

REPUBLIC OF KENYA



**REPORT**

THE NATIONAL ASSEMBLY PAPER LAYED	
DATE: 21 FEB 2023	DAY: TUESDAY
TABLED BY: <b>OF</b>	DEPUTY LEADER OF MAJORITY PARTY
PRESENT AT THE TABLE:	IMZOFU MWALE

**THE AUDITOR-GENERAL**

**ON**

**KISII UNIVERSITY**

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





---

# KISII UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE, 2021.

---

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

**TABLE OF CONTENTS**

**Page**

I.	KEY ENTITY INFORMATION AND MANAGEMENT.....	i
II.	CORE BUSINESS OF THE UNIVERSITY.....	v
III.	UNIVERSITY COUNCIL MEMBERS.....	vi
IV.	UNIVERSITY MANAGEMENT TEAM.....	ix
V.	STATEMENT FROM THE CHAIRPERSON OF THE COUNCIL.....	xi
VI.	STATEMENT FROM THE VICE CHANCELLOR.....	xiii
VII.	CORPORATE GOVERNANCE STATEMENT.....	xv
VIII.	MANAGEMENT DISCUSSION AND ANALYSIS.....	xxv
IX.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT.....	xxviii
X.	STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES.....	xxxi
XI.	STATEMENT OF FINANCIAL PERFORMANCE.....	1
XII.	STATEMENT OF FINANCIAL POSITION.....	2
XIII.	STATEMENT OF CHANGES IN NET ASSETS.....	3
XIV.	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2021....	4
XV.	STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR RECURRENT BUDGET FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2021.....	5
XVI.	STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS.....	7
	FOR CAPITAL DEVELOPMENT BUDGET FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2021..	7
XVII.	NOTES TO THE FINANCIAL STATEMENTS.....	8

**I. KEY ENTITY INFORMATION AND MANAGEMENT.**

**(a) Back ground Information**

Kisii University is a body corporate established through the Kisii University Charter of 2013 and the University's Act No 42 of 2012.

**(b) Principal Activity**

(i) The University's core activity is to provide University Education and conduct research.

**(ii) Vision**

To be a World Class University in advancement of Academic Excellence, Research and Social Welfare.

**(iii) Mission**

To train high level human resource that meets the development needs of the country and International Labour Market, sustain production of quality and relevant research and consultancy; disseminate knowledge, skills, values and competencies for the advancement of humanity.

**(iv) Community Service**

To provide community service to the public.

**(v) Core Values**

Kisii University is guided by the following core Values.

1. Professionalism
2. Innovation
3. Research
4. Equity
5. Integrity
6. Community responsibility

**(c) Key Management**

Kisii University governance is under the following key organs.

1. Chancellor
2. University Council
3. University Senate
4. University Management Board
5. School Boards
6. Departmental Boards

**(d) Fiduciary Management**

The Key Management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Vice Chancellor	Prof. John S. Akama PhD
2.	Deputy Vice Chancellor AP&F	Prof. Joseph Mailutha PhD
3.	Deputy Vice Chancellor ARSA	Prof. Fredrick Wanyama PhD
4.	Registrar Research and Extension	Prof. Anakalo Shitandi PhD
5.	Finance Officer	CPA. Charles Maina
6.	Ag. Registrar Administration	Rose Ogata
7.	Ag. Registrar Academic Affairs	Dr. Joash Kerongo PhD

**(e) Fiduciary Oversight Arrangements**

The council members who provided oversight during the financial ended 30<sup>th</sup> June 2021 and who had responsibility in various committees were as follow

Name of the committee	No	Members	Position
Audit Governance, Risk Management and Sealing Committee.	1	Mr. Nelson K.Keshei	Chairperson
	2	Mr. Samuel Mogeni	Secretary
	3	Mr. Samuel Gitau	Member
	4	Ms. Caroline I.C Chizupo	Member
Planning, Finance, Building, Development and General Purpose Committee	1	CPA Stephen Kirwa Bitok	Chairperson
	2	Prof. John S.Akama	Secretary
	3	Major (Rtd) John K Karanja	Member
	4	CPA. Robert Asumani	Member

Human Resource and Appointments Committee	1	Major (Rtd) John K Karanja	Chairperson
	2	Prof. John S.Akama	Secretary
	3	CPA. Robert Asumani	Member
	4	CPA Stephen Kirwa Bitok	Member
Academic, Research, Extension Collaboration and Sealing Committee	1	Ms. Caroline I.C Chizupo	Chairperson
	2	Prof. John S.Akama	Secretary
	3	CPA. Robert Asumani	Member
	4	Mr. Samuel Gitau	Member
	5	Mr. Nelson K.Keshei	Member

**(f) Registered Office and Principal Place Of Business**

Kisii University  
 Along Kisii-Kilgoris Road  
 P.O. Box 408 - 40200  
**KISII, Kenya.**

**(g) University Contacts**

Kisii University  
 P.O. Box 408- 40200  
**KISII, Kenya.**  
 Tel.058-30826  
 Website: [www.kisiiuniversity.ac.ke](http://www.kisiiuniversity.ac.ke)  
 Email: [info@kisiiuniversity.ac.ke](mailto:info@kisiiuniversity.ac.ke)

**(h) University Bankers**

(i) National Bank of Kenya  
 P.O. Box 4566-40200  
**KISII.**

- (ii) Kenya Commercial Bank  
P.O. Box 3684-40200  
**KISII.**
- (iii) Co-operative Bank of Kenya  
P.O. Box 3689-40200  
**KISII.**

**(i) Independent Auditors**

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

**(j) Principal Legal Advisor**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 4112- 00200  
**Nairobi, Kenya**

## **II. CORE BUSINESS OF THE UNIVERSITY.**

The Core business of the University as provided by Kisii University Charter and the University's Act No 42 of 2012 include:

- Provision directly or in collaboration with other institutions of higher learning, facilities for University Education (including technological, scientific and professional education), the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya and beyond.
- Participation in technological innovation as well as in the discovery, transmission, preservation and enhancement of knowledge and to stimulate the intellectual life in economic, social, cultural, scientific and technological development in Kenya;
- Provision and advancement of University education and training of appropriately qualified candidates leading to conferment of degrees and award of diplomas, certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing contribute to human resource needs;
- Conducting the examinations for such academic awards as may be provided in the statutes pertaining to the University, examining and making proposals for new Faculties, Schools, Institutes, Departments, Resources and Research centres, degree courses and subjects of study;
- Contributing to Industrial and Technological Development of society in collaboration with industry and other organisations;
- Inculcating a culture of innovation in science, technology and engineering amongst staff, students and society.

### **III. UNIVERSITY COUNCIL MEMBERS.**



**Name:** Dr. Mildred A. Mudany, PhD.

**County:** Siaya

**Position:** Chairperson

**Date of Birth:** 24/02/1963

**Academic Qualifications:** MBChB. (UoN); MMed. (UoN); PhD. (Tokyo Women's Medical University)

Dr. Mudany is the current Chairperson of the Council. She has wealth of experience in medical field. She has also travelled widely to many parts of the world.



**Name:** Prof. John S. Akama, PhD.

**County:** Nyamira

**Position:** Secretary to the Council (Vice Chancellor)

**Date of Birth:** 08/09/1959

**Academic Qualification:** B.Ed. UoN; M.A (Ohio)PhD Sothern Illinois

Prof. John S. Akama is the Current Vice Chancellor of the University and Secretary to the University Council. He has a lot of experience in Administration of the University having worked at Moi University for many years.



**Name :** Ms. Caroline I.C Chizupo

**County:** West Pokot

**Position:** Member

**Date of Birth:** 13/09/1980

**Academic Qualification:** BA Social Science Catholic University of Eastern Africa; MA (Governance) ,Tangaza college CUEA.

Ms. Chizupo is an independent member of the University Council she has wealth of experience in corporate governance. Ms. Chizupo is the current chairperson of Academic , Research, Extension, Collaboration and Sealing Committee.



**Name:** Major (Rtd) John K. Karanja

**County:** Nairobi

**Position:** Member

**Date of Birth:** 27/07/1966

**Academic Qualification:** LLB University of Nairobi; LLM (TJAGSA)

Mr. Karanja is a distinguished legal practitioner he has a wealth of knowledge on human resource matters. He is the chairman of Human Resource and Appointments Committee



**Name:** Mr. Nelson K. Keshei

**County:** Narok

**Position:** Member

**Date of Birth:** 18/09/1968

**Academic Qualification:** BCOM Accounting Jabalbur India, MA Philosophy; HRM Moi University.

Mr. Keshei is the Chair of the Audit, Governance and Risk Management Committee.



**Name:** Mr. Stephen Kirwa Bitok

**County:** Nandi

**Position:** Member

**Date of birth:** 15/08/1960

**Academic Qualification:** BA Accounting and Finance KEMU; MBA Finance KEMU.

Mr. Bitok is a well-known Economist and a politician. He is the current chairman of the Planning, Finance, Development and General Purposes Committee.



**Name:** Mr. Samuel K. Gitau

**County:** Nyandarua

**Position:** Rep. C.S. National Treasury

**Date of Birth:** 10/11/1965

**Academic Qualification:** BA (UoN) PGD (University of Botswana)

Masters in Economic Policy Management (Makerere University)

Mr. Gitau is an economist and currently working at National Treasury.

He sits in several committees of the council.



**Name:** Mr. Robert Asumani Samuel

**County:** Kisii

**Position:** Rep. PS Ministry of Education

**Date of Birth:** 06/01/1982

**Academic Qualification:** CPA(K) BBM (Moi University) MBA  
(Finance) JKUAT

Mr. Asumani is an Accountant he is currently working as the head of accounts in Ministry of Education State Department University Education. He sits in several committees of the council.

**IV. UNIVERSITY MANAGEMENT TEAM.**



**Name:** Prof. John S. Akama, PhD.

**Position:** Vice chancellor

**Date of Birth:** Sept. 1959

**Academic Qualification:** B.Ed. UoN; M.A (Ohio)PhD Sothern Illinois



**Name:** Prof. Joseph T. Mailutha, PhD.

**Position:** D.V.C (Administration, Planning and Finance)

**Date of birth:** 1954

**Academic Qualification:** BSc Agric Eng, MSc. (Krakow); PhD JKUAT



**Name:** Prof. Fredrick O. Wanyama, PhD.

**Position:** DVC (Academics and Student Affairs)

**Date of Birth:** 16/03/1967

**Academic Qualification:** PhD in Political Science



**Name :** Prof. Anakalo Shitandi, PhD.

**Position:** Registrar Research and Extension

**Date of Birth:** 1963

**Academic Qualification:** BSc. Egerton; PGDE (Kenyatta) ; MSc, PHD (Uppsala).



**Name:** Rose Ogata

**Position:** Ag. Registrar Administration Human Resource and Central Services

**Date of Birth:** 1986

**Academic Qualification:** B.Sc (KU); PGDS (Nagasaki); M.A(UON)



**Name:** Charles M. Mwangi

**Position:** Finance Officer

**Date of Birth:** 1984

**Academic Qualification:** MBA (Finance), C.P.A.(K), B.B M (Accounting),C.S.(Finalist).



**Name:** Dr. Joash Kerongo PhD

**Position:** Ag. Registrar Academic Affairs

**Academic Qualification:** B. Ed. Egerton University, MSc Kenyatta, PhD JKUAT

**V. STATEMENT FROM THE CHAIRPERSON OF THE COUNCIL.**



The University Council was reconstituted by the Cabinet Secretary Ministry of Education through Gazette Notice No. 8985 dated 4<sup>th</sup> November 2020 for a period of three years. The mandate of the Council amongst other responsibilities is to give policy guidelines in order to ensure the smooth operations of University activities.

**Dr. Mildred A. Mudany, PhD.**

It is my pleasure to note that the staff members of this University, under the able leadership of the Vice Chancellor, worked hard during the last financial year towards attaining this objective.

During the period under review, the University faced quite a number of challenges especially decrease in number of students under module two intake which has led to reduction in tuition fee collection. The COVID 19 pandemic also led to serious disruption of the academic calendar. Due to reduction of module two students' intake over the last three financial years, the University has been forced to close down four of its campuses (Kitale, Kisumu, Kabarnet and Nairobi). Currently Nairobi is running as a liaison office. The remaining campuses which include Eldoret, Kericho, Migori and Kapenguria are still being observed by the Council to determine their long term survival and self – sustainability.

In the period under review the University through the Government is in the final stages of completing construction of its key capital projects. The first phase of ICT Centre has been completed and is in use. The second phase of tuition block has also been completed. The second phase of ICT Centre is earmarked to be completed within the coming financial year 2021-2022. The lecture theatre is also at an advanced stage of construction and should also be completed within the coming financial year. The ICT centre is one of the landmark projects which is anchored in vision 2030 blue print. I would therefore like to request the National Government to consider allocating more development funds to the University.

During the year under review the university continued implementation of its strategic plan covering the year 2019-2024. The strategic plan will help the university in achieving its mission and vision. To supplement the inadequate government funding the university has also put in mechanisms to revive its Nyosia Farm. The university also launched a water processing plant. All these efforts are aimed at assisting the university generate the much needed revenue to support its operations.

In conclusion therefore, the University's future is dependent on Government support and other key stakeholders. In this regard, I would like to register my special gratitude to National Government through the Ministry of Education for the support and look forward to more of it during this financial year.



Dr. Mildred A. Mudany, PhD  
**Chairperson of the Council**

**VI. STATEMENT FROM THE VICE CHANCELLOR.**



It is my pleasure to present the Annual Report and Financial Statements of Kisii University for the year ended 30<sup>th</sup> June, 2021. This has been a year of many challenges brought about by the COVID- 19 pandemic which hit the entire world.

**Revenue collection AIA**

The tuition fee collected decreased from Kshs. 711,305,000 collected during the year 2019/2020 to Kshs. 639,648,000 in the year 2020/2021. The decrease in tuition fee is attributed to the declining number of students especially the module two students and the global Covid-19 pandemic. Since the University relies on this stream of revenue to finance its operations most of the programs have been greatly affected.

The achievements in the 2020-2021 financial year were slowed down by the challenges brought about by COVID 19 pandemic however some of the key achievements include the following.

**Academic Matters**

The University continued with its core business of Teaching, Training and Research. In compliance with the Government directive to suspend physical learning in all education institutions the university indefinitely suspended the same and other related activities in the campus. However to ensure that there was no total collapse of the academic activities, the University embraced online teaching through our vibrant E learning department.

**Student Affairs**

Although most of the academic calendar was interrupted the University was able to virtually orient and admit the first year students. The number allocated to the university was in excess of 5,000(five thousand students).

**Graduation Ceremony**

The university conducted its 8<sup>th</sup> graduation ceremony on 18<sup>th</sup> December 2020. The graduation ceremony was conducted virtually.

**ICT development.**

The university has greatly increased its capacity for Virtual learning by enhancing ICT infrastructure to support research, and innovative learning and even more is planned in the near future.

### **Strategic plan**

During the year under review the university continued implementing its strategic plan covering the year 2019-2024. The strategic plan will help the university in achieving its vision and mission

### **Government Support**

On behalf of Kisii University I wish to take this opportunity to thank the National Government for financial support accorded to the University within the financial year.

Finally, I would like to express my thanks to the University Council for providing policy guidelines and the entire University community for working tirelessly to ensure successful and smooth operations of the University.



Prof. John S. Akama, PhD.

**Vice Chancellor**

## **VII. CORPORATE GOVERNANCE STATEMENT.**

Kisii University is a body corporate established through the Kisii University Charter of 2013 and the University's Act No 42 of 2012. The University's core activity is to provide University education and conduct research. The University vision is to be a World Class University in Advancement of Academic Excellence, Research and Social Welfare.

### **1. Current constitution and appointment of the University council.**

**The current membership of the University Council is as follows:**

- a) Chairman- The Chairman is appointed by the Cabinet Secretary Ministry for Education,
- b) Two Members- one person representing the P.S National Treasury and the other one representing the P.S Ministry of Education,
- c) Four other members appointed by the Cabinet Secretary, Ministry of Education,
- d) Vice Chancellor, who is the Secretary to the Council.

### **2. Responsibility of the University Council.**

**The University Council is ultimately responsible for:**

- a) The Mission and the Vision of the University;
- b) Promoting the aims and objectives of the University;
- c) Setting strategic directions for the University;
- d) Oversight of Management;
- e) Make and approve statutes for gazettelement in accordance with the provisions of the Act;
- f) The appointment and performance management review of the Vice Chancellor;
- g) Setting and monitoring broad budget and planning framework, ensuring that the University finances are sound, and taking major financial decisions;
- h) Monitoring University performance against strategic objectives;

- i) Setting and clearly examining Council policy and risk management;
- j) Extending links and communication between the University and the wider community;
- k) Legislative roles, including ensuring that the University is acting without ethnic bias and is in conformity with all legal requirements;
- l) Fundraising and resource mobilisation;
- m) Approve budgets of the University;
- n) Council performance and succession planning.

The current University Council was constituted by the Cabinet Secretary Ministry Of Education on 4<sup>th</sup> November 2020. The profile of the current University Council members is provided on page (vi)

### **3. Remuneration of the Council Members.**

The University Council members other than the Vice Chancellor do not receive a salary. They are however paid a sitting allowance for every meeting attended. The allowances paid to Council members are disclosed in note 7 of the Financial Statements.

### **4. University Council Meetings.**

The meetings of the University Council are held at least once every quarter in a calendar year. In order to facilitate the smooth running of its affairs, the University Council establishes such committees with membership and with such terms of references as it may deem fit. A calendar of University Council and its committees is prepared before the beginning of each financial year. During the meetings conflict of interest is declared and recorded in all committee and full board meetings, the declaration of which is embedded in the agenda items. A conflict of register form is signed by each council member declaring any existing conflict or lack of the same at all meetings.

The University Council and Committees meetings held within the financial year 2020-2021 were as follows.

Committee	Audit Governance, Risk Management and Sealing Committee.									
	08/02/2021	03/05/2021								
Mr. Nelson Keshei	✓	✓								
Mr. Samuel Mogeni	✓	✓								
Mr. Samuel Gitau	✓	✓								
Ms. Caroline I. C Chizupo.	✓	✓								
	Planning, Finance, Building, Development and General Purpose Committee									
	25/01/2021	07/06/2021								
Hon. Stephen Kirwa Bitok	✓	✓								
Prof. John S. Akama	✓	✓								
Maj. Rtd. John Karanja	✓	✓								
Mr. Robert Asumani	✓	✓								

Human Resource and Appointments Committee									
	15/03/2021	17/05/2021	28/06/2021						
Maj. Rtd. John Karanja	✓	✓	✓						
Prof. John S. Akama	✓	✓	✓						
Hon. Stephen Kirwa Bitok	✓	✓	✓						
Mr. Robert Asumani	✓	✓	✓						
Academic, Research, Extension Collaboration and Sealing Committee									
	08/03/2021	19/04/2021							
Ms. Caroline I. C Chizupo.	✓	✓							
Prof. John S. Akama	✓	✓							
Mr. Nelson Keshei	✓	✓							
Mr. Samuel Gitau	✓	✓							
Mr. Robert Asumani	x	✓							

*Kisii University Annual Report & Financial Statements For The Year Ended 30<sup>th</sup> June 2021*

	Full council							
	03/12/2020	14/12/2020	11/01/2021 Induction.	29/03/2021	21/06/2021			
Dr. Mildred Mudany	✓	✓	✓	✓	✓			
Ms. Caroline I. C Chizupo	✓	✓	✓	✓	✓			
Prof. John S. Akama	✓	✓	✓	✓	✓			
Mr. Nelson Keshei	✓	✓	✓	✓	✓			
Mr. Samuel Gitau	✓	✓	✓	✓	✓			
Mr. Robert Asumani	✓	✓	✓	✓	✓			
Hon. Stephen Kirwa Bitok	✓	✓	✓	✓	✓			
Maj. Rtd. John Karanja	✓	✓	✓	✓	✓			

**5. Committees of the University Council.**

The University Council has established the following committees:

**a) Planning, Finance, Building, Development and General purpose committee.**

The committee is responsible for the following:

- Making recommendations to the Council on Annual Budgets in the light of overall plan, the annual operating budgets from the academic division, other cost centres and other relevant information;
- Reviewing the University's financial strategy for approval by the Council;
- Reviewing the University's Annual Financial Statements and reporting to the Council;
- Reviewing the University's financial regulations from time to time and recommending any necessary changes in those regulations to the Council;
- Reviewing the University's Investment Policy from time to time and reporting to Council;
- Overseeing the University's Financial Management and Financial Control Systems and making quarterly reports to the Council;
- Such other action on behalf of the University Council in relation to the University's financial business as may be required from time to time.

**b) Human Resource and Appointment Committee.**

The committee oversees the formulation and subsequent monitoring and review of policies and strategies on employment of all University staff, including policies on recruitment and selection, staff development and training, performance management schemes, salaries and other conditions of service.

The committee is responsible for the following matters:

- Reviewing and monitoring the implementation and effectiveness of the University's employment policies through regular reports provided by the Management Board;

- Overseeing the relations between the University and its employees;
- Reviewing and making recommendations to the University Council, on the salaries, allowances and other terms and conditions of service of the Vice Chancellor, the Deputy Vice Chancellors and such other senior officers of the University as the Council may determine from time to time;
- Monitoring key performance indicators as agreed by Council;
- Receiving and considering proposals on strategy and policy in all matters relating to the recruitment, reward, retention, motivation, and development of the University's staff and make recommendations to the Council;
- Receiving reports from Management Board relating to promotion.

**c) Audit Governance, Risk Management and Sealing Committee.**

**The committee is responsible for the following:**

- Providing leadership and advising Council on strategic issues related to risk management, quality management, and compliance with bench mark standards and Statutory Regulations;
- Reviewing and monitoring the effectiveness of the University's risk Management Policies and strategies in mitigating against identified potential risks and in improving management and control;
- Receiving and considering proposals from the internal audit section on the internal audit and compliance work plans, and making recommendations to Council for approval;
- Receiving and considering quarterly internal audit and compliance reports and making recommendations to the Council;
- Receiving and considering Annual External Audit Report submitted by external auditors and making recommendations to the Council;
- Receiving and considering proposals on quality review cycle and internal quality assessment plans from the management board and making recommendations to Council for approval.

**d) Academic, Research, Extension Collaboration and Sealing Committee**

**The committee is responsible for the following**

- Receive and consider reports from Senate and make recommendations to Council on academic matters including:
  - ✓ Curriculum and academic standards of any course of study;
  - ✓ Establishment, harmonization or abolition of Campuses, Schools, Units, Departments, and Centres;
  - ✓ Promotion of research and innovation work in the University and dissemination of the findings;
  - ✓ Quality standards and assurance of education, training, research and innovation; and Students' welfare.
- To receive and recommend to the Council approval of University Statutes.
- To receive and recommend to the Council approval of the Students Handbook.
- To receive and recommend to the Council approval of the Constitution for the Students Association.
- Oversee the constitution of Alumni Association and receive reports on their proposals and recommendations;
- To advise Council on students' access and admissions, curriculum design, course and fees structure, academic and mentoring support, provision and use of learning resources and students welfare.
- To establish and review structures and mechanisms for assuring the implementation of academic policies, the maintenance of standards and enhancement of good practice;
- To oversee and co-ordinate activities associated with national and external agencies involved in quality assurance;
- To develop, amend, repeal and approve regulations concerning academic programmes;
- To receive and consider proposals and nominations for the award of honorary degrees and recommend to the full Council award of honorary degrees;
- To consider and advice Council on all matters related to research and innovation in the University.
- To receive, consider and recommend for approval regulations governing students conduct and discipline;
- To authorize on behalf of the Council the application of the University Seal on documents;
- To determine the types and amount of fees to be paid by students
- In consultation with the Human Resource and Appointments Committee, recommend to the Council on recruitment and promotion of academic staff of the University; and
- To undertake any other responsibility assigned by the Council from time to time.

The University Council nominates the Chairperson of each committee of the Council. In absence of a substantive chairperson the members present and constituting a quorum may elect a person from among them to chair the meeting. The chairperson of the University Council and the Vice Chancellor are ex-official members of every committee of the Council except the audit committee.

## **6. The Management Board**

Section 24 (1) of Kisii University Charter provides for the formation of the Management Board which shall function as the Executive Board as provided for in the provisions of the act and the statutes. The Management Board members are appointed by the University Council.

**The current membership consists of the following:**

- a) The Vice Chancellor-who is the chairperson;
- b) Deputy Vice Chancellors;
- c) Registrars; and
- d) The Finance Officer.

**The Management Board is responsible for the following:**

- a) Overseeing the day to day running of the University;
- b) Efficient management of the human, physical and financial resources of the University;
- c) Coordinating and controlling the development, planning, management, and administration of the University and its resources in accordance with approved policies, rules and regulations;
- d) Submitting proposals to the University Council concerning Annual Financial Statements, development priorities, staff development plans, terms and conditions of service, fund raising strategies, student welfare, public relations policies, academic partnerships and linkages with other institutions, collaboration with industry, as well as any policies and any

matters related to the development, management and administration of the University;

- e) Authorising the initiation of legal proceedings on behalf of the University;
- f) Proposing to the University Council rules and regulations for the administration of the University and for the execution of its programmes and plans;
- g) Establishing any University charges and fees ; and
- h) Performing any other duties relating to the management of the University.

## **VIII. MANAGEMENT DISCUSSION AND ANALYSIS.**

### **8.1 Student Enrolment**

Kisii University started experiencing a reduction in the number of student admission after the year 2015. Subsequently there has been a continuous decline especially the number of module two students. SSP (Self sponsored students).

However the number of government sponsored students has been increasing marginally for the last three years

Academic year	Government sponsored students allocated
2020/2021	5502
2019/2020	2855
2018/2019	1831
2017/2018	2246
2016/2017	1950
2015/2016	995

### **8.2 Graduation Statistics**

The university conducted its graduation ceremony on 18<sup>th</sup> December 2020. Below is the graduation statistics for the entire period since the award of the Charter.

Year	Cert	Diploma	Bachelors	Masters	PhD	Total
2020/2021	40	161	1129	24	15	1,369
2019/2020	160	268	1684	60	25	2,197
2018/2019	256	993	3873	37	5	5,164
2017/2018	74	1452	4082	63	14	5,685
2016/2017	36	2151	3374	103	9	5,673
2015/2016	-	1214	2169	80	-	3,463
2014/2015	-	898	2396	124	-	3,418
2013/2014	-	695	1641	89	5	2,430
Total	-	522	984	72	-	1,578
	566	8,354	21,332	652	73	30,977

### **8.3 Employee Costs**

The University Employee costs have been increasing over the years. In comparison with the total budget requirements the average employee costs has been more than 60 %. The university management is fully aware that this trend is not sustainable in the near future unless

the government injects more funding to the institution. In view of this the management has started the process of reducing this burden by declaring staff redundancy.

The employee costs in comparison with the total revenue is shown below.

Financial Year	Employee costs	Total revenue	%
2015/2016	1,677,809,000	3,197,065,000	52
2016/2017	1,688,496,000	3,048,605,000	55
2017/2018	1,957,781,000	2,922,969,000	67
2018/2019	1,768,866,000	2,509,495,000	70
2019/2020	1,970,047,000	2,128,061,000	82
2020/2021	1,529,856,000	1,841,515,000	83

#### **8.4 Operation and Financial Performance Highlights**

The revenue generated by the University has been on down ward trend for the last four financial Years. This is a result of reduced enrolment of self-sponsored students. For the year under review the university registered an operating deficit.

The table below shows the revenue trend for the last four financial years.

Financial Year	Exchequer	AIA	TOTAL
2015/2016	958,497,000.00	2,238,568,000.00	3,197,065,000.00
2016/2017	1,061,278,000.00	1,987,327,000.00	3,048,605,000.00
2017/2018	1,289,139,000.00	1,633,830,000.00	2,922,969,000.00
2018/2019	1,141,152,000.00	1,368,343,000.00	2,509,495,000.00
2019/2020	1,330,008,000.00	798,053,000.00	2,128,061,000.00
2020/2021	1,139,706,000.00	701,809,000.00	1,841,515,000.00

#### **8.4 Key projects that The University is implementing**

During the year under review the university was implementing three key projects.

a) Construction of lecture theatres

The lecture theatres are in the final stages of completion. The remaining works are external works and fixing of furniture.

b) Construction of ICT CENTER

The first phase of ICT CENTER is complete and handed over to the university. The remaining works for second phase will be completed within this financial year

c) Construction of tuition complex

The second phase of tuition complex has already been completed and handed over to the university.

**8.5 Compliance with statutory requirements.**

During the year under review the University complied with other statutory deductions except pension. The university has put in place arrangements to clear the outstanding amounts in the new financial including having discussion with Retirement Benefit Authority.

**8.6 Major potential risks that the university may face.**

- a) Political risks
- b) Economic risks such as inflation
- c) Insufficient funding due to inadequate exchequer allocation and low revenue collection especially due to decline in self sponsored students
- d) New government regulations
- e) Non-compliance with legal and statutory obligations due to lack of enough funds
- f) Inadequate infrastructure

**8.7 Material arrears in Statutory & Financial Obligations.**

During the Year under review the University had material arrears in statutory and financial obligations as follows:

- a) Payroll deductions
- b) Sundry creditors
- c) Part time lecturers

The university has been using internally generated funds to supplement its budgetary requirements however with the COVID-19 pandemic the revenue collected have reduced drastically.

## **IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT.**

Kisii University was founded for public benefit, to promote education and knowledge, and to provide an institution open to all, irrespective of race, creed or political belief. It is a pioneering institution in making higher education available to women and the less fortunate in society and those unable to pursue traditional forms of study.

The University seeks to replicate this commitment to the academic enterprise and to wider society, through all of its operations and activities. The University endeavours to conduct its business in accordance with the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

**Kisii University Corporate Social Responsibility is centred on three pillars:**

- People and Community
- Finance and Economic Activity
- Environmental Sustainability

### **(1) People and Community**

#### **The University as an employer**

Kisii University is committed to being a good employer, and to contribute positively to the local community, the education sector in Kenya and the global community. As an employer the University is committed in ensuring that all staff members are fully supported in their work, have a decent working environment, and are fairly rewarded. The University engages with recognised Trade Unions which represent and protect the interests of its staff. The University offers competitive terms and conditions of service to its directly employed staff. The University also encourages and supports staff to engage in activities which benefit the wider community and society.

**In order to achieve this, the University commits to:**

- Embedding equality and diversity into all operations
- Allowing staff time for civic and public duties.

- Encouraging payroll donation, fundraising and other charitable activities.
- Ensuring staff can achieve their full potential through training, mentoring, and other staff development activities.
- Achieving the highest practical standards of health and safety for our staff, students, and visitors.

### **Local Community**

Kisii University is a major tenant and employer in the local community with considerable operations in Kisii town. It opens up events and facilities to the public and participates in specific community engagement projects.

In support of the local community Kisii University through the research and extension department is undertaking free training to the farmers on the following projects.

- Training farmers at Nyosia farm on new farming methods through the use of modern technology;
- Offering of artificial insemination to animals of selected farmers;
- Enhancing farmers' knowledge and skills on how to generate more farm produce from their farms.

### **Kisii University as an agent of peace and conflict resolution**

Currently the University is offering a course to train key members of the local community on how to manage and maintain peace between various communities living in Kisii.

In addition to this local pastors are also continuously being trained on various leadership skills.

### **Freedom of Expression**

As an academic institution, the University encourages debate and discussion and supports the right of peaceful protest where this does not threaten the

health and safety of staff, students or visitors, and does not infringe upon others rights to freedom of expression and association.

## **(2) Finance and Economic activity**

The University recognises the way in which it conducts its activities financially, has a bearing on those with an interest in its work. The University financial regulations follow the laid down Accounting Standards.

## **(3) Environmental Sustainability**

Kisii University recognises environmental sustainability as the greatest challenge of the 21<sup>st</sup> century and commits to ensuring that all of its major strategies and operations consider their environmental and ecological aspects and impacts. In this respect Kisii University is;

- a) Partnering with County Government of Kisii in keeping the Kisii town clean. This is done by sponsoring students and staff to freely participate in the cleaning programmes.
- b) In order to maintain a healthy environment, Kisii University recently removed asbestos roofing materials and replaced them with eco-friendly iron sheets.

## **(4) Fight against Covid 19 Pandemic**

During the year under review the university was actively engaged through our medical department in the distribution of free face mask to the surrounding community.

**X. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES.**

The Public Financial Management Act of 2012, Kisii University Charter of 2013 and the Universities' Act of 2012 Cap 42 require the University Council to prepare Financial Statements of Kisii University which give a True and Fair view of the state of affairs of the University as at the end of the financial year and the operating results of the University for the year. The Council members are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council members are also responsible for safeguarding the assets of the University.

The Council members accept responsibility for the Annual 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 provided by the Public Financial Management Act of 2012 and the Universities' Act of 2012 Cap 42.

The Council members are of the opinion that the Financial Statements give a true and fair view of the state of University's transactions during the financial year ended on 30<sup>th</sup> June 2021, and the University's financial position as at that date.

The Council members further confirm the completeness of the accounting records maintained in the University, which have been relied upon in the preparation of the Financial Statements, as well as adequate operation systems of Internal Financial Controls.

The University Council members wish to state that for the University to remain a going concern it will continue relying upon Government and the Creditors Support.

**Approval of the Financial Statements**

The University's Financial Statements were approved by the Council and signed on its behalf by:



**Dr. Mildred A. Mudany, PhD**  
**Chairperson of the Council**



**Prof. John S. Akama (PhD)**  
**Vice Chancellor**



**Mr. Charles M. Mwangi**  
**FINANCE OFFICER**  
**(ICPAK No. 13211)**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON KISII UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2021**

---

### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of the Kisii University set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all

the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kisii University as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Non-Disclosure of Material Uncertainty in Relation to Sustainability of Services**

The statement of financial performance reflects deficit for the period of Kshs.279,943,000 (2020-Kshs.508,827,000) while the statement of financial position reflects accumulated deficit to Kshs.457,451,000 (2020 - Kshs.177,508,000). Further, the statement of financial position reflects current liabilities amounting to Kshs.805,856,000 and current assets of Kshs.371,766,000 resulting in a negative working capital of Kshs.434,090,000.

The negative liquidity position is an indication of the existence of a material uncertainty which may cast a significant doubt on the University's ability to sustain its services and to meet its obligations as and when they fall due. Although Management has prepared financial statements on a going concern basis on the assumption that the University will continue to receive financial support from the Government, the material uncertainty in relation to sustainability of services and any mitigating measures put in place by Management to reverse the undesirable financial position has not been disclosed in the Notes to the financial statements.

In the circumstances, non disclosure on material uncertainty in relation to sustainability of services is in violation of the International Public Sector Accounting Standards one on presentation of financial statements.

#### **2. Long Outstanding Receivables from Exchange Transactions**

As disclosed in Note 13 to the financial statements, the statement of financial position as at 30 June, 2021 reflects receivables from exchange and non-exchange transactions net balance of Kshs.197,926,000 after a provision for bad and doubtful debts of Kshs.10,417,000. The gross balance of Kshs.208,343,000 includes students' debtors (outstanding fees) amounting to Kshs.203,910,000 that have been long outstanding. No satisfactory reason was provided for failure to collect student debts and provision for bad debts of 5% appear to be inadequate.

Consequently, accuracy, completeness and fair presentation of the receivables from exchange and non-exchange transactions net balance of Kshs.197,926,000 as at 30 June, 2021 could not be confirmed.

#### **3. Long Outstanding Trade and Other Payables from Exchange Transactions**

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.791,070,000 as disclosed in Note 17 to the financial statements. The balance includes University staff pay and deductions amount of Kshs.469,526,000 which further includes unremitted PAYE of Kshs.25,437,458, pension contributions of Kshs.292,904,712 that have been long outstanding.

Further, the trade and other payables balance includes are unpaid part time expenses totalling Kshs.182,650,000 which similarly, have been long outstanding. The Management did not provide an explanation for failure to meet the obligations.

In the circumstances, failure by Management to meet obligations as they fall due exposes the University to penalties and litigations from suppliers.

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

### **Key Audit Matters**

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

### **Other Matter**

### **Budget and Budgetary Performance**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects budgeted revenue of Kshs.2,823,426,000 while the actual receipts were Kshs.1,841,515,000 resulting in a revenue shortfall of Kshs.981,911,000 or 35% of the targeted revenue. Similarly, the University had budgeted to spent Kshs.2,823,426,000 but the actual total expenditure was Kshs.2,121,458,000 resulting in an under-expenditure of Kshs.701,968,000 or 25% of the budgeted amount.

The shortfall in revenue and under-expenditure implies that, the University did not realize its goals and objectives as planned during the year under review.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Stalled Capital Projects**

The statement of financial position reflects property, plant and equipment balance of Kshs.3,104,889 as disclosed in Note 15 to the financial statements. The balance includes work in progress of Kshs.2,579,740,000. Review of documents relating to work in progress revealed that works on three projects of ICT village (contract sum - Kshs.784,016,033), tuition block (contract sum - Kshs.306,534,994) and lecture block (contract sum - Kshs.118,366,784) had stalled in the year under review and the contract periods had lapsed.

In the circumstances, delayed completion of the projects may lead to cost escalations arising from variations due to contract period extensions.

## **2. Non-Compliance with Law on Fiscal Responsibility-Wage Bill**

The statement of financial performance reflects employees costs totalling Kshs.1,529,856,000 and total revenue of Kshs.1,841,515,000 for the year ended 30 June, 2021. An analytical review of the employees' costs as a percentage of total revenue revealed that employees' costs constituted 83% of the total revenue contrary to the maximum threshold of 35% provided for under Regulation 107(2) of the Public Finance Management (National Government) Regulations, 2015.

Consequently, the Management was in breach of the law.

## **3. Non-Compliance with Law on Ethnic Composition**

Review of the human resource records revealed that 70.3% of the staff members were from one ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community.

Consequently, the Management was in breach of the law.

## **4. Appointment on Acting Positions**

Audit verification of staff files and payrolls revealed that eight (8) members of staff had been appointed to acting positions at the University for a period beyond the stipulated six (6) months. Some officers had served on acting capacity for a period exceeding sixty-two (62) months. The Management therefore contravened Section C.14(1) of the Human Resource Policies and Procedures Manual for the Public Service of May, 2016 which prohibits an officer from acting in a position for more than 6 (six) months.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Lack of ICT Continuity and Disaster Recovery Plans**

During the year under review, the University operated without an approved Information System Disaster Recovery Plan and a Business Continuity Plan contrary to the Government ICT Standard ICTA-3.002:2019 which require ministries, counties, and state agencies to develop, implement and maintain business continuity and disaster recovery plans.

Consequently, any disruptive event affecting the information systems may render the University unable to recover lost data or continue operating normally.

### **2. Ownership of Software Licenses and IT Technical Support**

A walkthrough of the University IT system revealed the University does not have licenses for the information technology applications in use. Further, some computers cannot receive security updates because the installed operating system is no longer supported by the service provider.

In the circumstances, lack of ownership for software licenses and IT technical support exposes the University to loss of data.

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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and the University Council**

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

In preparing the financial statements, the Management is responsible for assessing the University's ability to sustain 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 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, the Directors are 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 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 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 control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

01 September, 2022



**XI. STATEMENT OF FINANCIAL PERFORMANCE.  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021.**

	Note	2020-2021	2019-2020
		Kshs '000	Kshs '000
<b>Revenue From Non-Exchange Transactions</b>			
Exchequer Allocations	3	1,139,706	1,088,476
Accrued Income (CBA Arrears)	3	-	241,532
		1,139,706	1,330,008
<b>Revenue From Exchange Transactions</b>			
Tuition Fees	4	639,648	711,305
Income Generating Units	5	62,161	86,748
		701,809	798,053
<b>Total Revenue</b>		<b>1,841,515</b>	<b>2,128,061</b>
<b>Expenses</b>			
Employee Costs	6	1,529,856	1,970,047
Council Expenses	7	11,817	15,916
Depreciation Expense	8	36,908	37,903
Contracted Services-Part Time Lecturers	9	107,736	73,314
General Expenses	10	421,515	532,071
Audit Fees	11	-	580
Service Gratuity	11	13,626	7,057
<b>Total Expenses</b>		<b>2,121,458</b>	<b>2,636,888</b>
<b>Surplus/Deficit For the Period</b>		<b>(279,943)</b>	<b>(508,827)</b>

**XII. STATEMENT OF FINANCIAL POSITION**  
AS AT 30<sup>TH</sup> JUNE 2021.

	Note	2020-2021 Ksh '000	2019-2020 Ksh '000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash Equivalents	12	160,579	138,974
Receivables from Exchange and non-Exchange Transactions	13	197,926	393,547
Inventories	14	13,261	14,382
<b>Total Current Assets</b>		<b>371,766</b>	<b>546,903</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	15	3,104,889	3,059,408
Biological assets	16	2,498	832
<b>Total Non- Current Assets</b>		<b>3,107,387</b>	<b>3,060,240</b>
<b>Total Assets</b>		<b>3,479,153</b>	<b>3,607,143</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	17	791,070	659,831
Provisions	11	14,786	8,217
<b>Total Current Liabilities</b>		<b>805,856</b>	<b>668,048</b>
<b>Total Liabilities</b>		<b>805,856</b>	<b>668,048</b>
<b>Net Assets</b>			
Capital Development funds	18	3,130,748	3,116,603
Accumulated Surplus	18	(457,451)	(177,508)
<b>Total Net Assets</b>		<b>2,673,297</b>	<b>2,939,095</b>
<b>Total Net Assets and Liabilities</b>		<b>2,673,297</b>	<b>2,939,095</b>

The Financial Statements set out on pages 1 to 25 were signed on behalf of the Council by:

**Chairperson of the Council**

15/02/2022  
Date.....

Sign:.....

**Vice Chancellor**

15/02/2022  
Date.....

Sign:.....

**Finance Officer**

15/02/2022  
Date.....

Sign:.....

**XIII. STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2021.**

	Note	Capital Development Funds	Accumulated Surplus	Total
		Kshs '000	Kshs '000	Kshs '000
Balance as at 30 <sup>th</sup> June 2013		<u>1,460,455</u>	<u>270,978</u>	<u>1,731,433</u>
Capital Development funds from the Government		110,728		110,728
Surplus			22,806	22,806
Balance as at 30 <sup>th</sup> June 2014		<u>1,571,183</u>	<u>293,784</u>	<u>1,864,967</u>
Capital Development funds from the Government		246,527		246,527
Surplus			26,489	26,489
Balance as at 30 <sup>th</sup> June 2015		<u>1,817,710</u>	<u>320,273</u>	<u>2,137,983</u>
Capital Development funds from the Government		174,360		174,360
Surplus			22,241	22,241
Balance as at 30 <sup>th</sup> June 2016		<u>1,992,070</u>	<u>342,514</u>	<u>2,334,584</u>
Capital Development funds from the Government		279,846		279,846
Surplus			4,351	4,351
Balance as at 30 <sup>th</sup> June 2017	18	<u>2,271,916</u>	<u>346,865</u>	<u>2,618,781</u>
Capital Development funds from the Government		64,108		64,108
Surplus			4,056	4,056
Balance as at 30 <sup>th</sup> June 2018	18	<u>2,336,024</u>	<u>350,921</u>	<u>2,686,945</u>
Capital Development funds from the Government		500,419		500,419
Surplus/Deficit			(19,602)	(19,602)
Balance as at 30 <sup>th</sup> June 2019	18	<u>2,836,443</u>	<u>331,319</u>	<u>3,167,762</u>
Capital Development funds from the Government		280,160		280,160
Surplus/Deficit			(508,827)	(508,827)
Balance as at 30 <sup>th</sup> June 2020		<u>3,116,603</u>	<u>(177,503)</u>	<u>2,939,095</u>
Capital Development funds from the Government		<u>14,145</u>		<u>14,145</u>
Surplus/Deficit			<u>(279,943)</u>	
Balance as at 30 <sup>th</sup> June 2021		<u>3,130,748</u>	<u>(457,451)</u>	<u>2,673,297</u>

**XIV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021.**

	Note	2020-2021	2019-2020
		Ksh '000	Ksh '000
<b>Cash Flows From Operating Activities</b>			
<b>Surplus/Deficit for the year</b>		(279,943)	(508,827)
<b>Adjusted for:</b>			
Depreciation	8	36,908	37,903
Increase in Provisions	11	6,569	888
		(236,466)	(470,036)
<b>Changes in Working Capital</b>			
Increase in Biological assets		(1,666)	381
Increase in Inventories		1,121	(550)
Decrease in Receivables		195,621	133,649
Increase in Payables		97,014	193,539
<b>Net Cash flows from operating Activities</b>		<b>55,624</b>	<b>(143,017)</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, Plant and Equipment	15	(82,389)	(235,429)
<b>Cash flows from Financing activities</b>			
Capital Development Grant	3	14,145	280,160
Bank Overdraft	17	34,225	15,701
<b>Net cash flows used in investing activities</b>		<b>(34,019)</b>	<b>60,432</b>
Net increase in cash and cash equivalents		21,065	(82,585)
Cash and cash equivalent as at 30 <sup>th</sup> June 2020	12	138,974	221,559
<b>Cash and cash equivalent as at 30<sup>th</sup> June 2021</b>	<b>12</b>	<b>160,579</b>	<b>138,974</b>

**XV. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR RECURRENT BUDGET FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021.**

Item	Original Budget 2020-2021	Adjustment 2020-2021	Final Budget 2020-2021	Actual on comparable basis 2020-2021	Performance difference 2020-2021
<b>Revenue</b>	Kshs.000	Kshs.000	Kshs.000	Kshs.000	Kshs.000
Government Grants & Subsidies	1,114,706	25,000	1,139,706	1,139,706	
AIA Tuition	1,683,720		1,683,720	639,648	-1,044,072
Other Incomes				62,161	62,161
<b>Total Income</b>	<b>2,798,426</b>	<b>25,000</b>	<b>2,823,426</b>	<b>1,841,515</b>	<b>-981,911</b>
<b>Expenses</b>					
Employee Expenses	1,893,309		1,918,309	1,529,856	388,453
Council Expenses	25,000		25,000	11,817	13,183
Advertising	15,000		15,000	1,782	13,218
Conferences Delegations	15,000		15,000	476	14,524
Electricity	15,500		15,500	9,653	5,847
Fuel and Oil	16,000		16,000	9,060	6,940
Insurance	27,000		27,000	3,818	23,182
Postage	3,000		3,000	234	2,766
Printing and Stationery	35,000		35,000	14,712	20,288

Rental	130,000		130,000	120,608	9,392
Part time Expenses	162,000		162,000	107,736	54,264
Travelling Subsistence	90,000		90,000	70,497	19,503
Repairs Maintenance	23,000		23,000	13,781	9,219
Other Expenses	348,617		348,617	176,894	171,723
Provisions				50,534	-50,534
<b>Total Expenditure</b>	<b>2,798,426</b>	<b>25,000</b>	<b>2,823,426</b>	<b>2,121,458</b>	<b>(279,943)</b>
<b>Deficit for the period</b>				<b>(279,943)</b>	

**Explanation of Material differences on the Statement of Comparison of Budget and Actual Amounts.**

**Tuition**

Tuition fee collected decreased from Kshs711,305,00 collected in the year 2019/2020 to Kshs.639,648,000 in the year 2020/2021. The reduction was attributed to the decline in the number of students especially module two and the global Covid-19 pandemic which resulted in the closure of the university.

**XVI. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS  
FOR CAPITAL DEVELOPMENT BUDGET FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2021.**

	Original Budget	Adjustment	Final Budget	Actual on comparable basis	Performance difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue	Kshs.000	Kshs.000	Kshs.000	Kshs.000	Kshs.000
Government Grants & Subsidies					-
Projects					
Lecture theatres					
Hostels	28,290	14,155	14,155	14,155	-
ICT Center					
<b>Total Income</b>	<b>28,290</b>	<b>14,155</b>	<b>14,155</b>	<b>14,155</b>	<b>-</b>

**XVII. NOTES TO THE FINANCIAL STATEMENTS.**

**1. Statement of Compliance and Basis of Preparation;**

The University's Financial Statements for the year ended 30<sup>th</sup> June 2021 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) accrual. This is the third year of adoption and the previous years have been restated accordingly. The Financial Statements are presented in Kenya shillings, which is the functional and reporting currency of the University and all values are rounded to the nearest thousand (Kshs.'000'). The accounting policies have been consistently applied to all the years presented. The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow is prepared using the indirect method. The Financial Statements are prepared on accrual basis.

**2. Summary of Significant Accounting Policies;**

**a) Revenue Recognition**

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

**Exchequer Allocations**

The University receives Government Capitation for Recurrent Expenditure and is recognised in the statement of financial performance. The University recognises the grants when the budget estimates are approved hence there are no accrued grants at the end of the year. The Capital Development grants are recognised and credited to the Capital Development Funds.

**ii) Revenue from exchange transactions;**

**Tuition**

The University recognizes tuition revenue in the period in which it is earned.

**Income Generating Units**

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

**b) Budget Information:**

The Annual Budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional Financial Statement in the statement of comparison of budget and actual amounts.

**c) 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. Land is not depreciated as it is deemed to have an infinite life. Depreciation on the other property is charged so as to write off the assets during their estimated useful life, using reducing balance method.

Assets acquired during the first six months of the year attract full depreciation while those acquired in the last six months of the year are not depreciated.

**The annual rates are: (Reducing Balance Method.)**

Buildings	-	2.5%
Machinery & Equipment	-	20%
Infrastructural Assets	-	2.5%
Furniture & Fittings	-	12.5%
Motor Vehicles	-	25%
Library Books	-	20%
Cutlery	-	33.3%
Office equipment's	-	20 %

**d) 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.

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

**e) Biological Assets;**

The University recognises and measures its Biological Assets on initial recognition and at each reporting date at its fair value less costs to sell. The fair value reflects the current market value. The University currently owns cows, goats and rears fish as part of its Biological Assets.

**f) Provisions;**

Provisions are measured at the Management's best estimate of the expenditure required to settle the obligation at the reporting date.

**g) Employee Benefits;**

**Retirement Benefit Plans,**

The University operates a Defined Contribution Scheme for its employees. The assets of this scheme are held in a separate Trustee Administered Fund. The scheme is funded by contributions based on the basic salary from both employees and employer at a rate of 10% and 20% respectively. Benefits are paid to retiring employees in accordance with the scheme rules.

The University also contributes to the statutory National Social Security Fund (NSSF). This is a Defined Contribution Scheme registered under the NSSF Act. The University's obligations under this scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 200/= per employee per month. The University's obligations to Staff Retirement Benefit Schemes are charged to the statement of financial performance in the year to which they relate.

**h) Related parties:**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. The University's parent Ministry is the Ministry of Education Science and Technology. The University gets its grants through this Ministry. Other related parties include the Council members and the Senior Management. Key transactions and balances with the related parties are clearly shown in the following notes;

- Council remuneration is shown in note number 7.
- Funds received from the Ministry are shown in note number 3 (i) and (ii).

**i) Cash and Cash Equivalents;**

Cash and Cash Equivalents comprise cash on hand and cash at bank, as the University does not have any short-term deposits or liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash.

Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purpose of these Financial Statements cash and cash equivalents does not include imprests and advances which were not surrendered at the end of the financial year.

**j) Comparative figures;**

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

**k) Receivables;**

Receivables are recognised when commitments are effected. A provision of 5% of total receivables has been provided to take care of the receivables, which may not be recovered in full.

**l) Significant judgements and sources of estimation uncertainty;**

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 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.

**Key sources of estimation Uncertainty;**

**Equipments;**

Critical estimates are made by the Council in determining the depreciation rates of the equipments.

**Impairment;**

At each statement of financial position date, the entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

**Provisions and contingent Liabilities;**

The University reviews its obligations at each balance sheet date to determine whether provisions need to be made and if there are any contingent liabilities.

**Useful Lives and Residual Values;**

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

- The condition of the asset based on the assessment of experts employed by the entity.
- The nature of the asset and its, susceptibility and adaptability to changes in technology and processes.
- The nature of the process in which the asset is deployed.

**m) Description and nature and purpose of each reserve in statement of net asset;**

Capital Development fund- These are funds which are received by the University from the Government for purposes of Capital Development. Currently the projects being funded by these funds are still on-going.

Accumulated Surplus- This is accumulated surplus realised by the University over the years.

**n) Intangible assets**

The ERP system that qualifies for classification under intangible assets is still under implementation and therefore no amortization provision has been made in this financial year.

**o) Leases**

A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership of an asset are passed to the lessee. All other leases are classified as operating leases to the surplus or deficit on a reducing balance basis over the period of the lease.

**p) Risk Management**

The University activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risks.

**Credit risk**

The University has exposure to credit risk which is the risk that a counter party to financial instrument will be unable to pay amounts in full when due thus causing a financial loss. Credit risk arises from cash and cash equivalents and

trade receivables. Credit risk on trade receivables is managed by ensuring that credit is extended to customers and students with established credit history.

#### **Market risk**

The University has put in place an internal audit function to assist it in assessing the risk faced by the University on an on-going basis, evaluate and test the design and effectiveness of its Internal Accounting and Operational Controls. 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.

#### **Liquidity risk**

The ultimate responsibility for liquidity risk management rests with the council who have built an appropriate liquidity risk management framework for the management of the University's short, medium and long term funding and liquidity management requirements.

#### **q) Capital Commitments**

The University has on-going projects which are funded purely by the exchequer. The projects include Hostels, ICT Centre and Lecture Theatres.

#### **r) 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 on 30<sup>th</sup> June 2021.

3. (i) Exchequer Allocations (Recurrent Grants)

Date	Rec No	2020/2021	Date	Rec No	2019/2020
		Kshs.000			Kshs.000
Jul -20	324589	92,892	Jul -19	276139	90,706
Aug -20	324590	92,892	Aug -19	276142	90,706
Sep -20	329955	92,892	Sep -19	274652	90,706
Oct -20	333461	92,892	Oct -19	304641	90,707
Nov -20	343458	92,893	Nov -19	304654	90,707
Dec -20	345923	92,892	Dec -19	304740	90,706
Jan -21	355884	92,892	Jan -20	320622	90,706
Feb -21	367813	92,893	Feb -20	315309	90,706
Mar -21	370756	92,892	Mar -20	320620	90,707
Apr -21	374208	117,892	Apr -20	320619	90,707
May -21	381722	92,892	May -20	321024	90,706
Jun -21	382214	92,892	Jun -20	321625	90,707
			Health All	321623	29,239
			Accrued CBA		212,292
<b>Total</b>		<b>1,139,706</b>			<b>1,330,008</b>

(ii) Exchequer Allocations (Development Grants)

Date	Rec No	2020/2021	Date	Rec No	2019/2020
		Kshs.000			Kshs.000
01/09/2020	334213	14,145	02/12/2019		103,793
			11/03/2020		176,367
<b>Total</b>		<b>14,145</b>			<b>280,160</b>

4. Tuition Fees

Details	2020/2021	2019/2020
	<b>Kshs.000</b>	<b>Kshs.000</b>
Tuition fees	341,187	332,290
Registration fees	14,703	14,320
Student ID	14,607	14,226
Library use	32,873	32,016
Examination	16,447	16,018
Material Development	87,642	85,357
Activity fees	25,834	25,160
HELB funds	62,534	149,240
Medical	43,821	42,678
<b>Total</b>	<b>639,648</b>	<b>711,305</b>

5. Income Generating Units

Details	2020/2021	2019/2020
	<b>Kshs.000</b>	<b>Kshs.000</b>
Accommodation	1,848	3,650
Application Forms	1,087	1,047
Certificates Reprinting	227	969
Conference charges	674	
Decrease in provision of doubtful debts	10,296	7,034
Disposal Income	423	-
Exam Retake	3,085	1,644
Farm Sales	125	206
Fines and penalties	366	37
Graduation Fee And Gowns Hire	14,568	31,560
Hire of Hall		2
Hire Of Playing Ground	6	71
Key Replacement		0.3
Library Charges	58	95
Medical Charges	505	626
Miscellaneous Income	218	281
Rent	192	912
Research Grants	18,828	30,474
Staff Mess Sales	846	1,706
Student ID	167	1,867
Student Id Replacement		212
Student mess Sales	2,489	3,842
Tailoring Fees		-
Supervision fee	1,090	
Smart card students	3,978	
Tender forms sale	10	-
Test and vaccination levy	557	
Transcripts	312	513
Workshop and seminar charges	206	
<b>Total</b>	<b>62,161</b>	<b>86,748</b>

**6. Employee Costs**

Details	2020/2021	2019/2020
	Kshs.000	Kshs.000
Salaries And Wages	1,486,782	1,932,393
Salary Locum Appointees	-	95
Staff welfare and Development	3,490	5,317
Student Medical Refunds and Hospitalisation	14,784	13,081
Staff Uniform and Clothing	-	1,073
Casual labourers	17,658	14,269
Medical Supply	7,142	3,819
<b>Total</b>	<b><u>1,529,856</u></b>	<b><u>1,970,047</u></b>

**7. Council Expenses**

Details	2020/2021	2019/2020
	Kshs.000	Kshs.000
Sitting Allowances	3,251	2,850
Subsistence Allowances	2,819	4,885
Mileage Allowances	2,416	5,404
Other expenses air time, food, medical refunds	3,331	2,777
<b>Total</b>	<b><u>11,817</u></b>	<b><u>15,916</u></b>

**8. Depreciation and Amortization Expense**

Details	Accumulated C/F 30/06/2021	Depreciation for the year 30/06/2021	Balance B/F 1/07/2020
Buildings	58,007	5,603	52,404
Infrastructure	4,254	882	3,372
Motor Vehicles	77,915	8,228	69,687
Furniture & Fittings	44,696	4,481	40,215
Office Equipment	85,907	12,195	73,712
Plant and Machinery	22,646	2,270	20,376
Library Books	35,715	3,230	32,485
Cutlery	1,692	19	1,673
<b>Total</b>	<b>330,832</b>	<b>36,908</b>	<b>293,924</b>

**9. Contracted Services (Part Time Lecturers)**

Details	2020/2021	2019/2020
	Kshs.000	Kshs.000
School Of Business	36,542	24,867
BLINS	12,779	8,696
Education	26,401	17,966
School of Agriculture	13,220	8,996
Health Science	2,472	1,682
SPASS	1,630	1,109
FASS	14,228	9,682
Engineering	320	218
Gender	144	98
<b>Total</b>	<b>107,736</b>	<b>73,314</b>

**10. General Expenses**

The following are included in general expenses.

Details	2020/2021	2019/2020
	Kshs.000	Kshs.000
Advertising	1,782	6,741
Conferences and Delegations	476	5,759
Electricity	9,653	12,602
Fuel and oil	9,060	14,629
Insurance	3,818	27,563
Postage	234	313
Printing and stationery	14,712	18,818
Rent and Rates	120,608	129,466
Travelling and Accommodation	70,497	112,299
Repairs and Maintenance	13,781	25,061
Other Expenses	176,894	178,820
<b>Total</b>	<b>421,515</b>	<b>532,071</b>

**11. Provisions**

Details	2020/2021	2019/2020
	Kshs.000	Kshs.000
Provision For Audit Fees	1,160	1,160
Provision For Gratuity	13,626	7,057
<b>Total</b>	<b>14,786</b>	<b>8,217</b>

**12. Cash and Cash Equivalents**

Details		2020/2021	2019/2020
	ACCOUNT NO	Kshs.000	Kshs.000
Cash At Bank (NBK Current A/C)	01001035009000	1,684	1,539
Cash At Bank (NBK Savings A/C)	01230035009000	37	543
Cash At Bank (KCB Development)	1113771143	158,483	131,479
Cash At Bank (Cooperative Bank)	01129297079400	250	2,217
Cash At Bank (KCB Fee collection)	1148599398	87	2,941
Cash At Bank (KCB Research Grant)	1151310557	38	255
<b>Total</b>		<b><u>160,579</u></b>	<b><u>138,974</u></b>

**13. Receivables from Exchange Transactions**

Details	2020/2021	2019/2020
	Kshs.000	Kshs.000
General Debtors	-	1,397
Imprest Outstanding	4,433	2,634
Fees Balances	203,910	197,937
<b>Receivables from Non exchange transactions</b>		
Accrued CBA funds		212,292
Provision	(10,417)	(20,713)
<b>Total</b>	<b><u>197,926</u></b>	<b><u>393,547</u></b>

**14. Inventories**

Details	2020/2021	2019/2020
University departments	Kshs.000	Kshs.000
ACU		16
AGED	41	
Academic Affairs	28	
Catering Department	22	106
Central Registry		-
Central Services	1,872	2
Central Stores	3,653	3,570
DVC ASA	106	6
Eldoret	1,007	1,532
Elimu centre	35	135
Engineering		9
Examination & Timetabling Dept.	894	692
Finance Main and cash office	8	6
Guest House	1	
FIST		-
Halls		770
Health science	79	109
Kericho Campus		34
Library	311	211
Medical	990	6,325
Nairobi campus	32	-
Nyosia Farm	-	13
Printing press		249
Procurement	44	2
Pharmacy	3,399	
Research & Extension		3
Registrar Administration	101	
Salaries	81	
School of Engineering	3	
School Of Education	16	
School of FIST	108	
Student Affairs		5
Security	11	-
Tailoring Department		219
Vice Chancellor	419	368
<b>Total</b>	<b><u>13,261</u></b>	<b><u>14,382</u></b>

15. Property, Plant and Equipment Movement Schedule.

	Land	Buildings	Infrast. Assets	% I.P.	Motor Vehicle	Furniture & fittings	Office Equipment	Plant & Machinery	Library	Cutlery	Total
Cost	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000
<b>As at July 2020</b>	140,901	276,537	38,644	2,518,440	99,064	75,471	128,964	27,470	46,110	1,731	3,353,332
<b>Additions</b>				61,300	3,534	93	5,787	8,652	2,523		82,389
Cost as at 30/06/2021	140,901	276,537	38,644	2,579,740	102,598	76,064	134,751	36,122	48,633	1,731	3,435,721
Acquisition After 31/12/2020							66	4,395			4,461
Qualifying asset for depreciation	140,901	276,537	38,644	2,579,740	102,598	76,064	134,685	31,727	48,633	1,731	3,431,260
Accrued depreciation b/f	0	52,404	3,372	0	69,687	40,215	73,712	20,376	32,485	1,673	293,924
Net cost for depreciation	140,901	224,133	35,272	2,579,740	32,911	35,849	60,973	11,351	16,148	58	3,137,336
Depreciation for the year	0	5,603	882	0	8,228	4,431	12,195	2,270	3,230	19	36,908
Total Depreciation	0	58,007	4,254	0	77,915	44,696	85,907	22,646	35,715	1,692	330,832
Net Book Value as at 30/06/21	140,901	218,530	34,390	2,579,740	24,683	31,368	48,844	13,476	12,918	39	3,104,889
Net Book Value as at 30/06/20	140,901	224,133	35,272	2,518,440	29,377	35,256	55,252	7094	13,625	58	3,059,408
<b>As at July 2019</b>	140,901	276,537	38,644	2,512,264	99,064	74,899	110,283	27,470	46,110	1,731	3,117,903
<b>Additions</b>				216,176		572	18,681				235,429
Cost as at 30/06/2020	140,901	276,537	38,644	2,518,440	99,064	75,471	128,964	27,470	46,110	1,731	3,353,332
Acquisition After 31/12/2019						213	10,267				10,480
Qualifying asset for depreciation	140,901	276,537	38,644	2,518,440	99,064	75,258	118,697	27,470	46,110	1,731	3,342,852
Accrued depreciation b/f	-	46,657	2,468		59,895	35,209	62,466	18,603	29,079	1,644	256,021
Net cost for depreciation	140,901	229,880	36,176	2,518,440	39,169	40,249	56,231	8,867	17,031	87	3,086,831
Depreciation for the year	-	5,747	904		9,792	5,066	11,246	1,773	3,406	29	37,903
Total Depreciation	-	52,404	3,372		69,687	40,215	73,712	20,376	32,485	1673	293,924
Net Book Value as at 30/06/20	140,901	224,133	35,272	2,518,440	29,377	35,256	55,252	7094	13,625	58	3,059,408
Net Book Value as at 30/06/19	140,901	229,880	36,176	2,302,264	39,169	39,690	47,817	8,867	17,031	87	2,861,882

16. Biological Assets

Details	2020/2021	2019/2020
Cows	Kshs.000	Kshs.000
ACADE PEDIGREE	200	
OWEN PEDIGREE	200	
GOLD COAST	200	
NOAH	200	
RUTH	200	
FRANCE	200	
PETITION	200	
WINNIE	200	
DUTCH	200	
SYLVIA	200	
AKAMA	60	
Anne 7 Bulling heifer		50
Anne 8 Heifer Calf		50
Anne 9 Heifer Calf	60	50
Escoper ( bull calf)		20
Monarch (Bull Calf)		20
Thomas	100	60
Michael heifer	16	16
Susan 4 Lactating cow		60
Susan 5 Heifer	150	50
Fame Steer Bull		3
Doopar Ram		15
Fish pond (2,000 @200)		400
Sannen she Goat (White)	5	5
Sannen she Goat (White grey Kid)		5
Alphine she Goat (Brown Kid)	5	5
Alphine She Goat	5	5
White Brown Goat (Male Kids)	1.6	0.5
White Brown Goat (Male Kids)	5	1
Cliff Bull Calf		3
Thomas 1	90	8
White Saanen kid female		4.5
White Brown Goat (White grey Kid)		1
<b>Total</b>	<b>2,498</b>	<b>832</b>

**17. Trade and Other Payables from Exchange Transactions.**

Details	2020-2021	2019-2020
	Ksh '000	Ksh '000
Bank Overdraft	34,225	15,701
Caution Money	41,346	37,977
Part Time Expenses	182,650	168,750
Sundry Creditors	32,973	43,977
Student Union	233	1,412
Retention	3,117	3,117
Contractors And Consultants	0	24,105
Lease hold	27,000	27,000
University staff pay&Deductions	469,526	337,792
<b>Total</b>	<b>791,070</b>	<b>659,831</b>

**18. Capital Development Funds and Accumulated Surplus.**

Capital Development Funds		Accumulated Surplus/Deficit	
Financial Year	Kshs 000	Financial Year	Kshs 000
<b>Bal. B/f 01/07/2008</b>	<b>278,054</b>	<b>Bal. B/f 01/07/2008</b>	
2008-2009	-	2008-2009	46,322
2009-2010	274,938	2009-2010	110,622
2010-2011	283,581	2010-2011	52,808
2011-2012	350,693	2011-2012	32,331
2012-2013	273,189	2012-2013	28,895
2013-2014	110,728	2013-2014	22,806
2014-2015	246,527	2014-2015	26,489
2015-2016	174,360	2015-2016	22,241
2016-2017	279,846	2016-2017	4,351
2017-2018	64,108	2016-2017	4,056
2018-2019	500,419	2018-2019	(19,602)
2019-2020	280,160	2019-2020	(508,827)
2020-2021	14,145	2020-2021	(279,943)
<b>Balance as at 30/06/20</b>	<b><u>3,130,748</u></b>	<b>Balance as at 30/06/20</b>	<b><u>(457,451)</u></b>

**APPENDIX 1. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The Audit report for 2019/2020 is yet to be received.

