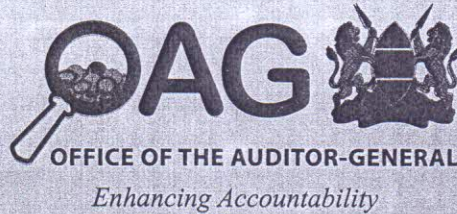


REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

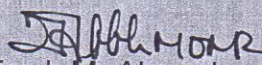
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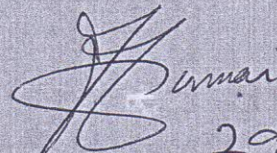
18 May, 2023

The Principal  
Alupe University College  
P.O. Box 845-50400  
BUSIA, KENYA

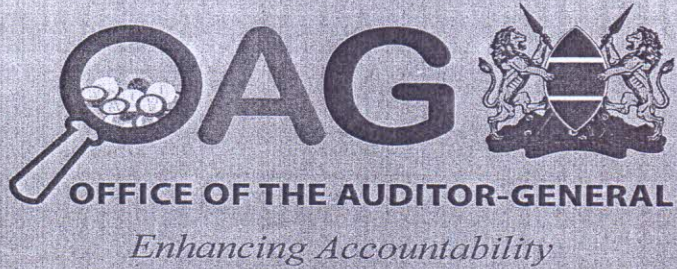
**RE: REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF  
ALUPE UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE 2022**

I transmit the report on the examination and audit of the financial statements of Alupe University College for the year ended 30 June 2022, in accordance with the provisions of Article 229(7) of the Constitution of Kenya for the necessary action as required by Article 229 (8) of the Constitution.

  
Fred. M. Abugah  
For: AUDITOR-GENERAL

  
29/5/2023

REPUBLIC OF KENYA



**REPORT**

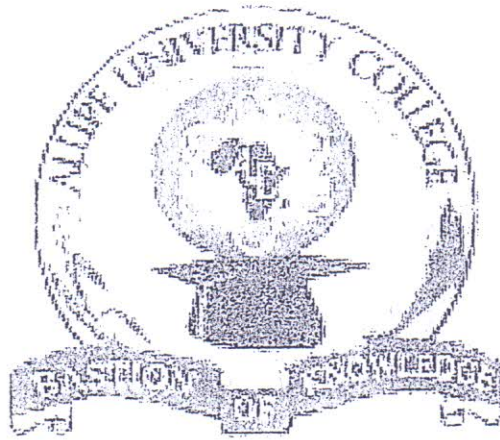
**OF**

**THE AUDITOR-GENERAL**

**ON**

**ALUPE UNIVERSITY COLLEGE**

**FOR THE YEAR ENDED**  
**30 JUNE, 2022**



---

**ALUPE UNIVERSITY COLLEGE**  
(A Constituent College of Moi University)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**

**30<sup>TH</sup> JUNE 2022**

---

**ABBREVIATIONS**

GoK	: Government of Kenya
CBA	: Collective Bargaining Agreement
KCB	: Kenya Commercial Bank
AUCSO	: Alupe University College Student Organization
IGU	: Income Generating Unit
COBES	: Community Based Education and Service

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## 1. Key Alupe University College Information and Management

### (a) Background Information

Alupe University College was established on 24<sup>th</sup> July 2015 vide a Legal notice number 153 as a Constituent College of Moi University. The University College is a body corporate established under Alupe University College Order 2015 vide legal notice No.153 of 24<sup>th</sup> July 2015. Alupe University College is domiciled in Kenya and so far, has no branches. The University College Council was appointed under special gazette notice of 7<sup>th</sup> November 2016.

The University College has a total of four schools, namely;

1. School of Health Sciences
2. School of Science, Technology and Engineering
3. School of Education and Social Sciences and
4. School of Business, Economics and Human Resource Development.

The University College has a total of 16 departments in the four Schools.

### (b) Principal Activities

The principal activities of the University College are as follows:

- (i) To provide directly or in collaboration with other institutions of higher learning, facilities for university education (including technology, scientific and professional education) integration of teaching, research and effective application of knowledge and skills to the life and work and welfare of the citizens of Kenya.
- (ii) To participate in the discovery, transmission, preservation and enhancement of knowledge and to stimulate the intellect participation of students in the economic, social, scientific, technological and cultural development of Kenya.
- (iii) To provide and enhance University education and training to appropriately qualified candidates leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the senate may from time to time determine and in so doing contribute to the manpower needs.
- (iv) To conduct examinations for such academic awards as maybe provided for in the statutes pertaining to the University College.
- (v) To examine and make proposals for the new Schools, Institutes, departments, resource and research centers, degree courses and subjects of study
- (vi) To play a leading role in the development and expansion of the opportunities for higher education and research.
- (vii) To contribute to industrial and technological development through innovations and technological transfer

- (viii) To develop as an institution of excellence in teaching, training, scholarship, entrepreneurship, innovations, research and consultancy services.
- (ix) To participate in commercial ventures and other activities for the benefit of the University College, the community and stakeholders
- (x) To facilitate student mobility between different programs at different technical training institutions, Universities and Industry; and
- (xi) To foster the general welfare of all staff and students.

#### **Vision**

To be a world-class University that is committed to achieving academic excellence, integrity and quality research

#### **Mission**

To create, evaluate, apply, preserve and share knowledge in a free, open and inclusive environment of intellectual inquiry, for the betterment of society

#### **Motto**

Bastion of Knowledge

#### **Core Values**

- **Professionalism**  
Embrace integrity in teaching, learning and research
- **Creativity and Innovation**  
Commitment to promoting and supporting resourcefulness and the advancement of new ideas
- **Excellence**  
Commitment to quality teaching, research and service delivery
- **Good Corporate Governance**  
Prudent management of resources and best practice in leadership
- **Customer focus**  
Endeavour to provide services that meet the needs of the client
- **Teamwork**  
Promotion of a spirit of working together, internally and externally in an open and respectful way

**(c) Key Management**

Alupe University College's Day to-day management is undertaken by the following key organs:

- University College Council
- University College Management Board
- Deans Committee

**(d) Fiduciary Management**

The key management personnel who held office during the financial period ended 31<sup>st</sup> March, 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Prof. Fabian Esamai
2.	Deputy Principal Administration, Finance & Development	Prof. Emmy Kipsoi
3.	Deputy Principal Academic, Research & Student Affairs	Prof. Peter Barasa
4.	Head of Finance	CPA Imelda Akhonya
5.	Head of Procurement	Mr. Kennedy Ogola
6.	Human Resource	Mrs. Pamela Nyongesa

**(e) Fiduciary Oversight Arrangements**

**1. The Audit and Risk Committee**

Alupe University College has an active five-member audit and risk management committee that plays an oversight role. The mandate of this committee is as listed below;

Members of this committee are:

- |                               |   |                              |
|-------------------------------|---|------------------------------|
| i. Mrs. Phyllis B. Chepkemboi | - | Chair                        |
| ii. Mr. Ben Sabwami           | - | Member                       |
| iii. Mr. Isaac Odek           | - | Member                       |
| iv. Mr. Joseph M Oyile        | - | Member                       |
| v. Mrs. Nereah Olick          | - | Member                       |
| vi. Mr. Nobert Musina         | - | Secretary (Internal Auditor) |

The mandate of the Audit Committee includes:

- i. Formulation of policies on internal controls that will enhance security, accountability of resources management and improve on efficiency and transparency.
- ii. Examine internal and External Auditors' findings and recommendations for improvement of internal controls. Monitor management's response to and implementation of internal control.
- iii. Assist the Principal in enhancing internal controls in order to improve efficiency, transparency and accountability.



- iv. Resolving unsettled and unimplemented issues raised by the Public Investment Committee (PIC).
- v. Enhancing communication between management, internal and external audit and fostering effective internal audit function.
- vi. Reviewing the systems established to ensure sound public financial management and internal controls as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- vii. Initiating special audits/ investigation on any allegation, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Principal.
- viii. Advice on quality and performance monitoring.
- ix. Perform an oversight function as may be requested by the University College Council from time to time.

## 2. Finance, Planning and Development Committee

Members of this committee are:

- |                         |   |           |
|-------------------------|---|-----------|
| i. Mr. Samuel Kabiari   | - | Chair     |
| ii. Prof. Fabian Esamai | - | Secretary |
| iii. Mr. Isaac Odek     | - | Member    |
| iv. Mr. Ben Sabwami     | - | Member    |
| v. Mrs. Nereah Olick    | - | Member    |

The mandate of the FPD Committee includes:

- i. Coordinating the infrastructural planning, development of the University College both at short- and long-term planning and acquisition and utilization of property. It ensures that all the development of the University is in line with its master plan and consistent with the laws of the land and that appropriate funding had been sought before commencement of the projects.
- ii. To develop appropriate and conducive policies to guide and promote resource mobilization and income generation activities in the University College.
- iii. To be responsible for authorizing expenditure for all maintenance work with the provision that the committee will have authority to delegate the minor maintenance work to an executive sub-committee of the University College.
- iv. To provide progress reports to the Council.
- v. To recommend and effect as appropriate any modification in physical facilities as may be necessary.

### 3. Academic, Research and Extension Committee

Members of this committee are:

- |                          |   |           |
|--------------------------|---|-----------|
| i. Mr. Mohammed M. Ali   | - | Chair     |
| ii. Prof. Fabian Esamai  | - | Secretary |
| iii. Prof. Isaac Kimengi | - | Member    |
| iv. Mr. Samuel Kabiaru   | - | Member    |
| v. Mr. Ben Sabwami       | - | Member    |
| vi. Mrs. Nereah Olick    | - | Member    |

The mandate of the ARE Committee includes the following:

- i. To provide policy guidelines on university wide research activities and trainings to put in place comprehensive research and training structures for resource mobilization and funding.
- ii. To review all research training and progresses and to deal with all matters related with statutes in terms of format and the contents of the University statutes.
- iii. To set priorities and targets for research activities and advice council on consultancies, technology transfers and intellectual property rights.

### 4. Human Resource, Development & Administration Committee

Members of this committee are:

- |                             |   |           |
|-----------------------------|---|-----------|
| i. Mr. Joseph M Oyile       | - | Chair     |
| ii. Prof. Fabian Esamai     | - | Secretary |
| iii. Ms. Phyllis Chepkemboi | - | Member    |
| iv. Mr. Mohammed M. Ali     | - | Member    |
| v. Mr. Ben Sabwami          | - | Member    |
| vi. Mrs. Nereah Olick       | - | Member    |

The mandate of the HRD &A Committee includes the following:

- i. To review, evaluate and make recommendations on the overall organizational structure, staff establishments, remuneration structure, terms and conditions of service and to provide for the welfare of staff as and when necessary or whenever directed to do so by the Council.
- ii. To review, evaluate and make recommendations for approval of policies and other processes of accountability, internal controls and risk management, taking into account sustainability, ethics and compliance with the Constitution, all applicable laws, regulations and standards.
- iii. To review the Code of Conduct and Ethics of the University employees.
- iv. To institute, through a sub-committee, regular reviews of individual members of staff grading with a view to determining whether a member of staff should be promoted.
- v. To exercise such other functions as the Council may confer from time to time
- vi. To make recommendations to Council for ratification.

## 5. Staff appeals Committee

Members of this committee are:

- |                            |             |
|----------------------------|-------------|
| i) Mrs. Phyllis Chepkemboi | - Chair     |
| ii) Prof. Fabian Esamai    | - Secretary |
| iii) Mr. Mohammed H. Ali   | - Member    |
| iv) Mr. Ben Sabwami Muliro | - Member    |
| v) Mrs. Nereah Olick       | - Member    |

The mandate of the appeal Committee is to consider appeals from students and members of staff to make appropriate recommendations to the Council. The committee did not hold any meeting during the 2021/2022 financial period since there was no appeal to be heard and determined.

From the analysis below, it is worth noting that the College Council was able to hold the mandatory number of meetings for both full council and committee meetings for the year in their process of governance.

### (f) University College Headquarters

Alupe University College  
P.O. Box 845-50400  
Busia  
Off Busia - Malaba road  
KENYA

### (g) University College Contacts



Telephone :( 254)0741217185/0736044469/0724400189  
E-mail: [principal@auc.ac.ke](mailto:principal@auc.ac.ke)  
Website: [www.auc.ac.ke](http://www.auc.ac.ke)


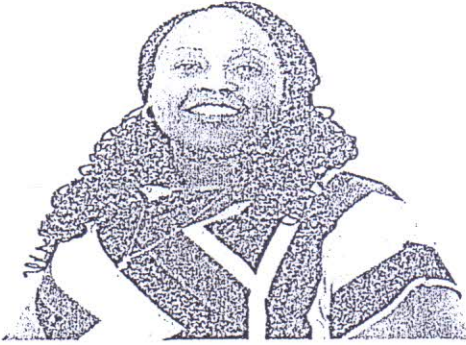
### (h) University College Bankers



1. Kenya Commercial Bank  
Busia Branch  
P.O. Box 27-50400  
Busia  
Kenya
2. Co-operative Bank of Kenya  
Busia Branch  
P.O. Box 326-50400  
Busia


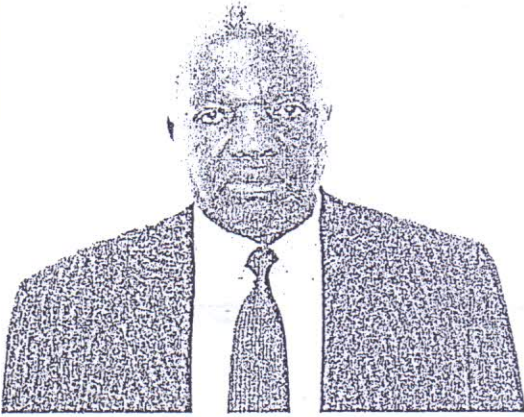
- (i) **Independent Auditors**  
Auditor General  
Office of the Auditor-General  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya
  
- (j) **Principal Legal Adviser**  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

## 2. Alupe University College Council Members

Ref	Member	Details
1.	 <p><b>Mr. Joseph Vincent Oyile, Member</b></p> <p>Master of Science (MSc) Political Science, (BIAS, International Relations)- (1986)</p> <ul style="list-style-type: none"> <li>• Bachelor of Arts (BA) Political Science, Nagpur University, India (1984)</li> </ul>	<p>Mr. Oyile was born on 2<sup>nd</sup> February 1956 and he is an independent AUC Council member having Joined on 8<sup>th</sup> November, 2019. He is also the chair of Human Resource Development and Administration committee of Council.</p> <p>He served as a Deputy County Commissioner, Provincial Local Government Officer from July 2003-January 2007. He worked as a District Officer and Administrative, Officer, and as an Assistant Secretary in the Ministry of Finance, Planning and National Development, Department of Regional and International Cooperation.</p>
2.	 <p><b>Mr. Samuel Kabiari, Member</b></p> <ul style="list-style-type: none"> <li>• Master of Business Administration (MBA), Kenyatta University</li> <li>• Bachelor of Science Degree in Agribusiness, Egerton University</li> </ul>	<p>Mr. Samuel Kabiari was born on 19<sup>th</sup> September, 1983 and he is an independent AUC Council member having joined on 8<sup>th</sup> November, 2019. He is also the chair Finance, Planning and Development (FPD) Committee of Council.</p> <p>He is in the banking industry and currently serving as the Branch Manager of I&amp;M Bank, Nyeri.</p>


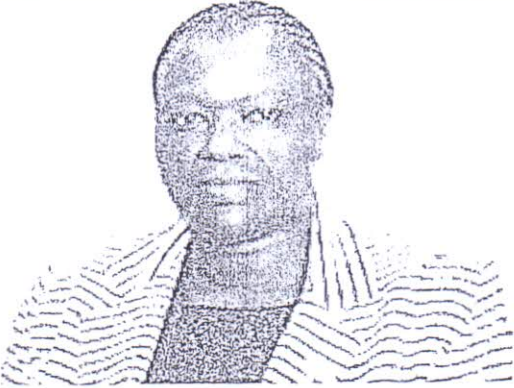
Ref	Member	Details
3.	 <p data-bbox="391 685 764 712"><b>Mr. Bernard Sabwami- Member</b></p> <ul data-bbox="440 748 992 931" style="list-style-type: none"> <li>• Master of Business Administration (MBA), (Finance Option) Jomo Kenyatta University of Agriculture and Technology (JKUAT)- 2016</li> <li>• Bachelor of Business Management, (Accounting Option)- Moi University- 2013</li> <li>• CPAK</li> </ul>	<p data-bbox="1040 241 1580 427">Mr. Sabwami was born on 15<sup>th</sup> February 1977 and he is an Alternate Director, National Treasury and Planning having joined the Alupe University College Council on 8<sup>th</sup> November, 2019.</p> <p data-bbox="1040 465 1580 533">He is an accountant with an MBA in Finance He has CPAK and final KATC.</p> <p data-bbox="1040 571 1580 757">He served as Chief Internal Auditor, The National Treasury, Senior Internal Auditor The National Treasury, Internal auditor Ministry of Finance and Chief Accountant Sunnyland Pharmaceuticals Limited.</p> <p data-bbox="1040 795 1580 862">He has gone through Strategic Leadership courses at the Kenya School of Government.</p>
4.	 <p data-bbox="386 1350 784 1377"><b>Mrs. Phyllis Chepkemboi, Member</b></p> <ul data-bbox="440 1429 992 1738" style="list-style-type: none"> <li>• She attained an MBA (Human Resource Management) Degree from Maseno University in 2012.</li> <li>• Holds a Post Graduate Diploma in Law from Kenya School of Law, attained in 2008</li> <li>• Attained a Bachelor of Law (LLB) Degree from Moi University in 2004</li> <li>• She is currently Undertaking CPSK training from KASNEB</li> </ul>	<p data-bbox="1040 936 1580 1122">Mrs. Phyllis was born on 6<sup>th</sup> August, 1981 and she is an independent AUC Council member having joined on 8<sup>th</sup> November, 2019. She is also the chair of Audit and Risk Management Committee of Council.</p> <p data-bbox="1040 1160 1580 1384">Currently, she is the managing partner at Chepkemboi Phyllis &amp; Associates Advocates (CPAA). She also worked with Lake Victoria South Water Services Board in 2011 and Mumma Nyagaka &amp; Company. advocates in 2005.</p> <p data-bbox="1040 1422 1580 1489">She is an Associate Member of Mediation Training International.</p> <p data-bbox="1040 1527 1580 1594">Member of Law Society of Kenya, and FIDA – Kenya,</p> <p data-bbox="1040 1632 1580 1655">She is a Life member of Kenya Red Cross.</p>



Ref	Member	Details
5.	 <p><b>Mrs. Nerreah Olick, Member</b></p> <ul style="list-style-type: none"> <li>• She attained a Master’s Degree in Education from Kenyatta University in 2011 and Bachelor of Education (B.Ed.) degree from Kenyatta University in 1988.</li> </ul>	<p>Mrs. Nerreah was born on 2<sup>nd</sup> February, 1964 and she is an Alternate Director AUC Council member having joined in 2017 and was re-appointed in 2019.</p> <p>She is currently serving as the Director Primary Education in the Ministry of Education. She served</p> <p>Deputy Director, Primary Education in the Ministry of Education from 2018 – 2020. From 2016 to 2019, she was the Regional Director of Education, Western Region, and County Director of Education, from 2012-2016 Siaya County, she worked as a District Education Officer in various County Governments from between 2003 and 2012 and Deputy District Education Officer from 1999 to 2003</p>
6.	 <p><b>Mr. Mohammed Ali H. Dahir, Member</b></p> <ul style="list-style-type: none"> <li>• He attained a Master of Science degree in Management Information Systems from University of Nairobi in 2004 and a Bachelor of Science degree in Physics and Mathematics from University of Nairobi.</li> </ul>	<p>Mr. Ali was born in 1974 and he is an independent – AUC Council member having joined on 8<sup>th</sup> November, 2019.</p> <p>He currently works with UNCHR in Kakuma as the Project Manager in delivery of education content and is the CEO of Future -Tech in Nairobi. From 2010 to 2016, he worked as the Director, Future- Tech. Between 2005 and 2008, he was the Senior Documentarist and Information Management Officer at NEPAD. He also worked with HASS Petroleum Limited Nairobi as a Supplies and Information Manager from 2003 – 2004. He was a TSC Teacher from 1998 – 2003.</p>


Ref	Member	Details
7.	 <p><b>Prof. Isaac Sanga Kosgey, member</b></p> <ul style="list-style-type: none"> <li>• Ph.D. (Animal Sciences),</li> <li>• M.Sc. Animal Science (Wageningen),</li> <li>• B.Sc. Animal Production,</li> <li>• Dip. Animal Husbandry (Egerton University)</li> <li>• MBA (Kenyatta),</li> <li>• Dip. Law (MKU), LL.B. (OUT)</li> </ul>	<p>Prof. Kosgey is a member of the AUC Council as the Vice – Chancellor, Moi University of which Alupe University College is a Constituent College.</p>
8.	 <p><b>Prof. Fabian Esamai- Secretary to Council</b></p> <ul style="list-style-type: none"> <li>• PhD (Linkoping University) Sweden,2002</li> <li>• M.Med (Pediatrics –UoN) 1984</li> <li>• MPH (Johns Hopkins University, USA) 1996,</li> <li>• MB ChB (UoN) 1978,</li> </ul>	<p>Prof. Esamai was born on 23<sup>rd</sup> September, 1953 and he is an executive member of the AUC Council.</p> <p>He is the Principal of Alupe University College and the Secretary to the AUC Council. Prof. Esamai has vast experience having worked as: The Principal, College of Health Sciences for 5 years at Moi University, and the Dean School of Medicine, Moi University for 4 years. He is a Commissioner in the East African Health Research Commission and a Research Chair for Health Systems.</p>



### 3. Alupe University College Management Team

Ref	Management	Details
1.	 <p><b>Prof. Fabian Esamai</b></p> <ul style="list-style-type: none"> <li>• Principal</li> <li>• PhD (Linkoping University, Sweden) 2002</li> <li>• MPH (Johns Hopkins University, USA) 1996</li> <li>• M.Med (Pediatrics –UON) 1984</li> <li>• MB ChB (UON) 1978</li> </ul>	<p>Principal of Alupe University College and Chief Executive Officer</p>
2.	 <p><b>Prof. Emmy Kipsoi</b></p> <ul style="list-style-type: none"> <li>• Deputy Principal (Administration, Finance and Development)</li> <li>• PhD (Moi University), 2011.</li> <li>• MBA(CUEA), 2008</li> <li>• Master's Degree in Education (Kenyatta University), 2000,</li> <li>• Bachelor of Education. (Daystar University) 1994,</li> </ul>	<p>Deputy Principal (Administration, Finance and Development) and head of Administration, Finance and Development Division.</p>

<p>3.</p>	 <p><b>Prof. Peter Barasa</b></p> <ul style="list-style-type: none"> <li>• Deputy Principal (ARSA)</li> <li>• Ph.D.,</li> <li>• Master of Education</li> <li>• Bachelor of Philosophy,</li> <li>• Postgraduate Certificate in Research (The University of Hull, UK)</li> <li>• Diploma in Education (English and Literature- Siriba T.T.C.).</li> </ul>	<p>Deputy Principal (Academic Research and Student Affairs) and head of Academic, Research and Student Affairs Division</p>
<p>4.</p>	 <p><b>CPA. Imelda Akhonya</b></p> <ul style="list-style-type: none"> <li>• Ag. HOD, Finance</li> <li>• Master of Business Administration (MBA)- (Finance Option)-UoN, 2016</li> <li>• Bachelor of Commerce (BCOM)- (Accounting Option) - KCA University 2013.</li> <li>• CPA(K)</li> <li>• ICPAK Member</li> </ul>	<p>She is the Senior Accountant and acting head of Finance Department at Alupe University College.</p>

5.	 <p><b>Mrs. Pamela Nyongesa</b></p> <ul style="list-style-type: none"><li>• Assistant Registrar (Administration and Human Resource)</li><li>• Master of Science in Human Resource Management - Masinde University of Science and Technology - 2013</li><li>• Bachelor of Education Arts (B.Ed.) Moi University – 1994</li><li>• Member. Kenya Institute of Management (KIM)</li><li>• Associate Member, Institute of Human Resource Management (IHRM)</li></ul>	<p>Assistant Registrar (Administration and Human Resource) and acting head of Administration and Human Resource Department at Alupe University College.</p>
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#### 4. Council Chairperson's Statement

It is with great pleasure that I present the Alupe University College financial report for the year ended 30<sup>th</sup> June 2022. The University College was allocated 183Million by the Ministry of Education State Department of University Education as recurrent grant for the FY 2021/2022 and had funds brought forward of 7.9 Million from 2020/21FY, A.I.A of Sh 43.9million hence a total of Kshs.234.8 million for recurrent expenditure.

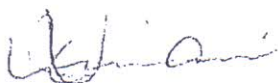
Therefore, the University College did not manage to recruit any new staff during the year under review since funds allocated were insufficient and the additional funds were meant for CBA balance. Nevertheless, the University faced a challenge of not having a comprehensive medical cover for staff due to inadequate funds.

In addition, the University College was allocated Kshs.175 million for capital expenditure, which was disbursed in two tranches. We received sh 87.5 Million in the first quarter and the balance of sh 87.5Million was received in the third quarter of the year under review. With the funds the College was able to continue with construction of the projects that had earlier been initiated besides construction of the Library phase one that has since been completed.

Alupe University College's dream is to be a centre of excellence in integrated training and research in health, biological, physical and social sciences with emphasis on health Sciences. The University College therefore strives to ensure that they put in place facilities geared towards **achieving this goal alongside building the vision around the health agenda that is amongst the Big 4 agenda and vision 2030.**

During the year, the Council negotiated, vetted and implemented the performance contract for FY 2021/2022. The University College, despite the inadequate funds implemented most of the indicators stated in the performance contract and obtained position 15 among the 38 public Universities.

The quarterly financial reports and statements for the financial year 2021/22 were all submitted to the Controller of Budgets, the State department of University Education & Research and the National Treasury on time as required.



CHAIRPERSON

DR.VIRGINIA KIMANI

Date: 7/3/2023

## 5. The Principal's Report

Alupe University College was established as a Constituent College of Moi University vide the Alupe College Order 2015, Kenya Gazette Notice 153 of 24<sup>th</sup> July 2015. It was operationalized on 7<sup>th</sup> November 2016 through the appointment of the first Alupe University Council vide Special Gazette Notice 136. The second Council was appointed in November 2019.

The interim Alupe University College Management Board was appointed by Moi University on October 13<sup>th</sup> 2016 and has been working round the clock to ensure the University College is fully operational. In 2021/22FY, the University was allocated sh 234.8 Million. These funds were grossly inadequate for the running of the University College, however we managed to keep our debt profile very low and maintained it at 0.1%.

The Cabinet Secretary for Education in conjunction with the Council appointed the Senior Management in their substantive position on 26<sup>th</sup> October 2018 for a period of five years. This consisted of the Principal, Prof. Fabian Esamai; the Deputy Principal, Administration Finance and Development, Prof. Emmy Kipsoi and the Deputy Principal for Academic Research and Student Affairs, Prof. Peter Barasa.

Alupe University College has a total of 1,377 students out of which 1,275 were Government sponsored while 102 were self-sponsored and the pioneer classes of 2017/18 academic year graduated in December 2021. The students admitted so far comprise of 59% science and 41% humanities. The science students are in health sciences, education science, biological science, statistics and computer science.

The Alupe University College aspires to be a Centre of excellence in the sciences, health sciences and the social sciences. It has four schools of Health Sciences, Science, Education and Social Sciences and Business Economics and Human Resource Development: -

- i.) The school of Education with education arts and education science has over 736 students
- ii.) The School of health sciences has about 220 students in Medical laboratory Science, Physiotherapy and Medical Psychology.
- iii.) The School of Science has about 58 students in computer science, applied statistics with computing and biological sciences.
- iv.) The school of Business has about 92 students in Business and Hotel & Hospitality.

The funding of the Alupe University College has been poor with no attempts to increase the allocation so far to enable it grow as expected for a science focused university. This needs to be up-scaled given its focus on the sciences and the health sciences. Nevertheless, the University has improved in its internally generated revenue with increased student enrollment although it's not still sufficient to sustain us. It is our humble plea to the Government to fund personnel emoluments fully and part of other operating expenditure for efficient operation. It was a challenge during the year to operate with GOK grant of sh 183 Million against employee costs of sh 213 Million.

Alupe University College needs to develop the entire needed infrastructure on its 200 acres of land that a university needs. Alupe University College started from scratch as it did not take over any structures or an existing institution. It started its operations in facilities offered to it by the Alupe

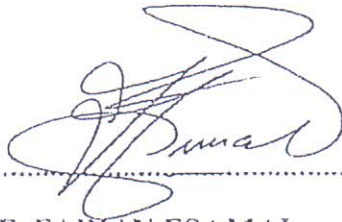
Sub- County Hospital with the understanding that in the long run the hospital shall benefit through infrastructure upgrade as the health sciences programs are developed by the University College.

We wish to thank the Government for the wise consideration of setting up this science focused University College as it will aid in meeting the objectives of Government including the objective of Vision 2030 and the Sustainable Development Goals (SDGs) of the United Nations.

The University College has since inception 5 years ago built an administration block, Microbiology laboratory, Biochemistry Laboratory, Anatomy and Pathology laboratories, general Science laboratory and a total of 8 lecture rooms and a computer laboratory and a model Library as a phase I library which has a sitting capacity of 500 students. The whole library when complete will sit over 1000 students and have extra computer Labs, lecture room and offices.

The University College has since July 2019 relocated to its new buildings on the 200 acres of land. These structures have adequate space for the size of the students and staff population. However, for the near and distant future, with growing number of students, the University needs more lecture theatres and halls, more offices, library space, academic block and a student center among other things. The library which started in July 2017 was completed in April 2022. An additional 3 lecture halls, a computer room and 3 offices were completed by October 2020. The construction of the academic Administration block phase two was completed in June 2022.

I wish to thank the University Council for its tireless efforts in steering the University College through its first year of operations despite all the challenges of starting a University College with limited resources.



PROF. FABIAN ESAMAI  
AG. VICE CHANCELLOR

DATE: 1/3/2023

#### 6. Statement of Performance against Predetermined Objectives for FY 2021/22

As stipulated in Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012, we have included in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Alupe University has five (5) strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

1. Establish and promote good governance and a sound corporate image
2. Provide quality University education and training
3. Institutionalize research and extension
4. Develop quality physical and virtual infrastructure
5. Institute Income Generating projects and programs

Alupe University College develops its annual work plans based on the above 5 pillars. 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 2020/2021 period for its five (5) strategic pillars, as indicated in the matrix below:

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Implementation Matrix

S/N	Strategic Pillars	Strategic objectives	Strategies/ Activities	Key Performance indicator	Achievement
1	Establish and promote good governance and corporate image	1.2.: To institutionalize the promotion of integrity and ethical behavior in University College governance	1.2.1: Institutionalize prudent use of University resources  1.2.2: Promote staff understanding of integrity and ethical behavior	1.2.1.1: Number of audit queries  1.2.1.2 a: Number of integrity and ethics sensitization workshops  1.2.1.2b: Number of disciplinary cases	0% pending bills  Utilization of resources within the approved budget  No unresolved audit queries.  1.2.2.a: Three workshops held: 1. Code of conduct and University service charter 2. Capacity building on customer care 3. Capacity building on grant writing proposals for faculty.  1.2.1.2b: No disciplinary cases for staff reported
		1.3. To institutionalize Quality System	1.3.3: Enhance accountability, effectiveness and transparency in the conduct of University College activities	1.2.1: AUC approved budget and expenditure document  1.2.2: Student attendance lists, performance evaluation	Approved budget for 2021/2022,  Student attendance lists for 14 weeks each course for all candidates in each semester  Performance evaluation at end of each semester per course.



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S/N	Strategic Pillars	Strategic objectives	Strategies/ Activities	Key Performance indicator	Achievement
2	Provide quality University education and training	2.2: To attract, develop, motivate and retain competent staff	2.2.1: Develop competitive emoluments and job progression structures  1.2.2: Enhance staff development opportunities	2.2.1.1a: AUC turnover rates  2.2.1.1b: Employee promotion rate  1.2.1.2a: Number of workshop and refresher course attended by staff  1.2.1.2b: Number of post graduate degree attained by staff	0% employee turnover rate  6 staff promoted to senior lecturer as per the qualifications.  Three (3) workshops: capacity building on customer care, grant writing proposal and code of conduct for staff.  Refresher courses; Cyber security, preparation of content for online teaching  Four (4) staff attained their post graduate degrees
3	Institutionalize research and extension	3.1: To increase the number of research and extension activities	3.1.3: Promote the use of research results in technology development and transfer	3.1.3.1: Number of research publications on technology development	Two internally funded research projects on health care  Published thirty-five (35) articles in refereed articles.

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S/N	Strategic Pillars	Strategic objectives	Strategies/ Activities	Key Performance indicator	Achievement
4	Develop quality physical and virtual infrastructure	4.1: Develop ICT policy framework	4.1.1 Form an ICT policy development team	4.1.1.1a: AUC – ICT development team 4.1.1.1b: AUC – ICT policy document	Appointed team to develop the ICT policy Developed ICT policy awaiting approval for implementation
5	5.1 Institute Income Generating projects and programs	5.1: Linkages and collaborations for resource mobilization	5.1.1 Establishment of linkages for resource mobilization	5.1.1: Number partnerships and linkages established	Implemented a linkage with Seedling lab- Purchase of equipment through a collaboration.

## **7. Corporate Governance Statement**

Alupe University College affirms its commitment to upholding high standards of corporate governance designed to protect the interests of all stakeholders while promoting the highest standards of integrity, transparency and accountability. A key objective of the institution's governance framework is to ensure compliance with legislative and regulatory requirements including Compliance with the Constitution of Kenya, Public Finance Management Act, 2015 and Public Procurement and Disposal Act.

### **Council meetings**

The Council meetings are held quarterly and the first meeting was held on 15<sup>th</sup> and 16<sup>th</sup> of July 2021 for the Sub-committees and 26<sup>th</sup> July 2021 for the full Council. The full Council had 2 special meetings in between that is on 2<sup>nd</sup> of August 2021 and 6<sup>th</sup> September, 2021 to deliberate on SCAC evaluation. Sub-committees held their second meeting on 21<sup>st</sup> and 22<sup>nd</sup> October 2021 and the full Council meeting was held on 1<sup>st</sup> of November, 2021. On 19<sup>th</sup> of November, 2021, the full Council held a meeting for purposes of interviewing the Dean of Schools. The full council had another special meeting on 18<sup>th</sup> of February 2022 to approve the quarterly reports and the 2022/2023 budget estimates among other urgent matters for the University College.

N/B: The Council members and their meeting attendance are indicated on the last page.

### **Succession plan**

To ensure continuity and succession in the university council, members of the Council at their first meeting after appointment determined by lot which two of their number shall vacate office after a period of three and four years respectively to ensure continuity in the activities of the Council as per section 35(5) of the Universities Act. In addition, the council members were not appointed on the same day. However, appointment of Council members is vested with the Cabinet Secretary and therefore the Council may not fully determine this succession plans.

### **Existence of a Council charter**

The council has a charter in place for guidance while defining the University's strategies, objectives and values and ensures that the procedures and practices are set up in place to ensure effective control over strategic, financial, operational and compliance issues.

### **Process of appointment and removal of Council Members**

Appointment of council members at Alupe University College was pegged on the Alupe University College Order 2015 paragraph 11 where the appointment is done by the Cabinet Secretary in accordance with section 36 of the Universities Act 2012 amended 2016 and 2020. The governance parameter on process of appointment of council members as the oversight body was transparent and formal. The council members include the chairperson, two Principal Secretaries in charge of university education and finance respectively, five members appointed by the Cabinet

Secretary through an open process and the Principal of Alupe University College who is an ex officio member of the council as per Section 36(1) of the Universities Act. The Council members bring their diverse experience and qualification into the council's deliberations.

Removal of council members is as stipulated in section 11 of the Alupe University College Order 2015.

#### **Roles and functions of the Council**

As a steward of the College resources, the council formulates policies that guide in the resource planning, mobilization, allocation and provides conducive environment for the implementation of its objectives. These are driven through council meetings which are held once in each quarter. During the financial year 2021/2022, there were four full regular quarterly council meetings and there was quorum in each of them. The council on the other hand has set up 4 sub-committees with well-defined terms of reference to discharge on its behalf specific mandates in order to hasten specific decisions relating to the given mandates so as to attain efficiency and effectiveness in the overall discharge of responsibilities.

The sub-committees include;

- (a) Academic, Research and Extension;
- (b) Finance, Planning and Development;
- (c) Human Resource, Development and Administration; and
- (d) Audit Committee.

The functions of full council meetings and sub- committee meetings include the following:

- a) Acquire land, buildings, premises, furniture and equipment including specialized scientific equipment, vehicles, and machinery and other means and facilities required for carrying out work and achieving the objects of the University College in accordance with the Charter;
- (b) Make the appointments authorized by the Order and these Statutes;
- (c) Establish, confirm, abolish or suspend any professorship, lectureship or other academic posts on the recommendation of Senate;
- (d) Promote and make financial provision and facilities for research within the University College;
- (e) Make new or additional Statutes, and alter, amend or revoke existing statutes on recommendation of the AUC College Academic Board

- (f) create or abolish faculties, schools, institutes, departments, divisions, centers or other units of learning and research of the University College from time to time on the recommendation of the Senate, in accordance with and as provided by these Statutes;
- (g) Plan, govern, manage and regulate the finances, accounts investments, property, business and all affairs of the University College;
- (h) Determine the fees payable to the University College on recommendations of AUC College Academic Board etc.

**Induction and training**

The new Council members were inducted on 17<sup>th</sup> January 2020

**Council and member performance**

This was conducted in September 2021

**Conflict of interest**

In each meeting a conflict-of-interest register was signed by all members present and in the financial year no conflict of interest was declared by any member.

**Council Remuneration**

Remuneration of the council members is pegged on meetings attended as they are paid sitting allowance for each meeting attended and night out for the period, they are on university official function as per the rates provided for in the national treasury circular for payment of sitting allowances and per diems. The chairperson is also entitled to a monthly honoraria and telephone.

**Ethics and conduct as well as governance audit.**

Council evaluation for 2021/2022 FY was conducted in September 2021 and the evaluation report is due for presentation in June 2022.

**FULL COUNCIL MEETINGS**

**Almanac of Meetings for AUC Council 2021/2022**

MONTH	COUNCIL	AUDIT	FPD	HRDA	ARE	Interviews	SCAC Evaluation
JULY 2021	26 <sup>th</sup>	16 <sup>th</sup>	16 <sup>th</sup>	15 <sup>th</sup>	15 <sup>th</sup>		
AUG	2 <sup>nd</sup>						
SEP	6 <sup>th</sup>						6 <sup>th</sup>
OCT		22 <sup>nd</sup>	22 <sup>nd</sup>	21 <sup>st</sup>	21 <sup>st</sup>		
NOV	1 <sup>st</sup>					19 <sup>th</sup>	
DEC							
JAN 2022							
FEB	18 <sup>th</sup>						
MAR							
APR							
MAY							
JUNE							

**Note: All meetings start at 9.00nam unless otherwise specified in the invitation memo.**

**The Council Meeting Attendance**

The Council consists of nine members inclusive of the Principal as the Secretary. The Council members and their meeting attendance are indicated below;

FULL COUNCIL ATTENDANCE PER INDIVIDUAL					
		1 <sup>ST</sup> QUARTER	2 <sup>ND</sup> QUARTER	3 <sup>RD</sup> QUARTER	4 <sup>TH</sup> QUARTER
No.	Name	26.07.2021	01.11.2021	18.02.2022	
1.	Mr. Isaac Odek	✓	x	x	
2.	Mr. Ben M. Sabwani	✓	✓	✓	
3.	Prof. Isaac Kosgei	✓	✓	✓	
4.	Mr. Joseph M. Oyile	✓	✓	✓	
5.	Ms. Phyllis Chepkemboi	✓	✓	✓	
6.	Mr. Mohammed H. Ali	✓	✓	✓	
7.	Mr. Samuel Kabiaru	✓	✓	✓	
8.	Ms Nerea Olick	✓	✓	✓	
9.	Prof. Fabian Esamai	✓	✓	✓	

**Council Committees Meeting Attendance**

<b>AUDIT AND RISK MANAGEMENT COMMITTEE</b>					
		<b>1<sup>st</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>
<b>No.</b>	<b>Name</b>	<b>16.07.2021</b>	<b>22.10.2021</b>		
1.	Ms. Phyllis Chepkemboi	✓	✓		
2.	Mr. Isaac Odek	✓	x		
3.	Mr. Ben M. Sabwani	✓	✓		
4.	Ms Nerea Olick	✓	✓		
5.	Mr. Joseph M. Oyile	✓	✓		
6.	Mr. Mohammed H. Ali	x	✓		

<b>HUMAN RESOURCE DEVELOPMENT AND ADMINISTRATION</b>					
		<b>1<sup>st</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>
<b>No.</b>	<b>Name</b>	<b>15.07.2021</b>	<b>21.10.2021</b>		
1.	Mr. Joseph M. Oyile	✓	✓		
2.	Ms. Phyllis Chepkemboi	✓	✓		
3.	Mr. Isaac Odek	✓	x		
4.	Mr. Ben M. Sabwani	✓	✓		
5.	Mr. Mohammed H. Ali	✓	✓		
6.	Ms Nerea Olick	✓	✓		



ACADEMIC RESEARCH AND EXTENSION					
		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
No.	Name	15.07.2021	21.10.2021		
1	Mr. Mohammed H. Ali	✓	✓		
2	Prof. Isaac Kimengi	✓	✓		
3	Mr. Isaac Odek	✓	x		
4	Mr. Samuel Kabiaru	✓	✓		
5	Mr. Ben M. Sabwani	✓	✓		
6	Ms. Nerea Olick	✓	✓		

FINANCE PLANNING AND DEVELOPMENT					
		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
No.	Name	16.07.2021	22.10.2021		
1.	Mr. Samuel Kabiaru	✓	✓		
2.	Mr. Mohammed H. Ali	✓	✓		
3.	Mr. Isaac Odek	✓	x		
4.	Mr. Ben M. Sabwani	✓	✓		
5.	Ms. Nerea Olick	✓	✓		

## INTERVIEWS

	19 <sup>th</sup> November, 2021	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	
1.	Prof. Fabian Esamai		✓		
2.	Ms. Phyllis Chepkemboi		✓		
3.	Mr. Mohamed Ali		✓		
4.	Ms. Nereah Olick		✓		
5.	Mr. Bernard Sabwani		✓		
6.	Mr. Samuel Kabiaru		✓		

## 8. Management Discussion and Analysis

### SECTION A

#### Core Business

Alupe University College has the mandate of teaching, research and community outreach. Teaching, Learning and research take place in academic departments which make up the four schools of the University namely the:-

- i. School of Health Sciences
- ii. School of Science Technology and Engineering
- iii. School of Education and Social Sciences and
- iv. School of Business, Economics and Human Resource Development

#### Academic programs

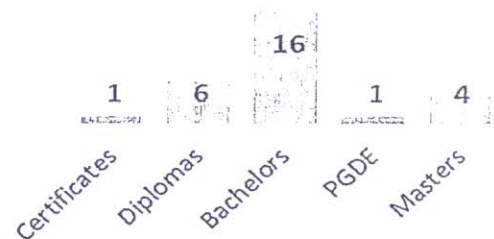
At the moment the university is offering one program at certificate level, six programs at Diploma level, sixteen programs at bachelors' level, one program at post graduate diploma level and four programs at master's level.

All these programs are offered at full time basis as illustrated in *Table 1* and *Chart 1* below.

*Table 1: Academic programs*

Level	No. of Programs	Mode of Study
Certificate	1	Full time
Diploma	6	Full time
Bachelor	16	Full time
Post Graduate Diploma	1	Full time
Masters	4	Full time
<b>Total</b>	<b>28</b>	

*Chart 1: Academic programs*



#### Student Enrollment

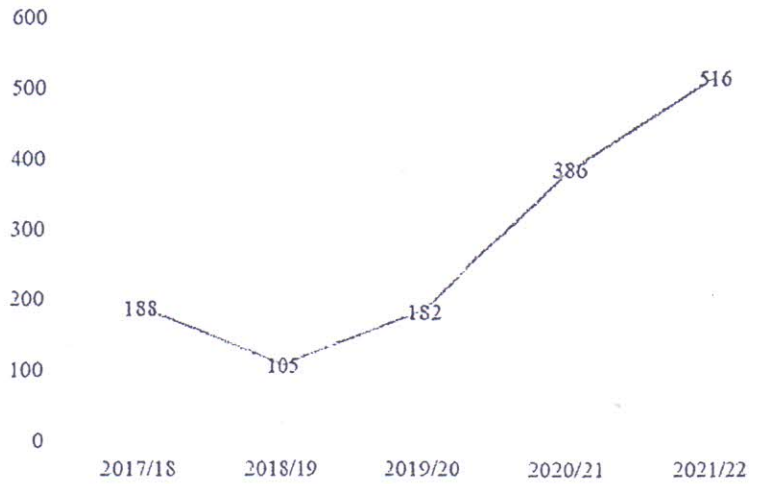
During the 2021/2022 financial period, the university had a total of 861 continuing students and enrolled 516 first year students.

In this period, Government sponsored students were 1,275 and self-sponsored students were 102 totaling to 1,377 student population by the end of 2021/2022 Financial year as shown in *Table 2* and *Chart 2* on the next page.

**Table 2: Student enrolment**

Academic year	Student enrollment		
	GSSP	PSSP	Total
2017/18	175	13	188
2018/19	79	26	105
2019/20	168	14	182
2020/21	381	5	386
2021/22	472	44	516
<b>Total</b>	<b>1275</b>	<b>102</b>	<b>1377</b>

**Chart 2: Student Enrolment**

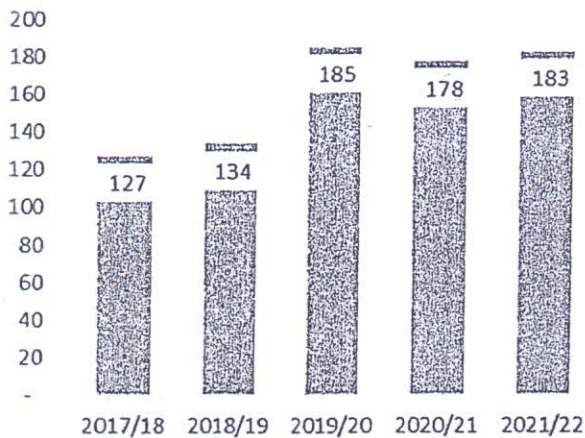


**Alupe University College's operational and financial performance**

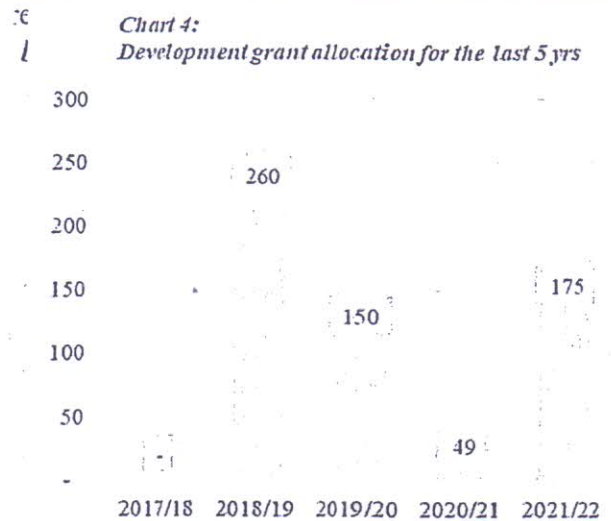
The University College was gazetted in July 2015 and had its first council appointed in November 2016 to November 2019 and new members were appointed in January 2020.

During the period under review, the University College has been allocated Kshs 183.1 Million by

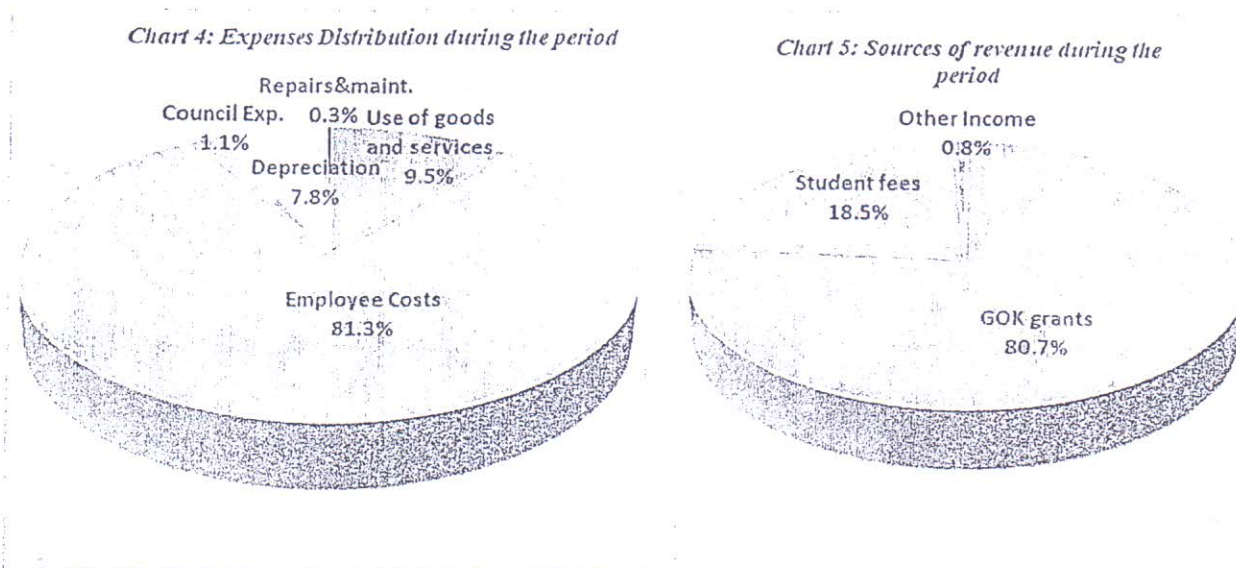
**Chart 3: Recurrent grant allocation for the last 5 yrs**



**Chart 4: Development grant allocation for the last 5 yrs**



The funds received from GOK, Student fees and other sources of income were utilized in meeting Employee costs, rendering of services, Council remuneration and other recurrent expenditure as shown in *Chart 5 and Chart 6 below*.



The result for the financial report for the period under review shows a deficit of Kshs 37.3M attributed to depreciation expense of Kshs 21.1M and Provision for Part-timers expense of Kshs 11.3M which are both non-cash items.

## SECTION B

### University College's compliance with statutory requirements

During the period under review the University College endeavored to adhere to the Government set statutory requirements in its operations as a legal entity, such as remittance of with-holding tax (V.A. T), P.A.Y. E, NHIF, NSSF, Pension and HELB within the stipulated deadlines.

## SECTION C

### Key projects and investment decisions the entity is planning/ implementing

During the period under review, the University College progressed on well with its capital projects that were approved during the period. The College was allocated Kshs. 175 million for capital development of which Kshs 87.5 Million was received on 12<sup>th</sup> August, 2021 and the balance of Kshs 87.5 Million received on 16<sup>th</sup> March, 2022.

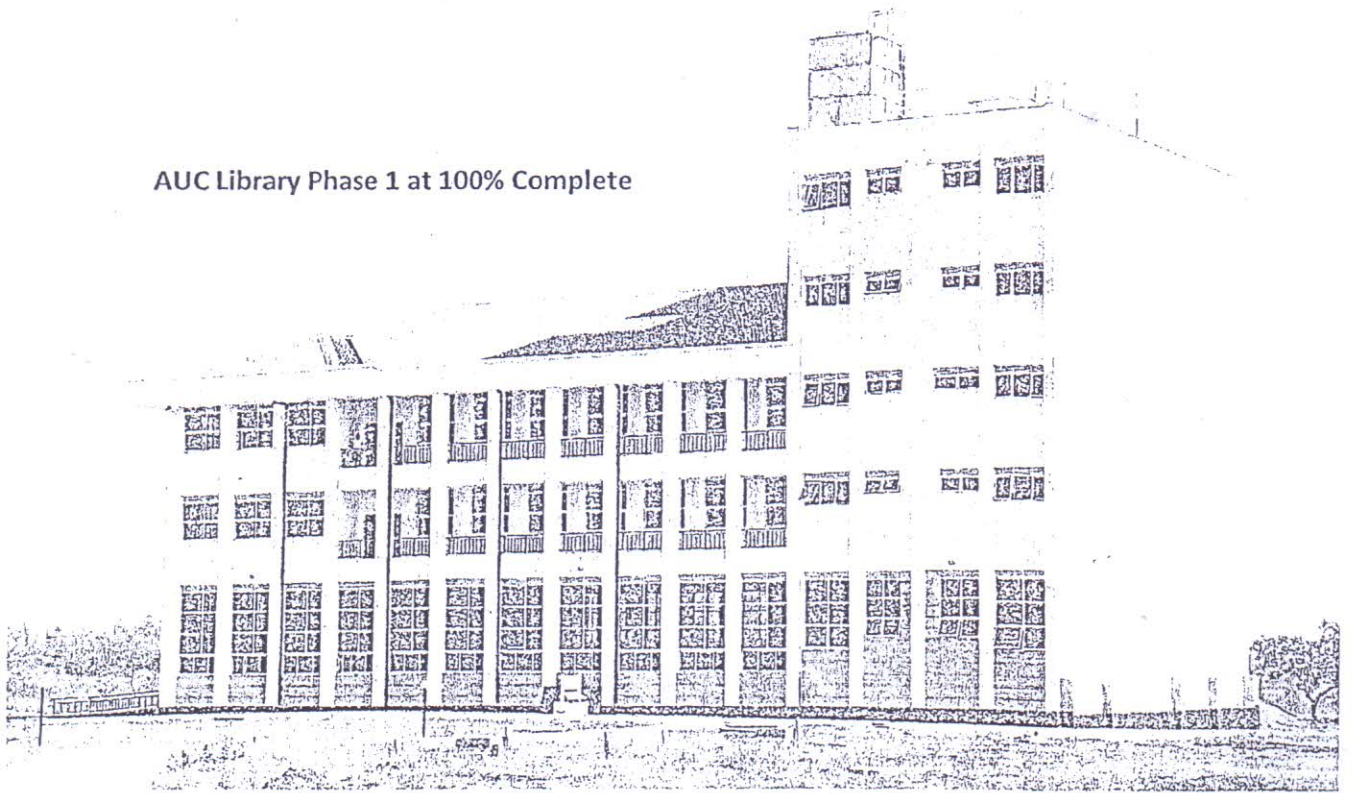
These funds are been utilized in payment of contractors constructing the library Phase 1 and AUC Administration Block Phase 2.

*Table 3* below shows key projects which were still ongoing during the period under review.

*Table 3: Key Projects undertaken in the period under review*

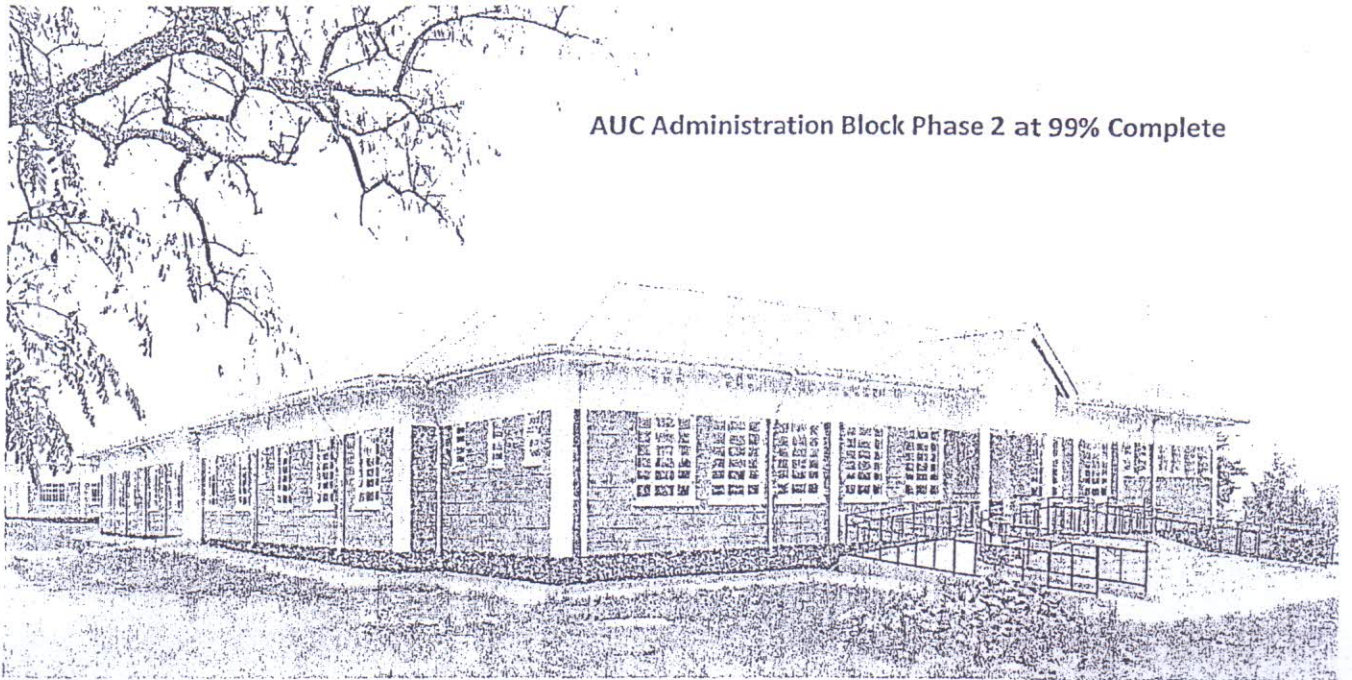
Project Distribution	Cost in Millions	Funded by	Completion % to date
Construction of AUC Library Phase I	192	GOK	100%
Construction of AUC Administration Block Phase II	45	GOK	99%

AUC Library Phase 1 at 100% Complete



*Photo 1: AUC Library Phase I*

AUC Administration Block Phase 2 at 99% Complete



*Photo 2: AUC Administration Block Phase II*

## **9. Environmental and Sustainability Reporting**

Alupe University exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

### **i) Sustainability strategy and profile**

Our intentions and activities are driven by the need to succeed even with limited resources and we have so far managed to do so in our core mandate of teaching research and extension. We need to attract more self-sponsored students from within Kenya and foreign students as a source of income to sustain and enhance our core mandate activities. We are also in the process of starting some income generating activities within our core mandate in health, agriculture and manufacturing which will be led by our academic and non-teaching staff in the course of teaching and training students but at the same time mobilizing some resources for the University. We also plan to outsource non-core functions and activities to business persons to keep our wage bill to acceptable and consistent levels that enable us conduct our core business.

The University College established MOU's with the neighbouring institutions, and linkages with the industries thus the Kenya Chamber of Commerce and Industry and the County Government of Busia. By involvement of the industries and research centres sustainability will be ensured. We are seeking international collaborations with foreign and other national universities and research institutions for benchmarking and internationalization of our core business.

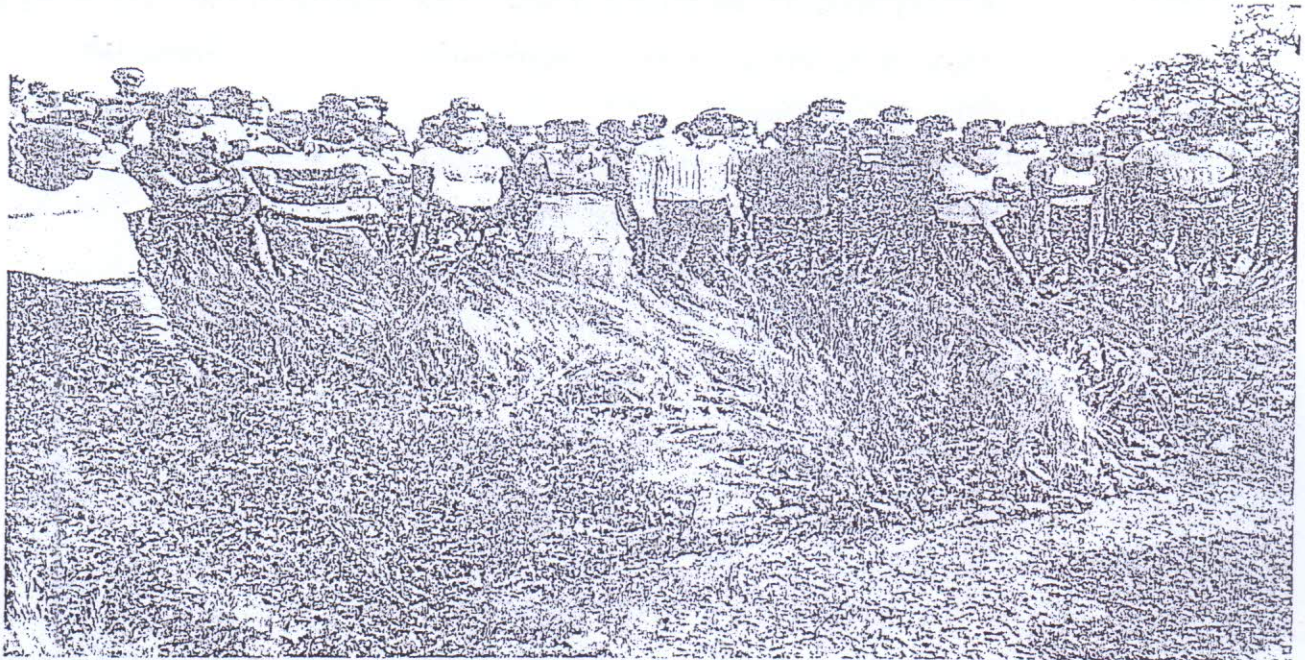
In the long term we intend to collaborate with industry to establish University- Industry links including the establishment of an industrial park.

### **ii) Environmental Performance**

Alupe University College being a science focused University, we endeavor to ensure that our activities are consistent with the national and international policies and guidelines on the preservation of the environment. We have in place waste disposal measures in which you will not find garbage heaps within and around campus. All waste is collected in our waste bins on campus and disposed of by burning and incineration especially for medical waste. Our medical waste from our laboratories are disposed of in separate septic tanks but not in the normal septic tanks for

normal human waste. We work with the health authorities in the County for solid medical waste management through their medical waste guidelines and systems.

All our buildings and infrastructures have been approved by NEMA before the University College infrastructure was started in 2017. The University College is four (4) years old and during its time of existence, it advocated for greening the University by planting 23,000 trees obtained from various sources. Currently the trees are being maintained to ensure health growth.



*Above photos shows tree planting sessions in progress.*



### iii) Employee welfare

We operate on the provisions of the 2010 constitution of Kenya on matters of gender balance and ethnic diversity. Alupe University College hiring process considers the gender ratio as espoused in the Constitution of Kenya, 2010, The Employment Act, 2007 and the Public Service Commission Human Resource Policy Manual. In the short term with a small workforce of 102 staff, this is not possible but we are working through this as we progress over the years. Our current gender ratio is 67:35 which is within the guidelines.

The University College has policies guiding the hiring process of staff. These are:

1. Alupe University College Human Resource Manual
2. Alupe University College Statutes
3. Scheme of Service for non-teaching staff
4. Commission for University Education Harmonized Criteria for Appointment and Promotion of Academic Staff in Universities in Kenya
5. Moi University Academic Staff Appointment and Promotion Policy (Revised February, 2020)
6. Public Service Commission Human Resource Policy Manual. 2016
7. Labour laws; Employment Act, Labour relations Act 2007, Institutions Act, Occupational safety Health Act, Work Benefits Injury Act 2007.

The process takes into stakeholder engagements as enshrined in the Alupe University College Statutes and AUC Human Resource Manual where user departments are involved in determining their staffing needs, make requests for more staff as per the need determined and are involved in the hiring process. Alupe University College Students as the key stakeholders have their representatives on the College Academic Board where issues concerning staffing needs for the academic division are deliberated.

It is important to note that the University College being in existence for a period of only four years had not had its policies improved on since they were developed and approved for use in the last four years. Moreover, the University College strives to improve the skills of its staff by encouraging staff to further their studies by providing study leave as per the HR Manual, allowing

staff time to attend capacity building seminars and workshops in their areas of specialization. The University College too organizes for in-house trainings and workshops for its staff to enhance their skills.

Consequently, AUC carries out an annual staff appraisal to evaluate the performance of its staff as espoused in the HR Manual. Currently, the University College does not have a monetary reward system in place.

On compliance with OSHA, (2007) AUC has a Fire and Disaster Management Policy and is currently developing a Fire Master Plan that is at an advanced stage. The University College conducts sensitization workshops on safety and Standard Operating Procedures (SOPs) and invites resource experts in the different areas. Additionally, the University College provides Personal Protective Equipment (PPEs) for its staff.

#### **iv) Market Place Practices**

##### **a) Responsible Competition Practice.**

Alupe University through engagement of competitive procurement methods in procurement has been able to promote fairness, the University also has in place anti-corruption prevention committee which is in compliance with the requirements of performance contracting.

The University through involvement of Student governing council, oversees fair and democratic election of student leadership. Staff recruitment is also open and competitive through advertisement in the newspapers and fair recruitment process.

##### **b) Responsible Supply Chain and Supplier Relations**

Alupe University through adherence to regulatory requirements governing Procurement & Supply Chain Management like Public Procurement & Asset Disposal Act 2015 and Regulations 2020 ensures fair procurement practice and prompt payment of Suppliers and Service providers once the Procurement cycle is complete.

The 18<sup>th</sup> Cycle Performance contracting 2021/2022 has also contributed a lot when managing the supply chain and supplier relations at AUC as follows: Access to Government Procurement Opportunities (AGPO) has 30% of the budget spent on the Youth, Women and PWDs while 2% of 30% of the budget is reserved for only PWD's. This has been actualized during the

procurement process. Besides the University also ensured that 40% of its purchases was used to promote the local content products.

To manage supplier relations, we normally organize for capacity building workshops to sensitize them on the requirements in the procurement process as espoused in the Public Procurement & Disposal Act 2015 and Regulations 2020.

**c) Responsible Marketing and Advertisement**

Alupe University College controls contents being uploaded in the University website or portal through recruitment of Systems Administrator who uploads all programmes and activities that takes place in the University College and ensure maintenance.

Alupe University has been in collaboration with the Kenya Chambers of Commerce and Industry to advertise the University programmes as well as attending trade fair activities to display the University programmes offered.

**d) Product Stewardship**

The University College through the use of anti plagiarism protects intellectual properties. The University also engages external examiners to moderate examination.

**V) Corporate Social Responsibility / Community Engagements**

Alupe University has contributed to the community by having the all-weather roads leading to students' residences within the community murrured /graded to enhance accessibility.

The University conducts quarterly community engagements in the area of HIV/AIDS through community meetings and sensitisation. In addition, we hold quarterly meetings in schools and churches to educate persons on COVID 19 mitigation measures. In FY 2020/2021, AUC held workshops to create awareness among 30 members drawn from the community engagement structures (Village health committees, nyumba Kumi committee, women group members, youth association, community policing committee and community-based organizations within the Busia Municipality on prevent and control of COVID-19 Pandemic within Busia County.

A further training was planned for 20 community Health workers on prevention and management COVID-19 infection at the community level. The University similarly held a training for all the pedestrians and the boda boda riders in order to minimize the number of accidents in the region.

During the training the traffic police officer (Base Commander) from Busia was invited to have a talk with the attendees.

Our Physiotherapy, Medical laboratory sciences and Medical Psychology students are involved in the health centres and sub-county hospitals in service provision in these facilities under the guidance and supervision by our lecturers. The education students are on annual teaching practice in the schools in the region and nearby schools. Our researchers conduct research and provide feedback to communities near the University and other parts of the Country.

## 10. Report of The University College Council

The Council submitted their report together with the financial statements for the year ended June 30, 2022 which show the state of Alupe University College affairs.

### i) Principal activities

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

### ii) Results

The results of the entity for the year ended June 30, 2022 are set out on page 1 to 6

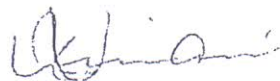
### iii) Council Members

The Council members who served during the year are shown on pages (viii) to (x)

### iv) Auditors

The Auditor General is responsible for the statutory audit of Alupe University College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Council



\_\_\_\_\_  
Chairperson Council

Date: \_\_\_\_\_

## 11. Statement of Council Members Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act require the Directors to prepare financial statements in respect of Alupe 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 and the operating results of the University College for that period. The Directors are also required to ensure that the University College keeps proper accounting records which disclose with accuracy the financial position of the College. The Directors are also responsible for safeguarding the assets of the College.

The Directors are responsible for the preparation and presentation of the College's financial statements which give a true and fair view of the state of affairs of the College for and as at the end of the financial year ended on June 30, 2022. 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 entity; (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 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 judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, 2012. The Directors further confirm the completeness of the accounting records maintained by the University College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors 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 Board on and signed on its behalf by:

Name: Dr. Virginia Kimani



Chairperson of the Council

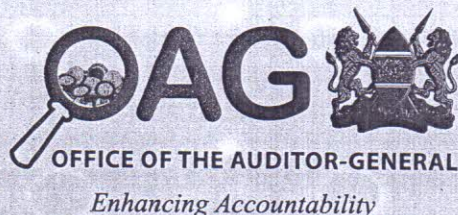
Name: Prof. Fabian Esamai



Ag. Vice Chancellor

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON ALUPE UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022

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### 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 control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Alupe University College set out on pages 1 to 26 which comprise of the statement of financial position as at

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*Report of the Auditor-General on Alupe University College for the year ended 30 June, 2022*

30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Alupe University College as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and Legal Order No.153 - Alupe University College Order of 2015.

### **Basis for Qualified Opinion**

#### **1. Salaries Paid by Moi University on Behalf of Alupe University**

The statement of financial position reflects a trade and other payables balance of Kshs.81,297,373 which, as disclosed under Note 22 to the financial statements, includes balances of Kshs.33,133,718 and Kshs.21,329,058 totalling Kshs.54,462,776 being salaries paid by Moi University on behalf of Alupe University College. The salaries were paid between 2015 and 2017. Review of records revealed that although Moi University has been demanding the amount from Alupe University College, the amount has not been settled. No explanation was provided for the failure to settle the long outstanding debt.

In the circumstances, the completeness, accuracy and fair valuation of the long outstanding balance of Kshs.54,462,776 as at 30 June, 2022 could not be ascertained.

#### **2. Poor Financial Performance of the University**

The University reported a deficit of Kshs.25,911,674 during the year under review compared to a deficit of Kshs.44,748,951 reported in 2020/2021 financial year. As a result of the losses, the accumulated deficit increased from Kshs.98,348,235 reported in 2020/2021 financial year to Kshs.131,079,909 in the year under review. No satisfactory explanation was provided for the continued loss making trend and whether Management has put in place any strategies to reverse the trend.

In the circumstances, the continued loss making trend is an indicator that the University is not able to meet its financial obligations as and when they fall due and that its continued existence will depend on the support from the Government and creditors.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Alupe University College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit



evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Adhere to the One-third Rule on Salary Deductions**

The statement of financial performance reflects an amount of Kshs.202,451,819 in respect of employee costs as disclosed in Note 11 to the financial statements. However, analysis of the Integrated Personnel and Payroll Database (IPPD) for the year under review revealed that between July, 2021 to June, 2022, a total of fifteen (15) members of staff earned net salaries that were less than a third of their basic salaries. This was contrary to the requirements of Section 19(3) of the Employment Act, 2007, which provides that total deductions from salaries of employees shall not exceed two-thirds of their respective basic salaries.

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

#### **2. Staff Ethnic Diversity**

Review of staff composition of the College revealed that out of ninety-seven (97) employees, 37 (or 38%) of the entire staff establishment were from the dominant ethnic community in the region. This is contrary to the provisions of Article 232(1)(h) of the Constitution and Section 7(2) of the National Cohesion and Integration Act, 2008 which require that all public establishments seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

*Report of the Auditor-General on Alupe University College for the year ended 30 June, 2022*

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and the 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 control, risk management and overall governance.

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

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

29 March, 2023

13. Statement of Financial Performance for the year ended 30 June 2022


	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments	6 (a)	183,053,330	177,700,816
		183,053,330	177,700,816
<b>Revenue from exchange transactions</b>			
Rendering of services	7	42,082,500	29,537,000
Sale of goods	8	123,603	13,100
Other Income	9	1,690,265	1,320,585
		43,896,368	30,870,685
<b>Total revenue</b>		<b>226,949,698</b>	<b>208,571,501</b>
<b>Expenses</b>			
Use of goods and services	10	25,464,656	28,075,406
Employee Costs	11	202,451,819	203,154,479
Council expenses	12	3,039,224	5,816,211
Depreciation and amortization expense	13	21,009,800	14,895,265
Repairs and Maintenance	14	802,001	1,303,351
Bank Charges	15	93,872	75,740
<b>Total expenses</b>		<b>252,861,372</b>	<b>253,320,452</b>
<b>Surplus/(deficit) for the period</b>		<b>(25,911,674)</b>	<b>(44,748,951)</b>

The notes set out on pages 6 to 25 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the University College Council by:

Ag. Vice Chancellor

Name: Prof. F. Esamai



Date: 7/3/2023

Head of Finance

Name: I. Akhonya

ICPAK Member No. 20102



Date: 7/3/2023

Council Chairperson

Name: Dr. V Kimani



Date: 7/3/2023

14. Statement of Financial Position as at 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	164,191,645	87,756,648
Current portion of receivables from exchange transactions	17	3,262,539	6,850,739
Receivables from non-exchange transactions	18	-	-
Inventories	19	1,129,159	1,411,538
<b>Total Current Assets</b>		<b>168,583,343</b>	<b>96,018,925</b>
<b>Non-current assets</b>			
Property, plant and equipment	20 (a)	711,525,693	646,409,855
Intangible assets	21	416,750	833,375
<b>Total non - current assets</b>		<b>711,942,443</b>	<b>647,243,230</b>
<b>Total assets</b>		<b>880,525,785</b>	<b>743,262,155</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	22	81,297,373	87,194,888
Refundable deposits from customers	23	5,382,700	4,189,880
Current provisions	24	-	300,000
<b>Total current liabilities</b>		<b>86,680,073</b>	<b>91,684,768</b>
<b>Total liabilities</b>		<b>86,680,073</b>	<b>91,684,768</b>
<b>Net assets</b>			
Reserves		135,679,800	135,679,800
Accumulated surplus/deficit		(131,079,909)	(98,348,235)
Capital Fund		789,245,822	614,245,822
<b>Total net assets</b>		<b>793,845,713</b>	<b>651,577,387</b>
<b>Total net assets and liabilities</b>		<b>880,525,785</b>	<b>743,262,156</b>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the University College Council by:

Ag. Vice Chancellor  
Name: Prof. F. Esamai

Date: 7/3/2023

Head of Finance  
Name: I. Akhonya

ICPAK Member No. 20102

Date: 7/3/2023

Council Chairperson  
Name: V. Kimani

Date: 7/3/2023

15. Statement of Changes in Net Assets for the year ended 30 June 2022

	Notes	Revaluation reserve	Retained earnings	Capital/ Development Grants/Funds	Tot: (Ksh.)
As at 1 July 2020		123,000,000	(55,938,934)	565,215,378	632,276,44
Revaluation gain	20(a)	12,679,800	-	-	12,679,80
Adjustments during the period			2,339,650		2,339,65
Surplus/Deficit for the Year		-	(44,748,951)	-	(44,748,95)
Capital/Development Grants received during the year	6(b)	-	-	49,030,444	49,030,44
Transfer of depreciation from capital fund to retained earnings		-	-	-	
At June 30, 2021		135,679,800	(98,348,235)	614,245,822	651,577,38
As at 1 July 2021		135,679,800	(98,348,235)	614,245,822	651,577,38
Revaluation gain		-	-	-	
Adjustments during the period		-	(6,820,000)	-	(6,820,000)
Surplus/Deficit for the Year		-	(25,911,674)	-	(25,911,674)
Capital/Development Grants received during the year	6(b)	-	-	175,000,000	175,000,00
Transfer of depreciation from capital fund to retained earnings		-	-	-	
At June 30, 2022		135,679,800	(131,079,909)	789,245,822	793,845,71

Note: Adjustments during the period for kshs 6,820,000 relates to payment to part time lecturers which were recognized in FY 202/2021 on accrual basis but did not have a budget hence being budgeted for and paid in FY 2021/2022.

16. Statement of Cash Flows for the year ended 30 June 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other government entities		183,053,330	193,758,357
Rendering of services		40,385,578	28,255,926
Sale of goods	8	123,603	13,100
Other Income		5,106,275	1,320,585
<b>Total Receipts</b>		<b>228,668,786</b>	<b>223,347,968</b>
<b>Payments</b>			
Use of goods and services		25,632,601	25,865,643
Employee Costs		209,283,236	190,154,218
Council expenses		3,039,224	6,063,461
Repairs and Maintenance	14	802,001	1,303,351
Bank charges	15	93,872	75,740
<b>Total Payments</b>		<b>238,850,934</b>	<b>223,291,912</b>
<b>Cash flow from investing activities</b>		<b>(10,182,148)</b>	<b>56,056</b>
Purchase of property, plant, equipment and intangible assets		(88,382,855)	(88,157,746)
<b>Net cash flows from/(used in) investing activities</b>		<b>(88,382,855)</b>	<b>(88,157,746)</b>
<b>Cash flow from financing activities</b>			
Increase in capital grants	6(b)	175,000,000	49,030,444
<b>Net cash flows from/(used in) financing activities</b>		<b>175,000,000</b>	<b>49,030,444</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(76,434,997)</b>	<b>(39,071,246)</b>
Cash and cash equivalents at the beginning of the year		87,756,648	126,827,894
<b>Cash and cash equivalents at end of the year</b>		<b>164,191,645</b>	<b>87,756,648</b>

*Note: We have no adjustments in 2021/22FY as outlined in the revised template*

The Financial Statements set out on pages 1 to 5 were signed on behalf of the University College Council by:

Ag. Vice Chancellor

Head of Finance

Council Chairperson

Name: Prof. F. Esamai

Name: I. Akhonya

Name: V. Kimani

ICPAK Member NO. 20102

Date: 7/3/2023

Date: 7/3/2023

Date: 7/3/2023



17. Statement of Comparison of Budget and Actual amounts 30 June 2022

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c*100
<b>Revenue</b>						
Transfers from other governments	182,566,738	486,592	183,053,330	183,053,330	-	100%
Bal b/f from 2019/20FY	-	7,932,039	7,932,039	7,932,039	-	100%
Rendering of services	29,857,677	12,224,823	42,082,500	42,082,500	-	100%
Catering income	700,000	500,000	1,200,000	1,270,875	(70,875)	106%
Sale of goods	-	120,000	120,000	123,603	(3,603)	103%
Other Income	-	397,500	397,500	419,390	(21,890)	106%
<b>Total Income</b>	<b>213,124,415</b>	<b>21,660,954</b>	<b>234,785,369</b>	<b>234,881,737</b>	<b>(96,368)</b>	<b>100%</b>
<b>Expenses</b>						
Use of goods and services	4,064,415	21,400,240	25,464,655	25,464,656	(1)	100%
Employee Costs	206,400,000	(1,014,383)	205,385,617	202,451,819	2,933,798	99%
Remuneration to Council	2,000,000	1,039,224	3,039,224	3,039,224	-	100%
Depreciation and amortization expense	-	-	-	21,009,800	(21,009,800)	-
Repairs and Maintenance	600,000	202,001	802,001	802,001	-	100%
Bank charges	60,000	33,872	93,872	93,872	-	100%
<b>Total expenditure</b>	<b>213,124,415</b>	<b>21,660,954</b>	<b>234,785,369</b>	<b>252,861,372</b>	<b>(18,076,003)</b>	<b>108%</b>
<b>(Deficit) Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,979,635)</b>	<b>17,979,635</b>	<b>-</b>
<b>Capital Expenditure</b>	<b>175,000,000</b>	<b>-</b>	<b>175,000,000</b>	<b>85,709,015</b>	<b>89,290,985</b>	<b>49%</b>

**Budget notes**

*The adjustment of Kshs 21,660,954 arose due to Kshs 7,932,039 balance brought forward from previous years, Kshs 486,592 supplementary from GoK for 2017 CBA balance and Kshs 13,242,323 award revision of A.I.A.*

## **18. Notes to the Financial Statements**

### **1. General Information**

Alupe University College is established by and derives its authority and accountability from the Universities Act, 2012. The University College is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity is education and research.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on 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 judgment in the process of applying the College's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are highlighted.

The financial statements have been prepared and presented in Kenyan Shillings, which is the functional and reporting currency of the University College.

The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act and the 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) Relevant new standards and amendments to published standards effective for the year ended 30<sup>th</sup> June 2022

Standard	Impact
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the principles in the Standard.</p>

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amount, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by;</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
IPSAS 42: Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this standard is to improve the relevance, faithful representativeness and comparability of 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> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol>

Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <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).</li> <li>• <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43 principles for the recognition, measurement, presentation, and disclosure of leases	<p><b>Applicable 1<sup>st</sup> January 2025</b></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 the 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 cashflows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <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 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 year 2021/2022.

#### 4. Summary of Significant Accounting Policies

##### (a) Revenue Recognition

###### i) Revenue from non –exchange transactions

###### **Transfer 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 entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/ Capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income 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 income of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

###### *Sale of Goods*

Revenue from 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 the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

###### **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.

##### (b) Budget Information

The original budget for the FY 2021/2022 was approved by the National Assembly. 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.

### **Summary of Significant Accounting Policies (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.

#### **(c) Property, plant and equipment**

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

Depreciation is calculated on a straight-line basis at annual rates estimated to write off carrying values of the assets over their expected useful lives, the asset is initially measured at its fair value. Depreciation rates in use are; Buildings – 2%, Furniture, plant & Equipment – 12.5%, Motor Vehicle – 25% and Computers – 33.3%.

#### **(d) Intangible Assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction if 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.

#### **(e) 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:

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

- The ability to measure reliably the expenditure during development.

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

**(f) 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.

Cost incurred in bringing each product to its present location and conditions are accounted for; as follows:

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

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

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

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

**(g) 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 University College 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 the any provision is presented in the statement of financial performance net of any reimbursement.

## **Notes to the Financial Statements (Continued)**

### **(h) Contingent Liabilities**

The University College does not recognize 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.

### **(i) Contingent Assets**

The University College 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 events not wholly within the control of the entity in the notes to the financial statements. Contingent assets are assessed continuously 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 revenues are recognized in the financial statements of the period in which the change occurs.

### **(j) Nature and purpose of reserves**

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

### **(k) Changes in accounting policies an estimate**

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

### **(l) Employee Benefits**

#### **Retirement Benefits plan**

The University College provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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.



## Notes to the Financial Statements (Continued)

### Related Parties

The University College regards a related party as a person or 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 directors, the CEO and senior managers.

### (n) Service concession arrangements

The College analyses all aspects of service concession arrangements that it enters into 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 case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlements 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.

### (o) 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 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.

### (p) Comparative figures

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

### (q) 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, 2022.

## 5. Significant Judgements and Sources of Estimation Uncertainty

The preparation of the entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that

require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Useful lives and residual values

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

#### 6. a) Transfers from Other Government Entities

Description	2021-2022 Kshs	2020-2021 Kshs
<b>Unconditional grants</b>		
Operational grant	183,053,330	177,700,816
<b>Total Unconditional Grants</b>	<b>183,053,330</b>	<b>177,700,816</b>

#### 6. b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund	Total Transfers 2021-2022	Prior Year 2020-2021
State Department of University Education and Research	183,053,330	-	175,000,000	358,053,330	226,731,260
<b>Total</b>	<b>183,053,330</b>	<b>-</b>	<b>175,000,000</b>	<b>358,053,330</b>	<b>226,731,260</b>

#### 7. Rendering of Services

Description	2021-2022 Kshs	2020-2021 Kshs
Student fees – Regular:-		
1 <sup>st</sup> Years (Sept 2021 Intake)	20,057,500	-
2 <sup>nd</sup> Years (Sept 2020 Intake)	11,172,000	12,605,500
3 <sup>rd</sup> Years (Sept 2019 Intake)	7,715,000	6,479,500
4 <sup>th</sup> Years (Sept 2018 Intake)	3,138,000	5,313,000

Sept 2017 Intake	-	5,139,000
<b>Total revenue from rendering of services</b>	<b>42,082,500</b>	<b>29,537,000</b>

#### 8. Sale of Goods

Description	2021-2022 Kshs	2020-2021 Kshs
Sale of Sanitizers	123,603	13,100
<b>Total revenue from the sale of goods</b>	<b>123,603</b>	<b>13,100</b>

#### 9. Other Income

Description	2021-2022 Kshs	2020-2021 Kshs
Catering income	1,270,875	670,585
Supplementary fee	335,600	-
Student application fee	47,000	-
Library fee	6,790	-
Disciplinary charges	30,000	-
EhBB project income	-	650,000
<b>Total Other income</b>	<b>1,690,265</b>	<b>1,320,585</b>

#### 10. Use of Goods and Services

Description	2021-2022 Kshs	2020-2021 Kshs
Medical Expenses	1,435,228	2,493,700
Advertising	6,000	1,643,191
Transport operating expenses	568,650	196,140
Travelling & accommodation	647,916	626,510
Performance contracting	202,010	289,372
Postal and telecommunication	173,162	106,660
Internet/ ICT	4,220,295	3,854,766
Staff Pension Insurance	-	928,890
Deans and senate committees	54,060	-
Electricity	3,280,302	2,832,319
Teaching materials	1,458,014	1,141,961
Library books & other expenses	257,995	329,012
Purchase of stationery	1,139,902	1,252,195
Audit fees	696,000	-

Insurance	526,875	724,944
Legal expenses	50,000	-
Cleaning materials	180,700	53,676
Student Activity expenses	855,125	545,520
Games and sports	79,100	186,395
General Office Supplies	291,060	280,410
Publishing and printing	-	31,030
Research & Training materials	170,500	164,020

External examiners	1,624,360	1,835,980
Training expenses	101,230	1,352,542
Catering	1,087,605	672,188
AUSCO	810,888	708,890
Field Assessment (COBES)	-	1,178,324
Teaching practice	1,203,150	553,850
Academic trips	832,050	-
School of business attachment	427,944	3,150
Purchase of lab materials	491,435	123,854
Subscription to Regulatory bodies	988,100	2,077,459
subscription to Professional bodies	59,800	73,600
ISO Certification expenses	-	91,200
Purchase of uniform	48,000	34,000
Soap and sanitizers expenses	39,600	-
Security services related expenses	905,500	607,000
IGU Meetings meals expenses	248,140	-
Award of charter	107,560	-
Graduation expenses	191,400	-
Funeral home expenses	5,000	-
Covid19 expenses	-	782,658
<b>Total use of goods and services</b>	<b>25,464,656</b>	<b>28,075,406</b>

#### 11. Employee Costs

Description	2021-2022 Kshs	2020-2021 Kshs
Salaries and Wages	130,964,880	116,862,787
Employer contribution to pension schemes	16,003,460	6,518,320
Commuter and car allowances	12,162,500	10,042,116

House allowance	43,080,579	36,122,198
Social contributions (NSSF)	240,400	-
Part-time Lecturers	-	12,280,000
Salaries paib by Moi Aug 2015- Oct 2016	-	21,329,058
<b>Employee costs</b>	<b>202,451,819</b>	<b>203,154,479</b>

#### 12. Council Expenses

Description	2021-2022 Kshs	2020-2021 Kshs
Chairperson's Honoraria	-	435,000
Council Expenses	2,691,470	4,915,806
Medical Insurance	347,754	465,405
<b>Total Council Expenses</b>	<b>3,039,224</b>	<b>5,816,211</b>

#### 13. Depreciation and amortization Expenses

Description	2021-2022 Kshs	2020-2021 Kshs
Building	9,956,269	6,102,923
Motor vehicles	1,790,563	1,790,563
Furniture and fittings	1,939,310	1,184,735
Computers	4,551,757	3,841,544
Plant and equipment	2,355,277	1,558,876
Intangible assets	416,625	416,625
<b>Total depreciation and amortization</b>	<b>21,009,800</b>	<b>14,895,265</b>

#### 14. Repairs and Maintenance

Description	2021-2022 Kshs	2020-2021 Kshs
Maintenance of Buildings	367,830	607,393
Maintenance of plant & Equipment	82,600	145,980
Maintenance of office equipment	159,560	250,800
Maintenance of motor vehicle	192,011	299,178
<b>Total repairs and maintenance</b>	<b>802,001</b>	<b>1,303,351</b>

#### 15. Bank Charges

Description	2021-2022 Kshs	2020-2021 Kshs
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KCB-Main Account	24,267	26,457
KCB-Operations Account	62,855	10,901
KCB-IGU Account	6,150	25,800
Co-op Bank Research Account	600	12,582
<b>Total bank charges</b>	<b>93,872</b>	<b>75,740</b>

**16. a) Cash and Cash Equivalents**

Description	2021-2022 Kshs	2020-2021 Kshs
Current accounts	164,191,645	87,756,648
<b>Total cash and cash equivalents</b>	<b>164,191,645</b>	<b>87,756,648</b>

**16. b) Detailed Analysis of the Cash and Cash Equivalents**

Description	Account Number	2021-2022 Kshs	2020-2021 Kshs
<b>a) Current accounts</b>			
KCB Main account	1201874084	156,007,638	80,840,205
KCB Operations account	1201874025	3,866,919	5,582,124
KCB IGU Account	1239525036	379,560	175,095
Coop- Student account	01141238933900	130,738	367,846
Coop- Research account	01141238804100	3,806,789	791,379
<b>Sub-total</b>		<b>164,191,645</b>	<b>87,756,648</b>
<b>b) Others</b>			
Other incomes-Paybill Account	4091651	-	-
IGU-Paybill Account	4069369	-	-
<b>Sub-total</b>		<b>-</b>	<b>-</b>
<b>Grand-total</b>		<b>164,191,645</b>	<b>87,756,648</b>

**17. Receivables from Exchange Transactions**

Description	2021-2022 Kshs	2020-2021 Kshs
Students' fees	3,262,539	6,450,739
EhBB project	-	400,000
<b>Total current receivables</b>	<b>3,262,539</b>	<b>6,850,739</b>

**18. Receivables from Non-Exchange Transactions**

Description	2021-2022 Kshs	2020-2021 Kshs
GoK Grants for CBA 2017/2021	-	-
<b>Total current receivables</b>	<b>-</b>	<b>-</b>

**19. Inventories**

Description	2021-2022 Kshs	2020-2021 Kshs
Central stores	173,714	353,680
Kitchen Stores	51,250	30,630
Estates	264,500	697,078
Laboratories	330,150	330,150
Consumables (SS)	12,000	-
Consumables (SHS)	148,800	-
Consumables (SESS)	80,970	-
Principal's secretary office	28,500	-
AFD's secretary office	39,275	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>1,129,159</b>	<b>1,411,538</b>

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For the year ended June 30, 2022.

Notes to the Financial Statements (Continued)  
20 a). PROPERTY, PLANT AND EQUIPMENT

Description	Land & Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Capital Work in progress	Total
	2%	25%	12.50%	33.33%	12.50%		Shs
Cost							
As At 1 July 2020	384,021,340	29,162,250	8,421,732	3,630,336	9,266,934	178,372,368	612,874,960
Additions	-	-	1,056,150	7,895,448	3,204,070	57,518,012	69,673,680
Disposals	-	-	-	-	-	-	-
Revaluation	-	12,679,800	-	-	-	-	12,679,800
Transfers/adjustments	44,124,800	(22,000,000)	-	-	-	(44,124,800)	(22,000,000)
As At 30th June 2021	428,146,140	19,842,050	9,477,882	11,525,784	12,471,004	191,765,580	673,228,440
Additions	-	-	6,036,600	2,130,852	6,371,211	71,170,352	85,709,015
Disposals	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Transfer/adjustments	192,667,309	-	-	-	-	(192,667,309)	-
As At 30th June 2022	620,813,449	19,842,050	15,514,482	13,656,636	18,842,215	70,268,623	758,937,455
Depreciation and impairment							
At 1 July 2020	5,220,427	22,020,063	2,394,555	2,972,181	1,732,719	-	34,339,945
Depreciation	6,102,923	1,790,563	1,184,735	3,841,544	1,558,876	-	14,478,640
On Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer/adjustment	-	(22,000,000)	-	-	-	-	(22,000,000)
As At 30 June 2021	11,323,350	1,810,626	3,579,290	6,813,725	3,291,595	-	26,818,585
Depreciation	9,956,269	1,790,563	1,939,310	4,551,757	2,355,277	-	20,593,175
On Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-
As At 30 June 2022	21,279,620	3,601,189	5,518,600	11,365,482	5,646,872	-	47,411,762
Net book values							
At 30 June 2022	599,533,829	16,240,862	9,995,882	2,291,154	13,195,343	70,268,623	711,525,693
At 30 June 2021	416,822,790	18,031,425	5,898,592	4,712,059	9,179,410	191,765,580	646,409,855

Note: Depreciation is calculated on a straight-line basis at annual rates estimated to write off carrying values of the assets over their expected useful lives, the asset is initially measured at its fair value. Depreciation rates in use are: Buildings – 2%, Furniture, plant & Equipment – 12.5%, Motor Vehicle – 25% and Computers – 33.3%.



Notes to the Financial Statements (Continued)

20 b). Plant, Property and Equipment at Cost

Description	Cost	Accumulated Depreciation	NBV
Land	123,000,000	-	123,000,000
Building	497,813,449	21,279,620	476,533,829
Plant and Equipment	18,842,215	5,646,872	13,195,343
Motor vehicles	19,842,050	3,601,189	16,240,862
Computers	13,656,636	11,365,482	2,291,154
Furniture and Fittings	15,514,482	5,518,600	9,995,882
Work In Progress	70,268,623	-	70,268,623
<b>Total</b>	<b>758,937,455</b>	<b>47,411,762</b>	<b>711,525,693</b>

20 c). Plant, Property and Equipment includes the following assets that are fully depreciated:

Description	Cost or Valuation	Normal annual depreciation charge
Motor vehicles	22,000,000	5,500,000
<b>Total</b>	<b>22,000,000</b>	<b>5,500,000</b>

21. Intangible Assets

Description	2021-2022	2020-2021
Cost	Kshs	Kshs
<b>At the beginning of the year</b>	1,250,000	-
Additions	-	1,250,000
<b>At end of the year</b>	<b>1,250,000</b>	<b>1,250,000</b>
Additions-internal development	-	-
<b>At end of the year</b>	<b>1,250,000</b>	<b>1,250,000</b>
<b>Amortization and impairment</b>		
<b>At the beginning of the year</b>	416,625	-
Amortization at the rate of 33.33%	416,625	416,625
<b>At the end of the year</b>	<b>833,250</b>	<b>416,625</b>
Impairment loss	-	-
<b>At the end of the year</b>	<b>833,250</b>	<b>416,625</b>
<b>NBV</b>	<b>416,750</b>	<b>833,375</b>

Notes to the Financial Statements (Continued)

22. Trade and other payables

Description	2021-2022 Kshs	2020-2021 Kshs
Salary deductions	3,740,019	3,751,436
Council tax	-	-
Suppliers	2,046,903	2,169,848
Contactor- Jumba	-	303,723
Contactor- Mershil	-	29,205
Caution Money-Continuing Students	2,452,000	1,690,000
Caution Money-Graduates	302,000	-
Part-timers	-	6,820,000
Retention Fund	14,486,885	17,176,521
EhBB Project (Bank Bal)	3,806,789	791,379
<b>Payables b/f from 2016/17FY: -</b>		
Salaries paid by Moi on behalf of Alupe Nov 2016- Jun 17	33,133,718	33,133,718
Salaries paid by Moi on behalf of Alupe Aug 2015- Oct 16	21,329,058	21,329,058
<b>Total trade and other payables</b>	<b>81,297,373</b>	<b>87,194,888</b>

*Note: Included in the trade and other payable from exchange transactions of Kshs. 33,133,718/= for 2016/17 FY relates to money owed to Moi University for based on a letter from Moi university requesting refund from AUC. Sh 21.3 also relates to salaries paid by Moi from 2015 to 2016 captured as recommended by external auditors so as to reflect the same payable as Moi University.. There decrease in student fees since refund was done and AUC and Moi University Council agreed to clear the issue of fees*

23. Refundable Deposits and Prepayments from customers

Description	2021-2022 Kshs	2020-2021 Kshs
Prepaid Student fees	5,382,700	4,189,880
<b>Total</b>	<b>5,382,700</b>	<b>4,189,880</b>

24. Current Provisions

Description	2021-2022 Kshs	2020-2021 Kshs
Balance b/d (1.07.2021)	-	-
<b>Additional Provisions: -</b>		
Provision for Audit fee	-	300,000
<b>Total Provisions as at 30.06.2022</b>	<b>-</b>	<b>300,000</b>

## Notes to the Financial Statements (Continued)

### 25. Financial Risk Management

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

The University College's financial risk management objectives and policies are detailed below;

#### (i) Credit risk

The College has exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available for- sale- financial investments.

Management assesses the credit quality of each customer taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The council sets the University College's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

Details	Total Amount (Kshs)
<b>As at 30 June 2022</b>	
Receivable from exchange transactions	3,262,539
Receivable from non-exchange transactions	-
Bank Balances	164,191,645
<b>Total</b>	<b>167,454,184</b>
<b>As at 30 June 2021</b>	
Receivable from exchange transactions	6,850,739
Receivable from non-exchange transactions	-
Bank Balances	87,756,648
<b>Total</b>	<b>94,607,387</b>

#### (ii) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the University College Council, who have built an appropriate liquidity risk management framework for the management of the University College's short, medium and long-term funding and liquidity management requirements. The University College manages liquidity risk through continuous monitoring of forecast and actual cash flows.

**Notes to the Financial Statements (Continued)**

Details	Less than 1 Month	Less than 1-3 Months	Over 5 months	Total
<b>As at 30 June 2022</b>				
Trade payables	955,701	1,051,302	39,900	2,046,903
Other Payables	-	-	75,510,451	75,510,451
Provisions	-	-	-	-
Employee benefit Obligation	3,740,019	-	-	3,740,019
<b>Total</b>	<b>4,695,720</b>	<b>12,071,302</b>	<b>75,550,351</b>	<b>81,297,373</b>
<b>As at 30 June 2021</b>				
Trade payables	2,502,776	-	-	2,502,776
Other Payables	-	-	74,120,676	74,120,676
Provisions	-	6,820,000	-	6,820,000
Employee benefit Obligation	3,751,436	-	-	3,751,436
<b>Total</b>	<b>5,921,284</b>	<b>6,820,000</b>	<b>74,120,676</b>	<b>87,194,888</b>

**(iii) Market Risk**

The board has put in place an internal audit function to assist it in the assessing

The risk faced by the entity on an ongoing basis, evaluate and test the design and the effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate

Equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of the market risk management is to manage

and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risks rest with the Audit and Risk Management Committee.

**(a) Foreign currency risk**

The College has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time payment is done using the prevailing exchange rate.

**(b) Interest risk**

Interest risk is the risk that the entity's financial condition may be adversely affected as a result of changes in the interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interests' rates.

**Sensitivity Analysis**

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The

### Notes to the Financial Statements (Continued)

sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

#### (iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The capital structure comprises of the following funds;

Description	2021/2022	2020/2021
	Kshs	Kshs
Revaluation Reserve	135,679,800	135,679,800
Retained Earnings	(142,399,909)	(98,348,235)
Capital Reserve	789,245,822	614,245,822
<b>Total Funds</b>	<b>782,525,713</b>	<b>651,577,387</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	(164,191,645)	(87,756,648)
Net Debt/ (Excess Cash and Cash Equivalent)	(164,191,645)	(87,756,648)
<b>Gearing</b>	<b>-20%</b>	<b>-13%</b>

#### 26. Related Party Disclosures

##### Nature of related party relationships

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

##### Government of Kenya

The Government of Kenya is the principal shareholder of Alupe University College, holding 100% of the University College equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- (i) The National Government
- (ii) The Ministry of Education
- (iii) Board of Directors
- (iv) University College Management

#### 27. Events after the Reporting Period

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

#### 28. Ultimate and Holding Entity

Alupe University College is a State Corporation under the Ministry of Education, State Department for University Education. Its ultimate parent is the Government of Kenya.

#### 29. Currency

The financial statements are presented in Kenya Shillings (Kshs)

19. Appendix

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

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

Reference No on the external audit Report	Issue/Observation from Auditor	Management comments	Status (Resolved/N ot Resolved)	Timeframe
1.	Land measuring 200 acres, which the University College inherited from Moi University. The College does not have any legal document such as title deed for the land. However, although the management had indicated that the process of transferring the title deed from Moi University to Alupe University College is ongoing and was expected to be concluded during the current financial year, 2020, Management has not availed any new evidence on the progress made towards acquiring the ownership documents to safeguard against	The title deed has been transferred to Alupe University	Resolved	2021/2022 FY

Reference	Issue/Observation from Auditor	Management comments	Status (Resolved/Not Resolved)	Timeframe
No on the external audit Report	the risk of irregular/illegal alienation of the land.			

Appendix II: Projects implemented by Alupe University College  
Projects implemented by Alupe University College Funded by the Government

Project Title	Project Number	Donor	Period/ Duration	Donor Commitment	Donor Report Required (YES/NO)	Consolidated in these Financial Statements
1 Library phase 1	AUC/ONT/1/2016/2017	GoK	128 Weeks	None	No	Yes
2 Laboratory & Lecture Rooms	UC/ONT/2/2016/2017/28	GoK	24 weeks	None	No	Yes
3 Admin, Anatomy & Biochemistry Laboratory	AUC/ONT/13/2016/2017	GoK	56 weeks	None	No	Yes
4 Borehole	D106/WE/BSA/1601	GoK	24 Weeks	None	No	Yes
5 Computer Lab & Lecture Rooms	AUC/ONT/01/2019/2020	GoK	24 weeks	None	No	Yes
6 Admin Block Phase II	AUC/ONT/03/2020/2021	GoK	24 weeks	None	No	Yes

Status of Projects Completion

Project	Total Project Cost	Total expended to date	Completion % to date	Budget (Kshs)	Actual (Kshs)	Sources of Funds
1 Library phase 1	191,710,241	191,710,241	100%	191,710,241	191,710,241	GoK
2 Laboratory & Lecture Rooms	24,932,594	24,932,594	100%	24,932,594	24,932,594	GoK

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3	Admin., Anatomy & Biochemistry Laboratory	254,281,320	254,281,320	100%	254,281,320	254,281,320	GoK
4	Borehole	5,936,300	5,936,300	100%	5,936,300	4,684,774	GoK
5	Computer lab & Lecture rooms	28,885,510	28,885,510	100%	28,885,510	28,885,510	GoK
6	Admin Block Phase II	44,995,020	40,878,054	99%	44,995,020	44,995,020	GoK




**Appendix III: Inter-Entity Transfers**

<b>ALUPE UNIVERSITY COLLEGE</b>				
<b>Break down of transfers from state department for university</b>				
<b>FY 2021/2022</b>				
<b>a.</b>	<b>Recurrent Grants</b>			
		<b>Bank statement date</b>	<b>Amount (Kshs)</b>	<b>FY that the money relates</b>
	July	03.08.2021	15,213,895.00	2021/2022
	August	01.09.2021	15,213,895.00	2021/2022
	September	29.09.2021	15,213,894.00	2021/2022
	October	02.11.2021	15,213,895.00	2021/2022
	November	26.11.2021	15,213,895.00	2021/2022
	December	28.12.2021	15,213,895.00	2021/2022
	January	01.02.2022	15,213,895.00	2021/2022
	February	02.03.2022	15,213,895.00	2021/2022
	March	01.04.2022	15,213,894.00	2021/2022
	April	28.04.2022	15,213,895.00	2021/2022
	May	06.06.2022	15,457,191.00	2021/2022
	June	28.06.2022	15,457,191.00	2021/2022
		<b>Total</b>	<b>183,053,330.00</b>	
<b>b.</b>	<b>Development Grants</b>			
		<b>Bank Statement Date</b>	<b>Amount (Kshs)</b>	<b>FY that the money Relates</b>
	August	12.08.2021	87,500,000.00	2021/2022
	March	16.03.2022	87,500,000.00	2021/2022
		<b>Total</b>	<b>175,000,000.00</b>	

The above amounts have been communicated to and reconciled with the State Department of University Education

Head of Finance  
Alupe University College  
Education

  
Head of Accounting Unit  
State Department of University Education

**Appendix IV: Transfers from Other Government Entities**

Name of the MDA Transferring the Funds	Date Received as per Bank Statement	Nature: Recurrent/Development/Others	Total Amount	Where Recorded/Recognized		Total Transfers During the Year 2019/2020
				Statement of Financial Performance	Capital Fund	
			Kshs	Kshs	Kshs	Kshs
State Department of University Education	07.08.2021	Recurrent	15,213,895	15,213,895	-	15,213,895
State Department of University Education	01.09.2021	Recurrent	15,213,895	15,213,895	-	15,213,895
State Department of University Education	29.09.2021	Recurrent	15,213,894	15,213,894	-	15,213,894
State Department of University Education	02.11.2021	Recurrent	15,213,895	15,213,895	-	15,213,895
State Department of University Education	26.11.2021	Recurrent	15,213,895	15,213,895	-	15,213,895
State Department of University Education	28.12.2021	Recurrent	15,213,895	15,213,895	-	15,213,895
State Department of University Education	01.02.2022	Recurrent	15,213,895	15,213,895	-	15,213,895
State Department of University Education	02.03.2022	Recurrent	15,213,895	15,213,895	-	15,213,895
State Department of University Education	01.04.2022	Recurrent	15,213,894	15,213,894	-	15,213,894
State Department of University Education	28.04.2022	Recurrent	15,213,895	15,213,895	-	15,213,895
State Department of University Education	06.06.2022	Recurrent	15,213,895	15,213,895	-	15,213,895
State Department of University Education	28.06.2022	Recurrent	15,457,191	15,457,191	-	15,457,191
State Department of University Education	07.08.2021	Recurrent	15,457,191	15,457,191	-	15,457,191
State Department of University Education	14.09.2020	Development	87,500,000	-	87,500,000	87,500,000
State Department of University Education	14.09.2020	Development	87,500,000	-	87,500,000	87,500,000
<b>Total</b>			<b>358,053,330</b>	<b>183,053,330</b>	<b>175,000,000</b>	<b>358,053,330</b>

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Appendix V: Inter-Entity Confirmation Letter



P. O. Box 845-50400 Busia (K)  
principal@alupe.ac.ke  
Tel: +254 741 217 185  
+254 736 044 469  
off Busia Malaba road

*Pursuing the Frontiers of Knowledge*

[N/A]  
[N/A]

Alupe University College wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 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 [N/A] as at 30<sup>th</sup> June 2022

Reference Number	Date Disbursed	Amounts Disbursed by Alupe University College (Kshs) as at 30 <sup>th</sup> June 2022			Amount Received by [beneficiary Entity] (Kshs) as at 30 <sup>th</sup> June 2021 (E)	Difference s (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		

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In confirm that the amounts shown above are correct as of the date indicated.  
**Head of Accountants department of beneficiary Entity:**  
 Name ..... Sign ..... Date .....

**Appendix VI: Reporting of Climate Relevant Expenditures**

Name of the Organization : Alupe University College  
 Telephone Number : +254 741 217 185  
 Email Address : principal@auc.ac.ke  
 Name of CEO/MD/Head : Prof. Fabian Esamai

Name and contact details of contact person (in case of any clarifications) : CPA Imelda Akhonya

Project Name	Project Description	Project Objectives	Project Activities	Source of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	

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**Note:** Alupe University College did not have any expenditure relating to climate

**Appendix VII: Disaster Expenditure Reporting Template**

Date: 30.06.2022

Entity: Alupe University College

Period to which this report refers (FY)	Year	Quarter				
	FY 2021/2022					
Name of Reporting Officer	Prof. Fabian Esamai					
Contact details of the reporting officer:	Telephone +254 741 217 185					
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

Note: Alupe University College did not have any disaster related expenditure

