

REPUBLIC OF KENYA



*Paper laid
by leader of
Majority Party
Thursday 2/8/2018
Aph*



OFFICE OF THE AUDITOR-GENERAL

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OF KENYA
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REPORT

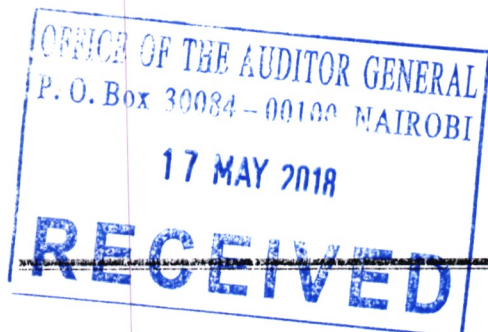
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
TAITA TAVETA UNIVERSITY

FOR THE YEAR ENDED
30 JUNE 2017



TAITA TAVETA UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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





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I. KEY TAITA TAVETA UNIVERSITY INFORMATION AND MANAGEMENT

a. Background information

Taita Taveta University was elevated to a fully-fledged University on **7th October, 2016**. Before the award of Charter, the University was a Constituent College of Jomo Kenyatta University of Agriculture and Technology via legal notice Number 156 dated 18th October, 2011. Since then, and particularly over the financial year 2016/2017, the University Council, Management, staff and students have collectively embarked on a transformative journey aimed at positioning Taita Taveta University as a strategic player in national and regional development, and an academic centre of excellence with a special focus on Mining and Mineral Processing Engineering (MMPE).

Recently the University has been selected as a Centre of Excellence in Mining Environmental Engineering and Natural Resource Management (CEMEREM); the 8th Centre of Excellence in African Continent.

b. Principal Activities

The principal activity of Taita Taveta University is education, teaching, research and outreach. The vision, mission and core values that underpin our principal activity are as outlined below.

c. Vision Statement

To be a premier institution in education, training, research, innovation and community outreach for sustainable development.

d. Mission Statement

To produce leaders and professionals in engineering, science and entrepreneurship through knowledge creation, dissemination and application for socio-economic development.

e. Core Values

- i) **Result oriented** - Budgeting and planning is geared toward achieving desired objectives.
- ii) **Quality** - All work is done to ensure products of the highest quality are achieved.
- iii) **Transparency and Accountability** - All dealings should be open and accountable to stakeholders.
- iv) **Innovativeness** - In the face of many challenges, innovation is championed to ensure set targets are achieved.
- v) **Professionalism and ethical conduct** - Staff are required to uphold the highest professional and ethical standards.

f. Key Management

The Taita Taveta University's day-to-day management falls under the following three key organs:

- Vice Chancellor/CEO
- Deputy Vice Chancellor (Administration, Finance & Planning)– Divisional Head
- Deputy Vice Chancellor (Academic, Research & Outreach) – Divisional Head



Key Taita Taveta University Information and Management (continued.....)

g. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

Designation	Name
Ag. Vice Chancellor	- Prof. Hamadi Iddi Boga
Deputy Vice Chancellor (Administration, Finance & Planning)	- Prof. Fred Simiyu Barasa
Deputy Vice Chancellor (Academic, Research & Outreach)	- Prof. Christine Akoth Onyango

h. Fiduciary Oversight Arrangements

A. University Council	
Membership is as listed under University Council	
B. Finance and General Purpose Committee	
<ol style="list-style-type: none"> 1. Mr. Tom Kiptoo Kandagor 2. Mr. Isaac Gitahi Thuita- Representing PS MOEST² 3. Ms. Sophia Akinyi Yiega 4. Mr. Joseph Kiarrii - Representing PS The National Treasury 	Chairman Member Member Member
C. Audit Committee	
<ol style="list-style-type: none"> 1. Ms. Jane Mumbi Weru 2. Mr. Isaac Thuita- Representing PS MOEST 3. Mr. Joseph Kiarrii - Representing PS The National Treasury 4. Ms. Jane Kimbwarata 5. Mr. Dalton Mwaghogho-C.I.A Secretary (Ex-Official) 	Chairman Member Member Member Member
D. Human Resource Committee	
<ol style="list-style-type: none"> 1. Ms. Jane Kimbwarata 2. Dr. Rashid Abdi Aman 2. Mr. Isaac Thuita - Representing PS MOEST 3. Mr. Joseph Kiarrii - Representing PS The National Treasury 	Chairman Member Member Member

²MOEST – Ministry of Education, Science and Technology



Key Taita Taveta University Information and Management (continued.....)

i. Taita Taveta University Head quarters

Taita Taveta University
Main Campus (off Voi-Mwatate Road)
P. O. Box 635 – 80300
VOI, KENYA.

j. Taita Taveta University Contacts

Telephone :(254) 020 2437266
E-mail: vc@Taita Taveta University.ac.ke
Website: www.Taita Taveta University.ac.ke

k. Taita Taveta University Bankers

Kenya Commercial Bank Ltd
Voi Branch
P.O. Box 137 - 80300
Voi, Kenya

Equity Bank Ltd
Voi Branch
P.O. Box 325 - 80300
Voi, Kenya

l. Independent Auditors




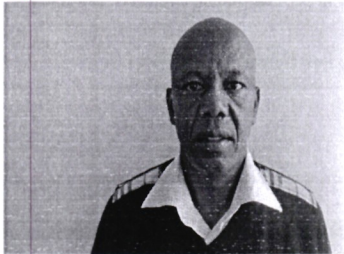


Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P. O. Box 30084 - 00100
Nairobi, Kenya

m. Principal Legal Adviser

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






II. UNIVERSITY COUNCIL

<p>1. Dr. Morompi Ole Ronkei</p> 	<p>Born:1960 Doctor of Philosophy (Univ. Of Oregon) He had previously worked at Daystar University, and later at Compassion International as CEO for many years, and is currently working as a communications consultant. He is the chairman of Council.</p>
<p>2. Ms. Jane Kimbwarata</p> 	<p>Born: 1972 Master of Science, Information Science, Moi University. She is the Chair of the Human Resource Development Committee of Council. She has 19 years' experience working in the Public Sector,</p>
<p>3. Dr.Rashid Abdi Aman</p> 	<p>Born:1954 Post doctoral fellowship, School of Medicine Stanford University, USA. PhD in Pharmaceutical chemistry, and has over 24 years experienced as pharmacist.</p>
<p>4. Mr.Isaac Gitahi Thuita</p> 	<p>Born: 1959 M.E.D ,Administration and Planning(Kenyatta University).BED,(University of Nairobi),Higher Diploma,(University of KwaZulu-Natal).Secretary General, Kenya Colleges and Schools sports Council and has over 30 years' experience in Education and Training.</p>
<p>5. Mr.Tom Kiptoo Kandagor</p> 	<p>Born 1955. MBA Maaschric University. He has over 26 years experience in the Banking industry. He is the chairman of Finance, Development and General Purpose Committee of Council. .</p>
<p>6. Ms.Sophia Akinyi Yiega</p> 	<p>Born 1968. Master of Education in Psychology. Has over 20 years working experience, 10 years of which she has worked with the National government and the other 10 years working with NGO's in education, civil society and community development.</p>


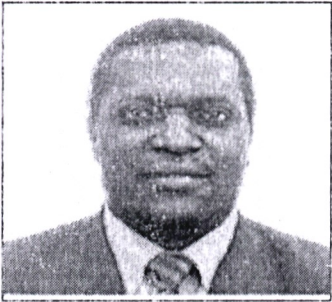



University Council continued...

<p>7. Ms.Jane Mumbi Weru</p> 	<p>Born 1963. Master in Management of NGO's. A lawyer by profession with over 20 years working experience. She is the chairman of the Audit, Risk and Governance committee of Council.</p>
<p>8. Mr. Joseph Kiarii</p> 	<p>Born: 1966 Bachelor of Commerce (BCom), Accounting Option, University Of Nairobi (UON). He has over 20 years' experience in Public Finance Management. He is currently working in the National Treasury and is a member of Institute of Certified Financial Analysts (ICFA).</p>
<p>9. Prof. Hamadi Iddi Boga</p> 	<p>Born 1967 PhD in Microbial Ecology, University of Konstanz, Germany. Has over 20 years' experience working in the University Sector. Is currently the Ag. Vice Chancellor and Secretary to the Council</p>



III. MANAGEMENT TEAM

 <p>1. Prof. Hamadi Iddi Boga PhD in Microbial Ecology, University of Konstanz, Germany</p>	<p>Ag. Vice Chancellor Accounting Officer/ Chief Administrative and Academic Head of the Institution</p>
 <p>2. Prof. Fred Simiyu Barasa PhD, Comparative and International Education, University of Natal, RSA</p>	<p>Deputy Vice Chancellor (Administration, Finance and Planning) Head of Division and responsible for Administration, Finance and Planning functions of the institution.</p>
 <p>3. Prof. Christine Onyango PhD in Food Science and Post-Harvest Technology, JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY</p>	<p>Deputy Vice Chancellor (Academic, Research and Outreach) Head of Division and responsible for Academic, Research and Outreach functions of the institution.</p>



IV. CHAIRMAN'S STATEMENT

Taita Taveta University was awarded a Charter to be a fully-fledged University on 7th October, 2016. Prior to that the University was a Constituent College of Jomo Kenyatta University of Agriculture and Technology since 18th October, 2011 via the Taita Taveta Legal Order Legal Number 156. Accordingly, the financial year 2016/2017 marks the fifth year of our stewardship over financial and other resources entrusted to us. To this end, the University Council, Management, staff and students have collectively maintained focus on the transformative journey of positioning Taita Taveta University as a strategic player in national and regional development, and as an academic Centre of Excellence with special focus on Mining and Mineral Processing Engineering.

Conscious of our mandate and guided by our motto of "Home of Ideas", we endeavour to prudently manage resources at our disposal in addition to offering the highest quality of service to our clients and all stakeholders. Taita Taveta University continues to ensure strict financial discipline, focused execution of the management agenda and resolute pursuit of agreed strategies.

The FY 2016/2017 presented great opportunities for development and growth. The resources allocated and received have been instrumental in facilitating infrastructure and human resource development. These include: enhanced clean water supply through construction of a water treatment plant at both Main Campus and at the School of Agriculture Earth and Environmental Sciences (SAEES); significant progress towards completion of Phase II of the state-of-the art Centre for Mining, Fuels and Mineral Processing Engineering; Completion of Fencing of the 50 acre Taveta Land and support for various staff pursuing PhD, Master and Bachelor degree study programmes. Further, the University continued delivering academic programmes prudently while maintaining and securing her assets. The University was also privileged to be visited by His Excellency, Uhuru Kenyatta, President of the Republic of Kenya who officially launched the establishment of the National Mining Institute to be hosted by Taita Taveta University.

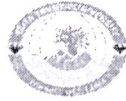
Despite the development and growth achievements highlighted above, Taita Taveta University faced and still faces many challenges. Inadequate funding from the exchequer, reduction in capital funds originally allocated to the University for FY 2016/2017, and low staffing levels for both academic and administrative staff are among the challenges experienced. As Taita Taveta University transits and implements Commission for University Education regulations increasing staffing levels, construction of a Modern Library, expansion of office and classroom space, equipping and modernizing laboratories and workshops, and further enhancement of clean water supply through connection to Mzima Springs pipeline, will continue being the University's highest priority.

The University Council is committed to continuous improvement in the governance and management of Taita Taveta University.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Morompi Ole Ronkei'.

Dr. Morompi Ole Ronkei
Chairman of Council



V. REPORT OF THE VICE CHANCELLOR

Introduction and Financial Performance

The financial year 2016/2017 has been an eventful year. We have struggled with insufficient cash flows, increasing food prices, industrial unrest among staff relating to national level Collective Bargaining Agreement (CBA) negotiations and implementation, and reduction in development capital. Further, we struggled with but successfully managed our service providers, especially suppliers and Part-Time Lecturers. However, we have made some progress, including award of Charter, becoming International Organization for Standardization Certified, and winning a competitive bid for establishment of the Centre of Excellence for Mining, Environmental Engineering and Resource Management (CEMEREM) at Taita Taveta University in collaboration with German Universities. We appreciate the support and goodwill of the University Council and the Government of Kenya. Despite the challenges, they have continued to support our innovative ideas and Taita Taveta University has made good progress on all fronts.

In the FY 2016/2017, Taita Taveta University received from the Government of Kenya a total of **Ksh 376,460,800** for recurrent expenditure and **Kshs.60, 347,928** for development expenditure and was able to generate Appropriation-in-Aid of **Ksh 135,279,985**. This budget supported 243 full time staff, 3,000 students, over ten academic programmes focusing on Mining Engineering, Computer Science, Information Technology, Business Management and Entrepreneurship, Applied Science, Horticulture and Governance. Further, in the year under review, the University made remarkable investment and progress in staff training, automation through installation of an ERP system, teaching and learning infrastructure, launching of new academic programmes, and realization of International Organization for Standardization certification.

During the year under review, the University realized a deficit of **Kshs.42,391,287**. The deficit was an improvement from the previous year's deficit of **Kshs.49, 153,726**. The reduction was contributed by various cost reduction and cost containment strategies that were implemented, allocation by the Government of additional supplementary budget of Kshs.15,000,000 and improved student enrollment. It is also worthy to note that part of the deficit is contributed by depreciation charge on property, plant and equipment of Kshs.39,511,900 for the financial year under review.

Conclusion

The University is grateful to the Government of Kenya and the Ministry of Education, Science and Technology for their continued support. The Taita Taveta University community will continue to work hard to meet targets as set in the Strategic Plan and mandate as provided in the Universities Act 2012 and the Taita Taveta University Charter.

A handwritten signature in blue ink, appearing to read 'H. Boga'.

Prof. Hamadi Iddi Boga, PhD
Ag. Vice Chancellor, Taita Taveta University



VI. CORPORATE GOVERNANCE STATEMENT

The University is being managed by a Council constituted in accordance with Universities Act 2012. The Council members were appointed for a period of 3 years with effect from 10th March, 2017 vide Gazette Notice Number 2350 dated 14th March, 2017

Taita Taveta University 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 financial year, and of its surplus or deficit for the year.

The University is required to ensure that proper accounting records that disclose, with reasonable accuracy, at any time the financial position of the University, are maintained.

The Council is also responsible for safeguarding the assets of the University. The Council accepts responsibility for annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards.

The Council confirms that the financial statements give a true and fair view of the state of financial affairs of the University as at 30th June 2017 and its deficit for the year that ended. The Council further confirms the accuracy and completeness of the accounting records maintained by the University, which may be relied upon in the presentation of the financial statements, as well as on the accuracy of the systems of internal controls.

Nothing has come to the attention of the Council to indicate that the University will not remain a going concern for at least twelve months from the date of this statement. The Council thanks the Staff for their dedication and hard work in the last financial year.

The statement is approved by the University Council and signed by/or on its behalf:

A handwritten signature in blue ink, appearing to read 'H. I. Boga'.

Prof. Hamadi Iddi Boga, PhD
Ag. Vice Chancellor, Taita Taveta University



VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Taita Taveta University is committed to continuous engagement with the local communities, the county Government of Taita Taveta and the National Government to fight poverty, ignorance and environmental degradation so as to contribute to sustainable development. Some of the strategies deployed at Taita Taveta University towards Corporate Social Responsibility are anchored in our Strategic Plan that covers the period (2013-2018). They include:

1. Short Courses in relevant subjects targeting community needs, like Gemology.
2. Employing an open door policy towards members of the community and other stakeholders so as to provide an opportunity for continuous engagement.
3. Offering scholarship programs for students from the community in collaboration with the Taita Taveta County Government.
4. Introducing more tailor made courses for capacity building of the community.
5. Identifying and researching on challenges and problems afflicting the community.
6. Entering into collaborations with local communities and the Taita Taveta County Government on various developmental issues.
7. Engaging the community and other stakeholders in the provision of services to them and vice-versa.

In this respect, during this financial year, the university conducted various capacity building workshops involving teachers, students, local community, secondary school students within Taita Taveta County and senior officials of the Taita Taveta County Government. The University also hosted an international conference at the institution under Centre of Excellence for Mining, Environmental Engineering and Resource Management (CEMEREM) Project.



VIII. REPORT OF THE COUNCIL

The Council submit their report together with the draft Financial Statements for the year ended June 30, 2017 which shows the state of the Taita Taveta University affairs.

Principal activities

The principal activities of the Taita Taveta University are Teaching, Research and Community Outreach.

Results

The results of the Taita Taveta University for the year ended June 30, 2017 are set out on page 14 to page 38.

Directors

The members of the University Council who served during the year are shown on page 4 and 5.

Auditors

The Auditor General is responsible for the statutory audit of the Taita Taveta University in accordance with Article 129 (4) of The Constitution of Kenya, Section 89 of the Public Finance Management (PFM) Act, 2012 and Public Audit Act, 2015.

By Order of the Board

A handwritten signature in blue ink, appearing to be 'A. B. G.', written over a faint circular stamp.

Ag. Vice Chancellor
Taita Taveta University
Voi
Date: 10th July, 2017.



IX. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 89 of the Public Finance Management Act, 2012 and cap 446 section 14 of the State Corporations Act, require the Council Members to prepare financial statements in respect of Taita Taveta University, which give a true and fair view of the state of affairs of the Taita Taveta University at the end of the financial year/period and the operating results of the Taita Taveta University for that year/period. The Council Members are also required to ensure that the Taita Taveta University keeps proper accounting records which disclose with reasonable accuracy the financial position of the Taita Taveta University. The Council Members are also responsible for safeguarding the assets of the Taita Taveta University.

The Council Members are responsible for the preparation and presentation of the Taita Taveta University financial statements, which give a true and fair view of the state of affairs of the Taita Taveta University for and as at the end of the financial year (period) ended on 30th June, 2017. 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 Taita Taveta 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 Taita Taveta 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 Taita Taveta University financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, 2012. The Council Members are of the opinion that the Taita Taveta University financial statements give a true and fair view of the state of Taita Taveta University transactions during the financial year ended 30th June, 2017, and of the Taita Taveta University financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the Taita Taveta University, which have been relied upon in the preparation of the Taita Taveta University 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 Taita Taveta 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 Taita Taveta University financial statements were approved by the Council on 07/05 2017 and signed on its behalf by:

A blue ink signature of Ms. Jane Kimbwarata.

Ms Jane Kimbwarata

A blue ink signature of Mr. Tom Kiptoo Kandagor.

Mr.Tom: Kiptoo Kandagor

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Taita Taveta University set out on pages 14 to 41, which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Taita Taveta University as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Financial Performance

The statement of financial position reflects total current liabilities of Kshs.222,014,663 which exceeded total current assets balance of Kshs.84,940,991 resulting to a negative working capital of Kshs.137,073,672. Further, the University realized a loss of Kshs.42,391,287, resulting to accumulated loss of Kshs.285,899,199 as at 30 June 2017.

Report of the Auditor-General on the Financial Statements of Taita Taveta University for the year ended 30 June 2017

Consequently, the University may not be in a position to meet its financial obligations as and when they fall due and its continued existence as a going concern depends on its continued support from the Government, bankers and creditors.

2. Academic Costs

Note 8 to the financial statements for the year ended 30 June 2017 reflects academic costs of Kshs.31,513,168. Included in this amount are part-time teaching expenses of Kshs.18,837,844 out of which an amount of Kshs.10,986,528 was paid to lecturers but whose names, courses and number of units taken, lecture hours and rates charged were not availed for audit verification.

Consequently, the accuracy and propriety of the Kshs.10,986,528 incurred on academic costs could not be confirmed.

3. Council Activities Expenditure

The statement of financial performance for the year ended 30 June 2017 reflects Council activities expenses of Kshs.11,369,747. However, included in the amount are full council sitting allowances amounting to Kshs.820,800 paid vide payment voucher No.16597 of 13 December 2016 for meetings of 13 and 14 December 2016. However, council minutes' book was not availed in support of these meetings and the meeting of 14 December 2016 was not recorded in meetings attendance register.

Consequently, the accuracy and propriety of the Kshs.820,800 expenditure incurred on Council activities cannot be confirmed.

4. Intangible Assets

The statement of financial position as at 30 June 2017 reflects intangible assets balance of Kshs.17,703,971. Records availed for audit review indicated that the University contracted a firm to supply, instal, implement and commission Enterprise Resource Programme (ERP) software system on 18th September 2015 at a contract sum of Kshs.17,580,102.80 with a commencement date of 1st October 2015 and implementation timeline of 14 weeks. However, certificates of completion were not availed for audit verification. Further, during audit inspection in the month of March 2018, the human resource, payroll, catering and health modules had not been operationalized, three (3) years after installation of the system. In addition, although the contractor was expected to deliver one hundred (100) concurrent ERP user licenses within the fourteen (14)-week period, the same had not been issued to the University, more than two years after installation.

Consequently, the accuracy, value for money and propriety of the Kshs.17,580,102.80 incurred on the system on could not be confirmed.

5. Cash and Cash Equivalents

The statement of financial position as at 30 June 2017 reflects cash and cash equivalents balance of Kshs.9,476,382 of which the following observations were made:

5.1 Bank Reconciliation Statements

The bank reconciliation statements as at 30 June 2017 availed in support of the cash and cash equivalents balance of Kshs.9,476,382 contained the following anomalies:

5.1.1 Kenya Commercial Bank Ltd Student Fees Account

The statement of financial position as at 30 June 2017 reflects cash and cash equivalents balance of Kshs.9,476,382, out of which Kshs.845,935 is a balance in Kenya Commercial Bank Ltd Student Fees A/C. The bank reconciliation statement as at 30 June 2017 for this account reflects receipts in bank statements not yet recorded in cash book of Kshs.2,072,475.70 out of which receipts totalling to Kshs.2,022,260.70 had not been recorded in cash book as at the time of audit in the month of March 2018. Further, the reconciliation reflects payments in bank statements not yet recorded in cash book amounting to Kshs.77,814.70 and receipts in cash book not yet recorded in bank statements amounting to Kshs.653,697.40. The management has not explained the failure to record the payments in cash book and banking of the receipts.

5.1.2 Kenya Commercial Bank Ltd Catering Account

The cash and cash equivalents balance of Kshs.9,476,382, includes an amount of Kshs.138,072 held in Kenya Commercial Bank Ltd Catering A/C whose bank reconciliation statement reflects receipts in bank statements not yet recorded in cash book of Kshs.777,701.15 and receipts in cash book not yet recorded in bank statements amounting to Kshs.425,367.50. However, the management has not explained why the receipts have not been recorded in cash book nor cash banked as appropriate.

5.1.3 Equity Bank (K) Ltd Student Account

The statement of financial position as at 30 June 2017 reflects cash and cash equivalents balance of Kshs.9,476,382. Included in this balance is Kshs.128,618 in Equity Bank (K) Ltd Student Account. The bank reconciliation statement as at 30 June 2017 for this bank account reflects unposted debits totalling Kshs.1,915,754. However, bank statements to confirm when debits of Kshs.996,547 were subsequently cleared by the bank were not availed for audit verification.

5.1.4 Equity Bank (K) Ltd Call Account

Note 15 to the financial statements for the year ended 30 June 2017 reflects nil bank balance for Equity Bank (K) Ltd Call Account. However, the bank reconciliation statement as at 30 June 2017, cash book and certificate of bank balance were not availed in support of the nil balance.

5.1.5 Kenya Commercial Bank Ltd Salary Account

The balance of Kshs.9,476,382 includes a balance of Kshs.4,167,839 in Kenya Commercial Bank Ltd Salary Account where bank reconciliation statement as at 30 June 2017 reflects understated opening balance of Kshs.1,747,074.90, receipts in bank statements not yet recorded in cash book of Kshs.2,326,289.35, payments in bank statements not yet recorded in cash book of Kshs.1,394,729 and receipts in cash book not yet recorded in bank statements of Kshs.6,829,185. It is not clear and the management has not explained the failure to record the receipts and payments in cash book and the unbanked receipts.

5.2 Petty Cash

Note 15 to the financial statements for the year ended 30 June 2017 reflects nil cash balance. However, the Board of Survey Certificate on cash was not availed in support of the nil balance.

Consequently, the accuracy, validity, and completeness of the cash and cash equivalents balance of Kshs.9,476,382 as at 30 June 2017 cannot be confirmed.

6. Receivables from Exchange Transactions

The statement of financial position as at 30 June 2017 reflects receivables from exchange transactions balance of Kshs.60,346,889. However, the ageing analysis for this balance which is necessary to determine the recoverability of the debts was not availed for audit verification. Further, as reported in 2015/2016, student fees debtors balance of Kshs.33,099,709 was over six (6) months old. However, evidence of recovery or write-off of this amount in the books of the University has not been availed for audit verification.

Consequently, the accuracy and recoverability of the receivables from exchange transactions balance of Kshs.60,346,889 cannot be confirmed.

7. Inter Public University Councils Consultative Forum (IPPUCCF - GoK)

The statement of financial position as at 30 June 2017 reflects IPPUCCF (GoK) balance of Kshs.35,200,000 of which creditors' confirmation of balance was not availed for audit verification. Consequently, the accuracy of the IPPICCF (GoK) balance of Kshs.35,200,000 cannot be confirmed.

8. Bank Loan

The statement of financial position as at 30 June 2017 reflects KCB current bank loan balance of Kshs.6,319,636 and longterm loan balance of Kshs.2,511,273, all totaling Kshs.8,830,909. However, the supporting bank certificate of loan balance was not availed for audit verification. Consequently, the accuracy and completeness of total loan balance of Kshs. 8,830,909 cannot be confirmed.

9. Trade and Other Payables from Exchange Transactions

Included in the trade and other payables balance of Kshs.152,259,969 and disclosed in Note 24 to the financial statements for the year ended 30 June 2017 is a balance of kshs.33,866,373 for sundry creditors. However, the sundry creditors balance includes Kshs.727,236 whose confirmation certificates from creditors amounted to Kshs.1,089,600, resulting to a variance of Kshs.362,364 which has neither been explained nor reconciled.

Consequently, it has not been possible to ascertain that trade and other payables balance of Kshs.152,259,969 is fairly stated.

10. Bank Overdraft

The statement of financial position as at 30 June 2017 reflects a bank overdraft balance of Kshs.63,435,058 for Kenya Commercial Bank Ltd Main Account. The bank reconciliation statement reflects overdebited cheque of Kshs.24,259, receipts in bank statement not yet recorded in cash book - unidentified income of Kshs.842,368 and payments in bank statement not yet recorded in cash book of Kshs.1,013,589. The management has not explained the failure to clear these items. Further, approval of the overdraft facility by the National Treasury was not availed for audit verification, contrary to Section 82(7) of the Public Finance Management (National Government Regulations), 2015 which stipulates that no official Government bank account shall be overdrawn beyond the limit authorized by the National Treasury.

Consequently, the accuracy and validity of the bank overdraft balance of Kshs.63,435,058 as at 30 June 2017 cannot be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Taita Taveta University in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, I have determined that there are no key audit matters to communicate in my report.

Other Matter

Budgetary Controls and Performance

Expenditure Budget

During the year under review, the University had expenditure budget of Kshs.590,917,368 against actual expenditure of Kshs.554,132,071 or 93.8%, resulting to net under-expenditure of Kshs.36,786,298 or 6.2% as detailed below:

Item	Final Budget (Kshs.)	Actual Expenditure (Kshs)	Over (Kshs.)	Under (Kshs.)	%
Personal Emoluments	352,276,455	361,462,397	9,185,942	-	2.6
Academic Costs	56,182,204	31,513,168	-	24,669,036	43.9
Administrative Costs	9,653,000	6,865,103	-	2,788,897	28.8
Student Welfare Costs	21,525,000	20,037,083	-	1,487,917	6.9
Maintenance Works	3,300,000	2,289,317	-	1,010,683	30.6
Central Services Costs	129,239,169	114,386,611	-	14,852,558	11.5
Council Activities	14,247,600	11,369,747	-	2,877,853	20.2
Finance Costs	4,493,940	6,208,645	1,714,705	-	38.2
Total	590,917,368	554,132,071	10,900,647	47,686,944	6.2

The under expenditure of Kshs.47,686,945 is due to possible over budgeting which may have a negative impact on implementation of planned activities and service delivery to the students. Further, the Council approval of the over-expenditure of Kshs.10,900,647 on personnel costs and academic costs was not availed for audit verification.

Responsibilities of Management and Those Charged with Governance 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.

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

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

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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

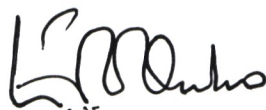
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the University's internal control.

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

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

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



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


Nairobi

03 July 2018

XII. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2017

PARTICULARS		'2016/2017	2015/2016
ASSETS	NOTE		KSHS
CURRENT ASSETS			
Cash and cash equivalent	15	9,476,382	45,596,741
Prepayments	16	0	3,000,000
Receivables from Exchange transactions	17	60,346,889	53,274,715
Inventories	18	14,401,720	10,385,530
Biological Assets	19	716,000	0
Total		84,940,991	112,256,985
NON CURRENT ASSETS			
Property, Plant and Equipment	20	3,710,120,219	3,688,511,734
Intangible Assets	21	17,703,971	13,192,621
Total		3,727,824,191	3,701,704,355
TOTAL NET ASSETS		3,812,765,181	3,813,961,340
FUNDS, GRANTS AND LIABILITIES			
FUNDS AND GRANTS			
Capital fund		766,560,189	706,212,261
Reserve fund		(285,899,199)	(243,507,913)
Revaluation Reserve		3,072,378,256	3,115,263,694
Total		3,553,039,246	3,577,968,042
LONG TERM LIABILITIES			
IPPUCCF (GoK)	22	35,200,000	35,200,000
KCB Loan	23	2,511,273	11,953,454
Total		37,711,273	47,153,454
CURRENT LIABILITIES			
KCB Loan	23	6,319,636	41,864,205
Trade and other Payables from exchange transactions	24	152,259,969	86,964,000
Bank Overdraft	25	63,435,058	60,011,638
Total		222,014,663	188,839,843
TOTAL FUNDS, GRANTS AND LIABILITIES		3,812,765,181	3,813,961,340


 Dr. Morompi Ole Ronkei
COUNCIL CHAIR


 Prof. Hamadi Boga, PhD
AG. VICE CHANCELLOR



**XI. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE, 2017**

INCOME	NOTE	2016/2017	2015/2016
		<u>KSHS</u>	<u>KSHS</u>
Revenue from non-exchange transactions			
Government Grant Income	3	376,460,800	356,257,922
		376,460,800	356,257,922
Revenue from exchange transactions			
Tuition Fees Income	4	115,792,404	130,082,130
Income from Other Services Rendered	5	17,197,902	28,443,201
Income from other activities	6	2,289,680	469,782
		135,279,985	158,995,113
Total revenue		511,740,785	515,253,034
Expenses			
Personal Emoluments	7	361,462,397	343,045,665**
Academic Departments Costs	8	31,513,168	33,181,845**
Administrative Departments Costs	9	6,865,103	8,558,434
Students Welfare Costs	10	20,037,083	18,774,836
Maintenance Work Costs	11	2,289,317	3,012,045
Central Services Costs	12	114,386,611	138,980,618
Council Activities	13	11,369,747	7,729,142
Finance Cost	14	6,208,645	11,124,176
Total expenses		554,132,072	564,406,761
(Deficit) / Surplus for the year		(42,391,287)	(49,153,726)

*-Taxation charge

The University is a public institution hence exempted from paying corporate tax.

** - Restated figure, see note 26.



**XIII. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30TH JUNE, 2017**

Particulars	Capital development replacement reserve	Accumulated Reserve Fund	Revaluation Reserve	Total
Balance as at 30 June 2013 (Balance b/d)	435,142,877	8,886,267	-	444,029,144
Surplus / (Deficit) for the period		(87,325,836)		(87,325,836)
Prior Year Adjustment	(12,572,983)	(69,600,000)		(82,172,983)
Additions in the year			2,358,845,745	2,358,845,745
Prior Year Adjustment-2013/2014		27,476,915	(27,476,915)	-
As at 30.06.14	422,569,894	(120,562,654)	2,331,368,830	2,633,376,070
Surplus / (Deficit) for the period		(73,791,532)		(73,791,532)
Additions in the year	174,426,667		4,584,752	179,011,419
Prior Year Adjustment-2014/2015-reinstated			(27,476,915)	(27,476,915)
As at 30.06.15	596,996,561	(194,354,186)	2,308,476,667	2,711,119,042
Surplus / (Deficit) for the period		(49,153,726)		(49,153,726)
Additions in the year	109,215,700		822,195,550	931,411,250
Depreciation			(15,408,523)	(15,408,523)
As at 30.06.16	706,212,261	(243,507,912)	3,115,263,694	3,577,968,043
Surplus / (Deficit) for the period		(42,391,287)		(42,391,287)
Additions in the year	60,347,928		-	60,347,928
Depreciation			(42,885,438)	(42,885,438)
As at 30.06.17	766,560,189	(285,899,199)	3,072,378,256	3,553,039,246

**XIV. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE, 2017**

Particulars	Note	2016/2017	2015/2016
Surplus/(Deficit) for the year		(42,391,287)	(49,153,726)
Adjustment for :			
Depreciation Charge	20	39,511,900	58,998,335
Amortization of SAGE Software	21	53,087	75,838
Prior Year Adjustment-Student Debtors Adjustments		(30,169,509)	
Operating Profit before working capital changes		(32,995,809)	9,920,447
Working capital changes			
Decrease(increase) in Trade Receivables	17	(7,072,174)	3,699,692
Decrease(increase) in Inventories	18	(4,016,189)	(3,382,492)
Increase(Decrease) in Trade Payables	24	65,295,969	11,391,289
Decrease(Increase) in Prepayment	16	3,000,000	(3,000,000)
Net cash generated from Operating Activities		24,211,796	18,628,937
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest paid		(841,364)	(2,720,021)
Investment of software			
Purchase of Furniture & fixtures	20	-	(7,049,530)
Additions in Work In Progress	20	(71,951,864)	(24,731,110)
Development of master plan	20	-	(5,377,362)
Purchase of Computers and Equipment	20	(6,323,523)	(2,865,342)
Additions in Work In Progress (ERP)	21	-	(13,015,665)
Purchase of Micro Bus		-	(6,921,150)
Net cash used in Investing Activities		(79,116,751)	(62,680,181)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Capital fund		60,347,928	109,215,700
Repayment of loan	23	(44,986,751)	(39,217,192)
KCB Loan	23	-	5,536,920
Net Cash from Financing Activities		15,361,177	75,535,428

Annual Report and Financial Statements for the Financial Year ended 30th June, 2017



Net Increase or decrease		(39,543,778)	31,484,184
Net Increase (Decrease) in cash and cash equivalents			
Cash and cash equivalents at 1 July, 2015		(14,414,898)	(45,899,082)
Cash and cash equivalents as at 30th June,2016		(53,958,676)	(14,414,898)
<u>SUMMARY OF CASH AND BANK BALANCES</u>			
Cash Book Balance		9,476,382	45,596,741
(Negative) Cash and Bank Balance		(63,435,058)	(60,011,638)
TOTAL		(53,958,676)	(14,414,898)


**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2017**

Particulars	Original budget (A)	Adjustment (B)	Final budget (C=A+B)	Actual on comparable basis	Performance difference	Percentage of Budget Utilization	Explanation of variance
	2016/2017	2016/2017	2016/2017	2016/2017	2016/2017		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs		
Government grant income	361,460,800	15,000,000	376,460,800	376,460,800	0	100.00%	a
Tuition fees income	132,767,950	0	132,767,950	115,792,404	16,975,547	87.21%	
Income from other services rendered	25,665,970	0	25,665,970	19,487,582	6,178,389	75.93%	
Total income	519,894,720	15,000,000	534,894,720	511,740,785	23,153,935	95.67%	
Expenses							
Personal emoluments	352,276,455	0	352,276,455	361,462,397	(9,185,943)	102.61%	
Academic costs	63,964,950	(7,782,746)	56,182,204	31,513,168	24,669,036	56.09%	b
Administrative cost	7,153,000	2,500,000	9,653,000	6,865,103	2,787,897	71.12%	c
Students welfare cost	21,525,000	0	21,525,000	20,037,083	1,487,918	93.09%	
Maintenance work cost	3,100,000	200,000	3,300,000	2,289,317	1,010,683	69.37%	d
Central services cost	120,875,315	8,363,854	129,239,169	114,386,611	14,852,558	88.51%	e
Council Activities	9,000,000	5,247,600	14,247,600	11,369,747	2,877,853	79.80%	f
Finance Cost	12,000,000	(7,506,060)	4,493,940	6,208,645	(1,714,705)	138.16%	g
Total expenditure	589,894,720	1,022,648	590,917,368	554,132,072	36,785,296		
Surplus/(Deficit) for the year	(70,000,000)	13,977,352	(56,022,648)	(42,391,287)	(13,631,361)		

Explanation of the variances

- The adjustment of Kshs.15 Million was as a result of a supplementary budget allocated to the University during the financial year 2016/2017.
- The reduction of the original budget by Kshs.7,782,746 was due to the fact that the part time teaching payments were to be paid in instalments spreading over a period of 24 Months as agreed with the University Lecturers. This was to enable the University also settle some other bills for effective service delivery.



- c. The adjustment of administrative costs upwards by Kshs.2,500,000 was due to the change in the University status from constituent college to a fully fledged University hence introduction of new administrative structures as contained in the University charter.
- d. The adjustment of maintenance works upwards by Kshs.200,000 was to increased activities and events held within the University , including charter award celebrations, and routine maintenance of buildings, sewerage works and repairs of furniture and fittings.
- e. The adjustment of central services costs upwards by Kshs.8,363,854 was due to the change in the University status from constituent college to a fully fledged University hence introduction of new administrative structures as contained in the University charter and increase in operating costs.
- f. The adjustments of council activities vote by Kshs.5,247,600 was occasioned by the change in the University status which prompted the University Council to conduct additional meetings in preparation for charter award, short listing and interviewing individuals for the positions of the Vice Chancellor and Deputy Vice Chancellor and induction and training sessions for the new council.
- g. The reduction of the Finance Costs by Kshs.7,506,060 was as a result of the planned complete repayment of the University loan of Kshs.104 million earlier than projected hence expected reduction in the finance cost. This was made possible following the successful allocation of supplementary budget of Kshs.15 Million in the financial year 2016/2017 printed estimates.



XVI. SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

The Taita Taveta University financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Taita Taveta University. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

2.1 Revenue Recognition

Revenues are recognized as income during the actual period in which such revenues become due. If such revenue is not received, a debtor is created in the ledger.

2.2 Revenue from non-exchange transactions – IPSAS 23

Other incomes, donations

The Taita Taveta University recognizes revenues from donations when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

Government grants

Non-exchange transactions revenue from government entities are recognized as an asset when, and only when it is probable that the future economic benefits or service potential related to the asset will flow to Taita Taveta University and the fair value of the asset can be measured reliably.

2.3 Revenue from exchange transactions – IPSAS 9

Rendering of services

The Taita Taveta 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 fees payable.

Sale of goods and services

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 Taita Taveta University.



Significant Accounting Policies Continued.....

2.4 Budget information – IPSAS 24

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 entity. During the year Taita Taveta University Budget was prepared using historical cost but during adoption it was apportioned on cash basis based on printed estimated allocated to the university therefore there are differences that would require reconciliation between the actual comparable amounts in the statement of budget and actual and statement of Financial performance amounts presented. Original budget is the initial approved budget for the budget period

2.5 Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at revalued amount, which is fair value at revaluation date less subsequent depreciation and impairment losses. Revaluation of respective classes of assets is carried out regularly.

When significant parts of property, plant and equipment are required to be replaced at intervals, Taita Taveta University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized as recurrent expenses (in surplus or deficit) as incurred.

2.6 Depreciation and impairment of property, plant and equipment

Assets are usually depreciated, using the reducing balance approach, in order to offset the impact of increasing maintenance costs occasioned by wear and tear as the asset grows old. However, where an asset's maintenance does not greatly vary with age such assets are depreciated on an even basis e.g. land and building. In the case of investment properties, no depreciation is provided as such properties are often maintained in good shape in order to attract good business. Investment properties are normally stated at their market value. With the exception of investment property therefore, assets are depreciated evenly over its useful life.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

CATEGORY	RATE	ASSET LIFE EST.	BASIS
Land & Building	2%	50yrs	Even
Motor Vehicles	20%	5yrs	Even
Office Equipment	30%	3yrs	Even
Furniture	10%	10yrs	Even
Tools	10%	10yrs	Even
Computers	30%	3yrs	Even



Significant Accounting Policies Continued.....

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

2.7 Intangible assets – IPSAS 31

Intangible assets acquired are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years. Development costs of intangible assets are capitalized only after technical and commercial feasibility of the resulting product or service have been established.

2.8 Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

2.9 Borrowing costs- IPSAS 5

Taita Taveta University capitalize borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset.

All other borrowing costs that do not satisfy the conditions for capitalization are expensed when incurred.

2.10 Inventories – IPSAS 12

Stock are stated at the lower of the cost or their net realizable value IPSAS (12). Library Books and Perishables are written off to expenditure as incurred.

2.11 Changes in accounting policies and estimates – IPSAS 3

The Taita Taveta 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.



Significant Accounting Policies Continued.....

2.12 Pension

Taita Taveta University has established a pension scheme for her staff which has now been operationalized. The employer contributes 20% while the employee remits 10% of the basic pay. Additionally a contribution of Ksh. 200 for staff on contract is submitted to NSSF.

2.13 Taxation

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Taita Taveta University, as a public entity, is exempted from corporate tax of 30%.

2.14 Biological Assets

Agricultural activities at the School of Agriculture, Earth and Environmental Sciences (SAEES) have been accounted as per IPSAS 27. All Biological assets are measured at fair value less costs to sell. Under IPSAS 27 Agricultural Produce is measured at fair value at the point of harvest less costs to sell.

2.15 RELATED PARTY DISCLOSURES

i. Government of Kenya

The Government of Kenya is the principal shareholder of the University. The Government of Kenya has provided full guarantees to all long-term lenders of the entity.

ii. Inter Public Universities Consultative Council Forum(IPUCCF)

Taita Taveta University benefited from Collective Bargaining Agreements between Trade Unions and Inter Public Universities Consultative Council Forum (IPUCCF) in the year 2012/2013, Ksh 69,600,000 and the year 2013/2014, Ksh 69,600,000 which totaled to Ksh 139,200,000. The University refunded Kshs.42,423,070 in the financial year 2013/2014 and Kshs.61,576,930 in the year 2014/2015.

2.16 Comparative

This is the fourth year of preparing financial statements. Comparison is made with the third year, financial year 2014/2015.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the commercial banks at the end of the financial year and reconciled bank balances.



Significant Accounting Policies Continued.....

2.18 Significant judgments and sources of estimation uncertainty

(a). Going concern

The financial statements of the University were prepared on the assumptions that it is a going concern. The Accrual method of income and expenditure recording was also applied in maintaining the books of accounts.

(b). Estimates and assumptions

Taita Taveta University based its assumptions and estimates on parameters available when the financial statements were prepared. It assumed that learning sessions will go on uninterrupted and the government, through Ministry of Education, Science & Technology, will remit the amounts due to the University in time. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes shall be reflected in the assumptions when they occur.

(c). 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:

- The date the asset is put into use
- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset.

(d). Provision for bad debts

The University makes a provision for bad debts at a rate of 5% of the total outstanding student fees balances as per the University Bad Debts Policy. This is the best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. When reviewed, it will be reported in the Financial Report at the time of Revision as per IPSAS 19.

Provision is made for the estimated cost to be incurred in case the debtors failed to honour its obligations in full. The provision is based the provisions of the International Public Sector Accounting Standards (IPSAS19).



II. NOTES TO THE FINANCIAL STATEMENTS

3. Revenue from Non Exchange Transactions

Revenue from Non Exchange Transactions		
Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Capitation (Recurrent Grant)	376,460,800	356,257,922
Total	376,460,800	356,257,922

4. Revenue from Exchange Transactions

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Tuition Fees Incomes		
Tuition Fee	44,198,000	65,091,090
Residential Fees	12,179,048	15,801,766
ID/Registration Fees	2,526,574	2,229,076
Examination Fees	14,429,349	13,671,534
Medical Fees	9,253,846	8,921,561
Internet Fees	5,361,684	4,986,977
Computer Fees	5,283,554	4,945,759
Library Fees	3,888,854	3,363,010
Field Trip/Attachment	9,813,059	4,550,268
Student Activity Fees	3,184,932	3,125,741
Bridging Course	1,500	0
Student Organization Of Taita Taveta University	1,499,900	503,600
Corps Information Systems Control Officer	70,500	
C.U.E Quality Assurance Project	2,489,905	2,269,250
Kenya Universities And Colleges Central Placement Service	391,448	622,498
	1,220,250	
Total	115,792,404	130,082,130



Notes to the Financial Statements Continued.....

5. Income from other services rendered

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Application Fees	120,235	179,725
Accommodation Charges	777,915	589,210
Rental Income- Staff	0	39,559
Students P.A.Y.E.	10,576,380	14,111,980
Staff cafeteria	1,446,124	2,795,172
Shop Rent	118,556	75,693
Disposals	39,000	
Sale Of Tenders	1,000	0
Taita Taveta University Hospital Cost Sharing	346,791	325,708
Seminar Charges	0	12,900
Student Damage Charges	18,363	7,583,314
Miscellaneous Income	3,753,538	2,729,940
Total	17,197,902	28,443,201

6. Income from other activities

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Green House	18,000	13,570
Bookshop	84,430	73,981
Guest House	6,400	55,600
Laundry	-	3,056
Interest income	57,215	323,575
Farm Income	1,615,665	
Facility rental/lease	355,970	
Donations	152,000	
Total	2,289,680	469,782



Notes to the Financial Statements Continued.....

7. Personnel Emoluments

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Staff Salary	337,264,121	295,444,247
Casual Wages	23,859,048	21,811,030
Gratuity & Pension Contributions	64,151	25,790,388
Internship Allowance	275,077	
Total	361,462,397	343,045,665**

8. Academic Costs

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Part Time Teaching**	18,837,844	17,204,001
Purchase of Teaching/Production Materials	1,172,460	1,328,718
Field Attachment Expenses	8,025,234	11,021,496
Joint Admission Board	990,000	745,500
Examination Expenses	1,641,880	2,514,080
Research Expenses	845,750	368,050
Total	31,513,168	33,181,845**

** Restated figure, see note 26

9. Administrative Costs

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Travelling and accommodation	6,717,004	8,341,934
Telephone Expenses	148,099	216,500
Total	6,865,103	8,558,434



Notes to the Financial Statements Continued.....

10. Student Welfare

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Gas and Cooking fuel	1,625,685	2,832,874
Food and rations	14,520,497	13,392,400
Crockery and utensils	1,518,138	290,004
Inter- university games	516,519	377,850
Student Organization of Taita Taveta University	1,074,518	1,212,190
Dean of Students	314,050	44,500
DSTV Subscription	467,676	625,018
Total	20,037,083	18,774,836

11. Maintenance Costs

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Maintenance of plant/mach/equip	556,614	797,910
Repair & Maintenance of Furniture	328,435	95,640
Maintenance of buildings	1,217,232	1,625,784
Maintenance of water/sewerage	83,000	363,074
Maintenance of Roads/Grounds	0	112,107
Maintenance of Ngerenyi Campus	104,036	17,530
Total	2,289,317	3,012,045

12. Central Services

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Cleaning Materials	2,983,306	1,295,930
Uniforms/ Clothing's	258,500	147,842
Stationary	2,478,543	2,414,360
Medical Exp. In-Patient/Out-Patience	12,527,536	8,820,639
Medical Drugs and stores	1,637,375	831,747
IGU Investment (Seed Money)	249,292	60,064
External travelling	465,230	1,705,127
Postal & telegrams expenses	115,734	158,272
Chancellor's Expenses	1,669,510	



Notes to the Financial Statements Continued.....

Official entertainment	385,410	383,718
Conference & seminars	2,676,492	2,016,375
Public celebrations/funerals	713,792	247,350
Publishing & printing	8,100	1,264,657
Advertising & Publicity	1,690,747	1,735,756
Audit/Legal fees	152,820	2,804,301
International Organization For Standardization Expenses	717,330	815,755
Rent and Rates	265,130	602,555
Contracted professional services	778,699	809,885
Hire of transport & machinery	250,100	395,007
Motor vehicle insurance	0	1,363,883
General Insurance	4,227,286	2,985,193
Fees, Coms And Out of Pocket	245,250	258,824
Staff Training expenses	1,920,109	5,451,310
Principal award	72,250	0
Show expenses	0	577,993
Graduation expenses	51,000	412,550
Transition Expenses	3,145,411	3,412,353
Work Study	39,960	69,090
Subscription to Professional Bodies	646,900	321,323
Contingence& Disaster Mgt	20,500	120,850
Miscellaneous charges	5,200	2,892,992
Internet Connectivity	6,008,106	6,874,030
Computer Accessories & Software	492,717	184,837
Electricity expenses	8,879,551	9,484,950
Water expenses	2,297,400	0
Fuel for Generator	174,842	25,600
Transport Operating expenses	6,464,924	4,886,148
Library Expenses	524,212	2,823,445
Depreciation	39,511,900	58,998,335
Amortization of Software	53,087	75,838
Bank charges	7,515,378	7,459,007
Provision for bad debts	1,136,770	2,759,914
Administration of Taveta Land	21,335	17,250
Farm works expenses	276,930	12,115
Animal Expenses	121,277	63,420
Disability Mainstream Expenses	0	10,000
Drug and Substance Abuse Expenses	0	86,500
Gender Mainstreaming Expense	70,000	62,330
Prevention of HIV and Aids Expenses	0	121,750
Procurement Committee Expenses	0	58,500



Notes to the Financial Statements Continued.....

Tender Committee Expenses	181,250	307,250
Final accounts & Budget committee exp	0	32,000
Performance Contract Expenses	21,101	40,700
New programmes implementation	0	221,000
Tender Evaluation Committee Expenses	238,322	0
Total	114,386,611	138,980,618

13. Council Activities

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Allowance/Honoraria	11,129,067	7,729,142
Other Expenses	240,680	0
Total	11,369,747	7,729,142

14. Finance Costs

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Interest on KCB Loan	6,208,645	11,124,176
Total	6,208,645	11,124,176

15. Cash and Bank Balances

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
KCB Taita Taveta University Student Fees Account	845,935	396,115
KCB Taita Taveta University Catering Account	138,072	1,039,366
Equity Student Fees account	128,618	444,616
Equity Call Account	-	38,459,487
Schedule Account	104,692	1,489,731
KCB Taita Taveta University Salary Account	4,167,839	73,954
CEMEREM PROJECT	4,091,226	3,672,349
Petty cash(Cash in hand)	-	21,123
Total	9,476,382	45,596,741



Notes to the Financial Statements Continued.....

16. Prepayments

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Commission for University Education	0	3,000,000
Total	0	3,000,000

17. Trade and Other Receivables From Exchange Transactions

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Student fees balance	22,735,390	55,198,271
Staff Debtors - Rent	6,000	0
Tuck Shops rent & electricity	362,092	391,882
Other Debtors	0	444,475
Staff Advances (Outstanding Imprests)	519,000	0
Ministry of Education Science & Technology - Revenue	37,861,176	0
Provision for bad debts	(1,136,770)	(2,759,914)
Total	60,346,889	53,274,715

18. Inventories

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Stationary Store	1,210,290	1,020,961
Catering Store	613,508	975,404
Maintenance Store	2,729,074	2,226,963
Cleaning Store	103,836	170,525
Drug Store	1,035,312	643,821
MMPE Workshop	6,888,826	5,347,856
Examinations Store	416,475	0
Farm Crops	1,404,400	0
Total	14,401,719	10,385,530



Notes to the Financial Statements Continued.....

19. Biological Assets

Particulars	2016/2017	2015 / 2016
	Kshs	Kshs
Dairy Cows	708,000	0
Rabbits	6,000	0
Bee Hives	2,000	0
Total	716,000	-



Notes to the Financial Statements Continued.....

20. Property, Plant & Equipment

Particulars	WORK IN	LAND	BUILDINGS	FURNITURE & FITTINGS	COMPUTERS & EQUIPMENTS	MOTOR VEHICLE	PLANT & MACHINERY	TOTAL
	PROGRESS							
DEPN. RATES			2.00%	10.00%	30.00%	20.00%	10.00%	
<u>COST</u>								
As at 1 st July 2014	63,253,832	1,000,000,000	1,696,700,393	17,000,465	20,265,201	21,198,339	443,520	2,818,861,750
Additions	129,127,570	-	-	2,964,778	4,447,448	-	-	136,539,796
Disposal	-	-	-	-	-	-	-	-
Transfer/adjustments	31,976,726				9,069,017	8,624,144	-	49,669,887
Transfer/adjustments (Building/Classroom)	(63,381,537)		56,624,281		6,757,256			-
As at 30/06/2015	160,976,590	1,000,000,000	1,753,324,674	19,965,243	40,538,922	29,822,483	443,520	3,005,071,433
As at 1st July, 2015	160,976,590	1,000,000,000	1,753,324,674	19,965,243	40,538,922	29,822,483	443,520	3,005,071,433
Additions	30,108,472	-	-	7,049,530	5,585,364	6,921,150	-	49,664,516
Revaluation	-	65,000,000	755,292,029	333,559	561,652	-	1,008,310	822,195,550
Disposal								-
Transfer/adjustments								-
As at 30/06/2016	191,085,062	1,065,000,000	2,508,616,704	27,348,332	46,685,938	36,743,633	1,451,830	3,876,931,499
As at 1st July, 2016	191,085,062	1,065,000,000	2,508,616,704	27,348,332	46,685,938	36,743,633	1,451,830	3,876,931,499
Additions								



Notes to the Financial Statements Continued.....

Revaluation	79,091,115	-	2,012,244	22,902,464	-	104,005,823
Disposal						-
Transfer/adjustments	(45,925,800)	45,925,800				-
As at 30/06/2017	224,250,378	1,065,000,000	29,360,576	69,588,402	36,743,633	3,980,937,322
Accumulated Depreciation and impairment						
As at 30th June, 2013	-	4,549,709	1,453,969	4,430,307	2,303,393	12,781,729
As At 30th June, 2014	-	33,934,008	1,700,047	6,079,560	4,239,668	45,997,634
As At 30th June, 2015	-	35,066,493	1,996,524	12,161,677	5,964,497	55,233,543
As At 30th June, 2016	-	35,066,493	2,701,477	13,837,286	7,348,727	58,998,335
As At 30th June, 2016 (Attributable to Revalued Assets)	-	15,105,841	33,356	168,496	-	15,408,523
Charge for the Year	-	8,508,095	2,902,702	20,708,025	7,348,727	39,511,900
Charge for the Year-attributable to revalued assets	-	42,582,755	33,356	168,496	-	42,885,438
As At 30 June 2017	-	174,813,394	10,821,430	57,553,846	27,205,010	270,817,103
Net book values						
As at 30th June, 2017	224,250,378	1,065,000,000	18,539,145	12,034,556	9,538,623	3,710,120,219
As at 30th June, 2016	191,085,062	1,065,000,000	16,526,902	(10,867,908)	9,538,623	3,688,511,734
As at 30th June, 2015	160,976,590	1,000,000,000	14,814,704	17,867,378	17,314,926	2,891,058,526
As at 30th June, 2014	63,253,831	1,000,000,000	13,846,450	9,755,334	14,655,279	2,760,082,386



Notes to the Financial Statements Continued.....

Work In Progress Schedule

DETAILS	2012/2013 B/F	2013/2014 Additions	Additions 2014/2015	Additions 2015/2016	Additions 2016/2017	TOTAL
	KSH	KSH	KSH	KSH		KSH
Refurbishment of Buildings -TAITA	10,198,989					
Construction of Hostels - TAITA	79,178,075					
Construction of Water tank	5,992,144					
Construction of Admin/Classroom	6,178,705	26,926,152	12,835,955			
Construction of Hostel		4,951,910	28,226,399	4,951,529		
Development of master plan			2,418,600	5,377,362		
Construction of Water tank	1,446,464	9,867,298	3,138,993	-	410,408	14,863,163
Construction of Water Treatment Plant-Main Campus		6,539,750	8,292,272	1,228,486		16,060,508
Construction of Water Treatment Plant-School of Agriculture					663,274	663,274
Construction of Mines, Fuels & Mineral Processing Centre-Phase I		7,343,552	88,751,352	13,054,435	25,705,310	134,854,649
Construction of Mines, Fuels & Mineral Processing Centre-Phase II					43,451,488	43,451,488
Fencing of Taveta Land				5,496,660	5,080,361	10,577,021
Construction of Incenerators					746,604	746,604
Construction of Dairy Unit/Classroom-School of Agriculture					3,033,670	3,033,670
TOTAL	102,994,377	55,628,662	143,663,571	30,108,472	79,091,115	224,250,378

21. Intangible Assets- Software

Particulars	2016/2017	2015/2016
	Kshs	Kshs
Balance b/d	176,955.42	252,793
Amortization	(53,087)	(75,838)
Balance c/d	123,869	176,955
Add: Work In Progress (ERP)	17,580,102	13,015,665
Total	17,703,971	13,192,621



Notes to the Financial Statements Continued.....

22. Inter Public University Councils Consultative Forum

Particulars	2016/2017	2015/2016
	Kshs	Kshs
Balance b/f	35,200,000.00	35,200,000
Addition within the year	-	0
Total Loan	35,200,000.00	35,200,000
Repayment made in the year	-	0
Balance c/d	35,200,000.00	35,200,000

23. Financing Lease/KCB Loan

Particulars	2016/2017	2015/2016
Finance Lease(a)	Kshs	Kshs
Balance B/F	14,384,277	14,734,252
Addition within the year	-	5,536,920
Total Loan	14,384,277	20,271,172
Loan Repayment	5,553,368	5,886,895
Balance c/d	8,830,909	14,384,277
KCB Loan(b)	2016/2017	2015/2016
	Kshs	Kshs
Balance b/d	39,433,383	72,763,679
Additions During the year	0	0
Total	39,433,383	72,763,679
Loan Repayment	39,433,383	33,330,296
Balance c/d	0	39,433,383
Total	8,830,908	53,817,659

Loan Classification

Item	Current	Long Term Liability	Total
Financing Lease/KCB Loan	6,319,636	2,511,273	8,830,909
Kcb Loan	0	0	0
Total	6,319,636	2,511,273	8,830,909

* Taita Taveta University has a revolving Asset Based financing of **Kshs** 30,000,000.

** Taita Taveta University also took a loan of **Kshs** 104,400,000 in the financial year 2014/2015 to facilitate in refund of the Inter-Public Universities Consultative Forum funds of **Kshs** 139,200,000 initially allocated to the Institution.

24. Trade and Other Payable from Exchange transaction



Notes to the Financial Statements Continued.....

Particulars	2016/2017	2015/2016
	Kshs	Kshs
Sundry creditors	33,866,373	32,897,022
Jomo Kenyatta University Of Agriculture & Technology Arrears	3,950,780	2,604,439
Technical University of Mombasa Arrears	3,279,561	2,089,313
Hospital Bills	7,036,612	2,696,526
Part-time lecturers	70,650,960	18,029,550
Provision for retention	17,770,338	17,847,619
Provision for Audit fees	618,000	618,000
Fees prepayment	7,968,125	10,181,531
Payroll Provisions	4,072,382	
Provision for Insurance Claims	1,004,060	
Commission for University Education	2,040,000	
Tuck shop rent & Electricity	2,778	
Total	152,259,969	86,964,000

25. Bank Overdraft

Particulars	2016/2017	2015/2016
	Kshs	Kshs
KCB Taita Taveta University Main account	63,435,058	60,011,638
Total	63,435,058	60,011,638

26. Restated figures

The restated figures as reflected in the financial year 2015/2016 column are as a result of categorizing Part Time Teaching expenses under the classification of Academic costs. It was previously classified under personnel costs. However, the changes does not affect the accuracy of the financial statements and is meant to assemble similar costs for reliable and relevant information for decision making, as per IPSAS 3.



Notes to the Financial Statements Continued.....

XVIII. 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 For the issue to be resolved)
1. Financial performance	The total current liabilities of Kshs.188,839,844 exceeds total current assets balance of Kshs.112,256,985 resulting to a negative working capital of Kshs.76,582,859	The difference is as a result of a KCB loan balance of Kshs.41,864,204, as at 30 th June, 2017, the University was servicing and which has since been cleared. Additionally there were trade and other payables of Kshs.86,964,000 which had not been settled as at 30 th June, 2016 and most of it was paid in the Financial year 2016/2017 as pending bills.	Mr. Langat Leonard (Ag. Finance Officer)	Resolved	
2. External Travelling Expenses	Amount spent of Kshs.282,940 relates to financial year 2014/2015	This was payment of pending bill for air tickets for University staff travelling on official duties	Mr. Mabruk Khamis	Resolved	
3. Conference and Seminars	Amount of Kshs.810,300 paid to un-prequalified hotels for accommodation and conference for staff attending Workshops and Seminars	The Hotels were in the List of Prequalified Suppliers adopted by the University from other public institutions.	Mr. Khamos Ndiwa	Resolved	
4. Central Services	Legal Fees of Kshs.1,131,584 in respect to payment for private law firm without approval of Attorney General.	The Payment was in respect to a loan of kshs.104,400, 000 from Kenya Commercial Bank and it was part of the negotiated signed agreement that the University will be charged a fee of Kshs.1,131,584 as a charge for Title deed as Security for the loan. The bank use their own prequalified legal service providers.	Mr. Langat Leonard (Ag. Finance Officer)	Resolved	
4. Receivables	The receivables from	Provisions for bad debts as per	Mr. Khamis	Resolved	



Notes to the Financial Statements Continued.....

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 For the issue to be resolved)
from Exchange Transactions	student fees as at 30 th June, 2016 were Kshs.33,099,709. The provision for bad debts of Kshs.2,759,914 does not appear adequate.	the University policy is fixed at 5% of the total outstanding debts.	Mabruk (Accounts Section)		
5. Property, Plant & Equipment	Note 20 of financial statements reflects a WIP of Kshs.191,085,062 while supporting schedules reflects Kshs.176,549,061 resulting in a variance of Kshs.14,536,001.	The variance resulted from retention money amounts shown as an adjustment on note 20 of the financial statement and not included in the figures reflected in the supporting schedule.	Mr. Martin Mutisya (Accounts Assistant)	Resolved	
6. IPPUCCF	Creditors Confirmation of IPPUCCF (GOK) balance of Kshs.35,200,000 not availed for audit verification.	Taita Taveta University received Kshs.139.2m in FY 2013/2014 from IPPUCCF which it was subsequently requested to refund. The balance of Kshs35.2 has always been reflected in the audited accounts	Mr. Martin Mutisya (Accounts Assistant)	Resolved	
7. Bank Loan	Supporting bank certificate for bank loan balance not availed for audit verification	The confirmation from KCB Bank is available for verification	Mr. Langat Leonard	Resolved	

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;





Notes to the Financial Statements Continued.....

- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within Taita Taveta 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.

A handwritten signature in blue ink, appearing to be 'W. K. G. J.', written over a horizontal line.

AG. VICE CHANCELLOR

Date.....07/05/2018.....

A handwritten signature in blue ink, appearing to be 'M. M. M.', written over a horizontal line.

Chairman of the Council

Date.....07/05/2018.....





Notes to the Financial Statements Continued.....

- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within Taita Taveta 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.

AG. VICE CHANCELLOR

Date.....07/05/2018.....

Chairman of the Council

Date.....07/05/2018.....