

REPUBLIC OF KENYA



REPORT,

OF

THE AUDITOR-GENERAL

ON

BOMET UNIVERSITY COLLEGE

**FOR THE YEAR ENDED
30 JUNE, 2021**



ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

Table of Contents	Page
1. KEY ENTITY INFORMATION AND MANAGEMENT	ii
2. THE BOARD OF DIRECTORS/COUNCIL	vi
3. MANAGEMENT TEAM	x
4. STATEMENT FROM CHAIRPERSON	xii
5. REPORT OF THE PRINCIPAL	xiii
6. CORPORATE GOVERNANCE STATEMENT	xiv
7. MANAGEMENT DISCUSSION AND ANALYSIS	xvi
8. ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xxii
9. REPORT OF THE UNIVERSITY COLLEGE COUNCIL	xxiv
10. STATEMENT OF DIRECTORS' RESPONSIBILITIES	xxv
11. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF BOMET UNIVERSITY COLLEGE	xxvi
12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2021	1
13. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021	2
14. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021	3
15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2021	4
16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021	5
17. NOTES TO THE FINANCIAL STATEMENTS	11

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Bomet University College (BUC) was established as a Constituent College of Moi University through the Legal Notice No. 145 published in the Kenya Gazette Supplement No.114 of 27th July, 2017.

The College Management Board comprises of the Principal, Deputy Principal (Administration and Finance) Deputy Principal (Academic and Student Affairs) and the Head of BUC Finance.

The Management Board reports to the Bomet University College Council that was inaugurated on 10th November 2017. The University College Council reports to the Ministry of Education (State Department for University Education and Research) while at the Cabinet level, the University College is represented by the Cabinet Secretary for Ministry of Education who is responsible for the general policy and strategic direction of the University.

(b) Principal Activities

The principal activity of the University is to provide university education through teaching, learning, training, research, innovation, digital transformation and outreach.

The Vision, Mission, Philosophy, Core Values, Motto and Niche of the University are as follows:

Vision

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

Mission

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

Philosophy

As a University Community, we believe in quality, pragmatic teaching, learning, originality, inclusiveness in management, harnessing knowledge and being a multi-disciplinary institution of quality and innovative research for sustainable development. A University dedicated in imparting creative and critical thinking as part of the essential skills needed for living and working successfully in a dynamic society. Also, to participate in the discovery, transmission, preservation, enhancement of knowledge and to stimulate the intellectual participation of students in the economic, sociocultural, scientific and technological development of Kenya and the community of nations.

Core Values

Bomet University College is a community built upon the valued relationships among students, staff, alumni and other key stakeholders. At the core of these relationships are BUC's core values of accountability, commitment, integrity, patriotism and respect.

Motto

Green University for Sustainability.

Niche

Green Economy for Sustainability.

(c) Key Management

Bomet University College day to day Management is under the following key organs:

- i) Bomet University College Council
- ii) Bomet University College Management Board
- iii) Bomet University College Academic Board
- iv) Bomet University College School Boards
- v) Bomet University College Departmental Boards
- vi) Bomet University College Administrative Committee and
- vii) Bomet University College Deans Committee

(d) Fiduciary Management

The key management and oversight personnel who held office during the Financial Year ended 30th June 2021 and who had direct fiduciary responsibility were:

Bomet University College Management

No.	Designation	Name
1	Principal	Prof. Anne Kisaka Nangulu
2	Deputy Principal- Administration and Finance	Prof. Loice Chemnetich Maru
3	Deputy Principal- Academic and Student Affairs	Prof. George Otieno Orwa
4	Head of Procurement	Simon Loth Kipsaiya
5	Head of Internal Audit	CPA Peter K. Sang

Notes to Fiduciary Management:

Bomet University College Council was appointed and inaugurated on 10th November 2017. The Principal and the two Deputy Principals were appointed in September 2019 and took office on 1st October 2019. The University College was handed over from Moi University Council on 29th March 2018. The University College however runs its academic activities under the Senate of Moi University and will continue until it attains full University status and awarded Charter by the President on recommendation by Commission of University Education.

(e) Fiduciary Oversight Arrangements

The Council provides fiduciary oversight on the financial operations of the University College through the Finance, Administration, Strategy, Building and Development Committee; Audit and Compliance Committee, Academic, Research, Extension, Students Affairs and Sealing Committee; Human Resource, Governance and Staff Disciplinary Committee.

The Finance, Administration, Strategy, Building and Development Committee reviews the University Quarterly Financial Statements before they are submitted to full Council and subsequently to the Ministry of Education and National Treasury by the 15th day of the month preceding end of quarter.

The Audit and Compliance Committee provides oversight on Bomet University College financial statements by supporting the Internal Audit Unit in providing oversight on the internal controls and the maintenance of proper accounting records.

The Office of the Auditor General Conducts Annual Audit of the operations of the University College. The Reports of the Auditor General are submitted to the National Assembly through the Public Investments Committee (P.I.C), which provides the overall fiduciary oversight on the operations of the University College.

(f) Entity Headquarters

Bomet University College
P.O. Box 701-20400
Bomet Town, KENYA

(g) Entity Contacts

Telephone: (+254) 748067182
E-mail: principal@buc.ac.ke
Website: www.Bomet University College.ac.ke

(h) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

(i) Other Banks (State other Bankers as Appropriate)

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

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

Co-Operative Bank
Bomet Branch
P.O Box 501-20400
Bomet, Kenya

(j) Independent Auditors

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

(k) Principal Legal Adviser



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




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

- (k) Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

2. THE BOARD OF DIRECTORS/COUNCIL

The term of Bomet University Council lapsed on 29th September 2020 and a new Council is yet to be appointed. The following were the Members of Council:

Members of Bomet University College Council	Details
 <p>Prof. Esther W. M. Tirima Chairperson of Bomet University College Council Appointed on 29th September 2017 to 29th September 2020</p>	<p>Holder of Doctorate in Education (Adult Education) from University of Idaho. She holds a Master of Arts in English and French from the University of Idaho. She has a Bachelor Arts degree in Literature from Washington State University. Prof. Esther W. M. Muchira is an Educational consultant, researcher, educator and trainer. She has served as the Vice Chancellor of Cavedish University in Uganda; and as Executive Secretary Linking Industry With Academia (LIWA).</p>
 <p>Prof. Isaac Kosgey Vice Chancellor of Moi University and Ex-Officio Council Member</p>	<p>Prof. Isaac Kosgey is a Professor of Animal Sciences (Animal Breeding and Genetics) and currently the Vice Chancellor of Moi University. He served previously as the Deputy Vice Chancellor (Administration, Finance and Development) at Laikipia University. He holds a Doctor of Philosophy in Animal Sciences and a Master of Science degree in Animal Sciences from Weningen University, Netherlands. In addition, he holds a Bachelor of Science in Animal Production from Egerton University. Diploma in Law from Mount Kenya University, and a Master of Business Administration from Kenyatta University. He holds a Bachelor of Laws degree (LLB) from the Open University of Tanzania, Tanzania.</p>

 <p>Prof. Anne Kisaka Nangulu Principal and Secretary to Council Appointed on 20th August 2019</p>	<p>Bachelor of Arts Degree (History) from the University of Nairobi (UoN), Master of Arts (History) from UoN, PhD in History from West Virginia University, USA. She has trained in Quality Assurance in University/Higher Education. She has extensive experience in teaching, research and management in University education. She served as the Ag. Deputy Vice- Chancellor (Academics, Research and Extension), Deputy Commission Secretary in charge of Quality Audits and Standards at the Commission of University Education. She has also served as Dean School of Arts and Social Sciences and Director Quality Assurance at Moi University. She is the Principal at Bomet University College and Professor of History at Moi University.</p>
 <p>Bishop (Rev) Dr. Robert Kipkemoi Lang'at Council Member Appointed on 29th September 2017- 29th September 2020</p>	<p>Holder of PhD from Drew University and currently the Bishop of Africa Gospel Church, Kenya. He holds a Master of Philosophy from Drew University and also has a Master of Arts in Theology from Wesley Biblical Seminary. He has a Bachelors 'degree in Theology from Kenya Highlands University He is the Chairman of the Appeals Committee of Council at Bomet University College.</p>
 <p>Dr. Peter Maina Ithondeka Council Member Appointed on 29th September 2017 to 29th September 2020</p>	<p>PhD in Veterinary Epidemiology and Public Health from the University of Nairobi. He holds a Master of Business Administration, Strategy Option from the University of Nairobi. He has a Bachelor of Veterinary Medicine from the University of Nairobi. He was the Director of Veterinary Services (CVO) and OIE delegate and currently Veterinary Consultant Including lecturing. He is the Chairman of Human Resource, Governance and Staff Disciplinary Committee of Council at Bomet University College.</p>

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

 <p>Dr. Jane Ngarari Council Member Appointed on 29th September 2017 to 29th September 2020</p>	<p>PhD in Education (Policy and Implementation) from United Kingdom. She holds a Master's degree in Linguistics from United Kingdom.</p> <p>She has a Bachelor's degree in English Language and Literature from Kenyatta University. She served as a Lecturer at Egerton University as well as at United States International University (USIU). She chairs the Audit and Compliance Committee of Council at Bomet University College.</p>
 <p>Mr. Alex Tom Majani Council Member Appointed on 29th September 2017 to 29th September 2020</p>	<p>Master in Educational Planning and Management from Masinde Muliro University of Science and Technology (MMUST) with long experience in teaching and educational management</p> <p>Positions in the government. He has a Post Graduate Diploma in Education from Kenyatta University. He holds a Bachelor of Science degree in Chemistry and Mathematics from the University of Nairobi. Currently pursuing PhD in Education in Emergency and Management from MMUST He is the Chairman of Academic, Research, Extension, Students Affairs and Sealing Committee of Council.</p>
 <p>Dr. Amenya P. Nyakundi Council Member Appointed on 29th September 2017 to 29th September 2020</p>	<p>Holder of PhD in Environmental Technology from Jomo Kenyatta university of Agriculture and Technology. He holds a Master of Arts in Planning from the University of Nairobi.</p> <p>He has a Bachelor of Science degree in Geology from Poona University and an Advanced Certificate in Geothermal Energy from University of Pisa, Italy.</p> <p>He has a strong background in Energy Development, Urban and Regional Planning. Currently the Government of Kenya Advisor On Natural Resources Revenue. He is the Chairman of Finance, Administration, Strategy, Building and Development Committee of Council at Bomet University College.</p>
 <p>Ms Monica Asuna Council Member</p>	<p>She holds a Master degree in Economics from the University of Malawi and BA in Economics from Moi University.</p> <p>She is the Chief Economists at The National Treasury and Planning. She has served as the Senior Monopolies and Price Officer at The National Treasury and Planning.</p> <p>Representative of the Permanent Secretary, The National Treasury and Planning at Bomet University College.</p>

<p>Appointed on 30th September 2019 to 29th September 2020</p>	
 <p>Mr. Paul Kangira Council Member Appointed in May 2019 to 29th September 2020</p>	<p>Master's Degree in Business Administration and Bachelor's Degree in Law (LLB) both from the University of Nairobi, Diploma in Law from the Kenya School of Law and is a Certified Public Secretary.</p> <p>Paul is a consummate Public Servant with 25 years of Leadership and Strategic Management, Human Resource Management and Development, Commercial and Labour Laws. He is an Advocate of the High Court of Kenya. Representative of the Principal Secretary, Ministry of Education.</p>
 <p>Mr. George Ombua Appointed on 18th June 2019 to 29th September 2020</p>	<p>He holds a Master's degree in Communication Management ICT from United Kingdom Telecommunication Academy and University of Rwanda. He has a Master's degree in ICT Policy and Regulations at Jomo Kenyatta University of Science and Technology. He holds a Bachelor's degree in Information Technology from JKUAT.</p> <p>Representative, of the Inspectorate of State Corporations at Bomet University College.</p>
 <p>Prof. Nathan O. Ogechi Representative, Vice Chancellor and Moi University Senate.</p>	<p>Prof. Nathan Ogechi is the Substantive Deputy Vice Chancellor in charge of Student Affairs at Moi University and also Acting Deputy Vice Chancellor, Administration Planning and Development. He is a Professor in the Department of Kiswahili and other African Languages at Moi University. He is a DAAD Scholar and a Research Associate and Consultant on Languages.</p> <p>Representative, Vice Chancellor (Moi University) and Moi University Senate; sitting on Academic, Research, Extension, Students Affairs and Sealing Committee only at Bomet University College.</p>

3. MANAGEMENT TEAM

Name of the Staff	Qualifications
 <p>Prof. Anne Kisaka Nangulu Principal and Secretary to Council. Appointed on 20th August 2019</p>	<p>Bachelor of Arts Degree (History) from the University of Nairobi (UoN), Master of Arts (History) from UoN, PhD in History from West Virginia University, USA. She has trained in Quality Assurance in University/Higher Education. She has extensive experience in teaching, research and management in University education. She served as the Deputy Commission Secretary in charge of Quality Audits and Standards at the Commission of University Education. She has also served as Dean School of Arts and Social Sciences and Director Quality Assurance at Moi University. She is the Principal at Bomet University College and Professor of History at Moi University.</p>
 <p>Prof. Loice Chemnetich Maru Deputy Principal, Administration and Finance Appointed on 20th August 2019</p>	<p>Ph.D in Business Management (Moi University), MPhil - Entrepreneurship Development (Moi University), Bachelor of Business Management, Human Resource Option (Moi University), Higher National Diploma in Entrepreneurship Development (Kenya Technical Training College) and Diploma in Technical Education (Kenya Technical Training College).</p> <p>Professor of Entrepreneurship and Sustainability Management at Moi University.</p>
 <p>Professor George Otieno Orwa Deputy Principal, Academics and Students Affairs Appointed on 20th August 2019</p>	<p>PhD in Statistics from Jomo Kenyatta University of Agriculture and Technology (JKUAT), Master of Science-Statistics (JKUAT), Bachelor of Science (JKUAT). Extensive knowledge in management of Academics and general Administration in University Education. Professor of Mathematics at JKUAT.</p>

<p>CPA Lorine Obonyo Chief Accountant August 2020 to-date</p>	<p>Master's in Business Administration, Bachelor of Business Management and Certified Public Accountant of Kenya (CPA-K). She is the Chief Accountant in Finance Department from August 2020 to-date.</p>
<p></p> <p>C.P.A Daniel K. Kimaiyo Section Head, Finance</p>	<p>Master of Business Administration, Finance (University of Nairobi), BA in Economics (Kenyatta University), Certified Public Accountant, CPA- Kenya (KASNEB), Certified Investments and Financial Analysts, Section IV (KASNEB). Fifteen years' experience in Finance and Accounting having worked for 8 years as an Accountant in Finance Department at Moi University before joining Bomet University College in July 2018.</p> <p>ICPAK Member Number 12579.</p>

4. STATEMENT FROM CHAIRPERSON

I am pleased to present the fourth year Annual Report and Financial Statements for Bomet University College following inauguration of its Council on 10th November 2017.

Bomet University College continues to be a Premier Green University in fostering Research Excellence in Science, Technology and Innovation for advancement of humanity. The University College ensures that policies, processes and strategies are aligned in order to realise this vision as well as ensuring that the University College attains world class competitiveness. The University College operates in line with the Master Plan and the Strategic Plan as it guides in financial planning, development of academic programs, process efficiency, stakeholder engagement and overall infrastructure development.

The Strategic Plan covers the period 2018 to 2023 and it is founded on *green* philosophy as it endeavors to join the few *green* universities globally. The ultimate goal of this philosophy is sustainability for humanity. This *green* philosophy is based on principles of renewable energy, efficiency in design, water conservation, waste reduction and recycling, indoor air control, durability, merging of green environment among others. These principles are in line with the University's *green* orientation as a center of applied science, technology and innovation. The Strategic Plan envisions teaching and learning environment that blends well with the natural and physical environment including the industry in order to meet the demands and expectations of all stakeholders while aligning to the stated strategic goals, Vision, Mission, Core Values and the Philosophy.

Bomet University College Master Plan has been developed to cover the period 2018 to 2068 (50 years) and is consistent with the Strategic Plan. The Master Plan will be reviewed from time to time, will provide a coordinating strategy for a conducive teaching and learning environment and it represents a framework for a development process in which the whole will always be more than the sum of its parts. The Master Plan is a product and a process since it achieves continuity beyond a single building and encourages orderly Campus development within available resources. The Master Plan focuses on strategies to create accessible, inclusive and highly efficient utilization of space to create ambiance. Our own innovation of utilizing Solar Energy, Research and Start- Up Village, Mini Nature Park and Demonstration farm for research, training and accommodation will go a long way in making Bomet University College a Green Institution, Promoting its Niche of a Green University for Sustainability.

I would like to congratulate all of us who made this year a success by working beyond the usual working hours in order to see through all the activities of the University College. My sincere and deep gratitude to the Ministry of Education specifically the State Department for University Education and Research for their invaluable support, Chancellor and Vice Chancellor of Moi University, Council Members of Bomet University College as well as our dedicated Students, staff, local community and other stakeholders. Together we shall strive to steer the University College to greater heights as we work towards the award of the Charter.

CHAIRPERSON OF COUNCIL

5. REPORT OF THE PRINCIPAL

Bomet University College is in the fourth year of operation and is very strategic in developing unique academic programme. Our Philosophy of a Green University is captured in our 2018 Master Plan that is consistent with the strategic plan for 2018-2023 and it aims at delivering quality and relevant academic Programme. Financial constraints are a major challenge to universities in Kenya and Bomet University College is not an exception. In order to minimize this risk, the University College through its Resource Mobilization Policy has outlined various income alternatives that will reduce the financing dependence on the National Treasury.

The University College has a total of one hundred and twenty eight (128) staff in teaching and administrative categories. The numbers of staff are still not adequate for the University College and therefore implementation of 2020/2021 Financial Year approved Establishment is ongoing.

BUC has a total student's population of one thousand and eighty (1080). As a newly established University College, we still rely to a large extent on the support from the Government through the State Department for University Education and Research. The current critical needs for the University College is to complete the infrastructure developments in order to meet the Commission for University Education standard requirements for service delivery. It is also anticipated that operational expenses will increase in the subsequent financial year as the staff and the student population expands.

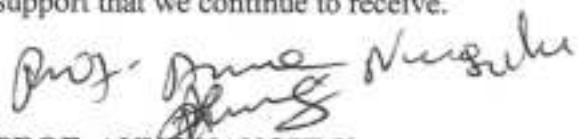
Capital Projects

The Government approved a Capital Development grant in 2016/2017 Financial Year for the construction of Tuition Block, Library, Multipurpose Hall and 2 Hostels all totalling Ksh.1, 391,982,469. However, inadequate funding is causing delay in the implementation of the project. At the moment, the overall completion of the project is 60% with; Tuition Block (99%), Library (55%), Multipurpose Hall (90%) and Hostels at (4%).

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

On behalf of Management, I would like to express our sincere gratitude and appreciation to the Government of Kenya, Moi University and Bomet University College for the immense support accorded to us during the year.

I also want to thank our staff and students, other sponsors and all the stakeholders for the help and support that we continue to receive.



PROF. ANNE NANGULU
PRINCIPAL AND SECRETARY TO COUNCIL

6. CORPORATE GOVERNANCE STATEMENT

The roles and functions of the College Council are clearly defined and it includes providing oversight of Management and giving the strategic direction of the University College. The Council defines the University's College Strategic Goals, Strategies, Objectives, and Values and ensures that procedures and practices are put in place to ensure compliance. The Council develops short- and long-term goals of the University, develops strategies to achieve those goals and monitors the performance of the University College through Performance Contracting. The Finance, Administration, Strategy, Building and Development Committee of Council approves Annual Budgets, Quarterly Reports and spearheads the preparation of Financial Statements and Reports to the full Council. In addition, the same Committee ensures that the University College has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity. The Audit and Compliance Committee of Council advises the University College on ways to improve internal control systems, financial reporting as well follow-up of audit recommendations. The University College Council has unrestricted access to timely and relevant information as well as advice and services of the University College Principal to discharge its duties effectively.

The Council operates in compliance with the Mwongozo Code of Conduct that offers Corporate Governance Framework for all state corporations. The Council prepares an Annual Almanac showing the schedule of Meetings planned for each year. During the year, the University College Council held regular Quarterly Meetings, while Special Meetings were called when necessary.

The University Council is headed by the Chairperson and nine members who include Representative from the Ministry of Education, National Treasury, Inspectorate of State Corporations and the Vice Chancellor of Moi University. The College Principal is the Secretary to Council. The constitution of the Council considered the requirements of the education sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the operations of the University College. The Council Members are appointed to various Council Committees with well-defined terms of reference and mandated to carry out specific functions. The Members of Council therefore bring their diverse experiences in deliberations during the Council meetings. The Council Committees have defined terms of reference and are intended to facilitate efficient decision making in the full Council Meetings.

The Council Committees were as follows:

Name of the Committee	Members
Audit and Compliance Committee	Dr. Jane Ngarari – Chairperson Members: Mr. Alex Tom Majani Mr. Paul Kangira Ms Monica Asuna Mr. George Ombua
Finance, Administration, Strategy, Building and Development Committee	Dr. Peter AmenityNyakundi – Chairperson Members: Dr. Peter M. Ithondeka Rev Dr. Robert K. Lang'at Ms. Monica Asuna

	Mr. Paul Kangira Mr. George Ombua
Academic, Research, Extension, Students Affairs and Sealing Committee	Mr. Alex Tom Majani - Chair Members: Rev Dr. Robert K. Lang'at Dr. Jane Ngarari Mr. Paul Kangira Mr. George Ombua Prof. Nathan Ogechi (Representing Moi University Senate)
Human Resource, Governance and Staff Disciplinary Committee	Dr. Peter M. Ithondeka – Chairperson Members: Dr. Peter Ameyia Nyakundi Mr. Alex Tom Majani Ms. Monica Asuna Mr. Paul Kangira Mr. George Ombua
Appointments and Promotions Committee for Professors, Associate Professors, Deans, Directors and Equivalent.	Prof. Esther W. M Tirima- Chairperson Members are constituted on need basis

The Board/Council has a Conflict of Interest Register and at every Meeting, Members are required to declare any conflict of interest with regard to the matters under discussion.

While the Council sets the direction and provide guidance of the overall strategy, the day to day running of the University College through implementation of the approved Policies, has been delegated to the University College Principal. However, the Council is responsible for the stewardship of the University College and assumes responsibility for the effective control of the University

7. MANAGEMENT DISCUSSION AND ANALYSIS

7.1 Academic Review

Learning in the Second Semester during 2019/2020 Financial Year that was to end in May 2020 was suspended as per the Presidential Directive on 17th March 2020 due the outbreak of Corona virus (COVID-19) Global Pandemic. Following the Governments directive to resume to face-to-face learning, the BUC Academic Board and Senate approved resumption of learning in phases as preventive measures against the spread of COVID-19. The Fourth-Year students reported on 5th October 2020 to complete their second Semester studies of 2019/2020 Academic Year; while the First, Second and Third Year students reported in December 2020 as approved by BUC Academic Board and Senate. Face-to- face learning was suspended again on 26th March 2021 following a Presidential Directive. However the directive was lifted again in April 2021 and therefore face-to-face learning is currently on-going. Consequently, opening in phases has led to negative variance in fee payment but the University College has put in measures to ensure that students clear their fees before sitting for Examinations.

The University College is currently developing and reviewing its academic programmes to align them to the institutions vision of being a Premier *Green University* for Sustainability and Niche: *Green Economy for Sustainability*. It is for this reason that BUC is establishing School of Pure and Applied Sciences and has declared a capacity of eighty (80) students to KUCCPS for 2021/2022 Academic/Financial Year. The University College presented one hundred and thirty nine (139) undergraduate students to graduate in December 2020 at Moi University and another group of seventeen (17) graduated in August 2021.

Bomet University College declared capacities for its Academic Programmes to Kenya Universities and Colleges Central Placement Service (KUCCPS) totalling to 1,280 students. However during placement, BUC Academic Programmes did not attract enough students to fill all the declared capacities per programme. A total number of six hundred and fifty (650) students were placed in Bomet University Academic Programmes out of which 540 students reported but thirty six (36) students deferred studies due to financial constraints.

7.2 Financial Review

The financial operations of BUC started in July 2017 with management of its Finance, Procurement and Human Resources at Moi University till June 2018. During this first year of inception, most activities were geared towards establishment of the Council and Management that enabled the preparation of Strategic Plan 2018-2023, Master Plan 2018-2068 and planning for Human Resources.

Two groups of students in first year and third year were carried over from the then Bomet Campus College of Moi University where the first lot graduated in December 2020. The low number of students could not enable the University College to generate substantive amount of internal generated revenue. The Government through the State Department for University Education and research has been supporting the operations over the years as shown in table 7.2 below.

The financial performance in 2019/2020 Financial Year posted a surplus of Ksh 52,033,354. The surplus is attributable to the timing of expenditure since the recruitment process as in the case of Personal Emoluments expenses took longer to achieve. The recruitment process for Phase 2 Part 1 and 2 was advertised, short listing done for majority of the positions and interviews conducted for the Council approved establishment. In addition, in some instances the Procurement process for Operations and Maintenance activities was slowed down by the suspension of teaching and learning

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

owing to the COVID-19 Global Pandemic. Part of the surplus is also attributed to the fact that Assets procured were capitalized hence does not appear in the Financial Performance.

In the approved establishment for 2020/2021 Financial Year, recruitment and appointment is being implemented in phases as approved in the rationalized budget for 2020/2021 Financial Year.

Table 7.2: Summary of Financial Performance

	Actual	Actual	Actual	Actual
Details	2017/2018	2018/2019	2019/2020	2020/2021
Recurrent Revenue				
Internal Generated Revenue from School Fees	15,358,850	16,847,000	29,561,932	37,963,982
Government Grants for Recurrent Expenditure	145,750,002	131,532,000	318,907,793	308,291,350
Total Recurrent Revenue	161,108,852	148,379,000	348,469,725	346,255,332
Operating Expenses				
Personnel Emoluments	61,210,000	112,760,000	156,010,055	227,511,287
Council Expenses	10,955,571	19,587,000	20,498,070	5,401,268
Repairs and Maintenance	4,411,000	2,212,000	12,245,808	25,269,348
Depreciation and Amortization	5,034,000	9,141,000	12,554,869	13,528,772
Use of Goods and Services	23,881,000	38,430,000	89,317,734	60,866,826
Contracted Services	12,347,000	927,000	5,813,836	11,417,226
Provision for bad/doubtful debts				1,635,186
Total Operating Expenses	117,839,000	183,057,000	296,440,372	345,629,913
Operating Surplus/ (Deficit)	43,269,852	(34,678,000)	52,029,354	625,419

7.3 University Land and Fixed Assets

University Land

Bomet University College has four parcels of land in Sigor which have been amalgamated into one piece of land measuring approximately 57.08 acres (23.1 hectares) and registered as KER/SIGOR/1834 in favour of County Government of Bomet and reserved for Bomet University College. There are no encumbrances registered against the title as it was inspected during the valuation. There is a parcel measuring 4.7 hectares or 10.3 acres situated within Bomet town, off Quarry road next to St. Michael Primary school and is where the Bomet University College is currently located. Registration of the land is ongoing but details pertaining to it are contained in FR 328/28 at the Bomet Land registry. Finally, the University College owns land adjacent to Bomet Stadium and Bomet Teachers Training College. The title of the land is registered in the name of Cabinet Secretary National Treasury (Bomet University College) as Bomet Town/308 and Bomet Town/307 measuring approximately 18.3 hectares or 44.997 acres. The value of BUC Land is Ksh 930,800,000 while the Book Value of buildings is Ksh 49,600,818.

University Fixed Assets

The Financial Position as at 30th June 2021 reports a Total Assets of Ksh 1,884,041,722 contributed by Capital Reserve of Ksh 1,822,790,949 and Revenue Reserve of Ksh 61,250,773.

The total value of Intangible Assets is Ksh 16,544,931 while Property Plant and Equipment is Ksh 1,844,013,175 broken down below:

Table 7.3: Breakdown of Property, Intangible Assets and Plant and Equipment

Land	Buildings	Work in Progress	Motor vehicles	Furniture, Plant & Fittings	Plant & Equipment	Computers
930,800,000	49,600,818	813,165,270	16,676,397	19,820,016	7,964,794	5,985,880

SECTION B

Entity's Compliance with Statutory Requirements

During the period ended 30th June, 2021, the University College complied with statutory requirements with regard to deduction and remittance of PAYE, Withholding VAT, NHIF, Pension and NSSF. However there was an assessment from NSSF in the Third Quarter of the Financial Year leading additional contributions required from Employee and Employer amounting to Kshs. 1,766,560 and dating back to July 2018. The assessment from NSSF was following the Circular from the Executive Office of the President dated 13th January 2021, Ref No: OP/CAB.1/8A on "Clarification on the Implementation of the Public Service Superannuation Scheme for Civil Servants, Teachers and Disciplined Forces".

SECTION C

Key Projects and Investment Decisions the Entity is Planning/Implementing

The Government approved a Capital Development grant in 2016/2017 Financial Year for the construction of 1 No Tuition Block, 1No Library, 1No Multipurpose Hall and 2No Hostels all totalling Kshs.1,391,982,469. The commencement date for the contract was 8th November 2016 and was expected to run for one hundred and four (104) weeks to be completed on 7th November 2018. However, there is an approved variation of the contract period to 7th November 2020. Inadequate funding, boundary disputes and the earlier site challenges caused the delay in implementation of the project. As at 30th June 2021, the overall completion of the Project was 60% with the Tuition Block at 99%, Library at 55%, and Multipurpose Hall at 90% and Hostels at 4%.

The total amount approved for Capital Development in 2020/2021 Financial Year was Kshs. 137,454,231 being allocation of Kshs. 98,448,711 in 2020/2021 Financial Year and balance brought forward of Kshs. 39,005,520 from 2019/2020 Financial Year. However, the National Treasury has reduced the allocation of Capital Development for 2020/2021 Financial Year from Kshs 98,448,711 to Kshs 49,224,355 being the amount that has been received by BUC. From the above action from Government, the Capital Development for 2020/2021 Financial Year thereby reduces from Kshs 137,454,231 to Ksh 88,229,875.

The details of the on-going Capital Development Budget as at 30 June, 2021 are summarized in the table below.

Table 7.4: Capital Development on on-going Projects

Reference	Total Cost	Total Payments Made	Balance Required to Completion	Approved Budget 2020/2021
Construction of 1 No Tuition Block, 1No Library, 1No Multipurpose Hall and 2No Hostels	1,391,982,469	757,213,269	634,769,200	74,
Construction of Administration Block, Lecture Theatre and Associated Works	0	0	0	10,
Construction of Ablution Block	0	0	0	
Internet Connectivity	3,887,172	3,887,172	0	3,
Review of Master Plan 2018-2068 and Development of Master Plan for Sigor Campus	0	0	0	
Total				88,

Picture 1: BUC Green Tuition Block- Front Elevation (99% completion)



Picture 2: BUC Green Tuition Block- Inside square (99% completion)



Picture 3: Library Block Under Construction (Front Elevation)- 55% completion



Pictures 4: Students Multipurpose Hall under construction- 90% completion



8. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability Strategy and Profile

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

During the Financial Year 2020/2021 Bomet University College undertook Decommissioning of the Dumpsite in Plots Bomet Plots 307 and 308. Decommissioning of is a continual process; hence Phase I of decommissioning has been completed and Phase II is to be actualize in the current year, through waste management; and activities to facilitate sustainable use of the land. During the Financial Year, the University College Council approved Review of Master Plan for 2018-2068; and Strategic Plan 2018-2023 to enable incorporation of the planned activities towards enhancing sustainability.

ii) Employee Welfare

In the FY 2020/2021 the Council and Management committed to promote Staff Welfare by undertaking various activities which were accomplished within the said year. Staff Welfare activities are evidenced in the Performance Contract for the Financial Year 2020/2021 which included: Prevention of HIV Infection through implementation of Maisha I Wellness program; securing a comprehensive medical insurance cover for staff; provision of a staff lounge in the Multipurpose Hall Block; Disability Mainstreaming; undertaking safety and security measures and sensitizing staff and students on National Cohesion and Values

iii) Market Place Practices

Bomet University College is committed to contributing effectively and efficiently to the achievement of the national development agenda as espoused in the “Big Four Agenda: and Kenya Vision 2030, keeping in mind the specific priorities of the University College. The Vision, Mission, Strategic Objectives of the University College have been aligned to the National Agenda. During the Financial Year 2020/2021, the University Council approved the Strategic Plan 2018-2023 to enable incorporation of the Strategic Objectives they have been aligned to the National Agenda. In its operations, the University College acknowledges and complies with provisions of the Constitution of Kenya and relevant government regulations.

iv) Corporate Social Responsibility / Community Engagements

In the Financial Year 2020/2021 Bomet University College (BUC) engaged the local community and local institutions in the following ways:

1. The partnership between BUC and the local schools enabled students from Bomet University College to conduct their Teaching Practice in the local schools.
2. BUC positively engaged the neighbouring St Michael Primary and Secondary School on various matters including: demarcation of land boundaries, provision of Toilet Facilities for St Michael Primary School on cost sharing basis as a corporate social activity; and enabling

3. BUC Linked with the National Government through the Information, Communication and Technology Authority in provision of internet connectivity through Fiber Optic.

9. REPORT OF THE UNIVERSITY COLLEGE COUNCIL

The Council Members submit their report together with the financial statements for the year ended June 30, 2021 which show the state of the University's affairs.

i) Principal Activities

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

ii) Results

The results of the entity for the year ended June 30, 2021 are set out on page 1 to 45

iii) Members of Council

The Members of the University Council who served during the Year are shown on page VI.
The University College Council were appointed and inaugurated on 10th November 2017.

iv) Surplus Remission

In accordance with Regulation 219 (2) of the Public Finance Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Bomet University College did not make any surplus from its budgetary commitments during 2020/2021 Financial Year and hence no remittance to the Consolidated Fund.

v) Auditors

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

By Order of the Council



PROF. ANNE NANGULU
PRINCIPAL AND SECRETARY TO COUNCIL

10. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 47 of the Universities Act require the University College Council to prepare financial statements in respect of the University College, which give a true and fair view of the state of affairs of the University College at the end of the financial year and the operating results of the University College for that year. The Council Members are also required to ensure that the University College keeps proper accounting records which disclose with reasonable accuracy the financial position of the University College. The Council Members are also responsible for safeguarding the assets of the University.

The Council Members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University College for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the University College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Universities Act. The Council Members are of the opinion that the University's financial statements give a true and fair view of the state of Bomet University College transactions during the financial year ended June 30, 2021, and of the University College financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University College financial statements as well as the adequacy of the systems of internal financial control.

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

The term of Bomet University Council lapsed on 29th September 2020 and a new Council was appointed on 8th July 2022 and inaugurated on 21st July 2022.

Approval of the Financial Statements

The Bomet University College Financial Statements were approved by Council on 29.09.2021 and signed on its behalf by:



PROF. ANNE NANGULU
PRINCIPAL AND SECRETARY TO COUNCIL

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BOMET UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE 2021

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 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 the Bomet University College set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2021 and the statement 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 Bomet University College as at 30 June, 2021, 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.

Basis for Qualified Opinion

1. Variances between Ledger Balances and the Financial Statements Balances

The statement of financial performance and statement of financial position reflects various account balances that were at variance with the ledger balances obtained from the Enterprise Resource Planning (ERP) System as analysed in appendix 1. No reconciliation between the two sets of records was provided.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2021 could not be confirmed.

2. Unsupported Revenue from Exchange Transactions

As disclosed in Note 8 to the financial statements, the statement of financial performance reflects total revenue from exchange transactions of Kshs.37,963,982. However, revenue totalling to Kshs.30,457,950 in respect of tuition and related charges, privately sponsored students' fees, students field trips/courses and students' activities, were not supported with schedules for audit review.

In the circumstances, the accuracy and completeness of the revenue from exchange transactions of Kshs.30,457,950 could not be confirmed.

3. Land without Ownership Documents

As disclosed in Note 23 to the financial statements, the statement of financial performance reflects property, plant and equipment balance of Kshs.1,844,013,175. The balance includes the value of parcels of land of Kshs.930,800,000. However, no ownership documents in respect to four (4) parcels of land in Sigor, Bomet town were provided for audit.

In the circumstances, the accuracy and ownership of the parcels of land valued at Kshs.930,800,000 could not be confirmed.

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

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

As disclosed under the progress on follow-up of auditor recommendations section of other notes accompanying the financial statements, some of the prior year audit issues remained unresolved as at 30 June, 2021. The Management did not provide reasons for the delay in resolving the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

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

Basis for Conclusion

1. Non-Remittance of Tax Dues

Review of records revealed that the College had not remitted to Kenya Revenue Authority (KRA), taxes amounting to Kshs.3,561,524 as at 30 June, 2021. Further analysis revealed that the institution had been subjected to penalties and interests amounting to Kshs.1,856,084 due to non-remittance or late filing of returns contrary to Section 37 (5) of the Income Tax Act, 2021 that requires tax deductions be remitted on or before their due dates in the subsequent month following the month in which the deductions were made.

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

2. Delayed Implementation of Projects

The University Management awarded a multi-project contract to a company at contract sum of Kshs.1,391,982,469 on 8 November, 2016 for the construction of a tuition block, a library, a multi-purpose hall and a hostel. The contract was for a period of two (2) years or 104 weeks commencing on 8 November, 2016. However, review of minutes for the site meetings held on 4 March, 2020, revealed that the contractor was behind schedule and had sought extension up to 7 November, 2020 when the overall completion was at 52%. Further, as at 30 June, 2021, the work certified stood at Kshs.784,383,813.67 or 56% of the total contract sum while Physical inspection carried out during the month of January, 2022 revealed that the project had stalled and the contractor was not on site.

In the circumstances, continued delay in completion of the project denies the community the benefits that may accrue from their use and there is a risk of escalation of project costs and value for money for the expenditure could not be ascertained.

3. Payment for Incomplete Non-Commissioned ERP System

A contract for the supply, installation, testing and commissioning of an Enterprise Resource Planning (ERP) software solution for the College was awarded to a company on 26 June, 2020 at a contract sum of Kshs.16,544,981 and for a contract period of seventeen (17) weeks. According to the contract agreement, Management reserved the right to extend the contract period by only one (1) month.

Review of payments in relation to the project revealed that an amount of Kshs.15,363,443.68 or 90% of the total contract sum had been paid by 6 May, 2021. The remaining balance of Kshs.1,181,487.84 represents 10% retention money that would be paid after the defects liability period as per the provisions of the contract agreement.

However, review of the system implementation status revealed that the alumni and honorary members, legal/ litigation matters, security and audit modules had not been implemented and customized despite the fact that the vendor had been fully paid. Further, the system was to be commissioned by the end of October, 2020 but as at 27 January, 2022, the ERP had not been commissioned and no evidence of extension of the contract period was provided.

In the circumstances, value for money for the expenditure incurred could not be confirmed.

4. Payment of Unauthorized Allowances to Top Management

Note 9 to the financial statements reflects employee costs of Kshs.227,511,287 which includes unauthorized allowances amounting to Kshs.12,240,000 paid to three (3) top Management staff during the year under review. These allowances were deliberated upon by the University Council and recommended for implementation. However, there were no support documents to confirm that the allowances had been regularized by State Corporation Advisory Committee or advised by the Salaries and Remuneration Commission (SRC). The payment of allowances was therefore irregular.

In the circumstances, the Council was therefore in breach of the law.

5. Non-Compliance with the One-Third Basic Pay Rule

Analysis of the payroll data for the year under review revealed that four (4) members of staff were on diverse months paid net salaries which were less than a third (1/3) of their basic pay contrary to Section C.1(3) of the Human Resource Policies and Procedures Manual for the Public Service of May, 2016.

In the circumstance, Management was in breach of Human Resource Policies and Procedures for the Public Service.

6. Irregular Staff Recruitment and Appointment

Review of Personnel records maintained and provided for audit revealed that during the year Management recruited and engaged the services of forty-eight (48)

employees. However, a scrutiny of the recruitment and appointment process revealed that Management recruited two senior lecturers both in Scale BUC 13 contrary to Clause 2.2 (a) of the University College's Human Resource Policy Document Ref. BUC/HRPM/1/2018 which states that appointment to grades BUC 13 to BUC 17 is a preserve of the committee of the Council chaired by the Chairperson of Council.

Further, Minutes of the appointment committee meeting held on 04 December, 2020 to consider appointment of legal officers agreed and recommended the appointment of an officer to the position of Assistant Legal I at Scale BUC 10 to be in-charge of Legal Department and two(2) to the position of Legal Assistant II at Scale BUC 8. However, the advertisement made for the jobs was only for one position for a Legal Officer (BUC/ADM/11/2/2020) at Scale BUC 12.

In the circumstances, Management was in breach of the College's Human Resource Policy.

7. Irregular Payment of Salary to a Former Employee

Included in the employee costs of Kshs.227,511,287 for the year ended 30 June, 2021 is salary paid to an officer who had resigned from the service of the College amounting to Kshs.598,236. The last day of service according to a Memo REF. BUC/DPAF/CORR.1/1/21 was 08 May, 2021. However, review of payroll records revealed that the officer was still in the payroll as at 30 June, 2021.

In the circumstances, the amount of Kshs.598,235.90 paid to the officer was irregular and not a proper charge to public funds.

8. Overpayment of Salaries to Former Staff Members

Review of records revealed that, during the period between October, 2017 and June, 2019, the former acting principal and two acting deputy principals of the Bomet University College were paid basic salaries for the upper substantive positions contrary to the advisory of the State Corporations Advisory Committee. This resulted in an overpayment of Kshs.5,201,149 which according to the recommendation and of the Compliance Committee of the University College's Council should have been recovered with effect from January, 2019.

However, as at the time of audit in January, 2022, there was no evidence to show that the recoveries had been effected as directed was provided for audit review.

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

9. Irregular Engagement of Casual Employees for more than Twelve Months

Included in the employee costs of Kshs.227,511,287 is an amount of Kshs.1,336,323 relating to wages for six (6) casual employees engaged in various departments. Review of records provided for audit indicated that the casuals had worked continuously for a period of twelve (12) months from July, 2020 to June, 2021 contrary to Section 37 of the Employment Act, 2007 and Section 2.3.4 of the Bomet University College's Human Resource Policy Manual.

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 matters 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

1. Lack of a Functional Council

Review of Council records revealed that the term of the University College's previous Council Members lapsed on 29 September, 2020 and no new Council was appointed until 08 July, 2022. The University, therefore, operated without a Council in the year under review.

In the circumstances, the absence of the Council Members may have negatively affected the University operations.

2. High Wage Bill

The statement of financial performance for the year under review reflects compensation of employees' expenditure of Kshs.227,511,287 which is equivalent to 65.7% of the College's actual revenue of Kshs.346,255,332. The high wage bill means that most of the College's financial resources were spent on staff salaries at the expense of development projects.

In the circumstances, the operations of the University may be hampered by the high wage bill.

3. ERP System - Integrity of the Microsoft Dynamics 365 Business Central (Navision) 2019

Review of the operations of the ERP revealed that the audit module is not able to generate reports for all the transactions from all the other modules. In addition, the following weaknesses in the ERP system were noted:

- i. Developer/vendor of the system has access rights to all the functionalities of the ERP making its integrity questionable.
- ii. Even though training and skills transfer were conducted by the developer as provided for in the contract agreement, the developer/vendor still executes the functions and roles assigned to College staff from different departments.

- iii. The College has not configured any network monitoring or management protocol to assist in enforcing access controls. Guests and staff with personal computers can access the network resources by just connecting to any available network port without approval or authentication.

Consequently, the ERP system integrity and control environment may be not guaranteed.

4. Computers without Antivirus and Software Licences

During the year under review, Management purchased sixty (60) twenty-three-in-one Kaspersky antivirus softwares for use in the protection of their computers. However, some computers were not protected with any antivirus software despite the fact that the institution had bought the Kaspersky antivirus licenses. Further, The University did not install genuine Microsoft Office software in some of the computers while in others the licenses had not been activated.

Failure to activate licenses for its computer softwares and antiviruses exposes the University to risks of data losses and cyber-attacks.

5. Lack of Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP)

During the year under review the College did not have an approved Information System Disaster Recovery Plan and a Business Continuity Plan in place.

In the circumstances, the measures the University has put in place to ensure business continuity could not be confirmed.

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 controls, risk management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the College'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 College 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 College'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 overall 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 manner, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become

inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 September, 2022

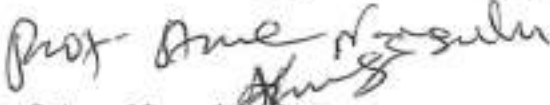
Appendix 1 Variances between Financial statements and the ledger


Account Description	Balance as per Financial Statements Kshs.	Ledger Balances as per ERP System Kshs.	Variance Kshs.
Rendering of Services and Miscellaneous Income	37,963,982.00	36,532,950.00	1,431,032
Use of Goods and Services	60,866,826.00	23,659,095.00	37,207,731
Employee Costs	227,511,287.00	213,360,867.00	14,150,420
Remuneration of Directors	5,401,268.00	3,984,496.00	1,416,772
Depreciation and Amortization Expense	13,528,772.00	14,738,615.00	(1,209,843)
Repairs and Maintenance	25,269,348.00	23,077,053.00	2,192,295
Contracted Services	11,417,226.00	4,858,202.00	6,559,024
Cash and Cash Equivalents	204,725,935.00	225,143,497.00	(20,417,562)
Receivables from Exchange Transactions	14,716,673.00	12,354,330.00	2,362,343
Receivables from Non-Exchange Transactions	2,970,870.00	3,995,022.00	(1,024,152)
Inventories	2,060,159.00	10,250,169.00	(8,190,010)
Plant, Property and Equipment	1,844,013,175.00	1,905,461,394.00	(61,448,219)
Trade and Other Payables from Exchange Transactions	57,448,357.00	128,508,109.00	(71,059,752)
Provisions	67,953,426.00	68,874,207.00	(920,781)
Other Payables-Contingent Liabilities	4,980,675.00	-	4,980,675
Borrowings	-	919,378.00	(919,378)
Capital Reserve	1,822,794,949.00	1,784,008,723.00	38,786,226
Accumulated Revenue Reserve	61,246,773.00	18,041,343.00	43,205,430

12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2021

PARTICULARS	Note	2020/21	2019/2020
Revenue from Non Exchange Transactions		Kshs	Kshs
Transfers from other governments–gifts and services-in-kind	7	308,291,350	318,907,793
Sub-Total		308,291,350	318,907,793
Revenue from Exchange Transactions			
Rendering of Goods and Services	8	37,160,450	29,025,050
Miscellaneous Income and Externally Generated funds		803,532	536,882
Sub-Total		37,963,982	29,561,932
Total Revenue		346,255,332	348,469,725
Expenses			
Employee costs	9	227,511,287	156,010,055
Remuneration of Directors	10	5,401,268	20,498,070
Depreciation and amortization expense	11	13,528,772	12,554,869
Repairs and maintenance	12	25,269,348	12,245,808
Contracted Services	13	11,417,226	5,813,836
Use of Goods and Services	14	60,866,826	89,317,734
Provision for bad/doubtful debts	16	1,635,186	
Total Expenses		345,629,913	296,440,372
Other Gains/(losses)			
Gain/(Losses) on sale of assets			
Total Other Gains/(losses)			
Surplus (Deficit) for the Period		625,419	52,029,354
Accumulated Surplus		61,246,773	60,621,354

The notes set out on pages 11 to 38 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 44 were signed on behalf of the Board of Directors by:

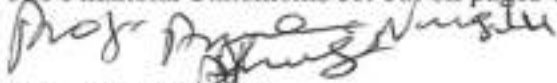

Prof. Anne Nangulu
Principal and Secretary to Council



CPA Daniel Kamaiyo
ICPAK No.12579
Section Head, Finance

13. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

PARTICULARS		2020/2021	2019/2020
ASSETS		Kshs	Kshs
Current Assets:			
Cash and cash equivalents	15	204,725,935	224,217,076
Receivables from exchange transactions	16	14,716,673	12,971,173
Receivables from non-exchange transactions	17	2,970,870	12,489,897
Inventories	18	2,060,159	1,830,623
Total Current Assets		224,473,637	251,508,769
Non-Current Assets			
Property, Plant and Equipment	23	1,844,013,175	1,735,285,752
Intangible Assets	25	16,544,931	-
Total Non-Current Assets		1,860,558,107	1,735,285,752
TOTAL ASSETS		2,085,031,744	1,986,794,521
LIABILITIES			
Current Liabilities:			
Trade and other payables from exchange transactions	19	57,448,357	82,006,053
Other payables- Contingent Liabilities	20	4,980,675	4,980,675
Provisions	21	67,953,426	61,618,002
Total Current Liabilities		130,382,458	148,604,730
Non-Current Liabilities			
Non-Current Liabilities	22	70,607,563	58,451,550
Total Non- Current Liabilities		70,607,563	58,451,550
TOTAL LIABILITIES		200,990,021	207,056,280
TOTAL NET ASSETS		1,884,041,723	1,779,738,241
FINANCED BY:			
Capital Reserve		1,822,794,949	1,719,116,887
Accumulated Revenue Reserve		61,246,773	60,621,354
TOTAL NET ASSETS		1,884,041,722	1,779,738,241

The Financial Statements set out on pages 1 to 44 were signed on behalf of the Board of Directors by:


 Prof. Anne Nangulu
Principal and Secretary to Council


 CPA Daniel Kimaiyo
 ICPAK No.12579
Section Head, Finance

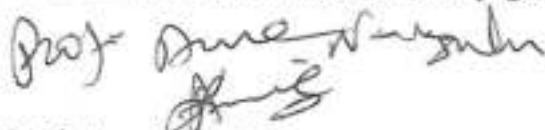
14 STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

Particulars	notes	Revaluation reserve	Retained earnings	Capital/ Development Grants/Fund	Total
As at July 1, 2019		1,267,505,608	8,592,392	283,626,000	1,559,724,000
Revaluation gain		-	-	-	-
Adjustments on revaluations		-		-	-
		65,740,000			65,740,000
Surplus/ Deficit for the year		-	52,029,354	-	52,029,354
Capital/Development grants received during the year		-	-	275,000,000	275,000,000
As at June 30, 2020		1,201,765,608	60,621,746	558,626,000	1,779,738,241
As at July 1, 2020		1,201,765,608	60,621,746	558,626,000	1,779,738,241
Revaluation gain		-			-
Surplus/ deficit for the year			625,419		625,419
Capital/Development grants received during the year				49,224,355	49,224,355
As at June 30, 2021		1,201,765,608	61,247,165	607,850,355	1,884,041,722

15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2021

PARTICULARS	NOTE	2020/21	2019/2020
		Ksh	Kshs
Cash Flows from Operating Activities			
Receipts			
Revenue from Non Exchange Transactions	7	308,291,350	307,033,545
Revenue from Exchange Transactions	8	37,963,982	29,561,932
Total Receipts		346,255,332	336,595,477
Payments			
Employee costs	9	227,511,287	156,010,055
Remuneration of Directors	10	5,401,268	20,498,070
Depreciation and amortization expense			
Repairs and maintenance	12	25,269,348	12,245,808
Contracted Services	13	11,417,226	5,813,836
Use of Goods and Services	14	60,866,826	89,317,734
Total Expenses		330,465,955	283,885,503
Cash flows from Operating Activities		15,789,377	52,709,974
Working Capital Changes:			
Purchase of Motor vehicles			
Decrease/(increase) in receivables- Non Exchange Transactions		9,519,027	- 7,314,897
Decrease/(increase) in receivables-Exchange Transactions		- 1,745,500	-8,563,815
(Decrease)/Increase in Payables		- 6,066,259	121,381,730
Decrease/(Increase) in Inventories		(229,536)	22,623
Net Cash flows from Operating Activities		17,267,109	158,235,615
Cash flows from Investing Activities			
Purchase of property, plant, equipment		(85,982,605)	(218,940,539)
Net Cash flows from Investing Activities		(85,982,605)	(218,940,539)
Cash flows from Financing Activities			
Capital Development Grants from GOK		49,224,355	275,000,000
Net Cash flows used in Financing Activities		49,224,355	275,000,000
Net Increase/(Decrease) in Cash and Cash Equivalents		(19,491,141)	214,295,076
Cash and Cash Equivalents at the Beginning of the Year		224,217,076	9,922,000
Cash and Cash Equivalents at end of the period		204,725,935	224,217,076
PER FINANCIAL STATEMENTS		204,725,935	224,217,076

The Financial Statements set out on pages 1 to 44 were signed on behalf of the Board of Directors by:



Prof. Anne Nangulu
Principal and Secretary to Council



CPA Daniel Kimaiyo
ICPAK No.12579
Section Head, Finance

First set University College
Annual Reports and Financial Statements
For the year ended June 30, 2021.

16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

No.	Particulars	Original Budget	Adjustments	Final Budget	Actual	Variance	% Variance
	INCOME						
1	Exchequer Grants	308,291,000	-	308,291,350	308,291,350	0	0
3	Tuition & Related Charges	19,284,000	-	19,284,000	20,847,300	1,563,300	8
4	Privately Sponsored Students Fees	12,270,000	-	12,270,000	4,715,950	- 7,554,050	- 62
5	Students Field Trips/Courses	3,708,000	-	3,708,000	2,660,000	- 1,048,000	- 28
6	Students Activities	1,556,000	-	1,556,000	2,234,700	678,700	44
7	Student ID	420,000	-	420,000	312,000	- 108,000	- 26
8	Caution Money	700,000	-	700,000		- 700,000	- 100
9	Games and Sports	1,014,000	-	1,014,000	989,000	- 25,000	- 2
10	CUE Fees	700,000	-	700,000	513,000	- 187,000	- 27
11	KUCCPS Fees	700,000	-	700,000	778,500	78,500	11
12	Teaching Practice	3,756,000	-	3,756,000	4,110,000	354,000	9
13	Students Accommodation Fees	3,000,000	-	3,000,000		- 3,000,000	- 100
14	Miscellaneous Income	5,187,000	-	5,187,000	32,500	- 5,154,500	- 99
13	Externally Generated Funds	2,000,000	-	2,000,000	771,032	- 1,228,968	- 61
	TOTAL	362,586,000	-	362,586,350	346,255,332	-16,331,018	- 5
	EXPENDITURE						
	Personal Emoluments	Ksh	Ksh	Ksh	Ksh	Ksh	%
14	Basic Salaries	114,156,000	2,000,000	116,156,000	112,132,250	4,023,750	3
15	House allowance	42,245,000	3,800,000	46,045,000	45,675,177	369,823	1
16	Commuting and Car Allowances	16,000,000	1,200,000	17,200,000	17,169,758	30,242	0
17	Gratuity & Pension contribution	11,368,000	10,700,000	22,068,000	24,482,078	(2,414,078)	- 11
18	Entertainment Allowances	8,600,000	(5,900,000)	2,700,000	2,640,000	60,000	2
19	Responsibility Allowances	5,240,000	(798,000)	4,442,000	4,465,445	(23,445)	- 1
20	Telephone Allowances	5,240,000	(1,700,000)	3,540,000	3,502,000	38,000	1
21	Professorial Allowances	1,400,000	(1,000,000)	400,000	398,516	1,484	0

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

21	Professorial Allowances	1,400,000	(1,000,000)	400,000	398,516	1,484	0
22	Medical Risk and Extraneous Allowances	480,000	60,000	540,000	540,000	-	-
23	Passage & Leave expenses	1,200,000	(300,000)	900,000	957,640	(57,640)	6
24	Book and Journal Allowance	1,000,000	(78,000)	922,000	922,000	-	-
25	Casuals	1,000,000	200,000	1,200,000	1,336,323	(136,323)	11
26	Part Time Teaching Claims	7,000,000	(3,500,000)	3,500,000	3,500,000	-	-
27	Attachment/Internship/ Apprenticeship	1,200,000	(300,000)	900,000	890,127	9,873	1
28	Staff Medical Scheme	9,000,000	-	9,000,000	8,899,974	100,026	1
29	Sabbatical, Visiting & Adjunct Academic Staff	3,500,000	(3,000,000)	500,000	-	500,000	100
	SUB TOTAL P.EMOLUMENTS	228,629,000	1,384,000	230,013,000	227,511,287	2,501,713	1
	OPERATIONS AND MAINTENANCE						
30	Council Expenses	8,958,000	(2,758,524)	6,199,476	5,140,268	1,059,208	17
31	Council Chair Honoraria	1,044,000	(761,250)	282,750	261,000	21,750	8
32	Contracted Services:	-					
33	Medical and Sanitation expenses	500,000	316,140	816,140	816,140	-	-
34	Insurance expenses	2,500,000	(1,300,000)	1,200,000	1,177,876	22,124	2
35	Legal Expenses	4,590,000	(550,000)	4,040,000	4,038,903	1,097	0
36	Subscriptions	180,000	(40,000)	140,000	112,854	27,146	19
37	Security Services	2,810,000	112,000	2,922,000	2,921,700	300	0
38	Cleaning Services	2,300,000	50,000	2,350,000	2,349,753	247	0
	Sub-Total	12,880,000	(1,411,860)	11,468,140	11,417,226	50,914	0
	Expenses Relating to Core Mandate:						
39	Equipping of Teaching Laboratories	1,000,000	5,582,340	6,582,340	6,492,844	89,496	1
40	Development of Green Academic	300,000	(300,000)	-	-	-	-

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

65	User Training & Capacity Building for ERP	600,000	220,000	820,000	244,461	575,539	70
66	Stakeholder Engagement	300,000	(130,000)	170,000	92,950	77,050	45
	Sub-Total	45,450,000	(232,200)	45,217,800	40,945,950	4,271,850	9
	Administrative Expenses:						
67	Public celebrations, Final Rites and Functions	150,000	(90,000)	60,000	21,550	38,450	64
68	Electricity, Water & Conservancy	2,000,000	345,000	2,345,000	2,153,852	191,148	8
69	Travelling & Accommodation	2,500,000	780,000	3,280,000	3,279,522	478	0
70	Telephone Expenses & Petty Cash	1,500,000	(377,217)	1,122,783	1,026,903	95,880	9
71	Internet Expenses	2,200,000	(39,006)	2,160,994	2,148,929	12,065	1
72	Uniform & clothing	1,200,000	(1,035,000)	165,000	123,000	42,000	25
73	Stationery	2,000,000	345,000	2,345,000	1,702,178	642,822	27
74	Advertising & Publicity	2,500,000	600,000	3,100,000	2,721,437	378,564	12
75	Audit fees	1,500,000	(700,000)	800,000	800,000	-	-
76	Land Rent, Rates & Title Deed Processing	300,000	(300,000)	-	-	-	-
77	Payment of Rent	3,000,000	(2,949,190)	50,810	-	50,810	100
78	Computer Expenses	2,900,000	1,280,000	4,180,000	4,116,632	63,368	2
79	Cleaning Materials, Detergents	1,650,000	(900,000)	750,000	731,830	18,170	2
80	Purchase of Plant, Equipment and Biological Assets- Farm	2,300,000	(2,200,000)	100,000	50,250	49,750	50
81	Purchase of medical Equipment & Drugs	1,000,000	(200,000)	800,000	784,450	15,550	2
82	ISO & QA Related Expenses	600,000	(220,000)	380,000	196,208	183,792	48
83	Conference and Workshops	2,100,000	120,000	2,220,000	1,906,800	313,200	14
84	Staff Training Expenses	1,120,000	-	1,120,000	1,111,050	8,950	1
85	Staff Development (Competence & Research)- Administrative	700,000	(673,900)	26,100	21,250	4,850	19
86	Staff Team Building	600,000	-	600,000	302,100	297,900	50
87	Office Expenses	410,000	-	410,000	390,198	19,802	5

Fret University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

88	Strategic Plan Implementation & Monitoring	400,000	75,000		475,000	474,888	112	0
89	Launch of Multipurpose Hall	300,000	(300,000)		-		-	-
90	Performance Contracting	700,000			700,000	523,810	176,190	25
91	Revaluation of fixed assets	120,000	(120,000)		-		-	-
92	Branding of BUC Niche (Green Economy for Sustainability)	1,000,000	(400,000)		600,000	547,020	52,980	9
93	Internal Communication System-PABX	1,400,000			1,400,000	1,416,713	(16,713)	1
94	Procurement of ERP System-Server	1,455,000	(105,000)		1,350,000	1,350,000	-	-
95	Installation of Solar Power System	4,000,000	(445,000)		3,555,000	3,455,000	100,000	3
96	Bank Charges	80,000	100,000		180,000	159,917	20,083	11
	Sub Total	41,685,000	(7,409,313)		34,275,687	31,515,487	2,760,200	8
	Repairs and Maintenance:							
97	Transport Operating Expenses	1,500,000	450,000		1,950,000	1,978,410	(28,410)	1
98	Maintenance of Plant & Equip.	80,000	208,000		288,000	318,740	(30,740)	11
99	Refurbishment and Maintenance of Buildings	4,000,000	6,727,000		10,727,000	10,704,320	22,680	-
100	Equipping and Maintenance of Hostels	60,000	-		60,000	11,000	49,000	82
101	Water Supplies (Borehole) & Maintenance	7,000,000	259,700		7,259,700	7,259,700	-	-
102	Maintenance of Grounds (fencing), Playgrounds & Waste Management	3,500,000	93,500		3,593,500	3,593,437	63	0
103	Decommissioning the Dumpsite	4,000,000	(170,353)		3,829,647	263,441	3,566,206	93
104	Resettlement Action Plan-RAP	800,000	340,300		1,140,300	1,140,300	-	-
	Sub-Total	20,940,000	7,908,147		28,848,147	25,269,348	3,578,799	12
105	Depreciation and Amortization	3,000,000	3,281,000		6,281,000	13,528,772	(7,247,772)	-
	SUB-TOTAL-OPS & MAINT.	133,957,000	(1,384,000)		132,573,000	128,078,050	4,494,950	3
	GROSS EXPENDITURE	362,586,000	0		362,586,000	355,589,338	6,996,662	2

Budget Notes:

i) Line 3 to 13- Tuition and Other Related Charges

In the Academic Year 2020/2021, Bomet University College declared capacities for its Academic Programmes to Kenya Universities and Colleges Central Placement Service (KUCCPS) totalling to 1280 students. This is what formed the basis for income projections for 2020/2021 Financial Year.

However during placement, BUC Academic Programmes did not attract enough students to fill all the declared capacities per programme. A total number of six hundred and fifty (650) students were placed in Bomet University Academic Programmes out of which 540 students reported but thirty six (36) students deferred studies due to financial constraints.

ii) Line 30- Council Expenses (Positive variance of 17%)

The term of the Council lapsed on 29th September 2020 and therefore the planned expenditure posted a positive variance of Ksh 1,015,708.

iii) Line 43- Examination Materials and Examination Costs (Positive variance of 21%)

The Positive Variance of Ksh 640,724 was majorly attributed to low spending for external examiners following the slow pace of teaching and learning owing to the measures put to combat the spread of Covid-19 Global Pandemic.

iv) Line 52- Student Field Trips and Field Courses (Positive Variance of 273%)

This vote head posted a Positive Variance of Ksh 1,199,550 which was contributed by the suspension of face to face teaching and learning at some point.

v) Student Activities and Life Skills Enhancement (Negative Variance of 23%)

The vote head posted a Negative Variance of Ksh 382,870 as a result of an imprest of Ksh 600,000 issued and not accounted for as at 30th June 2020. The imprest was accounted for in 2020/2021 Financial Year and had to be cleared to the expense account.

vi) Line 86- Staff Team Building (Positive Variance of 50%)

The vote posted a Positive Variance of Ksh 297,900 since Management Team Building was only achieved and not for all staff owing to the measures put in place to slow down the spread of the Covid-19 Global Pandemic.

Explanations of Changes between Original and Final Budget

The changes between the original approved budget and the revised budget is as a result of re-allocation of budgeted amounts in the various votes.

17. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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.

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact
Other	Applicable: 1 st January 2021:
Improvements to IPSAS	<p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. <i>BUC does not have leases and Cash Generating Assets therefore no impairments have been reported in the Financial statements. However the institution has been preparing financial statements on IPSAS.</i></p>

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

Standard **Effective date and impact:**

IPSAS 41: **Applicable: 1st January 2023:**

Financial Instruments 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

- Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;
- Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

This is not applicable to BUC since there are no financial assets or liabilities.

IPSAS 42: **Applicable: 1st January 2023**

Social Benefits 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:

- (a) The nature of such social benefits provided by the entity;
- (b) The key features of the operation of those social benefit schemes; and

Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <i>BUC does not operate any social benefit and therefore no impact in this financial reporting.</i>

Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023:
	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.
	b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.
	c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

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.

This is not applicable to BUC since there are no financial instruments.

iii. **Early adoption of standards**

BUC did not early – adopt any new or amended standards in year 2020/2021.

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 entity 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 entity.

Interest income

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

ii) Revenue from exchange transactions

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity'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 2020-2021 was approved by the National Assembly in July 2020 amounting to Ksh 362,586,000 for the Recurrent Budget and Ksh 98,448,710 for Capital Development. However there was a downward revision of the Capital Development Budget in March 2021 to Ksh 49,224,355. Subsequent re-allocations 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 entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, there were no additional appropriations on the 2020-2021 budget following the Council's approval.

BUC 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 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 Entity 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.

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

Depreciation for the year has been computed based on the University College Financial Management Policy. The University depreciation policy is that fixed assets are depreciated on a reducing balance basis at annual rates estimated to write off the carrying values of the assets over their expected useful lives.

The annual rates are as follows:

Buildings	2%
Furniture, Fixtures and Fittings	12.5%
Plant and Equipment	12.5%
Motor Vehicles, Motorcycles and Tractors	25%
Computer and Related Equipment	33.3%

Freehold land is not depreciated. Leasehold land is amortized over the unexpired portion of lease.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

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.

BUC acquired and implemented an Enterprise Resource Planning System in 2020/2021 Financial Year. Commissioning of the system and amortization will begin from 2021/2022 Financial Year.

h) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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 Entity 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 Entity 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 a 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 Entity 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 Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

l) Contingent liabilities

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

m) Contingent assets

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

n) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.
BUC has maintained Capital and Revenue Reserves in its financial statements.

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

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

t) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset

has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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.

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, 2021.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

- 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.

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 20.

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.

BUC maintains Provisions for Gratuity, Audit Fees and General Provisions. The estimates have been achieved through the budget in the case of audit and from the contracts in case of the Gratuity and the General Provisions.

6. Transfers from the State Department of University Education

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Operational grant	308,291,350	318,907,793
Other grants	49,224,355	275,000,000
Total Unconditional Grants	357,515,705	593,907,793
Conditional grants		
National housing grant	-	-
National infrastructure grant	-	-
Provincial health grant	-	-
Social services grant	-	-
Basic services subsidy	-	-
Transportation fund (international funding)	-	-
Other organizational grants	-	-
Total government grants and subsidies	357,515,705	593,907,793

The operational grant is meant for the recurrent expenditure and was paid into BUC bank accounts in equal monthly instalments. The other grants were capital development grants that was meant for the ongoing projects.

b) Transfers from State Department of University Education

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total transfers 2020/21	Prior year 2019/2020
			KShs	KShs	KShs
State Department of University Education and Research	308,291,350	-	49,224,355	357,515,705	593,907,793
Total	308,291,350	-	49,224,355	357,515,705	593,907,793

DESCRIPTION	2020/2021	2019/2020
	Ksh	Ksh
7. Transfers from other governments – gifts and services-in-kind		
Operational grant	308,291,350	307,033,545
Supplementary funds for CBA		11,874,248
Exchequer Grants B/F(2016/2017)		
Total	308,291,350	318,907,793
8. Revenue from Exchange Transactions		
Tuition & Related Charges	20,847,300	29,025,050
Privately Sponsored Students Fees	4,715,950	
Students Field Trips/Courses	2,660,000	
Students Activities	2,234,700	
Student ID	312,000	
Caution Money		
Games and Sports	989,000	
Commission of University Education Fees	513,000	
KUCCPS Fees	778,500	
Teaching Practice	4,110,000	
Students Accommodation		
Miscellaneous Income	32,500	536,882
Externally Generated Funds	771,032	
Total	37,963,982	29,561,932
9. Employee costs:		
Basic Salaries	112,132,250	57,179,874
House allowance	45,675,177	25,658,277
Commuting and Car Allowances	17,169,758	11,154,525
Salary Arrears	-	11,381,865
Gratuity & Pension contribution	24,482,078	10,666,704
Entertainment Allowances	2,640,000	2,910,000

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

Responsibility Allowances	4,465,445	2,871,000
Telephone Allowances	3,502,000	3,568,000
Professorial Allowances	398,516	288,000
Medical Risk and Extraneous Allowances	540,000	540,000
Passage & Leave expenses	957,640	542,805
Book and Journal Allowance	922,000	1,022,000
Casuals	1,336,323	8,658,577
Part Time Teaching Claims	3,500,000	14,204,528
Internship/attachment	890,127	-
Staff Medical Scheme- NHIF Cover	8,899,974	5,363,900
Sabbatical, Visiting & Adjunct Academic Staff	-	-
Total	227,511,287	156,010,055
10. Remuneration of directors:		
Chairman's Honoraria	261,000	1,044,000
Other Allowances	5,140,268	19,454,070
Total	5,401,268	20,498,070
11. Depreciation and amortization expense:		
Land and Buildings	1,012,262	1,032,920
Motor vehicles	5,558,799	4,888,399
Plant and Equipment	1,137,828	963,143
Furniture	2,831,431	3,233,150
Computers	2,988,453	2,437,257
Intangible Asset	-	-
Total	13,528,772	12,554,869
12. Repairs and maintenance of Facilities:		
Maintenance of Motor vehicles	1,978,410	1,051,360
Maintenance of Plant & Equip.	318,740	11,194,448
Refurbishment and Maintenance of Buildings	10,704,320	
Equipping and Maintenance of Hostels	11,000	
Water Supplies (Borehole) & Maintenance	7,259,700	
Maintenance of Grounds (fencing), Playgrounds & Waste Management	3,593,437	
Decommissioning the Dumpsite	263,441	
Resettlement Action Plan-RAP	1,140,300	
TOTAL	25,269,348	12,245,808
13. Contracted Services:		
Medical expenses	816,140	294,496
Insurance expenses	1,177,876	354,779
Legal Expenses	4,038,903	4,269,050
Subscriptions	112,854	38,400
Security Services	2,921,700	472,289
Cleaning Services	2,349,753	384,822
Sub-Total	11,417,226	5,813,836

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

14. Use of Goods and Services:		
Academic Expenses		
Equipping of Teaching Laboratories	6,492,844	-
Development of Green Academic Programs	-	-
Collaborations and Partnerships	-	28,000
Staff Development (Competence & Research)- Faculty	26,100	3,500,000
Examination Materials & Examination Costs	2,433,717	513,172
Postal & Telegram expenses	72,018	15,378
Senate Expenses	99,670	476,600
Teaching materials	-	1,120,850
Publishing & printing expenses	166,400	-
Library Expenses	10,096,626	3,506,508
University research programme	9,567,729	19,670,000
Inter-University Games	748,000	995,353
Students Field Trips/Courses	1,639,550	2,568,100
Students Activities and Life Skills Enhancement	2,045,630	2,501,838
Admission Expenses	137,120	234,763
Teaching Practice	3,756,000	2,279,650
Commission of University Education Fees	651,200	204,000
KUCCPS Fees	693,000	280,500
Caution Money Refund	-	-
Student Smart Card System	248,400	248,400
International Student and Staff Exchange	-	-
University Outreach and Extension programmes	7,840	-
Work study program	129,500	-
Equipping and Furnishing Lecture Halls, Multipurpose Hall and Teaching Offices	19,395	-
Teaching Equipment	-	-
User Training & Capacity Building for ERP	244,461	-
Stakeholder Engagement	92,950	-
Sub-Total	39,368,150	38,143,112
Administrative Expenses:		
Public celebrations and Functions	21,550	-
Electricity, water & conservancy	2,153,852	2,139,616
Travelling & Accommodation	3,279,522	6,293,988
Telephone Expenses & Petty Cash	1,026,903	-
Internet Expenses	2,148,929	3,018,231
Purchase of uniform & clothing	123,000	-
Stationery	1,702,178	3,048,371
Advertising & Publicity	2,721,437	2,059,852
Audit fees	692,600	1,250,000
Land Rent, Rates & Title Deed Processing	-	-
Payment of Rent	-	4,784,000
Computer Expenses	819,132	658,012
Cleaning Materials & Detergents	731,830	519,945
Purchase of Plant, Equipment and Biological Assets- Farm	50,250	-
Purchase of medical Equipment & Drugs	784,450	-
ISO & QA Related Expenses	196,208	-

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

Conference and Workshops	1,906,800	2,169,620
Training Expenses	1,111,050	310,500
Staff Development (Competence & Research)- Administrative	21,250	2,500,000
Staff Team Building	302,100	-
Office Expenses		186,327
Strategic Plan Implementation & Monitoring	474,888	1,475,852
Launch of Library and MPH	-	-
Performance Contracting	523,810	1,203,949
Revaluation of fixed assets	-	-
Branding of BUC Niche (Green Economy for Sustainability)	547,020	7,130
Internal Communication System-PABX	-	-
Procurement of ERP Server	-	11,814,879
Installation of Solar Power System	-	-
Procurement of Four Wheel Vehicle		7,570,000
Procurement of Bus		-
Bank Charges	159,917	164,350
Sub- Total	21,498,676	51,174,622
Totals Use of Goods and services	60,866,826	89,317,734
15. Cash and cash equivalents		
Current account	204,725,935	224,169,744
Petty Cash		47,332
Total cash and cash equivalents	204,725,935	224,217,076
a) Current Accounts		
Financial institution		
KCB- Moi University Bomet Campus College- Account Closed		
KCB- Bomet university college –development a/c- 1219837245	127,629,238	148,330,026
NBK- Bomet University college –deposit a/c (Exchequer)- 1071204352900	10,929,438	62,687,408
NBK- Bomet University College-payment a/c-160202686400	28,602,370	5,184,036
KCB- Bomet University College-research a/c- 12198388373	11,363,764	-
NBK- Bomet university college-students fees account- 1060202684700	9,205,454	4,891,475
Co-op Bomet University College- students fees account- 1129359078100	16,995,671	3,076,799
Sub- total	204,725,935	224,169,744
16. Receivables from exchange transactions		
Current receivables		
Student Debtors	16,351,859	12,971,173
Less: 10% Provision for doubtful debts	1,635,186	
Net Receivables from Exchange Transactions	14,716,673	12,971,173
17. Receivables from Non-exchange transactions		
Students Fees paid to Moi University		

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

Supplementary funds for CBA	-	11,874,248
Staff Debtors:		
Unaccounted Imprest	2,970,870	600,000
Recovery of Basic Salary	-	15,649
Sub- total	2,970,870	12,489,897
18. Inventories		
Stationaries	1,562,917	1,180,553
Cleaning Materials	349,477	421,835
Maintenance	65,470	66,925
Electricals Materials		
Games and Sports	82,295	146,740
Drugs and Equipment		
Items Issued but not used		14,570
Total Inventories	2,060,159	1,830,623
19. Current Liabilities		
Trade payables	43,992,596	69,230,554
Accrued Payroll Expense (CBA)	2,630,323	11,381,865
HELB Control Account	204,554	
CDF Account	45,770	
Moi University Graduation Income	1,000	
Fees Prepayments	10,361,526	1,393,634
Union Dues	212,588	
Total	57,448,357	82,006,053
20. Other payables- Contingent Liabilities		
Construction of Dining Hall and Kitchenette	4,980,675	4,980,675
21. Provisions		
General Provisions	54,767,349	55,727,929
Gratuity and Pension	10,236,291	5,190,073
Bad and doubtful debts	1,635,186	
Audit Fees	1,314,600	700,000
Total Provisions	67,953,426	61,618,002
22. Non-Current Liabilities		
Capital Project Retention Funds- 10%	68,102,070	58,152,550
ERP System Retention Funds	1,654,493	
Caution Money	851,000	299,000
Total Non-Current Liabilities	70,607,563	58,451,550

Res-statements of 2019/2020 Financial Statement Figures

For the purpose of this reporting, 2019/2020 Financial Statements have been re-stated due to casting errors and other minor adjustments as follows:

i) Statement of Financial Performance- put romans.....

- Repairs and Maintenance expenses (note 12) has re-stated to Ksh 12,245,808 from Ksh 12,246,043. The difference of Ksh 235 was as a result of casting errors.
- Use of Goods and Services (note 14) has been re-stated to Ksh 89,317,734 from Ksh 89,368,334. Part of the Use of Goods and Services are expenses relating to the Core Mandate which was earlier reported as Ksh 38,193,712. The figure included Ksh 299,000 being caution money that should not have been treated as an expense but rather as refundable deposit to customers.
- The additions in the expenses of Core Mandate omitted the payment for Student Smart Card amounting to Ksh 248,400.

The difference of Ksh 50,600 in the Core Mandate expenses under Use of Goods and Services has now been adjusted to read Ksh 38,143,112 instead of Ksh 38,193,712 reported earlier.

- The expenses of Contracted Services is Ksh 5,813,836 and has not changed but it has been reported separately under note 13.

Following the above changes, the Statement of Financial Performance have been re-stated to read total expenses of Ksh 296,440,372 and a Surplus of Ksh 52,029,354.

i) Statement of Financial Position

- The total Current Liabilities is Ksh 148,604,730 and has not changed but re-organization of the items have been done as shown in notes 19, 20 and 21.

Following the adjustment in Financial Performance and casting errors, the accumulated Revenue Reserve and total Net Assets has been re-stated to Ksh 60,621,354 and Ksh 1,779,738,241 respectively.

ii) Statement of Cash flow

- The Revenue from Exchange Transactions (note 8) has been re-stated to Ksh 29,561,932 from Ksh 24,378,669 reported earlier. The adjustment is in line with the amounts reported in the Statement of Financial Performance.
- The Use of Goods and Services has been re-stated to Ksh 89,317,734 from Ksh 94,830,571. The adjustment follows the adjustment in the statement of Financial Performance as shown above and the separation of Contracted Services amounting to Ksh 5,813,836.
- The following Working Capital changes have been re-stated as a result of re-statements in the Financial Position

Particulars	Re-stated Amount	Amount Reported Earlier
Decrease/(increase) in receivables-Non Exchange Transactions	(7,314,897)	(12,484,891)
Decrease/(increase) in receivables-Exchange Transactions	(8,563,815)	(8,564,173)
(Decrease)/Increase in Payables	121,381,730	130,815,427

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

Note 23- Property, Plant and Equipment

Particulars	Land	Buildings	Capital In Progress	Motor vehicles	Furniture, Fixtures and Fittings	Plant and Equipment	Computers	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
As at 1st July 2019	934,800,000	113,386,000	520,865,735	7,551,345	6,399,611	7,705,146	4,596,410	1,595,304,247
Additions	-	-	184,085,854	12,002,250	19,465,590	-	2,722,679	218,276,373
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	4,000,000.0	61,740,000.0	-	-	-	-	-	65,740,000
As at 30th June 2020	930,800,000	51,646,000	704,951,589	19,553,595	25,865,201	7,705,146	7,319,089	1,747,840,620
Additions	-	-	108,213,681	7,570,000	19,395	2,360,619	4,092,500	122,256,195
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
As at 30th June 2021	930,800,000.00	51,646,000.00	813,165,270.40	27,123,594.81	25,884,596.49	10,065,765.20	11,411,588.98	1,870,096,816
Depreciation and Impairment								
At 1 July 2019	-	2,314,000	-	5,873,268	1,160,605	2,038,279	2,843,540	14,229,692
Depreciation	-	1,032,920	-	4,888,399	3,233,150	963,143	2,437,257	12,554,869
Impairment	-	-	-	-	-	-	-	-
Transfers/adjustments	-	1,032,920	-	4,888,399	3,233,150	963,143	2,437,257	12,554,869
As at 30th June 2020	-	1,032,920	-	4,888,399	3,233,150	963,143	2,437,257	12,554,869
Depreciation	-	1,012,262	-	5,558,799	2,831,431	1,137,828	2,988,453	13,528,772
Impairment	-	-	-	-	-	-	-	-
Transfers/adjustments	-	2,045,182	-	10,447,198	6,064,581	2,100,971	5,425,709	26,083,641
As at 30th June 2021	-	2,045,182	-	10,447,198	6,064,581	2,100,971	5,425,709	26,083,641
Net Book Values								
As at 30th June 2020	930,800,000	50,613,080	704,951,589	14,665,196	22,632,051	6,742,003	4,881,832	1,735,285,752
As at 30th June 2021	930,800,000	49,600,818	813,165,270	16,676,397	19,820,016	7,964,794	5,985,880	1,844,013,175

Note 24- Particulars of Land and Buildings

Location	Ref. No.	Size	Land	Buildings
Bomet Town adjacent to St. Michael Secondary School	Plot No. 2'' Bomet Town	4.7 Ha.	310,000,000	51,700,000
Sigor located in Sigor	BMT / SIGOR / 1834	23.1 Ha.	24,800,000	64,000,000
Bomet Town adjacent to Bomet Stadium	BMT Town Plot 308/307	18.3 Ha	600,000,000	
SUB-TOTAL			934,800,000	115,700,000
Depreciation 2018-2019 FYR			-	2,314,000
Net Book Value - 30th June 2019			934,800,000	113,386,000
Transfers/adjustments			- 4,000,000	- 61,740,000
Accumulated Depreciation 2019/2020			-	1,032,920
Net Book Value - 30th June 2020			930,800,000	50,613,080
Transfers/adjustments				
Accumulated Depreciation/Amortisation- 2020/21			-	1,012,262
Net Book Value - 30th June 2021			930,800,000	49,600,818

Note 25- Intangible Assets

Particulars	Intangible Assets- ERP SYSTEM
Net Book Values at 30th June 2020	nil
Additions- Capitalization	16,544,931
Disposals	-
Transfers/adjustments	-
As at 30th June 2020	16,544,931
Depreciation	-
Net Book Values at 30th June 2021	16,544,931

The Intangible Asset will be commissioned and amortized from 2021/2022 Financial Year

26. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity'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

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

ii) Credit risk

BUC 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 Council. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2021				
Receivables from exchange transactions	14,716,673	14,716,673	-	-
Receivables from non-exchange transactions	2,970,870	2,970,870	-	-
Bank balances	204,725,935	204,725,935	-	-
Total	222,413,478	222,413,478	-	-
As at 30 June 2020				
Receivables from exchange transactions	12,971,173	12,971,173	-	-
Receivables from non-exchange transactions	12,489,897	12,489,897	-	-
Bank balances	224,217,076	224,217,076	-	-
Total	249,678,146	249,678,146	-	-

The students under the fully performing category are paying their debts as they continue learning and therefore the credit risk associated with these receivables is minimal.

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

iii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University College Council, who have built an appropriate liquidity risk management framework for the management of the

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2021				
Trade payables	17,417,041	169,486	26,618,657	43,992,5967
Current portion of borrowings	-	-	-	-
Provisions	-	54,767,349	11,550,891	66,318,240
Deferred income	10,612,850	-	851,000	11,463,850
Accrued Payroll Expense		-	2,630,323	2,630,323
Total	28,029,891	54,936,835	41,650,871	124,404,989
As at 30 June 2020				
Trade payables	69,478,954	-	-	69,478,954
Current portion of borrowings	-	-	-	xxx
Provisions	-	55,729,929	5,890,073	61,620,002
Deferred income	-	1,393,634	299,0000	1,692,634
Accrued Payroll Expense	11,381,865	-	-	11,381,865
Total	80,860,819	57,123,563	61,890,073	144,173,455

iv) Market risk

BUC has put in place an internal audit function to assist it in assessing the risk faced 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 entity'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.

BUC Internal Audit 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 entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The University has minimal transactional currency exposures since its operations are in the local currency. 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

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

BUC will manage foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments

b) Interest rate risk

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

Management of interest rate risk

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

v) Capital Risk Management

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

Particulars	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve		
Retained earnings	61,246,773	60,621,354
Capital reserve	1,822,794,949	1,719,116,887
Total funds	1,884,041,722	1,779,694,909
Total borrowings	-	-
Less: cash and bank balances	204,725,935	224,217,076
Net debt/(excess cash and cash equivalents)		
Gearing	0%	0%

27. Related Party Disclosures

Nature of related party relationships

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

Other related parties include:

- i) The National Government;
- ii) The Ministry of Education

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

- iii) BUC Council members
- iv) Key Management of Bomet University College
- v) Moi University Management

Relates Party Disclosures

Particulars	2020/2021	2019/2020
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	357,515,705	593,907,793
Grants from County Government	-	-
Donations in kind	-	-
Total	357,515,705	593,907,793
b) Key management compensation		
Directors' emoluments	5,401,268	20,498,070
Compensation to key management	37,626,904	31,243,000
Total	43,028,172	51,741,070

28. Segment Information

BUC does not operate in different geographical segments.

29. Contingent Assets and Contingent Liabilities

Contingent Assets

BUC did not have any contingent assets for the stated period.

Contingent Liabilities

	2020-2021	2019-2020
	Kshs	Kshs
Contingent liabilities		
Court case against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs	-	-
Others	4,980,675	4,980,675
Total	4,980,675	4,980,675

The University College has various pending bills arising out of the construction of temporary dining hall and Kitchen in 2016 amounting to Ksh 4, 980,675. The claims have not been paid since there was a dispute on how the goods were received and therefore payment were not made. The claims in question were a subject of Audit in Moi University and one of the suppliers has filed a case in court demanding payment for the materials supplied.

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

The Vice Chancellor of Moi University appointed an Ad-Hoc Committee in April 2018 to look into the issue. The detailed report from the ad-hoc committee is dated 7th May 2018 and it was presented to the Audit Committee of Bomet University College. The Audit Committee of BUC Council recommended constitution of another ad-hoc committee with clear guidelines to verify quantity and value for money as well as measure actual materials used in the Dining Hall and other projects which were running concurrently at the time.

30. Capital Commitments

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for		
Authorized and Contracted for-paid out to the contractors	49,224,355	248,486,970
Total	49,224,355	248,486,970

31. Surplus Remission

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

BUC did not make any surplus in its budgetary commitments for 2020/2021 Financial Year and hence no remittance to the Consolidated Fund.

32. Events after the Reporting Period

There were no events after the reporting period.

33. Ultimate And Holding Entity

34. The University College is a Semi- Autonomous Government Agency under the Ministry of Education, Science and Technology. Its ultimate parent is the Government of Kenya.

35. Currency

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

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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)
Basis for Qualified Opinion 1	Inaccuracies in the Financial Statements	The inaccuracies were corrected and the draft Financial Statements presented matches with the supporting notes	Resolved	
Basis for Qualified Opinion 2	Unsupported Revenue from Exchange Transactions	BUC has procured an Enterprise Resource Management System and receipting to various fees segments has been effected from 1 st July 2020.	Resolved	
Basis for Qualified Opinion 3	Inaccuracies in General Expenses	The revaluation of fixed assets is an expense that does not increase the value of the fixed assets. However the previous year financial statements will be adjusted to take into account the payment of outstanding debts.	Resolved	
Basis for Qualified Opinion 4	Property, Plant and Equipment	BUC started fencing its land in 2019/2020 Financial Year and due to emerging issues the process is ongoing The Management is working with the support of all the stakeholders at lands Office, County Government and the neighbours to ensure that ownership documents are processed and secured.	Not Resolved	
Basis for Qualified Opinion 4	Unsupported value of computers amounting to K.sh 1,647,989	The basis of valuation for Computers and Furniture, Plant and Equipment is the purchase price/cost price. Most of the assets were bought by Moi University and were handed over to BUC on 29 th March 2018.	Resolved	
Basis for Qualified	Unreconciled Receivables from	In order to get a detailed breakdown of collection per student, we have analysed the income paid to BUC bank accounts together with the receipts in Moi University for BUC students	On-going	

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

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)
Opinion 5	Exchange Transactions	and the process is on-going BUC has procured an ERP system which has improved the receipting and reporting of students' income.		
Basis for Qualified Opinion 6	Unresolved Contingent Liability	The liability arose from the claims from various suppliers of building materials and which were not supported by the standard procurement documents. The management of Moi University noted the anomaly and appointed an ad-hoc committee in April 2018. The detailed report from the ad-hoc committee dated 7 th May 2018 was submitted to BUC. However, the matter is in Court.	Not resolved	
Other Matter 1	Budgetary Control and Performance	The components of Capital Development activities have been incorporated in the Budget Comparison Report	Resolved	
Basis for Conclusion 1	Overpayment to Top Management	The salaries of the acting Management: 1. Principal 2. Ag. Deputy Principal, Administration and Finance 3. Ag. Deputy Principal, Academic and Student Affairs were withheld from January 2019 to March 2019 pending the decision of the College Council. The College Council through its 10 th Regular Meeting dated 24 th April 2019 deliberated on the matter and approved that the 3 top Management should be paid their salaries as per the appointment letters. Further during the OAG audit exercise of FY 2019/2020, this matter came up therefore Management has commenced communication to the former Principal and two Deputy Principals who served in acting capacities regarding the recoveries has commenced.	Un-Resolved	
Basis for Conclusion 2	Unremitted Pension and	MU paid salaries for BUC staff during 2017/2018 Financial Year by utilizing BUC funds received in MU bank accounts. The payments have now been made.	Resolved	

**Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021**

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)
	Gratuity Deductions			
Basis for Conclusion 3	Lack of Segregation of Duties over Payroll	BUC has recruited additional staff and hence segregation of payroll processing and payment has been achieved. The payroll is now managed and processed by the Human Resources office.	Resolved	
Basis for Conclusion 2	Lack of Risk Management Policy	The University College now has an approved Risk Management Policy dated 25 th September 2020.	Resolved	



**PROF. ANNE NANGULU
PRINCIPAL AND SECRETARY TO COUNCIL**

APPENDIX II: PROJECTS IMPLEMENTED BY BOMET UNIVERSITY COLLEGE

Projects implemented by BUC funded by the Government.

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
		Kshs	Ksh	Ksh	Kshs	Kshs	Ksh
1	Tuition Block, Library, Multipurpose Hall and 2 Hostels.	1,391,982,469	757,213,269	60%	49,224,355	49,224,355	Gok

APPENDIX III: INTER-ENTITY TRANSFERS

Transfers of Recurrent Funds from the State Department for University Education and Research

NO.	DATE RECEIVED	AMOUNT	MONTH	FINANCIAL YEAR
1	7-Aug-20	25,690,946	July 2020	2020/2021
2	31-Aug-20	25,690,946	Aug 2020	2020/2021
3	1-Oct-20	25,690,946	Sept 2020	2020/2021
4	31-Oct-20	25,690,945	October 2020	2020/2021
5	7-Dec-20	25,690,946	November 2020	2020/2021
6	4-Jan-21	25,690,945	December 2020	2020/2021
7	04/02/2021	25,690,946	January 2021	2020/2021
8	10-Mar-21	25,690,946	February 2021	2020/2021
9	9-Apr-21	25,690,946	March 2021	2020/2021
10	10-May-21	25,690,946	April 2021	2020/2021
11	16-Jun-21	25,690,946	May 2021	2020/2021
12	25-Jun-21	25,690,946	June 2021	2020/2021
	TOTAL	308,291,350		

Transfers of Capital Development Funds from the State Department for University Education and Research

NO.	DATE RECEIVED	AMOUNT	FINANCIAL YEAR
1	14/09/2020	49,224,355	2020/2021
	TOTAL	49,224,355	

The above amounts have been communicated to and reconciled with the parent Ministry

CPA Daniel Kimaiyo
Section Head, Finance
Bomet University College

Sign 

Robert Asumani Samuel
Head of Accounting Unit
State Department for University Education and Research

Sign 

Bomet University College
Annual Reports and Financial Statements
For the year ended June 30, 2021

APPENDIX IV; RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - Ksh	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables		
State Department of University Education and Research	1 st July 2020 to 30 th June 2021	Recurrent	308,291,350	308,291,350	-	-	-	-	308,291,350
Ministry of Planning and Devolution	14 th September 2020	Development	-	-	49,224,355	-	-	-	49,224,355
Total			308,291,350	308,291,350	49,224,355	-	-	-	357,515,705

100

44

