties		
Masinde Muliro University of Science & Technology & PPOA	<u>9,303,795</u>	<u>11,437,254</u>

17. Cash generated from operations

	2016 Kshs.	2015 Kshs.
Surplus/ Deficity for the year before tax	-11,509,401	5,681,823
Adjusted for:		
Depreciation	41,218,354	34,147,835
Working capital adjustments:		
Increase in inventory	2,752,934	215,903
Increase in receivables	-51,671,341	-50,513,674
Increase in payables	<u>108,176,492</u>	<u>13,879,009</u>
Net cash flows from operating activities	<u>59,258,085</u>	<u>3,410,895</u>

18. Events after the reporting period

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

19. Risk management policies

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

The University has exposure to the following risks:

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

The Council has overall responsibility for the establishment and oversight of the University's risk management framework. The University's risk management policies are established to identify and analyze the risks faced by the University, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in economic conditions and the organization's activities. The Vice Chancellor oversees how management monitors compliance with the University's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the University.

Market risk management

Interest rate risk

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

Foreign currency risk

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

Liquidity risk

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

	Less than 1 month Sh	Between 1-3 months Sh	Over 5 months Sh	Total Sh
At 30 June 2016				
Designated funds	0	0	0	0
Fees paid in advance	22,042,483	6,576,296	3,538,256	32,157,035
Borrowings	0	0	0	0
Trade payables	0	49,942,060	0	49,942,060
Caution fees	0	0	7,279,500	7,279,500
	-----	-----	-----	-----
	22,042,483	56,518,356	10,817,756	89,378,595
	=====	=====	=====	=====
At 30 June 2015				
Designated funds	0	0	0	0
Fees paid in advance	14,174,924	2,898,852	318,963	20,679,319
Borrowings	0	0	0	0
Trade payables	0	36,003,318	0	36,003,318
Caution fees	0	0	5,150,365	5,150,365
	-----	-----	-----	-----
	14,174,924	38,902,170	5,469,328	61,833,002
	=====	=====	=====	=====

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Credit risk

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

Classification of credit risk bearing assets

The table below represents University's maximum exposure to credit risk as at 30 June 2016 and 2015.

At 30 June 2016

	Fully performing Shs	Past due Shs	Impaired Shs	Total Shs
Trade receivables	183,939,802			183,939,802
Bank balances	92,582,687	0	0	92,582,687
Total	276,522,489	000	000	276,522,489
	=====	=====	=====	=====

At 30 June 2015

Trade receivables	103,025,615	0	0	103,025,615
Government securities	0	0	0	0
Bank balances	46,917,443	0	0	46,917,443
Total	149,943,058	000	000	149,943,058
	=====	=====	=====	=====

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

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

20. Contingent liabilities

During the year under review the University did not have any contingent liability.



XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A	N/A	N/A	N/A	N/A	N/A

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within Kibabii University responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Vice Chancellor
Prof. Isaac I Odeo

Date: **04/04/2017**

Chairman of the Council.....
Prof. Shem. M. Adholla

Date: **04/04/17**

