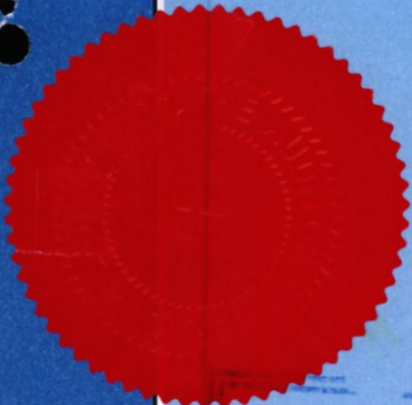


REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY
MEMBERS LAID

DATE: 19 JUN 2024 DAY: WEDNESDAY

| | |
|---------------------|------------------------|
| TABLED BY: | THE HON. NAOMI WARD MP |
| CLERK AT THE TABLE: | RUTH NGENYO |

PARLIAMENT OF KENYA LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

BOMET UNIVERSITY COLLEGE

**FOR THE YEAR ENDED
30 JUNE, 2023**



BOMET UNIVERSITY COLLEGE
(A Constituent of Moi University College)
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2023

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

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Bomet University College
(A Constituent College of Moi University)
Annual Report and Financial Statements
For the year ended June 30, 2023.

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ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

| | |
|-------|--|
| BUC | Bomet University College |
| FY | Financial Year |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| NT | National Treasury |
| OCOB | Office of the Controller of Budget |
| OAG | Office of the Auditor General |
| OSHA | Occupational Safety and Health Act of 2007 |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| PSASB | Public Sector Accounting Standards Board |
| SAGAs | Semi-Autonomous Government Agencies |
| SC | State Corporations |

B: Glossary of Terms

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

Comparative Year- Means the prior period.

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KEY ENTITY INFORMATION AND MANAGEMENT

PRINCIPAL PLACE OF BUSINESS

Bomet University College
Off Narok- Kaplong Road
P.O. Box 701-20400
BOMET, KENYA

INDEPENDENT AUDITORS

Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O Box 30084 -00100 GPO
NAIROBI, KENYA

BANKERS OF THE UNIVERSITY

Co-operative Bank of Kenya Limited
Bomet Branch.
P.O Box 501-20400
BOMET, KENYA

PRINCIPAL LEGAL ADVISER

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

Kenya Commercial Bank Limited,
Bomet Branch.
P.O Box 264-20400
BOMET, KENYA

UNIVERSITY COLLEGE CONTACTS

Telephone:0748067182

E-mail: principal@buc.ac.ke

National Bank of Kenya
Bomet Branch.
P.O Box 539-20400
BOMET, KENYA

Website: www.buc.ac.ke

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HISTORICAL BACKGROUND OF THE UNIVERSITY

Quick facts about Bomet University College

- Bomet University College (A Constituent College of Moi University) was established through Legal Notice No. 145 published in the Kenya Gazette Supplement No.114 of 27th July, 2017.
- It is the first and the only University College in Bomet County
- On 29th September, 2017 the First Council was appointed through Gazette Notice No 10150 and 10151 for a period of three (3) years
- On 29th September, 2020 the first Council's term lapsed
- On 8th July 2022, the current Council was appointed through Gazette Notice Vol. Cxxiv – No. 131 for a period of three (3) years
- On 25th January, 2019 the Cabinet Secretary of Education appointed Prof. Ann K Nangulu as Principal, Prof. George O. Orwa as Deputy Principal (Academic and Student Affairs) and Prof. Loice C. Maru as Deputy Principal (Administration and Finance)
- The University College presented forty-two (42) undergraduate students, one (1) Postgraduate and one (1) Diploma student to graduate on 22nd December 2022

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Entity Information and Management (continued)

PRINCIPAL ACTIVITIES

The principal activity of the University College is to provide university education through teaching, training, research and outreach.

VISION, MISSION AND CORE VALUES

VISION

To be a premier Green University in fostering research excellence in Science, Technology and Innovation for sustainability.

MISSION

To provide a conducive environment for discovery, preservation and dissemination of knowledge; to nurture critical inquiry, creativity and engagement for social transformation and advancement of humanity.

CORE VALUES

| | |
|--------------|----------------|
| Integrity | Patriotism |
| Transparency | Accountability |
| Respect | Commitment |

PHILOSOPHY

As a University Community, we believe in quality, pragmatic teaching, learning, originality, inclusiveness in management, harnessing knowledge and being a multi-disciplinary institution of quality and innovative research for sustainable development.

NICHE

Green University for sustainability

MEMBERS OF THE UNIVERSITY COUNCIL

The Profiles for the University Council Members who were in office during the period ended 30 June, 2023 are presented here below:

CHAIRPERSON



Prof. Simon Eric Mitema

PhD(UoN), MSc(UoN), BSc(UoN)

YoB: 1951

Prof. Simon Eric Mitema holds the Bachelor of Veterinary Medicine, MSc and PhD in Pharmacology and Toxicology from the University of Nairobi. He is a Professor of Veterinary Pharmacology and Toxicology and formerly served as Chairman, Department of Public Health, Pharmacology and Toxicology and Director, Centre for International Collaboration and Links. He has supervised 8 PhD and 15 Masters Students' Projects to completion and has published 52 peer-reviewed scientific papers and 20 conference papers. He is a Member of the African Union Expert on residues of Veterinary drugs in food as well as Member of the National Action Plan on Antimicrobial Resistance (AMR)



Prof. Isaac Kosgey,

Ex-officio member

YoB: 1965.

PhD (Weningen University), MSc (Weningen University), BSc

(Egerton University).

Prof. Isaac Kosgey is a Professor of Animal Sciences (Animal Breeding and Genetics) and currently the Vice Chancellor of Moi University. He served previously as the Deputy Vice Chancellor (Administration, Finance and Development) at Laikipia University.

He holds a Doctor of Philosophy in Animal Sciences and a Master of Science degree in Animal Sciences from Weningen University, Netherlands. In addition, he holds a Bachelor of Science in Animal Production from Egerton University. Diploma in Law from Mount Kenya University, and a Master of Business Administration from Kenyatta University. He holds a Bachelor of Laws degree (LLB) from the Open University of Tanzania, Tanzania.

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Prof. Anne Kisaka Nangulu,

Secretary

YoB: 1963

PhD(West Virginia University), MA(UoN), BA(UoN)

Prof. Anne Nangulu holds a Bachelor of Arts Degree (History) from the University of Nairobi (UoN), Master of Arts (History) from UoN, PhD in History from West Virginia University, USA. She has trained in Quality Assurance in University/Higher Education.

She has extensive experience in teaching, research and management in University education. She served as the Deputy Commission Secretary in charge of Quality Audits and Standards at the Commission of University Education. Also served as Acting Deputy Vice-Chancellor, Academic, Research and Extension at Moi University and Secretary to Senate. She has also served as Dean School of Arts and Social Sciences and Director Quality Assurance at Moi University. She is the Principal and Secretary to Council at Bomet University College and Professor of History at Moi University.



Mr. Martin Mugambi,

Member

YoB: 1962.

MBA (KEMU), LLB (UoN) CPS (K) Dip. Law (KSL).

Mr. Martin Mugambi is the Managing Partner at Mithega & Kariuki Advocates with more than 30 years' experience in Legal Practice. He is a Commissioner for Oaths and Notary Public.

He holds a Master in Business Administration (Human Resource Management), Kenya Methodist University. He holds Bachelor of Laws (LLB. Hons), University of Nairobi and Diploma in Law (dip. Laws) Kenya School of Law.

He previously served as a Member of the Insurance Appeals Tribunal and had also served as Director with Agricultural Development Corporation (ADC).

Member of Several Professional Bodies; Law Society of Kenya, East Africa Law Society, and Certified Public Secretaries of Kenya among others.



Eng. Peter Hiram,

Member

YoB: 1953

MSc (Southampton University), BSc UoN)

Eng. Peter Hiram is a Professional Engineer with over 40 years' postgraduate experience in Feasibility Studies, Design and Construction Supervision of Highway Projects in Rural and Urban areas in Kenya and other African countries.

He holds a Msc. Civil and Structural Engineering, Southampton (UK) and Bachelor of Science in Civil Engineering, University of Nairobi.

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He is a Member of Institution of Engineers of Kenya, Registered Engineer (Kenya) and Registered Consulting Engineer



Mr. Cherukut Butaki,

Member

YoB: 1944.

MSc (University of Manitoba), M.Ed (UON), BSc, (University of East Africa).

Mr. Reuben Cherukut Butaki holds a Msc in Agriculture from the University of Manitoba, Canada. He also holds a Bachelor Science degree in Chemistry and Botany from the University of East Africa.

He previously worked as Director at National Agricultural Research Centre (KARI) Kitale. He also worked as the Managing Director at Kenya Farmers Association (KFA), Nakuru.

He also worked as a Produce Executive at Kenya Farmers Association. Mr. Cherukut also worked as a Senior Agricultural Officer, Njoro, under the Ministry of Agriculture.

He previously worked as Research Officer at Kenya Breweries Limited.



Ms. Christine Oduogi

Rep State Department of University

Education and Research

YoB: 1974

MA (Cardiff Wales),

Ms. Christine Oduogi is an Assistant Director at the Ministry of Education Headquarters Jogoo House, Republic of Kenya since 30th May 2022. Ms. Oduogi was posted to the Ministry of Education from the Ministry of Information, Communication and technology from 1st July 2014 to work in the Administration section, communication unit Ms. Oduogi is currently a member of the National Focal Points of the East African Community Risk and Crisis Communication Sub-working Group. The partner States members are drawn from the Ministries of Agriculture, Livestock, Education, and Health, immigration, tourism wildlife and trade.



Rev. Dr. Robert Lang'at

Member

YoB: 1967

PhD,(Drew University), MA (WBS), BA (Highlands University).

Rev. Dr. Robert Lang'at is the Presiding Bishop of Africa Gospel Church, Kenya. He holds PhD and a Master of Philosophy from Drew University. He also has a Master of Arts in Theology from Wesley Biblical Seminary (WBS). He has a Bachelors 'degree in Theology from Kenya Highlands University.

Has published several Internal Academic Journals in Theology and Missions. Previously served as Assistant Academic Dean at WBS and Head of Department at Kabarak University. He is currently the Chairperson of Tenwek Mission Hospital in Bomet County.

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Ms. Monica Asuna,

Rep National Treasury

YoB: 1970.

MA (University of Malawi), BA (Moi University)

Ms. Monica Asuna is a Director of Planning at the National Treasury and Planning, Kenya, with 24 years' experience specifically under the Ministry of Finance which is now The National Treasury.

She holds a Master degree in Economics from the University of Malawi and BA in Economics from Moi University. She is the Head of United Nations Agencies Division, Development Effectiveness Secretariat and Investor Relations Unit, in the Resource Mobilization Department, Directorate of Public Debt Management Office at the National Treasury and Planning. Previously, she worked in the former Monopolies and Prices Commission in areas of discouraging Restrictive Trade Practices, Review of Mergers and Acquisition applications (1998 -2007);



Ms. Grace Khayota,

YoB: 1962.

MSc (KU), B.Ed (Science) (KU)

Ms. Grace Khayota is the Acting Chief Executive Officer/Administrator at Friends Lugulu Mission Hospital. She previously served as County Executive Committee Member (CEC) in Charge of Gender and Culture, Bungoma County.

She holds Master of Science in Microbiology from Kenyatta University. She also holds a Bachelor of Education (Science) in Botany and Zoology from Kenyatta University.

She has over 20 years' experience in teaching at various Schools. She has also worked as a Coordinator for Exchange Programmes with schools in various countries including USA, Europe and Asia

KEY MANAGEMENT TEAM

The Key management personnel who held office during the period ended 30 June, 2023 and who had direct fiduciary responsibilities are presented here below:



Prof. Anne Kisaka Nangulu, Principal
PhD(West Virginia University), MA(UoN), BA(UoN)



Prof. Loice Chemngetich Maru, Deputy Principal, (Administration & Finance)
PhD (Moi University), MPhil (Moi University),
BBM (Moi University), HND (KTTC), Diploma (KTTC)



Prof. George Otieno Orwa, Deputy Principal, (Academic & Students Affairs)
PhD (JKUAT), MSc (JKUAT), BSc (JKUAT).



CPA. Lorine Obonyo, Chief Accountant
MBA (Maseno University),
B.com (CUEA), CPA (K).

Fiduciary Oversight Arrangements

Committees of the University College Council

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

- i. Finance, Administration, Strategy, Building and Development Committee
- ii. Audit, & Compliance Committee
- iii. Human Resource, Governance and Staff Disciplinary Committee
- iv. Academic, Research, Extension, Student Affairs and Sealing Committee

The University Council nominates the Chairperson of each committee of the Council provided that in the absence of the Chairperson of any committee, the members present and constituting a quorum may elect one person from among them to chair the meeting. The Chairperson of the University Council, the Vice Chancellor and the Principal are ex-officio members of every committee of the Council.

i. Finance, Administration, Strategy, Building and Development Committee

The Committee provides oversight and advice on matters relating to the University College financial position, annual estimates, resource mobilization and investments and pay due regard to the necessity to refer matters of major importance to the Council for final approval.

The Committee advises and oversees the strategic development; physical facilities and infrastructures plan;

ii. Audit and Compliance Committee

The Committee oversee and advises on matters relating to the safety of assets; operations of adequate systems; control processes, preparation of accurate financial reports in compliance with legal and statutory requirements and standards; internal and external audits; risk management strategies;

iii. Human Resource, Governance and Staff Disciplinary Committee

The Committee oversees institutional governance; the formulation and subsequent monitoring/review of policies and strategies on employment of all University Staff, including policies on recruitment and selection, staff development and training, performance management schemes and salaries, administrative practices and other conditions of service.

iv. Academic, Research, Extension, Student Affairs and Sealing Committee

The Committee advises on implementation of academic and research programmes; quality assurance for excellence in teaching, research and innovation and protection of intellectual assets.

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MEMBERSHIP TO THE COMMITTEES

FINANCE, ADMINISTRATION, STRATEGY, BUILDING AND DEVELOPMENT COMMITTEE

- | | | |
|------|-------------------------|------------------------------------|
| i. | Eng. Peter Hiram Nduati | Chairman |
| ii. | Ms. Grace Khayota | Member |
| iii. | Ms. Christine Oduogi | Representing SDUER |
| iv. | Ms. Monica Asuna | Representing the National Treasury |
| v. | Principal | Secretary |

ACADEMIC, RESEARCH, EXTENSION, STUDENT AFFAIRS AND SEALING COMMITTEE

- | | | |
|------|----------------------------|--|
| i. | Grace Khayota | Chairman |
| ii. | Eng. Peter Hiram Nduati | Member |
| iii. | Mr. Reuben Cherukut Butaki | Member |
| iv. | Ms. Christine Oduogi | Representing SDUER |
| v. | Prof. Isaac N. Kimengi | Senate Representative (Moi University) |
| vi. | Principal | Secretary |

HUMAN RESOURCE, GOVERNANCE AND STAFF DISCIPLINARY COMMITTEE

- | | | |
|------|----------------------------|-----------|
| i. | Rev. Dr. Robert K. Langat | Chairman |
| ii. | Mr. Reuben Cherukut Butaki | Member |
| iii. | Mr. Martin Mugambi Mithega | Member |
| iv. | Principal | Secretary |

AUDIT AND COMPLIANCE COMMITTEE

- | | | |
|------|----------------------------|------------------------------------|
| i. | Mr. Martin Mugambi Mithega | Chairman |
| ii. | Rev. Dr. Robert K. Langat | Member |
| iii. | Ms. Monica Asuna | Representing the National Treasury |
| iv. | Internal Auditor | Secretary |

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CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report and Financial Statements for Bomet University College for the Financial Year 2022/2023.

Bomet University College continues to be a Premier Green University in fostering Research Excellence in Science, Technology and Innovation for advancement of humanity. The University College ensures that policies, processes and strategies are aligned in order to realise this vision as well as ensuring that the University College strives to attain world class competitiveness.

The University College operated in line with the Master Plan 2018-2068 and the Strategic Plan 2018-2023 which has come to an end. The Strategic plan guides in financial planning, development of academic programs, process efficiency, stakeholder engagement and overall infrastructure development.

The University College Council has adhered to the MWONGOZO code of Governance for State Corporations. This framework focuses on addressing matters on effectiveness of the council, transparency, accountability, risk management, internal controls, ethical leadership and Good Corporate Governance.

While the University has continued to make great strides in pursuit of its priorities, it continues to face challenges in terms of constrained financial resources. The University College was not able to carry on with the development of its flagship projects: Construction of I No. Tuition Block, I No. Library Block, I No. Multi- purpose Hall and 2 No. Hostel Blocks due to lack of Budget Allocation to this particular Project in the Financial Year 2022/2023. Other challenge the University College has faced is to hire or promote senior academic and administrative staff to provide leadership in their respective areas of expertise. The Council has requested the case of inadequate senior staff to the Ministry of Education and The National Treasury to prioritize appointments of these positions. The University College also faces another challenge for not having acquired any titles for any of its land parcels

On behalf of the University Council, I thank the Government for their invaluable support, Chancellor and Vice Chancellor of Moi University, Management, BUC senior management, staff, our dedicated Students, local community and other stakeholders. Together we shall strive to steer the University College to greater heights as we work towards the award of the Charter in the near future.



Prof. Simon Eric Mitema
Chairperson of Council

REPORT OF THE PRINCIPAL

Bomet University College has been in operation since 27th July 2017 when it was Gazetted as a Constituent College of Moi University. The University College is very strategic in offering academic programmes that meet the needs of the National Agenda and Society for the benefit of humanity. As a Green University with a focus on the Green Concept is captured in BUC 2018 Master Plan that is consistent with the Strategic Plan for 2018-2023 aims at delivering quality and relevant academic Programme. Financial constraints are a major challenge to universities in Kenya and Bomet University College is not an exception. In order to minimize this risk, the University College has outlined various income alternatives that will reduce the financing dependence on The National Treasury.

The University College has a total of one hundred and forty-eight (148) staff in post in teaching and administrative categories. The numbers of staff are still not adequate for the University College and therefore implementation of 2022/2023 Financial Year approved Establishment is ongoing.

BUC has a total student's population of Two Thousand Four Hundred and sixty-six (2466). As a newly established University College, Bomet University College still rely to a large extent on the support from the Government through the State Department for Higher Education and Research. The current critical needs for the University is to complete the infrastructure developments in order to meet its Core Mandate and Quality standard requirements for service delivery. It is also anticipated that operational expenses will increase in the subsequent financial year as the staff and the student population expands.

Capital Projects

The Government approved a Capital Development Grant in 2016/2017 Financial Year for the construction of Tuition Block, Library, Multipurpose Hall and 2 Hostels all totalling Ksh.I, 391,982,469. However, inadequate funding is causing delay in the implementation of the Project. At the moment, the overall completion of the Project is 60% with; Tuition Block (99%), Library (55%), Multipurpose Hall (90%) and Hostels at (4%). The only Capital Development Project that is on-going and funded by the Exchequer is the Administration Block, Lecture Theatres and Associated Works.

At the time of its establishment, Bomet University College did not have infrastructural facilities except for the Academic, Science and Technology building that was inherited from Bomet Technical Training Institute (mentored by Eldoret National Polytechnic).

On behalf of Management, I would like to express our sincere gratitude and appreciation to the Government of Kenya, Moi University and Bomet University College for the immense support accorded to us during the year. I also want to thank BUC staff and students, other sponsors and all the stakeholders for the help and support that we continue to receive.


for
Prof. Anne Kisaka Nangulu
Principal and Secretary to Council

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Date:

**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED
OBJECTIVES FOR FY 2022/2023**

BUC has 8 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2023/2023. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: To develop excellence in teaching, learning and innovation.

Pillar/theme/issue 2: To provide a vibrant intellectual climate for quality scientific research

Pillar/theme/issue 3: To develop state of the art green Library.

Pillar/theme/issue 4: To attract, develop and retain vibrant academic and non-academic Human Resources for sustainable performance of the University.

Pillar/theme/issue 5: To develop state-of-the-art green physical facilities and ICT Infrastructure for the University College.

Pillar/theme/issue 6: To develop viable programmes and activities that enhances Students Welfare

Pillar/theme/issue 7: To establish and maintain a prudent financial management system.

Pillar/theme/issue 8: To establish and maintain good corporate governance for quality service delivery

BUC develops its annual work plans based on the above 8 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University College achieved its performance targets set for the FY 2022-2023 period for its 8 strategic pillars

CORPORATE GOVERNANCE STATEMENT

Ownership

Bomet University College was established as a constituent college of Moi University through the Legal Notice No. 145 published in the Kenya Gazette Supplement No. 114 of 27th July, 2017. The University College is owned by Government of Kenya.

I. Responsibility of the University College Council

The University College Council is responsible and accountable to the Government of Kenya through the State Department of University Education and Research for ensuring that the University complies with the Universities Act 2012, the Moi University Statutes (2013) REV 2021, Legal Notice No. 145 that established Bomet University College, 2017 and adheres to the highest standards of corporate governance as prescribed in the State Corporations Act and the code of Governance for state corporation (Mwongozo).

2. Roles and Functions of the Council

The main role of the Council is oversight. Functions of the Council Includes: Approval of policies, approval of the Budget and Financial Statements

3. Remuneration of the University College Council members.

The University College Council members other than the Principal and the Vice Chancellor who are

ex-official members do not receive a salary. They are however paid a sitting allowance for every meeting attended. The sitting allowance paid to the Council Members. The Chairperson of the Council is entitled to payment of Honararia. All the Council payment is disclosed in note 5 of the financial statements.

4. Conflict of Interest

The Council has complied with Mwongozo provisions paragraph I.3 that expects each Council member to act honestly at all times and not to place themselves in a situation where their personal interest conflict with those of the organization. In addition, in compliance with paragraph I.I6, Council members discloses all real or perceived conflict of interest registered in a register maintained and updated accordingly.

However, the Council is yet to develop a policy on Conflict of Interest as envisaged by paragraphs 2.6 and 4.3. The Policy is among those scheduled for development to provide a framework to manage these conflicts.

5. Risk Management and Governance Audit

The identification and management of risk is a continuous process linked to the achievement of the University's objectives. The Council is responsible for risk management and has an approved policy and procedure document for risk management. The University College conducts risk assessment on

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Completed Projects

- I. Supply, Installation and Commissioning of Solar Systems
2. Roofing of Court Yard at Green Tuition Block
3. Proposed Tile Remedial Work at Bomet University College

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for Research Centre and Start-Up Village Centre Phase II

- 6. Construction of 2NO. Ablution Blocks
- 7. Proposed Tile Remedial Work at Bomet University College
- 8. Modification of Site House for Training and Extension, Demonstration Rooms and Partitioning of Offices at Green Tuition Block



Fabrication of Equipment and Storage Facility for Research Collaboration, International and Training Centre/Units.

- 1. Construction and Extension of Ablution Blocks and Kitchenette, Collaboration, International and Training Centre Unit for Research Centre and Start-Up Village Centre Phase II KES. 13,908,317.00



Construction of Research Collaboration, International and Training Centre/Units



Construction of International and Training Centre Unit for Research Centre and Start-Up Village Centre Phase II

- 2. Fabrication of Equipment and Storage Facility for Research Collaboration, International and Training Centre/Units KES 9,527,629.44

- 3. Construction of 2 No. Generator Houses



Proposed Construction of 2 No. Generator Houses



Proposed Construction of 2 No. Generator Houses

- 4. Construction of 2NO. Ablution Blocks



Construction of 2NO. Ablution Blocks

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ONGOING PROJECTS

Following the National Government directive of no new development projects will be undertaken before On-going Projects are completed, Bomet University College undertook the following projects:

1. Construction of 1 No. Tuition Block, 1 NO. Library Block, 1 No. Multipurpose Hall and 2No. Hostel Blocks,
2. Construction of Administration Block, Lecture Theatre & Associated Works.

These two Projects share the same IFMIS Number. The Capital Development Funds received in the Financial Years 2021/2022 and 2022/2023 were channelled to the Construction of Administration Block, Lecture Theatre & Associated Works.

The Construction of Administration Block, Lecture Theatre and Associated Works was informed by Commission of University Education (CUE) recommendations that both Teaching and Non-Teaching Staff should have Offices that adhere to their standards. These projects are funded by Capital development grants.

- I. Construction of 1 No. Tuition Block, 1 NO. Library Block, 1 No. Multipurpose Hall and 2No. Hostel Blocks KES. 1,385,982,469**



Proposed Construction of Library Block

- 2. Construction of Administration Block, Lecture Theatre & Associated Works KES. 110,425,696.**



Proposed Construction of Administration Block, Lecture Theatre & Associated Works

INTERNAL PROJECTS

CUE recommended that the institution should have laboratories to support students, and the lecture rooms and halls should conform to the stipulated guidelines. It was also noted that the washrooms were not sufficient to serve the students and staff.

These projects are as listed below:

1. Supply, Installation and Commissioning of Solar Systems
2. Fabrication of Equipment and Storage Facility for Research Collaboration, International and Training Centre/Units
3. Construction of 2 No. Generator Houses
4. Roofing of Court Yard at Green Tuition Block.
5. Construction and Extension of Ablution Blocks and Kitchenette, Collaboration, International and Training Centre Unit

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and cash equivalents include cash in hand and deposits held with banks.

**MATERIAL ARREARS IN
STATUTORY/FINANCIAL OBLIGATIONS**

Currently the University College has no material arrears in pending bills, tax default, outstanding Staff and Pension obligations on the Pension Scheme as it meets all its statutory obligations as they fall due.

There is no major financial impropriety reported by internal audit/ Audit and Compliance Committee of the College Council and external auditors. Consequently, the University College has responsive governance structures and practice in the Council and top management.

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The University College Council has overall responsibility for the establishment and oversight of the University College’s risk management framework. The institution’s risk management policy has been established to identify and analyse the risks faced by the University College, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems will be reviewed regularly to reflect changes in economic conditions and the University College’s activities.

i) Market risk: - Low Student Enrolment

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

ii) Liquidity risk: -Low Funding

Liquidity risk is the likelihood that the BUC will not be able to meet its financial obligations as and when they fall due. The University College’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University College’s reputation. Typically, the University ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days. This excludes the potential impact of extreme circumstances that cannot

reasonably be predicted, such as natural disasters and political violence. All capital investments are funded by the Government. However, Low funding levels by the government may result to liquidity issues and slow development in infrastructure which can lead to congestion & inadequate facilities.

iii) Credit Risk-Student Debtors

Credit risk is the likely financial loss to the University College if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization’s receivables from customers. BUC receives fees from students and the students are not allowed to sit for exams if they have not cleared fees which minimizes the credit risk exposure.

Classification of Credit Risk Bearing Assets

The table below represents University College’s maximum exposure to credit risk as at the end of the Period under review.

| ASSETS | QT IV- |
|--|---------------|
| Current Assets | KES |
| Cash and Cash Equivalents | 228,784,389 |
| Receivables from Exchange Transactions | 12,290,042 |

All the University’s College’s receivables are fully performing and are expected to be received. Cash

COMPLIANCE WITH STATUTORY REQUIREMENTS

The University College complies with statutory requirements as follows:

1. PAYE

Income Tax Act, 1973, Laws of Kenya, places on employers an obligation to deduct and remit monthly income tax for all employees and be remitted to the pay master general on or before 9th day of the following month. The University College has complied with the deadline for remission.

2. NSSF

The NSSF Act, 2013, Laws of Kenya, requires employers to deduct and remit NSSF deductions on monthly basis and remit the same on or before 9th of the following month. The University College has been remitting the deductions to NSSF on time.

3. NHIF

NHIF Act, 1998, Laws of Kenya, requires the employer to deduct the NHIF dues and remit the same on or before the 9th of the following month. The University has complied with the NHIF Act.

4. HELB

HELB Act, 1995, Laws of Kenya, requires employers to deduct from the wages or remuneration of the loanee(s) the amount of any loan as instructed by the Board and submit within

15 days after the end of each month. The University College has effected HELB loans as required and submitted the same within the stipulated fifteen days after the end of each month.

5. NITA

Industrial Training Levy Act CAP 237 requires employers to pay KESs 50/= per employee, including temporary, casual and apprentices per month. The University College has effected NITA payments as required and submitted the same by 9th day of the following month.

The University College is cognizant of the fact that compliance is a continuous process. To this effect it has put measures in place to ensure the institution maintains the required threshold of compliance to best corporate Governance principles.

MAJOR RISKS FACING THE ENTITY

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

BUC is exposed to the following risks:

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

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TOTAL INCOME VERSUS TOTAL EXPENDITURE

The relationship between income and expenditure is as tabulated below.

| Income versus Expenditure | 30 June -23 KES |
|----------------------------------|----------------------------|
| Total Income | 406,234,635 |
| Total Expenditure | 396,495,612 |

WORKING CAPITAL

The University College has had a healthy Working Capital position with positive Net Current Assets position as shown below:

| Particulars | 30 June -23 KES |
|----------------------------|----------------------------|
| Total Current Assets | 237,251,438 |
| Total Current Liabilities | 68,960,949 |
| <u>Net Working Capital</u> | <u>168,290,489</u> |

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FINANCIAL PERFORMANCE REVIEW

The Annual Report and Financial Statements of BUC for the period ended June 30, 2023 are presented as per the Public Finance Management Act 2012, Universities Act 2012 and the Public Audit Act 2015.

The University College recorded an aggregate income of **KES 406,234,635** at end of the year under review, with the recurrent grant from the Exchequer of **KES 313,170,059**. Internally generated revenue stood at **KES 93,064,576** as at end of the period consisting of Tuition Fee and related income of **KES 92,413,075** and other Income at **KES 651,501**. The planned exchequer to be received at the end of the period for recurrent expenditure was **KES 313,170,059** and the amount was received in full by 30th June 2023.

| INCOME | 30 June -23 |
|--------------------------|--------------------|
| Particulars | KES |
| Exchequer Grants | 313,170,059 |
| Tuition & Related Income | 92,413,075 |
| Other Income | 651,501 |
| TOTAL | 406,234,635 |

EXPENDITURE

Personnel emoluments continued to comprise the largest portion of the expenditure during the period at 78% of the total expenditure while all other expenses constituted the balance of 22%. The table below illustrates the expenditure trends with the overall total expenditure rising steadily during the period under review.

EXPENDITURE

30 June-23

Particulars

KES

| | |
|-----------------------------------|--------------------|
| Employee costs | 305,559,230 |
| Remuneration of Directors | 9,770,872 |
| Depreciation | 15,853,701 |
| Repairs and maintenance | 4,151,823 |
| Contracted and Insurance Services | 24,952,786 |
| Use of Goods and Services | 36,041,119 |
| Total Expenses | 396,495,612 |

To ensure achievement of Academic Excellence, the University College has concentrated most expenditure on enhancing teaching in a progressive manner

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requirements. The University College is committed to recruit additional academic staff to comply with the Commission for University Education requirements based on availability of funds.

STUDENT POPULATION

BUC had the first batch of Students from Moi University in 2017/2018 Academic Year, and 2018/2019 Academic Year. Since then BUC Students allocated directly to the Institution by KUCCPS in 2019/2020, 2020/2021, 2021/2022 and 2022/2023 Academic Years.

Student numbers continue to grow in line with the University College Strategic Plan as follows.

Total Student Numbers

| FY | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 |
|-----------------------|-----------|-----------|-----------|-----------|
| Total Student Numbers | 709 | 1110 | 1832 | 2466 |

The University College currently has students' enrolled programmes as indicated below: -

| ACADEMIC PROGRAMME | ENROLMENT |
|--------------------|--------------|
| PhD | 10 |
| Masters | 14 |
| PGDE | 2 |
| Bachelors | 2,420 |
| Diploma | 16 |
| Certificate | 4 |
| Total | 2,466 |

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MANAGEMENT DISCUSSION AND ANALYSIS

THE ENTITY OPERATION REVIEW

Teaching and research is a key pillar of all academic institutions and in the Quarter ending 30 June, 2023 Bomet University College (BUC) academic staff members excelled in many aspects. The Academic and Student Affairs division mandate is to be a premier Green University in fostering research excellence in Science, Technology and Innovation for sustainability as outlined in the vision of the University College were achieved. During the Quarter, the Division organized and engaged in various core activities through its subdivisions and schools that were geared towards our vision.

The division of Academic and Student Affairs is divided into two sub divisions:

- (i) Academics
- (ii) Students Affairs

ACADEMICS

Under Academics Affairs we have Schools and Departments headed by the Deans and Chair of Departments' respectively. There are four Schools in the Division as listed below: -

- (i) School of Education (SOE)
- (ii) School of Arts and Social Sciences (SASS)
- (iii) School of Business and Entrepreneurship (SBE)

- (iv) School of Pure and Applied Sciences (SPAS)

Currently, the University College is offering programmes from Certificate to Doctorate level. BUC has twenty four (24) Senate approved Ph.D Programmes, thirty two (32) Master Programmes, Thirty two (32) Bachelor Programmes, four (4) Diploma courses and three (3) Certificate courses. BUC endeavors to develop new programs that suit the University College's Philosophy and Academic Niche.

ACADEMIC STAFF

The University College has the following Academic Staff: -

| | |
|---------------------------------------|-----------|
| Professors | 0 |
| Associate Professors | 2 |
| Senior Lecturers | 8 |
| Lecturers | 45 |
| Tutorial Fellows | 5 |
| Total number of Academic Staff | 60 |

The University College is understaffed with Administrative staff to Academic Staff ratio standing at 51% to 49% as compared to the expected of 30% to 70% in tandem with the Commission of University Education

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regular basis which informs the internal audit plan. The University College has a Risk Management Committee which oversee the risk management. The University College has an Internal Audit department to carry out risk based internal audit on quarterly basis. The University College Council through its Audit and Compliance Committee received regular reports during the period on internal control and risk.

Moreover, the University College management conducts legal compliance reviews which are reported to the council. The University College has an in-house Assistant legal officer to advice on legal matters.

6. Statement of Compliance

The Council Members confirm that Bomet University College has throughout the period ending 30 June, 2023 complied with the entire statutory and regulatory requirements and has been managed the Entity in accordance with the principle of Corporate Governance.

7. Board Meetings

The Council and the Committees of Council held 4 regular meetings and two special meetings.

8. Induction, Training and Development

The Council went through an induction programme immediately they were appointed.

9. Board and Member Performance

The Council conducts an annual evaluation to appraise its performance. The Board evaluation provides an opportunity for Board members to

identify strengths, collective skill gaps and individual areas of improvement. The Board will also review the performance of each committee against the agreed Terms of Reference. The Board will also evaluate the performance of the CEO and Corporation Secretary.

10. Process of Appointment and Removal of Council Members

Board appointments shall be made in line with Article 27 of the Constitution of Kenya.

The Board may recommend the removal of a member based on non-performance, non-attendance of meetings, unethical conduct or as set out in any constitutive documents or applicable law.

II. Succession planning

The appointing authority should ensure that the tenures of Board members are staggered to ensure a phased transition. This is not the case in Bomet University College as the tenure of the Board Members will come to an end at the same time as the Council members were appointed on 8th July, 2022. The Council has put in place a succession plan for both the Council and management and review the same regularly.

12. Existence of a board charter

The Council has put in place a Draft Board Charter which is under review

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| INTERNAL DEVELOPMENT PROJECTS | | | | | | | | | |
|-------------------------------|---|------------|-----------|-------------|-------------|--------------|------------------|------|------------|
| 1 | Proposed Supply, Installation and Commissioning of Solar Systems | 3,455,000 | 3,455,000 | 20/04/ 2021 | 12/08/2021 | 21/04/ 2022. | 0 | 100% | completed |
| 2 | Fabrication of Equipment and Storage Facility for Research Collaboration, International and Training Centre/Units, | 9,527,629 | 5,365,863 | 12/02/ 2021 | 12/08/2021 | 12/02/2022 | 0 | 60% | Terminated |
| 3. | Construction of 2 No. generator House | 2,223,535 | 666,775 | 08/06/2021 | 04/12/2021 | | 0 | 45% | Terminated |
| 4. | Roofing of Court Yard in the Green Tuition Block | 5,805,410 | 5,779,770 | 03/02/2022 | 04/02/ 2023 | | 0 | 100% | completed |
| 5. | Proposed Extension of Ablution and Kitchenette, Collaboration International and Training Centre/Unit for Bomet University College PHASE II | 13,908,317 | 0 | 03/02/2022 | 04/02/2023 | | 0 | 28% | On going |
| 6. | Construction of 2NO. Ablution Blocks | 8,746,450 | 4,373,225 | 01/09/2022 | 02/09/2023 | | 4,500,000 | 52% | On going |
| 7. | Modification of Site House for Training and Extension, Demonstration Rooms and Partitioning of Offices at Green Tuition Block | 4,111,960 | 1,334,600 | 16/01/2023 | 16/07/2023 | | | 30% | On going |
| 8. | Proposed Tile Remedial Work at Bomet University College | 9, 450,813 | 9,450,813 | 16/01/2023 | 16/07/2023 | | 0 | 100% | completed |
| | Totals | | | | | | 4,500,000 | | |

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability Strategy and Profile

The Motto of Bomet University is *“Green University for Sustainability”* while the Niche is *“Green Economy for Sustainability”*. The University College is committed to integrating the green concept in academic programmes and in its operations to enhance sustainability.

During the Financial Year 2022/2023 Bomet University College tree growing restoration; and activities to facilitate sustainable use of the land. During the Financial Year, the University College Council approved closure of implementation of Strategic Plan 2018-2023; and transition to the Strategic Plan 2023-2028 that has incorporated planned activities towards enhancing sustainability.

ii) Employee Welfare

In the FY 2022/2023 the Council and Management committed to promote Staff Welfare by undertaking various activities which were accomplished within the said year. Staff Welfare activities are evidenced in the Performance Contract for the Financial Year 2022/2023 which included: Prevention of HIV Infection through implementation of Maisha I Wellness program; securing a comprehensive medical insurance cover for staff; Gender Mainstreaming; Disability Mainstreaming; undertaking safety and security measures and sensitizing staff and students on National Cohesion and Values, Business Re-engineering process as well as Digital Transformation.

iii) Market Place Practices

Bomet University College is committed to contributing effectively and efficiently to the achievement of the national development agenda as espoused in the “Bottom Up and Transformation Agenda (BETA) and Kenya Vision 2030, keeping in mind the specific priorities of the University College. The Vision, Mission, Strategic Objectives of the University College have been aligned to the National Agenda. During the Financial Year 2022/2023, the University Council approved the Strategic Plan 2018-2023 to enable incorporation of the Strategic Objectives they have been aligned to the National Agenda. In its operations, the University College acknowledges and complies with provisions of the Constitution of Kenya and relevant government regulations. The University College also supposed the limit of the trees to be planted in the year under review.

iv) Corporate Social Responsibility / Community Engagements

In the Financial Year 2022/2023 Bomet University College (BUC) engaged the local community and local institutions in the following ways:

The partnership between BUC and the local schools enabled students from Bomet University College to conduct their Teaching Practice in the local schools.

BUC positively engaged the neighbouring St Michael Secondary School by enabling the school to get connected to the University College water supply system.

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REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the *Entity's* affairs

i) Principal activities

The principal activity of the University College is to provide university education through teaching, training, research and outreach.

ii) Results

The results of the University College for the year ended June 30, 2023, are set out on pages 24-28

iii) Directors

The members of the University College Council who served during the year are shown on pages vii-x. During the year 2022/2023 no director retired/ resigned and 6 directors were appointed with effect from 8th July, 2022 for a period of three years.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

Bomet University College did not make any surplus during the year ended June 30, 2023 and hence no remittance to the Consolidated Fund.

v) Auditors

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

By Order of the Council


Prof. Anne Kisaka Nangulu

Principal and Secretary to the Council

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STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 8I of the Public Finance Management Act, 2012 and section I4 of the State Corporations Act Cap 446 require the Directors to prepare financial statements in respect of the University College, which give a true and fair view of the state of affairs of the University College at the end of the financial year/period and the operating results of the University College that year/period. The Directors are also required to ensure that the University College keeps proper accounting records which disclose with reasonable accuracy the financial position of the University College. The Directors are also responsible for safeguarding the assets of the University College.


The Directors are responsible for the preparation and presentation of the University College's financial statements, which give a true and fair view of the state of affairs of the University College for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University College; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the University College; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for the University College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act Cap 446. The Directors are of the opinion that the University College's financial statements give a true and fair view of the state of University College's transactions during the financial year ended June 30, 2023, and of the University College's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University College which have been relied upon in the preparation of the University College's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council to indicate that the University College 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 University College's financial statements were approved by the Council on September 27, 2023 and signed on its behalf by:


Prof. Simon Eric Mitema
Chairperson of Council


Prof. Anne Kisaka Nangulu
Principal and Secretary to the Council

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BOMET UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Bomet University College set out on pages 1 to 48, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual

Report of the Auditor-General on Bomet University College for the year ended 30 June, 2023

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Bomet University College as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1 Inaccuracies in the Financial Statements

1.1. Variance Between the Financial Statements and Audited Comparative Balances

The financial statements reflects comparative balances which varies with the prior year 2021/2022 audited statements as shown below:

| Component Description | Financial Statements for 2022/2023 (Kshs.) | Audit Certificate Financial Statements 2021/2022 (Kshs.) | Variance (Kshs.) |
|--|---|---|-------------------------|
| Statement of Financial Performance | | | |
| Accumulated Surplus for the Period | 131,877,391 | 84,575,811 | 47,301,586 |
| Statement of Cash Flows | | | |
| Net Cash and Cash Equivalents at the beginning of the year | 200,009,985 | 204,725,935 | 4,715,950 |
| Cash and Cash Equivalent at the end of the year | 260,613,070 | 265,329,020 | 4,715,950 |

Management has not satisfactorily explained the basis of amending the comparative balances or disclosed the reason for the amendments' in the financial statements.

1.2 Unbalanced Statement of Financial Position

The statement of financial position reflects a total assets balances of Kshs.2,151,435,203 against total liabilities balance of Kshs.2,151,477,533 resulting to an unexplained and unsupported variance of Kshs.42,330.

1.3 Statement of Changes in Net Assets

The statement of changes in net assets reflects a comparative amount of Kshs.1,944,192,165 in respect of total net assets which is at variance with the amount of Kshs.1,933,059,861 reflected in the statement of financial position resulting to an unexplained and unreconciled variance of Kshs.11,132,304. Further, the statement reflects an amount of Kshs.25,000,000 in respect of capital development grants received during the year. However, review of the supporting documents including the Ministry of Education – State Department for Higher Education and Research list of SAGAs and Public University funding statement revealed transferred amount of Kshs.59,430,648 in respect of development to the University resulting to an unexplained and unreconciled variance of Kshs.34,430,648.

In addition, the statement reflects an amount of Kshs.227,082,506 in respect of accumulated revenue reserve which includes an amount of Kshs.46,181,119 in respect of surplus for the year which is at variance with the Kshs.162,754,384 reflected in the statement of financial performance resulting to an unexplained and unreconciled variance of Kshs.116,573,265. Further, the accumulated revenue reserve includes amounts of Kshs.26,330,598 and Kshs.69,994,587 in respect of capital development grants received and transfer of depreciation/amortisation from capital fund to retained earnings which were not supported. Similarly, the statement reflects capital development grants totalling Kshs.612,855,768 which includes an amount of Kshs.69,994,587 indicated to relate to transfer of depreciation/amortisation from capital fund to retained earnings which was not supported.

1.4 Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents balance of Kshs.221,803,371 which includes cash flows from investing activities amounting to Kshs.49,343,707 in respect of purchase of property, plant and equipment. However, the amount is at variance with additions amount of Kshs.56,193,409 as disclosed in Note 18 to the financial statements resulting to an unexplained and unreconciled variance of Kshs.7,505,995. Further, the statement includes working capital changes relating to decrease in receivables from non-exchange, receivable from exchange and payables of Kshs.3,632,921, Kshs.1,708,125 and Kshs.58,678,043 which is at variance with the re-computed increase and decrease in amounts of Kshs.1,708,125, Kshs.3,632,921 and Kshs.53,815,921 respectively.

In addition, the statement reflects an amount of Kshs.25,000,000 in respect of capital development grants from GOK which is at variance with an amount of Kshs.59,430,648 as supported with Ministry of Education – State Department for Higher Education and Research list of SAGAs and Public University funding statements resulting to an unexplained and unreconciled variance of Kshs.34,430,648.

1.5 Variances Between Balances in the Financial Statements and Trial Balance

Review of the financial statements revealed various items which differed with the balances reflected in the trial balance as shown below:

| Component Particulars | Financial Statements Balances (Kshs.) | Trial Balance Balances (Kshs.) | Variance (Kshs.) |
|---|--|---------------------------------------|-------------------------|
| Expenditure Item | | | |
| Use of Goods and Services | 36,041,119 | 36,227,223 | 186,104 |
| Assets | | | |
| Cash and Cash Equivalents | 221,803,371 | 222,514,941 | 711,570 |
| Receivables from Exchange Transactions | 13,709,592 | 13,655,602 | 53,990 |
| Property, Plant and Equipment | 1,901,775,066 | 1,965,400,521 | 63,625,455 |
| Intangible Assets | 12,408,699 | 16,544,931 | 4,136,232 |
| Total Assets | 2,151,435,203 | 2,219,854,470 | 68,419,267 |
| Liabilities | | | |
| Trade and Other Payables from Exchange Transactions | 45,709,421 | 46,722,541 | 1,013,120 |
| Provisions | 23,132,975 | 34,878,019 | 11,745,044 |
| Non-Current Liabilities | 67,143,299 | 67,442,299 | 299,000 |
| Total Liabilities | 136,104,248 | 149,161,413 | 13,057,165 |
| Capital and Reserves | | | |
| Capital Development Funds | 612,855,768 | 617,151,340 | 4,295,572 |
| Accumulated Revenue Reserve | 227,082,506 | 0 | 227,082,506 |

The resultant variances were not explained or reconciled.

In the circumstances, the accuracy and completeness of the financial statements as presented could not be confirmed.

2. Unsupported Transactions

2.1. Revenue from Exchange Transactions

The statement of financial performance reflects an amount of Kshs.92,413,075 in respect of revenue from exchange transactions and as disclosed in Note 2 to the financial statements. However, review of supporting documents revealed that the University did not reconcile its enrolment data for the year with the billed/income ledgers for the year. As a result, it was not possible to match the revenue with the number of students at any given time.

2.2. Part Time Teaching Claims

The statement of financial performance reflects employee costs expenditure amounting to Kshs.305,725,310 which includes an amount of Kshs.1,927,880 in respect of part time teaching claims and as disclosed in Note 4 to the financial statements. However, review of the supporting schedule revealed a total amount of Kshs.1,761,800 resulting to an unexplained and unreconciled variance of Kshs.166,080. Further, included in the expenditure is an amount of Kshs.1,593,260 in respect of previous years claims that had not been disclosed as staff payables in the previous year financial statements. However,

the supporting documents including hours taught and attendance registers were not provided for audit verification.

2.3. Use of Goods and Services

2.3.1. Academic Expenses

The statement of financial performance reflects use of goods and services amount of Kshs.36,041,119 which includes an amount of Kshs.19,027,535 in respect of academic expenses and as disclosed in Note 9 to the financial statements. However, review of supporting documents including payment vouchers revealed that expenditure amounting to Kshs.5,125,586 was incurred through imprest issued to University employees and were directly expensed without surrender vouchers and proof of work done and therefore the payments remain unaccounted for. Further, the academic expenses include an amount of Kshs.2,500,080 in respect of provisions for teaching practise. However, the provisions were not supported with specific schedules of debts provided for, evidence of travel, assessment and back to office reports and list of the assessed students.

2.3.2. Administrative Expenses

The statement of financial performance reflects use of goods and services amount of Kshs.36,041,119 which includes an amount of Kshs.17,013,584 in respect of administrative expenses and as disclosed in Note 9 to the financial statements. However, review of the supporting documents revealed expenditure totalling Kshs.16,876,508 resulting to an unexplained and unreconciled variance of Kshs.137,076. Further, payment vouchers provided for audit revealed that expenditure amounting to Kshs.3,831,576 was incurred through imprest issued to University employees and were directly expensed without surrender vouchers and proof of work done and therefore the payments remain unaccounted for.

2.4. Receivables from Exchange Transactions

The statement of financial position reflects balance of Kshs.13,709,592 in respect of receivables from exchange transactions and as disclosed in Note 11 to the financial statements. The balance includes student debtors balance of Kshs.15,232,880 with provision of doubtful debts balance of Kshs.1,523,288. However, the supporting schedule detailing students fee that had been outstanding for more than six months were not provided for audit review to justify the provision is in line with Section 11.6 of the Bomet University Financial Management Policy, June 2020 which states that any debts outstanding for more than six months shall be classified as doubtful requiring legal debts recovery measures to be reinforced.

2.5. Refundable Deposits and Retention Monies

The statement of financial position and as disclosed in Note 17 to the financial statements reflects non-current liabilities balance of Kshs.67,143,299 in respect of retention funds. This comprised of contractors' retention money and students' caution money. However, the retention funds were not supported with any documents including retention control ledgers, interim payment certificates and certificate of bank balance for the retention account.

2.6. Students Payables

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.45,709,421 which includes balances of Kshs.9,758,648, Kshs.499,309 and Kshs.649,232 in respect of fees prepayments, HELB Control account and CDF Control Account respectively as disclosed in Note 14 to the financial statements. However, the supporting documents including the list of student and fees statement for students that resulted in prepaid fees were not provided for audit review. Further, Management did not provide reasons for failure to receipt fees from HELB and CDF.

2.7. General Provisions

The statement of financial position reflects a provisions balance of Kshs.23,132,975 which includes a balance of Kshs.1,176,900 in respect of general provision and as disclosed in Note 16 to the financial statements. However, the balance was not supported with respective schedules.

In the circumstances, the validity, accuracy and completeness of the financial statements as presented could not be confirmed.

3. Cash and Cash Equivalents

The statement of financial position reflects a balance of Kshs.221,803,371 in respect of cash and cash equivalents and as disclosed in Note 10 to the financial statements. The cash and cash equivalents balance of Kshs.221,803,371 includes a balance of Kshs.13,009,513 held in a local bank account. However, review of the bank reconciliation statement revealed that the balance contains long outstanding payments in bank statements not yet recorded in cashbooks (unrepresented cheques) amounting to Kshs.711,570 relating to the period between September, 2020 to September, 2021. Management has not explained why the same have not yet been recorded in cashbook.

Further, the balance includes an amount of Kshs.1,753,809 held in an Mpesa pay bill account which was not supported since the Mpesa paybill account statement and its reconciliation statement was not maintained. Failure to prepare monthly bank reconciliation statements is contrary to Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer of a National Government entity to ensure bank account reconciliations are completed for each bank account held by the Accounting Officer every month and submitted not later than the 10th of the subsequent month to The National Treasury with a copy to the Auditor-General.

In the circumstance, the accuracy and completeness of the cash and cash equivalents balance of Kshs.221,803,371 could not be confirmed and Management was in breach of the law.

4. Long Outstanding Imprests

The statement of financial position reflects receivables from non-exchange transactions balances of Kshs.373,725 and Kshs.2,081,850 in respect of unaccounted imprest for the year under review and comparative balance respectively and as disclosed in Note 12 to

the financial statements. However, the statement reflects a decrease of Kshs.1,708,125 of the unsurrendered imprest from previous year 2021/2022 audited financial statements which was not supported with surrender vouchers. Further, the unsurrendered imprest of Kshs.373,725 remained outstanding at the end of the year contrary to Regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015 which requires holders of temporary imprest to account or surrender the imprest within seven (7) working days after returning to duty station. Management did not provide any explanation for non-recovery of the outstanding imprest from salaries of the defaulting officers.

In the circumstances, the accuracy, completeness and recoverability of outstanding imprests balance of Kshs.373,725 could not be confirmed and Management was in breach of the law.

5. Long Outstanding Accounts Payables

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.45,709,421 and as disclosed in Note 14 to the financial statements. However, review of the supporting schedule revealed that the balance includes long outstanding trade creditors balance of Kshs.9,858,547 dating back to 2021 which were not settled contrary to Regulation 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015, which states that debt service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the Government does not default on debt obligations. Further, failure to settle the outstanding payables amounts to breach of the law and may lead to the University incurring unquantified penalties and interest costs.

Further, the trade and other payables from exchange transactions balance includes payroll creditors amounting to Kshs.2,137,940 which has been outstanding since 2018. This is contrary to Employment Act, 2007 (17) which requires that an employer pays the entire amount of the wages earned by or payable to an employee in respect of work done by the employee.

In the circumstances, Management was in breach of the law and failure to honor the obligations may result into legal litigations against the University incurring unquantified penalties and interest costs.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipt budget and actual on comparable basis amounts of Kshs.396,170,059 and

Kshs.406,234,635 respectively resulting in over-funding by Kshs.10,064,576 or 3% of the budget. Similarly, the statement reflects final budget expenditure and actual on comparable basis of amounts of Kshs.455,600,706 and Kshs.464,267,023 respectively resulting into over-absorption of Kshs.8,666,316 or 2% of the budget. The over-absorption resulted to unauthorized expenditure and Management was in breach of the law.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

Under report of the financial statements, nine (9) issue for the previous year, 2020/2021 audited financial statements remained unresolved while three (3) out of the six (6) issues raised in the previous year 2021/2022 audited financial statements under lawfulness and effectiveness with three of the issues remaining unresolved. Management did not provide reasons for the delay in resolving the prior year audit issues contrary to the approved template by the Public Sector Accounting Standards Board and firmed by The National Treasury's Circulars. Further, Management did not provide reports from the oversight committee's detailing the deliberations and recommendations of the committees on the matters resolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with the Public Sector Accounting Standards Board Requirement on Presentation of the Financial Statements

Review of the financial statements revealed that the preamble under financial performance reflects total expenses of Kshs.396,495,612 which is at variance with re-calculated amount of Kshs.396,302,831. Further, classification of credit risk bearing assets indicates cash and cash equivalents as Kshs.228,784,389 which is at variance with the reported amount of Kshs.221,803,371. In addition, Note 22 to the financial statements in respect of the ultimate and holding entity represent Agency under the Ministry of xxxx on page 38 to the financial statement. The financial statement also includes several blank pages which should be deleted.

In the circumstances, the Institution did not comply with the Public Sector Accounting Standards Board (PSASB) guidelines.

2. Unbalanced Budget

The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects a final revenue budget of Kshs.396,170,059 and an expenditure final budget of Kshs.455,600,706 resulting in a variance of Kshs.59,430,647. The budget imbalance is contrary to the provisions of Section 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that 'budget revenue and expenditure appropriation shall be balanced.

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

3. Employee Costs

3.1 Non-Compliance with Fiscal Responsibility Principles

The expenditure on employee cost of Kshs.305,725,310 constitute 75% of total revenue of Kshs.406,234,635 during the year under review. This is 40% above the limit contrary to Regulation 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which requires that National Government's expenditure on the compensation of employees (including benefits and allowances) shall not exceed thirty-five percent (35%) of the National Government's equitable share of the revenue raised nationally plus other revenues generated by the National Government pursuant to Article 209(4) of the Constitution.

3.2 Irregular Payment of Acting Allowances

The statement of financial performance reflects employee costs of Kshs.305,725,310 which includes acting allowance of Kshs.2,725,507 and as disclosed in Note 4 to the financial statements. The allowance was paid to twenty-three (23) employees appointed to higher positions in the academic and administrative departments. However, the officers continued acting in the positions for eighteen (18) months since January, 2022 more than the stipulated six (6) months contrary to Policy C.14(1) of the Human Resource Policies and Procedures Manual, 2016 which states that acting allowance will not be payable to an officer for more than six (6) months.

3.3 Irregular Engagement of Casual Employees

The statement of financial performance reflects employee costs of Kshs.305,725,310 which includes casual wages of Kshs.1,001,470 and as disclosed in Note 4 to the financial statements. However, the engaged casual employees were not recorded in the master roll. Further, the University had engaged the casual employees for over twelve months. This was contrary to Section 37 of the Employment Act, 2007 and Policy 2.3.4 of the University's Human Resource Policy Manual which states that casual employment may be offered to employees to perform defined tasks on a day to day basis and their remuneration shall be on a piece rate basis in accordance with the minimum wage guidelines set by the Government. Such appointments may be for a specified period of time provided that it does not exceed three months. In addition, the daily casual register,

approval for the recruitment of the casual employees by the Council, requisitions for staff by the respective department, recruitment reports, and engagement letters issued to the workers were not presented for audit.

3.4 Under-Establishment

Review of the human resource records revealed that the University establishment was one hundred and forty-eight (148) employees as at 30 June, 2023 against an approved establishment of two hundred and ninety-three (293) indicating an under-establishment of one hundred and forty-five (145) employees being 49% of the approved establishment. Further, review of the employee records revealed that, the University had sixty-eight (68) employees being 46% of the establishment under the academic function against eighty (80) employees or 54% under the administrative function. This is contrary to Commission for University Education Guidelines on staff establishment which requires at least seventy percent (70%) of the University staff to be under the academic function.

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

4. Irregular Payment of Allowances to Non-Council Members

The statement of financial performance reflects an amount of Kshs.9,770,872 in respect of remuneration of directors and as disclosed in Note 5 to the financial statements. However, the expenditure includes amounts totalling Kshs.2,693,480 paid to non-council members in form of imprests and expense claims contrary to Section 36(1) of the Universities Act, 2012.

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

5. Use of Goods and Services

5.1 Non-Compliance with Commission for University Education Guidelines on Research Programmes

The statement of financial performance reflects use of goods and services amount of Kshs.36,041,119 and as disclosed in Note 9 to the financial statements which includes an amount of Kshs.2,225,210 in respect of University's research programme which was one percent (1%) of the total University operational expenses of Kshs.394,604,533. This was contrary to Standard NST/STD/010 of the University Standards for Accreditation and Operations which states that a University shall endeavor to have adequate funds for research by allocating a minimum of 2% of its operational budget to research. This implies that the University fell short of the set budgetary limit by one percent (1%).

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

5.2 Irregular Procurement of Internet Services

The statement of financial performance reflects use of goods and services amount of Kshs.36,014,119 which includes an amount of Kshs.17,013,584 in respect of administrative expenses and as disclosed in Note 9 to the financial statements. Review of the supporting schedule revealed that an amount of Kshs.3,334,794 was in respect of internet expenses for the supply and installation of internet bandwidth and connectivity.

However, review of procurement and contract records provided for audit revealed that direct procurement method was used without supporting evidence contrary to Regulation 90 of the Public Procurement and Asset Disposal Regulations, 2020.

In the circumstances, the regularity and value for money on expenditure of Kshs.3,334,794 in respect of internet services could not be confirmed and Management was in breach of the contract.

5.3 Non-Payment of Audit Fees

The statement of financial performance reflects use of goods and services totalling Kshs.36,041,119 which includes an amount of Kshs.17,013,584 in respect of administrative expenses and as disclosed in Note 9 to the financial statements which further includes an amount of Kshs.540,000 in respect of audit fee. However, review of the supporting schedule and invoices revealed that the University had not remitted any audit fees to the Office of the Auditor-General since its establishment and had an outstanding audit fee balance of Kshs.1,794,600 as at 30 June, 2023. This is contrary to the provisions of Section 41 of the Public Audit Act, 2015 that requires the audited entity to pay audit fees at the rates prescribed by the Auditor-General. Further, the unpaid audit fees were not included in the list of accounts payables and the financial statements for the year under review.

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

6. Ineligible Expenditure on Legal Cost

Review of the legal cases records revealed that the University incurred nugatory expenses on interest and suit cost amounting to Kshs.1,941,929 due to non-settlement of pending bills. The supplier instituted a legal suit against the University vide case number E045 of 2022 after the Management had failed to pay an amount of Kshs.2,920,193 in respect of supply and delivery of goods during the financial year 2016/2017. However, Management did not provide explanation as to why there was delayed payment for the supplied goods resulting to ineligible costs of Kshs.1,941,929 in form of legal charges and interest. Further, the total amount of Kshs.4,862,122 in respect of the contract and interest had not been paid and was not disclosed as pending accounts payable in the financial statements during the year under review.

In the circumstances, the propriety and value for money on the nugatory expenditure amounting to Kshs.1,941,929 could not be confirmed.

7. Incomplete Intangible Assets

The statement of financial position reflects a balance of Kshs.12,408,699 in respect of intangible assets and as disclosed in Note 19 to the financial statements. However, the contract documents provided for audit review indicated that Management contracted a local firm to supply, install, implement and commission an Enterprise Resource Planning (ERP) software at a contract sum of Kshs.16,544,931 with a commencement date of 26 June, 2020 and implementation timeline of seventeen (17) weeks which had been paid but the contractor had not handed over the system and is no longer on site. Further, the Inspection and Acceptance Committee report was not provided for audit review. In

addition, audit verification carried out in February, 2024 revealed that the system had four (4) of the system's developers who were not employees of the University who retained unhindered access rights and still executed the functional roles of the different departments on behalf of the University staff.

In the circumstances, the accuracy, completeness and fair valuation of the intangible assets of Kshs.12,408,699 could not be confirmed.

8. Property, Plant and Equipment

8.1 Unbudgeted Expenditure on Renovations and Associated Works at Green Tuition Block

The statement of financial position reflects property, plant and equipment balance of Kshs.1,901,775,066 which includes additions of Kshs.48,526,808 in respect of capital in progress and as disclosed in Note 18 to the financial statement. Review of the financial records provided, revealed that a local company was contracted to carry out renovation, remedial and associated works and installation of new floor tiles at Green Tuition Block at a cost of Kshs.9,450,813. However, review of the procurement and budget documents revealed that the renovation works had not been budgeted for and were not included in the procurement plan for the year under review. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which requires the Accounting Officer not to commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates.

Further, review of procurement records provided for audit revealed that the contract was awarded to a new contractor after the initial contractor had done substandard works and abandoned the site after payment of Kshs.772,945,748 as certified by the Project Manager. Evidence of termination of the initial contract was not provided for audit which was in breach of Regulation 141(4) of the Public Procurement and Asset Disposal Regulations, 2020 which states that an Accounting Officer of a procuring entity shall be required to terminate a contract within a reasonable time when it becomes apparent that a contract is frustrated based on the evidence from the contract implementation team. In addition, Management did not seek any legal advice or clearance from the Attorney-General or the University's Legal Officer in writing contrary to Regulation 141(5) of the Public Procurement and Asset Disposal Regulations, 2020.

In the circumstances, Management was in breach of the law and the value for money from the expenditure of Kshs.9,450,813 could not be confirmed.

8.2 Abandoned Proposed Construction of Library Block, Construction of 2 No. Hostel Blocks, Construction of Multipurpose Hall and Tuition Block.

As disclosed in Note 18 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.1,901,775,066 which includes a balance of Kshs.876,021,877 in respect of capital in progress, which further includes the proposed construction of library block, construction of 2 No. hostel blocks, construction of multipurpose hall and tuition block. The projects commenced in November, 2016 with the expected initial completion date set for 08 November, 2018 however the project stalled since March, 2021 due to abandonment of works by the Contractor and

non-disbursement of funds by the Ministry of Education. Physical verification of the project in February, 2024 revealed that the contractor was not on site and works remained incomplete at 52%. Further, review of the project file revealed that the Project Implementation Committee for the project is currently not in place and a valid performance security bond and interim payment certificates were not provided for audit, while the project remained abandoned.

In the circumstances, the University may not obtain value for money and the expected benefits from the projects may not be realized.

8.3 Abandoned Construction and Extension of Ablution Blocks and Kitchenette, Collaboration, International and Training Centre Unit for Research Centre and Start-Up Village Centre Phase II

As disclosed in Note 18 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.1,901,775,066 which includes a balance of Kshs.876,021,877 in respect of capital in progress which further includes the proposed construction and extension of ablution blocks and kitchenette, collaboration, international and training centre unit for research centre and start-up village centre phase II. The projects commenced on 12 February, 2021 with the expected initial completion date set for 01 March, 2021 however, the project stalled due to abandonment of works by the Contractor and non-disbursement of funds by the Ministry of Education. Physical verification of the project carried out in February, 2024 revealed that the contractor was not on site and works remained incomplete at 28%. Further, review of the project file revealed that the Project Implementation Committee for the project is currently not in place and a valid performance security bond was not provided for audit. In addition, the interim payment certificates were not provided for audit and the project remained abandoned.

In the circumstances, the University may not obtain value for money and the expected benefits from the projects may not be realized.

8.4 Unsupported Proposed Construction of Administration Block

As disclosed in Note 18 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.1,901,775,066 which includes a balance of Kshs.876,021,877 in respect of capital in progress which further includes the proposed construction of administration block. The project commenced in 30 March, 2022 with the expected completion date set for 31 March, 2025. However, supporting documents including approved budget, approval by the Ministry of Education and appointment of the Project Management Committee and minutes were not provided for audit review. Further, procurement documents, interim payment certificate and performance security bond were not provided for audit.

In the circumstances, the accuracy and completeness and source of fund for the project could not be confirmed.

9. Inventories and Stores Management

As disclosed in Note 13 to the financial statements, the statement of financial position reflects a balance of Kshs.1,364,750 in respect of inventories and stores. However, the

University does not have an approved inventory policy. Further, quarterly stock take was not conducted contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015 which requires the Head of Procurement to, at least quarterly in each calendar year, conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the Accounting Officer.

In the circumstances, existence of effective internal control on stocks could not be confirmed and Management is in breach of the law.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of ICT Systems Administration and Management

During the year under review, a scrutiny of the University's Information Technology infrastructure revealed that the server room did not have a burglar proof access door and there was no access control or register in place to track those who access the room. Further, there was no functional air conditioner or fire suppression systems put in place to provide an environment where computer equipment can safely operate. In addition, a review of the University's ICT governance documents revealed that the University did not have an ICT continuity and disaster recovery plan despite its heavy dependence on information technology to run its business. In the event of a disaster, the business operations of the University may be interrupted for a significantly long period of time and the data may not be restored.

In the circumstances, the integrity of the IT infrastructure and the IT assets of the University is compromised and data may not be recovered in the event of a disaster.

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

Responsibilities of Management and the University Council

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


26 April, 2024


Bomet University College
(A Constituent College of Moi University)
Annual Report and Financial Statements
For the year ended June 30, 2023.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

| PARTICULARS | Note | 2022/2023 | 2021/2022 |
|---|-------------|--------------------|--------------------|
| Revenue from Non Exchange Transactions | | Kshs | Kshs |
| Transfers from other governments in cash | 1 | 313,170,059 | 312,249,416 |
| Sub-Total | | 313,170,059 | 312,249,416 |
| Revenue from Exchange Transactions | | | |
| Rendering of good & services | 2 | 92,413,075 | 68,591,700 |
| Other Incomes | 3 | 132,900 | 271,420 |
| Externally Generated Funds | 3 | 518,601 | 259,570 |
| Sub-Total | | 93,064,576 | 69,122,690 |
| Total Revenue | | 406,234,635 | 381,372,106 |
| Expenses | | | |
| Employee costs | 4 | 305,725,310 | 298,712,919 |
| Remuneration of Directors | 5 | 9,770,872 | 1,424,930 |
| Depreciation | 6 | 15,853,701 | 12,646,654 |
| Repairs and maintenance | 7 | 4,151,823 | 1,622,148 |
| Contracted Services | 8 | 24,952,786 | 22,300,102 |
| Use of Goods and Services | 9 | 36,041,119 | 21,851,871 |
| Total Expenses | | 396,495,612 | 358,558,624 |
| Other Gains/(losses) | | | |
| Provision for bad/doubtful debts | | - | 403,658 |
| Total Other Gains/(losses) | | - | 403,658 |
| Surplus (Deficit) for the Period | | 9,335,365 | 23,329,037 |
| Amount recogn as prov. Cr to Surplus | | 21,541,627 | 16,449,448 |
| Accumulated Surplus | | 162,754,384 | 131,877,391 |

The notes set out on pages 9 to 45 form an integral part of these Financial Statements. The Financial Statements set out on pages I to 8 were signed on behalf of the Council by:


 Prof. Simon Eric Mitema
Chairperson of Council


 CPA Lorine Obonyo
 ICPAK NO. 6577
Chief Accountant


 Prof. Anne Kisaka Nangulu
Principal and Secretary to the Council

Bomet University College
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

| PARTICULARS | Notes | 2022/2023 | 2021/2022 |
|---|--------------|----------------------|----------------------|
| ASSETS | | Kshs | Kshs |
| Current Assets: | | | |
| Cash and cash equivalents | 10 | 221,803,371 | 265,329,020 |
| Receivables from exchange transactions | 11 | 13,709,592 | 10,076,671 |
| Receivables from non-exchange transactions | 12 | 373,725 | 2,081,850 |
| Inventories | 13 | 1,364,750 | 2,146,248 |
| Total Current Assets | | 237,251,438 | 279,633,789 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 18 | 1,901,775,066 | 1,857,299,125 |
| Intangible Assets | 19 | 12,408,699 | 16,544,931 |
| Total Non-Current Assets | | 1,914,183,765 | 1,873,844,056 |
| TOTAL ASSETS | | 2,151,435,203 | 2,153,477,845 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Trade and other payables from exchange transactions | 14 | 45,709,421 | 99,525,342 |
| Other payables- Contingent Liabilities | 15 | 118,554 | 4,980,675 |
| Provisions | 16 | 23,132,975 | 41,547,398 |
| Total Current Liabilities | | 68,960,949 | 146,053,415 |
| Non-Current Liabilities | | | |
| Non-Current Liabilities | 17 | 67,143,299 | 74,364,569 |
| Total Non- Current Liabilities | | 67,143,299 | 74,364,569 |
| TOTAL LIABILITIES | | 136,104,248 | 220,417,985 |
| FINANCED BY: | | | |

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| | | | |
|-----------------------------|--|----------------------|----------------------|
| Capital Development Funds | | 612,855,768 | |
| Revaluation Reserve | | 1,175,435,010 | 1,848,484,050 |
| Accumulated Revenue Reserve | | 227,082,506 | 84,575,811 |
| TOTAL ASSETS | | 2,151,477,533 | 1,933,059,861 |

The notes set out on pages 9 to 37 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 8 were signed on behalf of the Council by



Prof. Simon Eric Mitema
Chairperson of Council



CPA Lorine Obonyo
ICPAK NO. 6577
Chief Accountant

for 

Prof. Anne Kisaka Nangulu
Principal and Secretary to the Council

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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

| Description | Capital Development Grants | Revaluation Reserve | Accumulated Revenue Reserve | Totals |
|--|-----------------------------------|----------------------------|------------------------------------|----------------------|
| As at July 1, 2021 | 607,850,355 | 1,201,765,608 | 61,247,165 | 1,870,863,128 |
| Revaluation | | | | - |
| Surplus/ deficit for the year | - | - | 23,329,037 | 23,329,037 |
| Capital/development grants received during the year | 50,000,000 | - | - | 50,000,000 |
| Transfer of depreciation/amortization from capital fund to retained earnings | - | - | - | - |
| As at June 30, 2022 | 657,850,355 | 1,201,765,608 | 84,576,202 | 1,944,192,165 |
| As at July 1, 2022 | 657,850,355 | 1,201,765,608 | 84,576,202 | 1,944,192,165 |
| Revaluation | - | - | - | - |
| Surplus/ (deficit) for the year | - | - | 46,181,119 | 46,181,119 |
| Capital/development grants received during the year | 25,000,000 | 26,330,598 | 26,330,598 | 25,000,000 |
| Transfer of depreciation/amortisation from capital fund to retained earnings | 69,994,587 | - | 69,994,587 | - |
| As at June 30, 2023 | 612,855,768 | 1,175,435,010 | 227,082,506 | 2,015,373,284 |

Prior Year Adjustments in Changes in Net Assets

There were casting errors over the years which has been made good in the current financial year. Included in the Surplus of Kshs 46,181,119 are amounts provided for as provisions in the Financial Statement ended 30 June, 2020 but were capitalised to Work in Progress in the Financial Years 2021/2022 and 2022/2023. These amounts were Kshs. 5,578,833 for the Financial Year 2022/2023 and Kshs. 15,304,127 for the Financial Year 2021/2022. There was an overstatement of the Revaluation Reserve by Kshs. 26,330,598. An understatement of the Surplus for the Financial 2020/2021 Financial Year of a similar amount ought to have been credited back to Surplus. This amount was recognised as provisions in the Financial Year 2019/2020 and the same had been capitalised to Work In Progress in the Financial Year 2020/2021. An unutilised amount earlier recognised as provision of Kshs.15, 962,794 and expensed has also been credited back to surplus

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

| PARTICULARS | NOTE | 2022/2023 | 2021/2022 |
|---|-------------|---------------------|---------------------|
| | | Ksh | Ksh |
| Cash Flows from Operating Activities | | | |
| Income | | | |
| Revenue from Non Exchange Transactions | 1 | 313,170,059 | 312,249,416 |
| Revenue from Exchange Transactions | 2 | 92,413,075 | 69,122,690 |
| Other Income | 3 | 651,501 | |
| Total Income | | 406,234,635 | 381,372,106 |
| Expenditure | | | |
| Employee costs | 4 | 305,725,310 | 298,712,919 |
| Remuneration of Directors | 5 | 9,770,872 | 1,424,930 |
| Depreciation and amortization expense | | - | |
| Repairs and maintenance | 7 | 4,151,823 | 1,622,148 |
| Contracted Services | 8 | 24,952,786 | 22,300,102 |
| Use of Goods and Services | 9 | 36,041,119 | 21,851,871 |
| Total Expenses | | 380,641,911 | 345,911,970 |
| Cash flows from Operating Activities | | 25,592,724 | 35,460,136 |
| Working Capital Changes: | | | |
| Purchase of Motor vehicles | | | |
| Decrease/(increase) in receivables- Non Exchange Transactions | | 3,632,921 | 889,020 |
| Decrease/(increase) in receivables-Exchange Transactions | | 1,708,125 | 4,640,002 |
| (Decrease)/Increase in Payables | | - 58,678,043 | 132,621 |
| Decrease/(Increase) in Inventories | | 781,498 | - 86,089 |
| Net Cash flows from Operating Activities | | - 26,962,774 | 41,035,690 |
| Cash flows from Investing Activities | | | |
| Purchase of property, plant, equipment | | - 49,343,707 | - 30,432,604 |
| Net Cash flows from Investing Activities | | (49,343,707) | (30,432,604) |
| Cash flows from Financing Activities | | | |
| Capital Development Grants from GOK | | 25,000,000 | 50,000,000 |
| Net Cash flows used in Financing Activities | | 25,000,000 | 50,000,000 |

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| | | | |
|---|--|---------------------|--------------------|
| | | | |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | (51,306,481) | 60,603,086 |
| Cash and Cash Equivalents at the Beginning of the Year | | 265,329,020 | 200,009,985 |
| Cash and Cash Equivalents at end of the period | | 221,803,371 | 260,613,070 |
| PER FINANCIAL STATEMENTS | | 221,803,371 | 265,329,020 |

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

| | Original Budget 2022/2023 | Adjustments | Final Budget | Actual 30/06/2023 | Variance | % Variance |
|---|--|--------------------|-------------------------|------------------------------|--------------------|-----------------------|
| REVENUE: | | | | | | |
| Exchequer Funds- Recurrent Budget | 313,170,059 | 0 | 313,170,059 | 313,170,059 | 0 | 0 |
| Tuition Income and Related Charges | 83,000,000 | 0 | 83,000,000 | 92,413,075 | -9,413,075 | -11 |
| Externally Generated Funds | 0 | 0 | 0 | 518601 | -518,601 | 0 |
| Miscellaneous Income | 0 | 0 | 0 | 132900 | -132,900 | 0 |
| TOTAL INCOME | 396,170,059 | 0 | 396,170,059 | 406,234,635 | -10,064,576 | -11 |
| | | | | | | |
| EXPENDITURE | | | | | | |
| Personnel Costs | 295,530,166 | 5,504,144 | 301,034,310 | 305,725,310 | -4,691,000 | -2 |
| Purchase Non-Current Assets | 73,100,648 | -3,173,000 | 69,927,648 | 49,343,706 | 20,583,942 | 29 |
| Council Expense | 10,000,000 | 385,959 | 10,385,959 | 9,770,872 | 615,087 | 6 |
| Academic expenses | 27,926,370 | -6,004,263 | 21,922,107 | 19,027,535 | 2,894,572 | 13 |
| Administrative Costs | 8,913,001 | 3,394,676 | 17,607,677 | 17,013,584 | 594,093 | 3 |
| Maintenance Expenses | 7,035,876 | -2,617,963 | 4,417,913 | 4,151,823 | 266,090 | 6 |
| Depreciation & Amortization Expenses | 5,394,645 | 0 | 5,394,645 | 15,853,701 | -10,459,056 | -194 |
| Utilities | 4,900,000 | 400,000 | 0 | 0 | 0 | 0 |
| Contracted services | 5,800,000 | 654,804 | 24,910,447 | 24,952,786 | -42,339 | 0 |
| Insurance Expenses | 17,000,000 | 1,455,643 | 0 | 18,427,704 | -18,427,704 | 0 |
| SUB TOTAL-OPERATIONS & MAINTENANCE | 100,639,892 | -5,504,144 | 154,566,396 | 158,541,712 | -3,975,316 | -2 |
| GROSS EXPENDITURE | 396,170,059 | 1 | 455,600,706 | 464,267,023 | -8,666,316 | -2 |
| SURPLUS/(DEFICIT) | 0 | -1 | -59,430,647 | 0 | | |

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Explanation of Material Variances

Tuition and Related Income – This was attributed to the fact that more student were admitted in the year under review

Depreciation and amortization- Only a small proportion was budgeted for contributing to the percentage reported.

Administrative Costs.

NOTES TO THE FINANCIAL STATEMENTS

I. General Information

BUC is established by and derives its authority and accountability from the Universities Act No.42,2012 (Revised 2016) and the Legal Order establishing Bomet University College. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is the provision of university education through teaching, learning, training, innovation digital transformation, research and outreach.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University College's accounting policies. There are no areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the University College. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Universities' Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

| Standard | Effective date and impact: |
|---|---|
| <p>IPSAS 4I: Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 4I is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 4I provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> |

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| Standard | Effective date and impact: |
|---|---|
| | <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> |
| <p>Amendments to Other IPSAS resulting from IPSAS 4I, Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 4I was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 4I was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 4I was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 4I was issued.</p> |
| <p>Other improvements to IPSAS</p> | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 4I which is applicable from 1st January 2023. |

Notes to the Financial Statements (Continued)

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

| Standard | Effective date and impact: |
|---|---|
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: | <i>Applicable 1st January 2025</i> |
| Non- Current Assets Held for Sale and Discontinued Operations | <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |

- iii. *Early adoption of standards*

The University College did not early – adopt any new or amended standards in the financial year

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

- a) Revenue recognition
- i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

- ii) Revenue from exchange transactions

Rendering of services

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

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

Rental income

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

b) Budget information

The original budget for the Current FY was approved by the National Assembly on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University College upon receiving the respective approvals in order to conclude the final budget. Accordingly, the University College recorded additional appropriations of 10,064,576 on the 2023 budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The University College's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 8 of these financial statements.

c) Taxes

Current income tax

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an 10 year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately based on the model adopted)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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

f) Leases

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

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

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

IPSAS 4I addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

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

j) Inventories

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated

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costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Provisions

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

l) Social Benefits

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

m) Contingent liabilities

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

| Contingent Liabilities | 2022/2023 | 2021/2022 |
|--|----------------|------------------|
| | Kshs. | Kshs. |
| Court Case against the Entity | 118,554 | 4,980,675 |
| Bank Guarantees in favour of subsidiary | - | - |
| Contingent Liabilities arising from contracts including PPPs | - | - |
| Others | - | - |
| Totals | 118,554 | 4,980,675 |

In the year ended 30 June 2023, there was a payment of Kshs. 4,862,121 arising from a court ruling.

n) Contingent assets

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

Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

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

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The University College provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which University College pays fixed contributions into a Moi University Pension Scheme and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

r) Foreign currency transactions

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Borrowing costs

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

t) Related parties

The University College regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise *the council, the Principal and senior managers*

u) Service concession arrangements

The *Entity* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Summary of Significant Accounting Policies (Continued)

v) Cash and cash equivalents

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

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS I.I40

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note I6. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to the Financial Statements (Continued)

| DESCRIPTION | 2022/2023 | 2021/2022 |
|---|--------------------|--------------------|
| 1. Transfers from other governments – gifts and services-in-kind | | |
| Operational grant | 313,170,059 | 312,249,416 |
| Supplementary funds for CBA | - | |
| Exchequer Grants B/F(2016/2017) | - | |
| Total | 313,170,059 | 312,249,416 |
| 2. Revenue from Exchange Transactions | | |
| Rendering of Goods & Services | | |
| Tuition & Related Charges | 36,867,000 | |
| Registration Fees | 1,747,750 | |
| BUCSO Registration/ | 450,000 | |
| Annual Subscription Fee | 1,187,000 | |
| Computer Fee | 3,875,000 | 39,000,500 |
| Connectivity Fee | 4,722,000 | |
| Medical Fee | 3,689,500 | |
| Examination Fee | 3,087,000 | |
| Amenity Fee | 2,080,000 | |
| Library Fees | 70,000 | |
| Supervision Fees | 841,000 | |
| Students Field Trips/Courses | 9,662,000 | 7,111,000 |
| Privately Sponsored Students Fees | 6,135,825 | 7,086,400 |
| Students Activity | 3,598,300 | 3,822,400 |
| Student ID | 529,200 | 557,400 |
| Games and Sports | 2,366,000 | 1,674,000 |
| Commission of University Education Fees | 863,000 | 877,000 |
| KUCCPS Fees | 1,273,500 | 1,365,000 |
| Teaching Practice | 9,098,000 | 7,098,000 |
| Students Projects Charges | 40,000 | |
| Student Practical's | 231,000 | |
| Total Student Fees | 92,413,075 | 68,591,700 |
| 3. Other Income: | | |
| Miscellaneous Income | 132,900 | 271,420 |
| Externally Generated Funds | 518,601 | 259,570 |
| Total Other Income | 651,501 | 530,990 |
| Total Revenue from Exchange Transactions | 93,064,576 | 69,122,690 |

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| | | |
|--|--------------------|--------------------|
| 4. Employee costs: | | |
| Basic Salaries | 165,711,219.00 | 160,017,972 |
| House allowance | 68,993,265.00 | 68,723,234 |
| Commuting allowance | 6,004,364.00 | 22,797,655 |
| Car Allowance | 18,263,171.00 | |
| Salary Arrears | - | |
| Employer Pension contribution | 21,049,975.11 | 20,226,052 |
| Employer NSSF Contribution | 950,760.00 | 1,604,078 |
| Gratuity contribution | 6,839,565.65 | 7,053,610 |
| Entertainment allowances | 2,095,032.00 | 2,191,774 |
| Responsibility allowances | 1,970,027.00 | 2,070,524 |
| Domestic Workers allowance | 1,920,000.00 | 1,920,000 |
| Soap Allowance | 6,792.00 | 7,667 |
| Special Duty allowance | 18,000.00 | 18,000 |
| Telephone Allowances | 3,085,032.00 | 3,135,774 |
| Professorial Allowances | 432,000.00 | 432,000 |
| Medical Risk | 10,000.00 | 60,000 |
| Extraneous allowance | 80,000.00 | 480,000 |
| Acting allowance | 2,725,507.32 | 2,139,033 |
| Passage & baggage allowance | - | 188,350 |
| Annual Leave Travelling | 1,034,800.00 | 879,200 |
| Book and Journal Allowance | 964,000.00 | 388,000 |
| Research allowance | 390,000.00 | 486,000 |
| Casuals | 1,001,470.30 | 968,765 |
| Part Time Teaching Claims | 1,927,880.00 | 2,176,900 |
| Internship/attachment | - | 239,232 |
| NITA contribution | 141,450.00 | 88,700 |
| Staff Medical Scheme- NHIF Cover | - | |
| Sabatical, Visiting & Adjunct Academic Staff | - | 320,000 |
| Work Study Program | 111,000.00 | 100,400 |
| Total | 305,725,310 | 298,712,919 |
| 5. Remuneration of directors: | | |
| Chairman's Honoraria | 987,870 | |
| Other Allowances | 2,958,402 | 1,424,930 |
| Sitting Allowance | 3,320,000 | |
| Subsistence Allowance | 2,504,600 | |
| Total | 9,770,872 | 1,424,930 |
| 6. Depreciation and amortization expense: | | |
| Buildings | 972,176 | 992,016 |
| Motor vehicles | 3,126,824 | 4,169,099 |
| Plant and Equipment | 1,959,762 | 1,654,360 |

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| | | |
|--|-------------------|-------------------|
| Furniture, Fixtures and Fittings | 2,568,613 | 2,927,272 |
| Computers | 3,090,093 | 2,903,906 |
| Intangible Asset | 4,136,233 | - |
| Total | 15,853,701 | 12,646,654 |
| 7. Repairs and maintenance of Facilities: | | |
| Maintenance of Motor vehicles | 348,606 | 828,198 |
| Maintenance of Plant & Equip. | 119,130 | 23,910 |
| Maintenance of Computers and Electronics | 329,175 | 207,200 |
| Refurbishment and Maintenance of Buildings | 2,908,442 | 485,940 |
| Equipping and Maintenance of Hostels | | - |
| Water Supplies (Borehole) & Maintenance | | 27,550 |
| Maintenance of Grounds (fencing), Playgrounds & Waste Management | 446,470 | 49,350 |
| Decommissioning the Dumpsite | | |
| Resettlement Action Plan-RAP | | |
| TOTAL | 4,151,823 | 1,622,148 |
| 8. Contracted Services: | | |
| Medical expenses | | - |
| Comprehensive Motor Vehicle insurance | 1,136,639 | 1,172,855 |
| Group Life Cover | 2,370,457 | 934,112 |
| Medical Scheme Staff | 14,920,608 | 14,270,130 |
| Legal Expenses | - | - |
| Subscriptions | | 269,805 |
| Security Services | 3,008,804 | 3,040,602 |
| Cleaning Services | 3,125,022 | 2,389,023 |
| Sanitary Expenses | 391,256 | 223,575 |
| Sub-Total | 24,952,786 | 22,300,102 |
| 9. Use of Goods and Services: | | |
| Academic Expenses | | |
| Student Field Trips /Courses | 402,300 | |
| Laboratory Materials | 779,360 | |
| Development of Green Academic Programs | | |
| Collaborations and Partnerships | | |
| Staff Development (Competence & Research)- Faculty | | |
| Examination Materials | 1,443,041 | 1,596,000 |
| External Examiners | 1,090,000 | 466,500 |
| Exam Marking Centre expenses | | 173,250 |
| Postal & Telegram expenses | 53,180 | 48,410 |
| Academic Board | | 27,200 |
| Teaching materials | | - |
| Publishing & printing expenses | 94,900 | 20,000 |

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| | | |
|--|-------------------|------------------|
| Library Expenses | 1,799,805 | 643,235 |
| Books and Journals | 1,979,334 | - |
| Newspapers & Magazine | | 117,621 |
| University research programme | 2,225,210 | 1,395,990 |
| Games and Sports | 588,560 | 552,102 |
| Industrial Attachment | 804,600 | 89,900 |
| Students Activities and Life Skills Enhancement | 1,372,310 | 529,480 |
| BUCSO | 297,000 | 447,250 |
| SGC Elections and Training | 888,255 | 53,000 |
| Admission Expenses | 89,950 | 64,120 |
| Teaching Practice | 2,747,120 | - |
| Commission of University Education Fees | 680,000 | 895,000 |
| KUCCPS Fees | 1,006,500 | 1,288,500 |
| Caution Money Refund | | - |
| Student Smart Card System | 164,170 | - |
| International Student and Staff Exchange | | - |
| University Outreach and Extension programmes | | - |
| Work study program | - | - |
| Equipping and Furnishing Lecture Halls, Multipurpose Hall and Teaching Offices | | - |
| Teaching equipment | | - |
| User Training & Capacity Building for ERP | | 210,000 |
| Stakeholder Engagement | 42,000 | |
| Cultural Week/Tamasha | 197,000 | |
| Counselling and Mentorship | 83,160 | |
| Demonstration Farm | 199,780 | |
| Sub-Total | 19,027,535 | 8,617,558 |
| Administrative Expenses: | | |
| Medical expenses | | |
| Comprehensive Motor vehicle insurance | | |
| Group Life Cover | | |
| Medical Scheme Staff | | |
| Legal Expenses | 398,250 | |
| Subscriptions to Professional Bodies | 370,324 | |
| Public celebrations and Functions | 94,610 | 17,500 |
| Electricity | 1,389,206 | 1,350,701 |
| Water and Sewerage | 341,897 | 335,056 |
| Travelling & Accom. exps. | 2,874,486 | 2,003,930 |
| Telephone Expenses & Petty Cash | 448,986 | 671,554 |
| Internet Expenses | 3,334,794 | 3,319,839 |
| Purchase of uniform & clothing | | - |
| Purchase of Stationery | 1,338,475 | 923,630 |

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| | | |
|--|-------------------|-------------------|
| Advertising & Publicity | 165,249 | 1,162,775 |
| Audit fees | 540,000 | 540,000 |
| Land Rent, Rates & Title Deed Processing | | - |
| Payment of Rent | | - |
| ICT Operating Expenses | 19,500 | 74,060 |
| Cleaning Materials & Detergents | 363,000 | 235,960 |
| Purchase of Plant, Equipment and Biological Assets- Farm | | - |
| Purchase of medical Equipment & Drugs | 304,520 | 69,840 |
| ISO & QA Related Expenses | - | - |
| Seminars and Conferences | 974,089 | 726,400 |
| Training Expenses | 871,520 | 144,300 |
| Staff Development (Competence & Research)- Administrative | | - |
| Staff Team Building | | - |
| Office Expenses | 336,781 | 44,230 |
| Strategic Plan Implementation & Monitoring | 617,478 | 78,000 |
| Launch of Library and MPH | | - |
| Performance Contracting | 364,132 | 584,239 |
| Anti-corruption Expenses | | 40,280 |
| National Cohesion and Values | | 27,600 |
| Disability Mainstreaming | | 40,092 |
| Gender Mainstreaming | 48,000 | |
| Safety and Security | 13,600 | 12,000 |
| Revaluation of fixed assets | | - |
| Branding of BUC Niche | 38,350 | - |
| Internal Communication System-PABX | | - |
| Procurement of ERP Server | | - |
| Installation of Solar Power System | | - |
| Payment of outstanding debts | | |
| Procurement of Four Wheel Vehicle | | - |
| Procurement of Bus | | - |
| Bank Charges | 366,436 | 305,202 |
| Fuel & Lubricants | 1,321,501 | 409,201 |
| Catering Expense | | 95,424 |
| Utensils, Cutlery & Crockery | | 22,500 |
| Public Complains | 35,000 | |
| Transport Expenses | 1,900 | |
| Alcohol and Drug Abuse | 41,500 | |
| Sub- Total | 17,013,584 | 13,234,313 |
| Totals Use of Goods and services | 36,041,119 | 21,851,871 |
| | | |
| 10. Cash and cash equivalents | | |
| Current account | 221,803,371 | 265,329,020 |

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| | | |
|---|--------------------|--------------------|
| Petty Cash | - | |
| Total cash and cash equivalents | 221,803,371 | 265,329,020 |
| a) Current Accounts | | |
| Financial institution | | |
| BUC CO-OP COLLECTION A/C-01129359078100 | 200,144 | 9,268,585 |
| BUC NBK COLLECTION A/C -01060202684700 | 52,789,728 | 5,652,404 |
| BUC NBK DEPOSIT A/C- 01071204352900 | 2,525,604 | 4,588,854 |
| BUC NBK PAYMENT A/C- 0160202686400 | 5,979,495 | 8,121,842 |
| BUC KCB CAPITAL DEVELOPMENT A/C-1219837245 | 152,622,899 | 229,045,683 |
| BUC KCB RESEARCH A/C-1219838373 | 5,931,692 | 7,248,019 |
| BUC Mpesa Account | 1,753,809 | 1,403,633 |
| Sub- total | 221,803,371 | 265,329,020 |
| 11. Receivables from exchange transactions | | |
| Current receivables | | |
| Student Debtors | 15,232,880 | 11,196,301 |
| Less: 10% Provision for doubtful debts | 1,523,288 | 1,119,630 |
| Net Receivables from Exchange Transactions | 13,709,592 | 10,076,671 |
| 12. Receivables from Non-exchange transactions | | |
| Students Fees paid to Moi University | - | - |
| Outstanding Exchequer Grants-June 2023 | - | - |
| Staff Debtors: | | |
| Unaccounted Imprest | 373,725 | 2,081,850 |
| Recovery of Basic Salary | | - |
| Net Receivables from Non-exchange transactions | 373,725 | 2,081,850 |
| 13. Inventories | | |
| Stationaries | 918,140 | 1,063,029 |
| Cleaning Materials | 270,740 | 370,335.00 |
| Maintenance | 68,560 | 76,620.00 |
| Farm Items | 76,810 | |
| Games and Sports | - | 61,595.00 |
| Drugs and Equipment | 30,500 | 368,954 |
| Branded Items | - | 205,715 |
| Total Inventories | 1,364,750 | 2,146,248 |

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| | | |
|---|-------------------|-------------------|
| | | |
| 14. Current Liabilities | | |
| Trade payables | 30,578,807 | 85,403,027 |
| Accrued Payroll Expense (CBA) | 2,137,940 | 2,630,323 |
| HELB Control Account | 499,309 | 201,500 |
| CDF Control Account | 649,232 | 1,032,707 |
| Moi University Graduation Income | 322,800 | 296,000 |
| Fees Prepayments | 9,758,648 | 9,552,312 |
| Union Dues outstanding | 66,031 | 110,473 |
| Caution Money | 295,500 | 299,000 |
| Differed Income | 1,401,154 | |
| Total | 45,709,421 | 99,525,342 |
| | | |
| 15. Other payables- Contingent Liabilities | | |
| Construction of Dining Hall and Kitchenette | 118,554 | 4,980,675 |
| | | |
| 16. Provisions | | |
| General Provisions | 2,176,900 | 21,883,267 |
| Provision for Gratuity | 19,161,475 | 17,289,901 |
| Provision for doubtful debts | - | 1,119,630 |
| Provision for Audit Fees | 1,794,600 | 1,254,600 |
| Total Provisions | 23,132,975 | 41,547,398 |
| | | |
| 17. Non-Current Liabilities | | |
| Retention Funds - Capital Dvt Project | 61,839,904 | 68,102,071 |
| Retention Funds- Internal Projects | 1,931,908 | 3,113,806 |
| Retention Funds- ERP System | 1,181,488 | 1,654,493 |
| Caution Money- Long Term | 2,190,000 | 1,494,200 |
| Total Non-Current Liabilities | 67,143,299 | 74,364,569 |
| | | |

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Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

Included in Work in progress is an understatement of Kshs.4, 730,053 in the Financial Year 2020/2021 and Kshs. 2,119,650 in the FY 2021/2022 which amounts to Kshs.6, 849,703. This has been included in the The Work in Progress for the Financial Year 2022/2023. Work in progress actualised in the FY 2022/2023 was Kshs. 41,677,106.

| Particulars | Land | Buildings | Capital In Progress | Motor vehicles | Furniture, Fixtures and Fittings | Plant and Equipment | Computers | Biological Assets | Total |
|--|--------------------|-------------------|---------------------|-------------------|----------------------------------|---------------------|-------------------|-------------------|----------------------|
| As at 30th June 2021 | 930,800,000 | 50,613,080 | 813,165,270 | 22,235,196 | 22,651,446 | 9,102,622 | 8,974,332 | | 1,857,541,947 |
| Depreciation | | 1,012,262 | - | 5,558,799 | 2,831,431 | 1,137,828 | 2,988,453 | | 13,528,772 |
| Net Book Values at 30th June 2021 | 930,800,000 | 49,600,818 | 813,165,270 | 16,676,397 | 9,820,016 | 7,964,794 | 5,985,880 | | 1,844,013,175 |
| Additions | - | | 14,329,798 | - | 3,598,160 | 5,270,086 | 2,734,560 | | 25,932,604 |
| Disposals | - | - | - | - | | - | - | | - |
| Transfers/adjustments | - | - | - | - | | - | - | | - |
| As at 30th June 2022 | 930,800,000 | 49,600,818 | 827,495,068 | 16,676,397 | 23,418,176 | 13,234,880 | 8,720,440 | | 1,869,945,779 |
| Depreciation | | 992,016 | - | 4,169,099 | 2,927,272 | 1,654,360 | 2,903,906 | | 12,646,654 |
| Net Book Values at 30th June 2022 | 930,800,000 | 48,608,802 | 827,495,068 | 12,507,298 | 20,490,904 | 11,580,520 | 5,816,533 | | 1,857,299,125 |
| COST AS AT 1ST JULY 2022 | 930,800,000 | 53,960,000 | 827,495,068 | 32,996,863 | 30,643,362 | 17,374,130 | 16,989,689 | | 1,910,259,112 |
| Additions | - | - | 48,526,808 | - | 58,000 | 4,097,577 | 3,463,024 | 48,000 | 56,193,409 |

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| | | | | | | | | | |
|--|--------------------|-------------------|--------------------|-------------------|-------------------|-------------------|------------------|---------------|----------------------|
| Disposals | - | - | - | - | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - | - | - | - | - |
| As at 30th June 2023 | 930,800,000 | 48,608,802 | 876,021,877 | 12,507,298 | 20,548,904 | 15,678,097 | 9,279,557 | 48,000 | 1,966,452,521 |
| Depreciation & Amortization | | 972,176 | - | 3,126,824 | 2,568,613 | 1,959,762 | 3,090,093 | - | 11,717,468 |
| Net Book Values at 30th June 2023 | 930,800,000 | 47,636,626 | 876,021,877 | 9,380,473 | 17,980,291 | 13,718,335 | 6,189,465 | 48,000 | 1,901,775,066 |

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Notes to the Financial Statements (Continued)

19. Intangible Assets

| Particulars | Intangible Assets- ERP SYSTEM |
|-----------------------------------|-------------------------------|
| Net Book Values at 30th June 2020 | Nil |
| Additions- Capitalization | 16,544,931 |
| Disposals | - |
| Transfers/adjustments | - |
| As at 30th June 2020 | 16,544,931 |
| Depreciation | - |
| Net Book Values at 30th June 2021 | 16,544,931 |
| Depreciation | - |
| Net Book Values at 30th June 2022 | 16,544,931 |
| Depreciation | 4,136,233 |
| Net Book Values at 30th June 2023 | 12,408,699 |

21. Events after the Reporting Period

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

22. Ultimate and Holding Entity

The Entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of xxx. Its ultimate parent is the Government of Kenya.

23. Currency

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

APPENDICES

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

| Financial Year of Audit | 2020/2021-2021/2022 Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Action by Management | Status: (Resolved / Not Resolved) |
|--------------------------------|---|--|---|---|--|
| 2020/2021 | Basis for Conclusion 1 | Non-Remittance of Tax Dues | <p>The penalty and the interest on VAT is Ksh 37,821 and Ksh 30,257 respectively owing to an error since BUC is not obligated under VAT. BUC followed up with KRA to reverse the erroneous charges, and made a written request for the reversal of erroneous penalties and interest including removal of the VAT obligation. After KRA clears the VAT liability in their systems, Itax will enable filing of Pay as You Earn (PAYE) appeal of May 2019 and the Income Tax penalty appeal for September 2020.</p> <p>BUC had informed KRA on 7th June 2019 about the expected late payment of salaries and PAYE for May 2019 owing to the delay in remittance of capitation. Payment of tax was made on 14th June 2019 and hence the waiver in the system will be removed after the VAT obligation and penalties stated above is remove.</p> | The matter is still pursued with KRA. | Not Resolved |
| 2020/2021 | Basis for Conclusion 2 | Delayed Implementation of Projects | The Contractor is yet to seek Approval for the Extension of Contract Period from the Project Manager, State Department of Public Works. Furthermore, financing of the project has been low and no funds allocated by the Government for the Ongoing Proposed Construction of | There was no budget allocation for the project in | Not resolved. |

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| | | | | | |
|-----------|------------------------|---|---|--|--------------|
| | | | Library Block, 2No. Hostel Blocks Multipurpose Hall and Lecture halls 2021/2022 and 2022/2023 Financial Years. | 2021/2022 and 2022/2023 Financial Years. BUC is pursuing funding of the project with the Ministry of Education, State Department of Higher Education and Research. | |
| 2020/2021 | Basis for Conclusion 3 | Payment for Incomplete No-Commissioned ERP System | On 26 th June, 2020, Bomet University College (BUC) executed a Contract with Appkings Solutions Limited (ASL) for the Supply, Installation, Testing and Commissioning of an Enterprise Resource Planning (ERP) Software Solution for Bomet University College. The Consideration for the Contract was a sum of Kshs. 16,544,931 and payments was made in phases of performance as per the contract. During implementation of the Project, the Contractor's term was impliedly extended because of the need to have all Staff at BUC trained on the use of the said system as this meant that all the staff recruited by BUC in the year 2021 had to be trained. In addition, COVID-19 Pandemic hindered the timely completion of the said Contract. The Contract was silent on how and when Commissioning will be done but currently all the modules are being implemented and improved on case by case basis based on user suggestions. | Management is in the process of ensuring that commissioning of ERP is done. | Not Resolved |
| 2020/2021 | Basis for Conclusion 4 | Payment of Unauthorized | The Terms of Service for the Senior Management Staff of Bomet University College are stipulated in the Terms and Conditions of Service for Senior Management Staff which was Approved by BUC Council. | Management continue to use existing | Resolved. |

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|-----------|------------------------|--|---|---|----------|
| | | Allowances to Top Management | <p>The Management wrote to State Corporations Advisory Committee (SCAC) seeking for Approval of the BUC Human Resource Policy Instruments on 16th November 2021. Further, Circular Ref No. PSC/LEG/009/21/544(27) from the Public Service Commission (PSC) on Employment and Labour Relations Court (ELRC) Petition number. E161 of 2021, advised that Corporations can continue to apply existing Human Resource Instruments as Approved by their Respective Boards pending consultations with critical Stakeholders on Policy and Financial implications of the Court order. Additionally, the SRC undertook a Compliance Checks on 14th December 2021 and the Allowance for Top Management as contained in the Terms and Conditions of Service for Senior Management were submitted for their Review and Ratification, the Report from SRC is expected to be sent to all Universities and Constituent University Colleges once ready.</p> <p>The professorial Allowance of Ksh. 8,000 is a CBA negotiated Allowance under the Universities Academic Staff Union, (UASU) which the top Management Staff belong as Professors. (UASU, MU, CBA 2012-2013, Section.19.5) under Academic and Professorial Allowance.</p> | Human Resource Instruments as Approved by their Respective Boards pending consultations with critical Stakeholders on Policy and Financial implications of the Court order. | |
| 2020/2021 | Basis for Conclusion 5 | Non-Compliance with the One-Third Basic Pay Rule | <p>BUC is cognizant of the requirements of Section C.1 (3) of the Human Resource Policies and Procedures Manual for the Public Service dated May, 2016 which states that public officers shall not over-commit their salaries beyond two thirds (2/3). Presently after salary deductions, the Payroll Officer runs a Report to check on compliance with the two-thirds rule before printing the final Payroll for approval.</p> | Presently after salary deductions, the Payroll Officer runs a Report to check on compliance with the two-thirds rule before Payroll for approval. | Resolved |

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|-----------|------------------------|--|--|--|---------------|
| 2020/2021 | Basis for Conclusion 6 | Irregular Staff Recruitment and Appointment | Appointments by Council in Public Universities and University Constituent Colleges is from Grade 14 to Grade 16. Grade 17 to Grade 20 is interviewed by Public Service and appointed by the Cabinet Secretary on recommendation by Council. | The Human Resource Manual is in the process of being reviewed to be aligned to the current practice in the sector. | Not resolved. |
| 2020/2021 | Basis for Conclusion 7 | Irregular Payment of Salary to Former Employee | The overpaid salary of Ksh 601,878 and not Ksh 598,235.90 and of which the total amount was honoured by the Staff on 7 th June 2022. | The staff paid the monies to BUC. | Resolved. |
| 2020/2021 | Basis for Conclusion 8 | Overpayment of Salaries to former Members of Staff | This matter was sufficiently answered and cleared off in the Audit certificate of 2019/2020 Financial Year. However, at the time of concluding the audit of 2020/2021 Financial Year, we had not received the certificate of 2019/2020 Financial Year. The decision of BUC Council to recover had not been violated by the acting Management since the financial implication the period October 2017 to June 2019 and hence it was not practical to recover monies in January 2019. Moreover, the salaries of the acting Principal and the acting Deputy Principals had been withheld from January to March 2019 pending the decision of the College Council. During its 10 th Regular Meeting, held on 24 th April 2019 Council approved immediate payments of the withheld salaries for January, February and March 2019, and without any recoveries. Therefore, Council's Approval was implemented and salaries withheld paid. | The Audit of 2020/2021 Financial Year was carried out before receiving the OAG certificate of 2019/2020 where the matter had been dropped. | Resolved |

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|-----------|------------------------|--|--|---|--------------|
| 2020/2021 | Basis for Conclusion 9 | Irregular Engagement of Casual Employees for more than Twelve Months | The University College disengaged the services of Casual workers and sub contracted security and cleaning services. However there are only a few Casual workers who are hired on need basis and on rotation. | Management is the process of outsourcing Management of Grounds to enable deployment of Staff who currently undertake the task to be deployed to offices. This will limit engagement of Casual workers in non-routine and non-core tasks on need basis | Not Resolved |
| 2021/2022 | Basis for conclusion 1 | Casual Wages | The University College disengaged the services of Casual workers and sub contracted security and cleaning services. However, there are only a few Casual workers who are hired on need basis and on rotation. The Council Approved that the University College can engage Casuals for not more than Sixteen 16 days in a Month. These Casuals are not engaged for a whole Month but for a maximum of Sixteen (16) Days in a Month as Approved by Council, after which they take a break. | Management is the process of outsourcing Management of Grounds to enable deployment of Staff who | Not Resolved |

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| | | | | | |
|-----------|------------------------|-------------------------------|---|--|--------------|
| | | | | currently undertake the task to be deployed to offices. This will limit engagement of Casual workers in non-routine and non-core tasks on need basis | |
| 2021/2022 | Basis for conclusion 2 | Failure to Constitute Council | Board appointments shall be made in line with Article 27 of the Constitution of Kenya. The Council members were appointed on 8 th July,2022 for a period of Three Years. | | Resolved |
| 2021/2022 | Basis for conclusion 3 | Irregular acting allowance | The Payment of Acting Allowance at 15% of Basic Salary was guided by: The BUC Internal Appointment And Promotions Policy For Staff, (Which is also under Review to align to other National Policies); Salaries and Remuneration Commission (SRC); Allowances Policy Guideline for the Public Service: Section 2.0 which stipulates that “Notwithstanding the need to enhance equity and fairness through streamlining of allowances; the Commission shall take into account existing contractual obligations, relevant laws and regulations. Allowances that are currently being obtained shall therefore continue to be paid until the Commission issues a further advisory”. | Management has appointed Staff to substantive leadership positions | Resolved |
| 2021/2022 | Basis for conclusion 4 | Ethnic Imbalance | BUC had a total of One Hundred and Forty-Eight Employees, 66 of them (45%) represent the dominant ethnic community in the | In its Recruitment | Not Resolved |

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| | | | | | |
|--|--|--|---|---|--|
| | | | <p>County. Therefore, focusing on the particular period of Recruitment and Appointment, an imbalance may be noted which is continually rectified by focusing attention on groups that have lower representation, without overlooking other already cited critical constitutional requirements</p> | <p>and Appointment processes, BUC strives to strike a balance between meritocracies , ethnic and Gender diversity in order to achieve its Strategic goal to develop, maintain and retain vibrant Academic and non-Academic Human Resource for sustainable performance and growth of the</p> | |
|--|--|--|---|---|--|

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| | | | | University College. | |
|-----------|------------------------|-------------------------------------|---|--|--------------|
| 2021/2022 | Basis for conclusion 5 | Non implementation of e procurement | | E procurement is currently being implemented | Resolved |
| 2021/2022 | Basis for conclusion 6 | Stalled and incomplete projects | <p>The Proposed Construction of Library Block, 2No. Hostel Blocks Multipurpose Hall and Lecture halls in Bomet University College is the first Capital Development Project Approved for implementation and Commenced on 8th November, 2016 under Moi University in Bomet University College.</p> <p>The Project was later Handed Over to Bomet University College by Moi University in 2018.</p> <p>The overall physical progress is at 52% with physical progress for individual Blocks being; Tuition Block 98%, Library 72%, MPH 92%, Hostel 6%).The Contract Period has been Revised three times with the Latest extension running up to 2nd August, 2021 and the Contractor is yet to seek Approval for the Extension of Contract Period from the Project Manager, State Department of Public Works. The Project received funding from the Exchequer for the Financial Years 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 all totaling Ksh 757,850,000. However, Funds were not allocated by the Government for Project in the Financial Years 2021/2022 and 2022/2023. The contractor did not request for contract extension period. The Project Manager State Department of Public Works guided Bomet University Council on the matter</p> | None | Not Resolved |

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

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Appendix II: Projects implemented by Bomet University College

Projects implemented by the Bomet University College Funded by the Government.

| Project title | Project Number | Donor | Period/ duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements. (Yes/No) |
|--|----------------|-------|---------------------|---------------------|--|--|
| Construction of 1 No Tuition Block, 1 No Library, 1 No Multipurpose Hall and 2 No Hostels. | I065I0I400 | GoK | 3yrs | 1,391,982,469 | | Yes |
| Construction of Administration Block, Lecture Theatre and Associated Works | I065I0I400 | GoK | 3yrs | 110,425,696 | | Yes |

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Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc.)

| SN | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|----|---|--------------------|------------------------|----------------------|------------|------------|------------------|
| 1 | Construction of 1 No Tuition Block, 1 No Library, 1 No Multipurpose Hall and 2 No Hostels | 1,391,982,469 | 774,498,239 | 52% | 0 | 0 | GoK |
| 2 | Construction of Administration Block, Lecture Theatre and Associated Works | 110,425,696 | 31,725,047 | 40% | 59,430,648 | 10,000,000 | GoK |

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Appendix V- Inter-Entity Confirmation Letter



BOMET UNIVERSITY COLLEGE (BUC)
(A Constituent College of Moi University)
OFFICE OF THE PRINCIPAL

Email: principal@buc.ac.ke

P. O. Box 701-20400
BOMET

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

| Confirmation of amounts received by Bomet University College as at 30th June 2023 | | | | | | | |
|---|----------------|--|-----------------|-----------------------|-------------------|---|------------------------------|
| Reference Number | Date Disbursed | Amounts Disbursed by State Department of Higher Education and Research (KShs) as at 30 June 2023 | | | | Amount Received by Bomet University College (KShs) as at 30 th June 2023 (E) | Differences (KShs) (F)=(D-E) |
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) | | |
| | 27-06-23 | 26,097,505.00 | | | 26,097,505.00 | 26,097,505.00 | 0 |
| | 09-06-23 | 26,097,505.00 | | | 26,097,505.00 | 26,097,505.00 | 0 |

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| | | | | | | | |
|--------------|------------|-----------------------|----------------------|--|-----------------------|-----------------------|----------|
| | 05-05-23 | 26,097,505.00 | | | 26,097,505.00 | 26,097,505.00 | 0 |
| | 14-04-23 | 26,097,505.00 | | | 26,097,505.00 | 26,097,505.00 | 0 |
| | 17/03/2023 | 26,097,505.00 | | | 26,097,505.00 | 26,097,505.00 | 0 |
| | 03-02-23 | 26,097,505.00 | | | 26,097,505.00 | 26,097,505.00 | 0 |
| | 30-12-22 | 26,097,505.00 | | | 26,097,505.00 | 26,097,505.00 | 0 |
| | 09-12-22 | 26,097,505.00 | | | 26,097,505.00 | 26,097,505.00 | 0 |
| | 10-11-22 | 26,097,505.00 | | | 26,097,505.00 | 26,097,505.00 | 0 |
| | 03-10-22 | 26,097,505.00 | | | 26,097,505.00 | 26,097,505.00 | 0 |
| | 30-09-22 | | 25,000,000.00 | | 25,000,000.00 | 25,000,000.00 | 0 |
| | 08-09-22 | 26,097,505.00 | | | 26,097,505.00 | 26,097,505.00 | 0 |
| | 03-08-22 | 26,097,505.00 | | | 26,097,505.00 | 26,097,505.00 | 0 |
| Total | | 313,170,059.00 | 25,000,000.00 | | 338,170,059.00 | 338,170,059.00 | 0 |

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

Head of Accountants department of beneficiary Entity:

Name: Lorine Obonyo Sign Date 28.08.2023