REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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# REPORT

# OF

# THE AUDITOR-GENERAL

# ON

# TECHNICAL UNIVERSITY OF MOMBASA

# FOR THE YEAR ENDED 30 JUNE, 2022

OFFICE OF THE AUDITOR GENERAL
P.O. Box 95202, MOMBASA
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*Revised Template 30th June 2022*

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TECHNICAL UNIVERSITY OF MOMBASA

# ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDING

## 30TH JUNE 2022

**TECHNICAL UNIVERSITY OF MOMBASA**
**Annual Report and Financial Statements**
**For the year ended June 30, 2022.**

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## 1. Key Entity Information and Management

### (a) Background information

Technical University of Mombasa (TUM) is an ISO certified institution of global excellence in advancing knowledge, science and technology. Its origin can be traced back to the late 1940's as the first institution of higher learning to be established in the coastal region of Kenya. TUM has passed through four distinct phases to reach its current state. It previously operated as Mombasa Institute of Muslim Education (1948-1966), Mombasa Technical Institute (1966-1972), Mombasa Polytechnic (1972-2007), Mombasa Polytechnic University College through a Legal Notice No. 160 of 2007, and finally awarded the charter as Technical University of Mombasa on 30th January 2013 (under the Universities Act 2012). The University's main campus is domiciled in Kenya within Mombasa County and it has two satellite campuses in Kwale and Lamu Counties.

TUM is profoundly committed to providing quality higher education as envisioned by its founders and mandated by Statute. It has five established Schools namely: Applied and Health Sciences, Engineering and Technology, Business, Humanities and Social Sciences, School of Graduate Studies and an Institute of Computing and Informatics. The University admits students across the globe ranging from Kenya Universities and Colleges Central Placement Service (KUCCPS) to Self-Sponsored programmes (SSP). As a result of the high demand for TUM programmes, the student population has tremendously grown over the years, and currently stands at 19,127 composed of 12,768 males and 6,359 females. TUM also recognizes the importance of human capital in driving the vision of the institution and boasts of 341 teaching staff and 269 administrative staff, giving a total of 610. To ensure programmes are congruent with the market demands, the University incorporates industry, stakeholders and professional bodies in the development and review of programmes to comfortably offer solutions in the labour market in the quest to support the Kenya Vision 2030.

### (b) Principal Activities

**Vision**

A University of global excellence in advancing Knowledge, Science and Technology.

**Mission**

To advance knowledge and its practical application through teaching, research, and innovation to serve both industry and the community.

**Motto**

Endeavour and Achieve (*Jiddu Tajiddu*)

**Strategic Objectives and Principle activities**

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

## (c) Key Management

Technical University of Mombasa day-to-day management is under the following key organs:
i) University Council
ii) Vice Chancellor
iii) Management Board
iv) University Senate

## d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|---|---|---|
| 1. | Vice Chancellor | Prof. Laila Abubakar |
| 2. | Dep. Vice Chancellor (Academic, Research and Extension) | Prof. Peter Gichangi |
| 3. | Dep. Vice Chancellor (Administration, Finance and Planning) | Prof. Joseph Rasowo |
| 4. | Ag. Registrar (Administration and Planning) | Ms. Phydilia Mjomba |
| 5. | Ag. Registrar (Academic Affairs) | Ms. Serah Welime |
| 6. | Registrar (Partnership Research and Innovation) | Dr. Michael Juma Saulo |
| 7. | Finance Officer | CPA Dalton Mwaghogho |
| 8. | Procurement Manager | Mr. James Odhiambo |
| 9. | University Librarian | Dr. Wanyenda Chilimo |
| 10. | Dean of Students | Mr. Joel Awino |
| 11. | Ag. Deputy Chief Legal Officer | Dr. Hamisi Mwadzogo |

## e) Fiduciary Oversight Arrangements

**Finance, Planning and General Purpose Committee**
**Membership: -**

i) Chairperson- independent Council Member as per section 36(1) of the Universities Act.
ii) Cabinet Secretary, National Treasury and Planning Representative.
iii) One independent Member appointed as per section 36(1) of the Universities Act.
iv) Vice Chancellor- Secretary.

**Terms of Reference: -**

1. Manage the University's overall finances and recommend to the Council for approval, the University's annual budget and certain items of major expenditure.
2. Manage the University's physical planning and development including physical projects.
3. Be responsible for:
   i) Investments;
   ii) Ensuring the preparation of proper books and records of accounts of income and expenditure, assets, and liabilities of the University;
   iii) Fund raising for the University;
   iv) Receiving, considering and recommending proposal of physical development plans;
   v) Considering of plans and budgets for recurrent and development expenditure; and
   vi) Monitoring of construction projects in progress.

**Human Resource Management Committee**
**Membership: -**

i) Chairperson- independent Council Member as per section 36(1) of the Universities Act.
ii) Permanent Secretary- Ministry of Education Representative.
iii) One independent Member appointed as per section 36(1) of the Universities Act.
iv) Vice Chancellor- Secretary.

**Terms of Reference**

i) Advise the Council on Schemes of Service and Terms and Conditions of Service for Staff.
ii) Advise Council on Staffing requirements and recruitment of Senior Officers.
iii) Receive and consider from Management disciplinary cases and appeals.
iv) Advise the Council matters relating to the welfare of staff of the University.

**Audit, Risk and Compliance Committee**
**Membership: -**

i) Chairperson- independent Council Member as per section 36(1) of the Universities Act.
ii) The Cabinet Secretary, National Treasury and Planning Representative.
iii) One independent member appointed as per section 36(1) (d) of the Universities Act.
iv) Internal Auditor who shall be Secretary to the Committee.

**Terms of Reference**

i) Receive and consider reports on University internal and external finances and submit its findings.
ii) Review financial statements prior to approval by the Council.
iii) Ensure effectiveness of internal Audit function.

iv) Advice on systems of internal controls and their effectiveness ensure that there are effective measures in place to mitigate against identified business risks.

**Sealing and Statute Committee**

**Membership:**

i) Chairperson- independent Council Member as per section 36(1) of the Universities Act.
ii) Permanent Secretary- Ministry of Education Representative.
iii) One independent Member appointed as per section 36(1) of the Universities Act.
iv) Vice Chancellor- Secretary.

**Terms of Reference**

i) Authorize on behalf of Council the application of the University Seal documents.
ii) Receive and recommend for approval/amendments of Statutes.
iii) Recommend the review of statutes of the University from time to time and whenever necessary.
iv) Advice and or perform on any other matter as may be mandated by the Council.

## f) Entity Headquarters

Technical University of Mombasa.
Tom Mboya Avenue,
P.O. Box 90420-80100,
Mombasa, Kenya

## g) Entity Contacts

Telephone: (254) 41-2492222/3/4
Fax: 254) 41-2495632
Mobile: (254) 0724 955377/0733955377
E-mail: info@tum.ac.ke
vc@tum.ac.ke
Website: www.tum.ac.ke

## h) Entity Bankers

i) National bank of Kenya.
TUM Branch
P.O. Box 576-80100
Mombasa.

ii) Co-operative Bank Limited
Nkrumah Branch
P.O. Box 87771-80100
Mombasa.

iii) Standard Chartered Bank Limited.
Treasury Square Branch
P.O. Box 90170-80100
Mombasa.

iv) Kenya Commercial Bank
Mvita Branch
P.O. Box 83534-80100
Mombasa.

v) Family Bank
Jomo Kenyatta Branch
P.O. Box 97268-80100
Mombasa.

vi) Equity Bank
Digo Road Branch
P.O. Bank 90016-80100
Mombasa.

vii) Absa Bank
Moi Avenue
P.O Box 90182 – 80100
Mombasa.

viii) Gulf Bank
Jomo Kenyatta Avenue Branch
P.O Box 81189-80100
Mombasa.

**i) Independent Auditors**

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

**j) Principal Legal Adviser**

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

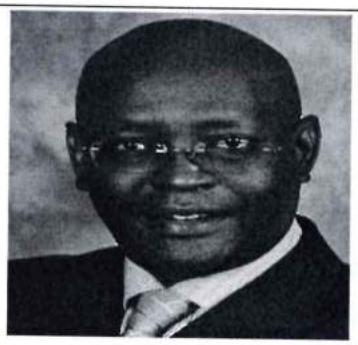
## 2. The University Council

| Ref | Council Members | Details |
|---|---|---|
| 1. | <br>**MR. STANLEY KAGERA**<br>CS Representative - National Treasury<br>Date of Birth: 11th November 1969 | Mr. Kagera holds Master's Degree in Economic Policy Management from Makerere University and a Bachelor of Arts in Economics from Kenyatta University.<br>He is currently the Deputy Director (Public-Private Partnerships) at the National Treasury and Planning and has over 20 years of experience in economics.<br>He is the Cabinet Secretary, National Treasury and Planning representative to the University Council. |
| 2. | <br>**MS. LYDIA MURONJI MUNIALO**<br>PS Representative- State Department of University Education and Research.<br>Date of Birth:29thth September 1969 | Ms. Munialo is the alternate to PS-State Department for University Education and Research, Ministry of Education. Currently she is the Deputy Director, Supply Chain Management Officer. B. Com (Business Administration), University of Nairobi. She has the chattered Institute of Purchasing and Supply (CIPS)<br>Has vast experience in Purchasing and Supply in Civil Service |
| 3. | <br>**MS. JANE MBAGI MUTUA**<br>Independent Council Member<br>Date of Birth:19th February 1972 | Ms. Mutua, holds a Masters in Education (M.Ed) and a Bachelor of Education (B.Ed) from Kenyatta University. Currently she is the Director, Programme Development and Quality (PDQ) at Save the Children Kenya. She specializes in programme management work (design, implementation and monitoring & evaluation). She is an accomplished educationist, researcher and development practitioner. |

| | | |
|---|---|---|
| 4. | <br>**ARCH. ALFRED OGALO MANGO**<br>Independent Council Member<br>Date of Birth: 7th November 1967 | Arch. Mango, holds a Msc.in Architecture, a Higher diploma in Mechanical Engineering and a Diploma in Mechanical Engineering. He is a member of the Board of registration of Architecture and quantity surveyors (BORAQS). He is a Council member of Architecture chapter. He is the Chief Executive Officer of Archipoint consulting Architects. |
| 5. | <br>**DR. DAVIDSON MGHANGA MWAISAKA**<br>Independent Council Member<br>Date of Birth:27th January 1983 | Dr. Mwaisaka holds PhD in Business Administration, Masters in Business Administration double major in Strategic Management and Finance, Bachelor of Laws (LLB), Diploma in Law, Post graduate in Law (LL.M). He is a Certified Secretary of Kenya and a member of Law Society of Kenya, East African Law Society, Common Wealth Law Society, Chartered Institute of Arbitrators, and International Commission of Jurists. |
| 6. | <br>**DR. GIFT KIMONGE DZOMBO**<br>Independent Council Member<br>Date of Birth: 1st January 1974 | Dr. Dzombo holds PhD in Finance, Masters in Business Administration Finance option, Bachelor of Education (Arts) Economics/Business studies option. He is a fully qualified Accountant (CPA-K) and Member of Institute of Certified Public Accountants of Kenya (ICPAK). He is a member of the Institute of Internal Auditors (IIA) Kenya chapter. Dr. Dzombo has over 18 years of experience in the Financial Services Sector and is a former Council Member and Chairperson Audit & Risk Committee, Pwani University. He is also serving as a member of the Audit Committee for National Police Service Commission (NPSC). |

| | | |
|---|---|---|
| 7. | <br>**PROF. LAILA UWESO ABUBAKAR**<br>Vice-Chancellor/ Council Secretary<br>Date of Birth: 13th December 1961 | Prof Abubakar holds a PhD in Bio Chemistry, Masters of Science in Biochemistry and a Bachelor of Science (Biochemistry & Chemistry).<br>She is the Secretary to the Council. |

## 3. Management Team

| | |
|---|---|
| <br>**PROF. LAILA UWESO ABUBAKAR**<br>Vice-Chancellor/ Council Secretary. | Prof Abubakar holds a PhD in Bio Chemistry, Masters of Science in Biochemistry and a Bachelor of Science (Biochemistry & Chemistry). |
|  <br>**PROF. PETER GICHANGI**<br>Deputy Vice Chancellor<br>(Academic, Research & Extension). | Prof. Gichangi holds a PhD in Obstetrics & Gynaecology, MSc Obstetrics & Gynaecology, BSc in Human Anatomy and Basic Medical Degree-MBCHB. |
| <br>**PROF. JOSEPH OUMA RASOWO**<br>Deputy Vice Chancellor<br>(Administration, Finance & Planning). | Prof. Rasowo holds a PhD in Aquatic Ecology/ Aquaculture, MSc in Marine Ecology & Aquaculture, MBA in Strategic Management, BSc in Botany/ Zoology. |
| <br>**MS. SERAH WELIME**<br>Ag. Registrar Academic Affairs | Ms. Welime holds a Masters in Public Administration, Bachelor of Arts in Public Administration, Economics, and Post Graduate Diploma in Education. |

| | |
|---|---|
| <br>**MS. PHIDILIA MJOMBA**<br>Ag. Registrar Administration and Planning | Ms. Mjomba holds a Master of Arts in Economics and Bachelor of Arts in Economics. |
| <br>**CPA DALTON MWAGHOGHO JAMES**<br>Finance Officer. | CPA James holds a MBA (Strategic Management), BSc (Hon) Applied Accounting, is a Fellow of Chartered Certified Accountant (FCCA), Certified Public Accountant of Kenya CPA (K), and a Certified Secretary of Kenya CS (K). |

# 4. Chairman's Statement

**Financial Performance**

During the financial year (FY) 2021/2022 TUM had a surplus of KShs. 144.2M in comparison to the previous FY 2020/2021 when it incurred a deficit of KShs.156.5M. This has led to an improvement in reserves of KShs.300.7M. This improvement was as a result of increase in revenue of KShs.416.6M from KShs. 1,534.6M in the FY 2020/2021 to KShs.1,951.2M in the current FY due to automation of the student invoicing and full resumption of the university activities after the relaxation of the COVID-19 containment measures.

**Strategic Direction**

The University is committed to offering quality programs in line with its strategic vision of global excellence in advancing knowledge, science and technology. The 2018-2022 strategic plan was guided by five strategic themes namely; Governance, Physical Infrastructure, Science Technology Engineering and Mathematics (STEM), Quality Assurance and Human capital.

The Council has been able to approve several key policies in efforts to achieve its strategic targets and in compliance with the prevailing laws and regulations. The Strategic Plan targets achieved during the year with regard to policy was the approval of the Risk Management Framework, Disaster Recovery Plan and Business Continuity Plan. The University was able to hold the 3rd Multi-Disciplinary Conference with most of the papers published in the Multidisciplinary Journal of Technical University of Mombasa (MJTUM).

**Future Outlook**

The University is in the process of reviewing its third 2022-2027 Strategic Plan with a focus on hands-on teaching, research and innovation to serve both industry and the community. There are plans to increase the academic programs through the introduction of new courses on blue economy such as Marine Science and Maritime studies. The University will promote partnership, collaboration and linkages with international and local stakeholders for mutual benefits, increase the research output, innovation activities, revenue streams and

webometric ranking. In addition, the University is committed to be in tandem with the national education trends by strengthening the TVET institute and responding to the requirements of Competency Based Education and Training (CBET).

The University is experiencing the twin problems of inadequate and ageing physical facilities and infrastructure. In order to address the above, the strategic plan 2022-2027 aims to construct and rehabilitate the facilities, purchase motor vehicles, IT hardware and software and equipment.

Chairman of the Council Sign .....

Name: Prof. Francis Kibera CBS Date.....30/6/2023.....

## 5. Report of the Vice Chancellor

I hereby present Technical University of Mombasa (TUM) Annual Report and Financial Statements for the year ended 30th June 2022.

The University is committed to fulfilling the Big Four Agenda, Kenya's Vision 2030, the UN's Sustainable Development Goals and Africa's Agenda 2063 as well as industry demands through embracing competency-based curriculum. To ensure programmes are congruent with the market demands, the University incorporates industry, stakeholders and professional bodies in the development and review of programmes to comfortably offer solutions in the labour market.

The University has five Schools namely: Applied and Health Science, Engineering and Technology, Business, Humanities and Social Sciences, School of Graduate Studies and an Institute of Computing and Informatics. The student population has tremendously grown over the last ten years, and currently stands at 19,127 compared to a population of approximately 12,000 in the year 2012. The University has 341 teaching staff and 269 administrative staff.

In 2021/2022 FY, TUM successfully implemented a number of work place policies to affirm good governance and effective and efficient resource mobilization and utilization. Towards this end, the University surpassed the Appropriation in Aid target from KShs. 739.4M to KShs. 986.1M, leading to a positive variance of Kshs. 246.7M, thus drastically reducing our previous financial deficit.

The impact of the University's performance is further reflected in the recent improved performance contracting (PC) ranking for the 17th PC Cycle FY 2020/2021 where TUM was ranked 4th nationally among the Universities and position 9 among the 239 State Corporations. During the year the University conducted its third multidisciplinary conference and held its 9th Graduation ceremony virtually where 3,805 graduated.

This could not have been achieved without the commitment of the University Council, Management, Staff, students and other stakeholders to whom we are indebted

**Vice Chancellor** Sign .....

**Name: Prof. Laila Abubakar** Date..30/01/2023.....

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

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

TUM has five strategic themes and objectives within the Strategic Plan for the FY 2018- FY 2022 which are as follows:

1) Governance
2) Financial sustainability
3) Quality Assurance
4) Centre of Excellence in Science Technology Engineering and Mathematics.
5) Human Capital Development

TUM develops its annual work plans based on the above five themes. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. TUM achieved its performance targets set for the FY 2021/2022 period for its 2018 – 2022 strategic themes, as indicated in the diagram below: -

| Strategic Themes | Objective | Key Performance Indicators | Activities | Achievements |
|---|---|---|---|---|
| **Governance** | **Organizational structure** | Established office | Establish and strengthen the office of Registrar Partnership Research and Innovations | Strengthen research and extension activities |
| | | Improved communication. | Restructure the office of Corporate Communications to handle public relations | Better PR |
| | **Review of management** | Improved governance. | Develop other new policies. | Policies in place. |
| | | Strengthen Legal Office | Status report | The process of filling in the gap is ongoing. External advert done on 24th May, 2022 advertising for the |

| | | | | |
|---|---|---|---|---|
| | | | | position of Legal officer. |
| | **Change Management** | Reports on new policies. | Aligning all policies to the new strategic plan<br>Develop other new policies | - Several policies have been aligned and approved by the Council.<br>-Policy formulation is still ongoing. |
| | **Branding** | Industrial attachment and internship guidelines. | Establish an Industrial Attachment Policy and Communication Policy | Policies in place and Increased TUM visibility |
| | **Risk Management and compliance** | QMS/ISMS risks matrices documented. | Identify risks<br>Carry out Risk Assessment analysis. | Compliance and documented status reports. |
| **Financial sustainability** | **To ensure financial sustainability** | Number of Patents submitted.<br>Number of Proposals funded externally. | Increase the number of self-sponsored students (SSP) Patents, research and business opportunities. | 42 patents have been submitted to KIPI since the F.Y 2018/2019 to date.<br>25 research proposals have been funded since 2018. |
| | | Facilities used to generate money for the relevant departments. | Commercialize laboratory and workshop facilities, | Engineering, Business and ICT Departments already generates funds. |
| **Quality Assurance** | **Ensure quality governance structure** | Acquire QMS certification. | Sensitization on 9001:2015 and recertification. | The continued certification of the University QMS by SGS Kenya Limited since December, 2018.<br><br>ISO 9001:2015 Sensitization Trainings to all TUM staff in June and July, 2020 and 2021. |

| | | | | |
|---|---|---|---|---|
| | **Ensure quality in curriculum development, review and delivery** | Number of CUE accredited programmes.<br>Number of new programmes developed and submitted to CUE and other professional bodies.<br>Number of programmes reviewed after completion of cycle or as need may arise.<br>Number of programmes revamped and re-submitted to CUE. | Compliance with CUE and other professional bodies' regulations. | -12 programmes were accredited by CUE in January 2020.<br>-5 programmes were accredited by CUE in May, 2021.<br>-10 new programmes were developed and submitted to CUE for accreditation between March 2019 and December 2020.<br>-2 programmes were developed and submitted to professional bodies for approval in August and September 2020.<br>-6 programmes were reviewed after completion of cycle or as need arose December 2019.<br>-29 programmes revamped and re-submitted to CUE in between April 2019 and July 2022 |
| **Centre of Excellence in STEM** | **Expand Research and Innovations** | Attendance sheet, number of workshop/seminars conducted. | Each department to carry out at least two seminars/ workshops annually. | Maths and physics department. |
| | | Number of multidisciplinary conferences. | Organized three International Multidisciplinary Conference. | Improved research culture. |

| | | | | |
|---|---|---|---|---|
| | **Building research Culture** | Dissemination on of research findings. | Establish School driven University Research Journal. | University journal established. |
| | | Number of research funded, number of facilitated peer journal publication. | Increase fund allocation to individual researchers and research groups. | Funds has increased for individuals. 150 publications done were done during the implementation period of the plan |
| | **Improve skills of teaching and technical staff.** | Number of technical staff and lecturers attached to the industry. | Initiate staff and students exchange programmes including Adjunct professorships. | Four (4) students and (6) six staff were engaged with the Mid Sweden University |
| | **Enhance Partnership, Collaborations and Linkages.** | Number of collaborations/partnership. | Develop additional mutually beneficial research partnership/collaborations. | 26 MoUs signed from 2019 to date and their implementation is ongoing |
| **Human Capital Development** | **Attract and retain competent workforce** | Training reports and number of staff trained. | 500 staff have been sensitized on service delivery, public complaints, Road Safety, Corruption prevention, and fire handling, among other relevant in-house trainings. | Relevant skills and improved services. |
| | | Number of trainings attended. | A total of 28 staff trained at KSG and other relevant Institutions on short courses.. | Improved customer services |

## 7. Corporate Governance Statement

Technical University of Mombasa is committed to the highest standards of corporate governance and ethics in the discharge of its functions. The University takes recognition of the various stakeholders, funding agencies, and the regulations thereto, relating to its obligations as provided in the Universities Act, 2012 and Technical University of Mombasa Charter, 2013.The Council is responsible for the overall governance of the University.

The University Statutes and Council Charter offers guidance on how the Council discharges its mandate at the University. These responsibilities relate to the proper conduct of University business, policy development, strategic planning, monitoring effectiveness and performance, finance, audit, estate management, human resource management, equality and diversity, student welfare, health and safety and the appointment of University Officers.

The Council has the following committees: Executive Committee (Also known as the Full Council); Audit, Risk and Compliance Committee; Finance, Planning and General Purposes Committee; Human Resources Management Committee and the Sealing and Statutes Committee. All Council Committees meet as per the Council Almanac. The Committees report to the full Council through Council Committee reports presented by the Chairpersons of the above-mentioned Committees. All resolutions of the Council are executed by the Council Secretary who is the Vice Chancellor through the University Management Board.

## The Council Members Terms (FY 2021/2022)

| S/N | COUNCIL MEMBER | POSITION | APPOINTMENT | EXIT | TERM |
|---|---|---|---|---|---|
| 1. | Dr. Davidson Mwaisaka Mghanga | Independent member | 8/11/2019 | 7/11/2022 | 3 years |
| 2. | Arch. Alfred Ogalo Mango | Independent member | 10/03/2020 | 09/03/2023 | 3 years |
| 3. | Ms. Jane Mbagi Mutua | Independent member | 10/03/2020 | 09/03/2023 | 3 years |
| 4. | Dr. Gift Kimonge Dzombo | Independent member | 10/03/2020 | 09/03/2023 | 3 years |
| 5. | Mr. Stanley Maina Kagera | Alternate- CS The National Treasury and Planning | 05/05/2021 | | |
| 6. | Ms. Lydia Munialo | Alternate – PS State Department For University Education (Ministry of Education) | 1/12/2021 | 30/11/2023 | 2 years |

## FULL COUNCIL BOARD MEETINGS

During the FY 2021/2022 the Council met on the following dates:

| COUNCIL MEMBER | 14/07/21 | 27/08/21 | 14/10/21 | 10/12/21 | 14/01/22 | 01/02/22 | 14/04/22 | 13/07/2022 |
|---|---|---|---|---|---|---|---|---|
| Dr. Davidson Mwaisaka Mghanga | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Arch. Alfred Ogalo Mango | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ms. Jane Mbagi Mutua | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dr. Gift Kimonge Dzombo | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Stanley Maina Kagera | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ms. Lydia Munialo | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Prof. Laila Abubakar | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

The Council received approval from the Cabinet Secretary, Ministry of Education to hold Special meetings that were held on 10th December 2021 and 1st February 2022.

## Council Committees during the FY 2021/2022

The following shows the Committee Membership during the FY 2021/2022.

| COMMITTEE | MEMBERS |
|---|---|
| **Finance, Planning and General Purposes Committee** | 1. **Dr. Davidson Mwaisaka– Chairperson**<br>2. Mr. Stanley Kagera –Rep CS National Treasury<br>3. Prof. Laila Abubakar - Secretary |
| **Human Resource Management Committee** | 1. Ms. Jane Mbagi Mutua – **Chairperson**<br>2. Ms. Lydia Munialo – Rep PS MOE<br>3. Dr. Davidson Mwaisaka – Member |

| | |
|---|---|
| | 4. Prof. Laila Abubakar - Secretary |
| **Audit, Risk and Compliance Committee** | **1. Dr. Gift Kimonge – Chairperson**<br>2. Arch. Alfred Mango – Member<br>3.. Mr. Stanley Kagera –Rep CS National Treasury<br>3. Mr. Samuel Mureithi - Secretary |
| **Sealing and Statutes Committee** | **1. Arch. Alfred Mango – Chairperson**<br>2. Ms. Lydia Munialo – Rep PS MOE<br>3. Prof. Laila Abubakar – Secretary |

The following are the tables showing the sittings of the Committees listed above:

*Finance, Planning and General Purposes Committee (FPGP)*

| COMMITTEE MEMBER | POSITION | 8/10/21 | 09/12/21 | 10/1/22 | 08/04/22 | 12/07/22 |
|---|---|---|---|---|---|---|
| Dr. Davidson Mwaisaka. | Chairman | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Stanley Kagera | Alternate- CS The National Treasury and Planning | ✓ | ✓ | ✓ | ✓ | ✓ |
| Prof. Laila Abubakar | Council Secretary/ Vice Chancellor | ✓ | ✓ | ✓ | ✓ | ✓ |

*Human Resource Management Committee (HRMC)*

| COMMITTEE MEMBER | POSITION | 24/09/21 | 17/12/21 | 01/02/22 | 25/3/22 | 4/07/2022 |
|---|---|---|---|---|---|---|
| Ms. Jane Mbagi Mutua | Chairman | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dr. Davidson Mwaisaka | Independent Member | ✓ | ✓ | ✓ | ✓ | ✓ |
| Prof. Laila Abubakar | Council Secretary/ Vice Chancellor | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ms. Lydia Munialo | Alternate – PS State Department For University Education (Ministry of Education) | ✓ | ✓ | ✓ | ✓ | ✓ |

*Sealing and Statutes Committee (SSC)*

| COMMITTEE MEMBER | POSITION | 27/9/21 | 10/01/22 | 25/3/22 | 7/07/22 |
|---|---|---|---|---|---|
| Arch. Alfred Mango | Chairman | ✓ | ✓ | ✓ | ✓ |
| Ms. Lydia Munialo | Alternate – PS State Department For University Education (Ministry of Education) | ✓ | ✓ | ✓ | ✓ |
| Prof. Laila Abubakar | Council Secretary/ Vice Chancellor | ✓ | ✓ | ✓ | ✓ |

*Audit, Risk and Compliance Committee*

| COMMITTEE MEMBER | POSITION | 8/10/21 | 14/10/21 | 10/1/22 | 28/2/22 | 08/04/22 | 8/07/22 |
|---|---|---|---|---|---|---|---|
| Dr. Gift Kimonge | Chairman | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Arch. Alfred Mango | Independent Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Stanley Kagera | Alternate – CS National Treasury and Planning | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Samuel Mureithi | Internal Auditor/ Secretary | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

**Succession Plan**

The Universities Act 2012 provides in Section 36 (5) the modalities of establishing an adequate Succession plan for the Council. The University has in place an adequate plan that ensures that the Council retains a quorum regardless of the expiration of terms of some of its members. From the breakdown of terms highlighted above, you will note that the Council terms are staggered ensuring that at no particular time would the Full Council be without quorum regardless of the expiry of terms of the members. This ensures continuity in the activities of the Council. Furthermore, the Council Secretary notifies the Ministry of Education six months (6) prior to the expiry of term of a council member to ensure that recruitment is undertaken and the position filled within the required timelines.

**Council Charter**

The Council is guided by its Charter that defines the Council's roles and responsibilities as well as functions and structures in a way that supports the Council members in carrying out their strategic oversight function. The Charter was adopted by the Council on 1st February 2019.

The Committees are also guided by Charters which were prepared in accordance with the provisions of the Circular on the Management of State Corporations (Guidelines on the Management of State Corporations issued vide Circular No. OP/CAB.9A/1A of March 2020. The Committee Charters were approved by the Council in their meeting held on 14th July 2020.

**Appointment and Removal of Council Members**

Council members are appointed through the Ministry of Education with the exception of the Representative from the National Treasury. The Council Charter in section 3.4 provides the instances where membership shall cease and outlines that any removal of a member shall be through formal revocation, save where the member has tendered a voluntary resignation.

**Roles and Functions of the Council and its Committees**

The roles and functions of the Council are set out in the Council Board Charter under Section 4. These roles include; Strategic Direction, Recruitment, Research, Education, Financial and Capital Oversight, Ethical Standards, Corporate Governance and Regulatory Compliance, Risk Oversight and Stakeholder Management. The Council Committees have been apportioned the above roles to ensure delivery of its mandate.

**Conflict of Interest**

The University Council adheres to the provisions on declaration of Conflict of Interest by ensuring that conflict of interest is declared before any meeting of Council begins. The Council has also put in place a Conflict of Interest register submitted quarterly to the Ethics and Anti-Corruption Commission. The Council has spearheaded the establishment of the Anti-Corruption and Whistleblowing policy in efforts to sensitise Council, Management and staff on the adverse effects of corruption and ensure that whistleblowing is encouraged and protected. Furthermore, the University Code of Conduct and Ethics stipulates clearly the requirements on declaration of conflict of interest. The Council approved the Conflict of Interest Policy in its meeting held on 14th July 2021.

**Board Remuneration**

The Council receives remuneration as per the set Government Guidelines. During the FY2021/2022 Council members were paid sitting, subsistence and travel allowances as per the Government approved rates.

**Council Evaluation**

In line with the provisions of the State Corporations Act 2012, the annual evaluation for the FY ended 30th June 2022 was done on 23rd August 2022. This was aimed at enabling the Council members and the Committees to gauge their performance and identify areas of improvement. The evaluation was undertaken by SCAC and the university is yet to receive the evaluation results.

**Governance Audit**

The University was unable to undertake the Governance Audit during the FY2021/2022 due to the failure to obtain a qualified bidder through Government to Government procurement. This has been rescheduled to be undertaken in the FY 2022/2023.

**Council Diversity**

The Council of Technical University of Mombasa is committed to diversity and reflects a mix of different skill sets beneficial to the Institution. The areas of expertise of the current Council members are Chemistry, Law, Economics, Banking, Architecture, Procurement, Finance, Audit and Education. The Council also meets the requirements on ethnic diversity.

Below is the current Council diversity structure:

| COUNCIL MEMBER | POSITION | GENDER | EXPERTISE | ETHNICITY |
|---|---|---|---|---|
| Prof. Francis N. Kibera | Chairman | Male | Business | Embu |
| Dr. Davidson Mwaisaka Mghanga | Independent member | Male | Law | Taita |
| Mr. Stanley Maina Kagera | Alternate- CS The National Treasury and Planning | Female | Economics | Kikuyu |
| Ms. Lydia Munialo | Alternate – PS State Department For University Education and Research (Ministry of Education) | Female | Education/ Procurement | Luhya |
| Arch. Alfred Ogalo Mango | Independent member | Male | Architecture | Luo |
| Ms. Jane Mbagi Mutua | Independent member | Female | Education | Kikuyu |
| Dr. Gift Kimonge Dzombo | Independent member | Male | Finance/Audit | Mijikenda |
| Prof. Laila Abubakar | Council Secretary/ Vice Chancellor | Female | Biochemistry | Swahili |

**University Management**

The daily management of the University is vested in the University Management Board (UMB) with the Senate overseeing management of academic programs. The roles of UMB and Senate are detailed in the University Charter and its Statutes. Meetings of the Senate include Regular, Board of Examiners, Special and Extraordinary. The Vice Chancellor of the University is the Chairperson of both UMB and Senate.

## 8. Management Discussion and Analysis

In the financial year ended 30 June, 2022, Technical University of Mombasa had a net Surplus of KShs. 144.2M compared to prior year deficit of KShs. 156.5M, an improved performance by KShs. 300.7M. Total income Increased to KShs. 1,951.2M from KShs. 1,534.6M in year 2020/2021, an increase of KShs 416.6M. The increase was attributed by increase in GoK grants by KShs. 39.3M from KShs. 922.6M in previous year to KShs. 961.9M in the reporting year. The increase comprised of increase of GoK grant of KShs.35.7M from the prior year and KShs.3.5M as supplementary budget to cater for Collective Bargain Agreement (CBA) payment. However, it was noted that the above increment was not sufficient to fully cater for the University operations.

The Appropriation in Aid (A-in-A) increased by KShs. 377.2M from KShs. 612M in previous year to KShs. 989.3M in the reporting year. This was attributed to increase of other income by KShs 123.4M from KShs 286.6M in previous year to KShs. 410.1M in the reporting year. Tuition fees also increased by KShs. 253.7M from KShs 325.3M in previous year to KShs. 579.1M in the reporting year. The above increments were attributed to the automation of the student invoicing system and the full resumption of the University activities after the lifting of the COVID-19 protocols.

Total expenses increased by KShs. 115.8M from KShs. 1,691.2M in previous year to KShs. 1,807.0M in the reporting year. This was mainly attributed to increase in personnel emoluments by KShs. 83.1Mcompared to prior year. The increase in personnel emolument was due to Pension Employer expense KShs.25.5M due to increased basic salary after CBA implementation, Gratuity KShs.29.9M due to expired contracts and part time payment KShs. 42.8M due to resumption of normal teaching after COVID-19 pandemic. Increased activities at the University after the lifting of the COVID-19 protocols also resulted to an increase in the following expenses; Operating and Administration expenses which increased by KShs. 17.5M, repairs and maintenance by Kshs. 22M, teaching expenses by KShs. 1.9M and depreciation by KShs. 42M.

In the statement of financial position, total assets increased by KShs. 74.8M from KShs.3,504.2M in the previous year to KShs. 3,579.1M in the reporting year. There was an improvement in liquidity ratio from 0.6 in prior year to 1.3 in the current reporting year. The improvement was attributed to increase in current assets by KShs. 186.4M and decrease in current liabilities by KShs. 115.0M. The increase in current assets was as a result of increased student debtors due to student invoicing automation whereas the decrease in current liabilities was as a result of the decrease in trade payables which shows the University's commitment in clearing its outstanding trade payables as per the government directive.

## 9. Report of the Council

The Council submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Technical University of Mombasa affairs.

### i) Principal activities

The principal activities of the University are teaching and research.

### ii) Results

The results of the University for the FY ended June 30, 2022, are set out on page 1 to 5

### iii) Council

The University Council members who served during the year are shown on page vii to xi.

### iv) Auditors

The Auditor-General is responsible for the statutory audit of the Technical University of Mombasa in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the FY ended June 30, 2022.

By Order of the Council

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**Prof. Laila Abubakar**

**Secretary to the Council**

## 10. Statement of Council Responsibilities

Section 81 of the Public Finance Management Act, 2012 require the Council to prepare financial statements in respect of TUM, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of TUM for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy of its financial position. The Council is also responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of its state of affairs 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 University; (iii)Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv)Safeguarding the assets of the University; (v)Selecting and applying appropriate accounting policies; and (vi)Making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Council is of the opinion that TUM's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2022, and of the financial position as at that date.

The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The University's financial statements were approved by the Council on 13th October 2022 and signed on its behalf by:

| | |
|---|---|
| Name: Prof. Francis Kibera CBS | **Prof. Laila Abubakar** |
| **Chairperson of the Council** | **Vice Chancellor** |

# REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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

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

### PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance, which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

**Qualified Opinion**

I have audited the accompanying financial statements of Technical University of Mombasa set out on pages 1 to 46, which comprise of the statement of financial position

as at 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 the Technical University of Mombasa 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 the Universities Act, 2012.

**Basis for Qualified Opinion**

**1. Disputed Land Ownership**

The statement of financial position reflects property, plant and equipment balance of Kshs.3,066,159,630 which includes freehold land balance of Kshs.1,047,422,550 as disclosed in Note 15 to the financial statements. The balance includes a parcel of land located in Mombasa valued at Kshs.130,000,000. However, as previously reported, the land ownership was in dispute following illegal encroachment, a matter which the Management asked the High Court to grant eviction orders.

Information provided by the Management regarding the matter indicated that the case was mentioned on 5 July, 2021 to confirm a surveyor's report which had been filed in Court. However, the court ruling of 28 October, 2021 dismissed the case rendering the issue unresolved.

In circumstances, the ownership, accuracy and completeness of the University's freehold land valued at Kshs.130,000,000 could not be confirmed.

**2. Work in Progress**

The statement of financial position reflects property, plant and equipment balance of Kshs.3,066,159,630 as disclosed in Note 15 to the financial statements which includes work in progress valued at Kshs.75,019,542. The following observations were made:

**2.1 Abandoned Library Detective System**

As previously reported, the work in progress includes an advance payment of Kshs.1,802,697 made in February, 2014 for a library detective system. However, no supporting documents for the payment were provided for audit review. Further, the system was supplied but later returned after being found defective but no replacement was made and instead the supplier abandoned the project. Efforts to recover the advance payment which included filing a suit against the supplier in High Court and engaging the

services of an auctioneer were unsuccessful. At the time of audit in October, 2022, the matter had been referred to the Ethics and Anti-Corruption Commission for investigations.

Further, Management did not write off or make an impairment provision in respect of the abandoned project. The University was yet to obtain value for money on the payment of Kshs.1,802,697 towards the project.

In the circumstances, the accuracy and completeness of work in progress valued as Kshs.75,019,542 could not be confirmed.

### 2.2 Stalled Perimeter Fencing Project

The work-in-progress balance of Kshs.75,019,542 includes expenditure of Kshs.6,930,750 in respect of construction of a perimeter fence on parcel of land located in Kaloleni, Mombasa County, which was abandoned before the project was completed. Management explained that the project was abandoned due to lengthy and expensive process of obtaining the title to the land. However, it was not clear why due diligence was not conducted to ensure that title deed was obtained before the expenditure was incurred.

In the circumstances, the University did not obtain value for money for the payment of Kshs.6,930,750 made towards the project.

### 3. Unsupported Other Creditors

As disclosed in Note 27 to the financial statements, the statement of financial position reflects other creditors of Kshs.334,634,059. The amount includes creditors totalling to Kshs.26,533,901 whose details including invoices, job cards, purchase orders and contract agreements were not provided for audit review.

In the circumstances, the propriety, accuracy, completeness and validity of the other creditors balance of Kshs.26,533,901 could not be confirmed.

### 4. Students Caution Money not Accounted For

As disclosed in Note 28 to the financial statements, the statement of financial position reflects long term liabilities of Kshs.41,962,785 which includes an amount of Kshs.34,976,678 in respect of students' caution money, an increase of Kshs.6,711,500 from the previous year's balance of Kshs.28,265,178. However, the increase is not proportionate or consistent with the expected amount of Kshs.8,056,000 from the reported five thousand three hundred and seventy-one (5371) students admitted for the year under review, calculated at a rate of Kshs.1,500 per student, given that no refunds were made in the same period. No justification was provided for the difference of Kshs.1,345,000 between the reported increase in the financial statements and the total amount expected from the admissions. In addition, two (2) students did not pay the requisite caution money of Kshs.3,000 at the time of admission.

In the circumstances, the accuracy and completeness of the students caution money of Kshs.34,976,678 could not be confirmed.

## 5. Failure to Bond an Officer Sponsored for Studies

The statement of financial position reflects net receivables from exchange transactions balance of Kshs.339,334,239, as disclosed in Note 22 to the financial statements. The balance includes an amount of Kshs.1,754,446 due from an officer who had left the University's employment after being sponsored by the University for further studies at a cost of Kshs.2,754,446. However, evidence of efforts to recover the amount from the employee and bonding of the officer before proceeding for the studies were not provided for audit review.

In the circumstances, the recoverability of the receivables balance of Kshs.1,754,446 is doubtful.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Technical University of Mombasa 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 audit 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.

### Other Matter

### Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual revenue of Kshs.1,951,298,605 against a budgeted amount of Kshs.1,701,402,804, resulting in an over-collection of Kshs.249,895,801 or 15% of the budget. Similarly, the University spent an amount of Kshs.1,692,548,260 against an approved budget of Kshs.1,682,505,804, resulting in an over-expenditure of Kshs.10,042,456 or 1% of the budget.

## 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 matter 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

### Establishment of Campuses by the University

Review of the background information as provided under key entity information and Management section of the financial statements and annual reports indicates that the University has satellite campuses in Kwale and Lamu Counties. However, the established campuses did not have a provisional or full accreditation as required of Regulation 45(3) of the Universities (Amendment), Regulations, 2019.

Further, the campuses' details were omitted from the financial statements in respect of tuition income generated from a student population of one hundred and nine(109) and three hundred and fifty-six (356) for Lamu and Kwale campuses respectively, including their financial viability as required by Regulation 44(e) of the Universities (Amendment), Regulations, 2019 that requires the establishment of a University campus to be accompanied by the financial resources including the financial viability and a five (5)-year financial projection plan.

In the circumstances, 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 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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## Basis for Conclusion

### Inadequacies in Debt Recoveries

As disclosed in Note 22 to the financial statements, the statement of financial position reflects gross student debtors balance of Kshs.339,334,239 which includes a balance of Kshs.363,283,301 attributed to the recognition of a debt immediately a student is enrolled. The debtors' amount is an increase of Kshs.125,066,843 as compared to the previous year's balance of Kshs.238,216,458. However, no details were provided of the corresponding increase in the number of students. Further, no information was provided of the measures put in place to recover the debts as required by Section 4.7 of the Technical University of Mombasa Financial Management Policy, 2019.

In the circumstances, recoverability of the students debtors of Kshs.363,283,301 is doubtful.

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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

**Responsibilities of Management and the University Council**

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

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

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

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

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

**Auditor-General's Responsibilities for the Audit**

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, 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 control would not necessarily disclose all matters in the internal control 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 control 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 policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the applicable basis of accounting method 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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

**CPA Nancy Gathungu, CBS**
**AUDITOR-GENERAL**

**Nairobi**

**31 March, 2023**

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

| | Notes | 2021-2022 | 2020-2021 |
|---|---|---|---|
| | | Kshs | Kshs |
| REVENUE | | | |
| REVENUE FROM NON-EXCHANGE TRANSACTIONS: | | | |
| GOK GRANTS | 6 | 961,990,433 | 922,640,668 |
| **TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS** | | **961,990,433** | **922,640,668** |
| | | | |
| REVENUE FROM EXCHANGE TRANSACTIONS: | | | |
| OTHER INCOME | 7 | 410,151,798 | 286,681,889 |
| TUITION FEES | 8 | 579,156,374 | 325,365,243 |
| **TOTAL REVENUE FROM EXCHANGE TRANSACTIONS** | | **989,308,172** | **612,047,132** |
| **TOTAL INCOME** | | **1,951,298,605** | **1,534,687,800** |
| | | | |
| EXPENSES | | | |
| PERSONNEL EMOLUMENTS | 9 | 1,461,325,569 | 1,378,210,543 |
| COUNCIL EXPENSES | 10 | 8,696,421 | 9,197,187 |
| OPERATING / ADMINISTRATION EXPENSES | 11 | 109,478,250 | 91,908,136 |
| TEACHING EXPENSES | 12 | 59,614,148 | 57,632,637 |
| STUDENTS WELFARE | 13 | 7,006,777 | 7,052,408 |
| REPAIRS & MAINTENANCE | 14 | 45,027,095 | 23,019,108 |
| DEPRECIATION | 15 | 101,051,424 | 108,329,684 |
| AMORTIZATION | 16 | 454,045 | 214,925 |
| AUDIT FEES | 17 | 1,400,000 | 1,400,000 |
| PROVISION FOR BAD DEBTS | 18 | 12,522,134 | 13,867,464 |
| FINANCE COSTS | 19 | 0 | 381,030 |
| BAD DEBTS WRITTEN OFF | 20 | 501,900 | 0 |
| | | | |
| | | **1,807,077,763** | **1,691,213,122** |
| | | | |
| SURPLUS/(DEFICIT) FOR THE YEAR | | **144,220,842** | **(156,525,322)** |
| | | | |
| TAX | | 0 | 0 |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | | **144,220,842** | **(156,525,322)** |

The notes set out on pages 6 to 49 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Vice Chancellor

Prof Laila Abubakar

Date 30.01.2023

Finance Officer

Dalton Mwaghogho

ICPAK M/N0: 2744

Date 30/1/2023

Chairman of the Council

Prof Francis Kibera

Date 30/1/2023

## 14 Statement of Financial Position as at 30 June 2022

| | Notes | 2021-2022 Kshs | 2020-2021 Kshs |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| INVENTORIES | 21 | 57,931,999 | 60,275,862 |
| RECEIVABLES FROM EXCHANGE TRANSACTIONS | 22 | 339,334,239 | 162,367,709 |
| RECEIVABLES FROM NON EXCHANGE TRANSACTIONS | 23 | 17,808,321 | 9,813,516 |
| CASH & BANK BALANCES | 24 | 85,511,713 | 81,898,880 |
| **TOTAL CURRENT ASSETS** | | **500,586,272** | **314,355,967** |
| **NON - CURRENT ASSETS** | | | |
| PROPERTY ,PLANT & EQUIPMENT | 15 | 3,066,159,630 | 3,179,103,263 |
| INTANGIBLE ASSETS | 16 | 1,817,278 | 501,483 |
| INVESTMENTS | 25 | 10,571,938 | 10,571,938 |
| **TOTAL NON-CURRENT ASSETS** | | **3,078,548,846** | **3,190,176,684** |
| **TOTAL ASSETS** | | **3,579,135,118** | **3,504,532,651** |
| **CURRENT LIABILITIES** | | | |
| TRADE AND OTHER PAYABLES | 26 | 35,002,035 | 41,266,481 |
| OTHER CREDITORS | 27 | 334,634,059 | 447,788,028 |
| CASHBOOK OVERDRAFT | 24 | 4,383,883 | 264,919 |
| **TOTAL CURRENT LIABILITIES** | | **374,019,977** | **489,319,428** |
| **NON-CURRENT LIABILITIES** | | | |
| LONG-TERM LIABILITIES | 28 | 41,962,785 | 35,251,285 |
| **TOTAL NON-CURRENT LIABILITIES** | | **41,962,785** | **35,251,285** |
| **TOTAL LIABILITIES** | | **415,982,762** | **524,570,713** |
| **NET ASSETS** | | | |
| CAPITAL FUND | 29 | 3,427,167,953 | 3,427,167,953 |
| OTHER FUNDS & RESERVES | 30 | (533,040,187) | (716,230,605) |
| DONATED ASSETS FUND | 31 | 269,024,590 | 269,024,590 |
| **TOTAL NET ASSETS** | | **3,163,152,356** | **2,979,961,938** |
| **TOTAL NET ASSETS AND LIABILITIES** | | **3,579,135,118** | **3,504,532,651** |

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

| | | |
|---|---|---|
| ...Abubakar..... | ..... | ..... |
| **Prof Laila Abubakar** | **Dalton Mwaghogho** | Prof Francis Kibera |
| **Vice Chancellor** | **Finance Officer** | **Chairman of the Council** |
| | **ICPAK M/No:: 2744** | |
| **Date** 30/01/2023 | **Date** 30/1/2023 | **Date** 30/1/2023 |

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

| | General Fund | Revaluation Reserve | Retained Earnings | Development Grants | Other Funds & Reserves | Donated Assets Fund | Total |
|---|---|---|---|---|---|---|---|
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| **Balance At At July 1, 2020** | 2,099,590,762 | 16,052,406 | (560,708,782) | 1,312,233,248 | (7,520,608) | 269,024,590 | 3,128,671,616 |
| Revaluation Reserves | | 2,054,782 | | | | | 2,054,782 |
| Revenue Reserve | | | 1,003,499 | | | | 1,003,499 |
| Surplus (deficit) for the Year | | | (156,525,322) | | | | (156,525,322) |
| Assets Adjustment Reserves | | | | | 4,757,363 | | 4,757,363 |
| **Balance At At June 30, 2021** | **2,099,590,762** | **18,107,188** | **(716,230,605)** | **1,312,233,248** | **(2,763,245)** | **269,024,590** | **2,979,961,938** |
| | | | | | | | |
| | General Fund | Revaluation Reserve | Retained Earnings | Development Grants | Other Funds & Reserves | Donated Assets Fund | Total |
| **Balance At At July 1, 2021** | 2,099,590,762 | 18,107,188 | (716,230,605) | 1,312,233,248 | (2,763,245) | 269,024,590 | 2,979,961,938 |
| Revenue Reserve | | | 38,969,576 | | | | 38,969,576 |
| Surplus (deficit) for the Year | | | 144,220,842 | | | | 144,220,842 |
| **Balance As At June 30, 2022** | **2,099,590,762** | **18,107,188** | **(533,040,187)** | **1,312,233,248** | **(2,763,245)** | **269,024,590** | **3,163,152,356** |

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

| | Notes | 2021-2022 Kshs | 2020-2021 Kshs |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| SURPLUS/ (DEFICIT) FOR THE YEAR | | 144,220,842 | (156,525,322) |
| ADJUSTMENT FOR : | | | |
| DEPRECIATION | 15 | 101,051,424 | 108,329,684 |
| AMORTIZATION | 16 | 454,045 | 214,925 |
| INCREASE/DECREASE IN PROVISION FOR BAD DEBTS | 18 | 12,522,134 | 13,867,464 |
| **CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES** | | **258,248,445** | **(34,113,249)** |
| **WORKING CAPITAL CHANGES** | | | |
| INCREASE/DECREASE INVENTORIES | 21 | 2,343,863 | (16,655,801) |
| TRADE RECEIVABLES | 22&23 | (133,393,747) | 75,573,756 |
| PRIOR YEAR ADJUSTMENT-PROVISION FOR BAD DEBTS | | (64,089,722) | 0 |
| TRADE PAYABLES | 26&27 | (119,418,415) | 33,447,914 |
| **NET CASH FLOW FROM WORKING CAPITAL CHANGES** | | **(314,558,021)** | **92,365,869** |
| **NET CASH FLOW FROM OPERATING ACTIVITIES** | | **(56,309,576)** | **58,252,620** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| PURCHASE OF PROPERTY ,PLANT & EQUIPMENT | 15 | (16,146,987) | (78,777,202) |
| INTANGIBE ASSETS | 16 | (1,769,840) | (567,124) |
| INCREASE/DECREASE IN INVESTIMENTS | 24&25 | 0 | 13,519 |
| PRIOR YEAR ADJUSTMENT-ASSETS | 15 | 28,039,196 | 0 |
| **NET CASH FLOW FROM INVESTING ACTIVITIES** | | **10,122,369** | **(79,330,807)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| LONG-TERM LIABILITIES | 28 | 6,711,500 | (1,789,512) |
| OTHER FUNDS & RESERVES | 30 | 38,969,576 | 1,003,499 |
| **NET CASH FLOW FROM FINANCING ACTIVITIES** | | **45,681,076** | **(786,013)** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | **(506,131)** | **(21,864,200)** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | **81,633,961** | **103,498,161** |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | **81,127,830** | **81,633,961** |

**Prior adjustment -assets relates to adjustment of the accumulated depreciation wrongly captured**

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

| | | |
|---|---|---|
| ..... | ..... | ..... |
| Prof Laila Abubakar | Dalton Mwaghogho | Prof F.N. Kibera |
| Vice Chancellor | Finance Officer | Chairman of the Council |
| | ICPAK M/No:: 2744 | |
| Date 30/01/2023 | Date 30/1/2023 | Date 30/1/2023 |

## 17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilization |
|---|---|---|---|---|---|---|
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| | a | b | C=(a+b) | d | e=(c-d) | f=d/c*100 |
| **INCOME** | | | | | | |
| | | | | | | |
| GOK GRANTS | 958,413,181 | 3,577,252 | 961,990,433 | 961,990,433 | 0 | 0 |
| INTERNALLY GENERATED | 739,412,371 | 0 | 739,412,371 | 989,308,172 | (249,895,801) | 133.80 |
| **TOTAL INCOME** | **1,697,825,552** | **3,577,252** | **1,701,402,804** | **1,951,298,605** | **(249,895,801)** | |
| | | | | | | |
| **EXPENSES** | | | | | | |
| PERSONAL EMOLUMENTS | 1,449,502,251 | 0 | 1,449,502,251 | 1,461,325,569 | (11,823,318) | 100.82 |
| COUNCIL EXPENSES | 9,050,000 | 0 | 9,050,000 | 8,696,421 | 353,579 | 96.09 |
| OPERATING /ADMINISTRATION EXPENSES | 110,618,053 | 0 | 110,618,053 | 109,478,250 | 1,139,803 | 98.97 |
| TEACHING EXPENSES | 58,887,500 | 0 | 58,887,500 | 59,614,148 | (726,648) | 101.23 |
| STUDENTS WELFARE | 7,239,000 | 0 | 7,239,000 | 7,006,777 | 232,223 | 96.79 |
| REPAIRS & MAINTENANCE | 45,809,000 | 0 | 45,809,000 | 45,027,095 | 781,905 | 98.29 |
| AUDIT FEES | 1,400,000 | 0 | 1,400,000 | 1,400,000 | 0 | 100.00 |
| | | | | | | |
| **TOTAL EXPENSES** | **1,682,505,804** | **0** | **1,682,505,804** | **1,692,548,260** | **(10,042,456)** | |

Budget notes

Internally generated funds had a variation of 34% and this was due to the automation of student invoicing system.

## 18. Notes to the Financial Statements

### 1. General Information

Technical University of Mombasa is established by and derives its authority and accountability from Universities Act and TUM Charter. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is teaching and research.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University'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 disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

**3. Adoption of New and Revised Standards**

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

*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 | **Applicable: 1st January 2023:**<br>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 amounts, timing and uncertainty of an Entity's future cash flows.<br>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:<br>• 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;<br>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and<br>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the |

| Standard | Effective date and impact: |
|---|---|
| | 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. |
| **IPSAS 42:** Social Benefits | **Applicable: 1st January 2023**<br>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:<br>(a) The nature of such social benefits provided by the Entity.<br>(b) The key features of the operation of those social benefit schemes; and<br>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | **Applicable: 1st January 2023:**<br>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.<br>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.<br>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.<br>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. |

| Standard | Effective date and impact: |
|---|---|
| | |
| Other improvements to IPSAS | ***Applicable 1st January 2023***<br>• *IPSAS 22 Disclosure of Financial Information about the General Government Sector.*<br>Amendments to refer to the latest System of National Accounts (SNA 2008).<br>• *IPSAS 39: Employee Benefits*<br>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.<br>• **IPSAS 29: Financial instruments: Recognition and Measurement**<br>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. |
| IPSAS 43 | ***Applicable 1st January 2025***<br>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.<br>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. |
| IPSAS 44: Non- Current Assets Held for Sale and | ***Applicable 1st January 2025***<br>The Standard requires,<br>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: |

| Standard | Effective date and impact: |
|---|---|
| Discontinued Operations | 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. |

*iii.* ***Early adoption of standards***

The Entity did not early – adopt any new or amended standards in year 2021/2022.

## 4. Summary of Significant Accounting Policies

### a) Revenue recognition

### i) Revenue from non-exchange transactions

**Fees, taxes and fines**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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 realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**Rendering of services**

The University recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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

Interest income

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

ii) **Revenue from exchange transactions**

Dividends

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

Rental income

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

b) **Budget information**

The original budget for FY 2021-2022 was approved by the National Assembly on June 2021. 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 upon receiving the respective approvals in order to conclude the final budget. Accordingly, the University recorded additional appropriations of 3,577,252 on the 2021-2022 budget following the governing body's approval.

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

**Summary of Significant Accounting Policies (Continued)**

**Budget information (continued)**

The University's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

**c) Taxes**

**Current income tax**

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

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

**Summary of Significant Accounting Policies (Continued)**

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a

legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Entity and the same taxation authority.

*Sales tax*

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

i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii) When receivables and payables are stated with the amount of sales tax included The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30 year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

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

The depreciation rates are as below.

| ASSETS | RATES. |
|---|---|
| Building | 2% |
| Furniture | 10% |
| Computer | 30% |
| Plant & Equip | 10% |
| Motor Vehicle | 20% |

**f) Leases**

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

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

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

**Summary of Significant Accounting Policies (Continued)**

**g) Intangible assets**

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

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

**h) Research and development costs**

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

i) The technical feasibility of completing the asset so that the asset will be available for use or sale

ii) Its intention to complete and its ability to use or sell the asset

iii) How the asset will generate future economic benefits or service potential

iv) The availability of resources to complete the asset

**v)** The ability to measure reliably the expenditure during development.

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

**i) Financial instruments**

**a) Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and

receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The University determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**Held-to-maturity.**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**Impairment of financial assets**

The University assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

i) The debtors or an Entity of debtors are experiencing significant financial difficulty.
ii) Default or delinquency in interest or principal payments
iii) The probability that debtors will enter bankruptcy or other financial reorganization.

iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

**b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**j) Inventories**

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

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

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

**k) Provisions**

Provisions are recognized when the University 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 expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**l) Contingent liabilities**

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

**m) Contingent assets**

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

**n) Nature and purpose of reserves**

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

**o) Changes in accounting policies and estimates**

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

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

**Summary of Significant Accounting Policies (Continued)**

**p) Employee benefits**

**Retirement benefit plans**

The University provides retirement benefits for its employees and Council. 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.

**q) Foreign currency transactions**

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

**r) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**s) Related parties**

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

**t) Service concession arrangements**

The University 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 University recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**u) Cash and cash equivalents**

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

**v) Comparative figures**

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

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

**Summary of Significant Accounting Policies (Continued)**

**w) 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 Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The University based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual value**

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

**a)** The condition of the asset based on the assessment of experts employed by the Entity.

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

**c)** The nature of the processes in which the asset is deployed.

**d)** Availability of funding to replace the asset.

**e)** Changes in the market in relation to the asset

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

**Summary of Significant Accounting Policies (Continued)**

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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

| Name Of The Entity Sending The Grant | Amount recognized to Statement of Financial performance | Amount deferred under deferred income | Amount recognised in capital fund. | Total transfers 2021-22 | Prior year 2020-2021 |
|---|---|---|---|---|---|
| | KShs | KShs | KShs | KShs | KShs |
| State Department Of University Education | 961,990,433 | 0 | 0 | 961,990,433 | 922,640,668 |
| **Total** | **961,990,433** | **0** | **0** | **961,990,433** | **922,640,668** |

## 7. Other Incomes

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Registration Fee | 22,479,984 | 14,929,000 |
| Internal Examinations | 122,273,963 | 81,495,000 |
| Sports Levy | 29,954,250 | 19,860,500 |
| Library Levy | 30,457,343 | 20,181,000 |
| Library Fines Central Vote | 0 | 509,752 |
| Medical Levy | 46,223,459 | 29,757,800 |
| Industrial Attachment Levy | 17,291,500 | 17,478,475 |
| ICT Levy | 74,570,375 | 49,476,000 |
| Academic Transcripts Central Vote | 423,733 | 645,949 |
| Students hostel fee | 14,832,870 | 7,900,810 |
| Application Fee | 1,438,500 | 1,276,751 |
| Project Fee Central Vote | 2,455,900 | 889,300 |
| Student Readmission Fee Central Vote | 9,192 | 0 |

| | | |
|---|---|---|
| Lost Items Central Vote | 392,450 | 514,500 |
| Graduation Fee | 22,639,800 | 13,104,510 |
| Penalties Central Vote | 0 | 756,576 |
| Materials Testing Central Vote | 181,400 | 27,500 |
| Change of Course | 171,500 | 155,500 |
| Project Field Work | 420,000 | 197,500 |
| Training Restaurant Income Training Restaurant | 250,880 | 20,825 |
| Consultancy Fee Central Vote | 924,696 | 0 |
| Administrative Research Income Central Vote | 49,500 | 36,443 |
| Student ID Central Vote | 4,736,000 | 4,781,000 |
| Material Development Central Vote | 55,000 | 10,000 |
| Thesis Examination Central Vote | 2,168,450 | 2,153,000 |
| Practicals/Laboratory workshops Central Vote | 407,000 | 951,000 |
| Hire of Facilities Central Vote | 2,355,412 | 1,718,850 |
| Hire of Transport Transport | 1,235,900 | 0 |
| Photocopy & bindery Income Library | 69,786 | 277,367 |
| CISCO | 0 | 33,000 |
| Remarking | 0 | 3,000 |
| Rent Income Central Vote | 2,937,863 | 3,772,601 |
| Staff Rent Income Central Vote | 531,500 | 0 |
| Staff training levy Central Vote | 3,838,239 | 5,619,302 |
| Interest on Investment Central Vote | 12,036 | 0 |
| Profit on Disposal of Assets Central Vote | 154,233 | 163,530 |
| Tendering Fees Central Vote | 2,500 | 0 |
| Administrative Fees Central Vote | 814,034 | 682,589 |
| Internet Services Central Vote | 393,500 | 380,000 |
| Miscelleneous Income | 788,514 | 6,922,959 |
| Medical Services | 1,905,536 | |
| Donation Grants Income | 50,000 | 0 |
| Seminar Levy | 255,000 | 0 |
| **TOTAL** | **410,151,798** | **286,681,889** |

## 8. Tuition fees

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Tuition Fee Regular Central Vote | 120,607,196 | 87,199,478 |
| Tuition Fee Module II Central Vote | 458,549,178 | 238,165,765 |
| **TOTAL** | **579,156,374** | **325,365,243** |

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

## 9. Personnel Emoluments

| Description | 2021-2022 KShs | 2020-2021 KShs |
|---|---|---|
| Basic Salaries Central Vote | 668,164,190 | 665,313,815 |
| House Allowance Central Vote | 258,556,552 | 265,828,353 |
| Medical Insurance Central Vote | 72,217,171 | 73,821,178 |
| Pension Employers Expense Central Vote | 117,524,745 | 91,997,759 |
| NSSF Employer's Expense Central Vote | 1,497,600 | 1,480,100 |
| Group Life Central Vote | 3,043,079 | 9,448,283 |
| Responsibility Allowance Central Vote | 9,145,340 | 12,471,671 |
| Non Practising Allowance Central Vote | 9,600,000 | 8,350,000 |
| Professorial Allowance Central Vote | 1,800,000 | 1,800,000 |
| Telephone Allowance Central Vote | 7,793,162 | 7,954,314 |
| Acting Allowance Central Vote | 0 | 20,708 |
| Special Duty Allowance Central Vote | 0 | 48,445 |
| Management Allowance Central Vote | 34,915,334 | 32,524,774 |
| Book and Research Allowance Central Vote | 4,496,000 | 3,992,000 |
| Gratuities Central Vote | 46,694,116 | 16,726,736 |
| Leave Allowance Central Vote | 9,616,590 | 9,769,800 |
| Commuting Allowance Central Vote | 39,658,717 | 39,734,330 |
| Car Allowance Central Vote | 43,224,291 | 46,314,501 |
| Entertainment Allowance Central Vote | 10,866,964 | 8,295,000 |
| Electricity & Water Allowance | 0 | 2 |
| Passage and Baggage Allowance Central Vote | 241,058 | 256,710 |
| Domestic Workers Allowance Central Vote | 1,320,000 | 1,320,000 |
| Risk Allowance Central Vote | 604,852 | 609,600 |
| Extraneous Allowance Cenral Vote | 2,984,129 | 1,926,302 |
| Hardship Allowance | 598,800 | 611,800 |
| Part time Teaching | 116,762,879 | 73,942,963 |
| Production Expenses Central Vote | 0 | 3,651,399 |
| **TOTAL** | **1,461,325,569** | **1,378,210,543** |

## 10. Council Expenses

| Description | 2021-2022 Kshs | 2020-2021 Kshs |
|---|---|---|
| Chairman/Directors' Honoraria | 188,501 | 1,044,000 |
| Sitting Allowances | 2,500,000 | 2.540,000 |
| Induction and Training | 360,000 | 820,000 |

| | | |
|---|---|---|
| Travel and Accommodation | 4,445,890 | 3,472,374 |
| Other Allowances | 1,202,030 | 1,320,813 |
| **Total** | **8,696,421** | **9,197,187** |

## 11. Administration/Operating Expenses

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Casual wages | 59,500 | 1,217,478 |
| Travel and Subsistence | 5,630,282 | 4,729,259 |
| Fuel and oils | 3,223,000 | 1,974,000 |
| Maintenance of Vehicles Transport | 1,646,068 | 1,321,201 |
| Overseas Travel Central Vote | 0 | 66,600 |
| Office Stationery | 3,702,627 | 2,153,883 |
| Photocopying | 99,436 | 338,887 |
| Computer Stationery | 4,565,140 | 3,929,522 |
| Advertising and Publicity | 2,412,401 | 2,580,046 |
| Printing and Publishing | 40,000 | 230,000 |
| Newspapers | 346,620 | 334,040 |
| Shows and Exhibitions Research | 471,587 | 859,802 |
| Open Day Research | 91,300 | 290,000 |
| Electricity | 19,679,019 | 13,366,063 |
| Water and Conservancy | 922,150 | 608,385 |
| Graduation Expenses Central Vote | 4,034,450 | 1,062,353 |
| Official Entertainment | 299,850 | 705,550 |
| Expenses of Boards and Committees | 5,103,325 | 4,512,600 |
| Staff Development and Training Central Vote | 707,292 | 1,255,920 |
| Staff Welfare Central Vote | 110,000 | 107,550 |
| Staff Dependants Bursary Scheme Central Vote | 1,525,047 | 486,584 |
| COVID 19 Expense Central Vote | 329,900 | 899,620 |
| Cleaning Materials | 1,303,209 | 2,293,608 |
| Fumigation & Waste Collection Services Accommodation | 645,000 | 1,028,140 |
| Purchase of Gas and firewood | 49,460 | 23,800 |
| Purchase of Utensils beddings & fittings | 127,950 | 495,025 |
| Purchase of foodstuffs | 1,130,484 | 182,314 |
| Vehicle Licenses and Inspection Transport | 200,180 | 150,580 |
| Vehicle Insurance Transport | 1,003,154 | 960,622 |
| General Insurance Central Vote | 3,612,431 | 2,739,288 |
| Bank Charges | 625,300 | 593,181 |
| Payment of Rent and Rates | 686,960 | 788,960 |
| Staff Uniforms | 429,040 | 743,210 |

| | | |
|---|---|---|
| In house Capacity Building Human Resource | 1,197,489 | 1,359,560 |
| Governance | 1,766,930 | 2,139,180 |
| Subscription Fee | 2,676,150 | 2,076,324 |
| Professional Services Central Vote | 1,262,520 | 307,170 |
| Hire of Security Services | 13,335,400 | 11,801,005 |
| Hire of Cleaning Services Central Vote | 19,952,004 | 16,671,066 |
| Funeral Expenses Central Vote | 280,000 | 344,999 |
| CSR Donations Central Vote | 0 | 7,200 |
| Postal and Courier Services | 596,068 | 479,343 |
| Telephone Expenses Central Vote | 79,809 | 76,951 |
| Policy Review | 8,000 | 80,000 |
| Supervision and Thesis examination School of post graduate | 80,000 | 715,000 |
| Strategic Plan | 932,150 | 0 |
| Court Decrees | 870,000 | 478,400 |
| Asset revaluation Central Vote | 0 | 2,334,184 |
| Tum Tvet Institute | 1,629,568 | 9,683 |
| **TOTAL** | **109,478,250** | **91,908,136** |

## 12. Teaching Expenses

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | KShs | KShs |
| Library Expenses Library | 3,393,643 | 5,215,719 |
| Purchase of Teaching Materials | 3,245,814 | 3,075,439 |
| Open Distance Learning ODEL Central Vote | 1,286,220 | 4,507,630 |
| Curriculum and Development | 170,900 | 1,361,410 |
| Maintenance Computer Hardware and Networks | 72,880 | 296,980 |
| Internet Charges Directorate of ITCS | 7,541,842 | 7,903,273 |
| Maintenance Computer Software Directorate of ITCS | 5,979,150 | 9,848,990 |
| Internal Research Expenses Research | 6,037,080 | 2,302,105 |
| Examination Materials Registrar AA | 6,266,285 | 7,904,150 |
| External Examiners | 5,333,000 | 2,803,545 |
| Consultancy Expenses | 9,652,382 | 2,242,220 |
| ISO Certification | 1,706,394 | 2,638,270 |
| Publications and Conferences Research | 1,329,318 | 1,036,452 |
| Accreditation Central Vote | 1,600,000 | 2,691,150 |
| Industrial Attachment Expenses | 5,999,240 | 3,805,304 |
| **TOTAL** | **59,614,148** | **57,632,637** |

## Notes to the Financial Statements (Continued)

### 13. Student Welfares Expenses

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Guidance and Counselling Dean Of Students | 151,860 | 111,225 |
| Sports Activities Dean Of Students | 3,192,050 | 3,320,046 |
| TUMSU Elections Dean Of Students | 0 | 977,000 |
| Medical Expenses Clinic / Medical | 3,265,551 | 2,227,212 |
| Student Work study Programme | 397,316 | 416,925 |
| **TOTAL** | **7,006,777** | **7,052,408** |

### 14. Repairs and Maintenance

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Repairs and Maintenance | 3,338,982 | 1,931,518 |
| Maintenance of Buildings and Stations | 40,803,213 | 21,087,590 |
| Maintenance of Sewerage | 884,900 | 0 |
| **TOTAL** | **45,027,095** | **23,019,108** |

Notes to the Financial Statements (Continued)

15. Property, Plant and Equipment

| | Free Hold Land | Building | Furniture & Fittings | Computer & Other Electronics | Plant & Equipments | Motor Vehicle | Capital Work in progress | Total |
|---|---|---|---|---|---|---|---|---|
| Cost | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| RATES | 0.0 | 0.02 | 0.1 | 0.3 | 0.1 | 0.2 | | |
| COST | | | | | | | | |
| Balance As At July 1, 2019 | 1,047,422,550 | 1,562,467,223 | 93,024,543 | 169,634,109 | 726,672,377 | 80,599,444 | 354,986,585 | 4,034,806,831 |
| Additions During The Year | 0 | 12,529,035 | 2,162,720 | 6,873,173 | 5,399,250 | 0 | 177,982,387 | 204,946,565 |
| TOTAL COST | 1,047,422,550 | 1,574,996,258 | 95,187,263 | 176,507,282 | 732,071,627 | 80,599,444 | 532,968,972 | 4,239,753,396 |
| Accumulated Depreciation B/F | 0 | 260,439,457 | 68,669,222 | 135,786,810 | 410,070,493 | 66,008,000 | 0 | 940,973,982 |
| Depreciation For Year 2020 | 0 | 31,499,925 | 9,528,626 | 4,161,842 | 44,408,575 | 7,336,846 | 0 | 96,935,814 |
| Accumulated Depreciation C/F | 0 | 291,939,382 | 78,197,848 | 139,948,652 | 454,479,068 | 73,344,846 | 0 | 1,037,909,796 |
| | | | | | | | | |
| NBV AS AT June 30, 2020 | 1,047,422,550 | 1,283,056,876 | 16,989,415 | 36,558,630 | 277,592,559 | 7,254,598 | 532,968,972 | 3,201,843,600 |
| COST | | | | | | | | |
| Balance As At July 1, 2020 | 1,047,422,550 | 1,574,996,258 | 95,187,263 | 176,507,282 | 732,071,627 | 80,599,444 | 532,968,972 | 4,239,753,396 |
| Additions During The Year | 0 | 511,770,182 | 2,081,760 | 13,057,746 | 9,816,674 | 0 | (457,949,160) | 78,777,202 |
| Cost Adjustment During The Year | 0 | 0 | 0 | 0 | 0 | (45,920,530) | 0 | (45,920,530) |
| TOTAL COST | 1,047,422,550 | 2,086,766,440 | 97,269,023 | 189,565,028 | 741,888,301 | 34,678,914 | 75,019,812 | 4,272,610,068 |
| DEPRECIATION AND IMPAIRMENT | | | | | | | | |

| | Free Hold Land | Building | Furniture & Fittings | Computer & Other Electronics | Plant & Equipments | Motor Vehicle | Capital Work in progress | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Accumulated Depreciation B/F | 0 | 291,939,382 | 78,197,848 | 139,948,652 | 454,479,068 | 73,344,846 | 0 | **1,037,909,796** |
| Depreciation For Year 2021 | 0 | 50,082,395 | 3,620,037 | 5,405,289 | 43,881,386 | 5,340,577 | 0 | **108,329,684** |
| Accumulated Depreciation – Adjustment | 0 | 0 | 0 | 0 | 0 | (52,732,675) | 0 | **(52,732,675)** |
| **Accumulated Depreciation C/F** | **0** | **342,021,777** | **81,817,885** | **145,353,941** | **498,360,454** | **25,952,748** | **0** | **1,093,506,805** |
| | | | | | | | | |
| **NBV As At June 30, 2021** | **1,047,422,550** | **1,744,744,663** | **15,451,138** | **44,211,087** | **243,527,847** | **8,726,166** | **75,019,812** | **3,179,103,263** |
| **COST** | | | | | | | | |
| **Balance As At July 1, 2021** | 1,047,422,550 | 2,086,766,440 | 97,269,023 | 189,565,028 | 741,888,301 | 34,678,914 | 75,019,812 | **4,272,610,068** |
| Additions During The Year | 0 | 0 | 1,513,615 | 4,963,263 | 9,670,379 | 0 | (270) | **16,146,987** |
| Cost Adjustment During The Year | 0 | 0 | 0 | 0 | 0 | (2,054,783) | 0 | **(2,054,783)** |
| **TOTAL COST** | **1,047,422,550** | **2,086,766,440** | **98,782,638** | **194,528,291** | **751,558,680** | **32,624,131** | **75,019,542** | **4,286,702,272** |
| **DEPRECIATION AND IMPAIRMENT** | | | | | | | | |
| Accumulated Depreciation B/F | 0 | 342,021,777 | 81,817,885 | 145,353,941 | 498,360,454 | 25,952,748 | 0 | **1,093,506,805** |
| Depreciation For Year 2022 | 0 | 41,735,329 | 3,893,492 | 8,228,081 | 42,744,041 | 4,450,481 | 0 | **101,051,424** |
| Accumulated Depreciation - Adjustment | 0 | (8,377,130) | (117,607) | 31,561,569 | 1,936,679 | 980,902 | 0 | **25,984,413** |
| **Accumulated Depreciation C/F** | **0** | **375,379,976** | **85,593,770** | **185,143,591** | **543,041,174** | **31,384,131** | **0** | **1,220,542,642** |
| | | | | | | | | |
| **NBV As At June 30, 2022** | **1,047,422,550** | **1,711,386,464** | **13,188,868** | **9,384,700** | **208,517,506** | **1,240,000** | **75,019,542** | **3,066,159,630** |

Notes to the Financial Statements (Continued)

## 16. Amortization

| 17. INTANGIBLE ASSETS | COMPUTER SOFTWARE | TOTAL |
|---|---|---|
| RATES | 0.3 | |
| | | |
| Balance As At July 1, 2020 | 16,745,980 | 16,745,980 |
| Additions During The Year | 567,124 | 567,124 |
| TOTAL COST | 17,313,104 | 17,313,104 |
| Accumulated Amortization B/F | 16,596,696 | 16,596,696 |
| Amortization For Year 2021 | 214,925 | 214,925 |
| Accumulated Amortization C/F | 16,811,621 | 16,811,621 |
| | | |
| NBV AS AT June 30, 2021 | 501,483 | 501,483 |
| | | |
| NBV AS AT June 30, 2020 | 149,284 | 149,284 |
| | | |
| | COMPUTER SOFTWARE | TOTAL |
| RATES | 0.3 | |
| | | |
| Balance As At July 1, 2021 | 17,313,104 | 17,313,104 |
| Additions During The Year | 1,769,840 | 1,769,840 |
| TOTAL COST | 19,082,944 | 19,082,944 |
| Accumulated Amortization B/F | 16,811,621 | 16,811,621 |
| Amortization For Year 2022 | 454,045 | 454,045 |
| Accumulated Amortization C/F | 17,265,666 | 17,265,666 |
| | | |
| NBV AS AT June 30, 2022 | 1,817,278 | 1,817,278 |
| | | |
| NBV AS AT June 30, 2021 | 501,483 | 501,483 |
| | | |

## 17. Audit fees

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Audit fees Central Vote | 1,400,000 | 1,400,000 |
| TOTAL | 1,400,000 | 1,400,000 |

## 18. Provision for Bad debts

| PROVISION FOR BAD DEBTS SCHEDULE AS AT 30th JUNE 2022 | AMOUNT |
|---|---|
| | Kshs. |
| General Trade Receivables | 838,477.00 |
| Guest House Accommodation Debtors | 7,182,107.00 |

| | |
|---|---|
| Staff Medical Debtors | 120,776.00 |
| Staff Salary Advances | 141,120.00 |
| Other Debtors | 10,444,514.00 |
| Student Debtors | 363,274,701.00 |
| Deposit Contingency | 725,000.00 |
| TIVET Bursaries MOHEST | 696,531.00 |
| Commercial Rent Receivable | 2,578,053.00 |
| Salary Recovery Receivable | 1,754,446.00 |
| **TOTAL** | **387,755,725.00** |
| | |
| 10% Provision for Bad Debts | 38,775,572.50 |
| Previous Period Provision | 26,253,438.50 |
| Increase/(decrease) in Provision | 12,522,134.00 |
| **BALANCE B/F** | **26,253,438.50** |
| **TOTAL PROVISIONS** | **38,775,572.50** |

## 19. Finance Cost

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Interest Expense Central Vote | 0 | 381,030 |
| **TOTAL** | **0** | **381,030** |

## 20. Bad debts Written off

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Bad debts Written off | 501,900 | 0 |
| **TOTAL** | **501,900** | **0** |

## 21. Departmental Inventories

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Inventories Estates & project planning | 3,680,890 | 5,437,597 |
| Inventories Hospitality & Tourism | 142,179 | 379,753 |
| Inventories Mechanical Engineering | 8,511,510 | 3,082,984 |
| Inventories Health Unit | 1,585,258 | 1,228,163 |
| Inventories Administration | 529,804 | 4,772,749 |
| Inventories Electrical Engineering | 183,780 | 275,075 |
| Inventories Applied & Health Science | 2,389,902 | 801,107 |
| Inventories Medical Engineering department | 566,790 | 1,072,496 |

| | | |
|---|---|---|
| Inventories ICTS | 0 | 325,426 |
| Inventories Library department | 28,761,453 | 27,701,560 |
| Inventories Building & civil Engineering | 148,550 | 77,734 |
| Inventories Liberal Studies department | 13,888 | 69,221 |
| Inventories Kwale Campus | 142,722 | 112,135 |
| Inventories Lamu Campus | 189,610 | 59,514 |
| Inventories Registry | 7,063,094 | 10,966,383 |
| Inventories Student services | 1,436,320 | 1,572,140 |
| Inventories Transport & Logistics | 1,165,485 | 900,635 |
| Inventories Dean School of business | 81,498 | 181,098 |
| Inventories Dean School of Humanities | 256,414 | 43,614 |
| Inventories Management Science | 16,811 | 22,207 |
| Inventories Medical Science Department | 1,010,650 | 1,128,079 |
| Inventories Communication Department | 55,391 | 66,192 |
| **TOTAL** | **57,931,999** | **60,275,862** |

## 22. Receivable from exchange transactions

| Description | 2021-2022 Kshs | 2020-2021 Kshs |
|---|---|---|
| Deposit Contingency | 725,000 | 725,000 |
| General Trade receivables | 838,477 | 838,477 |
| Student Debtors | 363,283,301 | 238,216,458 |
| TIVET Bursaries MOHEST | 696,531 | 696,531 |
| Guest Accommodation Debtors | 7,182,107 | 7,017,757 |
| TUMEL DEBTORS | 800,000 | 2,000,000 |
| Commercial Rent Receivable | 2,578,053 | 1,208,970 |
| Staff Medical Debtors | 120,776 | 120,776 |
| Salary Recovery Receivable | 1,754,446 | 1,754,446 |
| Staff Salary Advances | 141,120 | 142,454 |
| Rent Arrears | (10,000) | (10,000) |
| LESS PROVISION | (38,775,572) | (90,343,160) |
| **TOTAL** | **339,334,239** | **162,367,709** |

## 23. Receivable from non-exchange transactions

| Description | 2021-2022 Kshs | 2020-2021 Kshs |
|---|---|---|
| Staff Imprest | 7,363,807 | 8,342,188 |
| Litigation Debtor | 0 | 72,703 |
| Other Debtors Receivable | 10,444,514 | 1,398,625 |
| **TOTAL** | **17,808,321** | **9,813,516** |

## Notes to the Financial Statements (Continued)

### 24. Cash and Bank Balances

| Description | 2021-2022 Kshs | 2020-2021 Kshs |
|---|---|---|
| Petty Cash Float I | 224,000 | 170,500 |
| Petty Cash Float II | 238,560 | 114,690 |
| **CASH BALANCES** | **462,560** | **285,190** |
| Cash at Bank National Bank Current Account I | 0 | 89,387 |
| Cash at Bank National Bank Current Account II | 0 | 10,510,961 |
| Cash at Bank Co operative Bank Fees collection Account | 2,313,443 | 1,558,013 |
| Cash at Bank Standard Chart Bank Fees collection Acc. | 13,899,502 | 1,768,460 |
| Cash at Bank KCB Lamu Satellite Campus | 1,003,311 | 706,756 |
| Cash at Bank Family Bank Research A/C | 3,460,764 | 13,411,616 |
| Cash at bank Kiziwi Guest House | 269,155 | 241,184 |
| Cash at bank Equity Fees Collection a/c | 3,282,044 | 2,594,565 |
| Cash at bank Development A/C Standard Chartered | 0 | 1,617,477 |
| Cash at bank NBK Salaries A/C | 16,953,958 | 25,839,949 |
| Cash at bank NBK fees collection a/c | 33,927,203 | 19,368,247 |
| Cash at bank Cash in hand KCB Fees Collection A/C | 3,169,902 | 1,785,446 |
| Cash at bank Absa Fees Collection A/C | 3,137,929 | 2,121,629 |
| Cash at bank Family Bank Research USD 096000040196 A/C OLD | 0 | 0 |
| Cash at bank GULF AFRICAN BANK A/C NO. 1700004101 | 3,149,168 | 0 |
| Cash at bank Family Bank Research USD 096000040196 A/C | 482,774 | 0 |
| **BANK BALANCES** | **85,049,153** | **81,613,690** |
| **TOTAL** | **85,511,713** | **81,898,880** |

| | | |
|---|---|---|
| **CASHBOOK OVERDRAFT** | | |
| Cash at Bank National Bank Current Account I | (356,084) | 0 |
| Cash at Bank National Bank Current Account II | (3,813,793) | 0 |
| Cash at bank Development A/C Standard Chartered | (214,006) | 0 |
| Cash at bank Family Bank Research USD 096000040196 A/C OLD | 0 | (264,919) |
| **TOTAL** | **(4,383,883)** | **(264,919)** |
| **TOTAL CASH AND CASH EQUIVALENTS** | **81,127,830** | **81,633,961** |

## Notes to the Financial Statements (Continued)

### 25. Investments

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Shares in Consolidated Bank | 5,000,000 | 5,000,000 |
| Seed Money TUM Enterprises | 5,571,938 | 5,571,938 |
| **TOTAL** | **10,571,938** | **10,571,938** |

### 26. Trade and other payables

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| General Trade Payables | (35,002,035) | (41,266,481) |
| **TOTAL** | **(35,002,035)** | **(41,266,481)** |

### 27. Other Creditors

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Shell Kenya conditional grant | (994,205) | (994,205) |
| Basic Salary CBA Arrears | (2,006,233) | (104,447,125) |
| Part time PAYE Arrears Liability | 0 | (1,723,937) |
| PAYE Deductions | (58,709,080) | (55,006,965) |
| VAT Retained | 0 | (75,358) |
| Income Tax Withholding | (880,792) | (921,344) |
| VAT Clearing | (147,419) | (2,531,295) |
| Student Union Fee | (14,454,468) | (13,062,752) |
| Student Benevolent Fund | (2,891,912) | (2,224,270) |
| Accrued Payables | (116,023,597) | (90,014,694) |
| Rent Deposit | 0 | (131,500) |
| KUCCPS Levy | (868,975) | 1,637,525 |
| CUE Levy | (1,633,375) | (3,313,375) |
| Alumni Association | (5,088,906) | (4,948,406) |
| Book Fee | (658,600) | (658,600) |
| Alliance Francaise Tuition fee | (786,097) | (800,847) |
| Project Review fee | (324,735) | (391,193) |
| VAT Rent Output | (110,984) | 0 |
| TVET Institutions | (14,240,670) | (14,240,670) |
| Jumuiya za county Za Pwani | (872,929) | (872,929) |
| External Research | (20,005,965) | (27,672,433) |
| HELB | (3) | (145,388) |

| | | |
|---|---|---|
| CDF | (2,500) | (109,000) |
| Other Depositors | 0 | (681,026) |
| LAPSSET refunds | (750,000) | (750,000) |
| Foreign Examinations CILT | 0 | (596,272) |
| External Examinations - KASNEB | 0 | (6,250) |
| External Examinations - KNEC | (3,964,110) | (1,389,700) |
| Refund to General Debtors | (600) | 0 |
| Pension Deductions/Contributions | (6,848,805) | (1,514,099) |
| NSSF Payables | (550) | (550) |
| NHIF Payables | (2,800) | (2,800) |
| Poly Sacco | (2,158,449) | 22,257 |
| Staff Benevolent Fund | (88,949) | (88,949) |
| Trade Unions Payables | 9,684 | 9,661 |
| Other Payables | (2,992,086) | (2,992,086) |
| Retentions Payable | (7,310,616) | (33,003,762) |
| Welfare Payables Staff contributions | (1,951,490) | (1,921,890) |
| Insurance Payables British American Insurance | (17,014) | (6,785) |
| Insurance Payables Blue Shield Insurance | (2,000) | (2,000) |
| Insurance Payables CFC Life Insurance | (30,200) | (30,200) |
| Insurance Payables Madison Insurance | (100,000) | 0 |
| Insurance Payables ICEA | (2,000) | (2,000) |
| Insurance Payables Pan Africa Life Assurance | (52,678) | (52,678) |
| Insurance Payables Corporate Insurance Company | (9,013) | (9,013) |
| Insurance Payables Kenindia | (1,500) | (1,500) |
| Insurance Payables UAP Insurance Ltd | (45,717) | (45,717) |
| Insurance Payables The Monarch Insurance | (17,325) | (17,325) |
| Insurance Payables CIC GROUP | (4,500) | (4,500) |
| Mwalimu SACCO | (7,661,648) | (3,371,197) |
| Kitui Teachers SACCO | (60,590) | (60,590) |
| KEMFRI SACCO | (17,800) | (17,800) |
| Kilifi Teachers Sacco | (265,833) | (265,833) |
| Loan Payables KCB | (8,294,400) | (65,006) |
| Loan Payables NBK | (21,935) | (21,935) |
| Loan Payables Cooperative Bank | (1) | (1) |
| Loan Payables Milimani Commercial Court | (65,906) | (65,905) |
| Loan Payables Bank of Africa | (235,725) | (235,725) |
| Loan Payables Faulu Kenya | (1,023,756) | 0 |
| Loan Payables Select Management Services Ltd | (69,038) | (69,038) |
| Loan Payables Commercial Bank of Africa | (40,576) | 0 |
| Stima SACCO | (1,463,172) | 0 |
| Ukaguzi SACCO | (58,703) | (85,767) |

| | | |
|---|---|---|
| Nacico Co-op Savings & Credit Society | (25,916) | (25,916) |
| Mombasa Port Savings & Credit Co-op Society Ltd | (104,350) | (104,350) |
| Net Pay | (2,339,160) | (2,109,766) |
| Kivuko Sacco | (49,202) | (196,808) |
| CBA Pension Employers Liability | (366,277) | (37,793,354) |
| Provision for Audit Fees | (2,800,000) | (4,200,000) |
| Salary Advance Refund | (178,675) | (10,557) |
| Post Bank Shares | (2,000) | (2,000) |
| Helb control a/c | (10,425,595) | (10,122,295) |
| CDF control a/c | (3,552,373) | (3,633,586) |
| Sponsors control a/c | (4,426,485) | (5,563,471) |
| Liberty Insurance payables | (6,990) | (6,990) |
| School based control a/c | (6,453,582) | (5,940,712) |
| Student Fee Clearing a/c | (49,311) | (7,506) |
| Imprest Recovery Clearing a/c | (197,804) | (666,674) |
| Plan International control a/c | (12,492,997) | (2,476,180) |
| Unclaimed Funds Equity Bank | (998,561) | (998,561) |
| Unclaimed Funds KCB Fee Bank | (1,301,653) | (1,321,653) |
| Unclaimed Funds NBK Fee Bank | (1,040,144) | (1,077,144) |
| Unclaimed Funds Coop Bank | (956,919) | (956,919) |
| Unclaimed Funds Absa Bank | (247,099) | (281,124) |
| Unclaimed Funds Stanchart Bank | (297,720) | (297,720) |
| **TOTAL** | **(334,634,059)** | **(447,788,028)** |

## 28. Long Term Liabilities

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Students Caution Money | (34,976,678) | (28,265,178) |
| Long term Service Gratuity | (6,986,107) | (6,986,107) |
| **TOTAL** | **(41,962,785)** | **(35,251,285)** |

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

## 29. Capital Fund

| Description | 2021-2022 Kshs | 2020-2021 Kshs |
|---|---|---|
| B/F | 3,427,167,953 | 3,420,355,808 |
| | | |
| MOVEMENTS | | |
| Revaluation Reserves | 0 | 2,054,782 |
| Assets Adjustment Reserves | 0 | 4,757,363 |
| | | |
| **C/F** | **3,427,167,953** | **3,427,167,953** |

## 30. Other Funds and Reserves

| Description | 2021-2022 Kshs | 2020-2021 Kshs |
|---|---|---|
| B/F | (716,230,605) | (560,708,782) |
| MOVEMENTS | | |
| Revenue Reserve | 38,969,576 | 1,003,499 |
| SURPLUS (DEFICIT) FOR THE PERIOD | 144,220,842 | (156,525,322) |
| | | |
| **C/F** | **(533,040,187)** | **(716,230,605)** |

## 31. Donated Assets Fund

| Description | 2021-2022 Kshs | 2020-2021 Kshs |
|---|---|---|
| B/F | 269,024,590 | 269,024,590 |
| | | |
| MOVEMENTS | | |
| Donated Assets Fund | 0 | 0 |
| | | |
| **C/F** | **269,024,590** | **269,024,590** |

### 32. Employee Benefit Obligations

The University contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The University's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 200 per employee per month. Other than NSSF the University also has a defined contribution scheme operated by Zamara Group Pension Fund. Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

### 33. Financial Risk Management

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

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

#### Credit risk

The University 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 University's management based on prior experience and their assessment of the current economic environment.

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

**i) Financial Risk Management**

The carrying amount of financial assets recorded in the financial statements representing the University's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| | Total amount | Fully performing | Past due | Impaired |
|---|---|---|---|---|
| | Kshs | Kshs | Kshs | Kshs |
| **As at 30 June 2022** | | | | |
| Receivables from exchange transactions | 339,334,239 | 339,334,239 | 0 | 0 |
| Receivables from non-exchange transactions | 17,808,321 | 17,808,321 | 0 | 0 |
| Bank balances | 85,511,713 | 85,511,713 | 0 | 0 |
| **Total** | **442,654,273** | **442,654,273** | 0 | 0 |
| **As at 30 June 2021** | | | 0 | 0 |
| Receivables from exchange transactions | 162,367,709 | 162,367,709 | 0 | 0 |
| Receivables from non-exchange transactions | 9,742,566 | 9,742,566 | 0 | 0 |
| Bank balances | 81,633,961 | 81,633,961 | 0 | 0 |
| **Total** | **253,815,186** | **253,815,186** | 0 | 0 |

The students under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the University has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The University has significant concentration of credit risk on amounts due from students.

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

**ii) Liquidity risk management**

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

**iii) Market risk**

The University has put in place an internal audit function to assist it in assessing the risk faced by the University on an ongoing basis, evaluate and test the design and 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 University's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The University's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The University 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 of payment is done using the prevailing exchange rate.

The University manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the University's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

| | Change in currency rate | Effect on Profit before tax | Effect on Equity/Net assets |
|---|---|---|---|
| | Kshs | Kshs | Kshs |
| **2022** | | | |
| Euro | 10% | 0 | 0 |
| USD | 10% | 0 | 0 |
| **2021** | | 0 | 0 |
| Euro | 10% | 0 | 0 |
| USD | 10% | 0 | 0 |

**b) Interest rate risk**

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

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**iv) Capital Risk Management**

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

| | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Revaluation Reserve | 18,107,188 | 18,107,188 |
| Retained Earnings | (533,040,187) | (716,230,605) |
| Capital Reserve | 2,099,590,762 | 2,099,590,762 |
| **Total Funds** | **1,584,657,763** | **1,401,467,345** |
| Total Borrowings | 0 | 0 |
| Less: Cash And Bank Balances | (81,127,830) | (81,633,961) |
| Net Debt/(Excess Cash And Cash Equivalents) | 1,499,146,050 | 1,319,833,384 |
| **Gearing** | **0** | **0** |

**34. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the University 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 the University, holding 100% of the University's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the University, both domestic and external.

**Other related parties include:**

i) Ministry of Education

ii) Technical University of Mombasa Enterprises

As per the Financial statement, in 2019 TUMEL owed TUM Kshs. 6,000,000 being loan lent to them to establish the company structures and operations. This loan was repaid and reduced to Kshs. 800,000 as per the financial statement. TUMEL is a 100% owned subsidiary company of TUM.

| | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| **Transactions with related parties** | | |
| **a) Sales to related parties** | | |
| Sales of electricity to govt agencies | 0 | 0 |

| | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Rent income from govt. Agencies | 0 | 0 |
| Water sales to govt. Agencies | 0 | 0 |
| Others (specify) e.g. interest and bank charges | 0 | 0 |
| **Total** | **0** | **0** |
| **B) purchases from related parties** | | |
| Purchases of electricity from KPLC | 0 | 0 |
| Purchase of water from govt service providers | 0 | 0 |
| Rent expenses paid to govt agencies | 0 | 0 |
| Training and conference fees paid to govt. Agencies | 0 | 0 |
| Others (specify) | 0 | 0 |
| **Total** | 0 | 0 |
| **b) Grants /transfers from the government** | | |
| Grants from national govt | 961,990,433 | 922,640,668 |
| Grants from county government | 0 | 0 |
| Donations in kind | 0 | 0 |
| **Total** | **961,990,433** | 922,640,668 |
| **c) Expenses incurred on behalf of related party** | | |
| Payments of salaries and wages for xxx employees | 0 | 0 |
| Payments for goods and services for xxx | 0 | 0 |
| **Total** | | |
| **d) Key management compensation** | | |
| Council expenses | 8,696,421 | 9,197,187 |
| Compensation to key management | 0 | 0 |
| **Total** | **8,696,421** | **9,197,187** |

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

### 35. Events after the Reporting Period

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

### 36. Ultimate And Holding Entity

The University is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

### 37. Currency

The financial statements are presented in Kenya Shillings (Kshs).

## 19. Appendix

### Appendix 1: 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 / Observations from Auditor | Management comments | Status: *(Resolved / Not Resolved)* | Timeframe: *(Put a date when you expect the issue to be resolved)* |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |

*Guidance Notes:*

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

.....

Director General/C.E. O/M. D (enter title of head of Entity)

Date

**Appendix II: Projects implemented by** *(The Entity)*

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

| Project title | Project Number | Donor | Period/ duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |

**Status of Projects completion**

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

| | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

## Appendix IV: Transfers from Other Government Entities

| | | | | | Where Recorded/recognized | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name of the MDA/Donor Transferring the funds | Date received as per bank statement | Nature: Recurrent/Development/ Others | Total Amount - KES | Statement of Financial Performance | Capital Fund | Deferred Income | Receivables | Others - must be specific | Total Transfers during the Year |
| Ministry of Planning and Devolution | xxx | Recurrent | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Ministry of Planning and Devolution | xxx | Development | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| USAID | xxx | Donor Fund | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Ministry of Planning and Devolution | xxx | Direct Payment | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| **Total** | | | xxx | xxx | xxx | xxx | xxx | xxx | xxx |

Appendix V- Inter-Entity Confirmation Letter

Technical University of Mombasa
P.O BOX 90420-80100
MOMBASA

The Technical University of Mombasa wishes to confirm the amounts disbursed to you as at 30th 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 [Insert name of beneficiary Entity] as at 30th June 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022 | | | | Amount Received by [beneficiary Entity] (KShs) as at 30th June 2021 (E) | Differences (KShs) (F)=(D-E) |
| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) | | |
| 1. | 03/08/2021 | 79,867,765 | 0 | 0 | 79,867,765 | 79,867,765 | 0 |
| 2. | 01/09/2021 | 79,867,765 | 0 | 0 | 79,867,765 | 79,867,765 | 0 |
| 3. | 29/09/2021 | 79,867,765 | 0 | 0 | 79,867,765 | 79,867,765 | 0 |
| 4. | 02/11/2021 | 79,867,765 | 0 | 0 | 79,867,765 | 79,867,765 | 0 |
| 5. | 26/11/2021 | 79,867,765 | 0 | 0 | 79,867,765 | 79,867,765 | 0 |
| 6. | 28/12/2021 | 79,867,765 | 0 | 0 | 79,867,765 | 79,867,765 | 0 |
| 7. | 01/02/2022 | 79,867,765 | 0 | 0 | 79,867,765 | 79,867,765 | 0 |
| 8. | 01/03/2022 | 79,867,765 | 0 | 0 | 79,867,765 | 79,867,765 | 0 |
| 9. | 01/04/2022 | 79,867,765 | 0 | 0 | 79,867,765 | 79,867,765 | 0 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 10. | 28/04/2022 | 79,867,765 | 0 | 0 | 79,867,765 | 79,867,765 | 0 |
| 11. | 06/06/2022 | 81,656,391 | 0 | 0 | 81,656,391 | 81,656,391 | 0 |
| 12. | 28/06/2022 | 81,656,392 | 0 | 0 | 81,656,392 | 81,656,392 | 0 |
| **Total** | | **961,990,433** | **0** | **0** | **961,990,433** | **961,990,433** | **0** |

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

**Finance Officer:**

Name DALTON MWACHOGHO J. Sign ..... Date 30/01/2023