

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

**REPORT**

DATE: 11 JUN 2024 Tuesday

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CLERK-AT-THE-TABLE:	Benson Inzofu

PARLIAMENT  
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**THE AUDITOR-GENERAL**

**ON**

**TOM MBOYA UNIVERSITY**

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





**TOM MBOYA UNIVERSITY**  
KNOWLEDGE FOR SUSTAINABLE INNOVATION ENTERPRISE

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**TOM MBOYA UNIVERSITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**

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

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**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

<b>Table Contents</b>	<b>Page</b>
1. Acronyms, Abbreviations and Glossary of Terms .....	III
2. Key Entity Information and Management .....	VII
3. The Board of Directors/Council.....	XI
4. Key Management Team.....	XV
5. Chairman’s Statement.....	XIX
6. Report of the Chief Executive Officer.....	XXI
7. Statement of Performance against Predetermined Objectives for FY 2022/2023.....	XXIV
8. Corporate Governance Statement.....	XXXIII
9. Management Discussion and Analysis .....	XXXIX
10. Environmental and Sustainability Reporting .....	XLV
11. Report of the Directors .....	LIV
12. Statement of Directors Responsibilities.....	LV
13. Report of the Independent Auditor for the Financial Statements of Tom Mboya University.....	LVI
14. Statement of Financial Performance for the year ended 30 June 2023.....	1
15. Statement of Financial Position as at 30 June 2023 .....	2
16. Statement of Changes in Net Assets for the year ended 30 June 2023.....	3
17. Statement of Cash Flows for the year ended 30 June 2023 .....	4
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023 .....	5
19. Notes to the Financial Statements .....	7
20. Appendices.....	43



## **1. Acronyms, Abbreviations and Glossary of Terms**

### **A: Acronyms and Abbreviations**

AIA	Appropriations in Aid
AG.	Acting
ARSA	Academic, Research and Student Affairs
CEO	Chief Executive Officer
CPA	Certified Public Accountant
DG	Director General
ERP	Enterprise Resource Planning
FY	Financial Year
CBK	Central Bank of Kenya
CS	Cabinet Secretary
CUE	Commission for University Education
GoK	Government of Kenya
HELB	Higher Education Loans Board
ICEMR	International Centre for Excellence in Malaria Research
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information, Communication Technology
IGA	Income Generating Activity
IPSAS	International Public Sector Accounting Standards
KCB	Kenya Commercial Bank
KUCCPS	Kenya Universities and Colleges Central Placement Service
MD	Managing Director
NT	National Treasury
NRF	National Research Fund
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PGDE	Post Graduate Diploma in Education
PFM	Public Finance Management
PPE	Property Plant & Equipment
PS	Principal Secretary



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SOTMU	Students Organization of Tom Mboya University
TMU	Tom Mboya University
TMUC	Tom Mboya University College
UFB	Universities Fund Board
USAID	United States of America International Development
WB	World Bank
VC	Vice Chancellor
WIP	Work in Progress

**B: Glossary of Terms**

**‘Academic Department’** means a Department which for administrative purposes has been designated by the Council as being constituted within a particular School/Faculty, Institute or Centre;

**‘Academic Staff’** means any person appointed to teach, train or to do research at the University and any other employee designated as such by the University Council;

**‘Academic Year’** means a period of two (2) semesters of study and examinations as designated by the Senate. Provided, however that the Senate may designate different dates and different periods for such academic year;

**‘Act’** means The Universities Act, 2012 (and subsequent amendments);

**‘Administrative Staff’** means a member of staff in any of the grades, who is appointed for general purposes of performing duties related to general management and administration of the University;

**‘Alumni Association’** means the association of graduates and former students of the University established under Section 17 of the Charter;

**‘Centre’** in the academic context, means a multidisciplinary entity concerned with either teaching or research or both for purposes of offering degrees, diplomas or certificates; or concerned with the promotion of cultural, social, scientific, economic and political values, without necessarily offering such studies for its own degrees;

**‘Chairman of the Council’** means the Chairman of Council of the University as appointed under Section 14 of the Charter;

**‘Chancellor’** means the Chancellor of the University appointed under section 13 of the Charter;



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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**‘Charter’** means the Charter granted to the University under section 19 of the Act;

**Comparative Year-** Means the prior period.

**‘Constitution’** means the Constitution of Kenya, 2010;

**‘Council’** means the Council of the University established under Section 14 of the Charter;

**‘Dean of Students’** means the person appointed to be the Dean of Students of the University in accordance with Statute 11;

**‘Dean’** means the Dean of a School/Faculty appointed under Statute 33(11);

**‘Deputy Vice-Chancellor’** means the Deputy Vice-Chancellor appointed under Section 21 of the Charter;

**‘Designated officers’** means officers assigned defined roles;

**‘Director’** means the person appointed under Statute 33(11) to be the director of a School/Faculty/Institute/ Centre or Directorate of the University;

**‘Division’** means an organizational compartment charged with full responsibility of coordinating various professional functions so as to achieve a strategic objective of the University. It coordinates the functions of various administrative departments;

**‘Emeritus Professor’** A Professor who has retired from active service in the University and has been considered for appointment as an Emeritus Professor of the University;

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

**Financial Year** Means the period 1st July to 30th June

**‘Director of Finance’** means the person appointed to be the Director of Finance of the University in accordance with Statute 17;

**‘Graduate’** means a person upon whom a degree of the University has been conferred or to whom a qualification of the University has been awarded as determined by the Senate;

**‘Independent Examiner’** means an internal or external examiner who though knowledgeable in the subject, has not taught or examined the candidate;

**‘Institute’** means an administrative and academic entity, which may consist of centres engaged in specialized teaching and/or research in specific areas of academic enterprise;

**‘Lecturer’** means a member of the staff of the University who is, in terms of appointment, a professor, an associate professor, adjunct professor, senior lecturer, lecturer, assistant lecturer, teaching assistant, or a person who holds any other teaching or research post which the Council has recognized as a post having academic status in the University;

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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**‘Member of the University’** means a member of the University as defined under Statute 2;

**‘Other Members of Staff’** means administrative, technical and support staff of the University;

**‘Performance Report’** includes documentation of target activities and achievements by the various administrative units of the University;

**‘Principal Officers’** means the Chairperson of Council, the Vice-Chancellor, the Deputy Vice-Chancellors, the Principals of Constituent Colleges and Campuses, the Registrars, the Director of Finance and the Chief Legal Officer as duly appointed in accordance with the Charter and the Statutes.

**‘Professor’** means a Professor of the University;

**‘Programme’** means the curriculum prescribing the study to be taken by a student that will have satisfied all the requirements and or conditions leading to the conferment and or award made in accordance with these Statutes;

**‘Registrar’** means the person appointed by Council to be the Registrar of the University under Statute 32;

**‘Regulations’** means Regulations made by the University pursuant to the Act, the Charter and these Statutes;

**‘School/Faculty’** means an administrative and academic entity, bringing together, under its umbrella, distinctive disciplines, all contributing to common or closely related academic programmes;

**‘Semester’** means a period of study normally consisting of sixteen weeks or its equivalent in contact hours as may be determined by Senate from time to time;

**‘Senate’** means the Senate of the University established under statute XXIII of these Statutes;

**‘Statutes’** means the Statutes made by the University Council;

**‘Student’** means a person registered by the University for the purpose of obtaining a qualification through approved process of instruction of the University or any other person who is determined by the Senate to be a student;

**‘University’** means Tom Mboya University established under Section 3 of the Charter;

**‘Vice-Chancellor’** means the Vice-Chancellor of the University appointed under section 18 of the Charter;



## **2. Key Entity Information and Management**

### **(a) Background information**

Tom Mboya University started as a constituent college of Maseno University through Legal Order No 55 of April 16<sup>th</sup> 2016. It became a fully-fledged University through the award of Charter on 2<sup>nd</sup> August 2022. The University is domiciled in Kenya. At Cabinet level, the University is represented by the Cabinet Secretary for Education who is responsible for the general policy and strategic direction of the University.

The University currently has got seven (7) faculties, one (1) centre and one (1) institute namely:

- Faculty of Education
- Faculty of Business & Economics
- Faculty of Food Security & Agriculture Studies
- Faculty of Arts & Social sciences
- Faculty of Biological & Physical Science
- Faculty of Maths, Actuarial Science & Computing
- Faculty of Tourism and Cultural Studies
- Institute for Public Policy and allied studies
- Centre for Lake Victoria Studies and Allied challenges

#### ***Vision***

To be a premier internationally recognized University distinguished for teaching, research and innovation

#### ***Mission***

To transform and sustainably contribute to society through teaching; research and innovation; knowledge creation, application and outreach

#### ***Philosophy***

In association with the name brand Tom Joseph Mboya, Tom Mboya University believes in limitless access to university education, global reach in scholarship, technological advancement and innovations for the good of society.

#### ***Motto***

Knowledge for sustainable development (scientia enim sustainable progressum)

#### ***Core Values***

Excellence in teaching, research and innovation with emphasis on:

- Accountability
- Efficiency
- Integrity
- Sustainability

### **(b) Principal Activities**

Tom Mboya University derives its mandate from the University Act 2012 with the following objectives:

- Advancement of knowledge through teaching, scholarly research and scientific investigation;
- Promotion of learning in the student body and society generally;
- Promotion of cultural and social life of society
- Support and contribution to the realization of national economic and social development;

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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- Promotion of the highest standards in, and quality of, teaching and research;
- Education, training and retraining higher level professional, technical and management personnel;
- Dissemination of the outcomes of the research conducted by the university to the general community.
- Facilitation of life-long learning through provision of adult and continuing education;
- Fostering of a capacity for independent critical thinking among its students; and
- Fostering of a capacity for independent critical thinking among its students; and
- Promotion of gender balance and equality of opportunity among students and employees.
- Promotion of equalization for persons with disabilities, minorities and other marginalized groups.
- To contribute to agricultural, industrial and technological development of Kenya in collaboration with industrial and other institutions through the transfer of appropriate technology;
- To develop and provide educational, cultural, professional, technical and vocational services to the community and in particular, foster corporate social responsibility;
- To provide programs, products and services in ways that reflect the principles of equity and social justice;
- To facilitate student mobility between different programs at different training institutions, universities and industry; and
- To foster the general welfare of all staff and students.

**(c) Key Management**

Tom Mboya University's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Vice-Chancellor	Prof. Charles O. Ochola
2.	Deputy Vice-Chancellor, Academic Research & Student Affairs	Prof. Elyjoy Muthoni Micheni
3.	Head of Finance	CPA Julius O Otieno
4.	Head of Academic & Student Affairs	Jarred Odoyo Malela
5.	Head of Human Resource & Administration	Washington O Wambas
6.	Head of Procurement	Monica Ogola Ouma
7.	Head of Internal Audit	Abel Manas Geke



**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice-Chancellor	Prof. Charles O. Ochola
2.	Deputy Vice-Chancellor, Academic, Research & Student Affairs	Prof. Elyjoy Muthoni Micheni
3.	Head of Finance	CPA Julius Okoth Otieno
4.	Head of Academic & Students Affairs	Jarred O. Malela
5.	Head of Procurement	Monica Ogola Ouma
6.	Head of Human Resource & Administration	Washington O. Wambas
7.	Head of Internal Audit	Abel Manas Geke

**(e) Fiduciary Oversight Arrangements**

**Academic and Research Committee**

This is a Committee of the Council responsible for execution of academic and research matters including award of degrees of the University

**Finance, Planning and Investment Committee**

This is a Committee of the Council responsible for recommending financial policies, goals, and budgets that support the mission, values, and strategic goals of the organization. The committee also reviews the organization's financial performance against its goals and proposes major transactions and programs to the Council.

**Audit and risk Management Committee**

The Audit and risk management Committee of the Council form a key element in the governance process by providing an independent expert assessment of the activities of top management, the quality of the risk management, financial reporting, financial management and internal audit to the Council and the senior management.

**Executive and Human Resource Committee**

The Committee is responsible for execution of urgent matters on behalf of council, human resource matters and coordinate the agenda and conduct of committees and advise council on their performance.

Internal Audit Department

**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

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**(f) Tom Mboya University Headquarters**

Homa Bay Town, Next to Governor's Office, Homa-Bay County  
Hospital Road  
P.O.BOX 199-40300  
Homa-Bay  
Kenya

**(g) Tom Mboya University Contacts**

Land line: (254) 059-20090/20091  
Mobile Telephone: 0746401703/0746401706  
E-mail: [vc@tmu.ac.ke](mailto:vc@tmu.ac.ke)  
Website: [www.tmu.ac.ke](http://www.tmu.ac.ke)

**(h) Tom Mboya University Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI, KENYA**
2. **Kenya Commercial Bank**  
Homa-Bay Branch  
P. O. Box 368-40300  
Homa-Bay, Kenya
3. Equity Bank Ltd  
Homa-Bay Branch  
P.O. Box 366-40300  
Homa-Bay, Kenya

**(i) Independent Auditor**



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

**(j) Principal Legal Adviser**

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



**3. The Board of Directors/Council**



Ref	Council Member	Details
1.		<p><b>Dr. Augusta N. Abate-Chair of Council</b>  <b>Date of Birth: 20th December 1952</b>            Dr. Augusta N. Abate is the Chair of the Council. She is currently the Director, Dairy &amp; Food Safety at Diamond V an organization that specializes in Nutrition and Health. She previously worked as the Assistant Representative in Charge of Kenya Programme at Food and Agriculture Organization (FAO) of the United Nations and also as an Assistant Director at Kenya Agricultural Research Institute (KARI). She holds a Bachelor of Science Degree in Agriculture and Master of Science in Animal Production from the University of Nairobi and PhD from the University of Aberdeen, Scotland.</p>
2.		<p><b>Dr. Mbugua Njoroge</b>  <b>Date of Birth: 5<sup>th</sup> May 1974</b>            Dr. Mbugua Njoroge is a Member of Council. He is the Chief Executive Officer at the Kenya Association of Music Producers (KAMP). Prior to joining KAMP, Dr. Mbugua served as Head of Communication at the Institute of Certified Public Accountants of Kenya (ICPAK). He has previously served as Corporate Communications Manager at Athi Water; Corporate Affairs Manager at Kenya Broadcasting Corporation (KBC) and as English and Literature teacher with the Teachers Service Commission among other public sector entities. Dr. Njoroge holds a Ph.D from Kenyatta University, and M.A (Communication Studies) from University of Nairobi, a Master in Intellectual Property (MIP) from Africa University Mutare-Zimbabwe; a Postgraduate Diploma in Mass Communication from the University of Nairobi, a Bachelor of Law (LLB) from Mount Kenya University and a Bachelor Degree in Education (B.Ed) from Egerton University</p>

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**



Ref	Council Member	Details
3.		<p><b>Mrs. Sophia Yiega</b>  <b>Date of Birth :6th October 1968</b>  Mrs. Sophia Yiega is a member of the council. She has over 25 years' experience working with the National Government and NGOs in Education, Civil Societies and Community Development. She has worked for Ministry of Education, Action Aid International, Christian Churches Educational Association (C.C.E.A), Concern World Wide, Care International Kenya, SNV Netherlands Development Organization and MEDIT Consultants. Sophia is currently the Chief Executive Officer for Women Educational Researchers of Kenya. She holds a Bachelor of Education(Arts) and M.Ed. (Psychology) from Kenyatta University.</p>
4.		<p><b>Mrs. Lily Cherono Koech-Sakaja</b>  <b>Date of Birth:16th February, 1969</b>  Mrs. Lily Cherono Koech-Sakaja is a member of the Council. She is currently serving as a Customer fulfilment specialist at NCR Kenya Ltd. Previously she served as a product Administrator at NCR Kenya Ltd and as an Accounts Assistant at AT &amp; T Global Information Solutions (Kenya) Ltd. She holds a Bachelor of Commerce Degree from Poona University, Master of Business Administration(MBA) from Daystar University and is a Certified Public Accountant of Kenya-CPA(K)</p>
5.		<p><b>Ms. Agnes. A. Odawa Kinyanyi</b>  <b>Date of Birth: 25<sup>th</sup> August 1959</b>  Ms. Agnes Odawa is a member of the Council She is a professional Educationalist with experience in Management and Administration of Education, human resource and counselling. She worked with the Ministry of Education rising to the position of Deputy Director. She holds Master of Arts (Counselling Psychology) and Post Graduate Diploma in Education from Kenyatta University and Bachelor of Arts from University of Nairobi.</p>



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**


Ref	Council Member	Details
6.		<p><b>Mr. Lawrence M. Njeru</b>            Mr. Lawrence M Njeru is member of the Council and has more than 20 years' experience as Business executive in the private sector. He worked with Barclays Bank as a regional manager, Equity Bank as senior Business Growth &amp; Development Manager, UBA Kenya Ltd as Corporate Business Manager and Almasi Credit Ltd as General Manager operations, Business growth and Development. Mr.Njeru holds Bachelor of Commerce(Marketing) from Daystar University, Master of Science in Entrepreneurship from Jomo Kenyatta University of Agriculture and Technology, and Diploma in Banking. He is a member, Chartered Institute of Marketing (C.I.M) U.K</p>
7.		<p><b>Mr. Johnson Maina Mwangi</b>  <b>Date of Birth:20<sup>th</sup> December 1968</b>            Mr. Johnson Maina Mwangi is a member of the Council representing the Cabinet Secretary, National Treasury. He is currently the Deputy Director, Macro and Fiscal Affairs Department in the National Treasury. He has served as an Economist for 23 years in various Government Ministries including Office of the Vice President and Ministry of planning and National Development, Ministry of Environment and Natural Resources, Ministry of Education, Science and Technology, Ministry of Health and the National Treasury. He holds a Bachelor of Arts in Economics and Master of Arts in Economics degrees from the University of Nairobi.</p>

**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**



Ref	Council Member	Details
8.		<p><b>CPA. Johnson W. Njuguna</b> CPA Johnson W. Njuguna is a member of the Council representing Principal Secretary State Department for University Education &amp; Research. Currently he serves is Deputy Accountant General and Head of Accountant Department for University Education &amp; Research. He has served for 27 years in various government ministries as Head of Accounting: Ministry of Education, Ministry of Defence, State Department for Interior and Ministry of Lands. He holds Executive MBA from Jomo Kenyatta University of Agriculture &amp; Technology and is a CPA (K)</p>
9.		<p><b>Prof. Charles O Ochola</b> <b>Date Birth: 8th January 1961</b> Prof. Charles O. Ochola is the Vice-Chancellor of Tom Mboya University. Before his appointment to the current position, he served as the Principal of Tom Mboya University College from May 2016 to 2nd August 2022 when it became a fully-fledged University. Previously he served as Director Students Welfare Services at Maseno University for Nine years, Co-ordinator of Evening/Parallel programmes, Chairman Department of Sociology at Maseno University, and National Council for population and Development. He has served in the various Committees within the University Administrative structure. Prof. Ochola is accomplished scholar and a Professional Social Demographer. He holds Bachelor of Arts Degree in Geography and Master of Arts in Population Studies from the University of Nairobi and PhD in Demography from the University of Liverpool.</p>



#### 4. Key Management Team

Ref	Management	Details
1.		<p><b>Prof. Charles O. Ochola</b> <b>Vice-Chancellor</b></p> <p>Prof. Charles O. Ochola is the Vice-Chancellor of Tom Mboya University. Before his appointment to the current position, he served as the Principal of Tom Mboya University College from May 2016 to 2nd August 2022 when it became a fully-fledged University. Previously he served as Director Students Welfare Services at Maseno University for Nine years, Co-ordinator of Evening/Parallel programmes, Chairman Department of Sociology at Maseno University, and National Council for population and Development. He has served in the various Committees within the University Administrative structure. Prof. Ochola is accomplished scholar and a Professional Social Demographer. He holds Bachelor of Arts Degree in Geography and Master of Arts in Population Studies from the University of Nairobi and PhD in Demography from the University of Liverpool.</p>
2.		<p><b>Prof. Elyjoy Muthoni Micheni</b> <b>Ag. Deputy Vice-Chancellor, Academic, Research &amp; Students' Affairs.</b></p> <p>Prof. Micheni is Ag. Deputy Vice-Chancellor, Academic, Research and Students' Affairs. Before then, Prof. Elyjoy Micheni was the Director in charge of School of Business and Management Studies at the Technical University of Kenya, a position she occupied since January 2016 to 30th June 2022. Prof. Micheni has acquired 19 years uninterrupted hands-on administrative experience at different levels in the basic and higher education Management in Kenya. She has been a member of Technical University of Kenya Senate since 2009 to 30th June 2022. Prof. Micheni holds a Bachelor of Education from Kenyatta University, Kenya; Master of Science in Computer Based Information Systems, Sunderland University, UK and a Ph.D in Information Technology, Masinde Muliro University of Science and Technology, Kenya.</p>

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

Ref	Management	Details
3.		<p><b>CPA Julius Okoth Otieno,</b>            Mr. Julius Okoth Otieno is the Head of Finance Department. He has over 23 years' experience having worked as the Bursar, College of Education &amp; External Studies, Senior Accountant in Charge of Budget and Financial Reporting, Senior Accountant in Charge of Capital Projects among other senior positions at the University of Nairobi. He is a Certified Public Accountant of Kenya and Registered Member of Institute Certified Public Accountant of Kenya (ICPAK). He holds a BA (Economics) and Master of Business Administration (Finance &amp; Accounting) from the University of Nairobi and currently pursuing PhD in Accounting at the University of Nairobi.</p>
4.		<p><b>Mr. Jared Odoyo Malela</b>  <b>Head of Academic, Research &amp; Student Affairs</b>            Mr. Jared Odoyo Malela is the Ag. Registrar, Academic, Research &amp; Student Affairs. Before joining Tom Mboya University College he was the Principal of Homa Bay Agricultural Training College. He worked with the Ministry of Agriculture from 2006 in various positions as Divisional Agriculture Extension Officer, District Monitoring and Evaluation Officer, District Extension and Training Officer, Crops Development Officer and Agribusiness Development Officer. He holds a Bsc. Agricultural Education and Extension from Egerton University and is currently pursuing Msc. Land and Water Management at Kenyatta University.</p>



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

Ref	Management	Details
5.		<p><b>Miss. Monica Ouma</b>  <b>Head of Procurement Department</b>  Miss. Monica Ouma is Head of Procurement Department. Previously worked as a Procurement Officer at Machakos University before joining Tom Mboya University College. She is a registered member of the Kenya Institute of Supplies Management. She holds a Bachelor of Education Arts and Master of Business Administration from the University of Nairobi. She also has a Professional Diploma in Procurement and Supply from the Chartered Institute of Procurement and Supply.</p>
6.		<p><b>Mr. Wambas Washington</b>  <b>Assistant Registrar, Human Resource and Administration</b>  Mr. Wambas Washington is an Assistant Registrar in charge of Administration and Human Resource department. Previously worked as a Senior Administrative Assistant (Administration and Human Resource) at University of Kabianga before joining Tom Mboya University College. He holds a Bachelor of Science in Environmental Science with IT from Maseno University. Also serves as the secretary to the Management Board.</p>
7.		<p><b>Prof. Enose M. W. Simatwa,</b>  <b>Dean, Faculty of Education</b>  Prof. Simatwa is currently the Dean and an Associate Professor in the Faculty of Education. He joined Tom Mboya University College from Maseno University, School of Education where he had risen through the Academic line to the position of Associate Professor. He has also served as an Administrator in different capacities at Secondary and Post-secondary levels. His research areas include Social Sciences such as; Leadership and Policies, Management, Sociology and Psychology. He holds a Bachelor of Education from the University of Nairobi, Master of Education from Kenyatta University and Ph.D from Maseno University.</p>

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

Ref	Management	Details
8.		<p><b>Dr. Alfonse Odondo</b>  <b>Dean, Faculty of Business &amp; Economics</b>            Dr. Odondo is currently the dean and Senior Lecturer in the Faculty of Business and Economics. He joined Tom Mboya University College from Maseno University, Department of Economics. He has held various positions within the University circles in teaching and management of academic programmes. He is an Economist by profession with most of his research activities based on poverty reduction strategies with particular emphasis on rural poverty and smallholder livelihood strategies            He holds a BA(Economics), MA(Economics) and PhD(Economics) from Maseno University</p>
9.		<p><b>Dr. Irene Okello</b>  <b>Ag. Dean, Faculty of Biological &amp; Physical Sciences</b>            Dr. Irene Okello is the Acting Dean, Faculty of Biological and Physical Sciences. Before joining TMUC, she was the Dean, School of Pure and Applied Sciences at Kirinyaga University. She holds a Bachelor of Science (Mathematics &amp; Computer Science) and Master of Science in Pure Mathematics from Jomo Kenyatta University of Agriculture and Technology and PhD in Mathematics (Computational Option) from Pan African University, Institute for Basic Sciences, Technology and Innovation.</p>



## **5. Chairman's Statement**



As Tom Mboya University celebrates seven (7) years of its existence, it is with a mixture of optimism and caution that it looks to the future. Optimism, because of success so far achieved and the opportunities the future holds and caution, because of the enormous uncertainties generated by the current economic challenges. Charting a course into this future requires the University to examine its strategic directions and to develop plans that can ensure success in fulfilling Tom Mboya University's mission in the decades to come.

Tom Mboya University approaches the coming decades and beyond with unprecedented optimism and initial success. The University facilities are poised to be expanded and improved; public funding and private support are anticipated and, in a move, already underway, the University will focus on the following flagship areas: Public Policy and Allied Studies; Studies of Lake Victoria and Allied Challenges; Tourism and Cultural Studies; and Food Security and Agricultural Studies.

The transformation from a University College to a fully-fledged University by the Commission for University Education affirms the positive, forward-moving momentum embodied in these events. Against this background of success, internal and external circumstances require the University not to rest on its laurels, but explore its future opportunities and possibilities. The current economic challenges have created an unprecedented and precarious external environment in which the major funding sources for public higher education have dwindled: state funding is constricting; financial pressures on students and families place serious constraints on the ability to increase tuition and other fees to offset the loss of public funding; donors are reducing their financing; and there is a major erosion in rates of return for existing investments.

In addition to the dramatic changes in the external environment, there are internal circumstances that call for reconsideration of the University's strategic directions. Enrolments have declined raising questions about competitiveness, effectiveness, recruitment, and retention. However, affiliation with other institutions will create opportunities that have not yet been strategically realized. Such opportunities will only yield meaningful results through integration within a comprehensive strategic plan.

Arguably, the student body of the 21<sup>st</sup> century is bringing a new set of challenges and expectations to the University. Key issues facing all institutions of higher learning are that the way students now learn

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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and what constitutes learning for them, differ from those of previous generations. We must examine how faculty and academic support systems are equipped to deal with the changes in students' learning methods. This is one facet of the academic planning question facing the University. From another perspective the question becomes "What educational programmes should be provided to which students in what environment using what resources?" Because the learning environment and resource needs will vary in educational programmes and expectations, it is the academic plan that will drive many of the other plans the University intends to implement.

Tom Mboya University is named after a person famed for his great passion for education and political prowess. With that name will come increased visibility as we promote the University, its history and its significant contributions to society. The great passion for higher education that Thomas Joseph Mboya had will continue to inspire future growth of the institution in various ways including identification of financial resources to help realise this growth.

Finally, I would like to express my special thanks to the Government for the support in realization of the University's mandate and all those who worked tirelessly to ensure continued smooth operation of this institution



**Dr. Augusta N. Abate**  
**Chair of Council**



## **6. Report of the Chief Executive Officer**



I am pleased to present the Annual Report and Financial Statements of Tom Mboya University for the Financial year ended June 30th, 2023.

Tom Mboya University College was launched in Homa Bay town, Homa Bay County transitioning from an Agricultural Training Centre to the current Tom Mboya University, a university geared towards knowledge for sustainable innovation enterprises especially Blue Economy Technology Education, research and development. Precisely Tom Mboya University was born on the 8<sup>th</sup> April, 2016, and built her home in 2<sup>nd</sup> August, 2022 when she was Chartered.

A University that started with three faculties, four programmes and 114 students now has over 39 programmes and approximately 8,000 students and is growing in leaps and bounds with very innovative programmes in the offing after charter award. Further the University proposes to house The Institute of Blue Economy and Climate Change, the Tom Joseph Mboya Centre for Public Policy and applied Studies, Centre for Tourism and Cultural Studies, Faculty of Health and Human Behavioural Studies and Centre for Decision Sciences and Analytics intended to put Tom Mboya University on a big stage for local, regional, national and global solutions to the challenges we daily encounter.

This we believe will put the university onto that stage, at the very same lectern like other renowned institution of Higher learning worldwide.

### **Operational Performance**

In the 2022/2023 FY, total revenue from non-exchange transactions was Kshs. 428,566,101 comprising of Kshs. 389,135,452 as recurrent grants and Kshs. 39,430,648 as Development grants. The University was allocated Kshs. 100,000,000 in the 2022/2023 FY printed estimates for the ongoing phased construction of administration and lecture halls block but later reduced by 60.57% to Kshs. 39,430,648 in the supplementary estimates No. 1.

Total Revenue from exchange transactions was Kshs. 180,909,199 comprising of tuition fees and related charges of Kshs. 146,846,000 and catering, accommodation and other incomes of Kshs. 34,245,104

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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The total recurrent expenditure was Kshs. 415,150,740 while Capital and Development expenditure was Kshs. 294,683,065.

In order to forestall the spiralling pending bills arising from the ongoing Phased construction of Administration and Lecture halls block, the University rationalized its recurrent budget and transferred Kshs. 142,232,000 to Development awaiting transfer of the same by the Ministry and the National Treasury.

**Capital Development**

The University is undertaking a Phased Construction of Administration and Lecture halls block with a capacity of about 8,000 students. This project is being funded by the Government of Kenya and the main challenge being inadequate budgetary allocation which may cause delays in the completion time. The University completed Phase 1 of Administration and Lecture Halls block with a capacity of 2,000 students. Other completed projects include; Perimeter Wall and Gate, installation of lift in the new building, installation of E-Learning and ICT Infrastructure, purchase of Motor Vehicles, Purchase of Generator and various teaching and office equipment.

The University has prioritized Library block; CT resource Centre; Laboratory complex and Hostels as key projects to address the infrastructural needs.

**Future outlook**

The new funding model for Public Universities which is student centred is going to change the revenue streams for the University especially revenues from Non-exchange transactions (Recurrent GoK grants). In this model Government sponsored students are to be financed through scholarships, loans and household contributions which shall all be categorized as revenue from exchange transactions (Appropriations in Aid-AIA). The University must therefore put in place measures to attract more students so as to realize the benefits of the new funding model whose aim is to improve the financial performance of Public Universities. It is therefore apparent that Fund raising, revenue generation and reduction of costs have to be the Management's top priorities. The current state of affairs renders TMU entirely dependent on government subsidies and student fees, making us extremely vulnerable. Ultimately there will be need to seek creative alternative sources of income in the medium term and for the future of the institution.

Other facets of our implementation strategy include:

- Strengthening of management and administrative processes and procedures for efficient running of the University.



**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

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- Adoption of a compliance framework for all departments and entities of the University.
- Ensuring accountability of all staff especially those holding managerial positions.
- Marketing and Communication strategy to improve the visibility and presence of the University.
- Cultivation of strong links with the communities in our region.

Going forward, the University intends to continuously look into ways of improving and providing world-class service at all customer touch points, not only in the lecture hall but also in other aspects of students' life.

I would also like to express my special thanks to Tom Mboya University Council, the staff and students and the larger Homabay Community for their continued and unwavering support to ensure realization of the growth of TMU.



**Prof. Charles Omondi Ochola**

**Vice-Chancellor**

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

**7. Statement of Performance against Predetermined Objectives for FY 2022/2023**

Tom Mboya University has 11 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: Training

Pillar 2: Research and Consultancy

Pillar 3: Physical Infrastructure and facilities

Pillar 4: ICT Infrastructure

Pillar 5: Resource Mobilization and Visibility

Pillar 6: Leadership and Integrity (Governance)

Pillar 7: Human Resource Management

Pillar 8: Safety and Security

Pillar 9: Quality Assurance

Pillar 10: Students Welfare and Management

Pillar 11: Cross Cutting Issues

Tom Mboya University develops its annual work plans based on the above 10 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2022/2023 period for its 10 strategic pillars, as indicated in the diagram below.

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Pillar 1: Training	To design, develop and mount unique market driven, teaching, research and outreach programmes	No. of undergraduate programmes designed in the area of public policy and allied studies. -Letter of Authority. -No. of Certificate programmes designed and developed. -Partnership proposals and signed MoUs -No. of youths and vulnerable groups trained.	i. Design and develop undergraduate programmes in the areas of: a. Public Policy and allied studies; b Lake studies and allied challenges; ii Seek accreditation from CUE iii Design and develop capacity building ICT certificate programmes.	-Designed, developed and submitted to CUE Academic programmes in Lake studies and allied challenges, Public Policy and allied studies. -Collaborated with Ndhiwa Constituency to offer basic ICT training to youths and vulnerable groups -E-learning platform developed



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		-e-learning platform and infrastructure created and online common courses mounted	iv Collaborate with county governments on giving basic ICT training to youths and vulnerable groups. v Build e-learning platform to mount common courses such as HIV & Aids determinants, prevention and management.	
Pillar 2: Research and Consultancy	-To promote research and consultancy activities for creation and dissemination of knowledge.	-Policy on management of TMUC's research activities. - Publications of Research activities. -	i. Establish a coordination unit for research and consultancy activities. ii. Develop a research policy. iii. Identify community, county and national research and development needs. iv. Build collaborative partnership on research and consultancy in the areas of agriculture and food security; and common diseases around Lake Victoria v. Train staff on writing a competitive	-Research policy developed and approved. -Staff trained on writing grant winning research proposal. <b>Collaborations</b> -International Centre of excellence in Malaria Research Project(ICEMR) -TMU, Thika way Investment Limited and DBFZ, of the republic of Germany Collaborative Project. -Cotton Victoria Project a technical regional project to strengthen cotton sector in the Lake Victoria basin supported by the Federal republic of Brazil through

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
			research grant proposal.	Brazilian Cooperation agency and Federal University of Lavras (UFLA) -Integrated Agricultural Research for Development-IARD(Project) in collaboration with KALRO
Pillar 3: Physical Infrastructure and facilities	-To upgrade the existing physical facilities -To develop priority physical infrastructure facilities.	-Signed contracts and architectural drawings -renovation and maintenance schedules. -Standby generators -increased space for operations.	-annually audit facilities to determine their level of utilization and status. -upgrade/renovate existing facilities. -Electricity supply upgrade -Construction of the following physical facilities and infrastructure; a. Administration and lecture halls block b. Library & ICT Resource Centre. c. Laboratory Block. d. Perimeter fence & gate. e. Power generator. f. Students' hostels. g. Civil works. h. Farm office and green houses.	The following capital projects undertaken. -Ongoing construction of Administration and Lecture theatres block. -Completion of office block and tuition block -Access road and sports field. -Power generator. -Perimeter fence and gate



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Pillar 4: ICT Infrastructure	-To leverage technology(ICT) to enhance training and delivery of administrative services	-Policy documents. -Audit report on ICT status and ICT training needs assessment for staff. -training manuals and attendance lists. -Budget on ICT equipment. -Upgraded ICT software and hardware. -Monitoring and evaluation report on adherence to the ICT policy and standards guiding service provision.	i. Develop institutional ICT policy in line with the national ICT policy that includes the guiding standards ii. Conduct automation audit and undertake ICT training needs assessment for staff iii. Conduct training of staff on ERP iv. Increase funding for ICT equipment and software v. Conduct regular upgrading of ICT software to keep up with the rapid technological changes; vi. Establish and enhance ICT security systems vii. Monitor and evaluate implementation of the ICT policy and standards to guide service provision.	-ICT policy developed. -Staff trained on ERP. -Funding level for ICT equipment and software increased to Kshs.20 million. -ERP upgrades conducted. -ICT security systems established and enhanced.  Ongoing  Ongoing  Ongoing
Pillar 5: Resource Mobilization and Visibility	-To expand TMU's resource base and enhance its visibility.	-Increased research grants. -Signed collaborations. -Number of IGUs initiated. -Proposal for increasing	i. Explore viable funding options through partnership and collaboration with research partners, donors, public and the private sector and friends	-Collaborating with International Centre of excellence in Malaria Research Project (ICEMR)

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		exchequer funding to the Principal Secretary in charge of University Education and research	of Tom Mboya network or foundation ii. Develop more income generating units (IGUs) iii. Leverage on the growing demand for accommodation, catering services, exhibitions and meeting facilities vi. Request for increased capitation from the treasury with justification v. Prepare and implement a cost reduction plan; vi. Promote corporate image by advertising TMU's academic programmes during education days and other relevant social forums	-Trained 400 youths in ICT through Ajiira digital platform in Collaboration with Ministry of ICT. -Trained 200 youths on basic ICT skills in Collaboration with Ministry of ICT and Ndhiwa Constituency. -Implemented a cost reduction plan leading to manageable employee costs, travel expenses, ICT expenses, library expenses and other administrative expenses. -Participated in educations in schools within Homa Bay county to promote corporate image and market academic programmes
Pillar 6: Leadership and Integrity(Governance)	-To ensure that TMU gets a charter to operate as a fully-fledged University. -To create a culture of ownership,	-Application for charter. -Charter -Workshop proceedings and copies of certificates of participation. -Code of conduct and ethics manual.	i. Meet CUE requirements for award of Charter ii. Apply for grant of Charter iii. Conduct training on accountability, good governance, resource	-Appointment of Committee for the award of Charter. -Staff and students sensitized through meetings and trainings on accountability,



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
	efficiency and effectiveness in policy execution among TMU employees.	-Policy document. -Appointment letters of corruption prevention committee and reports -	management as well as ethics and integrity iv. Develop a code of conduct and Ethics for staff v. Develop a whistle blowers' policy vi. Constitute a Corruption Prevention Committee vii. Train Integrity Assurance Officers viii. Implementation of policies, regulations and Legislations ix Strengthen internal audit department	resource management and integrity. -Integrity assurance officers appointed and trained. -Corruption Prevention Committee appointed. -Management of TMU affairs by following laid down policies, regulations and legislations. -Integrity assurance officers appointed and trained -Policies, regulations and legislations implemented. -Internal audit department strengthened through additional staff recruitment and trainings.
Pillar 7. Human Resource Management	-To attract, develop, motivate and train qualified staff	-Approved policy. -increased budgetary allocations for personnel emoluments. -work environment survey and implementation of the recommendations. -Annual training	-Develop and implement schemes of service for staff -Conduct team building workshops/seminars for attitude change among members of staff.	-Advertised and recruited 39 additional academic and key administrative staff. -Medical Insurance provided to council members, staff and their legal dependants.

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		needs assessment report. -	-Raise staffing level to 80% of the approved establishment by 2023. -Provision of quality medical care/services to staff and their legal dependents. -Ensure a conducive work environment -Ensuring compliance to the national, safety and security standards. -Increase staff productivity and effectiveness at all levels by capacity development.	-Provided office space, furniture, equipment, computers and internet to staff to ensure good working environment. -Security firm contracted to offer security services -Trained academic staff on research grant proposal writing and facilitating staff to attend professional development programmes. Ongoing
Pillar 8: Safety and Security	-To ensure safety and security of TMU staff	-Perimeter wall in place -Training reports and attendance lists and certificates. -Installed security gadgets. -Installed and serviced fire extinguishers -Insurance policy documents. -Implementation plan for ICT security systems and documented evidence of maintenance	-Construction of perimeter wall around the University; -Conduct sensitization trainings for both staff and students on safety and security preparedness; -Installation of surveillance cameras, scanning gadgets at all University critical points -Installation and maintenance of firefighting equipment and conduct fire drills	-Awarded contract for the Construction of perimeter wall and gate house. -Firefighting equipment installed and regularly maintained. -Assets insured against possible risks. -Ongoing



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
			-Insurance of University assets -Establish and enhance ICT security systems	
Pillar 9: Quality Assurance	-To develop a culture of quality in service delivery in TMU	-Quality assurance unit in place. -Increased budgetary allocation for personnel emoluments -Policy document. -QMS operations procedures manual. M&E reports -ISO 9001:2015 Certificate	-Establish a quality assurance Unit -Recruit/Appoint key staff of the QA Unit -Develop a Quality Assurance policy. -Document the University's processes and operations procedures -Operationalize the M&E function of the QA Unit -Obtain ISO Certification against ISO 9001:2015 standards	-Quality Assurance Unit established and staff appointed. -Ongoing  -Ongoing  -Ongoing  -Ongoing  -Ongoing
Pillar 10: Students Welfare and Management	-To strengthen student welfare services -To develop programmes geared towards addressing the welfare of needy students	-Dean of students' appointment letter/advert -Survey report. -Implementation status report. -M & E frame work. -Appointed games tutor. -No. of cultural weeks held. -No. of CSR activities identified. -Career office in place	-Recruit/Appoint Dean of Students -Undertake a survey on students counselling needs -Implement the survey report -Develop M&E and referral framework for counselled cases. -Undertake students' financial needs assessment survey -Develop a comprehensive Student works study Programme	Recruitment of Dean of Students initiated. Ongoing  -Ongoing -Ongoing  -Ongoing  -Ongoing  -Ongoing

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		-No. of students placed in internship reports	-Establish a fund for a Work-Study Programme -Strengthen the existing games department -Undertake a cultural and arts week -Identify Corporate Social Responsibility activities -Establish and operationalize Career Services Office -Identify internship and placement opportunities for students -Develop procedures and guidelines for students on exchange programs	-Ongoing -Ongoing -Ongoing -Ongoing -Ongoing
Pillar 11: Cross Cutting Issues	-To mainstream cross cutting issues	-Policy documents. -additional staff sensitization posters, programmes on integration	Develop and implement policy on; -Disability Mainstreaming -HIV and AIDS mainstreaming -Alcohol, Drug and Substance Abuse -Gender Mainstreaming -Strengthening the AIDS Control Unit	-Ongoing



## **8. Corporate Governance Statement**

Tom Mboya University Council is responsible for the governance of the institution and is accountable to the stake-holders for ensuring that the institution complies with the law and the best practices in Educational Governance and Business Ethics.

The Council members are committed to the need to conduct the business and operations of the University with integrity, accountability, transparency, responsibility and fairness in accordance with Generally Accepted Standards and endorse the internationally developed principles of good governance. The institution's stewardship is committed to complying with statutory requirements as outlined in the Universities Act, 2012 and the Code of Governance for State Corporations (Mwongozo, 2015).

### **Appointment of the Council**

Tom Mboya University Council is appointed by the Cabinet Secretary and constituted in accordance with the provisions of Section 36 of the Universities Act, 2012. The procedure, conduct and regulation of the affairs of the Council is determined in accordance with the University Charter and Statutes. The Council exercises prudent leadership, innovative enterprise, and good judgment in directing the University and shall always charter in the best interest of the University.

### **Functions of the Council**

Pursuant to the provisions of Section 15 of Tom Mboya University Charter, the Council has the following functions:

- a) developing and approving the Statutes of the University;
- b) determining the method of recruitment, appointment and promotion of all staff of the University;
- c) conferring the titles of Emeritus Professor, Visiting Professors, Honorary Professor, Honorary Lecturer, or Honorary Fellow on the recommendation of the Senate;
- d) approving the budget;
- e) promoting and making financial provisions and facilities for execution of the functions of the University;
- f) determining all fees payable to the University after on the recommendation of the Senate;
- g) approving the investment of any money belonging to the University including any unutilized income, in such stocks, funds, fully paid shares or securities as the Council may from time to time deem fit, in accordance with the general law for the investment of trust moneys or in the

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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- purchase of freehold or leasehold properties, including rents and varying such investments from time to time by sale or re-investment or otherwise subject to the Act;
- h) mobilizing resources subject to the relevant laws and procedures;
  - i) approving the sale, purchase, exchange, lease, or leasing movable and immovable property on behalf of the University subject to the laid down government procedures;
  - j) approving the borrowing of money on behalf of the University subject to laid down government procedures and for that purpose and subject to the Act, mortgaging or charging all or any part of the property unless the conditions of the property so held provide otherwise and giving such other security whether upon movable or immovable property or otherwise as the Council may deem fit;
  - k) on the recommendation of the Senate, providing for the creation of new divisions, faculties, schools, institutes, departments, centers of other bodies of learning, research and production in the University, in accordance with the Statutes, whether newly established or by the subdivision of any existing body and approving the abolition or subdivision of any such body;
  - l) on the recommendation of the Senate, instituting fellowships, scholarships, studentships, exhibitions, bursaries, prizes and other aids to study and research;
  - m) approving the terms and conditions upon which internal and external examiners may be appointed by the Senate;
  - n) empowering committees to act jointly with any Committees appointed by the Senate, provided that the Council shall not delegate to the Chairperson or to any Committee the powers to approve the annual estimates of expenditure of the University without reference to the Council;
  - o) approving regulations governing the conduct and discipline of the students of the University;
  - p) receiving donations, endowments, gifts, grants or other moneys on behalf of the University and making legitimate disbursements therefrom;
  - q) approving the Constitution of the Students Association and so far as is reasonably practicable, ensuring that the Students' Association operates in a fair and democratic manner and is accountable for its finances;
  - r) providing for the welfare of the Staff and Students of the University;
  - s) approving regulations governing the recruitment, conduct and discipline of the staff of the University;
  - t) monitoring and evaluating the implementation of strategies, policies, and the management criteria and plans of the University;



**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

- u) constantly reviewing the viability and financial sustainability of the University, and doing so once every year;
- v) ensuring that the University complies with all the relevant laws, regulations, governance practices, accounting and auditing standards; and
- w) performing such other duties as may be provided for in the Statutes.

**Committees**

Tom Mboya University Council constituted four (4) standing committees with clearly defined terms of reference in the Committee Charters. The four (4) committees are:

- a) Audit and Risk Management Committee;
- b) Academic and Research Committee;
- c) Finance, Planning and Investment Committee; and
- d) Executive and Human Resource Committee;

Appointment to a committee is done with consideration of member skills and experience, committees act on delegated authority from the Council. The membership of the committees during the FY2022/2023 was as detailed in Table.1.

**Table 1: Council and Committees membership**

<b>COMMITTEE</b>	<b>MEMBERS</b>
<b>Council</b>	1. Dr. Augusta N. Abate - Chairman 2. Ms. Lily C. Koech Sakaja - Member 3. Mr. Lawrence M. Njeru - Member 4. Dr. Mbugua Njoroge - Member 5. Ms. Sophia Yiega - Member 6. Ms. Agnes A. Odawa - Member 7. CPA. Johnson W. Njuguna - Member/Alternate to the PS, State Department for Higher Education and Research 8. Mr. Johnson M. Mwangi - Member/Alternate to the CS, National Treasury 9. Mr. Victor M. Momanyi - Deputy Inspector General - Inspectorate of State Corporations 10. Prof. Charles O. Ochola - Ag. Vice-Chancellor /Secretary
<b>Executive and Human</b>	1. Dr. Mbugua Njoroge - Chairman 2. Ms. Lily C. Koech Sakaja - Member

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

<b>COMMITTEE</b>	<b>MEMBERS</b>
<b>Resource Committee</b>	3. Ms. Agnes A. Odawa - Member 4. CPA. Johnson W. Njuguna - Member/Alternate to the PS, State Department for Higher Education and Research 5. Prof. Charles O. Ochola - Ag. Vice-Chancellor /Secretary
<b>Finance, Planning and Investment Committee</b>	1. Ms. Lily C. Koech Sakaja - Chairman 2. Ms. Sophia Yiega - Member 3. CPA. Johnson W. Njuguna - Member/Alternate to the PS, State Department for Higher Education and Research 4. Mr. Johnson M. Mwangi - Member/Alternate to the CS, National Treasury 5. Prof. Charles O. Ochola - Ag. Vice-Chancellor /Secretary
<b>Audit and Risk Management Committee</b>	1. Ms. Agnes A. Odawa - Chairman 2. Dr. Mbugua Njoroge - Member 3. Mr. Lawrence M. Njeru - Member 4. Mr. Johnson M. Mwangi - Member/Alternate to the CS, National Treasury 5. Internal Auditor - Secretary
<b>Academic and Research Committee</b>	1. Ms. Sophia Yiega - Chairman 2. Mr. Lawrence M. Njeru - Member 3. CPA. Johnson W. Njuguna - Member/Alternate to the PS, State Department for Higher Education and Research 4. Mr. Johnson M. Mwangi - Member/Alternate to the CS, National Treasury 5. Prof. Charles O. Ochola - Ag. Vice-Chancellor /Secretary

**Council and Committee Charters**

The Council and Committees Charters have been developed and adopted defining the role, responsibilities and functions of the Council and respective committees on the governance of the University. The Board Charters are reviewed as and when necessary.



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

**Council and Committee Meetings**

At the beginning of each financial year, the Council undertakes the preparation of an almanac to provide guidance for the planning of both Committee and Council activities. The almanac is prepared taking into consideration the provisions of the State Corporations Act, the Code of Governance for State Corporations (Mwongozo, 2015) and the relevant Circulars with regards to meetings. The meeting dates are aligned to submission dates for statutory quarterly and annual reports required by various Government Agencies and any other meeting(s) of Council or Committees are held as and when necessary as provided for by the responsibilities of each Committee. The attendance of council and committee meetings for the FY2022/2023 are detailed in Table.2.

**Table 2: Council Meetings**

S/No.	Name of Member	Council	Audit and Risk Management Committee	Academic and Research Committee	Finance Planning and Investment Committee	Executive and Human Resource Committee
1.	Dr. Augusta N. Abate	12				
2.	Ms. Lily C. Koech Sakaja	12			5	9
3.	Mr. Lawrence M. Njeru	10	3	4		
4.	Dr. Mbugua Njoroge	12	3	1	1	7
5.	Ms. Sophia Yiega	12	1	5	4	
6.	Ms. Agnes A. Odawa	11	3			7
7.	CPA. Johnson W. Njuguna	10		4	1	8
8.	Mr. Johnson M. Mwangi	11	4	4	5	
9.	Mr. Victor M. Momanyi	6				
10.	Prof. Julius O. Nyabundi	3			1	2
11.	Mr. Elijah N. Ileri	2	1			2

**NOTE:**

- i). The University was awarded Charter to fully fledged Public University on 2<sup>nd</sup> August, 2022 and the University Council was appointed effective 5<sup>th</sup> August, 2022.
- ii). Independent member Mr. Elijah N. Ileri served in the University College Council and his term ended on 5<sup>th</sup> August, 2022.

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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**Conflict of interest**

The leadership and Integrity Act, 2012 and related laws, require that if a conflict of interest exists in the exercise of a Committee member’s duties, then they are obliged to disclose such conflict of interest. During the period there was no conflict of interest was declared.

**Council remuneration**

The Council activities are budgeted for within the required percentage of the total University budget and the remuneration of the Council members is as guided by the relevant Circulars from the State Corporations Advisory Committee (SCAC) and the head of Public Service.

**Council Annual Performance Evaluation**

The annual Council Performance Evaluation is conducted as a self/peer review with each Council Member completing the forms for the Council (BE 1), the Chairperson (BE2), Individual Council Members (BE3) and CEO (BE4) through the State Corporations Information Management System Module (SCIMM) and facilitated by the State Corporations Advisory Committee (SCAC).

The FY 2022/2023 Performance Evaluation of the Council is scheduled for 25<sup>th</sup> September, 2023. The Council Performance for the FY 2021/2022 raw score was 4.8833 translating to a percentage score of 97.6667 compared to the FY 2020/2021 raw score was 4.7088 (percentage score of 94.18) and the FY2019/2020 raw score was 4.5932 (percentage Score of 91.86).

**Council Capacity Building**

To guarantee consistent critical and creative execution of its mandate Council members undergo regular trainings and updates based on skills and competency requirements. Newly appointed members are taken through an induction programme to enhance their understanding of the Institution’s operations, strategy and performance. Council trainings/workshop during the period are detailed in Table.3.

**Table 3: Council Capacity Building**

S/No	Training/ Workshop	Dates & Venue	Organizer /Trainer	No. Trained
1.	Induction for Board Members of State Corporations	20 <sup>th</sup> to 22 <sup>nd</sup> April, 2023 at the Lake Naivasha Resort, Naivasha	The State Corporations Advisory Committee (SCAC) in partnership with the Institute of Certified Public Secretaries (ICPS)	All Council Members



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

**9. Management Discussion and Analysis**

During the period ended 30<sup>th</sup> June 2023, the University undertook the following major activities.

1. Award of Charter on 2<sup>nd</sup> August 2022 by His Excellency President Uhuru Kenyatta
2. Admission and Registration of First year and Continuing students for 2022/2023 Academic year
3. Supervision of Students on Teaching practice and industrial attachment
4. Ongoing Construction of Phased Administration and Lecture theatres block.
5. SOTMU Elections
6. Examinations for first semester 2022/2023
7. 1<sup>st</sup> Graduation Ceremony of Tom Mboya University on 21<sup>st</sup> December 2022 where a total of 729 students were conferred with degrees and awarded Diplomas and Certificates
8. Registration for second semester 2022/2023
9. Visit by His Excellency the President of the Republic of Kenya, Dr. William Samoei Ruto on 13<sup>th</sup> January 2023.
10. Hosting of the 1<sup>st</sup> Nyanza Universities Integrity Clubs on 18<sup>th</sup> to 19<sup>th</sup> January 2023
11. Examinations for second semester 2022/2023 academic year
12. Teaching Practice and Industrial Attachment

**Student Enrolment**

The following is a summary of the student enrolment into the various academic programmes from 2016/2017 to 2022/2023 academic years.

Academic Year	Male	Female	Total Admissions Across All Programmes
2016/2017	85	43	128
2017/2018	462	335	797
2018/2019	276	164	440
2019/2020	466	228	694
2020/2021	708	420	1,128
2021/2022	700	499	1,199
2022/2023	486	465	951
	<b>3,183</b>	<b>2,154</b>	<b>5,337</b>

Since its establishment in 2016, Tom Mboya University has conferred degrees and awarded Diplomas and Certificates 822 graduands.

**Revenue and expenditure trends**

The table below gives a summary of the revenue and expenditure trends of the University over the last five years.

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Revenue</b>					
GoK recurrent grants	186,711,498	381,990,108	382,766,280	408,022,214	389,135,452
Appropriations in Aid	67,467,190	93,203,620	81,827,095	205,927,884	181,091,104
GoK Development grants	250,000,000	105,871,989	65,161,971	80,000,000	39,430,453

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Total Revenue</b>	<b>504,178,688</b>	<b>581,065,717</b>	<b>529,755,346</b>	<b>693,950,098</b>	<b>609,657,009</b>
<b>Expenditure</b>					
Recurrent Expenditure	261,008,450	301,061,738	392,550,208	399,269,650	415,150,741
Development/Capital Expenditure	37,792,242	169,838,839	381,807,500	268,255,269	294,683,065
<b>Total Expenditure</b>	<b>298,800,692</b>	<b>470,900,577</b>	<b>774,357,708</b>	<b>667,524,919</b>	<b>709,833,806</b>

**Recurrent Income**

The University received Kshs. 389,135,000 in the 2022/2023 FY as recurrent grants from the government of Kenya compared to Kshs. 408,022,000 received in 2021/2022 FY. In addition, Kshs. 181,091,104 was received as Appropriations in Aid in 2022/2023 FY compared to Kshs. 205,928,000 for 2021/2022 FY. In the 2021/2022 FY the University had three semesters instead of the normal two in order to mitigate the effects of Covid-19 pandemic.

**Recurrent Expenditure**

During the 2022/2023 FY the University incurred recurrent expenditure of Kshs. 415,150,740 compared to Kshs. 399,269,650 in the 2021/2022 FY. The summary of recurrent expenditure for the year and the comparative figures for budget and previous year is as follows:

Description	Annual Budget	Actual	Performance Difference	Percentage Collection/ Utilization	Actual 2021/2022
	Kshs	Kshs	Kshs	%	Kshs
Staff Costs	230,000,000	222,485,541	7,514,459	97	207,796,375
Council Expenses	17,000,000	16,746,296	253,704	99	14,988,450
Depreciation & Amortization	48,000,000	47,218,585	781,415	98	59,618,463
Repairs and Maintenance	13,500,000	13,101,208	398,792	97	7,218,937
General Expenses	116,000,000	115,599,110	400,890	100	109,647,425
<b>Total recurrent expenditure</b>	<b>424,500,000</b>	<b>415,150,740</b>	<b>9,349,260</b>	<b>98</b>	<b>399,269,650</b>

**Development Income**

The University received Kshs. 39,430,453 in the 2022/2023 FY for Development project compared to Kshs. 80,000,000 in FY 2021/2022 from the exchequer towards the Construction of Administration and Lecture Halls Block.

The University had been allocated Kshs. 100,000,000 in the FY 2022/2023 printed estimates but later revised to Kshs. 39,430,453 in the supplementary I budget

**Completed and Ongoing Capital and Development Projects**

The University through the support of the Government has undertaken a number of development projects.

- Office and Tuition Block now converted into a library block



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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- dining hall
- Generator house;
- Access roads
- sporting fields
- Phased construction of Administration Lecture Theatres Block estimated to accommodate more than 10,000 students when complete.
- Gate and Perimeter Wall.
- E-Learning and ICT infrastructure
- Installation of lift in the completed Phase I of Administration Lecture Halls and Theatre Halls block
- Purchase of 250 KVA Generator
- Purchase of Motor Vehicles
- Various teaching plant and equipment.



**Administration and Lecture Halls Block**

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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**University Main Gate**



**Section of University Perimeter Wall**



**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

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**Ongoing Phased Construction of Administration and Lecture Theatres Block**



**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

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**Financial Reporting (FiRe) Award**

Tom Mboya University participates in the Financial Reporting(FiRe) award and on 16th December 2022 it was recognized by the promoters of FiRe award for obtaining unqualified audit opinion under the Public Universities Category while on 8th December 2023 it emerged the Winner under the Public Universities category.



*Prof. Elyjoy M. Micheni Ag. DVC, Academic, Research and Students Affairs(Left), and CPA Julius O. Otieno Head of Finance, Tom Mboya University receiving Certificate of recognition for Excellence in Financial Reporting from FCPA Fredrick Riaga(Centre) CEO Public Sector Accounting Standards Board during the FiRe Award Ceremony held at Safari Park Hotel on 16th December 2022.*



*Prof. Charles. O. Ochola, Vice-Chancellor front row second left, Dr. Augusta N. Abate, Chair of Council, other members of the University Council and Finance Department Staff receiving trophy for emerging the Winner in FiRe Award 2023 under the Public Universities Category during the FiRe award Ceremony held at Safari Park Hotel on 8th December 2023.*



## **10. Environmental and Sustainability Reporting**

In association with the brand name Tom Joseph Mboya, our mandate is facilitating the creation, sharing, effective exploitation and utilization of knowledge for the greatest wellbeing of society (within the framework articulated by law and its statutes). The focus of the University is the acquisition of knowledge and its practical application based on more hours of contact, fieldwork, and industrial attachment. This would give students a holistic understanding of the environment upon which they will operate as professionals. In particular, this would ensure that the graduates from Tom Mboya University are capable of self-employment and job creation rather than relying on the already scarce formal employment. TMU plays a focused role of the attainment of goals of job creation and industrial growth through exploitation of national skills and resources as articulated in the Kenya Vision 2030.

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

TMU just like all public universities in Kenya faces financial challenges despite the fact that it relies on direct support from the government and the income generated from government sponsored students. TMU, will therefore continue to seek enhanced government support, while consciously aware that public universities have been called upon to reduce their dependence on the government by diversifying their sources of income, ensuring the maximized efficient and cost-effective use of available resources, and establishing comprehensive financial management systems. Since its inception in May 2016, the University through prudent use of financial resources has achieved the following:

- i. Increase in student enrolment;
- ii. Growth in staff numbers (both teaching and administrative);
- iii. Completion of ongoing and renovation of existing infrastructural developments and initiation of new projects;
- iv. Development of the University Master Plan and the Strategic Plan 2018 – 2023;
- v. Revitalized research activities, establishment of linkages and collaborations, community engagement through extension and outreach.

**ii) *Environmental performance***

The preamble to the 2010 Kenyan constitution stipulates that “respectful of the environment and determined to sustain it for the benefit of future generations.” Article 69(1) calls upon “every person to cooperate with state organs and other persons to protect and conserve the environment and ensure ecologically sustainable development and use of natural resources.” Section 3(1) of the Environment Management and Coordination Act (Cap 387 Laws of Kenya) confirms that “Every person in Kenya is entitled to a clean and healthy environment and has the duty to safeguard and enhance the environment” and seeks to have a clean, secure and sustainable environment by 2030. Consequently, and in pursuit of its mandate, the university has in addition to offering appropriate courses on environmental sciences:

- Created awareness of the need of all members of the university community to actively protect and conserve the environment and ensure ecologically sustainable development and use of natural resources.
- Adopted proactive, enterprise-wide systematic management practices and approaches to assess environmental risks and opportunities, increased focus on maximized efficient use of resources and to promote activities that create significantly more value for the society and environmental sustainability.

Encouraged students to organize themselves in environment support groups, to work and address environmental concerns or issues that interest or affect them, such as waste transportation and disposal, conservation of local ecosystems and water conservation and sanitation and any other areas of interest.

**iii) *Employee welfare***

Tom Mboya recognizes that human resources at all levels is key in the provision of quality services to its customers and other stakeholders. In this regard, the University has continued to attract, competitively recruit and retain qualified and competent staff. The recruitment, promotion, training and remuneration of employees at TMU is guided by the following.

- Terms and Conditions of service of Public officers
- TMU Human Resource Policy and Procedures Manual
- Human Resource Policy and Procedures Manual for Public Service



- Human Resource Development Policy for Public Service
- Salaries and Remuneration Commission Approved Collective Bargaining Agreements
- Public Officer Ethics Act
- Occupational Safety and health Act of 2007
- Article 7 (2) of National Cohesion and Integration Act, 2008
- TMU Security and Safety Policy.

The University ensure compliance with the above policies and guidelines in its human resource management practices.

**iv) *Market place practices-***

**a) Responsible competition practice**

The University ensures responsible competition practices with issues like anti-corruption, responsible political environment, fair competition and respect for competitors by complying with following Laws and guidelines:

- The 2010 Constitution of Kenya
- University Act 2012
- Ethics and Anti-Corruption Commission Act
- Placement of Students by Kenya Universities and Colleges Central Placement Service (KUCCPS)
- Various circulars as issued from time to time by the Office of the President, Ministry of Education, National treasury, Commission for University Education(CUE) and other Statutory and regulatory authorities.
- TMUC Policies and Statutes

**b) Responsible supply chain and supplier relations**

The supply chain and supplier relations at the University is guided by Public procurement and asset Disposal act and regulations and The Public Finance Management Act. The University through

prudent financial management ensures that suppliers of goods and services are paid as per the stipulated terms and as such no pending bills have been accumulated.

**c) Responsible marketing and advertisement**

The University maintains ethical marketing practices by embracing the following strategies:

- Rebranding the university
- Development and implementation of the marketing plan for the university
- Positioning the university based on its uniqueness
- Launching campaigns focusing on the business community and prospective customers
- Launching marketing campaign on key achievements of the university since its inception
- Continuously engage external stakeholders for positive perception
- Continuously communicate with internal stakeholders through structured quarterly meetings

**d) Product stewardship**

The University has ensured that the consumer rights and interests are safeguarded through the following efforts:

- Developed and implemented a faculty workload model based on CUE guidelines and the three components of teaching, research, extension and administration
- Carrying out a study on employability of TMUC graduates
- Enforce compliance to teaching schedule
- Encourage students to participate in national, regional and international competitions
- Strengthen university-industry linkage
- Developed and implemented a policy on engagement of industry practitioners as adjunct faculty
- Increased enrolment in STEM programmes
- Establishment and equipping of high value shared research facilities



- Streamline the operations of Student Organization in line with the Constitution, amended Universities Act, University Statutes and SOTMUC Constitution
- Train student leaders on leadership and management skills
- Impart soft skills to students such as good grooming, financial literacy, and personal etiquette
- Strengthen the sports and games department
- Manage hostels in accordance with the university rules and regulations to provide a suitable and sustainable living environment

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

TMU attaches great importance to corporate social responsibility as a sure way of building sustainable partnerships with the community. The University works with different organizations to support initiatives aimed at uplifting the standards of living by focusing on areas of education, community development, the environment, health, safety and food security.

**Youth Empowerment**

Tom Mboya University believes in the future of technology and the youth of our beloved country, thus partnering with the Ministry of Information Communication and Technology through the Ajira Digital Program. **Ajira** is a project being coordinated by the Ministry of Information, Communications and Technology, Ministry of Public Service, Youth and Gender Affairs, Ministry of Education and Ministry of Foreign Affairs. **Ajira** seeks to position Kenya as a choice labour destination for multinational companies as well as encourage local companies and public sector to create digital work. The government digitization projects already create lots of viable micro work that can be completed by digital workers.

The main objectives are to raise the profile of digital work and;

- Promote a mentorship and collaborative learning approach to finding digital work;
- Provide Kenyans with access to digital work
- Promote Kenya as a destination for online workers.
- Training on key soft skills and financial literacy

TMU provided the youth of Homabay with a platform to be trained and be empowered to exploit the potential of Information Technology.

Access to digital work will build wealth and grow the middle class across the country. A larger middle class means more opportunities for businesses and direct growth of GDP.



TMU students during the past graduation ceremony.

### **Health**

In its bid to give back to the community Tom Mboya University has collaborated with The University of California, Irvine, of United States America in **International Center of Excellence in Malaria Research Project (ICEMR)**.

ICEMR is a global network of independent research centres in Malaria-endemic settings, such as Homa-Bay County, with an aim of providing crucial strategies for the control and eventual prevention of malaria. Among its core objectives is 'to build clinical research capacity and improve malaria control and prevention'. In this Collaborative arrangement, TMUC has provided and allocated space for set up of a laboratory towards the project.





### **Mosquito controlled environment**

#### **Contribution to Economic Development**

TMU has by virtue of its presence impacted positively not only by being a centre for academic development but also significantly contributed to the growth in the economy of the County by creating demand and supply of goods and services. The following are some of the economic activities arising out of the establishment of TMU that has contributed to the growth of the economy and improvement of standards of living for the residents of Homa-Bay County:

- Leasing of Accommodation and Tuition facilities to cater for the increased student enrolment
- Opening up the region to domestic and other forms of tourism which trickles down to other businesses in the hospitality and transport industries.
- The demand for residential houses by both students and staff has increased since the inception of TMU.
- TMU as an institution has also provided big market for goods and services ranging from Contractors to suppliers of all sorts of commodities.
- The demand for goods and services as a result of increased student and staff has seen the establishment of various forms of businesses.
- Employment of Casual workers



**Cultural Diversity and promotion of peaceful coexistence**

As part of its mission to promote cultural diversity and peaceful coexistence among communities, TMU has ensured that the students enrolled within its academic programmes and staff represents the face of Kenya.



*Pro-Chancellor Dr. Augusta N Abate(left) assisted by the Vice-chancellor Prof. Charles O. Ochola awarding Ph.D degrees during the past graduation ceremony.*



*Dr. Beatrice Inyangala(Centre) Principal Secretary for State Department for Higher Education & Research, Dr. Augusta N Abate(right) Chair of Council and Pro-Chancellor and Prof. Charles O. Ochola, Vice-chancellor during the past graduation ceremony.*



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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*His Excellency President Uhuru Kenyatta awarding Charter to Tom Mboya University at State Lodge, Kakamega on 2<sup>nd</sup> August 2022.*



*Dr. Augusta N. Abate, Chairman of Council and Prof. Charles O. Ochola, Vice-Chancellor Tom Mboya University holding instruments of Authority in Presence of His Excellency President Uhuru Kenyatta, Cabinet Secretary for Education, Prof. George Magoha and Cabinet Secretary for Defence Hon. Eugene Wamalwa.*

**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

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**11. Report of the Directors**

The Council submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Tom Mboya University affairs.

**i) Principal activities**

The principal activity of the entity is to offer high quality training, carry out innovative research and community outreach programmes for sustainable socio-economic development summarised in the strategic and short-term objectives below:

- To promote academic excellence through scholarship and quality teaching.
- To promote research and extension by participating and attracting research funds and disseminations.  
To establish a strong capital and financial base through increasing relevant and quality programs, increasing access to SSP and Income Generating Activities.
- To develop, grow and maintain physical facilities/buildings and general infrastructures.
- To enhance corporate image and social responsibility through extension and outreach programs.
- To promote Coexistence, Inclusivity, Equity and Social justice.  
To attract, head hunt, recruit and retain competent human capital.

**ii) Results**

The results of the University for the year ended June 30, 2023 are set out on page 1 to 5.

**iii) Council**

The members of the University Council who served during the year are shown on page xi. The University was awarded Charter to operate as a fully-fledged Public University on 2<sup>nd</sup> August, 2022 and the University Council was appointed effective 5<sup>th</sup> August, 2022. Independent member Mr. Elijah N. Ileri served in the University College Council and his term ended on 5<sup>th</sup> August, 2022.

**iv) Surplus remission**

Tom Mboya University is not a Regulatory Authority and is therefore exempted from the remission of surplus funds as per section Section 219 (2) of the Public Financial Management Act regulations.

**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. Charles O. Ochola  
University Council Secretary**



## **12. Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and The Universities Act No. 42 of 2012 requires the Council to prepare financial statements of the University which give a true and fair view of the state of affairs of the University as at the end of each financial year and of its operating results for that year. The Council is also required to ensure that the University maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the University. They are also responsible for safeguarding the assets of the University.

The Council is responsible for the preparation of financial statements that give a true and fair view in accordance with International Public-Sector Accounting Standards (IPSASs) and in the manner required by the Kenyan Public Finance Management Act, and for such internal controls as the council determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and the State Corporations Act Cap 446. The Council is of the opinion that the University financial statements give a true and fair view of the state of the University's financial affairs of the company and of its financial performance. The Council further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of the University's financial statements, as well as adequate systems of internal financial control.

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

### **Approval of the financial statements**

The University's financial statements were approved by the Council on the 25<sup>th</sup> September, 2023 and signed on its behalf by:

**Dr. Augusta N. Abate**  
**Chairman of Council**

**Prof. Charles O. Ochola**  
**Vice-Chancellor**



# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON TOM MBOYA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal 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

#### Opinion

I have audited the accompanying financial statements of the Tom Mboya University set out on pages 1 to 47, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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, the financial statements present fairly, in all material respects, the financial position of the Tom Mboya University as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Inadequate Funding for Construction of Phased Administration and Lecture Halls Blocks**

The statement of financial position reflects property, plant and equipment balance of Kshs.1,303,812,172 which, as disclosed in Note 18 to the financial statements includes additions to work in progress totalling Kshs.250,112,489 out of which, Kshs.233,897,458 was incurred in respect of a contract for construction of phased administration and lecture halls blocks. The University entered into the contract with a local company on 15 June, 2020 at a contract sum of Kshs.968,664,196 which was later varied to Kshs.984,655,005 due to a change in the Value Added Tax (VAT) rate. The contract period was set at 156 weeks with a completion date of 21 September, 2023. A total of Kshs.547,433,446 had been certified and paid as at 30 June, 2023. Physical verification of the project on 21 December, 2023 revealed that the project was 75% complete with 100% of the initial period having elapsed. On 11 September, 2023 the contract completion date was extended by forty weeks to 27 June, 2024. The University had requested a total of Kshs.650,000,000 from the National Government in the financial years 2020/2021, 2021/2022 and 2022/2023 but only a total of Kshs.184,591,619 had been approved and disbursed. As a result of the above, the University had continued to strain in funding the project by reallocating funds from its recurrent expenditure. In the circumstances, the completion of the project on time may not be achieved.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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



# REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

## **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, 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**

### **1.0 Employee Costs**

The statement of financial performance reflects employee costs amount of Kshs.222,485,541. However, the following unsatisfactory matters were noted:

#### **1.1 Engagement of Casuals Beyond Allowed Limit**

Review of the University's records relating to casuals for the month of June, 2023 revealed that forty six (46) casuals were engaged continuously for twelve months, contrary to Clause 3.4.6(b) of the Human Resource Policy and Procedures Manual for Tom Mboya University, which stipulates that casual employees shall be engaged for a continuous period of not more than three (3) months and shall be paid by the end of each working day or any other agreed period not exceeding one (1) month.

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

#### **1.2 Non-compliance with Law on Ethnic Composition**

Analysis of the personnel records for the month of June, 2023 revealed that the University had a workforce of ninety (91) employees out of which, fifty-nine (59) were from the same ethnic community. This represents 64.8% of the total workforce, contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which provides that all public establishments shall represent the diversity of the people of Kenya in the employment of staff, and that, no public establishment shall have more than one third (33%) of its staff from the same ethnic community.

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

#### **1.3 Uncompetitive Recruitment of Staff**

Examination of payroll for the month of June, 2023 revealed that three (3) employees were directly recruited on contract, during the year under review, without going through a competitive process. Their positions were not advertised nor interested candidates invited to apply. In addition, suitability test reports for the officers in respect to their appointed positions were not provided for audit. This was contrary to Section 10(1) of the Public Service Values and Principle Act, 2015 requires the public service, or an authorized officer to ensure public officers are appointed and promoted on the basis of fair competition and merit.



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

#### **1.4 Over-Commitment of Salaries**

Review of payroll records for the month of June, 2023 revealed that five (5) officers were earning less than a third of their respective basic salaries, contrary to Section 19(3) of the Employment Act, 2007, which stipulates that the total amount of all deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

#### **2.0 Improperly Constituted University Council Committees**

The University Council had nine (9) members in accordance with the University Act, 2012. The Council had established four committees namely; Finance Planning and Investment Committee, Academic and Research Committee, Executive and Human Resource Committee and Audit and Risk Management Committee. However, review of the membership of the Council committees revealed that each of the four (4) committees had a total of four (4) members (excluding the Vice Chancellor). Further the two (2) Board members representing The National Treasury and the parent ministry were serving in three (3) committees each. The foregoing were contrary to Guideline B4 of the Head of Public Service Circular Ref. No. OP/CAB.9/1A dated 11 March, 2020, which stipulates that the number of members to any committees shall not be more than one third (1/3) of the full Board and that members can only sit in a maximum of two committees.

In the circumstances, Management was in breach of the Head of Public Service directives and guidelines.

#### **3.0 Excessive Council and Committee Meetings**

During the year under review, the University Council held twelve (12) Council meetings, while the Executive and Human Resource Committee held nine (9) meetings, resulting in six (6) Council meetings and three (3) Committee meetings that were in excess of the maximum of six (6) meetings each allowed by Guideline A2 of the Circular Ref. No. OP/CAB.9/1A from the Head of Public Service dated 11 March, 2020. However, evidence provided for audit indicates that out of the nine (9) extra meetings, four (4) meeting were not approved by the Cabinet Secretary in consultation with the State Corporations Advisory Committee (SCAC), two (2) meetings were approved by the Cabinet Secretary without consultation with the SCAC and three (3) meetings were approved by the Principal Secretary. These approvals and non-approvals were contrary to Guideline A3 of the above mentioned Head of Public Service Circular, which requires that request for any extra board meetings (including special board meetings) above the maximum number specified shall be submitted for approval by the relevant Cabinet Secretary, in consultation with SCAC.

In the circumstances, Management was in breach of the Head of Public Service directives and guidelines.

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 effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, 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**

#### **Lack of an Approved Staff Establishment**

During the year under review, the University operated without an approved staff establishment. Therefore, the university did not have a mechanism of determining the skills and optimal staffing levels required to achieve its goals and objectives.

In the circumstances, it was not possible to ascertain whether the University operated with optimal number of employees with the required skills and competencies and, therefore, the productivity of the staff 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and 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 overall governance.

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

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



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

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

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

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

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

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

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



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

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

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

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

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

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

**Nairobi**

**05 April, 2024**



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

**14. Statement of Financial Performance for the year ended 30 June 2023**


		2022/2023	2021/2022
	Note	Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Recurrent Capitation Grants	6	246,903,452	203,022,214
<b>Revenue from exchange transactions</b>			
Tuition fees & Administrative Charges	7	146,846,000	181,539,815
Catering, Accommodation & Other Incomes	8	34,245,104	24,388,069
<b>Sub Total</b>		<b>181,091,104</b>	<b>205,927,884</b>
<b>Total revenue</b>		<b>427,994,556</b>	<b>408,950,098</b>
<b>Expenses</b>			
Staff costs	9	222,485,541	207,796,375
Council Expenses	10	16,746,296	14,988,450
Depreciation and amortization expense	11	47,218,585	59,618,463
Repairs and maintenance	12	13,101,208	7,218,937
General expenses	13	115,599,110	109,647,425
<b>Total expenses</b>		<b>415,150,740</b>	<b>399,269,650</b>
<b>Surplus before Tax</b>		<b>12,843,816</b>	<b>9,680,448</b>
Taxation		-	-
<b>Surplus for the period</b>		<b>12,843,816</b>	<b>9,680,448</b>

The notes set out on pages 7 to 41 form an integral part of the quarterly Financial Statements.

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


  
**Prof. Charles O Ochola**  
**Vice-Chancellor**

Date 08/03/2024

  
**CPA Julius O, Otieno**  
**Head of Finance**

ICPAK M/No: 4369

Date 08/03/2024

  
**Dr. Augusta N. Abate**  
**Chairman of Council**

Date 08/03/2024

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

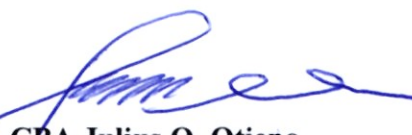
**15 Statement of Financial Position as at 30 June 2023**

	Notes	2022/2023	2021/2022
<b>Assets</b>		<b>Kshs</b>	<b>Kshs</b>
<b>Current assets</b>			
Cash and cash equivalents	14	411,749,407	468,353,545
Receivables from exchange transactions	15	4,952,775	6,021,930
Receivables from non-exchange transactions	16	14,430,648	-
Inventories	17	10,130,398	8,196,166
<b>Total Current Assets</b>		<b>441,263,228</b>	<b>482,571,641</b>
<b>Non-current assets</b>			
Property ,plant and equipment	18	1,303,812,171	1,056,347,691
<b>Total non-current Assets</b>		<b>1,303,812,171</b>	<b>1,056,347,691</b>
<b>Total assets</b>		<b>1,745,075,399</b>	<b>1,538,919,332</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	19	100,945,754	96,947,205
Refundable deposits from customers	20	6,439,300	5,118,200
Prepayments and deposits	21	22,847,664	16,517,710
<b>Total current liabilities</b>		<b>130,232,718</b>	<b>118,583,115</b>
<b>Total liabilities</b>		<b>130,232,718</b>	<b>118,583,115</b>
<b>Net assets</b>			
Capital fund		265,914,662	265,914,662
Capital Development Grants		1,331,898,042	1,150,235,394
Accumulated surplus		17,029,977	4,186,161
<b>Total net assets</b>		<b>1,614,842,681</b>	<b>1,420,336,217</b>
<b>Total net assets and liabilities</b>		<b>1,745,075,399</b>	<b>1,538,919,332</b>


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

  
**Prof. Charles O Ochola**  
**Vice-Chancellor**

Date 08/03/24

  
**CPA Julius O, Otieno**  
**Head of Finance**

ICPAK M/No: 4369  
 Date 08/03/24

  
**Dr. Augusta N. Abate**  
**Chairman of Council**

Date 08/03/24



16. Statement of Changes in Net Assets for the year ended 30 June 2023

	Capital Fund	Accumulated Surplus/(Deficit)	Capital/Development Grants	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at July 1, 2021</b>	<b>265,914,662</b>	<b>-5,494,287</b>	<b>722,287,288</b>	<b>982,707,663</b>
Surplus/Deficit for the year	-	9,680,448	-	9,680,448
Transfers from Deferred Capital/Development Grants	-	-	142,948,106	142,948,106
Development Grants received during the year	-	-	80,000,000	80,000,000
Recurrent Grants transferred to Capital/Development Expenditure	-	-	205,000,000	205,000,000
<b>As at June 30, 2022</b>	<b>265,914,662</b>	<b>4,186,161</b>	<b>1,150,235,394</b>	<b>1,420,336,217</b>
<b>As at 1<sup>st</sup> July 2022</b>	<b>265,914,662</b>	<b>4,186,161</b>	<b>1,150,235,394</b>	<b>1,420,336,217</b>
Surplus/Deficit for the year	-	12,843,816	-	12,843,816
Transfers from Deferred Capital/Development Grants	-	-	-	-
Development Grants received during the year	-	-	39,430,648	39,430,648
Recurrent Grants transferred to Capital/Development Expenditure	-	-	142,232,000	142,232,000
<b>As at 30<sup>th</sup> June 2023</b>	<b>265,914,662</b>	<b>17,029,977</b>	<b>1,331,898,042</b>	<b>1,614,842,681</b>

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

**17. Statement of Cash Flows for the year ended 30 June 2023**

	Notes	2022/2023	2021/2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Recurrent Capitation Grants		246,903,452	203,022,214
Tuition & related charges		166,460,557	172,090,826
Catering, Accommodation & Other Incomes		34,245,104	20,081,869
<b>Total receipts</b>		<b>447,609,113</b>	<b>395,194,909</b>
<b>Payments</b>			
Staff Costs		230,689,373	216,554,121
Council Expenses		16,746,296	15,043,050
Repairs and Maintenance		13,101,208	7,218,937
General Expenses		116,225,309	136,534,980
<b>Total Payments</b>		<b>376,762,187</b>	<b>375,351,088</b>
<b>Net cash flows from operating activities</b>	<b>25</b>	<b>70,846,927</b>	<b>19,843,821</b>
<b>Cash flows from investing activities</b>			
Less Purchase of property, plant & equipment		(294,683,065)	(268,255,269)
<b>Net cash flows used in investing activities</b>		<b>(294,683,065)</b>	<b>(268,255,269)</b>
<b>Cash flow from Financing Activities</b>			
Development Capitation Grants		25,000,000	80,000,000
Recurrent Grants Transferred to Capital/Development Expenditure		142,232,000	205,000,000
<b>Net Cash flows from Financing Activities</b>		<b>167,232,000</b>	<b>285,000,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(56,604,138)</b>	<b>36,588,552</b>
<b>Cash and cash equivalents at period start</b>		<b>468,353,545</b>	<b>431,764,993</b>
<b>Cash and cash equivalents at period end</b>	<b>14</b>	<b>411,749,407</b>	<b>468,353,545</b>

**Note:**

The above cash balances includes Contractors, retention Money and funds committed to finance acquisition of teaching equipment and administrative expenses to support core mandate.



18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Performance Difference	% of Collection/ Utilization
	Kshs	Kshs	Kshs	Kshs		
<b>Revenue</b>						
Recurrent Grants from GoK	389,135,453	-	389,135,453	389,135,453	-	100.00
Tuition Fees and Other Related Charges	119,004,931	21,535,032	140,539,963	146,846,000	(6,306,037)	104.49
Catering, Accommodation & Other Incomes	11,995,069	21,124,931	33,120,000	34,245,104	(1,125,104)	103.40
<b>Total Income</b>	<b>520,135,453</b>	<b>42,659,963</b>	<b>562,795,416</b>	<b>570,226,557</b>	<b>(7,431,141)</b>	<b>101.32</b>
<b>Expenses</b>						
Staff Costs	255,093,000	(25,093,000)	230,000,000	222,485,541	7,514,459	96.73
Council Expenses	25,000,000	(8,000,000)	17,000,000	16,746,296	253,704	98.51
Depreciation & Amortization	42,121,000	5,879,000	48,000,000	47,218,586	781,414	98.37
Repairs and Maintenance	15,961,000	(2,461,000)	13,500,000	13,101,208	398,792	97.05
General Expenses	181,960,453	(65,960,453)	116,000,000	115,599,110	400,890	99.65
<b>Total Expenditure</b>	<b>520,135,453</b>	<b>(95,635,453)</b>	<b>424,500,000</b>	<b>415,150,741</b>	<b>9,349,259</b>	<b>97.80</b>
<b>Surplus for the period</b>	<b>-</b>	<b>138,295,416</b>	<b>138,295,416</b>	<b>155,075,816</b>	<b>(16,780,400)</b>	
<b>Capital Expenditure</b>	<b>296,000,000</b>	<b>16,263,000</b>	<b>312,263,000</b>	<b>294,683,066</b>	<b>17,579,934</b>	<b>94.37</b>

### 18(a) Reconciliation of the statement of financial performance and statement of comparison of budget actual amounts

#### Reconciliation of Statement of Financial Performance and Statement of Comparison of Budget And Actual Amounts

	Kshs	Kshs
Surplus as per statement of financial performance		12,843,816
Add recurrent grants used to finance ongoing development project		<u>142,232,000</u>
<b>Surplus as per statement of comparison of budget and actual amounts</b>		<u><b>155,075,816</b></u>

### 18(b) Explanation of Material Budget variances

#### Difference between original and final budget

The difference between the original budget and the final budget is due to the following reasons:

- i. Increase in of AIA collection
  - ii. In order to forestall the spiralling pending bills arising from the ongoing Phased construction of Administration and Lecture halls block, the University rationalized it recurrent budget and transferred Kshs. 142,232,000 to Development awaiting transfer of the same by the Ministry and the National Treasury
- The variance in revenue from exchange transactions is due to the increased enrolment of students.



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

### **1. General Information**

Tom Mboya University is established by and derives its authority and accountability from the Universities Act, No. 42 of 2012 and Tom Mboya University Charter. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The institution's principal activity is to provide University education and training for societal transformation.

### **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 *Entity's* accounting policies. 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 *Entity*. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, The Universities Act No. 42 of 2012, Tom Mboya University Charter, Tom mboya University Statutes and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

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

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p>The Standard has no material effect on the current financial statements of Tom mboya University however the University will in future evaluate the effect and adopt and comply accordingly</p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social</p>



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

Standard	Effective date and impact:
	<p>benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p>The Standard has no material effect on the current financial statements of Tom mboya University however the University will in future evaluate the effect and adopt and comply accordingly</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>The Standard has no material effect on the current financial statements of Tom mboya University however the University will in future evaluate the effect and adopt and comply accordingly</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> </ul>

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul> <p>The Standard has no material effect on the current financial statements of Tom mboya University however the University will in future evaluate the effect and adopt and comply accordingly</p>

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

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

Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The Standard has not material effect on the current financial statements of Tom mboya University however the University will in future evaluate the effect and adopt and comply accordingly</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of</p>



**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

Standard	Effective date and impact:
	discontinued operations to be presented separately in the statement of financial performance.  The Standard has no material effect on the current financial statements of Tom Mboya University however the University will in future evaluate the effect and adopt and comply accordingly

*iii. Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year.



**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Government grants**

The University recognizes grants from Government 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 *University* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Tuition fees and related charges**

These are fees from the various programmes, statutory/mandatory charges, and fees for accommodation and catering services. Tuition fees are recognized over the period of the Semester they are earned without regard to when they are received.

Statutory Fees refer to charges such as registration fees, Medical fees, Activity fees, Computer fees, Student Union fees and charges for student Identification purposes. These are recognized over the course of the semester to which they apply.

Catering and Accommodation proceeds are recognized upon allocation of rooms and use of Campus dining facilities.

Student Caution money is recognized a Liability under Current Liabilities.



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

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

**Sale of goods**

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

**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.

**Rental income**

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

**b) Budget information**

The original budget for the Current FY 2022/2023 was approved by the National Assembly in June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Development budget was reduced from Kshs.100,000,000 to Kshs. 39,430,648 while the budget for AIA was revised from Kshs.131,000,000 to Kshs. 173,659,963.

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

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

**Budget information (continued)**

The University's budget is prepared on the same basis to the actual income and expenditure disclosed in the financial statements. 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. 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 18 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.



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

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

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

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

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

*Sales tax*

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

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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* 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.



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

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

**e) Property, plant and equipment**

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

Depreciation is calculated on the straight-line basis to write down the cost of each asset, or the re-valued amount, to its residual value over its estimated useful life using the following annual rates:

<b>Description</b>	<b>Annual Rate</b>
Buildings	2.50%
Plant, machinery and equipment	20%
Office equipment	20%
Computer equipment	33.30%
Motor vehicles	25%
Furniture and fittings	12.50%
Crockery & Utensils	33.50%
Library Books	20%
Intangible Asset (ERP)	20%

The University shall charge full year's depreciation on the year of acquisition and no depreciation on the year of disposal.

**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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Research and development costs**

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

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The University does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the University's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**a) Financial assets**

**Classification of financial assets**

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

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

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

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Trade and other receivables**

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



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

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

**Fair value through surplus or deficit**

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

**Impairment**

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

**b) Financial liabilities**

**Classification**

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

**j) Inventories**

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

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

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

**k) Provisions**

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

**l) Social Benefits**

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

**m)Contingent liabilities**

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

**n) Contingent assets**

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



**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

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**Notes to the Financial Statements (Continued)  
Summary of Significant Accounting Policies (Continued)**

**o) Nature and purpose of reserves**

TMU creates and maintains reserves in terms of specific requirements.

- As per the State Corporation Act Sec 16(1) and 9(2) and Universities Act TMU shall make provision for the renewal of depreciating assets by the establishment of sinking funds and contributions to such reserve and stabilization funds as may be necessary.
- Any surplus moneys after making the provision required shall be disposed of in such manner as proposed by management and approved by the Council.
- Any surplus realized in any given financial year from the operations of TMU shall be retained in a Reserve Account and shall be used by the Council in furtherance of its objectives as outlined from time to time. Any deficit realized in any given financial year shall be offset against the realized surplus held in the reserve account.

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

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

**q) 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.

**r) Foreign currency transactions**

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

**s) Borrowing costs**

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

**t) Related parties**

The *University* 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 Council Members, the VC and senior managers.

**u) Service concession arrangements**

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



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

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

**v) Cash and cash equivalents**

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

**w) Comparative figures**

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

**x) Subsequent events**

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

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

**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:

**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 value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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

**6. Recurrent Government Grants**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Unconditional grants</b>		
Recurrent Capitation Grants	246,903,452	203,022,214
<b>Total government grants and subsidies</b>	<b>246,903,452</b>	<b>203,022,214</b>

**b) Transfers from State Department for University Education & Research**

<b>Name of Entity sending grant</b>	<b>Amount recognized in statement of financial Performance</b>	<b>Amount Deferred under deferred income</b>	<b>Amount recognized under Capital Development receipts</b>	<b>Total grant income during the period</b>	<b>Comparative Period 2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
State Department for University Education & Research	246,903,452	-	142,232,000	389,135,452	408,022,214
State Department for University Education & Research	-	-	39,430,648	39,430,648	80,000,000
<b>Total</b>	<b>246,903,452</b>	<b>-</b>	<b>181,662,648</b>	<b>428,566,100</b>	<b>488,022,214</b>

**Kshs. 142,232,000** was transferred from recurrent to development expenditure in order to forestall the spiralling pending bills arising from the ongoing Phased construction of Administration and Lecture halls block, awaiting transfer of the same by the Ministry and the National Treasury

**7 Tuition fees & Administrative Charges**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Activity Fees	10,559,000	12,573,500
Computer fees	18,742,500	19,337,500
Examination fees	14,381,000	16,989,000
library fees	5,101,500	5,163,000
Maintenance Fees	3,401,000	3,451,500
Registration fees	3,566,000	4,199,000
Student Identity Cards	508,500	571,000
Medical fees	10,203,000	10,290,000
Replacement of exam card		500
Supervision - PGDE	120,000	208,000
Fieldwork PGDE	191,600	312,700
CUE Fees	2,878,000	2,936,105

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

Description	2022/2023	2021/2022
	Kshs	Kshs
Student Organization Fees	1,361,000	3,420,000
Examination Re-sit	2,515,000	660,000
Attachment Fees	14,400,000	27,334,310
Tuition fees	58,917,900	74,093,700
	<b>146,846,000</b>	<b>181,539,815</b>

**7(a) Reconciliation between Statement of Financial Performance and Statement of Cash flow**

Description	2022/2023	2021/2022
	Kshs	Kshs
Balance as per Cash flow statement	166,460,557	172,090,826
less tuition fees and related charges prepaid	(22,847,664)	(16,517,710)
Add prepaid tuition fees and related charges transferred to income	3,233,107	25,966,699
Balance as per statement of Financial Performance	<b>146,846,000</b>	<b>181,539,815</b>

**8 Catering, Accommodation & Other Incomes**

Description	2022/2023	2021/2022
	Kshs	Kshs
Accommodation Fees	4,580,000	4,065,000
Application Fees Income	63,000	68,000
Catering Sales	8,592,141	8,596,837
Farm sales	746,170	266,160
Hire of Hall income	15,000	-
Interest Income	9,247,011	8,530,358
SOTMUC Other Incomes	24,525	33,510
Research Grants Admin Charges	0	75,000
Miscellaneous Income	1,346,005	1,740,377
Farm to Kitchen Sales	252,040	387,340
Restaurant Sales	2,098,646	384,287
Revaluation gain	210,000	241,200
Graduation Fees	3,546,500	-
Hire of Graduation Gown	1,494,000	-
Alumni Fees	1,446,000	-
Donations	405,000	-
Library Charges	30,493	
Late Return of Gown Charges	64,500	
Late Collection of Certificate Charges	7,000	
Student Disciplinary Charges	13,200	
Decrease in Provision for Bad Debts	63,873	
<b>Total Catering, Accommodation &amp; Other Incomes</b>	<b>34,245,104</b>	<b>24,388,069</b>



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

**9 Staff costs**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Salaries and Wages(Payroll)	175,451,838	158,553,098
Gratuity and Pension Contributions (Employer)	25,533,843	17,840,776
Part Time Teaching	12,517,456	21,275,886
Casual Wages	8,908,704	9,350,415
Staff Development	73,700	776,200
<b>Total Staff costs</b>	<b>222,485,541</b>	<b>207,796,375</b>

**Reconciliation between Statement of Financial Performance and Statement of Cash flow**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Employee Costs as per Statement of Financial Performance	222,485,541	207,796,375
Add prior period employee related creditors settled	20,721,288	30,033,630
Less Accrued employee costs in the year	(12,517,456)	(21,275,884)
<b>Employee Costs as per Statement of Cash flow</b>	<b>230,689,373</b>	<b>216,554,121</b>

**10 Council Expenses**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Chairman's Honoraria	960,000	720,000
Sitting Allowances	5,200,000	4,780,000
Induction & training	780,000	703,200
Travelling & Accommodation	6,807,927	6,689,091
Other Allowances	2,998,369	2,096,159
<b>Total Council Expenses</b>	<b>16,746,296</b>	<b>14,988,450</b>

**11 Depreciation and Amortization expenses**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Buildings	12,047,480	12,047,480
Motor Vehicles	15,756,295	13,473,720
Furniture & Fittings	4,493,765	3,727,312
Computers	6,133,554	8,293,444
ICT Infrastructure	-	1,440,798
Library Books	1,808,165	7,321,253
Office Equipment	3,020,342	3,127,502
Plant and Equipment	3,958,982	4,306,383
Amortization of Intangible Asset-ERP		5,880,571
	<b>47,218,585</b>	<b>59,618,463</b>

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

**12 Repairs and maintenance**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Maintenance of Plant & Equipment	687,765	218,500
Office Equipment	907,297	18,000
Motor Vehicles spares and maintenance	1,070,164	622,092
Repairs and maintenance of generator	35,500	20,500
Maintenance of buildings	1,332,685	502,490
Maintenance of Hostels	37,650	135,400
Maintenance of Grounds	396,823	501,585
Maintenance Water supply	453,693	195,490
Electrical Expenses	440,411	317,084
Minor Works and Construction	7,540,478	4,423,582
Farm Maintenance		44,000
Maintenance of Fire Extinguisher	198,742	220,214
	<b>13,101,208</b>	<b>7,218,937</b>

**13 General expenses**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Advertising	760,067	695,000
Admission related Expenses	100,000	204,850
Audit Fees	580,000	580,000
Bank Charges	524,878	468,783
Computer Materials		-
Cooking Fuel and gas	998,150	1,330,055
Purchase of Periodicals	1,026,180	312,600
Cleaning Materials	912,158	737,394
Electricity Expense	2,404,165	4,042,746
Exam Materials	1,550,000	2,077,000
Field Trips	69,305	94,640
Food and Catering expenses	12,392,686	10,651,743
Fuel for Boilers and Generators	487,700	453,000
ICT Development	1,685,181	3,466,148
Internet Expenses	5,493,868	4,348,434
Insurance related expenses	3,053,620	3,344,372
Land Preparation/Crops Inputs	66,000	441,931
Legal expenses	1,036,000	220,000
Licenses and permits	40,414	106,364
Medical Expenses	12,769,974	10,728,526
Office Running expenses	405,797	702,927
Stationary stores & Others	4,255,864	4,115,022
Security costs	19,750,444	19,745,520
Subscription Fees	130,274	209,250



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Teaching Materials		96,620
Telephone Expenses	386,959	449,926
Transport Operating Expenses-Fuel	2,897,783	2,133,584
Rent and Rates	5,442,000	4,966,500
Traveling & Accommodation	7,811,144	7,235,084
Veterinary Services	7,750	7,900
Water Charges	946,685	1,375,091
KUCCPS placement fees	1,363,500	1,630,500
Student Welfare	1,040,280	462,650
External Examiners	1,855,660	1,183,230
Performance Contract Expenses/ISO	13,304	-
Asset Valuation	5,600	155,600
CUE Expenses	944,000	1,090,000
Master Plan	-	-
Strategic Plan	-	-
ERP Maintenance	1,960,000	2,327,029
Asset & Equipment Insurance	2,849,313	2,218,618
Research Programme		-
Teaching Practice	4,187,276	7,298,741
Seminars & Conferences	272,250	137,500
Development of New Programmes		643,500
Postal services	25,810	37,858
Students Clinic Expenses	946,608	1,767,412
Senate Expenses		-
Staff Uniforms & Clothing	592,050	685,200
Covid-19 Expenses	7,000	253,332
Laboratory Reagents/Items	2,352,914	1,595,002
Sanitary Expenses	226,896	372,664
SOTMUC Expenses	393,400	902,030
Tree Planting		49,700
Staff Welfare	55,600	167,000
Charter Award Expenses	2,240,000	1,215,700
Professional Membership Fees	57,400	10,000
Graduation Expenses	1,946,204	-
Farm tools expenses	50,000	-
External Travel	499,299	-
Thesis Examination Expenses	988,000	-
Increase in Provision for doubtful debts		3,149
Penalties & Fines		60,000
Professional Services	2,088,000	
Student Identity Card Expenses	517,500	
Revaluation Loss	136,200	40,000
<b>Total General Expenses</b>	<b>115,599,110</b>	<b>109,647,425</b>

**Reconciliation between Statement of Financial Performance and Statement of Cash flow**

Description	2022/2023	2021/2022
	Kshs	Kshs
General Expenses as per Statement of Financial Performance	115,599,110	109,647,425
Add Creditors settled from prior year	8,950,669	35,838,225
Less expenses accrued during the year	(8,324,470)	(8,950,670)
General Expenses as per Statement of Cash Flow	116,225,309	136,534,980

**14 Cash and cash equivalents**

Description	2022/2023	2021/2022
	Kshs	Kshs
Kenya Commercial bank- Development a/c	185,778,965	289,243,003
Kenya Commercial bank- Current a/c	10,223,099	37,681,107
Kenya Commercial Bank- IGA. a/c	26,962,745	21,975,471
Equity Bank- Fee Collection	126,059,304	80,156,602
Kenya Commercial Bank- Student Activity fees. a/c	948,067	943,459
TMUC Deposit A/C KCB Homa bay Branch	61,290,465	37,897,320
Kenya Commercial Bank- Student Organization. a/c	483,837	456,583
Sub- total	<b>411,746,482</b>	<b>468,353,545</b>
Cash in transit	-	-
cash in hand	2,925	-
Sub- total	<b>2,925</b>	-
<b>Grand total</b>	<b>411,749,407</b>	<b>468,353,545</b>

**15 Receivables from Exchange Transactions**

Description	2022/2023	2021/2022
	Kshs	Kshs
Student Debtors	3,045,441	4,322,892
Deposit ( Guarantees)	1,140,000	1,060,000
Other exchange debtors	919,606	855,183
Less Provision for Doubtful Debts	(152,272)	(216,145)
	<b>4,952,775</b>	<b>6,021,930</b>



**15 (a) Ageing analysis for Receivables from exchange transactions**

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	4,952,775	100	6,021,930	100
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total</b>	<b>4,952,775</b>	<b>100</b>	<b>6,021,930</b>	<b>100</b>

15. (b) Receivables from exchange transactions are all current and therefore the University has not made provisions for impairment loss.

**16 Receivables from non-Exchange Transactions**

Description	2022/2023	2021/2022
	Kshs	Kshs
Development Capitation	14,430,648	
	<b>14,430,648</b>	-

**16. (a) Ageing analysis for Receivables from non- exchange transactions**

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	14,430,648	100	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total</b>	<b>14,430,648</b>	<b>100</b>	-	-

16. (b) Receivables from non-exchange transactions are all current and therefore the University has not made provisions for impairment loss.

**17 Inventories**

Description	2022/2023	2021/2022
	Kshs	Kshs
Cleaning Materials	1,173,987	353,000
Stationery	4,126,813	3,740,144
Maintenance Stores	2,853,886	2,382,332
Food Stuff	1,186,512	1,010,490
Lab Store	5,200	-
Biological Assets	784,000	710,200
<b>Total inventories at the lower of cost and net realizable value</b>	<b>10,130,398</b>	<b>8,196,166</b>

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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

**18. Property, Plant and Equipment**

Description	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	ICT Infrastructure	Library Books	Office Equipment	Plant & Equipment	Work in Progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost											
As at 1st July 2021	188,180,000	451,603,011	48,928,061	20,997,596	21,217,236	7,278,101	34,367,233	14,502,861	17,401,917	151,248,939	955,724,955
Additions			4,966,820	8,820,900	3,688,000	455,000	2,239,030	1,134,650	4,130,000	242,820,869	268,255,269
Transfers		30,296,204	-	-	-	-	-	-	-	(30,296,204)	-
<b>As at 30th June 2022</b>	<b>188,180,000</b>	<b>481,899,215</b>	<b>53,894,881</b>	<b>29,818,496</b>	<b>24,905,236</b>	<b>7,733,101</b>	<b>36,606,263</b>	<b>15,637,511</b>	<b>21,531,917</b>	<b>363,773,604</b>	<b>1,223,980,224</b>
Additions for 12 months to 30th June. 2023	-	-	23,477,300	6,131,625	6,598,180	-	3,647,672	672,238	4,043,562	250,112,488	294,683,065
<b>As at 30th June 2023</b>	<b>188,180,000</b>	<b>481,899,215</b>	<b>77,372,181</b>	<b>35,950,121</b>	<b>31,503,416</b>	<b>7,733,101</b>	<b>40,253,935</b>	<b>16,309,749</b>	<b>25,575,479</b>	<b>613,886,092</b>	<b>1,518,663,289</b>
<b>Depreciation and impairment</b>											
At 1st July 2021	-	19,277,950	28,001,170	8,422,534	13,970,629	6,292,303	26,284,934	4,544,948	7,100,173	-	113,894,641
Depreciation	-	12,047,480	13,473,720	3,727,312	8,293,444	1,440,798	7,321,253	3,127,502	4,306,383	-	53,737,892
<b>As at 30th June 2022</b>	<b>-</b>	<b>31,325,430</b>	<b>41,474,890</b>	<b>12,149,846</b>	<b>22,264,073</b>	<b>7,733,101</b>	<b>33,606,187</b>	<b>7,672,450</b>	<b>11,406,556</b>	<b>-</b>	<b>167,632,533</b>
Depreciation for 12 Months ended 31th June. 2023	-	12,047,480	15,756,295	4,493,765	6,133,554	-	1,808,165	3,020,343	3,958,983	-	47,218,585
<b>As at 30th June 2023</b>	<b>-</b>	<b>43,372,910</b>	<b>57,231,185</b>	<b>16,643,611</b>	<b>28,397,627</b>	<b>7,733,101</b>	<b>35,414,352</b>	<b>10,692,793</b>	<b>15,365,539</b>	<b>-</b>	<b>214,851,118</b>
<b>Net book values</b>											
<b>As at 30th June. 2023</b>	<b>188,180,000</b>	<b>438,526,305</b>	<b>20,140,996</b>	<b>19,306,510</b>	<b>3,105,789</b>	<b>-</b>	<b>4,839,583</b>	<b>5,616,956</b>	<b>10,209,940</b>	<b>613,886,092</b>	<b>1,303,812,171</b>
<b>As at 30th June. 2022</b>	<b>188,180,000</b>	<b>450,573,785</b>	<b>12,419,991</b>	<b>17,668,650</b>	<b>2,641,163</b>	<b>-</b>	<b>3,000,076</b>	<b>7,965,061</b>	<b>10,125,361</b>	<b>363,773,604</b>	<b>1,056,347,691</b>

**Note.**

1. Work in Progress relates to the ongoing Phased construction of Administration and Lecture Theatres Block Phase, installation of ICT Infrastructure, ERP and CCTV projects.



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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

18. a) Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	5,780,567	1,156,113
Motor Vehicles including Motorcycles	14,347,000	3,586,750
Computers and Related Equipment	13,084,336	4,357,084
Office Equipment, Furniture and Fittings	1,208,037	241,607
Library Materials	31,213,108	6,242,622
<b>Total</b>	<b>65,633,048</b>	<b>15,584,176</b>

**19 Trade and other payables from exchange transactions**

Description	2022/2023	2021/2022
	Kshs	Kshs
Accounts payables	43,761,461	60,396,355
Retention	57,184,293	36,550,850
	<b>100,945,754</b>	<b>96,947,205</b>

Ageing analysis: (Trade and other payables)	Current 2022/2023	% of the Total	Comparative FY 2021/2022	% of the Total
Under one year	43,761,461	43.35	60,396,355	62.30
1-2 years	57,184,293	56.65	36,550,850	37.70
2-3 years	-	0.00	0	0.00
Over 3 years	-	-	0	0.00
<b>Total (tie to above total)</b>	<b>100,945,754</b>	<b>100</b>	<b>96,947,205</b>	<b>100</b>

**20. Refundable deposits from customers**

Description	2022/2023	2021/2022
	Kshs	Kshs
Students Deposits	6,378,300	5,101,700
Helb Liability	61,000	16,500
	<b>6,439,300</b>	<b>5,118,200</b>

Ageing analysis: (Refundable Deposits from Customers)	Current 2022/2023	% of the Total	Comparative FY 2021/2022	% of the Total
Under one year	1,262,200	19.60	1,402,100	27.39
1-2 years	1,433,000	22.25	2,218,000	43.34
2-3 years	2,246,000	34.88	583,100	11.39
Over 3 years	1,498,100	23.26	915,000	17.88
<b>Total (tie to above total)</b>	<b>6,439,300</b>	<b>100</b>	<b>5,118,200</b>	<b>100</b>

### 21. Prepayments and Deposits

Description	2022/2023	2021/2022
	Kshs	Kshs
Students Advance Receipts	22,847,664	16,517,710

### 22 Employee Benefit Obligations

Tom Mboya University being a young/new institution does not have a registered Pension Scheme and employee pension contributions currently are being remitted to Maseno University Pension Scheme pending the establishment of Tom Mboya University Pension Scheme.

All the pension contributions had been remitted.

The University also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The University obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.400 per employee per month.

### 23. Cash Generated from Operations

Description	2022/2023	2021/2022
	Kshs	Kshs
Surplus/(Deficit) for the period before tax	12,843,816	9,680,448
<b>Adjusted for:</b>		
Depreciation and Amortization	47,218,585	59,618,463
<b>Working Capital Adjustments</b>		
Less Increase in Receivables from exchange transactions	1,069,155	344,524
Add Increase in refundable Deposits	1,321,100	1,388,800
Increase in inventories	(1,934,232)	(2,225,992)
Increase in Payables	3,998,549	(33,686,795)
Increase in prepayments and deposits	6,329,954	(15,275,627)
<b>Net Cash flow from Operating Activities</b>	<b>70,846,927</b>	<b>19,843,821</b>

### 24. 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 Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

established credit history. The Entity's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the 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:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2023</b>				
Receivables from exchange transactions	4,952,775	4,952,775	-	-
Receivables from non-exchange transactions	14,430,648	14,430,648	-	-
Bank balances	411,749,407	411,749,407	-	-
<b>Total</b>	<b>431,132,830</b>	<b>431,132,830</b>	-	-
<b>As at 30 June 2022</b>			-	-
Receivables from exchange transactions	6,021,930	6,021,930	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	468,353,545	468,353,545	-	-
<b>Total</b>	<b>474,375,475</b>	<b>474,375,475</b>	-	-

**Financial Risk Management**

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

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

amounts due from xxx. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the University's Council, who have built an appropriate liquidity risk management framework for the management of the 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 University 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
<b>At 30 June 2023</b>				
Trade payables	-	30,637,839	52,117,416	82,755,255
Provisions	-		18,190,500	18,190,500
Employee Benefit Obligations	-	-	-	-
<b>Total</b>	<b>-</b>	<b>30,637,839</b>	<b>70,307,916</b>	<b>100,945,755</b>
<b>At 30 June 2022</b>				
Trade payables	15,950,501	26,255,356	36,550,850	78,756,707
Provisions			18,190,500	18,190,500
Employee Benefit Obligations	-	-	-	-
<b>Total</b>	<b>15,950,501</b>	<b>26,255,356</b>	<b>54,741,350</b>	<b>96,947,207</b>

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

**Financial Risk Management**

**iii) Market risk**

The *University* has put in place an internal audit function to assist it in assessing the risk faced by the Entity 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,



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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

**a) Foreign currency risk**

The *University* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *University* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**(a) Foreign currency risk**

The University during the FY 2022/2023 **did not** have transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

**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.

**Sensitivity analysis**

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

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. There were no material effects on the University's surplus for the period to be reported.

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) 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:

	2022-2023	2021-2022
	Kshs	Kshs
Accumulated (Deficit)	17,029,977	4,186,161
Capital fund	265,914,662	265,914,662
Capital Development Grants	1,331,898,042	1,150,235,394
<b>Total funds</b>	<b>1,614,842,681</b>	<b>1,420,336,217</b>



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

	2022-2023	2021-2022
	Kshs	Kshs
Less: cash and bank balances	-411,749,407	-468,353,545
Net debt/(excess cash and cash equivalents)	1,203,093,274	951,982,672
<b>Gearing</b>	<b>-25.50%</b>	<b>-32.97%</b>

**25. 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 University, holding 100% of the University 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 Commission for University Education, CUE.;
- ii) The Kenya Universities & Colleges Central Placement Service, KUCCPS.;
- iii) State Department for University Education and Research
- iv) University Council
- v) Employees

	2022/2023	2021/2022
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants from the Government</b>		
Grants from National Govt (Recurrent & Development)	428,566,100	488,022,214
Grants from County Government	-	-
Donations in kind	o	-
<b>Total</b>	<b>428,566,100</b>	<b>488,022,214</b>
<b>b) Expenses incurred on behalf of related party</b>		
Salaries and wages for TMUC employees	175,957,854	158,553,098
Commission for University Education (CUE)	944,000	1,090,000
Kenya Universities & Colleges Central Placement Service (KUCCPS)	1,363,500	1,630,500
<b>Total</b>	<b>178,265,354</b>	<b>161,273,598</b>
<b>c) Key management compensation</b>		
Council Expenses	16,746,296	14,988,450
Compensation to Other Senior Management	47,187,626	42,897,842
<b>Total</b>	<b>63,933,922</b>	<b>57,886,292</b>

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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

**26. Capital Commitments**

<b>Capital Commitments</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Authorized for</b>		
Construction of Administration & Lecture Theatres Block	1,391,982,000	1,391,982,000
<b>Sub-total</b>	<b>1,391,982,000</b>	<b>1,391,982,000</b>
<b>Authorized and Contracted for</b>		
Construction of Administration & Lecture Theatres Block Phase1		
Phased Construction of Administration & Lecture Theatres Block Phase 2	968,664,196	968,664,196
ERP Upgrade	10,000,000	10,000,000
CCTV Installation	7,000,000	7,000,000
E-Learning and ICT Infrastructure Phase II	11,000,000	42,123,850
Biometric Clock in System	6,800,000	
<b>Sub-total</b>	<b>1,003,464,196</b>	<b>1,027,788,046</b>

**27. Events after the Reporting Period**

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

**28. Ultimate and Holding Entity**

Tom Mboya University is a State Corporation under the State Department for University Education and Research, Ministry of Education. Its ultimate parent is the Government of Kenya

**29. Currency**

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



**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

**20. Appendices**

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

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	Inadequate funding of Construction of Phased Administration and Lecture Halls Block	Tom Mboya University has one ongoing project namely; Phased Construction of Administration and Lecture Theatres Block approved and funded by the National Treasury. However, the project is facing serious underfunding despite several appeals by the University for enhanced budgetary allocations	Not Resolved	Continuous engagement with Parent Ministry and the National Treasury
1.1	Non-adherence to regulations on acting appointment	Due to budgetary constraints the University was unable to substantively fill the vacant positions including critical areas of its core mandate and that is the reason why the officer has continued to perform the duties in an acting capacity. The staff officer was reviewed and given substantive appointment as Head of Finance.	Resolved	August 2023
1.2	Engagement of casuals beyond allowed limits	The University maintained the General Labourers at the time of establishment serving at the Homa Bay Agricultural Training Centre (ATC) whose premises the University is located and considering Section 16(1) of the Legal Notice on transition of staff. In compliance to the provisions of the Human Resource Policy and Procedures	Resolved	Continuous

**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

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)
		Manual, the General Labourers have been engaged on three (3) month periods and with breaks between the Semesters. Renewal of the contracts is upon evaluation of their performance conducted every three months by the respective supervisors. However, the 2021/2022 Academic Year calendar was reorganized to accommodate three instead the normal two semesters due to the effects of Covid-19 in the previous years hence the need for the continuous services.		
1.3	Non-compliance with law on ethnic composition	Tom Mboya University being public entity has put in place measures to ensure compliance to Article 7 (2) of National Cohesion and Integration Act, 2008 including advertising job vacancies through means that reaches the diverse ethnic groups. Upon establishment, TMU inherited a non-diverse workforce, however, since then, recruitment process has taken into consideration need for diversity and there has been significant progress in ensuring that there is diversity in the workforce and diverse ethnic communities and groups including minorities and marginalized are represented. Diversity has been achieved at both teaching staff and middle level administrative staff except for support staff and this is due to high uptake of most jobs at this level is by the locals.	Resolved	Continuous



**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

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)
2.0	Excessive Council and Committee meetings	<p>The Council Almanac for the FY 2021/2022 took into consideration the provisions of the State Corporations Act and Paragraph A2 of Circular OP/CAB.9/1A of 11<sup>th</sup> March, 2020 from the Head of the Public Service.</p> <p>Other meeting(s) of council or committees were held as and when necessary as provided for by the responsibilities of each Committee and; and as required, requests to the Cabinet Secretary for Education were made whenever special Council meetings were to be held with justification for consideration for approval.</p> <p>The additional meetings were necessitated by the preparations towards award of Charter to the University.</p> <p>The Mwingozo Code of Governance requires the quorum for Board committee meetings not be less than three (3) members. The membership Council Committees were constituted to ensure quorum is attained and business conducted even in the event of: absence of a member; voting where unanimous decision is not reached; and where conflict of interest is declared. The composition however is not divergent to the intent of paragraph B4. of Circular Ref. OP/CAB.9/1A dated 11<sup>th</sup> March, 2020 which is to obviate the risk of committee conducting its business within the framework of a full board structure.</p>	Resolved	Continuous

**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

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)
		<p>The representation of Inspector General in the Council and Committee meetings as provided for under Section 18 (2) of the State Corporations Act and incorporation of the Vice-Chancellor of a public university as a member of the council of the Constituent College of that university provided for in the Universities Act, 2012 (and amendments thereto), the membership of the Council was more than nine and consequently one third of the full Council more than three persons. The members serving in more than two (2) committees are the representatives of the National Treasury and the Parent Ministry considering their role in enforcing compliance with government policies and regulations and in the Circular Ref. OP/CAB.9/1A dated 11<sup>th</sup> March, 2020 exempted under paragraph B5 to serve in both the Audit and Finance committees and paragraph B6 not subjected to rotation.</p>		
1.0	Understaffing of Internal audit department	<p>The Internal Audit Department just like all departments including the Academic Departments which forms the core mandate of the University continues to experience understaffing due budgetary constraints. However, in an effort to reduce the understaffing in the Internal audit function, the University started the process of</p>	Resolved	FY 2023/2024



**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		recruitment of one additional Internal Auditor at Grade 12 and will be finalized in the 2023/2024 financial year		



Vice-Chancellor

Date:

**Appendix II: Projects implemented by Tom Mboya University**

**Projects implemented in Collaboration with Donors and Tom Mboya University**

Project title	Project Number	Donor	Period	Donor Commitment	Separate donor reporting required as per the donor agreement(Yes/No)	Consolidated in these financial statements (Yes/No)
International Centre of Excellence in Malaria Research Project (ICEMR)		USAID	7 years (2017-2023)	Training & equipment for Research	Yes	No
NRF Research Project	NRF/2/MMC/172		3 Years	Funding Research Activities	Yes	No

Tom Mboya University has collaborated with The University of California, Irvine, of United States America in **International Center of Excellence in Malaria Research Project (ICEMR)**.

ICEMR is a global network of independent research centres in Malaria-endemic settings, such as Homa-Bay County, with an aim of providing crucial strategies for the control and eventual prevention of malaria. Among its core objectives is 'to build clinical research capacity and improve malaria control and prevention'. In this Collaborative arrangement, TMUC has provided and allocated space for set up of a laboratory towards the project.

NRF Research Project is a multidisciplinary research project involving three public universities: Maseno University, Jaramogi Oginga Odinga University of Science and Technology (JOUST) and Tom Mboya University (TMU). Each institution has its component that should be covered within the three-year project cycle.



Appendix III Status of Projects completion

	<b>Project Name</b>	<b>Initial Project Cost</b>	<b>Revised Project Cost/Estimated total project cost</b>	<b>Total Expended to Date</b>	<b>Completion % to Date</b>	<b>Budget FY 2022-2023</b>	<b>Actual</b>	<b>Sources</b>
		<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>		<b>Kshs</b>	<b>Kshs</b>	
1	Construction of Phased Administration & Lecture Theatres Block	984,655,045	1,230,818,806	547,699,361	71	39,430,648	233,897,458	GoK
2	E-Learning and ICT Infrastructure Phase I	42,123,850	42,123,850	42,083,521	100	40,329	-	AIA
3	E-Learning and ICT Infrastructure Phase II	11,000,000	11,000,000	8,227,400	75	11,000,000	8,227,400	AIA
4	ERP Upgrade	10,000,000	10,000,000	8,919,811	89	8,017,820	6,937,631	AIA
5	CCTV	7,000,000	7,000,000	6,956,000	99	1,094,000	1,050,000	AIA
6	Biometric Clock in System	6,800,000	6,800,000	-	-	6,800,000	-	AIA

**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

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

Name of the MDA/Donor Transferring funds	Date Received	Nature: Recurrent/Developments/Others	Total Amount/KES	Where Recorded/Recognized		Total Transfers
	As per the bank statement			Statement of Financial Performance	Capital Development Grants	
	Kshs			Kshs	Kshs	
State Department for University Education & Research	03/08/2022	Recurrent	32,427,954	-	32,427,954	32,427,954
State Department for University Education & Research	08/09/2022	Recurrent	32,427,954	-	32,427,954	32,427,954
State Department for University Education & Research	03/10/2022	Recurrent	32,427,954	20,051,862	12,376,092	32,427,954
State Department for University Education & Research	10/11/2022	Recurrent	32,427,954	32,427,954	-	32,427,954
State Department for University Education & Research	09/12/2022	Recurrent	32,427,955	32,427,955	-	32,427,955
State Department for University Education & Research	30/12/2022	Recurrent	32,427,955	32,427,955	-	32,427,955
State Department for University Education & Research	03/02/2023	Recurrent	32,427,954	32,427,954	-	32,427,954
State Department for University Education & Research	17/03/2023	Recurrent	32,427,955	32,427,955	-	32,427,955
State Department for University Education & Research	14/04/2023	Recurrent	32,427,950	32,427,950	-	32,427,950
State Department for University Education & Research	05/05/2023	Recurrent	32,427,956		32,427,956	32,427,956
State Department for University Education & Research	09/06/2023	Recurrent	32,427,956		32,427,956	32,427,956
State Department for University Education & Research	27/06/2023	Recurrent	32,427,955	32,283,867	144,088	32,427,955
State Department for University Education & Research	30/09/2022	Development	25,000,000	-	25,000,000	25,000,000
State Department for University Education & Research	04/07/2023	Development	14,430,648	-	14,430,648	14,430,648
<b>Total</b>			<b>428,566,100</b>	<b>246,903,452</b>	<b>181,662,648</b>	<b>428,566,100</b>



**Tom Mboya University**  
**Annual Report and Financial Statements**  
**for the financial year ended June 30, 2023.**

**Appendix V- Inter-Entity Confirmation Letter**



**TOM MBOYA UNIVERSITY**  
 KNOWLEDGE FOR SUSTAINABLE INNOVATION ENTERPRISE

Tel: +254 0746401703/0746401706  
 Email: [vc@tmu.ac.ke](mailto:vc@tmu.ac.ke)

P O Box 199-40300  
 HOMA-BAY

**REF:**

**DATE:** 31<sup>th</sup> July 2023

**CONFIRMATION OF AMMOUNTS RECEIVED BY TOM MBOYA UNIVERSITY  
 AS AT 30<sup>TH</sup> JUNE 2023**

Tom Mboya University wishes to confirm the amounts disbursed to it as at 30<sup>th</sup> June 2023 are as indicated in the table below.

Reference Number	Date Disbursed	Amount Disbursed as at 30th June 2023				Amount received by TMUC as at 30th June 2022	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial ©	Total (D)=(A+B+C)		
1	03/08/2022	32,427,954		-	32,427,954	488,022,214	-59,456,114
2	08/09/2022	32,427,954		-	32,427,954		
3	30/09/2022		25,000,000		25,000,000		
4	03/10/2022	32,427,954	-	-	32,427,954		
5	10/11/2022	32,427,954	-	-	32,427,954		
6	09/12/2022	32,427,955	-	-	32,427,955		
7	30/12/2022	32,427,955	-	-	32,427,955		
8	03/02/2023	32,427,954	-	-	32,427,954		
9	17/03/2023	32,427,955	-	-	32,427,955		
10	14/04/2023	32,427,950	-	-	32,427,950		
11	05/05/2023	32,427,956		-	32,427,956		
12	09/06/2023	32,427,956	-	-	32,427,956		
13	27/06/2023	32,427,955	-	-	32,427,955		
14	04/07/2023		14,430,648	-	14,430,648		
		<b>389,135,452</b>	<b>39,430,648</b>	-	<b>428,566,100</b>		

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

**Head of Finance**  
**Name: CPA Julius O Otieno**

Sign

Date

31/07/2023

**Tom Mboya University  
Annual Report and Financial Statements  
for the financial year ended June 30, 2023.**

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

The University in the Financial year 2022/2023 did not have a project on climate change however upon the award of Charter it has embarked on the process of Developing Academic programmes on blue economy.

Project Name	Project Description	Project objectives	Project Activities	Actual Expenditure Kshs				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree Planting	Planting of 2,000 tree seedlings in partnership with Equity Bank	Environmental Conservation					49,700	Donor/AIA	Equity Bank





**Appendix VII: Reporting on Disaster Management Expenditure**

The University in the Financial year 2022/2023 did not have a project on climate change however upon the award of Charter it has embarked on the process of Developing Academic programmes on blue economy.

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments