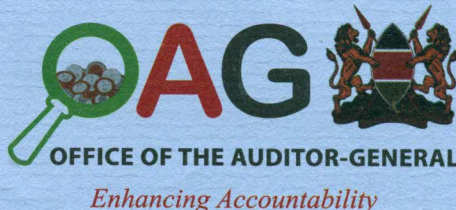


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# REPUBLIC OF KENYA



## MANAGEMENT LETTER

Ref:2019-2020-1-01-1062-05-ACEII-03

Vice Chancellor  
Moi University, Africa Centre of Excellence (ACEII)  
P.O Box 3900-30100  
ELDORET

26 October, 2020

Dear Sir,

### MANAGEMENT LETTER ON FINANCIAL STATEMENTS OF AFRICA CENTRE OF EXCELLENCE (ACEII) IN PHYTOCHEMICALS, TEXTILES AND RENEWABLE ENERGY (PTRE) PROJECT FOR THE YEAR ENDED 30 JUNE 2020

#### 1.0 Introduction

The financial statements of Africa Centre of Excellence (ACEII) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project are subject to audit by the Auditor-General in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

The audit of Africa Centre of Excellence (ACEII) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project for the year ended 30 June, 2020 was completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

③ Acc-ACEII 1

Pl attach the response we  
all to it and file  
appropriately in our final Accounts file

② CFO  
Action as appropriate  
04 Nov. 2020



## **2.0 Scope and Determination of Responsibility**

The audit was conducted in accordance with International Standards for Supreme Audit Institutions. These standards require that the audit is planned and performed so as to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the annual financial statements.

An audit includes:

- Examination on a test basis of evidence supporting the amounts and disclosures in the financial statements;
- Assessment of the accounting principles used and significant estimates made by management; and
- Evaluation of the overall financial statements presentation.

The audit will also include an examination, on a test basis, of evidence supporting compliance, in all material respects, with the relevant laws and regulations which came to our attention and are applicable to financial matters.

The matters mentioned in this letter are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the Accounting Officer. Our responsibility is to express an opinion on these financial statements.

## **3.0 Respective Responsibilities of the Management and the Auditor-General**

The management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such 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.

The Responsibility of the Auditor-General is to express an independent opinion on the Financial Statements based on the audit findings.



## Management Response

### 4.2.2 Unjustified Expenditure

#### Criteria

Article II.19.1(f) stipulates that eligible costs of action are costs actually incurred by the beneficiary and which are reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency.

#### Finding

Included in the set up institutional framework for commencement of the ACEII figure of Kshs.12,830,089 reflected in note 9.7 to the financial statements is an expenditure of Kshs. 2,311,250 incurred on meeting for staff members held in Kisumu as shown in **Appendix II**. No verifiable explanation was provided for not holding the meeting in the University headquarters. Further, Included in the set up institutional framework for commencement of the ACEII expenditure of Kshs.12,830,089 is an expenditure of Kshs.1,327,028 as shown below which was incurred as accommodation allowances for non-Kenyans participating in Intra-Africa Academic Mobility Scheme meeting in Brussels, of 6-7, February 2020. There was also no acknowledgement from the beneficiaries that they received the money.

Name	Country of Origin	Amount (Kshs)
Proff Henry Malinaitwa	Uganda	290,508
Dr Pierre Tsafack	Cameroon	238,504
Proff Fakhakh Nadim	Tunisia	290,508
Stefan Schneider	Germany	258,505
Dr. Isaac Simate	Zambia	249,004
<b>Total</b>		<b>1,327,029</b>

#### Effect

Management may be in breach of the General Disbursement Guidelines for World Bank Projects and the propriety of accommodation allowances of Kshs.1,327,028 paid to non-

## **4.0 Audit Findings**

### **4.1 Purchase of Goods and Services**

#### **4.2.1 Direct Expensing of Imprests**

##### **Criteria**

Regulations 93 of the Public Finance Management (National Government) regulations, 2015 states that an imprest shall be issued for a specific purpose, and any payments made from it, shall be only for the purposes specified in the imprest warrant. Temporary imprests shall be issued mainly in respect of official journeys and are intended to provide officers with funds with which they can meet travelling, accommodation and incidental expenses. A holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station. In the event of the imprest holder failing to account for or surrender the imprest on the due date, the accounting officer shall take immediate action to recover the full amount from the salary of the defaulting officer with an interest at the prevailing Central Bank Rate. If the accounting officer does not recover the temporary imprest from the defaulting officer as provided for in this regulation the accounting Officer commits an offence as provided for under the Act.

##### **Finding**

Included in the purchase of goods and service figure of Kshs.53,464,128 reflected in the statement of receipts and payments are imprests issued of Kshs.22,236,807 as shown in **Appendix I** which were directly expensed . A further review of the records made available indicated that the imprests were issued to officers out on official duties. However, there were no approved travel programs/work plans in the year and no specific budget was prepared for the travelling and accommodation. Further, officers were issued with more than one imprest before surrendering the previous imprest.

##### **Effect**

The expenditure on purchase of goods and services has been overstated and the management is in breach of laws and regulations on issuance of imprest.

##### **Recommendation**

The management should ensure that imprests are expensed after the beneficiaries have accounted for the imprest and no additional imprest is issued officers who have not accounted for imprest previously issued. Further, imprest not accounted for or surrendered should be recovered from the defaulting officer.



Kenyans participating in Intra-Africa Academic Mobility Scheme meeting in Brussels could not be confirmed.

### **Recommendation**

The management of Moi University should adhere to the disbursement guidelines.

### **Management Response**

## **4.2 Acquisition of Assets**

### **Criteria**

Paragraph 27 of the International Public Sector Accounting Standards (IPSAS) 1 states that financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSASs. The application of IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.

### **Finding**

The statement of receipts and payment for the year ended 30 June 2020 reflects acquisition of assets figure of Kshs.12,131,482 which includes Kshs.9,948,386 expenditure incurred on strengthen research capacity excellence - quality and productivity expenditure. A review of the payment vouchers availed for audit revealed that strengthen research capacity excellence - quality and productivity expenditure of Kshs.9,948,386 include an expenditure of Kshs.8,208,000 incurred on the procurement of a plasma enhanced chemical vapor deposition (PECVD) .However, the expenditure had not been budgeted for. and was not included in the procurement plan for the year under review. Further, the strengthen research capacity excellence - quality and productivity expenditure of Kshs.9,948,386 include an expenditure of Kshs.471,500 incurred on allowances for facilitators for biogas training for high schools.

### **Effect**

The management irregularly procured a plasma enhanced chemical vapor deposition (PECVD) and the validity and accuracy of strengthen research capacity excellence - quality and productivity expenditure of Kshs.9,948,386 for the year ended 30 June 2020 could not be confirmed.



## **Recommendation**

The management should ensure that they follow the law when acquiring assets .

## **Management Response**

### **4.3 Accounts Receivables-Imprest and Advances**

#### **Criteria**

Regulation 93 (4)(c) of the Public Finance Management (National Government) regulations, 2015 requires accounting officer to ensure that before issuing a temporary imprest, the applicant should be recorded in an imprest register including the amount applied for.

#### **Finding**

The statement of financial assets reflects accounts receivables- imprest and advances figure of Kshs.5,309,330. However, the imprest register was not availed for audit verification.

#### **Effect**

The validity, accuracy and existence of accounts receivables- imprest and advances balance of Kshs.5,309,330 as at 30 June 2020 could not be confirmed.

## **Recommendation**

The management should ensure that an imprest register is maintained for imprests issued from the project account

## **Management Response**

### **4.4 Summary of Fixed Assets Register**

#### **Criteria**

Regulation 136(1) of the Public Finance Management Regulations,2015 requires that the accounting officer shall be responsible for maintaining of a register of assets under his/her control or possession.



**Finding**

Annex 2 to the financial statements reflects total assets figure of Kshs.49,752,771 which include office equipment , furniture and fittings of Kshs.12,131,482 procured during the year. the assets register was not availed for audit verification.

**Effect**

The nature, number, physical location and fair value of the projects assets could not be ascertained.

**Recommendation**

The management should maintain an assets register as stipulated Regulation 136(1) of the Public Finance Management (National Government) Regulations,2015 .

**Management Response****5.0 Management Comments**

It would be appreciated if your comments on these findings are submitted within seven (7) days from the date of this letter for incorporation in the audit report.

**6.0 Appreciation**

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the Africa Centre of Excellence (ACEII) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project during the audit.

Yours faithfully,



**George K. Onkundi**  
**FOR: AUDITOR- GENERAL**



## Appendix I

### Purchase of Goods and Services

Date	Description	REFN O	Cheque Number	Activity	Amount (Kshs)
23-Jul-19	Imprest: 4821:Dr Njuguna David Githinji	IMP- 00048	830	1.10.1	199,000
25-Jul-19	Imprest: 1422:Ms Maritim Esther Jeptum	IMP- 00090	831	1.10.1	125,900
7-Aug-19	Imprest: 6266:Ms Opondo Florence Atieno	IMP- 00210	833	4.11.1	76,800
9-Aug-19	Imprest: 4257:Prof Makokha Augustine Barasa	IMP- 00223	839	4.12.1	403,200
19-Aug-19	Imprest: 6531:Dr Makatiani Jacqueline Kubochi	IMP- 00309	837	2.7.2	242,200
21-Aug-19	Imprest: 4201:Prof Kiprop Ambrose Kipchumba	IMP- 00394	855	4.12.1	38,800
6-Sep-19	Imprest: 4657:Mr Chirchir Moses Kipkosgei	IMP- 00569	861	1.10.1	73,550
6-Sep-19	Imprest: 4657:Mr Chirchir Moses Kipkosgei	IMP- 00569	861	2.4	210,000
6-Sep-19	Imprest: 5966:Mr Kirwa Joshua Kipkosgei	IMP- 00582	862	4.12.1	176,640
9-Sep-19	Imprest: 5882:Mr Cheruiyot Kiprotich	IMP- 00585	892	1.5.1	34,000
11-Sep-19	Imprest: 4384:Mrs Nkonge Naomi Nkatha	IMP- 00607	876	1.10.1	133,400
16-Sep-19	Imprest: 4645:Mr Kimutai Stephen Kibet	IMP- 00639	898	4.13.1	66,880
18-Sep-19	Imprest: 4090:Mr Kimuyu Edward Nyenze	IMP- 00652	893	1.10.1	540,140



20-Sep-19	Imprest: 5515:Dr Nassiuma Kibeti Bernard	IMP-00665	899	INCUBATIO N	207,000
30-Sep-19	Imprest: 6450:Dr Cherutoi Kiplagat Jackson	IMP-00724	900	1.10.1	369,600
30-Sep-19	Imprest: 5710:Dr Talai Stephen Maasai	IMP-00716	913	AFDB	360,000
3-Oct-19	Being payment of refund of 3 days ortambo workshop	PV19-03018	905	1.10.1	37,800
3-Oct-19	Being payment of refund of facilitation for iucea	PV19-02633	906	1.10.1	426,400
9-Oct-19	Imprest: 4384:Mrs Nkonge Naomi Nkatha	IMP-00834	907	1.10.1	526,200
14-Oct-19	Imprest: 6270:Mr Kipkorir Paul	IMP-00848	940	4.11.2	361,800
14-Oct-19	Imprest: 6111:Mr Serem Abraham Kipkemei	IMP-00839	944	4.11.2	517,368
14-Oct-19	Imprest: 6329:Dr Nyamwala Fredrick Oluoch	IMP-00849	939	4.12.1	23,000
15-Oct-19	Being payment of airticket for prof. A.Kiprop Rout	PV19-03276	913	1.10.1	10,900
15-Oct-19	Being payment of airticket for prof.Mus eltayeb to	PV19-03275	913	4.14.5	11,000
15-Oct-19	Being payment of airtickets supplied to ace11 pro	PV19-03185	913	4.8.2	84,500
16-Oct-19	Imprest: 1422:Ms Maritim Esther Jeptum	IMP-00867	933	1.10.1	640,800
16-Oct-19	dr stephen talai	IMP-0860	934	4.11.2	486,439
16-Oct-19	john isemeki	IMP-0863	935	4.11.2	505,902
17-Oct-19	Being payment of airtickets for prof.Ambrose Kipro	PV19-03417	936	1.10.1	32,300



23-Oct-19	Imprest: 6836:Dr Kisembe Everlyne Namaemba	IMP-00887	949	3.1.1	111,000
29-Oct-19	Imprest: 4821:Dr Njuguna David Githinji	IMP-00927	954	4.11.2	773,017
30-Oct-19	Imprest: 6301:Dr Ochola Jerry Rawlings	IMP-00948	994	3.2.2	362,776
30-Oct-19	Imprest: 5217:Ms Kirwa Jepkemboi	IMP-00934	981	4.12.1	178,628
31-Oct-19	Imprest: 4051:Dr Tarus John Kiptarbey	IMP-00967	979	1.10.1	29,200
31-Oct-19	Being payment of refund incurred during finalizing	PV19-03819	948	1.10.1	40,200
1-Nov-19	Imprest: 6162:Mrs Biwott Tecla Cheptoo	IMP-00970	978	4.18.1	285,197
5-Nov-19	Being payment of airtickets for mr.wiseman tumbo n	PV19-03808	961	4.8.1	109,000
5-Nov-19	Being payment of airticket for phillis gitau & pet	PV19-03809	961	INCUBATIO N	23,800
6-Nov-19	Imprest: 5669:Mr Nziu Patrick Kiola	IMP-01006	993	4.11.2	521,280
8-Nov-19	Imprest: 5732:Dr M'arimi Milton Muthomi	IMP-01021	992	2.6.1	25,000
8-Nov-19	Imprest: 1270:Mr Keter Abraham Kimanyur	IMP-01023	1000	4.11.1	29,600
12-Nov-19	Imprest: 3297:Prof Siagi Zachary Otara	IMP-01041	998/99	1.10.1	129,485
13-Nov-19	Imprest: 6441:Dr Ramkat Rose Chepchirchir	IMP-01047	997	1.10.1	309,800
13-Nov-19	Imprest: 4257:Prof Makokha Augustine Barasa	IMP-01054	1001	4.8.2	23,000
14-Nov-19	Imprest: 4384:Mrs Nkonge Naomi Nkatha	IMP-01060	1005	4.11.2	762,421



20-Nov-19	Imprest: 6207:Mr Muyoma Paul Wanjala	IMP- 01108	1028	4.8.1	285,197
22-Nov-19	Imprest: 6829:Ms Kirui Grace Jerotich	IMP- 01125	1027	1.10.1	43,000
26-Nov-19	Being payment of refund for tea-lp workshop facili	PV19- 04659	1004	TEA- LP	19,936
27-Nov-19	Imprest: 6441:Dr Ramkat Rose Chepchirchir	IMP- 01161	1025	4.14.5	413,200
27-Nov-19	Imprest: 5266:Mr Koech Alex Kimurgor	IMP- 01156	1029	AFDB	35,200
29-Nov-19	Being payment of refund for passport registration	PV19- 04653	1006	1.10.1	10,000
29-Nov-19	Being payment for refund of facilitation of summer	PV19- 04841	1024	1.10.1	22,000
29-Nov-19	Being payment of travel air services as per invoi	PV19- 04532	1007	4.14.5	299,100
29-Nov-19	Imprest: 4215:Dr Chepkwony Kefa Cheshire	IMP- 01172	1036	INCUBATIO N	207,500
3-Dec-19	Imprest: 2892:Mr Khafafa John Wakhungu	IMP- 01190	1090	4.4.1	42,947
11-Dec-19	Imprest: 2482:Ms Njenga Jayne Wairimu	IMP- 01234	1065	1.10.1	427,100
13-Dec-19	Imprest: 4090:Mr Kimuyu Edward Nyenze	IMP- 01274	1045	1.6.1	701,300
13-Dec-19	Imprest: 4090:Mr Kimuyu Edward Nyenze	IMP- 01274	1045	1.6.1	701,300
13-Dec-19	Being payment of refund for morendant institute on	PV19- 05254	1044	1.10.1	63,840
20-Dec-19	Being payment of airtickets services for prof.ambr	PV19- 05313	1069	1.10.1	13,500



20-Dec-19	Being payment of airtickets services for prof.ambr	PV19-05313	1069	4.14.5	12,900
9-Jan-20	Imprest: 5481:Dr Mining Pacifica Chepkosgei	IMP-01313	1072	TEA- LP	813,750
14-Jan-20	Imprest: 6329:Dr Nyamwala Fredrick Oluoch	IMP-01322	1089	4.12.1	77,500
21-Jan-20	Imprest: 4657:Mr Chirchir Moses Kipkosgei	IMP-01370	1117	4.14.4	28,009
21-Jan-20	Imprest: 5732:Dr M'arimi Milton Muthomi	IMP-01340	1088	4.7.1	437,100
23-Jan-20	Imprest: 4657:Mr Chirchir Moses Kipkosgei	IMP-01370	1118	4.14.4	491
28-Jan-20	Imprest: 5983:Ms Kiptarus Joan Jeptum	IMP-01402	1114	4.8.1	39,200
28-Jan-20	BEING PAYMENT OF REFUND OF EXPENSES INCURRED WHILE	PV19-05868	1103	4.12.1	51,342
28-Jan-20	Imprest: 3261:Prof Kiriamiti Henry Kirimi	IMP-01405	1106	MIRET	689,720
31-Jan-20	Imprest: 3261:Prof Kiriamiti Henry Kirimi	IMP-01405	1107	MIRET	1,171,162
4-Feb-20	Being payment of refund of expenses incurred while	PV19-05794	1110	1.10.1	60,000
4-Feb-20	Being payment of airticket for Prof Kiprop/Harness	PV19-05992	1108	4.14.5	42,900
4-Feb-20	Being payment of airticket for Tecla Biwott	PV19-05993	1111	4.18.1	136,300
6-Feb-20	Imprest: 4788:Mr Nduati Phillip Mungai	IMP-01448	1119	3.7.1	543,735
13-Feb-20	Imprest: 1422:Ms Maritim Esther Jeptum	IMP-01482	1129	1.10.1	168,800



13-Feb-20	Imprest: 6581:Ms Chepkwony Sarah Cherono	IMP-01486	1141	1.10.1	286,000
13-Feb-20	Imprest: 4196:Prof Kibiiy Joel Kiplagat	IMP-01484	1130	2.6.1	161,200
13-Feb-20	Being payment of airtickets for Prof.Kiprop	PV19-06159	1123	4.14.5	113,000
14-Feb-20	Imprest: 3297:Prof Siagi Zachary Otara	IMP-01487	1143	AFDB	83,000
17-Feb-20	Imprest: 4327:Mr Kinyor Elkana Kipketer	IMP-01488	1147	2.6.1	233,100
17-Feb-20	Imprest: 4257:Prof Makokha Augustine Barasa	IMP-01501	1152	3.7.1	65,600
19-Feb-20	Imprest: 6266:Ms Opondo Florence Atieno	IMP-01505	1202	3.3.1	56,750
26-Feb-20	Imprest: 2482:Ms Njenga Jayne Wairimu	IMP-01545	1060	1.10.1	165,500
26-Feb-20	Imprest: 6636:Mrs Kiplangat Susan Chepkemboi	IMP-01548	1172	2.6.1	104,579
27-Feb-20	Imprest: 6616:Ms Singoei Sheilah Jesang	IMP-01547	1180	2.6.1	104,579
28-Feb-20	Imprest: 4657:Mr Chirchir Moses Kipkosgei	IMP-01568	1161/62	2.6.1	98,208
4-Mar-20	Being payment of refund for the stakeholder's work	PV19-06605	1173	1.10.1	207,900
4-Mar-20	Being payment of airtickets for Moi University sen	PV19-06479	1175	1.10.1	185,900
6-Mar-20	Being payment of refund for transport and subsistence	PV19-06601	1186	1.10.1	47,400
6-Mar-20	Being payment of airtickets provided to ace11 proje	PV19-06630	1183	4.14.1	15,750
6-Mar-20	Being payment of airtickets provided to ace11 proje	PV19-06630	1183	4.8.1	225,800



10-Mar-20	Being payment of refund of transport & subsistence	PV19-06599	1200	1.10.1	29,700
10-Mar-20	Imprest: 6581:ms chepkwony sarah cherono	IMP-01637	1204	4.8.1	396,640
10-Mar-20	Being payment of airtickets for mr.paul muyoma to	PV19-06755	1198	4.8.1	158,450
10-Mar-20	Being payment of airtickets for carolyne chelangat	PV19-06751	1199	4.8.1	65,000
6-Apr-20	Being payment of airtickets fo various ace11 proje	PV19-07059	1225	1.10.1	19,900
6-Apr-20	Being payment of airtickets fo various ace11 proje	PV19-07059	1225	MIRET	467,700
20-May-20	Imprest: 4384:mrs nkonge naomi nkatha	IMP-01700	1224	1.10.1	130,000
9-Jun-20	Imprest: 5355:mr songok daniel kipkoech	IMP-01711	1231	1.10.1	159,400
16-Jun-20	Imprest: 4384:mrs nkonge naomi nkatha	IMP-01718	1256/57	1.10.1	422,800
22-Jun-20	Imprest: 5949:ms wanangwe josphine miriam	IMP-01720	1252	4.11.1	40,000
	<b>Total</b>				<b>22,236,807</b>

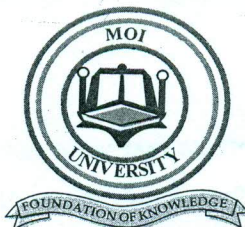


## Appendix II

### Unjustified Expenditure

	Date	Name	Cheque Number	Activity	Amount (Kshs)	Remarks
1	12/11/2019	Njenga Jayne Wairimu	1065	1.10.1	427,100	Meeting of 15 members of university staff held in Kisumu
2	12/13/2019	Kimuyu Edward Nyenze	1045/47	1.6.1	1,402,600	Meeting of 41 members of university staff held in Kisumu
3	6/16/2020	Nkonge Naomi Nkatha	1256/57	1.10.1	481,550	Meeting of 8 members of university staff and 6 Public works staff members from Eldoret held in Kisumu. IT was not clear why the project had to pay for Public works staff travelling allowances since their expenses should be from the ministry.
		<b>Total</b>			<b>2,311,250</b>	





**MOI UNIVERSITY**  
**OFFICE OF THE VICE - CHANCELLOR**

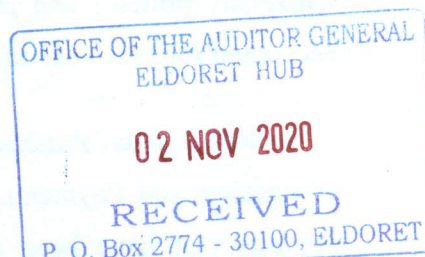
**Tel:** (053) 43620/0790 940508  
0771 336911/0736 138770  
**Email:** vcmu@mu.ac.ke  
vc@mu.ac.ke  
vcmoi2009@gmail.com

P.O. Box 3900-30100  
**ELDORET**  
Kenya

Ref: MU/FIN/FA/22

29<sup>th</sup> October, 2020

Office of the Auditor-General,  
Eldoret Hub,  
P.O. Box 2774-30100,  
**ELDORET.**



Dear Sir,

**RE: RESPONSE TO THE MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS FOR AFRICA CENTRE OF EXCELLENCE (ACEII) FOR THE YEAR ENDED 30 JUNE, 2020**

We refer to your Management Letter dated 26<sup>th</sup> October, 2020 on the Financial Statements for the Africa Centre of Excellence (ACEII) Project for the year ended 30 June, 2020.

We wish to respond to the issues raised as follows:

**1. DIRECT EXPENSING OF IMPRESTS**

The University runs its Finance Management Information System on Navision and it is the basis of preparation of the Financial Statements of the ACEII Project on IPSAS Accrual basis of accounting.

Under the IPSAS Accrual basis of accounting that the University uses in its general operations, imprests are recognised as staff debtors and are only expenses when the respective imprests are accounted for.

In the preparation of these Financial Statements under IPSAS Cash basis of accounting, imprests were treated as advances and were only expenses upon the beneficiaries



accounting for the imprests. Imprests that were not accounted for by the end of the year were disclosed in the Financial Statements under Note 9.11 to the Financial Statements, and were excluded from the amounts in the Statement of Receipts and Payments. The University maintained separate subsidiary records to recognise the imprests advances as cash under IPSAS Cash basis of accounting.

The imprest management system operated by the University does not allow any individual to have more than one imprest before surrender of the previous imprest advanced. During the year, we ensured that this was adhered to as provided for in the University policies and regulations. We confirm that the imprests that had not been accounted for as at year end have since been accounted for by the respective staff.

As indicated in the attached analysis of the payments/ imprests included in the Statement of Receipts and Payments, the Financial Statements have captured and expensed only imprests that have been duly accounted for. We have attached the same for your verification. (**Annex1**).

The project budgets for activities to be undertaken during the year and allocates funds for each activity code. The approved budget and the specific funds allocated for the activities are the basis on which all the expenditures related to the activities (including travel and accommodation expenses) are made.

We have attached the summary of the approved budget and the Centre's approved Annual Work Plan for your verification. (**Annex 2 & 3**).

We, therefore, request that you amend your observations in this regard in view of the explanations and documents given above.

## **2. UNJUSTIFIED EXPENDITURE Kes.2,311,250**

The ACEII Project has been able to attract funds from other bodies in the fulfilment of its strategic goals of strengthening research capacity excellence and outreach service in Phytochemicals, Textiles and Renewable Energy, and increasing sustainability of research and training.

The funds that were used in paying the staff from various Universities were funds received from the European Union (Education, Audiovisual and Culture Executive Agency) for a Project called "*Mobility for Innovative Renewable Energy Technologies (MIRET)*". This Project involves Moi University and the following Universities:

- Makerere University      - Uganda
- University of Sfax        - Tunisia
- University of BUEA       - Cameroon
- University of Zambia     - Zambia

Moi University is the coordinating University and receives the funds to facilitate the project activities. The expenditure indicated in your report was for an inception meeting for the Intra-Africa Academic Mobility Scheme under the Project that was held in Brussels and was attended by representatives from the participating Universities. The University, as the Coordinator, drew the funds that were remitted to the beneficiaries. We have attached evidence of acknowledgement of receipt of the funds that were signed by the respective persons. (Annex 4).

As explained above, the expenditure of these funds was governed by the Grant Agreement under the Intra-Africa Academic Mobility Scheme signed between the European Union and the University. The eligible expenditures under this grant include travel and visa costs, subsistence allowances, participation costs, research costs, among others. We have attached a copy of the Grant Agreement for your perusal. The funds were used as per the terms of the Grant Agreement. The University was not, therefore, in breach of the General Disbursement Guidelines for World Bank Projects in this regard.

The Centre has budgeted, under 1.6.1 in its Annual Approved Budget to have an Annual Meeting. This is a forum where the Centre engages the University Management and other stakeholders over various policy issues which require their attention and seeks their critical input and guidance. In this meeting, the Centre leadership and thematic leaders share the Centre activities during the year and its forward plans. This is an annual activity done prior to the annual partners meeting. It was held outside the University because it was intended to be held in an environment devoid of interruptions and also to serve as a group bonding session and had, therefore, to be in a facility that has these trainers/facilitators. It was more cost effective in this regard.



The meeting to discuss the PTRE building project was held amid the Covid-19 pandemic. Given the geographical dispersal of the staff and other stakeholders after the closure of the University in March 2020, Kisumu was considered to be a central place where the staff could meet. The University is in the process of developing designs for the construction of a PTRE building project. The Centre social safeguards team and Ministry of Public Works designs team were urgently required to engage to finalize on documents to be presented to the Moi University Management to consider and complete the approval process to launch the project.

### **3. ACQUISITION OF ASSETS**

The Centre procured laboratory equipment (Plasma Enhanced Chemical Vapor Deposition (PECVD)) from Ms Finton Logistics at a cost of Kes.8,208,000 under the procurement plan that was originally in the 2017-2018 FY. The procurement process for this equipment was completed and notification/ LPO issued to the supplier at that time. The supplier was sourcing the equipment from overseas and, therefore, it took longer than had been anticipated to deliver and commission the equipment in the University. This was eventually done in 2019-2020 FY. The equipment was considered very critical in the training and research for postgraduate students in the Department of Renewable Energy.

As the Project operates on the cash basis of accounting, the Approved Plan for the Project for FY 2019/2020 was amended to facilitate the payment for this equipment. This was done by deferring some of the planned procurements for the Department of Renewable Energy amounting to USD85,000.

We hereby attach the revised Plan/ Financial budget (4.1.21) for FY 2019/2020 and the request from the Department for your perusal. (Annex 5).

The wrong classification under biogas expense (Kes.471,500) has been noted and financial statements rectified accordingly. (Annex7)

#### **4. ACCOUNTS RECIEVEABLES - IMPREST AND ADVANCES**

The University maintained a separate imprest register that controlled the issuance and accounting for imprests. The register has details of the imprest holder, the date, the cheque number, the amount issued, the amount surrendered etc.

We have attached the imprest register for your perusal.

#### **5. SUMMARY OF FIXED ASSETS REGISTER**

The University maintains an Assets Management module for the entire University assets in its Enterprise Resource Planning (ERP) system. Additionally, the ACE II Project maintains a separate asset register for all the assets relating to the Project.

We have attached a copy of the asset register for your verification.

#### **6. CONCLUSION**

On behalf of the University Management, I would like to thank you and your staff for the invaluable advice and recommendations on improving our operations. We will be most obliged to discuss our responses to the Management Letter with you in order to clarify any of the matters raised in your report.

Yours sincerely,



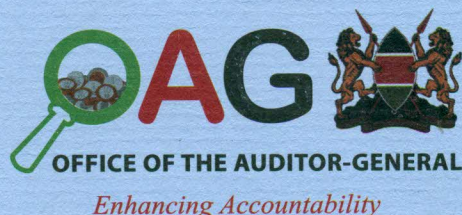
**Prof. Isaac S. Kosgey, Ph.D.**  
**VICE-CHANCELLOR**

/ga



# REPUBLIC OF KENYA

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

Ref: 2019-2020-1-01-1062-1-ACE II-(09)

16 November 2020

The Vice Chancellor  
Moi University – Africa Centre of Excellence (ACE II)  
P.O. Box 3900 - 30100  
ELDORET

## DRAFT REPORT OF THE AUDITOR-GENERAL FOR MOI UNIVERSITY – AFRICA CENTRE OF EXCELLENCE (ACE II) FOR THE YEAR ENDED 30 JUNE 2020

Enclosed herewith please find Draft Report which the Auditor-General intends to issue for the financial year ended 30 June 2020.

Please let us have your comments on the issues raised before 23 November 2020. If no response will have been received by then, it will be assumed that you are in agreement with the content of the Draft Report, and the same will be issued without further reference to you.

P.N. Maina  
Ag. Director of Audit  
Eldoret Hub  
FOR: AUDITOR-GENERAL



**REPORT OF THE AUDITOR-GENERAL ON AFRICA CENTRE OF EXCELLENCE  
(ACE II) IN PHYTOCHEMICALS, TEXTILES AND RENEWABLE ENERGY (PTRE)  
PROJECT FOR THE YEAR ENDED 30 JUNE 2020**

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**REPORT ON THE FINANCIAL STATEMENTS**

**Qualified Opinion**

I have audited the accompanying financial statements of Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project set out on pages 16 to 37, which comprise the statement of financial assets as at 30 June 2020, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project as at 30 June, 2020, and (of) its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Grant Agreement nr 2019-1973/006-001-Intra Africa Academic Mobility Scheme dated 3 December 2019.



## **Basis for Qualified Opinion**

### **1.0 Purchase of Goods and Services**

The statement of receipts and payments and note 9.7 to the financial statements reflects purchase of goods and service figure of Kshs.53,464,128 which includes an expenditure of Kshs.11,600,361 that was not adequately supported as indicated in **Appendix I**.

Under the circumstance, the validity, accuracy and propriety of purchase of goods and service expenditure of Kshs.11,600,361 for the year ended 30 June 2020 could not be confirmed.

### **2.0 Accounts Receivables - Imprests and Advances**

The statement of financial assets reflects accounts receivables- imprest and advances figure of Kshs.5,309,330. However as reported in the previous year, the imprest register indicating the details of the imprest issued such as name of imprest holder, warrant number, amount of imprest, date of issue, and date of surrender was not availed for audit verification.

Under the circumstance, the validity, accuracy, completeness and existence of accounts receivables - imprest and advances balance of Kshs.5,309,330 as at 30 June 2020 could not be confirmed.

### **3.0 Summary of Fixed Assets Register**

Annex 2 to the financial statements reflects total assets figure of Kshs.49,752,771 which include office equipment, furniture and fittings of Kshs.12,131,482 procured during the year. However, the assets register was not availed for audit confirmation and verification.

Consequently, the accuracy, completeness and existence of fixed assets value of Kshs.49,752,771 as at 30 June 2020 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter(s) described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### Other Matter

### 1.0 Budget Absorption and Performance

The statement of comparison of budget and actual under note 7 to the financial statements reflects approved expenditure budget of Kshs. 189,628,684 comprising of transfers from government entities of Kshs. 108,969,337, proceeds from domestic and miscellaneous receipts of Kshs.48,003. During the same period, the Project incurred expenditure of Kshs. 65,556,675 or 26% of the approved budget of Kshs. 255,688,515 resulting to overall underutilization of Kshs 190,131,840 or 74% as detailed below:

Receipts/payments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% Utilization
<b>Receipts</b>				
Transfer from Government entities	108,969,337	108,969,337	-	100%



Proceeds from domestic and foreign grants	80,611,345	80,611,345	-	100%
Miscellaneous receipts	48,003	48,003	-	100%
<b>Total Receipts</b>	<b>189,628,684</b>	<b>189,628,684</b>	<b>-</b>	
<b>Payments</b>				
1.0 Set-up institutional framework for commencement of ACE	22,792,438	12,908,674	9,883,764	57%
2.0 Strengthen education capacity excellence - quality and productivity	24,093,205	17,356,677	6,736,528	73%
3.0 Education capacity & development impact	15,570,443	1,416,362	14,154,082	9%
4.0 Strengthen Research Capacity excellence	79,994,372	21,530,049	58,464,323	27%
5.0 Observation of best practices in ACE in Financial Operations	103,250	-	103,250	-
6.0 Observation of best practices in ACE in procurement Operations	103,250	38,200	65,050	37%
7.0 Donor attracted research expenses	113,031,558	12,306,714	100,724,843	11%
<b>Total Payments</b>	<b>255,688,515</b>	<b>65,556,675</b>	<b>190,131,840</b>	<b>26 %</b>

*Report of the Auditor-General on the Financial Statements of Africa Centre of Excellence (ACEII) for the Year Ended 30 June 2020*

From the analysis, the Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) received all funds budgeted for. The Project incurred Kshs.65,556,675 out of budgeted amount of Kshs.255,688,515 resulting to underutilization of Kshs 190,131,840 an indication that the activities planned for the year were not undertaken.

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

### Conclusion

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

### Basis for Conclusion

#### 1.0 Acquisition of Non -Financial Assets

Note 9.8 to the financial statements reflects strengthen research capacity excellence - quality and productivity expenditure of Kshs.9,948,386 which includes an expenditure of Kshs.8,208,000 incurred on the procurement of a plasma enhanced chemical vapor deposition (PECVD). However, the expenditure had not been budgeted for in the year under review and was not included in the procurement plan for the year under review. Management has explained that the procurement relates to 2017/2018 financial year and the notification and LPO were issued to the supplier. However, the letter of offer, acceptance letter, contract agreement, delivery notes, goods received note and inspection and acceptance report have not been availed to confirm the explanation.



Consequently, the management irregularly procured a plasma enhanced chemical vapor deposition (PECVD) and the validity and accuracy of strengthen research capacity excellence - quality and productivity expenditure of Kshs.8,208,000 for the year ended 30 June 2020 could not be confirmed.

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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

### **Conclusion**

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter(s) described in the Basis for [Conclusion on Effectiveness of Internal Controls, Risk Management and Governance/Qualified Opinion] section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 Those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash 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 control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to going concern/ sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project financial reporting process, reviewing the effectiveness of how the entity 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  
*Report of the Auditor-General on the Financial Statements of Africa Centre of Excellence (ACEII) for the Year Ended 30 June 2020*



to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

*Report of the Auditor-General on the Financial Statements of Africa Centre of Excellence (ACEII) for the Year Ended 30 June 2020*

caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern 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 Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project ability to continue as a going concern or 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 Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project to cease to continue as a going concern or 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 Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

**Nancy Gathungu**

**AUDITOR-GENERAL**

**Nairobi**

**Date: November 16, 2020**

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*Report of the Auditor-General on the Financial Statements of Africa Centre of Excellence (ACEII) for the Year Ended 30 June 2020*

## Appendix I

### Unsupported Expenditure

	Date	Name	Reference Number	Cheque Number	Amount (Kshs)	Purpose	Observation
1	6-Feb-20	Prof Kirimi Kiriamiti	IMP-25481	1107	2,016,748	Intra-ACP kickoff meeting in Brussels	Original boarding passes, copy of passport, Invitation letter, itinerary, report
2	13-Dec-19	Imprest: 4090 Edward Nyenze	IMP-25478	1045	1,402,600	Workshop to discuss way forward towards achieving excellence 2020 in Kisumu	Invitation letters, work plan, report, basis of selecting the venue(Kisumu Hotel)
3	16-Oct-19	Imprest: 1422:Ms Maritim Esther Jeptum	IMP-00867	933	640,800	Academic public private partnership and conference in Kampala	Invitation letters, itinerary, copy of passport, original boarding pass, report
4	6-Feb-20	Imprest: 4788:Mr Nduati Phillip Mungai	IMP-01448	1119	543,735	Attending Best practices in donor fund management workshop in Rwanda	Original boarding passes, copy of passport, Invitation letter, itinerary, report
5	18-Sep-19	Imprest: 4090:Mr Kimuyu Edward Nyenze	IMP-00652	893	540,140	Mid term review meeting at JOOUST	Invitation letters, timetables, minutes
6	9-Oct-19	Imprest: 4384:Mrs Nkonge Naomi Nkatha	IMP-00834	907	526,200	Joint Training on environment and social safeguards	Invitation letters, certification, workplan/timet able



13	10-Mar-20	Imprest: 6581:ms chepkwo ny sarah cherono	IMP-01637	1204	396,640	Exchange funds for Dr Sarah Chepkwo ny and Catherine Chemutai	Original boarding passes, Invitation letter, itinerary, report
14	30-Sep-19	Imprest: 6450:Dr Cherutoi Jackson Kiplagat	IMP-00724	900	369,600	Taking Phd students to JKUAT various trainings	Invitation letters, timetables, certification
15	13-Nov-19	Imprest: 6441:Dr Ramkat Rose Chepchir chir	IMP-01047	997	309,800	Facilitation for Technical Appraisal Meeting in Lilongwe Malawi	No invitation letter, Passport, visa, Boarding pass (attached boarding pass is for Kiproop Ambrose not VC or Rose Ramkat)
16	13-Feb-20	Imprest: 6581:Ms Chepkwo ny Sarah Cherono	IMP-01486	1141	286,000	Facilitation for attending financial management course for project accountants in Nairobi	Invitation Letters, certification
17	1-Nov-19	Imprest: 6162:Mrs Biwott Tecla Cheptoo	IMP-00970	978	285,197	Payment for Exchange program in the University of Harcourt in Nigeria	No passport, no visa, no boarding pass, no work plan, no report.
18	20-Nov-19	Imprest: 6207:Mr Muyoma Paul Wanjala	IMP-01108	1028	285,197	Staff exchange at the university of Harcourt	Invitation letter, copy of passport, original boarding pass, timetable/tinerary, visa
19	30-Oct-19	Imprest: 5217:Ms Kiwa Jekemb oi	IMP-00934	981	178,628	Training cost, subsistence, and transport cost while attending training at KSG	No invitation, timetable/tinerary, attendance register, basis of calculating per diem,

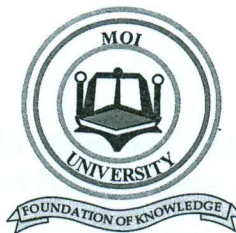
*Report of the Auditor-General on the Financial Statements of Africa Centre of Excellence (ACEII) for the Year Ended 30 June 2020*

							report after training
20	13-Feb-20	Imprest: 1422:Ms Maritim Esther Jeptum	IMP-01482	1129	168,800	Facilitation for KIRDI meeting at world bank offices	Invitation letters, original work tickets, attendance register, minutes
21	26-Feb-20	Imprest: 2482:Ms Njenga Jayne Wairimu	IMP-01545	1060	165,500	Facilitation of ACE II PTRE staff and students to participate in Eldoret ASK show	Work plan, work ticket
22	9-Jun-20	Imprest: 5355:mr songok daniel kipkoech	IMP-01711	1231	159,400	Facilitation of ACE II National Steering Committee meeting	Venue not indicated, invitation letter, appointment letter, minutes of the meeting
23	14-Nov-19	Imp 03297 Zachary O. Siagi	IMP-25407	998	133,230	Facilitation for consultancy for training of staff in engineering and applied sciences	Signed contract, timetable, report, original work ticket
24	23-Oct-19	Imprest: 6836:Dr Kisembe Everlyne Namaem ba	IMP-00887	949	111,000	Attending VCs address to ACE II PTRE students who reported in September 2019	No timetable, invitation letters, admission letter extracts, Original work tickets,
25	26-Feb-20	Imprest: 6636:Mrs Kiplangat Susan Chepkem boi	IMP-01548	1178	104,579	To undertake public relations course in Nairobi	Invitation letter, timetable, Certificate
26	27-Feb-20	Imprest: 6616:Ms Singoei	IMP-01547	1180	104,579	To undertake public relations	Invitation letter, timetable, Certificate

*Report of the Auditor-General on the Financial Statements of Africa Centre of Excellence (ACEII) for the Year Ended 30 June 2020*



		Sheilah Jesang				course in Nairobi	
27	28- Feb- 20	Imprest: 4657:Mr Chirchir Moses Kipkosge i	IMP-01568	1161/ 62	98,208	Facilitation to attend refresher defensive and first aid course in KIHBT	Application letter, Timetable, Certification
		<b>Total</b>			<b>11,600,361</b>		



**MOI UNIVERSITY**  
**OFFICE OF THE VICE - CHANCELLOR**

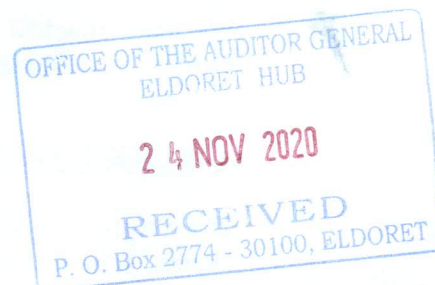
**Tel:** (053) 43620/0790 940508  
0771 336911/0736 138770  
**Email:** vcmu@mu.ac.ke  
vc@mu.ac.ke

P.O. Box 3900- 30100  
**ELDORET**  
Kenya.

Ref: MU/FIN/FA/22

18<sup>th</sup> November 2020

P. N Maina,  
Ag. Director of Audit,  
Office Of The Auditor-General,  
Eldoret Hub,  
P.O Box 2774- 30100,  
**ELDORET.**



Dear Madam,

**RE: RESPONSE TO THE DRAFT AUDIT REPORT FOR THE MOI UNIVERSITY**  
**-AFRICA CENTRE OF EXCELLENCE (ACEII) PTRE PROJECT**  
**FINANCIAL STATEMENTS FOR FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2020**

We refer to your Draft Audit Report dated 16<sup>th</sup> December 2018 on the Financial Statements for the Africa Centre of Excellence (ACE-II) PTRE Project for the year ended 30 June 2020. We herewith attach the response to the issues raised as follows:

**1. PURCHASE OF GOODS AND SERVICES**

During the year under review the Project incurred and made payments through Payment Vouchers and Imprest Advances for various activities. The requests for imprest advances for project activities were supported by appropriate supporting documents. These imprests were duly accounted for with relevant supporting documents when they were surrendered.

In the draft report, we were requested to attach various documents which we have attached as indicated on Annex 1-27 of this report. As you will note from the documents, these expenses were duly and validly incurred for the Project.

.....Ref Annex 1-27.

We, therefore, request that you amend your report with regard to your observation on this matter.

**2. ACCOUNTS RECEIVABLES – IMPREST AND ADVANCES**

The University maintained and managed its imprest management system under the Navision ERP system. This system controlled the issuance and accounting for imprests and has imprest



ledgers for all staff. The register has details of the imprest holder, the date, the cheque number, the amount issued, the amount surrendered etc.

We have attached the imprest register relating to the ACEII Project showing the individual staff ledgers for your perusal. **Ref.....Annex 28**

### **3. SUMMARY OF FIXED ASSETS REGISTER**

The University maintains an Assets Management module for the entire University assets in its ERP system. In addition, the ACE II Project maintains a subsidiary asset register for all the assets relating to the Project.

We have attached the details of the fixed assets register relating to the office equipment, furniture and fittings procured during the year.....(**Annex 29**)

### **4. BUDGET ABSORPTION**

The Project's planned activities during the year were negatively affected by exogenous factors, principally the Covid-19 Pandemic that forced the closure of the University in the third and fourth quarter.

The activities that were not undertaken due to the restrictions and health protocols relating to the Coronavirus pandemic were therefore postponed to the FY 2020/2021. These included procurement of equipment, staff exchange programmes, workshops and other external activities. Students' research projects that were being undertaken were also not concluded in time and new ones postponed due to suspension of academic programmes at the University.

Some of the equipment that had been procured were also not commissioned in time to facilitate the payment for the deliveries. Since the Project's financial statements are on cash basis, the payments could not be done in this financial year, thus resulting in under-absorption of the funds.

However, we have ensured that these funds are fully absorbed in FY 2020/2021. The Project will also earnestly undertake all the activities that had been postponed due to Covid-19 as per the guidelines of the Ministry of Education and Health.

### **5. ACQUISITION OF NON-FINANCIAL ASSETS**

We have attached the following documents relating to the procurement of the Plasma Enhanced Chemical Vapour Deposition (PECVD) equipment as requested in the draft audit report:

- a) Letter of offer (Notification of award)
- b) Acknowledgement of receipt
- c) Performance bond provided by Finton Logistics Limited
- d) Contract between Moi University and Finton Logistics Limited
- e) Delivery note for the equipment
- f) Goods Received Note (GRN) for the equipment
- g) Inspection and Acceptance Certificate for the equipment

We therefore request that you review your observation on this matter accordingly.

### **3. CONCLUSION**

We will be most obliged to discuss and clarify any matters in the draft audit report with you. On behalf of the University and the Project Management, I would like to thank you and your staff for the invaluable advice and recommendations on improving operations of the ACEII PTRE Project. We will ensure that all the recommendations are implemented.

Yours sincerely,



**PROF. ISAAC S. KOSGEY, Ph.D.**  
**VICE-CHANCELLOR**

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