




REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 15 MAR 2023	DAY: Wednesday
TABLED BY:	Leader of the Opposition
CLERK-AT-THE-TABLE:	Gebriel Kibet

THE AUDITOR-GENERAL

ON

SOUTH EASTERN KENYA UNIVERSITY

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



SOUTH EASTERN KENYA UNIVERSITY

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2021**

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

ARID TO GREEN



ISO 9001: 2015 CERTIFIED



SOUTH EASTERN KENYA UNIVERSITY
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ACRONYMS

A/C:	Account
ASDSP:	Agricultural Sector Development Support Programme
BBK:	Barclays Bank of Kenya
CO-OP:	Co-operative Bank of Kenya
GCFSI:	Global Centre for Food Systems Innovations
ICRAF:	International Centre for Research in Agroforestry
IGADINWRM:	Intergovernmental Authority for Development Inland Water Resources Management Programme
IGU:	Income Generating Units
IPSASB:	International Public Sector Accounting Standards Board
JKUAT:	Jomo Kenyatta University of Agriculture and Technology
KCB:	Kenya Commercial Bank
MORTEC:	Moringa Technology
NACOSTI:	National Commission for Science Technology and Innovation
NBK:	National Bank of Kenya
NRF:	National Research Fund
RUFORUM:	Regional Universities Forum for Capacity Building
SEKU:	South Eastern Kenya University
TARC:	Trans disciplinary Applied Research Centre



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I. UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information

South Eastern Kenya University was established on 1st March, 2013 as a successor to South Eastern University College (SEUCO), which was established on 15th July, 2008 as a successor to Ukamba Agricultural Institute (UKAI).

At Cabinet level, the University is represented by the Cabinet Secretary for Education, who is responsible for the general policy and strategic direction of the University.

(b) Principal Activities

The mandate of the University is teaching and learning, research and innovation, outreach and community service. To guide in carrying out these activities, the University has developed clear vision and mission statements.

The Vision of the University is to be a globally competitive center of excellence in teaching, research and innovation for purposes of transforming human lives.

The Mission is to provide quality and transformative education through teaching, learning, research, extension, innovation and entrepreneurship with emphasis on dry land agriculture, natural resources and environmental management.

In order to achieve the vision and mission, the University is guided by the following core values:

- (i) **Professionalism:** In all actions and interactions, we maintain ethical behavior, courtesy and professional etiquette.
- (ii) **Innovation:** Innovativeness is the hallmark of our business activities through fostering pro-activeness, creativity, and adaptability to change.
- (iii) **Integrity:** Transactions are done in honest, transparent and accountable ways.
- (iv) **Freedom of thought:** We promote and defend academic freedom.
- (v) **Teamwork:** We maintain a sense of unity and of common interests and responsibilities.
- (vi) **Respect for and conservation of the environment:** We strive to respect and protect the natural and working environment.



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(c) Key Management

The management of the University is undertaken by the following organs:

- (a) The University Council
- (b) The Senate
- (c) The South Eastern Kenya University Management Board

(d) Fiduciary Management

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

No	Designation	Name
1.	Vice Chancellor	Prof. Geoffrey M. Muluvi, Ph.D
2.	Deputy Vice Chancellor (Finance, Planning and Development)	Prof. Reuben M. Muasya, Ph.D
3.	Deputy Vice Chancellor (Academic, Research and Students Affairs)	Prof. Zipporah Ng'ang'a, Ph.D
4.	Deputy Vice Chancellor (Administration and Human Resources)	Prof. Francis N. Wachira, Ph. D
5.	Registrar (Administration, Planning and Development)	Dr. David Namasaka, Ph.D
6.	Registrar (Academic and Students Affairs)	Dr. John F. Koga, Ph.D
7.	Director (Resources Mobilization)	Dr. Samuel Mutukaa, Ph.D
8.	Ag. Finance Officer	CPA Hosea K. Kiprop

(e) Fiduciary Oversight Arrangements

- (i) Finance and General-Purpose Committee
- (ii) Building and Physical Development Committee
- (iii) Staff Terms and Conditions of Service Committee
- (iv) Audit Committee
- (v) Appeals Committee
- (vi) Appointments Committee
- (vii) Graduation and Sealing Committee

(f) Headquarters

South Eastern Kenya University
Main Campus
P.O. Box 170 – 90200
Kitui, Kenya



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(g) Contacts

Telephone: 0748605996/0748605997

E-mail: info@seku.ac.ke

Website: www.seku.ac.ke

(h) Bankers

1. National Bank of Kenya Ltd. (SEKU Branch)
P.O Box 1656-90200
KITUI
2. Equity Bank of Kenya Ltd. (Kitui Branch)
P.O Box 1453-90200
KITUI
3. The Co-operative Bank of Kenya Ltd. (Kitui Branch)
P.O Box 1432-90200
KITUI
4. Barclays Bank of Kenya Ltd. (Kitui Branch)
P.O Box 1206-90200
KITUI
5. Kenya Commercial Bank Ltd. (Kitui Branch)
P.O Box 683-00200
KITUI
6. Family Bank (K) Ltd. (Kitui Branch)
P.O Box 74145-00200
NAIROBI

(i) Independent Auditors

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

(j) Principal Legal Adviser

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



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II. THE UNIVERSITY COUNCIL



1. Dr. Swabah A. Omar Ph.D
(Chairman of the Council)

Date of Birth: 13th September 1966

Key Qualifications:

- i) 2002: London School of Hygiene & Tropic Medicine, Ph.D
- ii) 1995: University of Nairobi, M.Sc Biochemistry
- iii) 1990: University of Nairobi, B.Sc. Chemistry, Zoology

Work Experience:

- i) 2013-2015: County Executive Member (CEC in-charge of Health- Kilifi County.
- ii) 2011-2013: Director of Centre for Geographics in KEMRI- Kilifi County
- iii) 2009-2013: Principal Research Officer /Head of Malaria Research Lab in KEMRI.
- iv) 2002-2009: Senior Research Officer in KEMRI



2. Mr. Paul Maina Mwangi
(Member, Representing State
Department for University Education
and Research)

Date of Birth: 19th May, 1970

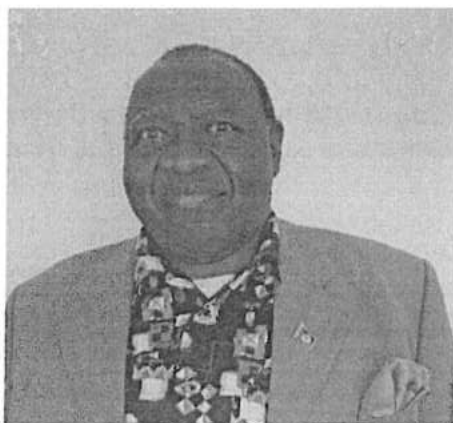
Key Qualifications:

- i) 2011 Kenyatta University, Master of Science (Pure Mathematics)
- ii) 1996 Egerton University, Bachelor of Education (Science).
- iii) 2014 Kenya School of Government, Strategic Leadership Development Programme (SLDP).
- iv) 2015 Centre for Corporate Governance, Corporate Governance

Work Experience:

- i) 2017 to date Assistant Director of Education, MOE.
- ii) 2013-2017: Principal Education Officer, MOE.
- iii) 2007-2012: Senior Quality Assurance and Standards Officer, MOE.
- iv) 2019 to present: South Eastern Kenya University Council Membership

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3. Amb. Prof. David K. A. Kikaya
(Member)

Date of Birth: 1st October 1947

Key Qualifications:

- i) 1994: Doctor of Philosophy, University of Bradford, UK-International Relations - (*East-West Relations and the Politics of Strategic Resources-Conflict in Central and Southern Africa*)
- ii) 1980: Master of Arts, University of Bradford, UK-International Relations-*Peace Studies and Conflict Resolution Strategies*
- iii) 1975: Bachelor of Arts, University of Nairobi, Kenya Economics & Sociology

Work Experience:

- i) 2011: Founder Director – Research Institute for Peace, Policy and International Affairs (RIPPIA)
- ii) 2003: Professor and Founder; Co-coordinator, International Relations programme, United States International University- *Africa*
Visiting Universities Lecturer: Masinde Muliro, Kisii and Pioneer
- iii) 2001 - 2003: Ambassador/Permanent Representative, Head of Mission Kenya Mission to U.N. Habitat
- iv) 1999- 2000: Head of Europe and Commonwealth, Ministry of Foreign Affairs, Kenya
- v) 4th November, 2020 to date: South Eastern Kenya University Council.



4. Harriette Igonanga Chiggai
(Member)

Date of Birth: 19th April, 1981

Key Qualifications:

- i) Master of Business Administration (UoN)
- ii) Bachelor of Laws degree (LLB) (UoN), University of Nairobi
- iii) Diploma Kenya School of Law

Work Experience:

- i) 2019 to present: Senior Managing Partner, CALO Law LLP
- ii) 2011: Manager, Legal Services, ICPAK
- iii) 2010-2011: Associate Lawyer, Mbaluka & Co. Advocates
- iv) 2008- 2009 Legal Officer, Zahra Sign Ltd
- v) 1st August, 2020 to present: South Eastern Kenya University Council Member



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5. Mr. Thuita Isaac Gitahi
(Member)

Date of Birth: 9th October, 1959

Key Qualifications:

- i) 2007 - Masters in Education. (Kenyatta University)
- ii) 1984 – Bachelors of education (Arts) University of Nairobi

Work Experience:

- i) 2016: Deputy Director University Education
- ii) 2014: Acting Senior Deputy Director of Education, Primary Education
- iii) 2011: National Coordinator, ECD and school meals programme (MOEST)
- iv) 2010: Strategic Leadership Development Program (KIA)
- v) 2008: Team Leader and National Coordinator, ECD Investment Prog. (MOEST)
- vi) 2006: Senior Assistant Director of Education.
- vii) 2003: Assistant Director of Quality Assurance and Standards
- viii) 4th November, 2020 to date: South Eastern Kenya University Council Membership



6. Michael Nal Kipkirui
(Member)

Date of Birth: 21st November, 1964

Key Qualifications:

- i) 2015: Masters in Project Planning and Management University of Nairobi
- ii) 2011 Bachelor of Commerce (Financial management) University of South Africa

Work Experience:

- i) 2014 University of Nairobi and University of Kabianga, Part-time Lecturer
- ii) 1995 -2002: Section Head: Barclays Bank (K) Ltd.
- iii) 1987 -1995: Clerical officer: Barclays Bank (K) Ltd.
- iv) 1st August, 2020 to present: South Eastern Kenya University Council Membership

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7. Ms. Lydia Mwikali Kaleli
(Member)

Date of Birth: 19th July 1979

Key Qualifications:

- i) 2016 Uganda Christian University, Master of Public Health Leadership.
2004 Kenyatta University, Bachelor of Education.
- ii) 2014 Kenya Institute of Management
Higher Diploma in Human Resource Management

Work Experience:

- i) 2011-To Present: Human Resource Officer, Bible Translation and Literacy E.A.
- ii) 2015-2011: Teacher NPC Senior School.
- iii) 1st August, 2017 To Present: South Eastern Kenya University Council Membership



8. Prof. Geoffrey M. Muluvi, Ph.D
(Vice Chancellor and Secretary to the Council)

Date of Birth: 6th June, 1963

Key Qualifications:



- i) 2012 Eastern and Southern Africa Management Institute, Arusha Tanzania. Master of Business Administration.
- ii) 1998 University of Dundee, U.K.
Doctor of Philosophy (Plant Molecular Genetics), Department of Biological Sciences,
- iii) 1988 Moi University, Eldoret.
Bachelor of Science, Second Class Honours (Upper Division),

Work Experience:

- (i) 20th May, 2013- to present: Vice Chancellor, South Eastern Kenya University.
- (ii) 1st March, 2013 up to 19th May 2013: Ag. Vice-Chancellor South Eastern Kenya University.
- (iii) 15th March 2010 to 29th February 2013: Principal South Eastern University College (SEUCO) a Constituent College of the University of Nairobi.
- (iv) 2007-2010 Deputy Vice Chancellor, Kenyatta University.

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III. MANAGEMENT TEAM

<p>1. Prof. Geoffrey M. Muluvi, Ph.D (Vice Chancellor)</p>	<p>Refer to page (x)</p>
 <p>2. Prof. Reuben M. Muasya, Ph.D Deputy Vice-Chancellor (Finance, Planning and Development)</p>	<p><i>Date of Birth:</i> 12th September 1960</p> <p><i>Key Qualifications:</i></p> <ul style="list-style-type: none"> (i) 2001 Wageningen Agricultural University, Netherlands. Doctor of Philosophy (ii) 1996 Moi University, Eldoret. Master of Philosophy, (iii) 1992 University of Eastern Africa Baraton, Bachelor of Science in Agriculture. <p><i>Work Experience:</i></p> <ul style="list-style-type: none"> (i) November 2013 to present: Deputy Vice Chancellor, Finance Planning and Development South Eastern Kenya University. (ii) 14th July 2011 up to October 2013: Director, Kitui Town Campus, SEKU.
 <p>3. Prof. Zipporah Ng'ang'a, Ph.D Deputy Vice Chancellor (Academic, Research and Students Affairs)</p>	<p><i>Date of Birth:</i> 3rd February 1960</p> <p><i>Key Qualifications:</i></p> <ul style="list-style-type: none"> (i) 2012 JKUAT, Executive Master of Business Administration. (ii) 1998 Kenyatta University Doctor of Philosophy. (iii) 1988 University of Nairobi, Master of Science in Parasitology. (iv) 1984 University of Nairobi, Bachelor of Science, Second Class Honors (Upper Division) <p><i>Work Experience:</i></p> <ul style="list-style-type: none"> (i) 2nd December 2013 to present, Deputy Vice Chancellor, Academic, Research and Student Affairs South Eastern Kenya University

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4. Prof. Francis N. Wachira, Ph.D
Deputy Vice Chancellor (Administration
and Human Resources Management)

Date of Birth: 20th March 1963

Key qualification:

- (i) 1996 Dundee University, the United Kingdom, Doctor of Philosophy degree.
- (ii) 1990 Kenyatta University, Kenya Master of Science.
- (iii) 1986 Kenyatta University, Bachelor of Education (Science)

Work Experience

- (ii) January 2017 – present: Deputy Vice-Chancellor, Administration & Human Resources Management South Eastern Kenya University
- (i) February 2015-December 2016: Executive Secretary, ASARECA, Uganda
- (ii) August 2012 – February 2015: Deputy Executive Director, ASARECA, Uganda
- (iii) November 2009-July 2012: Director, CEO Tea Research Foundation of Kenya

Membership:

- (i) February 2015-December 2016: Member of Board of Directors, Forum for Agricultural Research in Africa (FARA), Ghana
- (ii) May 2014-December 2016; Member, Independent Advisory Committee, ICRISAT (International Crops Research Institute for the Semi-Arid Tropics), India
- (iii) April 2014-December 2016; Member, Steering Committee, Pan African Research Alliance (PASIRA), Uganda
- (iv) March 2011-September 2012: Member, Kenya Highlands Evangelical University Council, Kenya

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5. Dr. David B. Namasaka, Ph.D
Registrar (Administration, Planning and Development)

Date of Birth: 25th May, 1971

Key Qualifications:

- (i) 2020: Jaramogi Oginga Odinga University of Science and Technology (JOUST), Doctor of Philosophy in Human Resource Management.
- (ii) 2016: Kibabii University (KIBU), Master of Science in Human Resource Management.
- (iii) 2012: Masinde Muliro University of Science and Technology (MMUST), Master of Science in Disaster Management and Humanitarian Assistance.
- (iv) 2012: Kenya Institute of Management (KIM), Diploma in Human Resource Management.
- (v) 1996: University of Nairobi, Bachelor of Education (Arts)

Work Experience:



- (i) 9th June, 2021 to date: Registrar, Administration, Planning and Development, South Eastern Kenya University (SEKU)
- (ii) 1st April, 2019 to 8th June, 2021, Deputy Registrar (Planning, Partnerships, Research and Innovation), (KIBU).
- (iii) 23rd November, 2014 to 31st March, 2019, (KIBU)
- (iv) 1st July, 2013 to 22nd November, 2014: Senior Assistant Registrar Administration (Central Services and Human Resource) (MMUST).
- (v) 1st November, 2011 to 30th June, 2013 : Assistant Registrar Administration (Central Services and Human Resource), (MMUST)
- (vi) 22nd November, 2007: Senior Administrative Assist. Administration (Central Services and Human Resource), (MMUST)

Membership:

- (i) Institute of Human Resource Management – Practicing Member Number
- (ii) Kenya Institute of Management - Member Number
- (iii) The Kenya Red Cross



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 <p>6. Dr. John F. Koga, Ph.D Registrar (Academic and Students Affairs)</p>	<p><i>Date of Birth: 1st October, 1960</i></p> <p><i>Key Qualifications:</i></p> <ul style="list-style-type: none"> (i) 1994 The University of Leeds, Doctor of Philosophy degree. (ii) 1988 Kenyatta University, Master of Science. (iii) 1985 University of Nairobi, Bachelor of Education, Second Class Honours (Upper Division) (iv) 1981 Kenya Science Teachers College, Certificate of Teacher Education (S1) <p><i>Work Experience:</i></p> <ul style="list-style-type: none"> (i) 1st November, 2010 to present: Registrar, Academics and Students Affairs, South Eastern Kenya University
 <p>7. Dr. Samuel Mutukaa, Ph.D (Director, Resource Mobilization)</p>	<p><i>Date of Birth: 3rd April 1972</i></p> <p><i>Key qualification:</i></p> <ul style="list-style-type: none"> i) 2015 University of KwaZulu-Natal, Doctor of Philosophy, Public Administration. ii) 2011 Moi University, Master of Science in Development Studies. iii) 2007 Kenyatta University, Master of Business Administration iv) 1997 University of Nairobi, Bachelor of Science <p><i>Work Experience</i></p> <ul style="list-style-type: none"> i) 1st February, 2017 to present: Director, Resource Mobilization, South Eastern Kenya University. ii) 2013-2017: Senior Lecturer, Africa Nazarene University. iii) 2011-2013: Regional Development Advisor – Action Aid Denmark iv) 2009-2010: Development Consultant – UNICEF, IUCN, Oxfam, WWF, Action Aid, Concern Worldwide, World vision, Heifer International

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8. CPA Hosea Kiprop
(Ag. Finance Officer)

Date of Birth: 25th July 1980

Key Qualifications:

- (i) 2016: Moi University, Master of Business Management (Finance).
- (ii) 2003: Kenyatta University, Bachelor of Commerce (Accounting Option)
- (iii) 2007: ICPAK-CPA(K)
- (iv) 2017: CIFA

Work Experience:

- (i) August 2019, to present, Deputy Finance Officer South Eastern Kenya University.
- (ii) 2012-2019, Accountant/Senior Accountant University of Kabianga
- (iii) 2007-2012, Assistant Accountant, Moi University

Membership:

- (i) Member, Institute of Certified Public Accountants of Kenya (ICPAK)
- (ii) Member, Institute of Certified Investment and Financial Analysts (ICIFA)



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IV. CHAIRMAN'S STATEMENT

On behalf of the Council, I am pleased to present the South Eastern Kenya University Annual Report and Financial Statements for the financial year ended 30th June 2021.

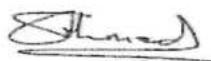
The year under review was a challenging year due to COVID-19 pandemic having started the year under government lockdown. Despite these challenges, I am pleased to report that the University continued to deliver on its key mandate of teaching and learning, research and innovation, outreach and community service. The council is indeed pleased with the actions taken by the University to ensure the safety and wellbeing of our staff and students throughout the year in line with government guidelines.

During the period, the University realized significant achievements, notwithstanding the financial and operational challenges occasioned by the COVID -19 pandemic. These included making it possible for staff to work from home and also ensure our students continued learning remotely during the period of closure. In addition, the university instituted preventive actions in all our facilities that ensured our staff and students remained safe. Another key milestone achieved during the year was the completion of the modern infrastructure facilities at our newly constructed campuses in Wote and Kitui town in line with the University's 2019-2023 Strategic Plan.

Given the operational and financial challenges, the University will continue to innovate in the core areas of teaching, learning and research as we focus on expansion of ICT infrastructure in order to ensure we deliver quality education and service to our students and other stakeholders.

I take this opportunity to reaffirm the commitment of the Council in providing effective leadership for the growth of the University. In this regard, the Council will continue to maintain a policy direction which facilitates management and staff to work together and engage stakeholders in accordance with the spirit of participation enshrined in our Constitution.

In conclusion, I would like to express my sincere gratitude to the Government of Kenya for its invaluable support to the University as it continues to deliver on its mandate. I also wish to commend the management and staff for their exceptional efforts to ensure we achieve the level of growth that we witnessed during the year and the community and other stake holders for their continuous contribution and support in various ways. I also thank my fellow Council members for their insightful support and timely inputs during the year.



**DR. SWABAH A. OMAR, Ph.D
CHAIRMAN OF COUNCIL**



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V. REPORT OF THE VICE-CHANCELLOR

I am delighted to present the Annual Report and Financial Statements of the South Eastern Kenya University for the year ended 30th June 2021. The financial year begun on a difficult operating environment due to COVID -19 pandemic which adversely affected the Education sector. This prompted the university to innovate ways to respond to this challenge and continued to maintain its operations during the period. I am pleased to report that the university through its staff donated to the National COVID-19 Emergency kitty and also partnered with the ministry of health to have all its employees vaccinated.

The economic slowdown due to Covid-19 pandemic had a negative impact on University's operations and financial performance. Despite the lockdowns experienced during the year, the university realised a total of Kshs.1.145 billion in recurrent revenue composed of Appropriation in Aid (AIA) of Kshs.235.32 million which translates to 20.4% and recurrent grants of Kshs.909.74 million which translates to 79.6%. The University received a total of Kshs.44.79 million from the Government as capital grants to finance the ongoing infrastructure projects.

As part of its strategy to achieve operational sustainability, the University continued to rationalize and manage costs through restructuring. The total expenditure, inclusive of assets impairment and amortization, amounted to Kshs.1.15 billion with employee costs accounting for Kshs.909.66 million which is 78.4% of the total operational cost. Through capital grants received from the Government, the University continued to implement key infrastructure projects included in its Strategic Plan 2019-2023 namely: College of Humanities, Wote and Kitui campuses. Further, the University continued to invest in capital assets focused on enhancing its capacity to deliver services by procuring furniture and ICT infrastructure for both students and staff. As a result, the total asset base stood at Kshs.3.48 billion as at the end of the year under review.

Finally, I would first like to express my sincere appreciation to the Council whose untiring and insightful support was critical during the year. I also wish to recognize the great contribution of our employees and our broader stakeholders in making sure that the University achieves its goals and objectives. I sincerely thank all of them and look forward to their continued support.



.....
PROF. GEOFFREY M. MULUVI, Ph.D
VICE-CHANCELLOR



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VI. REVIEW OF UNIVERSITY'S PERFORMANCE FOR FY 2020/2021

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 University's performance against predetermined objectives.

South Eastern Kenya University has five strategic pillars and objectives within its Strategic Plan for the 2019- 2023. These strategic pillars are as follows:

Pillar 1: Provide Quality University Education and Training

Pillar 2: Enhance Research, Consultancy and Community Service

Pillar 3: Enhance Physical Infrastructure

Pillar 4: Promote Governance and University Image

Pillar 5: Promote partnerships and enhance resource mobilization

South Eastern Kenya University develops its annual work plans based on the above five pillars. Assessment of the University's performance against its annual work plan is done on a quarterly basis. South Eastern Kenya University achieved its performance targets set for the 2020/2021 financial period under its five strategic pillars, as indicated in the matrix below:

Strategic Pillar	Strategic Objectives (SO)	Activities	Key Performance indicators	Achievement
Pillar 1: Provide Quality University Education and Training	SO1: To produce well educated, skilled, and competent manpower.	1. Develop market driven undergraduate and postgraduate programmes.	Number of senate approved programmes	New programmes developed in Engineering and health science
		2. Mainstream ethics in academic programmes.	Number of programmes mainstreamed	University programmes mainstreamed
		3. Use ICT in teaching and learning	Number of programmes digitised	All programmes digitised
	SO2: To attract, develop, motivate and retain well qualified and competent staff	1. Expand and improve health care services for staff	Number of staff on health care services	All members of staff covered in medical scheme
		2. Develop and implement a performance management System	Performance management system developed	Staff appraisal conducted
	SO3: To increase access and equity quality education	1. Develop a marketing strategy for academic programmes.	Increased enrolment	Increased enrolment during the year
		2. Promote gender and minority groups parity in all academic programmes.	Proportional representation of gender and minority groups	30% of women and 10% of the minority groups adhered
Pillar 2: Enhance Research, Consultancy and Community Service	SO4: Enhance research output and dissemination results	1. Increase research programmes	Number of funded research projects	New research projects funded
		2. Establish partnerships with industry, universities and research organisations	Number of partnerships established	MOU's established
		3. Disseminate research findings	Number of publications, workshops and seminars	140 publications in the year/ held 2 workshops/ seminars
		4. Implement University Research and Innovation Policy	Developed and implemented	University Research and Innovation policy implemented



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Strategic Pillar	Strategic Objectives (SO)	Activities	Key Performance indicators	Achievement
		5. Train staff on competitive grant writing	Number of staff trained	Research grants funded during the year
		6. Establish a University research fund	Provision of University research budget line	Kes. 0.5 million allocated
	SO6: Enhance consultancy services	1. Mainstream consultancy services	Number of consultancy services awarded	Two consultancies awarded
	SO7: Engage in community outreach and extension services	1. Develop programmes for community outreach	Number of developed programmes	Programmes developed
Pillar 3: Enhance Physical Infrastructure	SO8: Develop ICT infrastructure to support teaching, learning and outreach.	1. Increase the bandwidth	Increased bandwidth	Bandwidth increased by 15 MB
		2. Enhance campus connectivity	Number of buildings having fibre optic connection	All buildings connected to fibre optic
		3. Increase internet hotspots	Number of hot spots on campus	5 hot spots during the year
	SO9: Expand physical facilities for teaching, research, learning and student welfare	1. Develop lecture hall, laboratories and offices	Number of new lecture halls, laboratories and offices built	College of Humanities, Wote and Kitui campus under construction
Pillar 4: Promote Governance and University Image	SO10: To promote the University image for enhanced visibility.	2. Develop and expand tree nursery, botanical garden and woodlots	Number of tree species introduced and the acreage of woodlot established	5 acres of woodlot established in the year
		1. Join and participate in national, regional and international associations	Number of associations joined	Payment of subscription fees paid for the year
		2. Continuously update the University repository	Number of materials posted on the repository	Increased number of materials posted
		3. Disseminate research information	Number of public lectures by staff	Public lectures held
	SO11: To promote integrity and ethical behaviour in university governance	4. Continuous engagement of staff and students to guarantee harmony	Number of staff and students' engagements per year	one joint event held
		1. Institutionalise prudent use of university resources	Compliance with statutory requirements	All statutory and legal requirements complied
		2. Sensitise staff on integrity and ethical behaviour	Number of workshops/seminars held	Staff sensitised on integrity and ethical behaviour
	SO12: To institutionalise quality systems	3. Develop and implement anti-corruption policy	Anti-corruption policy developed and implemented	Zero tolerance to corruption
		1. Develop and implement ISO QMS 9001-2015	QMS developed	ISO-Certification awarded and retained
		2. Develop and implement ISMS	ISMS Developed	ISMS implemented
		3. Develop and implement environmental QMS	QMS developed	ISO Re-certification awarded
		4. Ensure that programmes are accredited by professional bodies and benchmarking with other internationally accredited institutions.	Number of programmes accredited	All programmes approved by Senate and requiring accreditation by professional bodies done
	SO13: Enhance Human Resource Development	5. Implement CUE standards and guidelines	CUE standards and guidelines implemented	All CUE standards and guidelines implemented
		1. Implement national cohesion and integration principles.	National cohesion and integration principles implemented	Implemented and observed
		2. Develop and implement induction programme for staff	induction policy developed and implemented	Policy Implemented



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Strategic Pillar	Strategic Objectives (SO)	Activities	Key Performance indicators	Achievement
Pillar 5: Promote partnerships and enhance resource mobilization	SO14: To mobilize adequate resources to sustain and advance university activities	1. Utilize SEKU lands and other properties to generate income	Number of acres utilized	Planted 15,000 seedlings in 40 acres of SEKU land
			Number of livestock increased	
		2. Commercialize the farm	Number of farm enterprises commercialized	Commercialize on going
		3. Implement resource mobilization policy	Non-conventional sources of funds identified	Implementing resource mobilization policy
		4. Develop and implement short courses	Curricula for short courses developed	Short courses established
		5. Establish partnerships and Linkages for resource mobilisation	No of linkages and partnerships established	Partnerships and Linkages established
		6. Develop and implement a marketing plan	Marketing plan developed	Marketing plan developed
		7. Disseminate research findings through international conference	Number of international Conferences held in SEKU	Conferences held in SEKU
		8. Disseminate research findings through international conference	Number of international Conferences held in SEKU	Conferences held in SEKU



VII. CORPORATE GOVERNANCE STATEMENT

The University derives its authority and accountability from the Universities Act of 2012, the South Eastern Kenya University Charter and the South Eastern Kenya University Statutes which outline the commitment required of members of the Council to discharge their mandate.

These instruments guarantee effectiveness of each member contribution in the governance of the University by ensuring there is independent judgment, where professional competence and ethical standards are highly observed in decision making.

The University is also guided by its core values namely: professionalism, innovation, integrity, freedom of thought, teamwork and respect for and conservation of the environment which, serve as a basis for sound decision making.

The University is in compliance with MWONGOZO Code of Governance for State Corporations and underlying principles of good governance. In addition, the University is fully compliant with provisions of, inter alia, the following Acts and regulations; Public Procurement and Disposal Act 2015 and Regulations 2020, Public Finance Management Act 2012 and Regulations 2015. Further, the University attained ISO 9001-2015 Quality Management System certification.

1. Chancellor

Section 12 of the Charter provides that there shall be a University Chancellor who is appointed by the President.

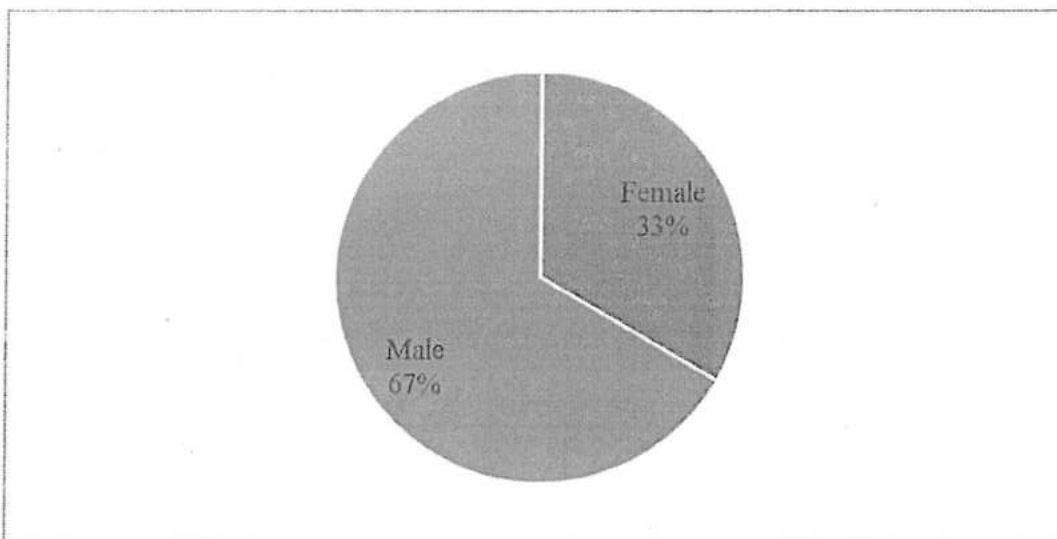
2. Council

Section 18 of the Charter provides that there shall be a University Council. During the period under review the Council consisted of (9) members led by a non-executive and independent chairman, an executive Vice Chancellor and Secretary to the Council, the Principal Secretary National Treasury, Principal Secretary Ministry of Education and five independent and non-executive members.

All the non-executive Council members were independent of management and free from any business or other relationships which could interfere with the exercise of their independent judgment. Members of the University Council are appointed by the Cabinet Secretary for Education.

The tenure of the current Council begun on 4th November, 2020.

Council Diversity



In compliance with the Constitution, the Council composition in terms of male and female Council members was 67% and 33% respectively.

The independence of the Council from the University Management was ensured by separation of the functions of the Chairman and Vice Chancellor and a clear definition of their responsibilities. This helped the University in achieving an appropriate balance of power, increased accountability and improved decision making.

3. Responsibilities of the Council

The responsibilities of members of the Council are clearly spelt out in both the University's Act and the Statutes. These include:

- (i) Determining the University's vision, mission and core values
- (ii) Deciding its strategic objectives
- (iii) Ensuring establishment of an organizational structure and procedures to achieve the objectives.

The Council sets out objectives and ensures that procedures and practices are in place to protect the University's assets and reputation. It also reviews the strategic direction of business plans presented by the Management, reviews processes for the identification and management of business risks and compliance with key regulatory and legal issues. It also provides oversight of performance against targets and objectives.

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It ensures ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, corporate policies and procedures and the Code of Ethics, as well as benchmarks performance against best international practices.

In accordance with the principles of good corporate governance, each member of the Council undertakes to act in the best interest of the University and exercise his/her power in the execution of duties in good faith and act with care and prudence by subscribing to the University's core values.

4. Council Meetings

The Council meets once every three months and has a formal schedule of agenda items for deliberations. Members of the Council are given appropriate and timely information to maintain full and effective control over strategic, financial and operational issues of the University. The Council is not involved in the conduct of day-to-day business as this is a responsibility given to the Vice-Chancellor. It, however, retains responsibility for determining the direction of the University.

5. Council Attendance

The Council held various regular and special meetings in the year under review. Attendance to the Council meetings was as follows:

No.	Name	Attendance		
		Regular	Special	Total
1	Dr.Swabah Ahmed Omar - Chairperson	4	4	8
2	Amb. Prof. David Kikaya - Member	4	2	6
3	Mr. Isaac Thuita - Member	4	2	6
4	Ms. Lydia Kaleli - Member	5	3	8
5	Ms. Harriette Chiggai - Member	6	2	8
6	Mr. Michael Kipkirui - Member	4	2	6
7	Mr. Paul Mwangi - P.S. Rep,	7	4	11
8	Prof. Geoffrey Muluvi - Vice-Chancellor/Secretary	12	4	16

6. Council Remuneration

In accordance with guidelines provided by the State Corporations Advisory Committee, members of the Council are paid taxable sitting allowance for every meeting attended as well as travel and accommodation allowance while on University duty. The Chancellor and the Chairman are also paid monthly honorarium.

Total Council expense for the year was Kshs 3,231,723.00. The University neither grants personal loans nor gives guarantees to members of the Council.



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7. Conflict of Interest and Declaration of Interest

Members of the Council have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the University. Business transactions with all parties, members or their related parties are carried out at arm's length.

Each member is obligated to fully disclose to the Council any real or potential conflict of interest, which comes to his/her attention, whether directly or indirectly.

In every meeting of the Council, an agenda item exists requiring members to make a declaration of any interest they may have in the business to be discussed.

8. Council Committees

The Council conducts its business through committees. The committees and their terms of reference are: -

(i) Finance and General Purposes Committee

- (a) To consider and make recommendations to the Council on financial matters
- (b) To consider and recommend to the Council matters of general nature

The committee meets on a quarterly basis and as necessary.

(ii) Audit Committee

- (a) To review internal and external audit findings, recommendations and propose corrective and preventive action where necessary.
- (b) Assist the accounting officer in enhancing internal controls in order to improve efficiency and accountability

The committee meets on a quarterly basis and as necessary.

(iii) Staff Terms and Conditions of Service Committee

- (a) To review and make recommendations to the Council on staff Terms and Conditions of Service.
- (b) To examine and recommend career structures within the University
- (c) To establish and generally oversee Staff Retirement Benefits Pension Scheme.

The Committee meets on a quarterly basis and as necessary.

(iv) Building and Physical Development Committee

- (a) To consider and recommend to the Council priority development projects
- (b) To receive reports and recommendations of Management on the progress of physical development of the University.
- (c) To report to the Council on the progress of physical infrastructure development of the University.

The Committee meets on a quarterly basis and as necessary.

(v) Graduation and Sealing Committee



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- (a) To approve University certificates
 - (b) To approve the list of graduands to be issued with certificates
 - (c) To approve sealing of certificates.
- The Committee meets once in a year and as necessary.

(vi) Appeals Committee

Its terms of reference are to hear and determine appeals made to it by staff from decisions of the senior and junior Disciplinary Committees. The Committee meets as and when necessary.

(vii) Appointments Committee

The terms of reference for the Appointments Committee are to consider appointments for teaching and non-teaching staff in Grades 14 and 15. The Committee meets as and when necessary.

9. Management Structure

The University Management Board is made up of the Vice Chancellor, Deputy Vice Chancellors, Registrars and the Finance Officer. The Board meets weekly to review the overall performance of the University.

There are various other management committees which advise the Vice Chancellor on specific issues in order to enable him to discharge his responsibilities as the Chief Executive of the University.

10. Internal Controls

The Management of the University has put in place a series of internal control mechanisms to ensure reporting of complete and accurate accounting information. Procurement of goods and services is strictly done in accordance with the Public Procurement and Disposal Act, 2015.

11. Authorizations

Expenditure of the University is authorized in accordance with set policies and procedures. There is a budget and a procurement plan which are approved by the Council. The Council receives regular management accounts comparing actual outcomes against budget as a means of monitoring actual financial performance.

12. Internal Audit

The internal audit function is performed by internal audit department, which is also responsible for monitoring and providing advice on the University's risk management framework. All reports of the internal audit are presented to the Audit Committee of the Council.

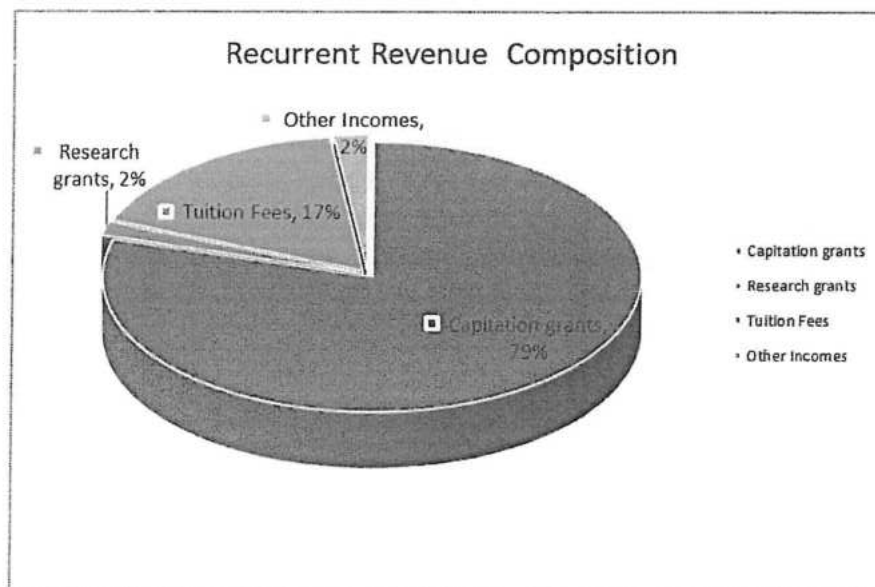


VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Operational and financial performance of the University

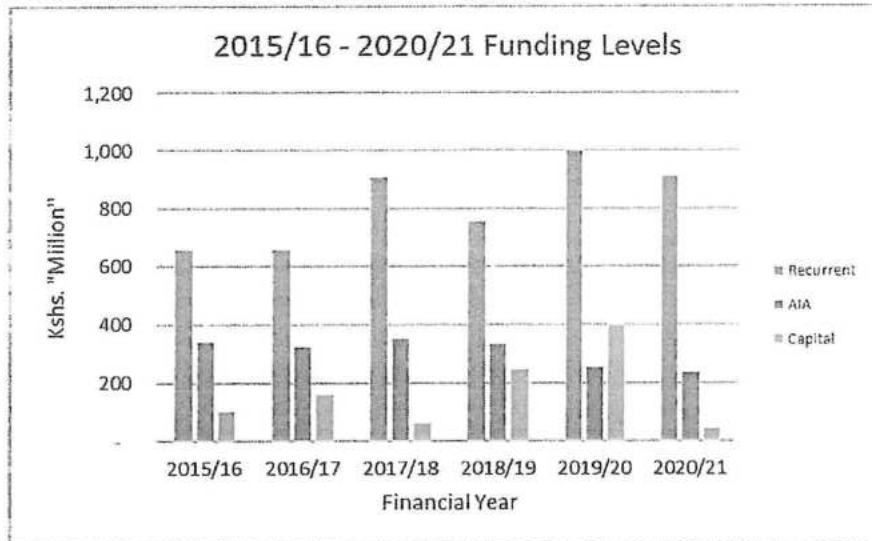
The University recurrent and development expenditure is funded by both government support and internally generated funds. The financial performance of the University was adversely affected by COVID-19 pandemic which resulted to suspension in learning and subsequent closure of the University. As a result, the University did not complete the academic programmes for second semester of the 2020/2021 academic year as well as the May intake did not take place as planned thus leading to an overall decline in internally generated revenue for the period under review.

Consequently, revenue from exchange transactions comprising of tuition fees and related charges, rental and other incomes decreased by 10.0% as compared to 2019/2020 financial year. The composition of the various sources of revenue during the year is presented in the diagram below.



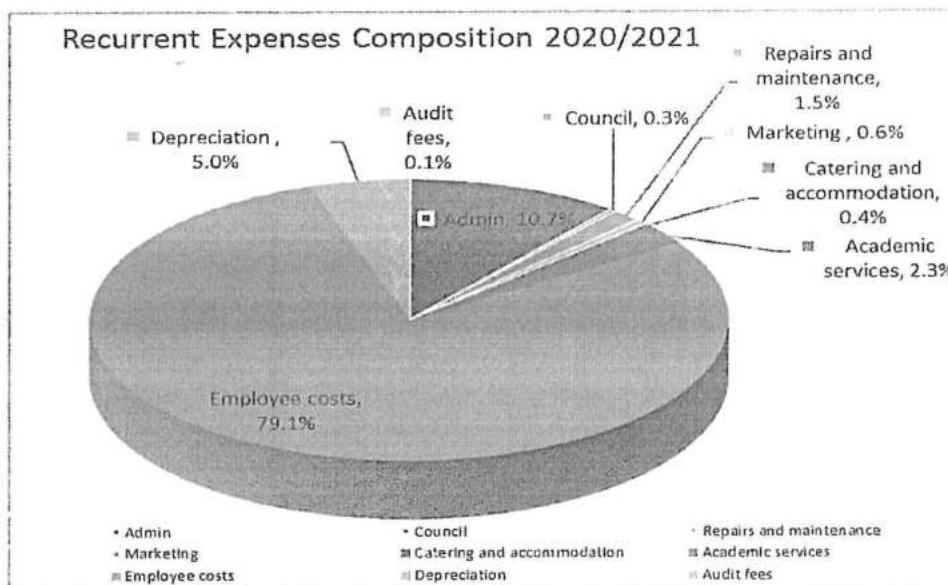
The university receives government funding to finance both recurrent and development expenditure. Over the years, the government funding has been low and has not matched the growth of the University given that the university is relatively young and growing.

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It is worth noting that trade and other payables from exchange transactions reduced significantly by 24.3%. This is primarily attributed to the deliberate effort and financial prudence applied by the University to clear all the pending bills as well as contain expenditure at manageable levels.

During the period under review, the operational costs decreased by 6.0%. The decline is mainly attributed to the fact that in 2019/2020 financial year salary arrears for the period 1st July 2017 to 30th June 2020 were paid which reduced the personal emoluments costs. Employee costs reduced by 1.2% compared to 2019/2020 figures which is the major expenditure item accounting for 79.1% of the total operational expenses. In addition, the disruption of the academic activities due to the COVID-19 impacted on the expenditure items related to academic services.



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University's key projects or investments decision implemented during the year

Through government support, the University was able to implement three key projects namely: College of Humanities and Social Sciences, Wote and Kitui campuses. The university made significant progress during the financial year in terms of infrastructure development.

The University Council is indeed grateful for the financial support received during the year for funding the infrastructural development that has transformed and enhanced the corporate image of the University.

Below are the ongoing key projects that the University undertook during the year.



College of Humanities and
Social Sciences



Tuition and Office Block
Kitui Campus



Tuition and Office Block-Wote
Campus

University's compliance with statutory requirements and other financial obligations

The University is in compliance with all the statutory requirements and no foreseeable potential contingent liabilities exist. The University complied with statutory requirements by remitting PAYE, NSSF, NHIF, Pension deductions, HELB and other statutory deductions within the prescribed timelines.

Major risks facing the University

The major risk facing the University is inadequate funding by the Government which may result to inability to support various projected expenditures. This may negatively affect the delivery of the planned university programmes. Underfunding of the key projects implemented by the University may lead to delay in completion of projects which may thus escalate the project costs.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

South Eastern Kenya University exists to develop and expand opportunities for higher education and research, with emphasis on agriculture, forestry, mining, energy, water, environmental sciences, health and engineering. This is guided by the University's strategic plan, which is founded on five pillars namely:

- (i) Pillar 1: Provide quality university education and training,
- (ii) Pillar 2: Enhance research, consultancy and community service,
- (iii) Pillar 3: Enhance physical infrastructure,
- (iv) Pillar 4: Promote good governance and university image,
- (v) Pillar 5: Promote partnerships and enhance resource mobilization.

Below is a brief highlight of University's achievements during the period under review.

1. Sustainability strategy and profile

South Eastern Kenya University sustainability strategies and profile are informed and anchored on the University's Strategic Plan and policies implemented by the University. The strategies take into account the emerging issues in the operating environment as well as the changing stakeholder needs which inform our sustainability strategy. The university will keep reinventing its processes and systems in order to ensure we adapt to the changing operating environment and implement measures that will ensure continuity of our operations and responsive to the needs of our stakeholders.

2. Environmental performance

Environmental performance is anchored in South Eastern Kenya University's mission statement, to provide quality education through teaching, research, extension, innovation and entrepreneurship with emphasis on agriculture, natural resources and environmental management. The University seeks to achieve this mission under the established School of Environment, Water and Natural Resources (SEWNR). The SEWNR has continued to offer a professional course on Environmental Impact Assessment and Audit (EIA&A) which is accredited by National Environmental Management Authority (NEMA). Further, all development projects undertaken by South Eastern Kenya University are subjected to the mandatory EIA&A study as required by Environmental Management and Coordination Act 1999.

In the Performance Contract cycle FY 2020/2021, the University had two of the performance criteria within the Big Four Initiatives, a core mandate for (1) development for climate smart technologies and (2) community outreach programs in public health by participating in cleaning local markets and environmental conservation by raising at least one thousand (1000) tree seedlings in the University



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Tree nursery for planting within South Eastern Kenya University and in at least 2 (two) public institutions.

During the 2020/21 financial year, the University distributed 400 tree and 200 flower seedlings for Kivunga Primary School, 400 tree and 200 flower seedlings Nzeveni Primary School, 200 tree seedlings Katothya Primary School, 915 tree seedlings for SEKU Wote Campus, and 90 tree seedlings for SDA Church South Eastern Kenya University.

South Eastern Kenya University is in the process of developing an environmental policy to guide the institution in management of biodiversity, waste management and reducing environmental impact of its activities, programs, projects and plans. However, one of its core mandates is to play a leading role in the development and expansion of opportunities for learning and research in Agriculture, Forestry, Mining, Energy, Water and Environmental Sciences in arid and semi-arid lands.

To this end, the University has continued to offer academic programmes in these topical areas. In addition, South ECU in its performance indicators 2020/2021 under the core mandate managed to do the following:

(a) Promotion of Moringa Tree Products for Improved Health and Nutrition

During the year, the University promoted Moringa tree products for improved health and nutrition by identifying a suitable site, prepared and planted moringa seeds. Further, it carried out water purification tests using moringa seeds.

(b) Development of Centre for Climate Smart Technologies

During the year, the University established a Centre for Climate Smart Technologies.

(c) Community Service Programs Carried out

During the year, the University held four (4) community service events. They include cleaning of Kwa Vonzia market, tree planting, donating tree seedlings and demonstrating effective dryland tree planting techniques.

3. Employee welfare

The University values its staff members and cares about their social welfare and their future. The University has put in place programmes/modalities that ensure the social welfare of employees are taken care of. Accordingly, the University has established social welfare initiatives that ensure the wellbeing of employees.

The policies guiding the hiring process consider gender ratio, stakeholder engagement and are reviewed regularly. The University has Statutes that provide guidelines for



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recruitment and selection of staff at the University. Also, it has developed terms and conditions of service policy which has included guidelines and procedure on recruitment and selection process. The guidelines provided for in recruitment and selection of staff at the University have provisions for considering, gender, disability and ethnicity to ensure equal opportunity for all applicants. The policies are reviewed from time to time and as when need arises.

In its efforts to improve skills and manage careers, the University has developed a Scheme of service that provides guidelines on career progression of staff in the University. Besides, the terms and conditions of service provide for paid and unpaid leave for staff who wish to advance in their studies. Based on performance appraisal reports and recommendations of heads of sections, the University prepares a training programme and facilitates staff to attend prioritized training considering the amount of funds allocated for training.

Further, the University is committed to ensuring that it conducts its activities in a healthy and safe environment. The University continues to comply with the provisions of the Constitution of Kenya, Occupational Safety and Health Act, 2007 (OSHA, 2007), the Employment Act, 2007 and the Work Injury Benefits Act, 2007 (WIBA) and related legal notices from time to time.

4. Market-place practices

The University has adopted the best business practice are applied in all our dealings.

(i) Responsible competition practices

The University's main business is training research and community service. The main competition is therefore to get students, and funding for research, innovation and community service.

The University relies on Kenya Universities and Colleges Central Placement Services (KUCCPS) for government-sponsored students. For the privately sponsored, the main methods used to attract students are media advertising, shows and exhibition, and other marketing and publicity methods.

- (i) The University ensures adherence to ethical standards by only putting on offer those programmes in which the University has competence in offering both in terms of staffing and facilities.
- (ii) SEKU adheres to laid down procedures when seeking research funding for the National Research Fund and other internal and international funding agencies.
- (iii) The University has an Anti-Corruption Policy that guide the day-to-day practices.



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(ii) Good business practices

Every financial year, SEKU invites, through nationwide advertisement, those willing to do business with it in various areas. Successful supplies are then selected for all goods and services that the University consumes. Subsequently, all suppliers are given fair chances through invitation of quotations or tenders for goods and services in newspapers, websites, or direct invitation. Tender opening sessions are transparent and bidders are invited to participate.

Payments to our creditors are done within 90 days or earlier as stipulated in the University's Customers Service Delivery Charter. The suppliers have redress mechanisms through the University's Public Complaints Office

(iii) Responsible marketing and advertisement

South Eastern Kenya University ensures that its marketing and advertising activities are within the ethical parameters by among other steps only putting on offer through advertising and marketing products that it can competently offer. These are mainly academic programmes and consultancy services.

The University uses print and electronic channels to advertise while marketing is done through shows, exhibitions and other outdoor/public channels. We make sure that our advisements reach as many prospective consumers as possible.

(iv) Product stewardship

The rights of our consumers are safeguarded through subjecting the products to rigorous review during the development and during its life. To ensure quality in its programmes, the University has the following policies

- (i) Curriculum Development Policy
- (ii) Academic Quality Assurance Policy
- (iii) Academic Integrity Policy
- (iv) ISO 9001:2015 Quality Management Standards Manual

Moreover, curriculum development goes through the following stages/committees

- (i) Departmental committees
- (ii) School committee
- (iii) Deans' Committee
- (iv) Senate
- (v) External reviewers
- (vi) Commission for University Education



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5. Corporate Social Responsibility/Community Engagements

To guide its corporate social responsibility initiatives, South Eastern Kenya University has put in place a policy framework focusing on:

- (a) Promotion of educational standards particularly in the area it operates.
- (b) Access to water to the immediate neighborhood.
- (c) Access to health care to the community living near or around the University.
- (d) Conservation of environment in the location it operates.

The University further committed to make annual budgetary allocations in support of the corporate social responsibility initiatives. It is expected that this move will enable the University achieve the following critical objectives: -

- (a) Encourage peaceful co-existence with the immediate community,
- (b) Enhance University corporate image and visibility, and
- (c) Expand linkages with other institutions, which will contribute towards attainment of the University mandate.

In its Performance Contract cycle FY 2020/2021, the University had two of the performance criteria within the Big Four Initiatives, a core mandate for (1) development for climate smart technologies and (2) community outreach programs in public health by participating in cleaning local markets and environmental conservation by raising at least one thousand (1000) tree seedlings in the University Tree nursery for planting within SEKU and at least 2 (two) public institutions.

To improve on environment, the University participated in various environmental programmes which include tree planting days in the University and also participating in county and international days. The University also participated in cleaning of Kitui Town by students in support of public health. The University set aside a budget for corporate and social responsibility activities. Among activities implemented during the year, the University distributed 400 tree and 200 flower seedlings for Kivunga Primary School, 400 tree and 200 flower seedlings Nzeveni Primary School, 200 tree seedlings Katothya Primary School, 915 tree seedlings for SEKU Wote Campus, and 90 tree seedlings for SDA Church SEKU. The University further, trained the local schools on effective dryland tree planting and also donated seedlings.



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X. REPORT OF THE UNIVERSITY COUNCIL

The South Eastern Kenya University Council submits its report together with the unaudited financial statements for the year ended June 30, 2021.

Principal activities

The functions of the University are spelt out in Section 6(1) of the Charter as follows:

- (a) To provide directly, or in collaboration with other institutions of higher learning, facilities for University education including technological, scientific and professional education, the integration of teaching, research and effective application of knowledge and skills to life, work and welfare of the citizens of Kenya.
- (b) To participate in the discovery, transmission and preservation and enhancement of knowledge and to stimulate the intellectual participation of students in economic, social, cultural, scientific and technological development of Kenya.
- (c) To provide and advance University education and training to appropriately qualified candidates, leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing, contribute to manpower development in the Country.
- (d) To conduct examinations for such academic awards as may be provided in the Charter pertaining to the University.
- (e) To examine and make proposals for new faculties, schools, institutes, departments, resource and research Centre degree courses and subjects of study.
- (f) To play a leading role in the development and expansion of the opportunities for higher education and research in agriculture, forestry, mining, energy, water and environmental sciences on arid and semi-arid lands.
- (g) To contribute to industrial and technological development through innovations and technology transfer.
- (h) To develop as an institution of excellence in teaching, training, scholarship, entrepreneurship, innovation, research, consultancy and extension services with emphasis on dry land agriculture and farming systems and their impact and application within and outside Kenya.
- (i) To participate in commercial ventures and other activities to the benefit of the University, the community and stakeholders.
- (j) To contribute to agricultural, industrial and technological development of Kenya in collaboration with industry and other institutions through transfer of appropriate technology.



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Results

The results of the University for the Financial Year ended June 30, 2021 are set out on page 1 to pages 36

University Council

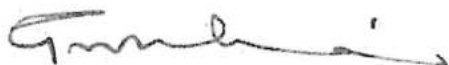
The members of the University Council who served during the year are shown on pages vii to xi in accordance with Regulation (12) of the University Charter. The tenure of the serving Council begun on 4th November, 2020.

Auditors

The Auditor General is responsible for statutory audit of the University in accordance with Article 229 of the Constitution of Kenya, 2010 and the Public Audit Act 2015.

Auditor-General is mandated to audit the Annual Report and Financial Statements of the University in conformity with guidelines and regulations provided under Article 229 of the Constitution of Kenya and provisions of the Public Audit Act 2015.

In carrying out the audit, the Auditor General is to confirm whether or not public money has been applied lawfully and in an effective way, give assurance on the effectiveness of internal controls, risk management and overall governance as well as satisfy himself that public money has been used and applied towards the purposes intended.



DATE: 12/04/2022

.....
PROF. GEOFFREY M. MULUVI, Ph.D
VICE-CHANCELLOR/SECRETARY TO COUNCIL



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XI. STATEMENT OF UNIVERSITY COUNCIL RESPONSIBILITIES

Section 68 of the Public Finance Management (PFM) Act, 2012 requires the University Council to prepare financial statements in respect of South Eastern Kenya University, which give a true and fair view of the state of affairs and the operating results of the University at the end of the financial year. The University Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. Further, the Council is also responsible for safeguarding the assets of the University.

Pursuant to the requirement of the law, the Council is responsible for the preparation and presentation of the University 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 ended 30th June 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) Safe-guarding 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 accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Financial Management Act and the University Act. The Council is of the opinion that South Eastern Kenya University financial statements give a true and fair view of the state of University transactions during the financial year ended June 30, 2021 and financial position as at that date. The Council further confirms the completeness of the accounting records maintained by the University, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial controls.

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



**SOUTH EASTERN KENYA UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

Approval of the financial statements

The South Eastern Kenya University's financial statements were approved by the University Council on 25th August, 2021 and signed on its behalf by:



.....
DR. SWABAH A. OMAR, Ph.D
CHAIRMAN OF COUNCIL

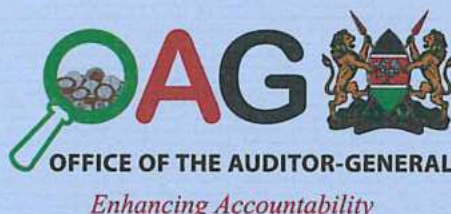


.....
PROF. GEOFFREY M. MULUVI, Ph. D
VICE-CHANCELLOR



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SOUTH EASTERN KENYA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of South Eastern Kenya University set out on pages 1 to 35 which comprise the statement of financial position as at

Report of the Auditor-General on South Eastern Kenya University for the year ended 30 June, 2021

30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.71,176,446 which, as disclosed in Note 19 to the financial statements, includes general debtors totaling to Kshs.15,110,927. The latter balance includes an amount of Kshs.14,000,000 which is owed by County Government of Kitui. The amount has been outstanding for a long period and the University has not demonstrated any effort towards the recovery of the amount.

In the circumstances, the accuracy, validity and recoverability of the balance of Kshs.14,000,000 included in receivables from exchange transactions as at 30 June, 2021 could not be confirmed.

2. Trade and Other Payables from Exchange Transactions

2.1 Amount Owed to Suppliers

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.211,669,319 which, as disclosed in Note 23 to the financial statements, includes an amount of Kshs.15,824,135 owed to suppliers. The latter balance includes an amount of Kshs.1,882,217 being interest on delayed payments to contractors. Payment of interest impact negatively on the delivery of services due to utilization of funds on unbudgeted for items.

In the circumstances, the accuracy, propriety and completeness of the amount of Kshs.1,882,217 for the year ended 30 June, 2021 could not be confirmed.

2.2 Amount Due to Part-Time Lecturers

The trade and other payables from exchange transactions balances of Kshs.211,669,319 also includes an amount of Kshs.56,035,550 in respect of provision for part-time lecturers

claims dating back from 2017/2018 financial year which are yet to be settled. The University risk reduced productivity from demotivated staff due to delayed settlement of part-time allowances.

In the circumstances, the accuracy, completeness and propriety of the balance of Kshs.56,035,550 as at 30 June, 2021 could not be confirmed.

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

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

Lack of Regional Balance in Staff Ethnic Composition

Review of human resource documents revealed that, the University had a total of 475 employees out of whom 259 employees representing 55% of the workforce were from the dominant ethnic community in the region. This contravenes the provisions of Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates that not more than a third of the employees' of public entity shall be from the same ethnic community.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the University's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the University or 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 the 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 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 the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to sustain in 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 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

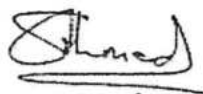
13 July, 2022

SOUTH EASTERN KENYA UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021
XIII. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2021

	Notes	2020-2021 Kshs	2019-2020 Kshs
Revenue from non-exchange transactions			
Recurrent grants	4a	909,740,826	996,720,974
Research grants	5	18,430,955	13,705,061
Total revenue from non-exchange transactions		928,171,781	1,010,426,035
Revenue from exchange transactions			
Tuition and other related fees	6	194,033,763	217,788,938
Rental revenue income and other sources	7	20,271,687	11,083,110
Other incomes	8	2,854,145	11,749,259
Total revenue from exchange transactions		217,159,595	240,621,306
Total revenue		1,145,331,376	1,251,047,341
Expenses			
Administration expenses	9	123,704,422	134,697,956
Council expenses	10	3,231,723	8,830,279
Repairs and maintenance, rents & rates	11	17,503,182	19,754,480
Marketing expenses	12	5,354,728	6,076,636
Catering and accommodation	13	4,321,874	13,632,839
Academic services	14	28,489,010	45,118,897
Employee costs	15	909,659,113	920,365,541
Depreciation and amortization expense	16	58,583,805	76,296,374
Audit fees	17	696,000	696,000
Total expenses		1,151,543,857	1,225,469,001
Surplus/Deficit for the period		(6,212,480)	25,578,340

The notes set out on pages 6 to 36 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 36 were signed on behalf of the Council by:



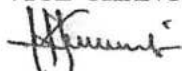
Date...12/04/2022

DR. SWABAH A. OMAR, Ph.D
CHAIRMAN OF COUNCIL



Date... 12/04/2022

PROF. GEOFFREY M. MULUVI, Ph.D
VICE-CHANCELLOR.



Date.....12/04/2022

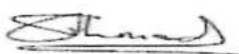
CPA HOSEA K. KIPROP
Ag. FINANCE OFFICER
ICPAK NO. 6707

SOUTH EASTERN KENYA UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021

XIV. STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

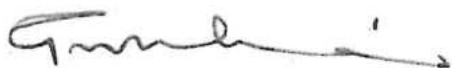
Assets	Notes	2020-2021	2019-2020
Current assets		Kshs	Kshs
Cash and cash equivalents	18	113,866,952	224,052,077
Receivables from exchange transactions	19	71,176,446	72,865,025
Receivables from non-exchange transactions	20	-	88,347,122
Inventories	21	8,306,046	6,399,633
Total current assets		193,349,443	391,663,857
Non-current assets			
Biological assets	22	8,714,310	8,127,745
Property, plant and equipment	16	3,285,750,891	3,085,222,969
Total assets		3,487,814,645	3,485,014,572
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	23	211,669,319	294,644,865
Unexpended research grants	24	36,719,311	34,379,243
Refundable deposits from students-caution money	25	24,605,725	22,757,245
Contingent liabilities	26	3,454,154	3,454,154
Total current liabilities		276,448,509	355,235,506
Net assets			
Revenue reserves	27	(163,819,902)	(157,421,324)
Capital fund	28	2,810,163,352	2,765,367,685
Revaluation reserve	29	565,022,686	521,832,705
Total net assets		3,211,366,136	3,129,779,065
Total net assets and liabilities		3,487,814,645	3,485,014,572

The Financial Statements set out on pages 1 to 36 were signed on behalf of the Council by:



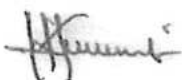
DR. SWABAH A. OMAR, Ph.D
CHAIRMAN OF COUNCIL

Date... 12/04/2022



PROF. GEOFFREY M. MULUVI, Ph.D
VICE-CHANCELLOR.

Date... 12/04/2022



CPA HOSEA K. KIPROP
Ag. FINANCE OFFICER
ICPAK NO. 6707

Date... 12/04/2022

SOUTH EASTERN KENYA UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021

STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2021

	Capital fund Kshs	Revenue reserves Kshs	Revaluation reserve Kshs	Total Kshs
Balance as at 30 June 2019	2,368,582,288	(178,096,025)	521,832,705	2,712,318,967
Surplus/Deficit for the period	-	25,578,340	-	25,578,340
Adjustment on previous years student balances	-	(5,323,640)	-	(5,323,640)
Adjust. on depreciation of revalued motor vehicles	-	420,000	-	420,000
Capital grants received in the year	396,785,397	-	-	396,785,397
Balance as at 30 June 2020	2,765,367,685	(157,421,324)	521,832,705	3,129,779,065
Surplus/Deficit for the period	-	(6,212,480)	-	(6,212,480)
Adjustment on previous years student balances	-	(5,228,887)	-	(5,228,887)
Adjustment on previous years invoices reversed	-	5,042,790	-	5,042,790
Valuation of Land & Building at Mwingi	-	-	43,189,981	43,189,981
Capital grants received in the Quarter	44,795,667	-	-	44,795,667
Balance as at 30 June 2021	2,810,163,352	(163,819,902)	565,022,686	3,211,366,136

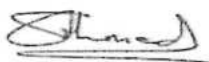


SOUTH EASTERN KENYA UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021

XV. STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Notes	2020-2021 Kshs	2019-2020 Kshs
Cash flows from operating activities			
Surplus/Deficit for the year	1	(6,212,480)	25,578,340
Increase in net worth of biological assets	8	(586,565)	(681,382)
Proceeds from insurance claim	7	(1,353,250)	-
Loss on disposal of asset	9	-	1,260,000
Adjust. for depreciation	16	58,583,805	76,296,374
Operating surplus/deficit before working capital		50,431,510	102,453,333
Decrease/increase in trade and other receivables	19	1,688,580	1,824,189
Decrease/Increase from non-exchange transactions	20	88,347,122	(21,629,964)
Increase/Decrease in inventories	21	(1,906,413)	(2,154,464)
Decrease in trade and other payables	23	(82,975,546)	(110,765,883)
Increase/Decrease in refundable caution money	25	1,848,480	(702,665)
Increase/decrease in unexpended research grants	24	2,340,068	(11,027,546)
Net cash in/outflow from operating activities		59,773,801	(42,003,001)
Cash flow from investing activities			
Purchase of Non-current assets	16	(19,730,169)	(9,915,187)
Proceeds from insurance claim	7	1,353,250	-
WIP capitalized	16	-	3,766,500
Work in progress	16	(196,191,577)	(278,607,463)
Net cash flow from investing activities		(214,568,496)	(284,756,150)
Cash flow from financing activities			
Increase /(Decrease) in revenue reserves	28	(186,097)	(4,903,640)
Capital grants received from Government	4b	44,795,667	396,785,397
Net cash flow from financing activities		44,609,570	391,881,758
 Increase/Decrease in cash and cash equivalents		 (110,185,125)	 65,122,606
Cash and cash equivalents bal. b/f	18	224,052,077	158,929,471
Cash and cash equivalents bal. c/f	18	113,866,952	224,052,077



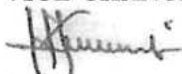
DR. SWABAH A. OMAR, Ph.D
CHAIRMAN OF COUNCIL

Date...12/04/2022



PROF. GEOFFREY M. MULUVI, Ph.D
VICE-CHANCELLOR.

Date...12/04/2022



CPA HOSEA K. KIPROP
Ag. FINANCE OFFICER
ICPAK NO. 6707

Date...12/04/2022



SOUTH EASTERN KENYA UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 30 June 2021

	Original budget FY 2020-2021 Kshs	Adjustment Kshs	Final budget FY 2020-2021 Kshs	Actual Cumulative to date Kshs	Performance difference Kshs	% of utilization
Revenue						
Non-exchange transactions						
Recurrent Grants (GoK Capitation)	909,741,000	(174)	909,740,826	909,740,826	-	100%
Research Grants	33,510,000	(15,100,000)	18,410,000	18,430,955	20,955	100%
Exchange transactions						
Tuition and other related fees	285,173,000	(72,650,000)	212,523,000	194,033,763	(18,489,237)	91%
Internally Generated	85,117,000	(66,619,000)	18,498,000	23,125,832	4,627,832	125%
Total revenue	1,313,541,000	(154,369,174)	1,159,171,826	1,145,331,376	(13,840,450)	99%
Expenses						
Administration expenses	257,180,000	(120,158,000)	137,022,000	123,704,422	13,317,578	90%
Council expenses	10,000,000	(3,000,000)	7,000,000	3,231,723	3,768,277	46%
Repairs and maintenance, rents & rates	19,250,000	1,784,000	21,034,000	17,503,182	3,530,818	83%
Marketing, publicity and advertisement	9,500,000	(2,250,000)	7,250,000	5,354,728	1,895,272	74%
Catering and accommodation	23,500,000	(16,500,000)	7,000,000	4,321,874	2,678,126	62%
Academic services	75,500,000	(38,695,000)	36,805,000	28,489,010	8,315,990	77%
Employee and part-time lecturers	917,915,000	24,449,826	942,364,826	909,659,113	32,705,713	97%
Depreciation and amortization*	-	-	-	58,583,805	-	-
Audit fees	696,000	-	696,000	696,000	-	100%
Total expenditure	1,313,541,000	(154,369,174)	1,159,171,826	1,151,543,857	66,211,774	99%
Surplus/Deficit for the period	-	-	-	(6,212,480)		

XVII. NOTES TO THE FINANCIAL STATEMENTS

1. General information

South Eastern Kenya University is established by and derives its authority and accountability from Universities Act, 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The university's principal activity is teaching and learning, research and innovation, outreach and community service.

2. Statement of compliance and basis of preparation – IPSAS 1

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 areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in notes of these financial statements.

The financial statements are 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, 2012 and International Public Sector Accounting Standards (IPSAS). The accounting policies have been consistently applied to all the years presented. The financial statements are prepared on accrual basis.

3. Summary of significant accounting policies

a) Revenue recognition

Revenue measurement, recognition and disclosure has been made as follows:

i) Revenue from non-exchange transactions – IPSAS 23

Revenue

The University recognizes revenues when the event occurs and the asset recognition criteria is 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.

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 comprehensive income over the useful life of the assets that has been acquired using such funds.

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.

ii) Revenue from exchange transactions – IPSAS 9

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. Tuition fee income is recognized when students admitted by the University report and not when they pay.

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 other party.

Rental income

Rental income arising from operating leases on investment properties is recognized based on signed agreements with specific periods of leases, where upon rent is due in advance in every month of the lease.

b) Budget information – IPSAS 24

The original budget for 2020-2021 financial year was approved by the Council on 11th June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

Statement of comparison of budget and actual amounts:

Recurrent Grants

The Government allocated the University Kshs. 909,740,826.00 This amount was duly received in the financial year.

Tuition and other related fees

The University initially projected to collect Kshs. 212,523,000.00 in the financial year. However, the disruption of academic programmes due to COVID 19 pandemic and subsequent closure of the university caused a decline of the forecasted amount to Kshs. 194,033,763.00

Administration expenses

The University management continued to rationalize and manage costs. Greater focus was put on information and communication technology to enhance capacity to deliver on the University mandate. Cost associated with information technology, therefore, went up substantially.

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Employee costs

The Management continued to recruit key members of staff guided by approved staff establishment.

Revision of the budget

Unexpected decrease or increase in some of the budget line items necessitated a realignment of the expenditure. This was approved by the University Council on 25th May, 2021.

c) Biological assets – IPSAS 27

- (i) The University biological assets portfolio included cattle, pigs, poultry, goats and a donkey. These were measured, on initial recognition, at purchase price and at subsequent reporting dates at fair values less costs to sell with adjustments being made for purchases and disposal made in the years.
- (ii) Gain or loss that arose on initial recognition of biological assets and from subsequent changes in fair values during the period, were reported in the Statement of Financial Performance.
- (iii) Biological assets have been classified as non-current assets because they are held for business purposes as an income generating activity.

Movement to changes in fair values of the biological assets is as shown below:

Biological assets

Category	Balance as at 30th June 2020	Addition	Disposal	Total	Revaluation gain/loss	Balance as at 30th June 2020
	Kshs	Kshs	Kshs	Kshs.	Kshs	Kshs
Cattle	2,354,880	-	(372,500)	1,982,380	884,660	2,867,040
Poultry	180,145	-	(209,300)	(29,155)	201,705	172,550
Goats	4,298,440	-	(925,080)	3,373,360	1,881,120	5,254,480
Pigs	1,282,280	-	(747,130)	535,150	(126,910)	408,240
Donkey	12,000	-	-	12,000	-	12,000
Total	8,127,745	-	(2,254,010)	5,873,735	2,840,575	8,714,310

Revaluation of biological assets is based on the following assumptions:

- (a) Live weight of biological assets determined by chest/heart girth measurement increased in the course of the year. The selling weight is calculated as 60% of the live weight of the livestock. The selling price of poultry was valued at the prevailing market price.
- (b) Prevailing market rates per asset had increased by end of the year.

d) Property, plant and equipment – IPSAS 17

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

Property, plant and equipment under construction has been valued on the basis of expenditure incurred and certified work certificates up to 30th June, 2021. Work in Progress is not depreciated. The total cost of a project will be transferred to the relevant asset class on completion and then depreciated.

Land improvements - include fencing, landscaping, parking lots, walkways and internal roads. These facilities are estimated to have a lifespan of twenty (20) years

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value.

Depreciation is provided for at annual rates estimated to write off the assets over their expected useful lives. The annual rates are as follows:

Category	Rate	Basis
Furniture & Equipment	15%	straight line basis
Motor vehicles	25%	straight line basis
Buildings	2%	straight line basis
Computers & Accessories	25%	straight line basis
Land improvements	5%	straight line basis
ICT Infrastructure	15%	straight line basis

Software amortization

Amortization: Costs are to be amortized over the expected useful life of the system. The University typically uses five (5) years for major system implementation

The purpose of amortization is to allocate the costs of the system to the periods for which benefits from the system's service is derived. Amortization is to begin when the software is ready for its intended use and placed in-service (system of record), which is after signing off and commissioning. The system software in place was still being implemented hence no amortization was done.

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Land ownership

The ownership of land- parcels reference L.R. No. 209/10350 (Nairobi), L.R No. 13529 (Kitui) and L.R. No. 12970 (Emali) which is the land amounting to Kshs. 1,036,600,000 included in the Plant, Property and Equipment schedule have not been registered in the name of the University as a result of land disputes.

There are several cases pending in court with both the University Management and lawyers making efforts to have them registered in the name of the University.

The University also has interest in other parcels of land which, will be recognized and disclosed in financial statements after processing ownership documents and valuation. These include:

(i) Land in Mwingi/Nzeluni/1970 and Mwingi/Mwingi/5713

The University has physical possession and title deeds over the land which was received as a donation on 13th July, 2015 and 22nd September, 2015 respectively. These parcels of land were valued during the year at Kshs. 3,200,000 and Kshs. 6,750,000 respectively. The valuation of the building in Mwingi/Nzeluni/1970 was valued at Kshs.39,000,000.00

(ii) Land in Kitui

This land was awarded to the University by the then Municipal Council of Kitui through the Town Planning Committee in a meeting held on 2nd March, 2011. Ownership documents have been forwarded to the Director of Physical Planning for verification and approval of allotment which will pave way for processing of title deed.

(iii) Land in Wote town

The University received 30 acres of land via a letter dated 27th July, 2016 from the County Government of Makueni. The National Land Commission has directed the Director of Land Administration to process title in favour of the University.

(iv) Land in Mtito-Andei

The University has a certificate of ownership for plot number 3756 Mangelete Settlement Scheme measuring 20 acres from the District Land Adjudication & Settlement Officer, Ministry of Lands, Kibwezi District dated 29th July, 2013. It is currently processing ownership documents of the land.

Fully depreciated assets

Included in the net book value of motor vehicles is revaluation resulting from vehicles which had been depreciated to zero. The net carrying amount as at 30th June 2021 was Kshs. 32,973,812.00 after depreciation on revaluation by Automobile Association of Kenya. This form part of motor vehicles carrying cost and was depreciated at 25% p.a. on straight line

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basis. A provision for purchase of a new motor vehicle amounting to Kshs.15,324,812.00 was made which was delivered after the year end and no depreciation charge was made for it during the year.

A motor vehicle VOLKSWAGEN. Passat 1.8 -Saloon -KBL336G had an accident in the year 2019/2020 and was written off by the Insurance company. The university received compensation amounting to Kshs.1,353,250.00 from the insurance company during the year under review.

Financial instruments

Financial assets and liabilities are initially measured at fair value plus transaction costs.

Foreign currency transactions are translated into the local currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

e) 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:

- (i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- (ii) Its intention to complete and its ability to use or sell the asset
- (iii) How the asset will generate future economic benefits or service potential
- (iv) The availability of resources to complete the asset
- (v) The ability to measure reliably the expenditure during development

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

Unexpended research grants

This represents unspent external grants and donations for sponsored research and other restricted purposes. The balance has decreased from the previous year due to the timing of



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research expenditures. This amounted to Kshs.36,719,311.00 which is recognized as unexpended research grants.

Expenditure on research initiatives is recognized as an expense through the statement of financial performance through the unexpended research grants.

A corresponding amount is recognized as revenue in the statement of financial performance through the unexpended research grants.

f) Inventories – IPSAS 12

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 condition is accounted for, as follows:

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

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

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

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

g) Provisions – IPSAS 19

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 was presented in the statement of financial position net of any reimbursement.



h) Contingent liabilities

The University had a potential liability relating to penalty and interest due to delayed payment of tax expense (PAYE) lost through fraud for the month of June 2015. This amount of Kshs.3,454,154.00 is recognized as a contingent liability in the statement of financial position pending determination of a petition written to Kenya Revenue Authority for its write off.

i) 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. No such contingent assets existed in the year under review.

j) Changes in accounting policies and estimates – IPSAS 3

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

k) Employee benefits

The University provides retirement benefits for its employees under the Defined contribution plan. 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.

l) Foreign currency transactions – IPSAS 4

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 in the statement of financial position reporting date by applying the exchange rate

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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. During the year under review, some transactions were done through euros and dollars and were treated as aforementioned.

m) 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 various commercial banks at the end of the financial year.

n) Deferred Income tax

Pursuant to section 26 of the Income Tax Act CAP. 470. the University is exempted from paying income tax. However, income from employment or from services rendered to the University and paid to the individuals is subjected to Pay as You Earn and remitted to the Government. Similarly, no deferred tax arises from University operations.

o) Comparative figures

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

p) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the University 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, there was no uncertainty about these assumptions and estimates that could result in outcomes that require a material adjustment to the carrying amount of any asset or liability likely to be affected in future periods.

q) 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:



- (i) The condition of the asset based on the assessment of experts employed by the University
- (ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- (iii) The nature of the processes in which the asset is deployed
- (iv) Availability of funding to replace the asset
- (v) Changes in the market in relation to the asset

r) 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.

s) Related party disclosures– IPSAS 20

The University is wholly owned by the Government of Kenya. Members of key management are regarded as related parties and comprise the Council, the Vice-chancellor and senior managers.

Related party transactions: -

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 in making financial and operating decisions or if the related party organization and another are subject to common control.

During the year the following transactions were carried out with related parties:

- (i) Members of the University Management Board

Members of the University Management Board include the Vice-chancellor, the Deputy Vice Chancellors, Registrars and the Finance Officer. During the year under review, members of the University Management Board were paid salaries which were included in the employee cost.

- (ii) The Council

The Chancellor and the Chairman of the University Council are paid monthly honoraria as per Government guidelines. Except for the Vice-Chancellor, members of the Council are

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paid sitting allowance for every meeting attended. – Council member's emoluments in the year were as follows:

Council expenses	2020-2021	2019-2020
	Kshs	Kshs
Sitting allowance	1,355,000	2,810,000
Travelling and accommodation allowances	916,723	5,060,279
Honorarium	960,000	960,000
Total council expenses	3,231,723	8,830,279

t) Financial risk management objectives and policies- IPSAS 30

Exposure to credit, rate and currency risk arise in the normal course of University business. The main aim of financial risk management is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the University financial performance. The University risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and at the same time ensuring adherence to laid down limits.

Risk management is carried out by the University Management Board under the supervision of the University Council. Management in conjunction with the Council Audit Committee then identifies, evaluates and addresses risks accordingly abiding to policies approved by the Council. They also review market trends and information available to evaluate the potential exposures and then arrive at strategies to mitigate against market risks.

In addition, the University has an independent internal audit department which reports directly to the Council Audit Committee. This department is responsible for the independent review of risk management and the control environment.

The University generates income from fees billed to students, budgetary support from the Government of Kenya, donations from donors and development partners and returns from various income generating activities. These activities expose the University to a variety of financial risks, including credit risk and foreign currency risks.

Currency risk

Foreign currency exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the University functional currency.

The functional currency of the University is Kenya shillings. The University had bank accounts denominated in euros and dollars and some transactions were done through these



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currencies. Foreign exchange differences arising from settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, were recognized as income or expenses in the period.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the University. The University has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The University also operates prepaid refundable deposits to further minimize credit risk. The University uses publicly available information and its own records to rate its major customers. The credit risk exposure to the University is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counter parties.

Financial assets, which potentially subject the University to concentrations of credit risk, consist principally of cash, short-term deposits and trade receivables. The University cash and cash equivalents are placed with high credit quality financial institutions. Trade receivables are presented net of an allowance for doubtful receivables.

The University's largest customers were students. There were, however, no significant concentrations of credit risk as at the end of the reporting period.

There has been no significant change during the financial year, or since the end of the reporting period, to the University's exposure to credit risk in the approach to the measurement or the objectives, policies and processes for managing this risk.

The maximum exposure to credit risk represents a worst-case scenario of credit risk exposure to the University at the comparative period end dates, without taking account of any collateral held or other credit enhancements attached. For assets in the statement of financial position, this exposure is based on net carrying amounts as reported.

Classification of credit risk bearing assets

The table below shows the ageing profile of trade receivables:

The credit risk exposures are classified in three categories as follows:

- (1) Fully performing
- (2) Past due
- (3) Impaired



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Credit risk

As at 30 June 2021	Fully performing Kshs	Past due Kshs	Impaired Kshs
Students debtors	55,485,919	-	-
General debtors	1,110,927	14,000,000	-
Internal debtors	258,600	-	-
Bank balances	113,871,185	-	-
Total	170,726,631	14,000,000	-
As at 30 June 2020	Fully performing Kshs	Past due Kshs	Impaired Kshs
Students debtors	55,800,082	-	-
General debtors	15,323,430	-	-
Internal debtors	30,000	-	-
GoK Recurrent grant	88,347,122	-	-
Bank balances	224,074,666	-	-
Total	383,575,300	-	-

The parties under the fully performing category are paying their debts as and when they fall due. Past due amounts are those beyond the maximum established credit period and represents slow but paying customers. The receivable balance continues to be serviced even though this is not done on the contractual dates. The finance department is actively following up on these receivables. The amounts that are impaired have been fully provided for. All the financial assets, as analyzed here above, were fully performing as at the end of the reporting period.

Liquidity risk

Liquidity risk is the risk that the University will encounter difficulties in meeting its maturing obligations attributable to financial liabilities. The University's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation.

The ultimate responsibility for the liquidity risk management rests with the University Council, which has established 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 forecast and actual cash flows. The University also maintains a balanced budget and produces quarterly management accounts to monitor performance. An annual procurement plan is drawn at the

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beginning of every financial year to guide on commitments to be made in the year taking into account the resources envelop.

The University ensures that it has sufficient funds on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The table below provides a contractual maturity analysis of the University's financial liabilities:

Liquidity risk

As at 30 June 2021	6 months Kshs	6-12 months Kshs	1> years Kshs	Total Kshs
Capital Creditors	760,196	-	-	760,196
Recurrent creditors suppliers	15,824,135	-	-	15,824,135
Contractor's retention	38,844,559	3,754,840	-	42,599,399
Commissioner of domestic taxes (Withholding tax)	36,290	-	-	36,290
Withholding tax (VAT)	2,167,139	-	-	2,167,139
Refundable customer deposits	80,788	-	-	80,788
Total	57,713,106	3,754,840	-	61,467,946
As at 30 June 2020	6 months Kshs	6-12 months Kshs	1> years Kshs	Total Kshs
Capital Creditors	527,743	-	-	527,743
Recurrent creditors suppliers	627,083	-	-	627,083
Contractor's retention	15,262,887	43,380,106	14,460,036	73,103,029
Commissioner of domestic taxes (Withholding tax)	186,459	-	-	186,459
Withholding tax (VAT)	1,908,271	-	-	1,908,271
Refundable customer deposits	8,975	71,813	-	80,788
Total	18,521,418	43,451,919	14,460,036	76,433,373

u) Disclosure of new and amended standards and interpretations not yet adopted.

IPSAS 33 provides transitional exemptions to organizations that are adopting accruals basis IPSASs for the first time. The aim of the standard is to provide relief to entities where the cost of complying with IPSASs would likely exceed the benefits to users of financial statements. The standard also enables first-time adopters to report their transition to accrual basis IPSASs transparently.

It provides participants with a thorough understanding of the requirements, covering all the transitional arrangements and disclosure requirements relating to the first-time adoption of accruals basis IPSASs.

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The transitional exemption did not affect the fair presentation of the financial statement neither the ability to assert compliance with accrual basis International Public Sector Accounting standards.

IPSAS 34 Prescribes the accounting and disclosure requirements for investment in controlled entity, joint venture and associate when it elects, or is required to prepare separate financial statements.

IPSAS 35 Consolidated financial statements-The standard requires that control be assessed having regard to benefits and power. Definition of control focuses on an entity's ability to influence the nature and amount of benefits through its power over another entity.

To reduce unnecessary differences between IPSASs and Government Finance Statistics reporting guidelines, the IPSASB has aligned the principles in IPSAS 35 with the Government Finance Statistics Manual 2014.

IPSAS 36 explains the application of the equity method of accounting, which is used to account for investments in associates and joint ventures. Equity accounting must now be used when accounting for joint venture and does not permit a different accounting treatment for temporary investments.

IPSAS 37 Establishes requirements for classifying joint arrangements and accounting for those different types of joint arrangements. Joint arrangements are classified as either joint operations or joint ventures. In a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. In a joint venture, the parties to the arrangement have rights to the net assets of the arrangement.

It requires that an entity account for its interest in a joint operation by recognizing its share of the assets, liabilities, revenue, and expenses of the joint arrangement and that joint ventures be accounted for using the equity method.

IPSAS 38 Introduces new disclosure requirements, including those related to structured entities that are not consolidated and controlling interests acquired with the intention of disposal.

IPSAS 39 replaced IPSAS 25 Employee Benefits.

Changes include:

- 1) Removing an option that allows an entity to defer the recognition of changes in the net defined benefit liability
- 2) Introducing the net interest approach for defined benefit plans

- 3) Amending certain disclosure requirements for defined benefit plans and multi-employer plans.
- 4) Simplifying the requirements for contributions from employees or third parties to a defined benefit plan when those contributions are applied to a simple contributory plan that is linked to service and removing requirements for composite social security programmes.

IPSAS 40 specifically addresses the needs of the public sector when accounting for combinations of entities and operations by providing two types of public sector combinations as amalgamations and acquisitions.

For amalgamations, the standard requires use of the “modified pooling of interests” method of accounting in which the amalgamation is recognized on the date it takes place.

Use of the “acquisition” method of accounting is recommended for acquisitions which is supplemented with additional guidance for public sector specific situations.

Other Improvements to IPSAS

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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.

IPSAS 41: Financial Instruments Applicable: 1st January 2023:

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:

- (i) 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;
- (ii) Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- (iii) Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

IPSAS 42: Social Benefits Applicable: 1st January 2023

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:

- (i) The nature of such social benefits provided by the entity;
- (ii) The key features of the operation of those social benefit schemes; and
- (iii) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments Applicable: 1st January 2023:

- (i) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.
- (ii) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.
- (iii) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.
- (iv) 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.

Early adoption of standards

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

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v) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021 (continued)

4 Transfer from Ministries, Departments and Agencies

(a) Recurrent grants	2020-2021	2019-2020
Bank statement date	Kshs	Kshs
07/08/2020	75,811,735	75,697,821
31/08/2020	75,811,735	75,697,821
01/10/2020	75,811,736	75,697,821
30/10/2020	75,811,735	75,697,821
07/12/2020	75,811,736	75,697,821
04/01/2021	75,811,736	75,697,821
04/02/2021	75,811,735	75,697,821
10/03/2021	75,811,735	75,697,821
09/04/2021	75,811,736	75,697,821
10/05/2021	75,811,736	75,697,821
16/06/2021	75,811,736	75,697,821
25/06/2021	75,811,735	75,697,821
06/07/2020	-	88,347,122

Total recurrent grants	909,740,826	996,720,974
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These are non-conditional funds received from the Government to support recurrent expenditure of the University.

(b) Capital grants

14/09/2020	44,795,667	147,000,480
16/03/2020	-	249,784,917
Total capital grants	44,795,667	396,785,397

These are conditional funds received from the Government to support development expenditure of the University.

5 Research grants

NABWIG		1,339,431
NRF		9,736,052
RUFORUM		2,629,578
KCSAP SEKU-KALRO Climate Smart Bee Keeping Project	1,397,677	-
NRF-CASSAVA PROJECT	9,794,100	-
MORTEC Project	868,847	-
PBL-BIO AFRICA PROJECT- HAMK	6,370,332	-
Total research grants	18,430,955	13,705,061



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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021 (continued)

	2020-2021 Kshs	2019-2020 Kshs
6 Tuition and other related fees		
Tuition fees	108,727,752	120,530,640
Application fees	212,000	170,000
Registration fees	5,596,500	5,641,610
Student identification card fees	4,000	2,500
Activity fees	5,492,000	5,545,550
Student medical fees	11,377,000	11,748,921
Examination fees	16,936,225	16,953,650
Library fees	10,617,875	10,052,000
Supervision fees	108,000	66,000
Field trips/attachment fees	374,000	302,500
Thesis fees	103,000	161,000
Project fees	606,000	884,500
Computer fees	16,524,000	16,431,613
Teaching practice fees	424,500	6,878,292
Clinical Placement Fee	-	5,000
Accommodation fees	16,930,911	22,415,162
Total tuition and other related fees	194,033,763	217,788,938
Students' union and subscription fees were accounted for as a liability since this belongs to South Eastern Kenya University Students Association. The University only offers facilitation in collecting these dues as part of fees.		
7 Rental income and other sources		
Library fine	7,540	8,291
Graduation fees	5,160,300	-
Hire of academic gowns	478,650	667,200
Tender fees	6,500	-
General fines-keys and others	1,512,663	1,960,401
Miscellaneous income	2,099,172	1,812,032
Gain on foreign exchange	725,746	493,806
Consultancy fee	-	795,500
Rent income	1,015,123	990,513
Milk and dairy products	3,600	7,675
Accommodation receipts guest house	1,494,910	2,353,600
Food sales- income generating activities	3,748,382	1,407,612
Gain on disposal of asset		28,500
Farm proceeds	2,068,741	557,980
Insurance Claim	1,353,250	-
Sale of Masks	21,810	-
Sale of Sanitizers	575,300	-
Total rental income and other sources	20,271,687	11,083,110



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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021 (continued)

	2020-2021	2019-2020
	Kshs	Kshs
8 Other incomes		
Increase in net worth of biological assets	586,565	681,382
Students mess sales-Pay as you eat	2,267,580	11,067,877
Total other incomes	2,854,145	11,749,259

	2020-2021	2019-2020
	Kshs	Kshs
9 Administration expenses		
Student bursaries	18,000	546,345
Guest house and Cafeteria	2,051,351	2,044,348
Staff travelling and subsistence	7,121,541	9,318,522
External travel and accommodation	-	581,298
Staff training and development	253,124	140,329
Staff and dependent fees waiver	328,500	393,750
Medical insurance cover and staff hospitalization expenses	38,120,848	39,068,525
Postage and courier services	50,159	31,416
Electricity expenses	12,325,967	11,507,439
Water expenses	9,125,971	9,171,175
General insurances - properties and others	5,157,557	5,885,604
Professional, Legal and other fees	6,417,542	10,170,127
Official entertainment	526,250	434,228
Conference and seminars	-	9,000
University subscription to other bodies	-	402,461
Internet and ICT infrastructure	12,861,817	14,053,398
Office running	1,482,888	1,648,030
Management, Senate and other internal committee	2,196,305	706,550
Cleaning and Sanitary Services	8,634,617	10,207,282
Performance contracting	406,159	431,050
Telephone	45,731	176,487
Farm	1,446,644	1,480,579
Transport operating	5,938,092	5,777,438
Security services	7,475,969	8,358,686
Loss on foreign exchange	480,705	253,421
Loss on Motor vehicle	-	1,260,000
AS&DA, HIV/AIDS Control unit	26,838	142,300
Consultancy/Training Services	-	2,700
Production of face masks	325,002	-
Materials for sanitizer production	504,923	-
Bank charges, commissions and errors	381,922	495,469
Total administration expenses	123,704,422	134,697,956



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	2020-2021 Kshs	2019-2020 Kshs
10 Council expenses		
Sitting allowance	1,355,000	2,810,000
Travelling and accommodation allowances	916,723	5,060,279
Honorarium	960,000	960,000
Total council expenses	3,231,723	8,830,279
11 Repairs and maintenance, rents & rates		
Repairs and maintenance of motor vehicles	7,836,171	3,436,114
Repairs and maintenance of buildings	4,288,586	3,690,171
Repairs and maintenance equipment & machinery	2,354,471	2,339,532
Rent and rates	1,741,334	9,595,901
Land improvement expenses	1,282,620	692,763
Total repairs and maintenance, rents and rates	17,503,182	19,754,480
12 Marketing Expenses		
Printing and publishing	274,800	54,120
Marketing, Publicity & advertising	5,079,928	6,022,516
Total marketing expenses	5,354,728	6,076,636
13 Catering and accommodation		
Catering and accommodation	4,321,874	13,632,839
This is expenditure incurred to purchase food stuff for students at the University.		
14 Academic services		
Teaching materials expenses	3,455,184	2,019,021
Graduation expenses	2,089,064	9,352,789
Sports expenses	1,980	1,615,463
Teaching practice & field attachment	22,750	4,464,300
Academic field trips	540,534	367,200
Research expenses	16,090,887	24,732,607
External examiners exp/subsistence allowance	846,790	1,467,510
Student activities	421,132	381,897
Library expenses	453,189	718,110
Academic Quality Control	4,386,500	-
TVET Expenses	181,000	-
Total academic services	28,489,010	45,118,897



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	2020-2021	2019-2020
	Kshs	Kshs
15 Employee costs		
Basic pay	421,895,900	366,427,687
House allowance	177,596,897	183,257,119
Commuting allowance	64,184,075	66,197,983
Entertainment allowance	8,863,596	8,719,480
Hardship allowance	50,448,025	51,212,160
Professorial allowance	419,067	300,000
NSSF-employer contribution	304,200	272,400
Pension-employer contribution	81,162,549	58,536,806
Acting allowance	71,487	483,511
Leave travelling allowance	2,101,005	2,123,873
Responsibility allowances	14,719,511	14,618,637
Allowances arrears	1,908,654	1,597,450
Uniform expense	29,123	30,000
Book Journal/ICT allowance	1,777,500	1,810,000
Gratuity and pensions contributions	12,267,151	10,275,385
Passage, baggage and leave days	48,060	89,580
Teaching claims - part time lecturers	27,402,128	43,487,186
Casual labour expenses	10,718,372	11,429,520
Telephone allowances	5,289,474	5,171,293
Time tabling allowances	290,000	257,903
Facilitation allowance	306,000	299,806
Extraneous allowances	5,643,339	5,284,432
Security guard allowances	2,064,000	2,064,000
Water and electricity allowances	2,354,667	2,388,166
Risk allowances	458,352	426,050
Other employee allowances	17,335,982	18,557,698
Salary Arrears (2017-2021 CBA)	-	65,047,415
Total employee costs	909,659,113	920,365,541



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16 Property, Plant and Equipment Description	Land		Land improvements		Buildings		Furniture, plant & equipment		Motor vehicles		Computers		Work in Progress		Soft ware		Total	
	Kshs		Kshs		Kshs		Kshs		Kshs		Kshs		Kshs		Kshs		Kshs	
Cost																		
As at 30 June 2019	1,036,600,000		221,151,081		931,337,194		172,136,371		62,276,000		43,862,843		696,756,386		11,701,490		3,175,821,366	
Additions	-		-		-		1,183,687		5,000,000		480,400		278,607,463		3,251,100		288,522,650	
Disposal			-		-		-		(1,680,000)				(18,911,370)				(1,680,000)	
Capitalization			3,577,880		-		11,566,990		-								(3,766,500)	
Adjustment on Revaluation																		
As at 30 June 2020	1,036,600,000		224,728,961		931,337,194		184,887,048		65,596,000		44,343,243		956,452,480		14,952,590		3,458,897,516	
Additions	9,950,000		450,000		-		2,874,435		15,324,812		1,080,923		196,191,577		-		217,459,294	
Disposal	-		-		-		-		-		-		-		-		-	
Capitalization	-		-		9,959,029		-		-		-		(9,959,029)		-		-	
Adjustment on Revaluation					33,239,981		-		-		-		-		-		33,239,981	
As at 30 June 2021	1,046,550,000		225,178,961		974,536,204		187,761,482		80,920,812		45,424,166		1,142,685,027		14,952,590		3,709,596,791	
Depreciation & Impairment/Amortization																		
As at 30 June 2019	-		(33,060,942)		(71,653,421)		(136,031,066)		(15,569,000)		(41,483,743)		-		-		(297,798,172)	
Depreciation	-		(11,236,448)		(18,626,744)		(27,733,057)		(16,399,000)		(2,301,125)		-		-		(76,296,374)	
Accum. Depr. Disposal M/V			-		-		-		420,000		-		-		-		420,000	
Depr. Adj. on Revalued M/V			-		-		-		-		-		-		-		-	
As at 30 June 2020	-		(44,297,390)		(90,280,165)		(163,764,123)		(31,548,000)		(43,784,868)		-		-		(373,674,546)	
Depreciation	-		(11,258,948)		(19,490,724)		(7,856,209)		(16,399,000)		(588,406)		-		(2,990,518)		(58,583,805)	
Accum. Depr. Disposal M/V			-		-		-		-		-		-		-		-	
Depr. Adj. on Revalued M/V			-		-		-		-		-		-		-		-	
As at 30 June 2021	-		(55,556,338)		(109,770,889)		(171,620,332)		(47,947,000)		(44,373,274)		-		(2,990,518)		(432,258,351)	
Net book values																		
As at 30 June 2021	1,046,550,000		169,622,623		864,765,315		16,141,150		32,973,812		1,050,892		1,142,685,027		11,962,072		3,285,750,891	
As at 30 June 2020	1,036,600,000		180,431,571		841,057,029		21,122,925		34,048,000		558,375		956,452,480		14,952,590		3,085,222,969	

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	2020-2021	2019-2020
	Kshs	Kshs
16 Depreciation and amortization expense	58,583,805	76,296,374
Depreciation is only charged on completed projects based on applicable depreciation rates. No depreciation charge is made on work in progress.		
17 Audit fees	696,000	696,000
This is fee paid to the Office of the Auditor General for services rendered of auditing the University annual report and financial statements.		
18 Cash and cash equivalents		
(i) Current accounts		
NBK Fees collection A/C No.01021052862000	24,625,527	5,183,396
NBK Development A/C No.01021053129200	20,740,215	171,495,323
NBK Income generating units A/C No.01021053129100	3,205,581	627,788
NBK Research A/C No.01021053302500	40,822,816	35,713,661
NBK Dollar A/C No.02020052862000	417,727	3,022,691
NBK Euro A/C No.03020052862000	5,154,031	4,657,307
NBK Payment A/C No.01020088710300	3,810,061	910,848
NBK Catering and accom. A/C No.01020088710400	143,769	30,341
NBK Caution money A/C No.01020017462300	1,570,658	469,178
KCB Fees collection A/C No.1127693166	567,989	509,701
Co-op. Bank Fees collect. A/C No.01129300544600	8,788,267	783,162
Equity Bank Fees collect. A/C No.0720295920757	2,066,591	159,344
ABSA Bank Fees collect. A/C No.2021558152	1,090,157	445,919
Family Bank Fees collect. A/C No.072000038445	1,469	-
Total of current accounts	113,004,858	224,008,660
(ii) Others		
M-PESA Fees payment account	784,671	-
M-PESA IGU payment account	77,424	43,417
Total of others	862,095	43,417
Total cash and cash equivalents	113,866,952	224,052,077



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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021 (continued)

	2020-2021 Kshs	2019-2020 Kshs
19 Receivables from exchange transactions		
Outstanding imprest	-	-
Students debtors	55,485,919	55,800,082
General debtors	15,110,927	15,323,430
Internal debtors	258,600	30,000
Other current assets		
BOC cylinders deposits	211,000	211,000
KPLC co ltd. deposits	110,000	110,000
Prepaid rent	-	-
Rent deposits	-	1,390,514
Total receivables from exchange transactions	71,176,446	72,865,025
	Kshs	Kshs
20 Receivables from non-exchange transactions	-	88,347,122
Total receivables	71,176,446	161,212,147
This denotes a commitment from the Government on account of recurrent grants due in the quarter of which were received after the quarter end on 1st April 2021.		
21 Inventories		
Central store inventory	6,612,490	5,527,947
Cleaning materials	96,411	133,452
Food stuffs inventory	619,357	57,054
Medical drugs	242,646	339,499
Farm inventory	735,142	341,681
Total inventories	8,306,046	6,399,633
22 Biological assets		
Cattle	2,867,040	2,354,880
Poultry	172,550	180,145
Goats	5,254,480	4,298,440
Pigs	408,240	1,282,280
Donkey	12,000	12,000
Total biological assets	8,714,310	8,127,745



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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021 (continued)

	2020-2021	2019-2020
	Kshs	Kshs
23 Trade and other payables from exchange transactions		
Unpaid contractors certificates	760,196	527,743
Recurrent creditors suppliers	15,824,135	627,083
Retention-contractors	42,599,399	72,724,840
Commissioner of domestic taxes (Withholding tax)	36,290	186,459
Withholding VAT	2,167,139	1,908,271
Customer deposits (refundable)	80,788	80,788
Customer prepayment	11,000	31,645
Insurance and investments	127,266	116,838
Net outstanding salaries	1,767,312	4,375,481
Staff bank loan deductions	-	112,912
SEKU pension scheme	798,871	799,798
Kenya Univ. and Colleges Placement Services fee	345,100	345,100
Kenya Universities Staff Union	2,312,993	668,138
Student pre-paid fees	63,643,009	61,791,945
Provision for part-time claims	56,035,550	58,605,692
Provision for audit fees	1,392,000	696,000
HELB-Loan	9,381,131	10,362,731
CDF- Constituency Development Fund	4,554,244	4,010,870
Imprest recoveries refund	289,893	294,893
SEKU-general recoveries	2,191,353	1,979,893
Payroll fees payment	523,989	523,989
Other sponsors	1,063,005	1,309,101
Un-identified direct banking	1,265,934	2,097,019
Students Union membership and subscription fees	4,488,722	2,996,722
Quality Assurance Fee	10,000	2,423,500
CBA Salary arrears (2017-2021)	-	65,047,415
Total	211,669,319	294,644,865

24 Unexpended research grants

Balance at the beginning	34,379,243	45,406,789
Research grants received during the year (2020/2021)	18,430,955	13,705,061
Research grants paid during the year (2020/2021)	(16,090,887)	(24,732,607)
Balance at the end	36,719,311	34,379,243

This constitutes the unspent money on account of funds received for various research projects



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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021 (continued)

	2020-2021 Kshs	2019-2020 Kshs
25 Refundable deposits from students-caution money		
Balance at the beginning	22,757,245	23,459,910
Caution money collected in financial year 2020/2021	4,100,440	3,110,670
Caution money paid and reversed in 2020/2021	(2,251,960)	(3,813,335)
Balance at the end	<u>24,605,725</u>	<u>22,757,245</u>
This a provision in recognition of money paid by students on account of caution money which is refundable on upon completion of studies or transfer to other institutions.		
26 Contingent liabilities		
Tax penalty and interest	<u>3,454,154</u>	<u>3,454,154</u>
The penalty arose as a result of payment of PAYE in 2015/2016 financial year. Kenya Revenue Authority has been petitioned to write it off.		
27 Revenue reserve		
This constitutes the accumulated surplus and deficits over the period the University has been in existence		
The figures are made up as follows:		
Balance at the beginning	(157,421,324)	(178,096,025)
Deficit/Surplus for the year	(6,212,480)	25,578,340
Adjustment on depreciation of revalued motor vehicles	-	420,000
Adjustment on previous years invoices reversed	5,042,790	-
Adjustment on previous years student balances	(5,228,887)	(5,323,640)
Balance at the end	<u>(163,819,902)</u>	<u>(157,421,324)</u>
28 Capital fund		
Balance at the beginning	2,765,367,685	2,368,582,288
Capital grants received in the Quarter	44,795,667	396,785,397
Balance at the end	<u>2,810,163,352</u>	<u>2,765,367,685</u>
29 Revaluation reserves		
Balance at the beginning	521,832,705	521,832,705
Valuation of Mwingi Land & Property	43,189,981	-
Balance at the end	<u>565,022,686</u>	<u>521,832,705</u>

These reserves relate to recognition of carrying amounts of items either donated to the University or whose future economic benefits have been re-determined based on their probable extended economic lifespans. Subsequent depreciation on re-valued amount is charged against the reserves and an entry is passed to the revenue reserves.



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30. Events after the reporting period

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

31. Ultimate and holding entity

The entity is a chartered public University under the Ministry of Education. Its ultimate parent is the Government of Kenya.

32. Currency

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



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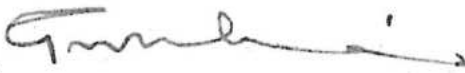
APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe

Note: The University is yet to receive the final audit report for 2019/2020 financial year.

Sign.....


PROF. GEOFFREY M. MULUVI, Ph.D
VICE-CHANCELLOR

Date...12/04/2022



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APPENDIX II: PROJECTS IMPLEMENTED BY UNIVERSITY

Projects

Projects Implemented by the University funded by the Government (GoK)

	Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Construction of Wote Campus		GoK	4 Years	304,251,760	N/A	Yes
2	Construction of Kitui Campus		GoK	4 Years	292,924,686	N/A	Yes
3	Construction of College of Humanities and Social Sciences.		GoK	4 Years	442,343,411	N/A	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of Wote Campus	304,251,760	266,366,291	100%	40,139,953	40,139,953	GoK
2	Construction of Kitui Campus	292,924,686	266,397,430	98%	63,475,319	63,475,319	GoK
3	Construction of College of Humanities and Social Sciences.	442,343,411	353,501,498	91%	89,974,073	89,974,073	GoK



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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME: South Eastern Kenya University			
Break down of Transfers from State Department for University Education and Research			
FY 2020/2021			
(a) Recurrent Grants			
	Bank Statement date	Amount (Kshs.)	Financial Year the amount relate
	07/08/2020	75,811,735	2020/2021
	31/08/2020	75,811,735	2020/2021
	01/10/2020	75,811,736	2020/2021
	30/10/2020	75,811,735	2020/2021
	07/12/2020	75,811,736	2020/2021
	04/01/2021	75,811,736	2020/2021
	04/02/2021	75,811,735	2020/2021
	10/03/2021	75,811,735	2020/2021
	09/04/2021	75,811,736	2020/2021
	10/05/2021	75,811,736	2020/2021
	16/06/2021	75,811,736	2020/2021
	25/06/2021	75,811,735	2020/2021
	Total	909,740,826	
(b) Development Grants			
	Bank Statement date	Amount (Kshs.)	Financial Year the amount relate
	14/09/2020	44,795,667	2020/2021
	Total	44,795,667	

PROF. GEOFFREY M. MULUVI, Ph.D
VICE-CHANCELLOR

HEAD OF ACCOUNTING UNIT
MINISTRY OF EDUCATION

Sign...



Sign.....



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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	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	07/08/2020	Recurrent	75,811,735	75,811,735	-	-	-	-	75,811,735
	31/08/2020	Recurrent	75,811,735	75,811,735		-	-	-	75,811,735
	14/09/2020	Development	44,795,667	-	44,795,667				44,795,667
	01/10/2020	Recurrent	75,811,736	75,811,736		-	-	-	75,811,736
	30/10/2020	Recurrent	75,811,735	75,811,735		-	-	-	75,811,735
	07/12/2020	Recurrent	75,811,736	75,811,736		-	-	-	75,811,736
	04/01/2021	Recurrent	75,811,736	75,811,736		-	-	-	75,811,736
	04/02/2021	Recurrent	75,811,735	75,811,735		-	-	-	75,811,735
	10/03/2021	Recurrent	75,811,735	75,811,735		-	-	-	75,811,735
	09/04/2021	Recurrent	75,811,736	75,811,736		-	-	-	75,811,736
	10/05/2021	Recurrent	75,811,736	75,811,736		-	-	-	75,811,736
	16/06/2021	Recurrent	75,811,736	75,811,736		-	-	-	75,811,736
	25/06/2021	Recurrent	75,811,735	75,811,735		-	-	-	75,811,735
	Total			954,536,493	909,740,826	44,795,667	-	-	-

