

VOL. 7

REPUBLIC OF KENYA

Paper Laid
By Leader of
majority, Hon
Adam Omale
on 22/4/14



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REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
TECHNICAL UNIVERSITY OF MOMBASA
FOR THE YEAR ENDED
30 JUNE 2013

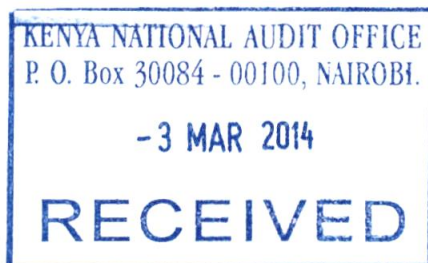
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TECHNICAL UNIVERSITY OF MOMBASA

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TECHNICAL UNIVERSITY OF MOMBASA

UNIVERSITY INFORMATION

VISION, MISSION STATEMENTS

Vision

A World Class University of Engineering, Science and Technology.

Mission

To offer quality technological education and training through: promotion of scholarship, entrepreneurship, research and innovation, outreach to community and technological development.

Motto

Endeavour and Achieve (Jiddu Tajiddu)

Strategic Objectives

- i) Provide quality academic programmes.
- ii) Promote research, science, technology and innovation.
- iii) Increase access and equity to tertiary and university education.
- iv) Provide adequate facilities and infrastructure required by the expanding University.
- v) Provide information communication technology solutions to support learning activities and management of the university.
- v) Provide transition management to transform TUM into a fully-fledged University.
- vi) Institute a manpower and human resources management plan that maintains a competent and efficient workforce.
- vii) Ensure quality and relevance in all programmes.
- viii) Produce graduates with desirable attitudes to confront the various challenges in their lives.
- ix) Institute mutually beneficial linkages and collaborations.
- x) Market Technical University of Mombasa as a leading brand name in training and innovation in engineering, science and technology
- xi) Provide a finance mobilization plan that ensures a sustainable resource base for development and recurrent expenditure.



TECHNICAL UNIVERSITY OF MOMBASA

REGISTERED OFFICE AND PLACE OF BUSINESS

Technical University of Mombasa

Tom Mboya Avenue

P.O. Box 90420-80100

Mombasa

Kenya

Tel: (254)41-2492222/3/42490571

Fax: (254) 41-2495632,

Mobile : (254) 0724 955377/0733 955377

Email:prmsapoly@kenyaweb.com,

principal@mombasapoly.ac.ke

Web site: <http://www.mombasapoly.ac.ke>

PRINCIPAL BANKERS

- | | |
|--|--|
| 1. <i>National Bank of Kenya Limited
Nkrumah Branch</i> | 5. <i>Family Bank
Jomo Kenyatta Branch</i> |
| 2. <i>Co-operative Bank Limited
Nkrumah Branch</i> | 6. <i>Consolidated Bank
Nkrumah Branch</i> |
| 3. <i>Standard Chartered Bank Limited
Treasury Square Branch</i> | 7. <i>Equity Bank
Digo Road Branch</i> |
| 4. <i>Kenya Commercial Bank
Mvita Branch</i> | |

AUDITORS

Auditor General

Kenya National Audit Office

P.O. Box 30084-00100

NAIROBI



TECHNICAL UNIVERSITY OF MOMBASA

LIST OF COUNCIL MEMBERS

The council members who held office during the year and to the date of this report were:-

	<u>NAME</u>	<u>TITLE</u>	<u>DATE OF APPOINTMENT</u>
1	Dr. Linus Ikapel Ettyang	Chairman	07.02.13
2	Eng. Roselane Jilo Mmbone	Member	07.02.13
3	Mrs. Mary Ndiga Kibuka	Member	07.02.13
4	Dr. Fathiya Abdalla El-Maawy	Member	07.02.13
5	Mrs. Alice Mwololo – Representative National Treasury	Member	07.02.13
6	Mrs. Edith Torome – Representative MOEST	Member	07.02.13
7	Dr. Rispah Aduwo	Member	07.02.13
8	Bishop Julius Kalu	Member	07.02.13
9	Prof. Josphat Kazungu Z. Mwatelah	Secretary	08.07.13



TECHNICAL UNIVERSITY OF MOMBASA

LIST OF FORMER COUNCIL MEMBERS

1.	Prof. Shellemiah Okoth Keya	Chairman	Retired
2.	Professor Timothy Waema	Member	Retired
3.	Mrs. Mariam El-Maawy	Member	Retired
4.	Mr. Stephen Ikii – Min of Finance	Member	Retired
5.	Mr. Humphrey Tsuma – MOHEST	Member	Retired
6.	Prof. Mabel Imbuga – VC, JKUAT	Member	Retired
7.	Mr. Charles. Imbali – Chairman KATTI	Member	Retired
9.	Prof. George Godia	Member	Retired
10.	Prof. Abdullah Said Naji	Member	Retired
11.	Pro. Alfred Mayabi – JKUAT Senate	Member	Retired
12.	Mr. Jacob Simiyu – Chairman Student Union (TUMSU)	Member	Retired
13.	Mr. Joseph Ngare – UASU Rep (TUM)	Member	Retired
14.	Dr. Charles Matoka – Ac. Board Rep.	Member	Retired
15.	Mr. Thaddius Rajwayi – Non Academic Staff Rep.	Member	Retired
16.	Mr. David Odhiambo – Tum Alumni	Member	Retired



TECHNICAL UNIVERSITY OF MOMBASA

LIST OF SENIOR MANAGEMENT

<u>NAMES</u>	<u>TITLE</u>
1. Prof. Josephat Mwatelah	Vice Chancellor
2. Dr. Stevens Marangi Mbogho	Ag. Deputy Vice Chancellor
3. Dr. Titus Tunje Kadere	Registrar AA
4. Dr. Joseph Obwogi	Registrar AP
5. Mrs. Gaireth Kingi	-Ag. Finance Officer





TECHNICAL UNIVERSITY OF MOMBASA

STATEMENT OF COUNCIL RESPONSIBILITIES

The Council is required to prepare financial statements which give a true and fair view of the state of affairs of the University as at the end of the financial year and of its surplus for the year. The Council is required to ensure that the University maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the University.

The Council accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with previous years (where applicable), and in conformity with International Financial Reporting Standards.

The Council is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the University as at 30th June 2013 and of its operating results. The Council further confirms the accuracy and completeness of the accounting records maintained by the University which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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

Approved by the Council on

A blue ink signature of Dr. Linus Ikapel Etyang, written in a cursive style.

DR. LINUS IKAPEL ETTYANG
COUNCIL CHAIRMAN

A black ink signature of Prof. J.K. Z. Mwateleah, written in a cursive style.

PROF. J.K. Z. MWATELAH
VICE CHANCELLOR/COUNCIL SECRETARY



TECHNICAL UNIVERSITY OF MOMBASA

REPUBLIC OF KENYA



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NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON THE TECHNICAL UNIVERSITY OF MOMBASA FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Technical University of Mombasa set out on pages 9 to 30, which comprise the statement of financial position as at 30 June, 2013 and the statement of comprehensive income, statement of changes in equity and reserves and statement of cash flows 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 14 of the Public Audit Act, 2003. 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 Financial Reporting Standards 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 13 of the Public Audit Act, 2003.

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 15 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University'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 qualified audit opinion

Basis for Qualified Opinion

1. Property, Plant and Equipment

(i) Included in the property plant and equipment's balance of Kshs.2,468,239,364 as at 30 June 2013 (30 June 2012 Kshs.2,281,637,221) are parcels of land valued at Kshs.935,500,000 and motor vehicles costing Kshs.9,738,329 whose ownership documents are in the name of Mombasa Polytechnic. Though Management has written to Kenya Revenue Authority and Commissioner of Lands for the transfer of the same, not much has been achieved. Consequently, I am unable to verify existence, ownership and valuation of these properties.

(ii) As previously reported, the property, plant and equipment balance of Kshs.2,468,239,364 as at 30 June 2013 includes a parcel of land LR No. Mombasa/Block/XI/386 valued at Kshs.200 million of which ownership is in dispute and the matter is before a Court of Law. Although the University management is confident that the University has proper title to the property, I am unable to confirm the extent of impairment of the value on the property, if any, due to the dispute.

(iii) Property, plant and equipment amounting to Kshs.9,914,295 with a net book value of Kshs.4,284,033.50 were disposed of during the period under review. Disposal book proceeds received were Kshs.765,200 hence loss on disposal off assets realized amounted to Kshs.3,518,833.50.

There was no documentary evidence or otherwise produced to confirm authority and criteria used in identifying items earmarked for disposal and method used to dispose. The items included the Vice Chancellor's house valued at Kshs. 4 million.

The realized loss of Kshs.3,518,833.50 have been irregularity excluded in these financial statements.

2. Trade and Other Receivables

Included in the trade and other receivables balance of Kshs. 154,761,552 as at 30 June 2013 (2011/2012 Kshs.67,933,432) are student debtors balances of Kshs.36,225,701 whose supporting schedules and age analysis were not availed for audit verification. Any provision that would have been necessary in relation to this uncertainty has not been incorporated in these financial statements.

3. Trade and Other Payables Kshs. 29,953,818

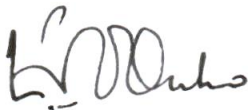
Included in the statement of financial position as at 30 June 2013, creditors balance of Kshs.29,953,818, (2011/2012 Kshs.29,946,507) are trade creditors amounting to Kshs.941,892 owed to suppliers and other third parties who were not in the list of prequalified suppliers produced for audit verification. It was observed that local purchase orders (LPO) amounting to Kshs.11,183,411 were issued to various suppliers who were not prequalified during the period under review. The University Management has not provided justification for these irregularities.

4. Irregular Payment of Legal Fees

A legal firm was contracted and paid Kshs.5,950,000 for representing Technical University of Mombasa on purchase of land in Takaungu in Kilifi District. No bids were floated for the procurement of the services contrary to the Public Procurement and Disposal Act, 2005 and the regulations thereof. I was therefore unable to confirm the University received value for money on this irregular procurement.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the University as at 30 June 2013 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Technical University of Mombasa Charter Award of 31 January 2013.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

21 March 2014



TECHNICAL UNIVERSITY OF MOMBASA

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30,2013

		2013	2012
	<u>NOTES</u>	Kshs.	Kshs.
INCOME			
GOK GRANTS	2	668,300,003	537,999,996
INTERNALLY GENERATED	3	599,886,767	524,813,533
TOTAL INCOME		1,268,186,770	1,062,813,529
EXPENDITURE			
PERSONAL EMOLUMENTS	4	721,863,375	531,270,809
COUNCIL EXPENSES	5	13,028,515	9,157,346
OPERATING /ADMINISTRATION EXPENSES	6	197,215,679	198,572,570
TEACHING EXPENSES	7	218,661,069	225,006,965
STUDENTS WELFARE	8	9,825,187	9,636,663
REPAIRS AND MAINTENANCE	9	11,796,220	12,948,467
PROVISION FOR ACCRUED EXPENSES	10	812,000	700,000
PROVISION FOR BAD DEBTS	11	4,981,229	5,137,569
DEPRECIATION	12	91,379,780	82,381,576
TOTAL EXPENDITURE		1,269,563,054	1,074,811,965
DEFICIT FOR THE YEAR		(1,376,284)	(11,998,436)

DR. LINUS IKAPEL ETTYANG
COUNCIL CHAIRMAN

PROF. J.K.Z. MWATELAH
VICE CHANCELLOR / COUNCIL
SECRETARY



TECHNICAL UNIVERSITY OF MOMBASA

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2013

		2013	2012
	<u>NOTES</u>	<u>Kshs.</u>	<u>Kshs.</u>
ASSETS			
NON - CURRENT ASSETS			
PROPERTY ,PLANT AND EQUIPMENT	12	2,468,239,364	2,281,637,221
WORKS IN PROGRESS	13	227,774,972	145,843,364
LONG-TERM INVESTMENTS	14	4,000,000	4,000,000
TOTAL NON CURRENT ASSETS		2,700,014,336	2,431,480,585
CURRENT ASSETS			
INVENTORIES	15	24,158,895	21,229,339
PREPAYMENTS	16	45,925,217	48,702,664
INVESTMENTS	17	4,866,465	66,279,994
TRADE AND OTHER RECEIVABLES	18	154,761,552	67,933,432
CASH AND BANK BALANCES	19	58,369,579	108,284,549
TOTAL CURRENT ASSETS		288,081,708	312,429,978
TOTAL ASSETS		2,988,096,044	2,743,910,563
RESERVES, FUNDS AND LIABILITIES			
CAPITAL FUND	20	2,684,046,949	2,426,411,763
OTHER FUNDS AND RESERVES	21	108,263,110	112,937,123
INVESTMENTS FUND	22	0	19,279,377
TOTAL FUNDS		2,792,310,059	2,558,628,263
LONG-TERM LIABILITIES			
LONG-TERM LIABILITIES	23	40,470,308	47,269,026
TOTAL LONG-TERM LIABILITIES		40,470,308	47,269,026
CURRENT LIABILITIES			
BANKOVERDRAFT	24	25,033,281	10,527,884
TRADE AND OTHER PAYABLES	25	29,953,818	29,946,507
OTHER PAYABLES	26	100,328,578	97,538,883
TOTAL CURRENT LIABILITIES		155,315,677	185,282,300
TOTAL RESERVES, FUNDS AND LIABILITIES		2,988,096,044	2,743,910,563

DR. LINUS IKAPEL ETTYANG
COUNCIL CHAIRMAN

PROF. J.K.Z. MWATELAH
VICE CHANCELLOR / COUNCIL SECRETARY