

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

 NATIONAL ASSEMBLY PADOCSAID	
DATE: 14 MAR 2023	
DAY: TUESDAY	
TABLED OF	DEPUTY LEADER OF THE MAJORITY PARTY
CLERK-AT THE TABLE:	

THE AUDITOR-GENERAL

ON

GARISSA UNIVERSITY

**FOR THE YEAR ENDED
30 JUNE, 2022**



OFFICE OF THE AUDITOR GENERAL
NORTH EASTERN REGIONAL OFFICE

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GARISSA UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

*Garissa University:
Annual Report and Financial Statements
For the year ended June 30, 2022*

ISSUE 2022

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1. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information

The Garissa University was established as a constituent college of Moi University on 12th August, 2011 through Legal Notice No. 116, the Moi University Act (Cap. 210A), and the Garissa University College Order 2011. The University became a fully pledged public University on 23rd October, 2017. At cabinet level, Garissa University is represented by the Cabinet Secretary for Ministry of Education (MOE), who is responsible for the general policy and strategic direction of the University.

The University has three teaching schools and an institute as follows:

- a) School of Business and Economics
- b) School of Pure and Applied Science
- c) School of Education Arts and Social Sciences
- d) Institute of Peace and Security studies.

The three teaching Schools offer various academic programs ranging from Certificate to Post graduate programs in Pure & Applied Sciences, Business & Economics, Education, Arts & Social Sciences, Dry Land Environment and Natural Resources and Peace and Security Studies. The current student population stands at 1,318 majority being self-sponsored students. The University has limited physical infrastructure and inadequate academic staffing level to train students in these fields but optimistic to grow if funded well by the government and donor funds

(b) Principal Activities

The principal activities of Garissa University is teaching, research and community outreach and its mission is to nurture talent through research, innovation, consultancy, community outreach, entrepreneurship, imparting knowledge and skills to meet the needs of the society.

(c) Key Management

The Garissa University's day-to-day management is under the following key organs:

1. University Council
2. Vice-Chancellor
3. University Management Board

(d) Fiduciary Management

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

S.No.	Designation	Name
1.	Ag. Vice-Chancellor	Prof. Ahmed Abdikadir Osman
2.	Ag. Deputy Vice Chancellor (Academic & Students' Affairs)	Prof. Hussein Sheikh Adams Golicha
3.	Ag. Deputy Vice-Chancellor (Finance, Administrative & Planning)	Prof. Stephen Irura Ng'ang'a
4.	University Librarian	Dr. Iddi Juma
5.	Registrar (Academic and Student's Affairs)	Dr. Stephen Rotich
6.	Ag. Registrar (Administration and Planning)	Mr. Abdulrahman Hamo
7.	Head of Finance	CPA Mohamed Ali Elmi
8.	Head of Procurement	Mr. Hussein Noor
9.	Assistant Dean of Students	Dr. Noor Mohamed

KEY UNIVERSITY INFORMATION AND MANAGEMENT (Continued)

(c) Fiduciary Oversight Arrangements

The University has a Council which provides the overall oversight responsibility on the management of the University which includes:- recruitment of staff, approval of statutes of the University and cause them to be published in the Kenya gazette, approval of policies, approval of the budget, manage, supervise and administer the University assets; determine the provisions to be made for capital and recurrent expenditure and for reserves; receive any grants, donations or endowments on behalf of the University; enter into association, collaboration, partnership or linkages with other entities. The University governing Council exercises its governing and operational functions through its established standing committees with clear Terms of Reference. These committees are:

- ❖ Audit, Risk and Compliance committee (ARCC),
- ❖ Academic, Research and Community Outreach committee (ARCOC),
- ❖ Governance, Human Resource and Students Welfare committee (GHRSWC) and
- ❖ Finance, Development and General Purpose committee (FDGPC).

(f) University Headquarters

Garissa University
Main Campus
P.O. Box 1801 – 70100
Garissa University Building
University Way Road, off Kismayu Road
Garissa, KENYA.

(g) University Contacts

Telephone :(+254) 722 583 900
E-mail: vc@gau.ac.ke
Website: www.gau.ac.ke

(h) University Bankers

1. Kenya Commercial Bank
Garissa Main Branch
P.O Box 560 – 70100
Garissa, Kenya

(i) Independent Auditors

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

2. Equity Bank
Garissa Branch
P.O. Box 700 – 70100
Garissa, Kenya.

(j) Principal Legal Adviser

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

2. THE UNIVERSITY COUNCIL

 <p>Ms. Amina R. Masoud Council Member and Acting Chair</p>	<p>Mrs Amina Rashid Masoud was born in 1971</p> <p>She holds a Master's degree in Business Administration from University of Nairobi and a Bachelor's degree in Education from Kenyatta University.</p> <p>Ms Amina Masoud has worked in Kenya in different capacities in several sectors for over 20 years.</p> <p>She has served as the first Lamu county executive committee member in charge of lands, urban development, infrastructure, water and natural resources.</p> <p>She has also served in the corporate/strategic planning in different capacities at Telkom Kenya Ltd for over 10 years and shortly at the National Museums of Kenya.</p> <p>She is an independent member of Council</p>
 <p>Mr. Bonface K. Ngigi Rep. PS National Treasury</p>	<p>Mr. Boniface Ngigi was born on 13th March 1978.</p> <p>He holds a Master's Degree in Project Planning Management from The University of Nairobi and a Bachelor's of Science in Mathematics (Statistics) form The Catholic University of Eastern Africa.</p> <p>He has vast experience in negotiation of Agreements, Investments, Regional Integration, National Budget preparation, Economic Policy formulation and analysis in areas related to Environment and Natural Resource Governance; Low Carbon, Sustainable Development, Climate Financing, as well as Disaster Risk Financing. Over 12 years in Planning and Budgeting</p> <p>He is the Representative of PS- National Treasury.</p>
 <p>Mr. Hassan Duale Rep. PS University Education and Research</p>	<p>Hassan Duale was born 17th June 1977</p> <p>He holds Master's degree in Education Management and Administration and Master's Degree in Business Administration</p> <p>Mr. Duale has 20 years' experience in the education administration and management cutting across the field administration.</p> <p>Mr. Duale is a member of the Kenya Association of Educational Administration and Management.</p> <p>He is the representative of the Principal Secretary State Department of University Education and Research.</p>



Prof. Ahmed A. Osman
Ag. Vice Chancellor/ Council
Secretary

Prof. Ahmed A. Osman was born in 20th January 1960




He is a Professor of Curriculum & Instructions at Moi University.




He holds PhD (Curriculum and Instruction; Supervision of Instruction, Ohio University; M.Ed. (Secondary Education, Ohio University; MA (International Studies, Ohio University; BA (English & History, Ohio); Dip Ed (English Language & Literature, Siriba Teachers College)

Has over 30 years of work experience.

Currently the acting Vice Chancellor, Garissa University and Secretary to the Council

3. UNIVERSITY MANAGEMENT BOARD

Name	Key Professional/Academic Qualification	Area of Responsibility
 Prof. Ahmed A. Osman	<p>PhD (Curriculum and Instruction; Supervision of Instruction, Ohio University); M.Ed. (Secondary Education, Ohio University); MA (International Studies, Ohio University); BA (English & History, Ohio);</p> <p>School Administration and Supervision of Instruction, Curriculum planning and Development. Over 30 years of experience in Education.</p> <p>Currently the acting Vice Chancellor, Garissa University and Secretary to the Council</p>	Ag. Vice-Chancellor
 Prof. Hussein Sheikh Adams Golicha	<p>PhD (Physics) - Egerton University (1999); MSc (Polymer Physics) – Kenyatta University (1990); Bed (Science) Physics/Maths – University of Nairobi (1984).</p> <p>Over 30 years of experience in teaching/ administration</p>	Ag. Deputy Vice Chancellor- Academic and Students' Affairs
 Prof. Stephen Irura Ng'ang'a	<p>Doctor of Philosophy in Planning - Maseno University (2011), Master of Philosophy in Entrepreneurship - Moi University (2003), National Diploma in Business Management - The Kenya Institute of Management (1996), Master of Science in Forest Industries Technology - University College North Wales (1993), Graduate Diploma in Timber Technology- Bucks College in United Kingdom (UK) (1990). Diploma in Industrial Education- Kenya Technical Teachers College (1986).</p> <p>Over 30 years' experience in Teaching/Administration</p>	Ag. Deputy Vice-Chancellor-Finance, Administration and Planning

 <p>Dr. Stephen Rotich, PhD</p>	<p>Dr. Stephen Kipkorir Rotich is the Registrar- Academics and students' Affairs (ASA) Division. He has been a senior Lecturer in Research Methods and Education Management, holder of PhD (Education Administration), Moi University, 2014). He has been teaching in University since 2010 and has been a secondary school teacher, principal, trainer of head teachers under KEMI and trainer of secondary teachers under SMASSE.</p>	<p>Registrar (Academic & Students' Affairs)</p>
 <p>Mr. Abdulrahman Hamo Mohamed</p>	<p>PhD (Candidate), Garissa University, Masters in Education (MKU), B.Ed Science (KU), Dip. In Science Education (Kenya Science Teachers College).</p> <p>An accomplished Maths & Chemistry Teacher with an excess of 18 years in Teaching and directing students</p>	<p>Ag. Registrar (Administration and Planning)</p>
 <p>Dr. Iddi Webukha Juma, PhD</p>	<p>D.Phil. in LIS (Moi University), Library and Information Studies. M.Phil. in LIS (Moi), B.Sc. in IS (Moi).</p> <p>Library and Information Studies</p> <p>17 years working experience in Library and Information related sectors both in institutions of higher learning and the civil society.</p> <p>Professional training in Information Science (IT, Media, Publishing and Records Management) with specialization in Library and Information services.</p>	<p>The University Librarian</p>
<p>CPA Mohamed Ali Elmi</p>	<p>MBA (Finance)- JKUAT, B.Com-JKUAT, CPA (K)</p> <p>Professional Accountant with over 10 years' experience in auditing and assurance, Accounting and Finance in both Public and Private Sector.</p>	<p>Head of Finance</p>

<p>Dr. Noor Mohamed Abdinoor</p>	<p>PhD International Islamic University Malaysia (IIUM)</p> <p>Master of Education (Guidance & Counselling) International Islamic University Malaysia (IIUM)</p> <p>Bachelor Degree in Islamic Law (Sharia) Islamic Univesrity Medina – Saudi Arabia</p> <p>Instittute of Arabic language in Medina University – Arablic langauge</p> <p>Over 10 years of experience in the field of counseling. Well versed in theology and Islamic religion</p>	<p>Assistant Dean of Students</p>
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4. CHAIRMAN'S STATEMENT

It is with great honour that I present this report to our stakeholders, partners and sponsors Garissa University (GaU) Annual Report and Financial Statements for the year ended 30th June 2022.

This year has been characterised by intense efforts to recover from the effects of the Covid -19 pandemic that destabilized the entire world. The University has been focused on reducing on unnecessary spending and oncreasing its efforts to raise additional revenue to support the key operations of the University. We appreciate the prompt disbursement of the Exchequer grant of Ksh. 408,131,000 which enabled the university cater for personnel Emonument and key items in the operations budget.

The University did not receive the anticipated number of new students and was therefore not able to raise the anticipated A in A from tuition fees. However, I am glad to report that a lot of effort was put by the management to raise more funding from other sources which led to the collection of Ksh. 147,624,000 as A in A against the projected amount of Ksh. 152,678,000. We have made great strides in developing a sound foundation to support our plan to intensify resource mobilization efforts. This was done through the development of a comprehensive Resource Mobilization Policy which will be implemented in the FY 2022/2023

During the FY 2021/2022 the University was also able to carry out major renovations with the support of the Swiss Development Cooperation (SDC). The renovation of the main lecture theatre hall was key as it will help the University raise income through hiring of that hall to various organizations. We have had other partners such as Equity Bank and the Independent Electoral and Boundaries Commission (IEBC) who have supported the University by hiring our facilities for their functions

In the next FY 2022/2023 the University is optimistic and looks forward to working with its partners as well as engage new ones to achieve the set goals. We particularly look forward to commencing three new projects namely; Tuition block, Library and Water Reticulation system. We appreciate the support of the GoK that approved partial funding of these projects.

The University is also expecting to have a full Council through the appointment of four new members. This will provide an even broader spectrum for consultation and decision making between the Council and the Management for the greater good of the University.

Finally, I wish to thank the support rendered to the University by all stakeholders and would like to urge all of us to focus on our Vision and Mission and support the growth of Garissa University to be a center for academic excellence.

Thank you.



Ms. Amina Rashid Masoud
Ag. CHAIR OF COUNCIL

5. REPORT OF THE VICE CHANCELLOR

I would like to present the Annual Report and Financial Statements of Garissa University (GaU) for the year ended 30th June, 2022 as required by the Universities Act of 2012 and Public Financial Management (PFM) Act, 2012.

During the year under review, the University total income was Kshs 418,295,638 as recurrent capitation and Kshs 147,624,000 as internally generated income bringing the total income to Ksh. 584,185,000. The total expenditure to June 30th, 2021 was Ksh 584,428,000 giving a deficit of Ksh 243,000. During this period, the cumulative pending bills to suppliers, part time lecturers and other service providers was Ksh. 45,064,800. a reduction by almost 31% from the previous years pending bills.

I am proud to indicate that our pending bills have significantly reduced due to the strict austerity measures put in place by the management. We have a pending bill of 8% against the income for the year. Our aim is to have pending bills of less than 1% so that we are able to utilize our budgets for each financial year for the intended purpose and not payment of pending bills as the first charge.

During this financial year we were able to recruit (6) six lecturers and promote thirty (30) administrative staff. This number is way below what we required especially for academic staff. We were also not able to promote over 30 thirty staff who were due for their promotion due to budgetary constraints. The University hopes to carry out more essential academic staff recruitment in the next financial year.

The University looks forward to increasing its revenue streams by introducing new course that will be offered online through the ODel programme which is in its final stage of development. We will also be reviewing our Strategic plan in the next Financial Year with the aim of introducing unique programmes that will increase our student numbers and consequently our revenue.

The Council and Management has also set high targets for research grant attraction and collaborations as one of the avenues of complimenting the University budget. We look forward to engaging with new and current partners on development issues that will raise the University to where it is meant to be.

The Government of Kenya has immensely supported the University in the current financial year by promptly disbursing the capitation. We are also pleased that we will have three new projects scheduled to commence in the next financial year and will be funded by the GoK.

I would also like to appreciate all our development partners, staff and students as well as our suppliers for the roles played in this FY despite the financial constraints. We look forward to a better FY 2022/2023

Thank you.



Prof. Ahmed A. Osman, PhD
AG. VICE CHANCELLOR

6. REVIEW OF GARISSA UNIVERSITY'S PERFORMANCE FOR FY 2021/2022

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

The University has seven strategic pillars/key result areas within its Strategic Plan for the FY 2018/2019- 2022/2023 and are aligned to annual performance contract. Assessment of the University's performance against its annual work plan is done on a quarterly basis. GaU performance against its targets set for the FY 2021/2022 period for its key strategic pillars, as indicated in the diagram below.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Policy and Corporate Governance	To improve policy and corporate governance for enhancing accountability and decision making	<ul style="list-style-type: none"> ✓ Approved policies ✓ Ongoing ISO Certification process ✓ Annual Work Plan Developed ✓ Workshops on awareness held ✓ Reports on Staff performance appraisal ✓ Workshops held on AGPO for Youth , Women and Persons with disability ✓ 	<ul style="list-style-type: none"> ✓ Carry out documentation training in accordance with thw ISO 9001:2015 standards ✓ Develop policies to support implementation of the Strategic plan (SP) ✓ Carry out one AGPO workshop to sensitize Youth, Women and Persons with disabilities on Government procurement opportunities available to them 	<ul style="list-style-type: none"> ✓ Development and approval of Collaboration policy ✓ Staff were trained on ISO 9001:2015 documentation and general sensitization of the requiremnets of the standards. ✓ Developed an Annual Work plan to guide in the implementation of the SP ✓ One workshop held to sensitize staff on anti-corruption ✓ One empowerment workshop on gender mainstreaming and equality.
Pillar 2: Resource Mobilization and Management of Financial resources	Attracting at least 2 donor funded projects per department per year	<ul style="list-style-type: none"> ✓ Donor Funded Projects increased ✓ A-in- A increased 	<ul style="list-style-type: none"> ✓ Attracting at least 2 donor funded projects per department per year. ✓ Increasing income from IGAs by 20% per year. 	<ul style="list-style-type: none"> ✓ Collaborated with five institutions ✓ Submitted funding proposals to four potencial partners ✓ Significantly improved AIA from previous FY
Pillar 3: Quality Undergraduate and Graduate Education	To enhance access, equity, quality, relevance and equality in	Academic Programs Developed relevant to the society needs	<ul style="list-style-type: none"> ✓ Develop (2) new programmes per year and review existing programs at the end of the academic cycle ✓ Managing and maintain 	<ul style="list-style-type: none"> ✓ five curricula developed an approved by committee of deans pending senate and CUE approvals

	undergraduate and graduate education		academic quality system as per ISO 9001:2015 standards and national academic quality regulatory bodies requirements ✓ Establishing linkages with other international universities.	✓ ISO 2009:2015 pending not fully operationalized to insufficient budget, but it is ongoing. ✓ Signed MoU with two partners
Pillar 4: Management of Human Resources.	✓ To attract, develop, motivate and retain efficient staff of the highest integrity and make GaU an employer of choice.	✓ Additional Staff Recruited ✓ Staff appraised to gauge productivity ✓ Management staff trained ✓ No. of staff leadership trainings & Compliance ✓ Increase in productivity and effectiveness.	✓ Undertake staff performance appraisal based on the negotiated and agreed performance targets. ✓ To capture, organize and process data and information on staff recruitment, career progression, training data, absenteeism figures, and competency profiles and staff satisfaction ✓ Instill integrity in the workforce. ✓ Provision of high quality & accessible medical care.	✓ All staff appraised by 30th June 2022 and reports are being analysed ✓ Recruited 6 new academic staff ✓ Negotiated with NHIF for staff medical cover renewal to commence in the FY 2022/2023 ✓ Developed and approved HR Procedure Manual ✓ Staff sensitized on the HR Manual and Procedure Policy and integrity in service ✓ Online Data base of staff biodata in place
Pillar 5: Infrastructure (facilities and space management)	To provide adequate space, facilities and services and managing them effectively and responsively for the benefit of stakeholders.	✓ Ongoing Development/construction projects completed ✓ Forest cover increased ✓ Rehabilitated and renovated facilities	✓ Upgrade and expand the existing facilities to provide secure working environment. ✓ To renovate, repair and maintain the existing facilities. ✓ Champion sustainable environmental conservation and protection. ✓ Develop bills of quantities for new proposed development projects	✓ Student Hostel project 99% complete ✓ Completed the renovation of the theatre hall and two classes ✓ Received approval of three construction projects proposed for the FY 2022/2023
Pillar 6; Information Communication	To institutionalize appropriate	✓ ICT network reliability ✓ Secure network and	✓ Continually update the website system based on emerging technologies	✓ Website up to date ✓ 70% of key operations

Technology	internal and external ICT network and connectivity.	✓ university data. ✓ 20% learning undertaken through the website	✓ Utilize the website for publicity & emerging technology ✓ Institutionalize ICT	undertaken and approved through ERP ✓ Operational efficiency achieved ✓ ICT network reliability enhanced
Pillar 7: Community Collaboration and Corporate Social Responsibility	To improve university community collaboration and contributing effectively to socio economic development through active participation in CSR activities.	✓ No. of students on attachments per year ✓ Commitment in the performance	✓ Provide students with the attachments with the community ✓ Collaborate with high schools to offer mentorship programmes ✓ Participate in CSR activities	✓ Over 80% of students at the University are attached to institutions within Garissa County ✓ Numerous collaborations with various schools across Garissa to offer mentorship sessions for the students ✓ Donated food items to Mama Hanni Childrens Home

7. CORPORATE GOVERNANCE STATEMENT

Garissa University's corporate objective is to create long-term value in academic and research through creation, conservation and dissemination of knowledge. This will be done by nurturing of talent through research, innovation, consultancy, community outreach, entrepreneurship, imparting knowledge and skills to meet the needs of society as prescribed in the mission statement and through the provision of innovative customer and market-focused academic programmes.

In line with PFM Act of 2012, Sec. 68, Garissa University accounting officer is accountable to the National Assembly for ensuring that the public resources are used in a way that is; lawful and authorised; and effective, efficient, economical and transparent.

Corporate Governance Principles

In pursuit of the corporate objective, we have committed to the highest level of governance and strive to foster a culture that values and rewards exemplary academic excellence within clear ethical standards and corporate integrity with respect for others. The University Council's governance role, basis and conduct of business are guided by the University Act no. 42 of 2012; Mwongozo code 2015; Commission for University Education regulations and standards 2014 and Garissa University charter and statutes 2017. As per the Universities Act 2012, the Council is expected to Employ staff, Approve statutes of the University and cause them to be published in Kenya Gazette, approve policies of the university and the budget; Appoint the Vice Chancellor, Deputy Vice Chancellor and Principals of Constituent Colleges through a competitive process and undertake other functions set out under the Universities Act, the Statutes and the Charter of the University.

In our view, the Governance responsibility is not only a matter for the Council; good governance culture must be permeated through the entire University system. The current social-economic business and political environment that the University operates in underscores the need for continued high standards of corporate governance and accountability. The emerging realities unmasked by the implementation of the constitution and enlarged space for more enlightened clientele calls for diligence in governance. The Governance of the University has to be sound in order to deal with any of the unpredictability of today's world.

Appointment of Council

The initial 3 – year contract term for five (5) members of Council lapsed on 26th January, 2021. The Council has since been composed of four (4) members inclusive of the CEO/Secretary. The members possess extensive experience in various disciplines all which are applicable in the overall governance of the University.

The current membership of Council constitutes of only one independent member of Council who was appointed on 8th November, 2019. The other members constitute representatives from the Ministry of Education and the National Treasury as well as the Vice Chancellor who is the CEO.

Size and composition of Council

The current University Council consists of four (4) members inclusive of the CEO/Secretary. The University has written to the CS Education to fast track the appointment of new members of Council in line with the Mwongozo guidelines that the Board should consist of seven (7) to nine (9) members. The current Council composition has the right balance of skills and experience appropriate for the University where they all participate in decision making.

Induction and Evaluation

The Council has been implementing the recommendations from the last evaluation carried out by SCAC. The next board evaluation has been slated for September 2022. The Council is committed to improving its performance and that will be evidenced in the next Council evaluation exercise.

Council Meetings

The University Council meets at least quarterly in accordance with the Mwongozo Code of Conduct unless urgent matters call for special meeting. The main aim of the regular Council meetings is to consider reports from the committees of Council for final resolutions. Members receive adequate notice and board papers in advance to enable them review and prepare for the meeting. In all the meetings, the agenda includes item on declaration of conflict of interest and any conflict of interest declared is recorded in the Conflict of Interest book and minutes.

During the FY 2021/2022, the University Council had eight (8) regular & Committee meetings and two (2) special meetings all respective committee agendas were combined with the regular meeting since there were only four (4) members of Council who could not split into committees this also significantly reduced the facilitation budget. Individual attendance is as tabulated below.

Table 1: The Committee members and number of meetings held during the year are tabulated below:

S.NO	NAME	REGULAR MEETINGS	SPECIAL MEETINGS	ADHOC MEETINGS	MISSED MEETINGS	TOTAL
1.	Mr. Hassan Duale	8	2	0	0	10
2.	Mrs. Amina R. Masoud	8	2	0	0	10
3.	Mr. Boniface K. Ngigi	8	2	0	0	10
4.	Prof. Ahmed O. Warfa	8	2	0	0	10

Council Committees

The University Council established four (4) standing committees that assist to discharge its functions. These committees are:

Audit, Risk and Compliance Committee (ARCC)

Garissa University Council aspires to use the public resources at its disposal in an efficient and accountable manner. In line with the The Kenya Gazette No. 2690 of 15th April, 2016, and PFM Act Sec. 73, an audit committee was established to provide independent advice and assurance of the University's strategy, performance and compliance to different statutes.

In compliance with PFM Regulations, 2015, the committee members have the relevant qualifications and expertise in audit, finance and risk management in public service. At least there is a representative from Treasury and a member of a professional body with good standing. The committee has a charter that describes its oversight mandate.

The ARCC plays a key role with respect to the integrity of the entity's financial information, its system of governance, risk and internal controls, and the legal and ethical conduct of management and employees. The committee is required to review and report to the Council on the comprehensiveness, reliability and integrity of internal controls measures; quality assurance and standards required providing effective monitoring of processes, management of risk, recommend to the Council policies in respect to management and control systems on internal business processes including accounting policies, anti-fraud and whistle blowing consider an approved annual audit plan and advice the University Council on matters relating to the security of the University, staff and

students and review and advice Council on all matters relating to the risk management framework and internal audit functions of the University.

Table 2: The ARCC Committee members and number of meetings held during the year are tabulated below:

S.NO	NAME	ATTENDED MEETINGS	MISSED MEETINGS	TOTAL
1.	Mr. Hassan Duale	2	-	2
2.	Mrs. Amina R. Masoud	2	-	2
3.	Mr. Boniface K. Ngigi	2	-	2
4.	Prof. Ahmed O. Warfa	2	-	2

Finance, Development and General Purpose (FDGP) Committee

The committee critically scrutinizes the budget and other financial requirements before they are presented to the full Council. It oversees the University's financial affairs on behalf of the Council; develops strategies to guide the growth of the University and monitors its implementations; Reviewing the University's financial strategy for approval by the Council; Dealing with strategic issues concerning financial risk management and advising the Council appropriately; Reviewing the University's annual financial statements and reporting to the Council; Receiving and considering annual external audit reports submitted by External Auditors and, making recommendations to the Council; Reviewing the University's financial regulations from time to time and recommending any necessary changes in those regulations to the Council.

Table 3: The FDGP Committee members and number of meetings held during the year are tabulated below:

S.NO	NAME	ATTENDED MEETINGS	MISSED MEETINGS	TOTAL
1.	Mr. Hassan Duale	2	-	2
2.	Mrs. Amina R. Masoud	2	-	2
3.	Mr. Boniface K. Ngigi	2	-	2
4.	Prof. Ahmed O. Warfa	2	-	2

Academic, Research & Community Outreach (ARCO) Committee

The committee advises on the development and implementation of academic and research programmes and policies; make recommendations for the sourcing, administration and distribution of scholarships; oversee a reward scheme for excellence in teaching, research and extension; receive regular reports from and provide advice to the Deputy Vice Chancellor Academic and Student Affairs on the development of policy and procedures relating to academic and research and consider and report any matter referred to it by the Council and the Senate. The committee also advises the university on its Community Outreach mandate.

Table 4: The ARCO Committee members and number of meetings held during the year are tabulated below:

S.NO	NAME	ATTENDED MEETINGS	MISSED MEETINGS	TOTAL
1.	Mr. Hassan Duale	2	-	2
2.	Mrs. Amina R. Masoud	2	-	2
3.	Mr. Boniface K. Ngigi	2	-	2
4.	Prof. Ahmed O. Warfa	2	-	2

Governance, Human Resource & Students Welfare (GHRSW) 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 of, staff development and training, performance management schemes and salaries and other conditions of service; Monitoring key performance indicators as agreed by the 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 making recommendations to the University Council; Receiving reports from the Management Board relating to promotion, re-grading, the award of additional salary increments and contribution payments to salaried staff; Receiving and considering reports from the Management Board concerning the terms and conditions of service of employees of the University, and making recommendations to the University Council.

Table 5: The Committee members and number of meetings held during the year are tabulated below:

S.NO	NAME	ATTENDED MEETINGS	MISSED MEETINGS	TOTAL
1.	Mr. Hassan Duale	2	-	2
2.	Mrs. Amina R. Masoud	2	-	2
3.	Mr. Boniface K. Ngigi	2	-	2
4.	Prof. Ahmed O. Warfa	2	-	2

During the FY 2021/2022 Council approved among other things the budget, Staff Establishment and procurement plan as well as the respective quarterly financial statements that were submitted to National Treasury on time.

The Council acknowledges the need for strategic partnerships and encourages the participation of the private sectors in our financial matrix. The pressing needs for more financing and the clear needs for transparency makes engagement with and reporting to the government and other stakeholders more important. The increasing requirement for prudent financial management has heightened the level of interest in the university's approach to risk management and assurance.

The Council governs the University consistent with the stated business strategy indicated in the University's values of equity, team work, meritocracy, accountability, academic freedom and excellence, and probity all contributing to the commitment to transparency and high-quality governance system.

Garissa University incurred a total expenditure of **Kshs. 4,506,827.90** in facilitating the council to attend meetings.

Table 6: The Council Gross Expenditure:

S/No.	Name	Position	QT1	QT2	QT3	QT4	Total
1	Hellen Sambili	Chancellor	787,034.66	300,000.00	328,500	-	1,415,534.66
2	Mrs. Amina R Masoud	Member	247,100.00	219,050.00	257,650	356,500.00	1,080,300.00
3	Mr. Hassan Duale	Rep. PS MOE	260,488.00	225,744.00	129,345	369,888.00	985,464.60
4	Mr. Boniface Ngigi	Rep. PS Treasury	299,528.64	226,000.00	129,600	370,400.00	1,025,528.64
	Total		1,594,151.30	970,794.00	845,094.60	1,096,788.00	4,506,827.90

8. MANAGEMENT DISCUSSION AND ANALYSIS

Section A: The University's operational and financial performance

The Kenyan Government has been the sole provider of the operational finances to Garissa University in the financial year 2021-2022. The University received exchequer grants amounting to **Kshs 418,295,638** in addition collected **Kshs 122,511,000** internally generated Income (A-I-A) from tuition and related charges, **Kshs 26,379,000** sundry and hire of facility income during the period and received **Kshs 17,000,000** from development partners. The university still faces financial challenges, as the grant provided by the government is not enough for the general operations of the university.

Garissa University is experiencing a rapid growth in terms of student population and employee population yet the physical infrastructure has remained the same due to inadequate capitation from the exchequer. The infrastructure expansion was not realised in FY 2021/2022 due to constraint in financial resources available. Despite these financial constraints the university has embarked in resource mobilization strategies to enable GaU meet its mandate. Several collaborative research proposals are being developed and it is anticipated that they will be considered in the near future so as to bring in research fundings that will assist GaU meet the Commission for University Education (CUE) requirements. In this FY 2021/2022 GaU made contacts and proposal with potential development, partners and we are hoping to have joint programs in infrastructure and curriculum development towards the development of academic programs.

Garissa University still faces tough times ahead as the budgetary allocation for all operating vote heads is grossly inadequate with no capital development budgetary allocation. It is worth noting that concerted efforts are being made in resource mobilization to enable GaU meet its mandate. Several collaborative research proposals are being developed and it is anticipated that they will be considered positively to boost research funding and meet the quarter expected by the Commission for University Education (CUE). Towards this end, GaU has successfully engaged some development partners and obtained some funding for infrastructure renovations and curriculum development in support of the Institute for Peace and Security Studies (IPSS).

Section B: University's compliance with statutory requirements

During the period under review, the University complied with its statutory obligations including compliance with Public Procurement Regulations, remittance of PAYE, NHIF, NSSF, NITA and HELB within the stipulated deadlines.

Section C: Key projects and investment decisions the University is planning/implementing

1. Construction of 750 capacity Students' Hostel:

The Government of Kenya with an initial cost of **Kshs. 427,103,221.60** funds the project. Upon variation, the project costs **Kshs. 531,412,385**. Currently **Kshs. 529,272,819.86** has been paid and it is about 99.7% complete with the pending works being making good of defects and landscaping set to completed by 15th July 2022

2. Construction of Perimeter wall (Fence):

The project was funded by the government of kenya, the project cost was **Kshs. 147,057,712**. The project is 100% complete and is already handed over to the university.

3. Priority Development Projects

GaU Identified the following three projects as its main priority projects;

i) Tuition Block with an Auditorium

The government approved the proposal to construct a tuition block to support teaching and learning activities in the university. In turn, **Ksh. 376,000,000** for construction of the tuition block. The project is set to be implemented in three financial years (phases) with initial **Ksh. 133,000,000** set to disbursed in the 2022/2023 FY to kick start the project.

ii) Ultra -Modern Library complex housing the school of Information sciences

The government through Ministry of Education and National Treasury approved the proposal to construct an ultra-modern library to support teaching and learning activities in the university at a total cost of **Ksh. 1.52B**. The project will be implemented in phases, and funded over a period of five years. In the 2022/2023 FY

iii) Bore hole water treatment, storage and reticulation

This involves install a concrete 190,000-litre Low-level water tank and 8 by 80,000 litre high-level Plastic water tanks at the Garissa University facility to provide a reliable supply of water to both staff and students. The will help in storage of borehole water and reticulation around the university for use for sanitary purposes and address the challenges of perennial water shortages. The government has allocated **Ksh. 27,000,000** in the 2022/2023 FY for implementation of the project.

Drawings and Tender documents for the Tuition block, Library and Bore hole water projects have been developed, submitted and approved by MoE. The GoK has considered the three projects in the FY 2022/2023 budget.

Section D: Major Risks Facing the University

- i. **Budgetary Provisions-** Following the award of charter, financial need of the university increased however the availability and allocation of resource from the government has moved from bad to worse, hence increasing the liquidity risk exposure, compound by this, is the fact that the university has low stream of internally generated revenue that is, it only relies on tuition and accommodation charges from students.

Mitigation measure

The University management has put in place resource mobilization committee that will be committed and dedicated to ensure that revenue targets for the University are achieved.

- ii. **Strategic risk** –The university face strategic risk because of its failure to attract enough students whether Government sponsored (GSSP) or Private sponsored (PSSP). This is due to several factors among them shared students facilitated by KUCCPS during the placement of students to universities, programs offered since most of the clients ask for medical, Agricultural and engineering courses, Security due to historical attack, form four students' performance in the recent national examination and competition among others institutions.

Mitigation measure: The University developed unique and competitive courses and programmes that will attract more students. This includes Dry Land Environment and Natural Resources and Peace and Security Studies.

Other risks

i. Inadequate infrastructure to support increasing number of students.

ii. Inability to recruit and retain senior teaching staff due to low funding.

Mitigation measure: Enable visiting professors and career progression for the academic staff.

iii. Downtime of information technology systems including ERP, server, networks, etc.

Mitigation measure: Continuous upgrading and updating of the systems.

iv. Political risks

v. Inflation

The following are some risks that the University faced during the Reporting period:

Section E: Material arrears in statutory/financial obligations

During the period under review, we had no outstanding statutory/financial obligations. However, as at the reporting period, pending bills to suppliers and service providers amounted to Kshs. 45,064,800.

Section F: The University's financial probity and serious governance issues

In the FY 2020-2021, Garissa University strictly adhered to the code of ethics especially being honest in all financial matters. Further, there has been no serious governance issue during the period

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

One of the key mandates of GaU is to develop an institution of excellence in community service through provision of sustainable educational, cultural, professional, technical and vocational services to the community and, in particular, the fostering of corporate social responsibility. This is further defined in our current strategic plan through the key result area on Community Collaboration and Corporate Social Responsibility.

Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile

GaU recognizes the importance of sustainable development and has established a clear and long term road map it requires to tackle impacts at a local and global level as outlined in its Strategic Plan. The University is focused on infrastructural and key policy and programmes to enable it to keep up with the competition and emerging trends. The University is at the verge of completing three key development projects i.e. the ERP, Perimeter Wall and 750 Hotel projects which will pave way for other development projects. The major challenge has been the lack of funding, especially since there was no allocation of development funds for the FY 2020/2021. Curricula developed during the period under review are cognisant of the local and international best practices as well as emerging trends. The Governance Curriculum in particular was developed to provide training in management of County affairs and devolution, a fairly new concept in Kenya.

2. Environmental performance

The University is in the process of implementing a comprehensive proposal to utilize waste water in the creation of nature parks both within the University and Garissa County in support of conservation and waste water management. In addition, the University has developed a framework to ensure 10% forest cover within the University by 2022. The greatest challenge to the University in its conservation efforts has been the lack of adequate water. However, we have proposals to desalinate the borehole water and utilize solar technology to pump water to aid in these efforts. The University also has a long term plan to shift to 100% use of solar power.

3. Employee welfare

The University has developed policies that will help in the management of staff and improve productivity. The policies had gone through the entire approval process and they are all approved by council. They include; communication policy, transport policy, Internship policy, Gender mainstreaming policy, Disability mainstreaming policy, security policy, the Human Resource Policies and Procedures manual. These policies provide guidelines on recruitment process that is based on gender ratio, disability ratio among other factors. The university is investing on staff training and Development. In the 2021/22 FY, over 10 training programs were organized on need basis.

In the 2021/22 financial year, the University has conducted performance appraisal for all its staff. Prior to the exercise, supervisors (Registrars, University Librarian, Deans, Directors and HoDs) were trained on the performance appraisal and its importance. All members of staff were also sensitized on performance Management and how it's connected to reward and recognition. The University has a robust policy on safety, staff and their legal dependants are under comprehensive medical insurance and group life assurance.

4. Market place practices-

a) **Responsible competition practice.**

In the FY 2021/2022, GaU developed comprehensive risk assessment and Mitigation plans in ever department in order to identify and curb incidences of corruption. It has also adopted a zero tolerance to corruption policy by ensuring all its engagements are above board and in line with the regulations from the relevant authorities. The University also encourages fair competition and responsible political involvement among the students by encouraging and ensuring strict adherence to the Student Council Constitution and the amended University Act 2015.

b) **Responsible Supply chain and supplier relations-** GaU upholds fair procurement practises that are strictly in line with the Public Disposal and Procurement Act. In the FY2021/2022, the University was also able to reduce its pending bills (mostly through payment of suppliers)

c) **Responsible marketing and advertisement-** All Adverts and marketing messages placed in the university website during the period under review upheld the principle of fairness and equity by including clauses encouraging persons with disabilities Youth and Women to apply for the positions/participate as well as incorporating other directives from relevant authorities from time to time.

d) **Product stewardship-** Through the directorate of Quality assurance, the University developed the Academic Quality Assurance Policy that content delivery is in line with the regulations by the Commission for University Education and other relevant authorities. Our service charter revised during the period under review is also aimed at safeguarding our clients' rights and interests.

5. Corporate Social Responsibility/Community Engagements;

In the spirit of delivering social corporate responsibility, the University, through the Directorate of PC&ISO and the HIV/AIDs Committee in collaboration with the National Aids Control Council commemorated the world AIDS Day (WAD) on 1st December, 2021. The global theme for this year was **Global Solidarity, Shared Responsibility** and the County Theme is **Komesha HIV and Covid-19**. The University in collaboration county Government and National Aids Control Council celebrated this year WAD by providing less fortunate students with Maisha Kit. The event took place at UmulKheir Orphanage Garissa Sub-county.

The University donated assorted items during the event including surgical masks, Hand sanitizers, Bar Soaps and food items

Garissa University had engaged the community in the education sector through the Office of Career Services. This was particularly aimed at promoting career development and leadership skills of youths and young generations in secondary schools. Personnel from Career department visited several schools in Garissa County. In the financial year 2021/2022 social corporate related activities was delivered to five secondary schools in Garissa County. These outreach services included intensive career development talk and motivation talk for candidates. Specifically, career development programme imparted skills on career exploration, career decision-making, information about world of work and choosing career trajectory. The table below provides details of the functions, dates and themes of the programmes.

10. REPORT OF THE UNIVERSITY COUNCIL

The University Council submits their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Garissa University's affairs.

Principal activities

The principal activity of the Garissa University is to nurture talent through research, innovation, consultancy, community outreach, entrepreneurship, imparting knowledge and skills to meet the needs of the society.

Results

The results of the Financial Performance of the University for the Year ended June 30, 2022 are set out on page 1

Council Members

The members of the University Council who served during the year are shown on pages iv, v, vi and vii.

Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Garissa University is not a regulatory entity and did not make any surplus during the year (FY 2021/2022 Nil) and hence no remittance to the Consolidated Fund.

Auditors

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

By Order of the University Council



Prof. Ahmed A. Osman, PhD

AG. VICE CHANCELLOR

Date: 5/11/2022

11. STATEMENT OF UNIVERSITY COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require the University Council to prepare financial statements in respect of Garissa University, which give a true and fair view of the state of affairs of the University at the end of the financial period and the operating results of the University for that period. The University Council are also required to ensure that the University keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the University. The University Council are also responsible for safeguarding the assets of the University.

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

The University Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and University's Act Section 47 (1) to (3). The University Council are of the opinion that the University's financial statements give a true and fair view of the state of the University's transactions during the financial year ended June 30, 2021, and of the University's financial position as at that date. The University Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.


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

Approval of the financial statements

The University's financial statements were approved by the University Council on, 30/8/2022 and signed on its behalf by:



Mrs. Amina R. Masoud
Ag. Chair of Council



Prof. Ahmed A. Osman, PhD
Ag. Vice-Chancellor

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REPORT OF THE AUDITOR-GENERAL ON GARISSA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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 Garissa University set out on pages 1 to 37, which comprise the statement of financial position as at 30 June, 2022,

Report of the Auditor-General on Garissa University for the year ended 30 June, 2022

and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actuals amounts for the year 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 Garissa University as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the University Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Payment of Part-Time Lectures

The statement of financial performance and as disclosed in Note 14 to the financial statements reflects use of goods and services expenditure of Kshs.144,951,000 for the year ended 30 June, 2022. Included in this balance is an amount of Kshs.46,448,000 for payment of part-time lectures. Review of payment vouchers and supporting documents revealed that an amount of Kshs.32,116,878 paid to the part-time lectures was not supported by records on courses on offer on part-time, application letters of the part timers, Dean of Schools list of identified potential part timers, courses allocated and approval by committee of Deans.

In the circumstances, the accuracy, completeness, validity and authenticity of the part time expenditure of Kshs.32,116,878 could not be confirmed.

2. Board Expenses

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects board expenses balance of Kshs.7,649,000 for the year ended 30 June, 2022. Review of the payment vouchers and supporting documents revealed that an expenditure of Kshs.1,949,502 paid in respect to council expenses had not been supported by council minutes and attendance registers for the meetings held in July and September, 2021 and others held in January, May and June, 2022.

In the absence of the aforementioned documents, audit could not confirm whether the meetings took place to guarantee the payment of the allowances.

In the circumstances, the validity and completeness of the expenses of Kshs.1,949,502 could not be confirmed.

3. Trade and Other Receivables

The statement of financial position and Note 16 to the financial statements reflect trade and other receivables balance of Kshs.18,266,000 in respect to student receivables

(outstanding fees). It was noted that the ageing analysis was not done to determine which debts were recoverable, doubtful and to be written off. In addition, there was no evidence of any action taken by the University to recover the receivables apart from issuance of the periodic fee reminder circulars.

In the circumstances, the University may not be able to recover the outstanding fees of Kshs.18,266,000.

4. Training and Capacity Building Expenses

Note 14 to the financial statements reflects use of goods and services balance of Kshs.144,951,000 out of which an amount of Kshs.3,047,000 was incurred on training. Review of payment records and other supporting documents revealed that the University incurred Kshs.3,047,000 but did not provide training needs assessment, a training program and a work plan. In the absence of the aforementioned documents, audit could not confirm whether the training activities took place to support the incurred expenses. In addition, an expenditure of Kshs.741,040 was incurred during another training at Galilee Management International Institute in Israel but the expenditure was not approved by the University Council.

In the circumstances, the validity and completeness of the training expense of Kshs.3,047,000 could not be confirmed.

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

1. Budgetary Control and Performance

A review of the statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.576,794,000 and Kshs.571,736,000 respectively resulting to a revenue realization of 100%. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.595,209,000, Kshs.576,794,000 and Kshs.560,586,000 respectively, resulting to under absorption of Kshs.16,208,000 or 3% of the budget.

Budget under absorption may hinder the University from delivering its services to the stakeholders.

2. Over Expenditure on Food and Catering Expenses

The statement of financial performance reflects a total expenditure on use of goods and services of Kshs.144,951,000. Included in this amount is an expenditure of Kshs.14,859,000 on catering expenses (food items) as reflected under Note 14 to the financial statements. It was observed that the procurement plan had set a provision of Kshs.9,930,000 for food and catering expenses against an actual expenditure of Kshs.14,859,000 resulting to an over-expenditure of Kshs.4,756,430 done outside the procurement plan. Purchase of goods outside the procurement plan may lead to accumulation of pending bills.

The Management was therefore in breach of procurement law since the approval for the over expenditure was not provided for audit review.

3. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2022. Although Management has indicated that the previous issues have been resolved, there was no evidence to prove that matters have been discussed and determined by the oversight body.

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. Irregular Approval of University Budget

Review of the University budget revealed that the budget was approved by three (3) Council members contrary to the requirement of Section 36(1) of the Universities Act, 2012 which states that the Council of a Public University or constituent college of such a university shall consist of nine (9) persons appointed by the Cabinet Secretary. Hence there was no proper governing organ established by the University to approve the budget.

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

2. Budgetary Limit on Employee Cost

Note 10 to the financial statements reflects an expenditure on employees' cost of Kshs.397,231,000 for the year ended 30 June, 2022 against a total revenue of Kshs.584,185,000. This means that the employee cost reported for the year under review represents 68% of the total revenue reported, which exceeds the 35 % limit required by

Regulation 26(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the University may not be able to achieve its development goals as a result of the employee costs consuming a big portion of the realized revenue.

3. Understaffing

Review of the staff establishment as at 30 June, 2022 revealed that the University had two hundred and eight (208) staff in post against an approved staff establishment of three hundred and forty-five (345) employees, resulting to understaffing by one hundred and thirty-seven (137) staff members.

In the circumstances, understaffing in key departments may result to the University not achieving its goals as outlined in the strategic plan.

4. Lack of Substantive Vice Chancellor

Garissa University has been operating without a substantive Vice Chancellor for a period of more than five (5) years despite being granted a Charter on 23 October, 2017 to operate as a full-fledged University. It was noted that the Cabinet Secretary for Education has been granting the Acting Vice chancellor six (6) months renewable contracts. In addition, the positions for the Vice Chancellor (VC) and Deputy Vice Chancellors (DVCs) were advertised on 30 July, 2019 and interviews conducted on 3 December, 2019. However, the process of recruitment was halted because of Court orders and the case is still active in Court.

In the circumstances, the University Council should ensure that the Cabinet Secretary appoints a substantive office holder as required by Section 35(1)(a) (v) of the University Act, 2012.

5. Lack of Ethnic and Gender Diversity

Review of human resource records revealed that the University had two hundred and eight (208) staff members out of whom, one hundred and twenty-five (125) or 60% were drawn from the dominant ethnic community in the County. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

In addition, the University had one hundred and forty-four (144) or 69% male staff and sixty-four (64) of 31% female staff contrary to Article 232 of the Constitution.

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

6. Payroll Management

Review of the June, 2022 payroll revealed that the University had three (3) employees with different payroll numbers but shared bank account numbers and thus audit could not confirm the validity of the three employees. It was also noted that nine (9) officers earned a net salary that is below one third of their basic salaries contrary to Part C.1.3 of the Public Service Human Resource Policies and Procedures Manual, 2016.

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

7. Property, Plant and Equipment

The statement of financial position and Note 18 of the financial statements reflect property, plant and equipment balance of Kshs.1,519,067,000 as at 30 June, 2022. During the year under review, the University had asset additions amounting to Kshs.28,373,000 out of which an amount of Kshs.8,921,000 was incurred on refurbishment of buildings. It was noted that the Bill of Quantities was not prepared contrary to Section 135(6)(c) of the Public Procurement and Asset Disposal Act, 2015 and there was no certificate of practical completion of the refurbished buildings. In addition, the University procured building materials and contracted masons and artists for the works instead of using the open tender for the procurement of works. The approach used is only applicable for the low value items.

In the circumstances, the validity and value for money for the expenditure of Kshs.8,921,000 could not be confirmed as a proper charge to public funds.

8. Staff Medical Insurance

Note 14 to the financial statements for the year ended 30 June, 2022 reflects an expenditure of Kshs.17,396,000 for staff medical insurance which was paid to the National Health Insurance Fund (NHIF) for a comprehensive staff medical cover. The cover commenced on 17 June, 2021 and was to lapse on 16 June, 2022. However, a review of the policy documents provided for audit revealed that the contractual agreement between NHIF and Garissa University was dated 4 October, 2021, casting doubt on whether staff were covered for the four (4) months before signing of the contract.

Further, it was observed that the contractual agreement was only for one hundred and forty-seven (147) employees in job grades five (5) to eighteen (18) who were covered, leaving the rest of fifty-seven (57) employees to seek medical services from the University's dispensary. This contravened Section 7.1 of the Garissa University Human Resource Policies and Procedures Manual, 2021 that requires all employees irrespective of their job cadres together with their legal dependents to be included in the medical cover.

In the circumstances, the University breached its Human Policy and Procedure manual, 2021 by discriminating on those who were to be included in the medical cover.

9. Irregular Payment of Acting Allowances

The statement of financial performance and Note 10 to the financial statements reflect a balance of Kshs.397,231,000 under employee costs for the year ended 30 June, 2022. Included in the balance is an amount of Kshs.2,226,223 paid as acting allowances to three (3) employees who are acting as the Vice Chancellor and two (2) Deputy Vice Chancellors contrary to part C.14(1) of the Public Service Human Resource Policies and Procedures, 2016 which requires acting allowances not to be paid for a period exceeding six (6) months.

In the circumstance, the payment of Kshs.2,226,223 as acting allowance was in breach of the law.

10. Trade and Other Payables

Note 20 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.45,065,000, comprising of trade and other payables balance of Kshs.1,358,000 and unpaid personal claims of Kshs.43,707,000. It was noted that part time lecturers' claims amounting to Kshs.7,370,000 were settled in the subsequent financial year resulting to outstanding bills of Kshs.37,695,000. The outstanding bills ought to have been settled as first charge in the subsequent financial year as required by Treasury Circular No. 10/2020 of 16 June, 2020.

In the circumstance, accumulation of long outstanding pending bills may lead to litigations and interest charges.

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

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

Basis for Conclusion

Unapproved Fee Payment Mode

Review of student fees statement and tuition fee collection bank statements revealed that the University had collected student fees through mobile money (MPESA) as a convenient revenue collection mode. However, the Management has not revised its fee policy of 2018 to approve and incorporate the mobile money mode of fee payment.

In the circumstances, the legitimacy and validity of the mobile money as a mode of receiving revenue could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the University Council

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


22 February, 2022

**13. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE, 2022**


		2021-2022	2020-2021
	Notes	Kshs'000'	Kshs'000'
Revenue from non exchange transactions			
Government Grants & Capitation	6(a)	418,296	408,131
Internal Borrowing	6(b)	-	-
Sub-Total		418,296	408,131
Revenue from exchange transactions			
Tuition & Related Charges	7	122,511	102,526
Rental Revenue from facilities and equipment	8	5,150	2,827
Sundry Income	9	38,229	5,342
Sub-Total		165,890	110,695
Total revenue		584,185	518,826
Expenses			
Employee costs	10	397,231	387,140
Board Expenses	11	7,649	12,230
Depreciation and Amortization Expense	12	34,047	29,305
Repairs and Maintenance	13	550	4,328
Use of goods & Services	14	144,951	109,081
Total expenses		584,428	542,084
Surplus/(Deficit) before Tax		(243)	(23,258)
Taxation		-	-
Surplus/(Deficit) for the period		(243)	(23,258)

The notes set out on pages 6 to 34 form an integral part of these Financial Statements


The financial statements were approved by the University Council and signed on its behalf by:


Prof. Ahmed A. Osman, PhD
Ag. Vice-Chancellor

Date: 5/11/2022


CPA Mohamed Ali Elmi
Head of Finance
ICPAK No. 12733

Date: 4/11/2022



Mrs. Amina Rashid
Ag. Chair of University Council

Date: 5.11.2022

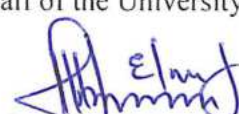
14. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	2021-2022 Kshs'000'	2021-2022 Kshs'000'
ASSETS			
Current Assets			
Cash and Cash Equivalents	15	27,524	75,448
Trade & Other Receivables	16	18,266	20,981
Inventories	17	8,390	9,890
Total Current Assets		54,180	106,319
Non-Current Assets			
Property, plant and equipment	18	1,457,596	1,360,126
Intangible Asset	19	12,671	14,783
Total Non-Current Assets		1,470,267	1,374,909
Total Assets		1,524,447	1,481,228
LIABILITIES			
Current Liabilities			
Trade and other Payables from exchange transactions	20	45,065	65,774
Refundable Deposits from customers	21	19,654	62,921
Total Current Liabilities		64,719	128,695
Non-Current Liabilities			
Non-current employee benefit obligation		-	-
Deferred tax liabilities		-	-
Total Non-Current Liabilities		-	-
Total Liabilities		64,719	128,695
RESERVES			
Revenue Reserve		153,692	115,999
Capital Reserves		772,957	703,455
Revaluation Reserves		533,079	533,079
Total Net Assets		1,459,728	1,352,533
TOTAL RESERVES & LIABILITIES		1,524,447	1,481,228


The Financial Statements were signed on behalf of the University Council by:


Prof. Ahmed A. Osman, PhD
Ag. Vice-Chancellor

Date: 5/11/2022


CPA Mohamed Ali Elmi
Head of Finance
ICPAK No. 12733

Date: 4/11/2022


Mrs. Amina Rashid
Ag. Chair of University Council

Date: 5.11.2022

**15. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2022**

	Capital Reserves Kshs ' Restated Kshs'000'	Revaluation Reserves Kshs ' Restated Kshs'000'	Revenue Reserves Kshs ' Restated Kshs'000'	Total Reserves Kshs ' Restated Kshs'000'
As at 1 July 2020	703,455	288,391	139,257	1,131,103
Surplus/(deficit) for the period	-	-	(23,258)	(23,258)
Transfers from Revenue Reserves	-	-	-	-
Transfers from Capital Reserves	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-
Grants received during the year	-	-	-	-
Revaluation for the year	-	244,688	-	244,688
Prior years adjustments	-	-	-	-
As at 30 June, 2021	703,455	533,079	115,999	1,352,533
As at 1 July 2021	703,455	533,079	115,999	1,352,533
Surplus/(deficit) for the period	-	-	(243)	(243)
Transfers from Revenue Reserves	-	-	-	-
Transfers to Capital Reserves	22,650	-	-	22,650
Transfer of excess depreciation on revaluation	-	-	-	-
Grants received during the year	18,415	-	-	18,415
Revaluation for the year	-	-	-	-
Realized capital fund	-	-	33,636	33,636
Prior years adjustments	28,437	-	4,300	32,737
As at 30th June 2022	772,957	533,079	153,692	1,459,728

Note:

a) Capital reserve

This represents the net worth of the University at the end of the reporting period and forms the net assets of the institution.

Prior year adjustment under capital reserve of **Ksh. 28,437** represent capital development grant received the previous financial year which was not reported in the statement of change of net assets.

A transfer to Capital reserve of **Ksh. 22,650,000** represents the retention money previously utilized to finance recurrent operation and refunded during the year under review. This was reported last Financial year under note 20 as other creditors.

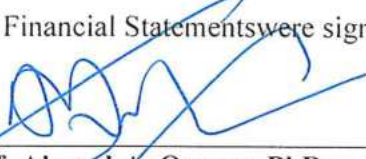
The realized capital gain recognized of **Ksh. 33,636,000** relate to ERP system and Perimeter wall projects which were transferred from WIP to assets for the FY 2020-21 and FY 2021-22 respectively.

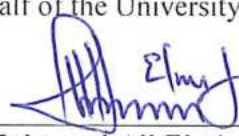
A transfer to revaluation reserve of **Ksh. 4,300** presents an amount understated in the previous year's financial statement from the revalued figure of the assets.


**16. STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

		2021-2022	2020-2021
	Notes	Kshs'000'	Kshs'000'
Cash flows from operating activities			
Receipts			
Government grants and Capitation	22(a)	418,296	438,626
Tuition fees & Related Charges	22(b)	104,245	81,537
Rental revenue from facilities and equipment	8	5,150	2,827
Sundry Income	9	38,229	5,342
Total Receipts		565,919	528,332
Payments			
Employees Costs	23(a)	398,760	411,953
Board Expenses	23(b)	7,725	12,153
Repairs and Maintenance	23(c)	612	4,215
Use of goods & Services	23(d)	133,775	102,661
Total Payments		540,873	530,983
Net cash flows from operating activities		25,047	(2,651)
Cash flows from investing activities			
Purchase of Property, Plant, Equipment	18	(22,758)	(44,083)
Increase in Capital-Work in Progress (WIP)	18	(55,164)	(20,673)
(Decrease)/Increase in Refundable Deposits	24	4,951	4,771
Net cash flows used in investing activities		(72,971)	(59,985)
Cash flows from financing activities			
Capital Grants	6(b)	-	-
Internal Borrowings	6(c)	-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(47,924)	(62,636)
Cash and cash equivalents at 1st July 2021	15	75,448	138,083
Cash and cash equivalents at 30th June, 2022	15	27,524	75,448

The Financial Statements were signed on behalf of the University Council by:


Prof. Ahmed A. Osman, PhD
Ag. Vice-Chancellor


CPA Mohamed Ali Elmi
Head of Finance
ICPAK No. 12733


Mrs. Amina Rashid
Ag. Chair of University Council

Date... 5/11/2022

Date... 4/11/2022

Date... 5.11.2022

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2022**

Description	Notes	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
		Ksh ''000''	Ksh ''000''	Ksh ''000''	Ksh ''000''	Ksh ''000''	Ksh ''000''
Revenue		a	b	c=(a+b)			d
Recurrent Capitation		423,192	924	424,116	424,116	0	100%
Development Capitation		18,415	0	18,415	18,415	0	100%
Tuition & related charges		100,000	9,400	109,400	104,245	5,155	95%
Other Income		12,663	13,615	26,278	26,379	-101	100%
Development Partners		21,600	(4,600)	17,000	17,000	0	100%
Total Revenue		575,870	19,339	595,209	590,155	5,054	
Expenses							
Use of Goods & Services		130,603	28,807	159,410	144,951	14,459	91%
Employee Costs		411,873	(12,545)	399,328	398,760	568	100%
Board Expenses		8,029	852	8,881	7,725	1,156	87%
Repairs & Maintenance Costs a		6,950	2,225	9,175	9,150	25	100%
Total Expenditure		575,870	19,339	595,209	575,628	19,581	
Surplus for the period		-	-	-	14,527	-14,527	
Capital Expenditure		18,415	0	18,415	15,042	3,373	82%

Budget notes:

a) The adjustment of Ksh. 924,000 under recurrent capitation relates to a balance of arrears for the 2017- 22 FYs CBA disbursed during the period under review.

b) The Adjustment of Ksh. 9,400, 000 was done to accommodate more tuition fees. The university admitted more students than anticipated at the time making the budget. The advance variance of Ksh. 5,155,000 -some fees amounting to Ksh. 3,240,000 forms part of the 17 million grant from development partners

c) The change of Ksh. 13,615,000 as well as the the postive variance of Ksh. 101,000 were as a result of collecting more funds than planned especially from hire of facilities at the time of budgeting.

d) The postive variance in use of goods and sevicees was as result of cost cutting measures introduced by management during the year hence savings.

e) The postive difference under P.E was as a result of staff who resigned and not replace during the FY 2021- 22.

f) For over a half the period under review, the university did not have full council hence the postive varainace.

g) The postive variance under capital expenditure was as a result of low absorption of funds by the contractors.

h) The expenditure component of this statement is reported on cash basis and therefore excludes commitments (and pending bills) hence the surplus of Ksh. 19,581,000

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Garissa University is established by and derives its authority and accountability from the Universities Act of 2012. It is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of Garissa University is to nurture talent through research, innovation, consultancy, community outreach, entrepreneurship, imparting knowledge and skills to meet the needs of the society.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

1. Adoption of New and Revised Standards

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

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. <i>The University adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the University.</i>

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link

Standard	Effective date and impact:
	<p>between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</p> <p><i>The University does not have Financial Instruments and therefore the standard does not apply.</i></p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>The University does not have a social benefit schemes and therefore the standard does not apply</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>The University does not have Financial Instruments and therefore the standard does not apply.</i></p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The University does not have any leases and therefore the standard does not apply.</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The University does not have assets for sale and therefore the standard does not apply.</i></p>

iii. **Early adoption of standards**

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

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

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position

d) Property, plant and equipment

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

Fixed Assets Depreciation: Fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets acquired during the year are depreciated from the date of acquisition.

The annual depreciation rates in use are:

Buildings	2%
Furniture, Plant and Equipment	12.5%
Library Books	12.5%

Motor Vehicles	25%
Computers and peripheral devices	33 $\frac{1}{3}$ %
Academic Gowns	5%

Freehold land is not depreciated as it is deemed to have an infinite life. Leasehold land is amortised over the unexpired lease period.

Work in progress

Work in progress represents properties (buildings) and Perimeter wall construction. It is carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use on the same basis as other buildings.

e) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

f) Intangible assets

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

Computer Software including ERP is recognized as intangible assets and amortized at a rate of 12.5% The useful life of the intangible assets is assessed as either finite or indefinite.

g) Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset

- The ability to measure reliably the expenditure during development

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

h) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

j) Provisions

Provisions are recognized when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The University has a capital reserve which represents the government interest in the net assets/equity of the University and is a combination of contributed capital by the government and the aggregate of the University's accumulated surpluses or deficit and reserves that reflect the net assets/equity attributable to the University operations.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

The University made its fixed contribution to Moi University Pension Scheme during the period under review.

n) Foreign currency transactions

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

The University did not engage in foreign currency transactions during the year under review.

o) Borrowing costs

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

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

The University did not have any borrowings during the period under review.

p) Related parties

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

q) Service concession arrangements

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

The University did not have any service concession arrangements during the year under discussion.

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

The useful lives 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, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available.

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

6. GOVERNMENT GRANTS AND CAPITATION

a) UNCONDITIONAL GRANTS

Month	Description	2021-2022 Ksh "000"	2020-2021 Ksh "000"
Aug/21	Monthly Capitation	34,781	68,022
Sep/21	Monthly Capitation	34,781	
Sep/21	Monthly Capitation	34,781	68,022
Nov/21	Monthly Capitation	34,781	
Nov/21	Monthly Capitation	34,781	
Dec/21	Monthly Capitation	34,781	34,011
Feb/22	Monthly Capitation	34,781	34,011
Mar/22	Monthly Capitation	34,781	34,011
Apr/22	Monthly Capitation	34,781	34,011
Apr/22	Monthly Capitation	34,781	34,011
Jun/22	Monthly Capitation	35,243	34,011
Jun/22	Monthly Capitation	35,243	68,022
Total		418,296	408,132

7. TUITION & RELATED CHARGES

	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Tuition Fees & Other Charges	121,965	102,183
Application Fees	547	343
Total	122,511	102,526

8. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Hire of University facilities	2,975	521
Staff House Rentals	2,175	2,306
Others	-	
Total	5,150	2,827

9. OTHER INCOME

	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Graduation fees	3,909	-
Accommodation	5,782	2,092
Catering	4,142	2,433
Research Grants	618	803
Development partners	17,000	-
Fines & other charges	6,778	14
Total	38,229	5,342

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE COSTS

	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Gross salary	346,298	339,100
Employer Pensions & Provident Contributions	27,540	25,951
Casual Wages	14,553	15,293
Police Allowances	6,316	6,519
Gratuity	-	278
Extraneous Allowance	2,524	-
	397,231	387,140

11. BOARD EXPENSES

	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Council Expense	6,849	10,570
Council Remuneration	800	1,660
Total Council Expenses	7,649	12,230
Senate & Deans' committee Expenses	-	-
University Committees	-	-
Total Committee Expenses	-	-
Total Board Expenses	7,649	12,230

12. DEPRECIATION AND AMORTIZATION EXPENSE

	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Property, plant and equipment	31,935	27,193
Intangible assets	2,112	2,112
Total	34,047	29,305

13. REPAIR AND MAINTENANCE EXPENSE

	2021-2022 Kshs '000'	2020-2021 Kshs '000'
University Vehicles	550	217
Water & Sewerage		4,111
Total repairs and maintenance	550	4,328

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. USE OF GOODS & SERVICE

Description	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Insurance	419	930
External Travel & Accommodation	30	-
Postage & Telegram Expenses	9	9
Office Expenses	-	-
News papers & Periodicals	-	-
Electricity Expenses	4,374	3,275
Water & Sewerage expenses	5,487	2,452
Advertising & Publicity	503	372
Staff Medical Care	17,396	25,439
Medical Expenses-Drugs purchase	1,775	2,359
Recruitment Expenses	404	1,489
Audit fees & expenses	696	-
Computer Expenses & software	511	353
Internet services & communication Exps	3,852	2,795
ICT Infrastructure & ERP Expenses	-	602
Bank Charges	1,298	3,445
Corporate Social Responsibility	861	-
Subsistence & Travelling Costs	4,836	3,250
Cleaning Materials & Detergents	1,835	386
Security Services, System & Equipment	59	-
Catering Expenses-(Food)	14,859	9,256
Catering Expenses-(Fuel)	2,328	705
Vehicle Fuel and oil	696	585
Performance Contracting	553	435
Strategic Plan implementation & Review	84	-
purchase of furniture& fitting		821
Stationeries	1,494	1,546
purchase of computer accessories		361
Uniforms & Clothings	-	350
Purchase of Catering Equipments	158	-
Purchase of Hostel Material	270	257
Purchase of Sports Equipment	228	-
Covid-19 Expense	11	-
ISO certification Expenses	1,001	211
Feasibility Study & project Design	645	-
Graduation Expenses	3,687	4,109
GUSO Welfare	1,778	1,224
Conferences & Seminars	2,272	
Post-graduate Programme	268	
Research Programme Expenses	1,334	966

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. USE OF GOODS & SERVICE (Continued)

External Examiners	2,602	1,019
Development & Review of academic Programmes	4,021	604
Subscriptions to Professional bodies	275	
Teaching Materials	435	836
KUCCPS Charges	267	-
Commission for University Education expense	263	1,580
Library Books & Journals	2,822	
Library Subscription	1,560	532
Training & capacity building	3,047	627
Examination Materials & Expenses	1,170	1,105
Teaching practise	732	2,109
Field Course Expense	1,371	
Industrial Attachment	2,051	2,240
Part-Time Lecturers	46,448	30,249
Sports & Recreational Activities	448	152
Student fees Refund	469	48
Hire of facilities	103	-
PSSP Activities	5	-
Elearning Expenses	853	-
Total	144,951	109,081

15. CASH AND CASH EQUIVALENTS

	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Current accounts	27,524	75,448
Total cash and cash equivalents	27,524	75,448

10(b)

Financial institution		2021-2022 Kshs '000'	2020-2021 Kshs '000'
Bank Details	Account No.		
KCB-Payment Account-	1136134727	2,933	5,858
KCB- Deposit A/c-	1136134816	12,284	1,323
KCB- Collection Account-	1136134514	1,560	1,539
Equity-GSSP Collection A/c-	0580261358416	3,266	24,121
Equity-PSSP Collection A/c-	0580261358406	2,920	31,403
Equity- Catering & Acc A/c-	0580261526380	4,561	11,204
Sub- total		27,524	75,448
Grand total		27,524	75,448

16. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Student Receivables-Outstanding Fees	18,266	20,981
Staff Receivables- Imprest Debtors	-	-
Others(Specify)	-	-
Totals	18,266	20,981

17. INVENTORIES

	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Central-stores	755	1,978
Consumable stores	4,358	4,077
Medical supplies-Clinic store	322	185
Catering store	2,954	3,629
Hostel stores	2	21
Total	8,390	9,890

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. PROPERTY, PLANT AND EQUIPMENT

COST/VALUATION	Leasehold Land Kshs '000'	Buildings Kshs '000'	Motor vehicles Kshs '000'	Furniture, Plant & Equipment Kshs '000'	Computers, Copiers & Printers Kshs '000'	Capital-Work in Progress (W.I.P) Kshs '000'	Total Kshs '000'
At 1 July 2020	35,000	329,545	11,113	74,329	16,503	735,025	1,201,516
Disposals/Capitalization	-	-	-	-	-	-	-
Additions	-	3,424	-	50,147	1,218	6,597	61,386
Transfer	-	-	-	-	-	(16,895)	(16,895)
Revaluation	265,000	-	-	(14,688)	(5,624)	-	244,688
At 30 June 2021	300,000	332,969	11,113	109,787	12,097	724,728	1,490,694
At 1 July 2021	300,000	332,969	11,113	109,787	12,097	724,728	1,490,694
Disposals/Capitalization	-	-	-	-	-	-	-
Additions	-	8,921	-	2,700	3,856	12,896	28,373
Transfer	-	147,058	-	-	-	(147,058)	-
Revaluation	-	-	-	-	-	-	-
At 30 June 2022	300,000	488,948	11,113	112,487	15,953	590,566	1,519,067

DEPRECIATION/AMORTIZATION

At 1 July 2020	-	1,648	695	35,991	15,878	-	54,212
Disposals	-	-	-	-	-	-	-
Charge for the period	-	6,659	2,778	13,723	4,032	-	27,193
Reversal of depreciation on revaluation	-	-	-	(35,991)	(15,878)	-	(51,869)
Transfers/Adjustments	-	-	-	-	-	-	-
At 30 June 2021	-	8,307	3,473	13,724	4,032	-	29,536
At 1 July 2021	-	8,307	3,473	13,724	4,032	-	29,536
Disposals	-	-	-	-	-	-	-
Charge for the year	-	9,779	2,778	14,061	5,317	-	31,935
Amortization for the year	-	-	-	-	-	-	-
Reversal of depreciation on revaluation	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-
At 30 June 2022	-	18,086	6,251	27,785	9,349	-	61,471

NET BOOK VALUE

As At 30 June, 2022	300,000	470,861	4,862	84,702	6,604	590,566	1,457,596
As At 30 June, 2021	300,000	324,662	7,640	96,063	8,065	724,728	1,360,126

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. INTANGIBLE ASSET

	2021-2022 KShs '000	2020-2021 KShs '000
COST/VALUATION		
As At 1st July 2020	16,895	16,895
Additions	-	-
Additions-internal development	-	-
As At 30th June 2021	16,895	16,895
 As At 1st July 2021	 16,895	 16,895
Additions	-	-
Additions-internal development	-	-
As At 30th June 2022	16,895	16,895
 AMORTIZATION & IMPAIRMENT		
As At 1st July 2020	-	-
Amortization for the year	2,112	2,112
As At 30th June 2021	2,112	2,112
 As At 1st July 2021	 2,112	 2,112
Amortization for the year	2,112	2,112
As At 30th June 2022	4,224	4,224
 NET BOOK VALUE As At 30th June 2022	12,671	14,783
 NET BOOK VALUE As At 30th June 2021	14,783	-

20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTION

	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Trade Payables	1,358	40,903
Unpaid Personal Claims	43,707	2,221
Accrued audit fess	-	-
Other Creditors	-	22,650
Total	45,065	65,774

Note:

1. Trade Payables represent supplier and service providers invoices not paid as at close of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. REFUNDABLE DEPOSITS FROM CUSTOMERS

	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Caution Money	4,946	4,054
Retention fund	10,649	54,575
Prepaid fees	4,059	4,291
Total deposits	19,654	62,920

22. CASHFLOW RECEIPTS NOTES

a) GOVERNMENT GRANTS & CAPITATION

Month	Description	2021-2022 Ksh "000"	2020-2021 Ksh "000"
Jul/21	Supplementary		30,494
Aug/21	Monthly Capitation	34,781	68,022
Sep/21	Monthly Capitation	34,781	
Sep/21	Monthly Capitation	34,781	68,022
Nov/21	Monthly Capitation	34,781	
Nov/21	Monthly Capitation	34,781	
Dec/21	Monthly Capitation	34,781	34,011
Feb/22	Monthly Capitation	34,781	34,011
Mar/22	Monthly Capitation	34,781	34,011
Apr/22	Monthly Capitation	34,781	34,011
Apr/22	Monthly Capitation	34,781	34,011
Jun/22	Monthly Capitation	35,243	34,011
Jun/22	Monthly Capitation	35,243	68,022
	Total	418,296	438,626

b) TUITIONS & OTHER RELATED CHARGES

	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Tuition Fees	103,699	81,194
Application Fees	547	343
Total	104,245	81,537

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. CASHFLOW PAYMENT NOTES

a) EMPLOYEE COST

Description	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Basic Salary	347,827	363,912
Employer Pensions & Provident Contributions	27,540	25,951
Casual Wages	14,553	15,293
Police Allowances	6,316	6,519
Gratuity	-	278
Extraneous Allowance	2,524	-
Total	398,760	411,953

b) BOARD EXPENSE

Description	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Council Expenses	6,925	10,493
Council Remuneration	800	1,660
Total Council Expenses	7,725	12,153
Senate & Deans' committee Expenses	-	-
University Committees	-	-
Total Committee Expenses	-	-
Total Board Expenses	7,725	12,153

c) REPAIRS & MAINTENANCE

Description	2021-2022 Kshs '000'	2020-2021 Kshs '000'
University Vehicles	612	156
General Refurbishment	-	4,059
Total	612	4,215

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d) USE OF GOODS & SERVICES

Description	2021-2022 Kshs '000'	2020-2021 Kshs '000'
Insurance	419	930
External Travel & Accommodation	30	-
Postage & Telegram Expenses	9	9
Office Expenses	-	-
News papers & Periodicals	-	-
Electricity Expenses	4,374	3,275
Water & Sewerage expenses	5,487	2,746
Advertising & Publicity	503	372
Staff Medical Care	17,631	25,204
Medical Expenses-Drugs purchase	1,775	2,359
Recruitment Expenses	693	1,200
Audit fees & expenses	696	-
Computer Expenses & software	551	313
Internet services & communication Exps	4,734	1,913
ICT Infrastructure & ERP Expenses	-	602
Bank Charges	1,298	3,445
Corporate Social Responsibility	861	-
Subsistence & Travelling Costs	4,836	3,250
Cleaning Materials & Detergents	1,463	386
Security Services, System & Equipment	59	-
Catering Expenses-(Food)	14,686	9,143
Catering Expenses-(Fuel)	2,328	705
Vehicle Fuel and oil	696	585
Performance Contracting	553	435
Strategic Plan implementation & Review	84	
Stationeries	1,494	1,546
Uniforms & Clothings	350	
Purchase of Catering Equipments	158	
Purchase of Hostel Material	270	257
Purchase of Sports Equipment	228	
Covid-19 Expense	11	
ISO certification Expenses	1,001	211
Feasibility Study & project Design	645	
Graduation Expenses	3,687	4,109
GUSO Welfare	1,778	1,224
Conferences & Seminars	2,272	
Post-graduate Programme	268	
Research Programme Expenses	1,621	678

NOTES TO THE FINANCIAL STATEMENTS (Continued)

External Examiners	2,602	1,263
Development & Review of academic Programmes	4,021	804
Subscriptions to Professional bodies	275	
Teaching Materials	1,106	165
KUCCPS Charges	267	
Commission for Universty Education expense	263	1,580
Library Books & Journals	2,822	
Library Subscription	1,560	1,330
Training & capacity building	3,047	627
Examination Materials & Expenses	1,204	1,070
Teaching practise	732	2,109
Field Course Expense	1,371	
Industrial Attachment	2,103	2,944
Part-Time Lecturers	33,677	24,490
Sports & Recreational Activities	448	152
Student fees Refund	469	48
Hire of facilities	103	
PSSP Activities	5	
Elearning Expenses	153	
Total	133,775	101,479

24. REFUNDABLE DEPOSITS FROM CUSTOMERS

	2021-2022	2020-2021
	Kshs '000'	Kshs '000'
Caution Money	892	480
Retention fund	-	
Prepaid fees	4,059	4,291
Total deposits	4,951	4,771

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. FINANCIAL RISK MANAGEMENT

The University's activities expose it to a variety of financial risks including credit and liquidity risks. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University does not hedge any risks and has in place policies to ensure that these risks are minimised.

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

i) Credit risk

The University has exposure to credit risk, which is primarily attributable to receivables since some students are unable to pay fees in full when due. Credit risk arises from cash and cash equivalents.

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

	Total amount Kshs.'000'	Fully performing Kshs.'000'	Past due Kshs.'000'	Impaired Kshs.'000'
At 30 June 2022				
Receivables from exchange transactions	165,889	165,889	-	-
Receivables from non-exchange transactions	418,296	418,296	-	-
Bank balances	27,524	27,524	-	-
Total	611,709	611,709	-	-
At 30 June 2021				
Receivables from exchange transactions	110,695	110,695	-	-
Receivables from non-exchange transactions	408,131	408,131	-	-
Bank balances	75,448	75,448	-	-
Total	594,274	594,274	-	-

The credit risk associated with receivables under the fully performing category is minimal and the allowance for uncollectible amounts that the University has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The University Management board have set fees policy to ensure that all students pay their fees and on time as a measure to credit risk management.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University's council members who have built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The University prepares annual budgets and expenditures are incurred based on availability of funds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Less than 1 month Kshs'000'	Between 1-5 months Kshs'000'	Over 5 months Kshs'000'	Total Kshs'000'
At 30 June 2022				
Trade payables	-	45,065	-	45,065
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	45,065	-	45,065
At 30 June 2021				
Trade payables	-	65,774	-	65,774
Current portion of borrowings	-	-	-	-
Refundable Deposits	-	-	8,345	8,345
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	65,774	8,345	74,119

iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the University on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or its purchasing power. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The University's Internal Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

iv) Foreign currency risk

The University does not engage in foreign currency transactions and therefore no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

v) Interest rate risk

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

Management of interest rate risk

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The entity considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 Kshs'000'	Level 2 Kshs'000'	Level 3 Kshs'000'	Total Kshs'000'
At 30 June 2022				
Financial Assets				-
Quoted equity investments				-
Non- financial Assets				-
Investment property				-
Land and buildings		770,861		770,861
Total	-	770,861	-	770,861
At 30 June 2021				
Financial Assets				-
Quoted equity investments				-
Non- financial Assets				-
Investment property				-
Land and buildings		624,662		624,662
Total	-	624,662	-	624,662

There were no transfers between levels 1, 2 and 3 during the year.

iv) Capital Risk Management

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

	2021-2022 Kshs'000'	2020-2021 Kshs'000'
Revaluation reserve	533,079	533,079
Retained earnings	-	-
Capital reserve	772,957	703,455
Total funds	1,306,036	1,236,534
 Total borrowings	 -	 -
Less: cash and bank balances	27,524	75,448
Net debt/(excess cash and cash equivalents)	(27,524)	(75,448)
Gearing	0%	0%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the University include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the University, holding 100% of the University's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) Ministry of Education;
- iii) University Council;
- iv) Key Management: The Vice Chancellor, and Deputy Vice Chancellors

RELATED PARTY PAYMENTS

S/No.	Name	Position	QT1	QT2	QT3	QT4	Total
1	Hellen Sambili	Chancellor	787,034.66	300,000.00	328,500	-	1,415,534.66
2	Mrs. Amina R Masoud	Member	247,100.00	219,050.00	257,650	356,500.00	1,080,300.00
3	Mr. Hassan Dualle	Rep. PS MOE	260,488.00	225,744.00	129,345	369,888.00	985,464.60
4	Mr. Boniface Ngigi	Rep. PS Treasury	299,528.64	226,000.00	129,600	370,400.00	1,025,528.64
5	PROF. Ahmed Abdikadir Osman	Ag. Vice Chancellor	2,527,413.20	2,494,774.20	2,604,024	2,590,598.50	10,216,810.10
6	Prof. Hussein Sheikh Adams Golicha	Ag.DVC(ASA)	2,582,120.40	-	-	-	2,582,120.40
7	Prof. Stephen Irura Nganga	Ag.DVC(FAP)	2,628,751.60	2,589,894.60	2,696,475	2,742,217.25	10,657,338.05
	Total		9,332,436.50	6,055,462.80	6,145,593.40	6,429,603.75	27,963,096.45

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. SEGMENT INFORMATION

The University operates within Garissa County and specifically in the proximity of Garissa Township and does not have campuses in other places. Hence IPSAS 18 on segment reporting is not applicable

25. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

At the close of business on June 30th 2022, the University did not have any contingent asset or liability.

26. CAPITAL COMMITMENTS

At the close of business on June 30th 2022, the University did not have any capital commitments

27. EVENTS AFTER THE REPORTING PERIOD

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

28. ULTIMATE AND HOLDING UNIVERSITY

The University is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

29. CURRENCY

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

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
1.	<p>FY 2020-2021</p> <p>Inaccuracies in the Financial Statements</p> <p>The statement of comparison of budget and actual amount received in the year under review of Kshs. 28,437,000 which is not included in the statement of changes in net assets. The statement reflects capital expenditure amounting to Kshs. 10,022,000 which defers with PPE additions amounting to Kshs. Kshs. 61,386,000 reflected under note 18 to the Financial statement, resulting to unexplained and unreconciled variance of Kshs. 51,364,000</p> <p>In the Circumstances, the accuracy of the Financial statements for the year ended 30 June 2021 could not be confirmed.</p>	<p>The omission was noted and now reported during the year under review.</p> <p>Additions to PPEs not only involves capital expenditure but also includes recurrent costs that significantly improves the value of an asset especially buildings.</p>	Prof. Ahmed O. Warfa Ag. VC	Resolved	FY 2021/2022
2.	<p>Budgetary Control and Performance</p> <p>The statement of comparison of final revenue budget and actual on comparable basis of Ksh 725,207,000 and Ksh 547,263,000 resulting to underfunding of 25% of the budget.</p> <p>Similarly the Final expenditure budget and actual on comparable basis Ksh 725,207,000 and Ksh 522,801,000 resulting to under-absorption of 28% of</p>	<p>The performance difference in revenue is Ksh. 67,450,000 which was mainly due to The University's ability to collect the planned A-I-A revenue (mainly from tuition fee and other income) as a result of the out-break of the Covid-19 pandemic and its sustained impact on the economy during the period under review.</p> <p>Similarly, the performance difference in Expenditure was mainly due to subdued</p>	Prof. Ahmed O. Warfa Ag. VC	Resolved	FY 2021-22

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Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
	the budget. The underfunding and under absorption may have negatively impacted on the University service delivery.	University operations and activities following the outbreak of the Covid-19 Pandemic and its ensuing impact on the economy throughout the period under review.			
3.	Risk Management policies and Audit, Risk and compliance committee Quorum The University operates without a documented risk management policy framework contrary to the requirements of Treasury Circular No. 3/2009 of 23 February, 2009 which requires all head of public institutions to develop and implement a risk management framework The Audit Committee of Council had only two members whos terms of contracts had lapsed forcing the committee to hold only two meetings during the year	The University management has developed risk management policy and ensure its the implementation. The VC had constantly followed up with the office of the CS and SCAC on the same and finally full appointed	Prof. Ahmed O. Warfa Ag. VC	Resolved	FY 2021-22
4.	Lack of Business Continuity Plan/IT Disaster Recovery Plan The University has put in place IT systems including ERP-Microsoft Dynamics,Mem Soft Payroll Management, Micro Invest Catering services and KOHA-Library service Management in place however it has not developed IT Disaster Recovery Plan. The loss of data, delays and disruption	All our software systems have a built-in backup procedure that allow backup of all transactions and data regularly as laid down by the ICT Policy 2021 sub section 3.12, This section also defines ICT Security procedures. The back-ups are stored offsite and are meant to provide continuity in case of failure of the systems	Prof. Ahmed O. Warfa Ag. VC	Resolved	FY 2021-22

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Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
	of services may occur incase of a disaster				
5.	Unsupported Part Time Payments Under use of goods and services included Ksh 30,249,000 for part time remuneration. Review of the payment records indicated that most appointment letters were issued and signed after the services have been rendered. Under this circumstances management exposed the institution to the likelihood of litigation where part time lecturers are engaged without valid contracts	Engaging part timers is a process. The school Board approves the unit allocation for all part time lecturers which is normally done before the semester begins. This is followed by a committee of Deans and then finally the University senate. These bodies sit at different intervals and that leads to delay of the process. However, once the School Board approves the allocation of units to part timers, then the part time lecturers can continue teaching awaiting the process to be finalized. This approval process has led to the delay in issuance of appointment letters	Prof. Ahmed O. Waria Ag. VC	Resolved	FY 2021-22


Prof. Ahmed A. Osman, PhD
Ag. VICE CHANCELLOR

Date:


31/1/2022

APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY

Projects implemented by the University Funded by development partners

I) PROJECT DETAILS

S/No.	Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required (yes/no)	Consolidat ed in these financial statements (yes/no)
1	750 Capacity Students Hostel		GoK	2014-Date	531 Million	No	yes
2	Perimeter wall		GoK	2016-Date	147 Million	No	yes
3	ERP System		GoK	2016-Date	16 Million	No	yes

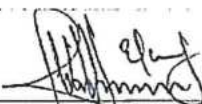
II) STATUS OF PROJECTS COMPLETION

S/No.	Project title	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources
		Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
1	750 Capacity Students Hostel	531,412	526,562	99%	18,415	15,042	GoK
2	Perimeter wall	147,058	147,058	100%			GoK
3	ERP System	16,895	16,895	100%			GoK
	Total	695,365	690,515	-	18,415	15,042	

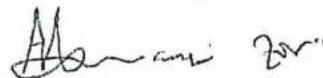
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APPENDIX III: INTER-UNIVERSITY TRANSFERS

Recurrent		Ksh"000"				2022-2021	2020-2021
	Bank statement Date	1st Quarter 30th Sept 2021	2nd Quarter 31st Dec 2021	3rd Quarter 31st Mar 2022	4th Quarter 31st June 2022		
	8/3/2021	34,781	-	-	-	34,781	
	9/1/2021	34,781	-	-	-	34,781	68,022
	9/29/2021	34,781	-	-	-	34,781	
	11/2/2021	-	34,781	-	-	34,781	68,022
	11/26/2021	-	34,781	-	-	34,781	
	12/28/2021	-	34,781	-	-	34,781	34,011
	2/1/2022	-	-	34,781	-	34,781	34,011
	3/2/2022	-	-	34,781	-	34,781	34,011
	4/1/2022	-	-	-	34,781	34,781	34,011
	4/28/2022	-	-	-	34,781	34,781	34,011
	6/6/2022	-	-	-	35,243	35,243	34,011
	6/28/2022	-	-	-	35,243	35,243	68,022
	Total	104,343	104,343	69,562	140,048	418,296	408,131
Development	Jul-21						
	Aug-21						
	Sep-21						
	Oct-21						
	Nov-21						
	Dec-21						
	Jan-22						
	Feb-22						
	Mar-22						
	Apr-22						
	May-22						
	Jun-22						
	Total	-	-	-	-		
Direct Payments							
Donor Receipts							
	Grand Total	104,343	104,343	69,562	140,048	418,296	408,131

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



CPA Mohamed Ali
Head of Finance
Garissa University



CPA Robert S. Asmani
Head of Accounting Unit
MOE-State Department of University
Education & Research

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				
					Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of Education	8/3/2021	Recurrent	34,780,964	34,780,964	-	-	-	-	34,780,964
	9/1/2021	Recurrent	34,780,964	34,780,964	-	-	-	-	34,780,964
	9/29/2021	Recurrent	34,780,963	34,780,963	-	-	-	-	34,780,963
	11/2/2021	Recurrent	34,780,964	34,780,964	-	-	-	-	34,780,964
	11/26/2021	Recurrent	34,780,964	34,780,964	-	-	-	-	34,780,964
	12/28/2021	Recurrent	34,780,960	34,780,960	-	-	-	-	34,780,960
	2/1/2022	Recurrent	34,780,964	34,780,964	-	-	-	-	34,780,964
	3/2/2022	Recurrent	34,780,964	34,780,964	-	-	-	-	34,780,964
	4/1/2022	Recurrent	34,780,963	34,780,963	-	-	-	-	34,780,963
	4/28/2022	Recurrent	34,780,964	34,780,964	-	-	-	-	34,780,964
	6/6/2022	Recurrent	35,243,002	35,243,002	-	-	-	-	35,243,002
	6/28/2022	Recurrent	35,243,002	35,243,002	-	-	-	-	35,243,002
Total			418,295,638	418,295,638	-	-	-	-	418,295,638

