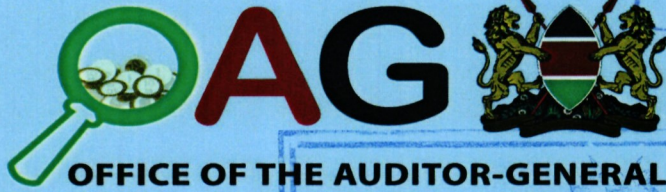


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OF

THE AUDITOR-GENERAL

ON

PWANI UNIVERSITY

**FOR THE YEAR ENDED
30 JUNE, 2020**



OFFICE OF THE AUDITOR GENERAL
P.O.Box 95202, MOMBASA

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ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 30th June 2020

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

OFFICE OF THE AUDITOR GENERAL
P.O. Box 2505, WASHINGTON, D.C. 20003
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**Annual Report & Financial Statement
For the Year Ended 30th June 2020**

UNIVERSITY STATEMENTS

OUR VISION

A world class University in socio economic and technological advancements.

OUR MISSION

To generate, disseminate and apply knowledge while sustaining excellence in teaching, learning and research.

OUR OBJECTIVES

In order to implement the Objectives as envisaged in our Strategic Plan, the management, staff, students and stakeholders of Pwani University will institutionalise and inculcate value and cultures which will enable them to promote excellence and outstanding character in achieving the Mission and Vision of the University. Pwani University espouses the following values which are at the heart of all activities and planning:

- i) Encouraging inclusiveness, respect for diversity of ideas, peoples and cultures.
- ii) Respecting intellectual freedom: the freedom to conduct research, teach, speak and publish, subject to the norms and standards of scholarly inquiry.
- iii) Building a cohesive university community that cherishes teamwork and partnership in the accomplishment of the University Mandate and personal development of staff and students.
- iv) Acting with honesty, integrity and mutual respect.
- v) Providing equal opportunities and access to all and encouraging continual improvement of self and the body corporate.
- vi) Supporting excellence in teaching, research and service to humanity.
- vii) Promoting civic responsibility, accountability and transparency, fidelity to the law and observing all statutory obligations in the conduct of business.
- viii) Respecting and encouraging creativity and innovativeness among its staff, students and management in order to inculcate competitiveness and improvement in service delivery.
- ix) Affirming and protecting fundamental human rights and freedoms as well as respecting college property and infrastructure.

OUR MOTTO

Shajiisho la Maendeleo Endelevu
(Empowerment for sustainable development)

BACKGROUND INFORMATION

Pwani University began as Kilifi Institute of Agriculture, established in 1984, and admitted the first intake of 200 students into a two-year Certificate in Agriculture and Home Economics programme. On 23rd August 2007, the Institute was upgraded to become a constituent college of Kenyatta University, and renamed Pwani University College; consequently admitting the first batch of 200 Bachelor Degree students through the Joint Admissions Board (JAB) to join those pursuing the Certificate Programme. The University College was officially opened by H. E President Mwai Kibaki on 2nd November 2007. The College was upgraded to University status on 31st January 2013. Pwani University was established through a grant of Charter.

Pwani University is located at Kibaoni in Kilifi Town, along the Mombasa-Malindi Highway; about 60 Kilometers from Mombasa City. Its location in the heart of the Coast Province, gives it a strategic position of being one of the Public Universities in Kenya to serve the entire Coast Region hinterland from Vanga in the South to Lamu in the North, and to Voi in the West.

Currently, the University has seven (7) Schools, which together offer Postgraduate and Bachelor degree programmes in Agricultural Sciences and Agribusiness, Humanities and Social Sciences, Business Studies and Economics, Education, Environmental and Earth Sciences, Health and Human Sciences, and Pure and Applied Sciences.

The University has the requisite physical and human resource to train students in these fields and is set to grow both in infrastructure, student population and staff profiles by the year 2020.

UNIVERSITY COUNCIL



Dr. Musangi J. Mutua, PhD,
Chair of Council
(up-to 3/03/2020)

Dr. Musangi J. Mutua was appointed as the Chair of Pwani University Governing Council on 10th March 2017. Prior to this appointment, she served as the inaugural Chair of the Human Resource Committee of the University of Eldoret Council. She has a wide experience in Public Sector Management specifically she has hands on experience in Human Resource Management, having served at the Directorate of Personnel Management – DPM, Post Office Savings Bank – Post Bank and the East African Portland Cement Company – EAPCC heading the Human Resource Docket. Dr. Musangi is also well versed with corporate governance having been a member of Central Agricultural Board and Kitui County Assembly Service Board among others. She has exceptional skills in operational and people management and team leadership. Dr. Musangi holds a PhD in Business Administration, specializing in Strategic Management, Masters in Public Administration, Higher Diploma in Human Resource Management and BA Government. She has published in the field of Business Process Outsourcing Strategy and performance of Kenya State Corporations among other publications in peer reviewed journals.

Prof. Dr. Dr. Moni Wekesa
Council Member
(up-to 3/03/2020)



Prof. Dr. Dr. Moni Wekesa was appointed to the Pwani University Council on 10th March 2017. He is a board member of the Anti-doping Agency of Kenya, Chairman Disciplinary Committee of FKF, Senior Scholar at Lusaka Law School, and visiting Professor at Universite Libre de Kigali. He has over 30 years of Law Practice and University Teaching. Previously he worked as a lecturer at Mount Kenya University and Catholic University of Eastern Africa. He is currently the Dean School of Law Daystar University. He holds PhD Sports Medicine, M.Sc., B. Ed Sc., PhD Law, LL.M, LL. B Hons, Dip (KSL), (MLSK). Prof. Dr. Dr. Wekesa is an advocate of the High Court of Kenya since 2004.

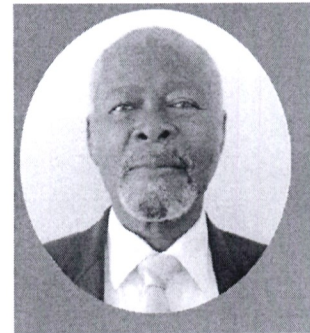


Dr. Gift Kimonge Dzombo
Council Member
(up-to 3/03/2020)

Dr. Gift K. Dzombo CPA, was appointed to the Pwani University Council on 10th March 2017. He is a Risk and Governance professional, with over 15 years of experience, in the private, academic and NGO sectors. He is an expert in financial reporting, managing financial & credit risk, directing investment activities, business intelligence and performance management. He is currently a

Senior Manager, Process & Governance at Standard Chartered Bank. Dr. Dzombo holds a PhD in Accounting and Finance and an MBA degree in Accounting and Finance and a member of ICPAK.

Dr. Jak Sijenji Nyabundi
Council Member
(up-to 3/03/2020)

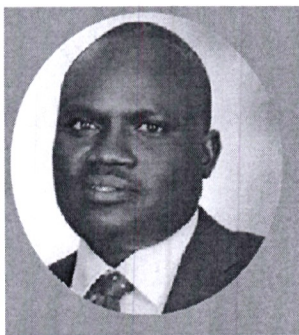


Dr. Nyabundi was appointed to the Pwani University Council on 10th March 2017. He is a consultant Physician. Dr. Nyabundi has extensive work experience as a Medical Practitioner and an academician having worked with Kenya Defense Forces (KDF), University of Nairobi, Maseno University, Moi Teaching and Referral Hospital among others. He has research interest in common complications of Diabetes and has published on effect of chronic heavy alcohol intake on the heart. He holds an MMed. Internal Medicine and MBChB.



Mr. Samuel Nyachae
Council Member
(up-to 3/03/2020)

Mr. Samuel M. Nyachae was appointed to the Pwani University Council on 10th March 2017. Prior to his appointment to the University Council he worked at the National Bank of Kenya as a Senior Manager. Mr. Nyachae has a wide experience spanning over 10 years in Banking and Finance. He holds an MBA and BS. in Business Administration.



Dr. Stephen Ikikii, PhD
Representative of CS National Treasury
up to 29th September 2019

Dr. Stephen Ikikii was appointed to the Pwani University Council as an alternate to the CS, The National Treasury in March 2018. He holds a PhD in Economics, MSc in Financial Economics and BSc in Mathematics and Statistics. He is a full member of the Institute of Certified Investment and Financial Analysts (ICIFA). He is an economist with over 13 years' experience in the National Treasury and has represented the Cabinet Secretary to the National Treasury in over 10 different Boards of State Corporations.



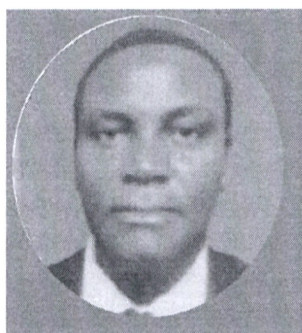
Ms. Susan Mucheru
Representative of CS National Treasury
From 30th September 2019

Ms. Susan Mucheru was appointed to the Pwani University Council as an alternate to the CS, The National Treasury on December 2019. She is the Director Human Resource at the National Treasury. She has over 20 years' experience in Human Resource Management and has served in different Boards of State Corporations for over 10 years.

Mr. Joel Kipkemboi Yego
Council Member ▶
(up-to 3/03/2020)



Mr. Joel Kipkemboi Yego was appointed to the Pwani University Council on 10th March 2017. He is a Licensed Land Surveyor practising in Kenya with 25 years of active professional experience. He has served in several Boards including Kenya Roads Board as Commissioner to the Commission of Inquiry into the Land Law System of Kenya, Chairman of the Committee of ISK Reforms of the Institute of Surveyors of Kenya, Deputy Chairman, Land Surveyors Board and Member of Council of the Institute of Surveyors of Kenya among others. He holds an M.A. (Geography); B.Sc. (Hons.) in Survey and Photogrammetry; L.S.(K); C.L.S. (E.A.). M.I.S.K.



Mr. Paul Peter Mungai
Representative of PS Ministry of Education

Mr. Paul Peter Mungai was appointed to the Pwani University Council as alternate to the Principal Secretary, Ministry of Education, State Department for University Education on 30th August 2018. He holds MEd in Administration and BEd. Arts. Mr. Mungai is an Educationist and has served in several boards. He possesses a wealth of experience in Education Administration.

Prof. Mohamed Said Rajab, PhD, EBS
Ex- Officio and Secretary to the Council



Prof. Mohamed S. Rajab was appointed as the Vice Chancellor of Pwani University and an ex-officio member of Council for the first and second terms on 20th June 2013 and 21st June 2018 respectively. He has an extensive professional and academic track record spanning over 30 years, from the rank of a research officer, at ICIPE in 1983 to the present position of Vice Chancellor at Pwani University. He has done extensive research work and has published widely. Other institution where he has served in various capacities includes the University of Maine (U.S.A), South Western Medical Centre, Dallas (USA), Louisiana



**UNIVERSITY Annual Report & Financial Statement
For the Year Ended 30th June 2020**

State University (USA), Moi University and Kenyatta University, a board member of several institutions including the Jomo Kenyatta Foundation, the National Museums of Kenya, Sheikh Zayed Children Welfare Center and Kenya Agricultural Research Institute among others. He holds a PhD in Organic Chemistry.

UNIVERSITY MANAGEMENT



Prof. Mohamed S. Rajab
Vice-Chancellor and Chair of Management Board

Prof. Mohamed S. Rajab was appointed as the Vice Chancellor of Pwani University and an ex-officio member of council for the first and second terms on 20th June 2013 and 21st June 2018 respectively. He has an extensive professional and academic track record spanning over 30 years, from the rank of a research officer, at ICIPE in 1983 to the present position of Vice Chancellor at Pwani University. He has done extensive research work and has published widely. Other institution where he has served in various capacities includes the University of Maine (U.S.A), South Western Medical Centre, Dallas (USA), Louisiana State University (USA), Moi university and Kenyatta University, a board member of several institutions including the Jomo Kenyatta Foundation, the National Museums of Kenya, Sheikh Zayed Children Welfare Center and Kenya Agricultural Research Institute among others. He holds a PhD in Organic Chemistry

Prof. Helen O. Mondoh
▶ **Deputy Vice Chancellor**
(Administration, Finance and Planning)

Prof. Helen Mondoh was appointed as the Deputy Vice-Chancellor (Administration, Finance and Planning) on 12th July 2018. She is a Professor of Education in the School of Education. Prof. Mondoh has vast experience in the Education sector, quality assurance and administration. She has attended and presented various scientific papers at learned conferences and workshops, and published more than 20 papers in refereed journals.

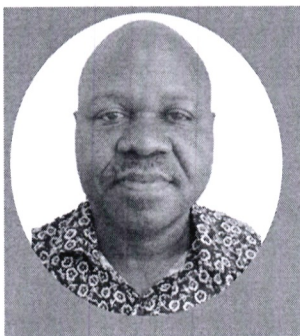
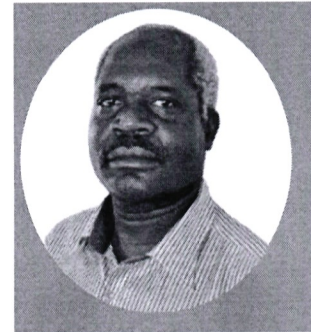


Prof. James H.P. Kahindi, PhD
Deputy Vice-Chancellor ◀
(Academic and Students Affairs)

Prof. James H.P. Kahindi was appointed as the Deputy Vice Chancellor (Academic and Student Affairs) of Pwani University for the 1st and 2nd term on the 28th of October 2013 and 26th of June 2018 respectively. He is a Professor of Microbiology at Pwani University. He has held various Administrative positions both in the Private and Public sector and has presented scientific papers at several conferences and workshops; and published more than 25 papers in refereed journals. His expertise combines strong leadership, managerial, academic, program management and research background with diverse knowledge in Natural Resource Management and Biodiversity Conservation. He also has over eleven years' experience in Environmental Impact Assessment and Environmental Audit; and more than fifteen years of extensive Research experience in Microbial Biotechnology; in particular, Microbial Control of Pests & Vector Insects; and Biological Nitrogen Fixation.

Prof. Muniru K. Tsanuo, PhD
► Deputy Vice-Chancellor
(Research and Extension)

Prof. Muniru K. Tsanuo was appointed as the Deputy Vice Chancellor (Research and Extension) of Pwani University for the 1st and 2nd term on the 28th of October 2013 and 12th July 2018 respectively. He is an Associate Professor of Chemistry. He has a PhD and MSc Chemistry and B.Ed (Sc.). He has over 20 years in the education sector and has held various administrative positions His research interests include isolation and characterization of bioactive natural products, phytoremediation and plant-plant chemical interaction.

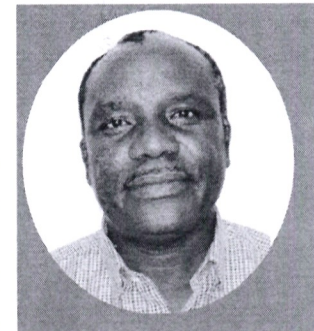


Mr. Opiayo P. Mabubi
Registrar (Administration, Finance & Planning)

Mr. Opiayo P. Mabubi was appointed at Pwani University as the Registrar (Administration, Finance and Planning) on 1st February 2017. He holds a Post Graduate Diploma in Human Resource Management, M Ed. (Economics) and B Ed. (Arts). He has extensive administrative experience having served at Moi University, KASNEB (Kigali Rwanda) and the Ministry of Education as a senior administrator.

Mr. Nicholas C. Malau
Registrar (Academic & Student Affairs)

Mr. Nicholas Malau was appointed at Pwani University as the Registrar Academic and Student Affairs on 10th October 2016. He holds a M.Ed. in Administration and B.Ed.(Sc) He has extensive experience in administration. He serves as a Lecturer in Administration since 1989 to date. He worked as Registrar (Academic and Student Affairs) at Kenyatta University.



Dr. Hemedi Mkuzi Saha, PhD
Registrar (Research & Extension)

Dr. Hemedi Mkuzi Saha was appointed at Pwani University as the Registrar Research & Extension on 17th December 2013. He holds a PhD in Horticulture; MSc (Soil Science) and BSc Agriculture. He is a Senior Lecturer in the Department of Crop Sciences, where he also served as the Chair of the Department from September 2012 to December 2013. He has vast experience in agricultural research and in postgraduate research supervision.





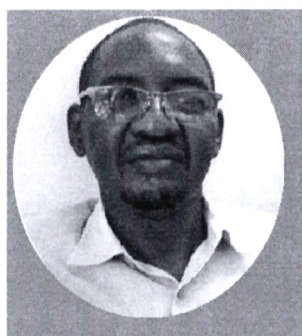
Dr. Francis G. Wokabi, PhD
Director, Quality Assurance

Dr. Francis G. Wokabi was appointed at Pwani University on 3rd January 2019 as the Director Quality Assurance. He is a Senior Lecturer in Philosophy and Religious Studies Department where he also served as the Chair of the Department. Dr. Wokabi is specialized in Critical Thinking, Ethics, and Philosophy of Education. He also coordinates the Technologies of Imaging in Communication Art and Social Sciences (TICASS) project between Pwani University and some European Universities.

Mr. Ronald G. Juma
Dean of Students



Mr. Ronald G. Juma was appointed at Pwani University as the Dean of Students on 23rd June 2014. He holds a MSc. (Agriculture Development) and BSc (Animal Science). He has been a lecturer in Animal Production since 2007. He has extensive administrative experience. He previously worked with the MOA as a District Head.



Mr. Robert K. Abungu
Deputy Registrar (Academic & Student Affairs)

Mr. Robert K. Abungu was appointed at Pwani University as the Deputy Registrar (Academic and Student Affairs) and in- charge of Examination Department on 23rd January 2013. He holds a Dip. Hort (Egerton), M.Sc (SAUM). He has extensive experience in administration and academics.

Mr. Mwinyi M. Ali
Finance Officer,
(ICPAK No. 9996)

Mr. Mwinyi M. Ali was appointed at Pwani University as the Finance Officer on 1st August 2014. He holds an MBA in Finance and Accounting and is a member of the Institute of Certified Public Accountants of Kenya. Before joining the University, he worked in several financial institutions where he accumulated a wealth of experience in finance and management.





Mr. Chris W. Khaemba
Legal Officer

Mr. Chris W. Khaemba was appointed at Pwani University on 12th April 2010 as the Legal Officer and secretary to the University Council. He has over 13 years of legal experience in the fields of law, Public Administration and Management. He holds an LLB Law, Diploma (KSL) and CPS (K). He is a member of the LSK and Institute of Certified Public Secretaries of Kenya.



Mr. Moses R. S. Isutsa
Librarian

Mr. Moses R. Isutsa was appointed as the Librarian at Pwani University on 23rd February 2017. He is an Information Science Practitioner and has 25 years working experience in the Library Information Sector. He holds a Master of Library & Information Science; BTech. Degree in Library & Information Science; Diploma in Library and Information Studies. He is a qualified ISO 9001:2008 Internal QMS Auditor, and a Job Analyst.

FUDICIARY MANAGEMENT



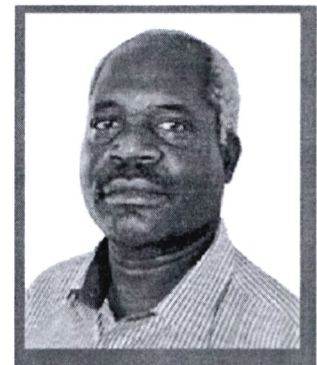
Prof. Mohamed S. Rajab PhD.
Vice Chancellor



Prof. Helen O. Mondoh PhD.
Deputy Vice Chancellor
Administration, Finance &
Planning



Prof. James H.P. Kahindi PhD.
Deputy Vice Chancellor
Academic & Student Affairs



Prof. Muniru K. Tsanuo PhD.
Deputy Vice Chancellor
Research & Extension



Mr. Mwinyi M. Ali
Finance Officer



Mr. Ludovicas Mwacharo
Ag. Procurement Officer

FUDICIARY OVERSIGHT ARRANGEMENTS

The University's fiduciary oversight is done through:

1. Audit and Risk Committee

This Committee provides oversight by ensuring that financial reports are accurate, business and operations are conducted with integrity and in compliance with the law. This is achieved by reviewing the effectiveness of the University's financial and other internal control systems, satisfies itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and advises the Council on risk management. It reviews the external auditor's report and the scope and effectiveness of the internal auditor's work and advises Council on the appointment of both the Internal and External Auditor. It reviews regulatory requirements and the University's annual financial statements together with the accounting policies.

2. Parliamentary Public Investment Committee

The Public Investment Committee of parliament examines the reports and accounts of the University, examines the reports, if any, of the Auditor General on the University; and examine, in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices



UNIVERSITY Annual Report & Financial Statement
For the Year Ended 30th June 2020
STATEMENT OF THE CHAIR OF COUNCIL



Dr. Musangi J. Mutua, PhD,
CHAIR OF COUNCIL UPTO 3/03/20

The Financial year 2019/2020 has been a challenging one, yet despite this, the Council is pleased with the steady progress made and the momentum towards the Vision of the University.

Dear Stakeholders,

On behalf of the University Council, I am once again privileged to present to you the Pwani University's Annual Report and Financial Statements for the year ended 30th June 2020. During the period under review, the University continued to focus on improvement of infrastructure by completing 99% construction of the School of Environmental and Earth Sciences. The University also graduated 1,743 students in courses aligned to the Government's Big 4 Agenda. Further, our performance in webometric rankings remained strong.

While there has been progress in the execution of our strategic plan, we did not achieve our 2019/2020 targets, most notably our Appropriation in Aid. However, the Council considered this within the context of a challenging set of macroeconomic, environmental and social factors, which escalated in the second semester of the 2019/2020 academic year. We have reviewed our 2014-2024 strategic plan to be in tandem with the microeconomic reality. Again, the COVID-19 pandemic and its impacts on the economy will have wide-ranging consequences on every aspect of the University activities.

I would like to thank our staff, students, alumni, partners and other stakeholders for their commitment to the University and for their support as we implement the University's Strategic Plan 2014-2024.

Finally, I wish to acknowledge with gratitude the Government of Kenya for its goodwill and invaluable support to the University.

For S Adhole.
CHAIR OF COUNCIL

REPORT OF THE VICE CHANCELLOR

Prof. Mohamed S. Rajab, PhD. EBS
VICE-CHANCELLOR

Pwani University has a mission to generate, disseminate and apply knowledge while sustaining excellence in teaching, learning and research. As a leading, comprehensive teaching, learning and research institution, the University's objectives are to inculcate in the management, staff, students and stakeholders value and cultures that will enable them to promote excellence and outstanding character in achieving the Mission and Vision of the University

Dear Stakeholders,

Pwani University as one of the three public universities in the coastal region has entrenched itself in the areas of Education, Agriculture and Health Sciences.

In the Financial Year ending 30th June 2020, the University made good progress on its strategic growth aspirations despite the challenging operating environment in the fourth quarter of the year due to the COVID-19 pandemic.

The University operations are anchored on Vision 2030, the University Act 2012, relevant legislations, the Big 4 Agenda, ISO 9001:2015 Standards among others, and guided by Pwani University's 10-year Strategic Plan 2014 - 2024' which aims at transforming Pwani University into a World Class University.

Operational and Financial Performance

The University continues to deliver on its key mandate of provision of quality education, training, and research. During the period under review the university absorbed all its allocated funds.

Compliance with Statutory Requirements

During the period under review, the University complied with all its statutory obligations including compliance with Public Procurement Regulations, remittance of PAYE, NHIF, NSSF, Pension and HELB within the stipulated deadlines. The University does not foresee any potential for contingent liabilities arising from non-compliance with statutory obligations.

Key Projects and Investment Decisions

Pwani University continued to invest in state-of-the-art physical infrastructure in line with its Master Plan and a Strategic Plan which guide the implementation of its key projects and investment decisions. In the year under review the University took possession of the completed School of Environment and Earth Sciences from the contractor. The construction of the School of Humanities and Social Sciences is on course and due for completion in the financial year 2020/2021.

During the period under review, the University implemented various phases of the projects indicated in Table 1.

Table 1: Projects in the 2019/2020 FY

Project Description	Cost Millions	inFunded by	Status
Lecture Theatre & Laboratories	143	GOK	Complete
School of Humanities and Social Sciences	232	GOK	On going

Strategic Focus

Pwani University is determined to be a Centre of excellence for teaching, learning and research in the areas of Marine Sciences and Oceanography (harnessing the Blue Economy), Coastal and Dry Land Agriculture, Education, Coastal Culture, Art and Languages and Tropical Medicine.

In order to provide quality education and training, the University continued to involve stakeholders in the revision of existing and development of new academic programmes. Practical orientation and relevance to market demand has guided all the efforts in this direction. The collaboration is expected to enhance and sharpen our students' skills to make them more relevant to the job market and improve their employability.

Pwani University continued to take advantage of the latest advances in ICT to facilitate internal and external communication. During the period under review the ICT facilities were improved to enhance teaching, learning, research and community outreach. The University offered online classes to all the students during the closure of learning institutions to mitigate against the COVID-19. The University intends to make use of emerging technologies to enhance access and equity and improve quality in university education.

The University places great emphasis on an energized and motivated workforce. In light of this, the University has embraced various incentives in line with its policy on Staff Training and Development.

Business Continuity Management

The University has a Business Continuity Plan, which helps to achieve:

- i) Protection of life, health, and safety of all University community members and visitors;
- ii) Preservation of the viability of the institution;
- iii) Protection of the University’s reputation and public confidence; and
- iv) Restoration of general campus operations

Integrated Risk Management Report FY 2019/2020

The University has embraced the integrated risk management approach through the adoption of the Enterprise Risk Management (ERM) framework. This complies with the Treasury Circular No. 3/2009 on the Development and Implementation of Institutional Risk Management Policy Framework and in adherence with best practices.

Major Risks facing the University

The University maintains a Risk Register highlighting the various levels of risks. During the period under review, the University identified three (3) major potential risks as shown in Table 2.

Table 2: Risk Register 2019/2020 FY

S/NO	Identified High Risk	Mitigation Measures
1.	Inadequate teaching and learning facilities	Construction of Lecture Theatre and Laboratories
2.	Occurrence of Global or National pandemic such as COVID-19	Adherence to the Government and Ministry of Health regulations
3.	Terrorism	University has acquired full body scanners, continued the construction of perimeter wall, ensured regular police patrols, plans to put up a police base within campus, and installed CCTV cameras. Regular trainings on counter-terrorism awareness

Key Strengths and Opportunities

- a) The University is ISO 9001:2015 Certified.
- b) The University has a Strategic Plan (2014-2024) and Master Plan to guide further developments.
- c) The University has a receptive and supportive local community.
- d) The University is located close to the Indian Ocean within the proximity to a creek, coral deposits and marine resources, which are appropriate for learning and research.
- e) The University owns 239 hectares of rich agricultural land for teaching, research and development.



UNIVERSITY Annual Report & Financial Statement

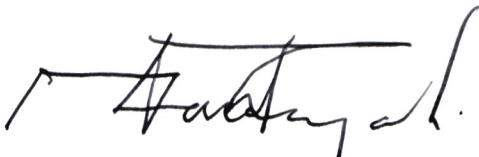
For the Year Ended 30th June 2020

- f) The University is easily accessible due to its strategic location along the Mombasa–Malindi highway.
- g) The University has a student population of approximately 7,000 which is steadily growing.
- h) The University has a staff profile of 436 (Academic and Non-teaching staff)

Conclusion

I take this opportunity to thank our stakeholders for their continued support and partnership in the realization of Pwani University’s mandate, which is to provide quality Teaching, Research and Community Outreach and opportunities for innovation for sustainable development. We recognise that our ability to deliver value to our stakeholders is linked to the prosperity of the societies in which we operate.

On behalf of Senate, Management, Staff and Students, I would like to appreciate the support accorded to Pwani University by the GOK through The National Treasury and the Ministry of Education.



VICE-CHANCELLOR



**Annual Report & Financial Statement
For the Year Ended 30th June 2020**

REVIEW OF PWANI UNIVERSITY 'S PERFORMANCE FOR FY 2019/2020

Pwani University has 3 strategic pillars within its Strategic Plan for the FY 2014/2015- 2023/2024. These strategic pillars are as follows:

Pillar 1: Quality University Education.

Pillar 2: Research and Innovation.

Pillar 3: Extension and Community Outreach.

Pwani University develops its annual work plans based on the above 3 pillars. Assessment of the University's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2019/2020 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Quality University Education	Produce globally competitive graduates	Number of graduated students	Develop internationally certified programmes	The University trained and graduated students skilled in agriculture and food nutrition in the following specialities: 1. BSc. in Agriculture and Enterprise Development (16), 2. BSc. in Animal Health and Production (20), 3. MSc. Public Health (5) and 4. B.Ed. Special Needs Education (14)
Pillar 2: Research and Innovation	Foster excellence in research and innovation	Number of publications in refereed journals.	Provide state of the art research facilities	The University implemented the following: 1. Published 55 peer reviewed journal papers/book chapters/books. 2. Supported research proposals for external funding by:- a) Supporting two research proposal working groups. b) Holding two sensitization workshops on available funding opportunities. 3. Participated in the International Conference on the Great Lakes



**Annual Report & Financial Statement
For the Year Ended 30th June 2020**

<p>Pillar Community outreach</p>	<p>3: Participate in and contribute to improvement of the wellbeing of the neighbouring communities</p>	<p>Number of community outreach programmes conducted during the year.</p>	<p>Partner with other organisation and individuals for community services</p>	<p>of the World (Conference on Blue Economy) in collaboration with the Kenya Marine and Fisheries Research Institute by:- Co-sponsoring the event in the Silver category.</p> <ol style="list-style-type: none"> 1. Trained farmers on modern farming practices by Implementing Farmer Field Schools in the BSc. Crop Sciences Curriculum 2. Continued to offer advisory services to farmers free of charge at the University's model farm
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CORPORATE GOVERNANCE STATEMENT

Pwani University has engrained the principles of Corporate Governance in its institutional framework and is committed to promote consistently the highest standards of governance, which take into account the interest of all stakeholders, strengthens Council and Management accountability and helps build public trust in the University. The Council of Pwani University has overall responsibility for overseeing the effective management and control of the University on behalf of Pwani University's stakeholders and supervising executive management's conduct of the University's affairs within a laid down framework, which is designed to enable effective risk assessment and monitoring.

In implementing the Corporate Governance tenets, the Council seeks to add value through constructive dialogue and engagement with stakeholders as well as management with a strong focus on the University's strategic agenda. The Council embraces and recognizes the benefits of diversity in skills and experience in its compositions and this engenders the effective discharge of the Council strategic oversight function.

Pwani University Council has established four Committees with specific Terms of Reference. The Committees together with their membership are as outlined in Table 3

Table 3: Committees of Council

Name of committee	Members	Expiry/ ongoing
1. Audit and Risk	1. Dr. Gift Kimonge Dzombo 2. Prof. Dr. Dr. Moni Wekesa 3. Dr. Jak Sijenyi Nyabundi 4. Dr. Stephen Ikikii 5. Ms. Suzan Mucheru	1. 03/03/2020 2. 03/03/2020 3. 03/03/2020 4. 29/09/2019 5. Ongoing from 30/09/2019
2. Human Resource	1. Dr. Jak Sijenyi Nyabundi 2. Mr. Samuel M. Nyachae 3. Mr. Joel K Yego 4. Mr. Paul Peter Mungai	1. 03/03/2020 2. 03/03/2020 3. 03/03/2020 4. ongoing
2. Academic, research and extension	1. Prof. Dr. Dr. Moni Wekesa 2. Dr. Stephen Ikikii 3. Dr. Gift Kimonge Dzombo 4. Mr. Paul Peter Mungai 5. Ms. Suzan Mucheru	1. 03/03/2020 2. 29/09/2019 3. 03/03/2020 4. Ongoing 5. Ongoing from 30/09/2019
3. Finance and Planning	1. Mr. Samuel M. Nyachae 2. Mr. Paul Peter Mungai 3. Mr. Joel K. Yego	1. 03/03/2020 2. Ongoing 3. 03/03/2020

The following meetings were held during the year ending 30th June 2020 as illustrated in Table 4.

Table 4: Council meetings held in the 2019/2020 FY

MEETING	NUMBER OF MEETINGS	MEMBERSHIP	AVERAGE ATTENDANCE %
Full Council	10	9	96%
Audit and Risk Committee	5	4	90%
Human Resource Committee	3	4	92%
Academic, Research and Extension Committee	4	4	88%
Finance and Planning Committee	6	3	100%

MANAGEMENT DISCUSSION AND ANALYSIS
Core Business

Pwani University has the mandate of teaching, research and community outreach. Teaching, learning and research take place in academic departments which make up the seven Schools of the University namely the School of:

- i. Agricultural Sciences and Agribusiness
- ii. Business and Economics
- iii. Education
- iv. Environment and Earth Sciences
- v. Health and Human Sciences
- vi. Humanities and Social Sciences
- vii. Pure and Applied Sciences

Academic Programs

During the 2019/2020 Financial Year, the University offered sixty-three Bachelors programmes, two Post Graduate Diploma programs, forty-four Masters and forty-six at the Doctoral level as shown in Table 5.
 Table 5: Academic Programs 2019/2020 FY

Table 5: Courses offered during the 2019/2020 Financial Year

LEVEL	NO. OF PROGRAMMES	MODE OF STUDY
Skill Enhancement Programs (Short Course)	2	Full Time (Max. Duration: 3 Months)
Certificate	3	Full Time
Diploma	14	Full Time and Part Time
Post Graduate Diploma	2	Full Time, and Part Time
Bachelors	51	Full Time, Institutional Based and Part Time
Masters	30	Full Time and Part Time
Doctoral	24	Full Time and Part Time.

Student Enrolment

During the 2019/2020 Financial Year, the University had a total of 5,273 continuing students and enrolled 1,624 new Government Sponsored students and 193 Self Sponsored Students. Grand total enrollment is as shown in Table 6.

Table 6: Student Enrolment in the 2019/2020 Financial Year

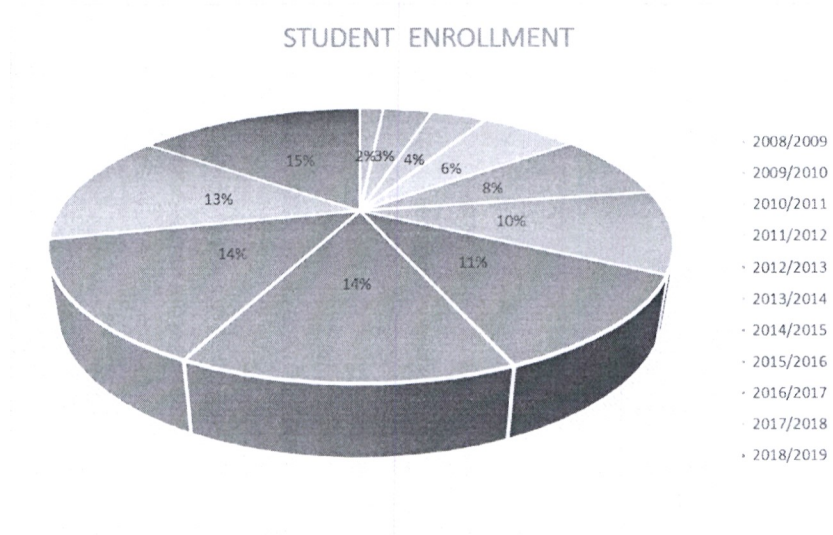
Total number of Continuing students	No. of New students		Grand Total
	SSP	KUCCPS	
5,273	193	1,624	7,090

Pwani University has seen a steady increase in the enrolment of students since its inception. Table 7 below confirms this increase:

Table 7. Student Enrolment trends from 2008/2009 – 2019/2020 Academic Years

ACADEMIC YEAR	STUDENT ENROLLMENT
2008/2009	755
2009/2010	1575
2010/2011	1784
2011/2012	3073
2012/2013	3839
2013/2014	4742
2014/2015	5505
2015/2016	6746
2016/2017	6978
2017/2018	6535
2018/2019	7328
2019/2020	7090

Figure 1: Student Enrollment trends from 2008/2009 – 2019/2020 Academic Years



Graduation

1. Pwani University has had a steady growth in the number of graduating students since it attained its charter in 2013. This is illustrated in Table 8.

2. It is worth noting that Pwani University started graduating students in its Postgraduate programs in 2015.

Table 8: Graduation Numbers from 2012/2013 to 2018/2019 Academic Years

ACADEMIC YEAR	TOTAL NUMBER OF GRADUANDS
2012/2013	450
2013/2014	438
2014/2015	1054
2015/2016	1053
2016/2017	1030
2017/2018	956
2018/2019	1743
TOTAL	6724

Research, Science, Technology and Innovation

The Research and Extension (RE) Division is mandated to oversee all research activities in the University and create the necessary environment to encourage research initiatives to start and thrive. In addition, the Division is expected to seek partnerships with both the industry and academia so as to enhance the generation, adaptation and utilization of knowledge. The Division also manages extension services, both for the purpose of dissemination of technologies and information as part of the University's corporate social responsibility.

Research Grants

(a) Internal Research Grants

The University runs a competitive internal research fund (the Pwani University Research Fund, PURF) to enable successful applicants conduct research in their various disciplines. These internally funded research projects have resulted in enhancing Pwani University capacity building and increase number of publications.

The following are the current projects PURF Project that addresses the Food Security and Improved Health of the Big Four Agenda:

- (i) Effectiveness of participatory approaches in the development of coastal communities in Kenya.
- (ii) Effects of feeding different grasses on feed intake, growth and performance of galla goats raised under confinement.
- (iii) Improving cassava production in coastal Kenya: understanding the causes of variability in the quality of new, high yielding cassava varieties.

- (iv) Understanding poverty within small- scale marine fisheries in selected sites within Kilifi County.

(b) External Research Grants

The University Staff compete for external research grants through submission of research proposals individually and jointly with collaborative partners.

In the 2019 2020 financial year, the following awards were granted to Pwani University Researchers

- (i) National Research Funded Infrastructure Awards of Ksh 45M to enhance The Pwani University Bioscience Research Laboratory through acquisition of equipment and putting up of Crop Science Green House, Small Animal House, High Performance Computing (HPC) Unit at Pwani University. Collaborating Institutions being Pwani University and KEMRI-Wellcome Trust Research Programme (Kenya)
- (ii) National Research Fund Multi-Disciplinary Research Grant Award of KES 19.8M on a project entitled Developing sustainable cashew production for improved food security, better nutrition and income in Kenya. Collaborating Institutions being Pwani University, Jomo Kenyatta University of Agriculture and Technology, Kenyatta University and Technical University of Mombasa
- (iii) Mississippi State University Research grant of KShs. 4.6M for collaborative research entitled Secure Fish. Collaborating institutions Pwani University and Mississippi State University.

In the 2019 2020 financial year, the following Research Programmes were on going

- (i) National Research Funded Multi-Disciplinary Research Project entitled Optimizing small-scale biogas technology for household energy and improvement of soil fertility within coffee-dairy production systems in Kiambu and Machakos Counties. Collaborating Institutions being Pwani University, KALRO and HIVOS-Kenya Biogas.
- (ii) National Institutes of Health (NIH, USA) entitled Eastern Africa Network for Bioinformatics Training - (EANBiT) through which PU receives Bioinformatics infrastructure and full scholarships for 4 to 9 students per year. Collaborating Institutions being the International Centre for Insect Physiology and Ecology (*icipe*), Pwani University, Makerere University (Uganda) Muhimbili University of Health and Allied Sciences (MUHAS, Tanzania) and KEMRI-WTRP (Kenya)
- (iii) National Science Foundation Programme for Basic Research to Enhance Agricultural Research (NSF-BREAD, USA) Research Project entitled BREAD ABRDC: Development of Essential Genetic and Genomic Resources for Finger Millet. Collaborating Institutions being Pwani University, University of Georgia (USA), ICRISAT-Nairobi (Kenya), Maseno University (Kenya), Addis Ababa University (Ethiopia) and Tanzania Agriculture Research Institute (TARI)

Publications.

Publication in peer reviewed journal form an important out of the University research output. In the 2019/2020 Financial Year the Pwani University published a total of 55 Publications in the Schools of Pure and Applied Science, Agriculture and Agribusiness, Education, Health and Human Sciences, Human and Social Sciences and Business and Economics

Conferences/workshops and seminars

- (a) The University support a number of Conference attendance both locally and internationally through Individually Sourced Funding Support, Joint Funded Projects and University Budget Allocations.
- (b) In the year under review Pwani University played host to two workshops/ Seminars:
 - (i) Advanced Flow Cytometry & Bioinformatics workshops: (2nd – 6th, August 2019) Pwani University, Kilifi.
 - (ii) Advanced Immunology and Bioinformatics Workshop on African Immuno-Biology of Parasites, Pathogens and Pathogenesis (AfriIBop) (26th-30th August, 2019).

Institutional linkages

Research, Science, Technology and Innovation have been identified as key to Kenya's socio-economic transformation as envisaged in Vision 2030, Big Four Agenda, SDGs, African Union Agenda 2063 and other relevant initiatives. This calls for a strong linkage between the University, research institutions and industry so that findings can be applied to improve productivity. In this regard, the University has continued to collaborate with its stakeholders and other partners in enhancing economic growth and industrialization.

The University is actively engaged in fostering partnership and Linkages with other institution of higher learning, research organization, industry and the private sector as demonstrated in the collaborative research activities above.

In addition the University

- a) Signed an MoU, for research staff and student exchange, attachment programme Development and Capacity Building with the Generation Kenya on responding to dynamic labour market demand and for the benefit of the alumni as well as students who have completed their studies and are awaiting graduation. Through this initiative majority of the successful trainees were placed on legal jobs within 30 days after completion of training.

Entrepreneurship and innovation

To accelerate uptake of the output Research, Science, Technology and Innovation, the University established an Entrepreneurship and Innovation Hub to provide the necessary infrastructure and support to faculty and students, incubate research finding that have the potential to be developed into viable products. The need to equip the youth with necessary entrepreneurship and career skills to

enhance innovation is paramount. PU graduates, thus, are adequately prepared for values such as integrity, commitment, loyalty, team work and entrepreneurship.

The University in this Financial Year, therefore, has developed Intellectual Property Rights Policy (IPR) that has been approved by the Council to protect staff, students and stakeholders innovations.

Community outreach/extension.

The Pwani University participates in and contribute to improvement of the wellbeing of the neighbouring communities, partner with other organisation and individuals for community services and took part in a number of community outreach programmes conducted during the year. Among these are;

- (i) The Pwani University trained farmers on modern farming practices by Implementing Farmer Field Schools in the BSc. Crop Sciences Curriculum and
- (ii) Continue to offer advisory services to farmers free of charge at the University's model farm

CORPORATE SOCIAL RESPONSIBILITY

In line with Pwani University's core mandate and fulfillment of Corporate Social Responsibility, We recognise that our ability to deliver value to our stakeholders is inextricably linked to the prosperity of the societies in which we operate. It's what guides us to deliver our strategy, which is putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence.

Below is a brief highlight of our achievements:

1. Sustainability strategy and profile

Pwani University seeks to strengthen its financial sustainability and to maximise the resources available for investment in research and teaching. Key to achieving this will be the University's ability to deliver more efficient and effective services, as well as the continued growth of diversified income streams. The University will continue to set itself the highest standards of energy efficiency in the building and maintenance of its estate in order to minimise its impact on the environment.

2. Environmental performance

To manage our resources to ensure the Pwani University's long-term financial and environmental sustainability. The University is providing an environment which promotes world class research and education and at the same time minimizing our environmental impact, conserving our old buildings, and improving our space utilization. The University continues to invest in information technology capability to enhance the quality and security of our research and education and to streamline our administrative processes.

3. Employee welfare

We seek to attract, recruit and retain the best research and teaching staff from around the Country. Pwani University comprises of employees from diverse ethnic communities and groups. The University has attained the proportionate representation of majority of the ethnic communities in line with Section 10 of the Public Service (Values and Principles) Act, 2015. The University recognises the importance of diversity among its staff and is actively working to increase this. The University has attained and exceeded the minimum gender representation. Out of 441 members of Staff, 276 (62.59%) are Male while 165 (37.41%) are Female. Table 10 provides Pwani University Staff gender representation.

Table 10. Staff Gender Representation.

Category	Male	Percentage (%)	Female	Percentage (%)	Total
Teaching Staff	141	69.5	62	30.5	203
Non-Teaching	135	56.7	103	43.3	238
Total	276	62.6	165	37.4	441

The University takes staff safety and health matters seriously and has developed policies in line with the Occupational Safety and Health Act of 2007, (OSHA). Regular fire, safety and terrorism prevention drills are conducted to improve staff awareness and security.

4. Market place practices

Pwani University ensures that it practices best procurement practices by fully complying with the Public Procurement and Asset Disposal Act.

a) Responsible competition practice

The University ensures responsible completion practices by:

- i) Rotating the list of registered suppliers when inviting tenders,
- ii) Reserving tendering for certain categories to AGPO groups and
- iii) Providing feedback on results of tender to successful & unsuccessful bidders.

b) Responsible Supply chain and supplier relations

Pwani University maintains good business practices by ensuring that Contracts/LPOs are issued prior to performance or delivery by suppliers and that payments for delivery/work done is paid promptly upon invoicing (within 30 days.)

c) Responsible marketing and advertisement

The organization ensures responsible marketing and advertisement by advertising and publishing tenders in government portal, University website and newspapers.

d) Product stewardship

The organization ensures that goods and services delivered are genuine products by constituting and carrying out inspection and verification

5. Community Engagements

The University donated foodstuff to the County Emergency response initiative during the cessation of movement to mitigate against the COVID-19 pandemic.

REPORT OF COUNCIL

The Council submits its report together with the unaudited financial statements for the year ended June 2020, which shows the state of affairs for Pwani University.

Principal activities

The principal activities of the University as provided for in the Pwani University Charter 2013 include:

- a) To provide directly or in collaboration with the other institutions of higher learning, facilities for University education and research including technological, scientific and professional education.
- b) Conduct research and create knowledge
- c) To determine who may teach and what may be taught and how it may be taught in the University.
- d) Conduct examinations.
- e) Grant degrees, diplomas, certificates and other awards.
- f) Participate in commercial ventures and activities that promote the objectives of the University
- g) Provide opportunities for development and further training for staff of the institution and promote community service.
- h) Play an effective role in social development and expansion of opportunities in line with the University's aims and objectives.

Results

The results of the University for the Year ended June 30th 2020 are set out on pages 35 to 39.

Dividends

Pwani University being a wholly owned Government not for profit entity does not pay dividends to the Government of Kenya.

Council

The members of the University Council who served during the year in accordance with the regulation of the Pwani University Statues 2013 are shown on pages 8 and 9.

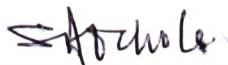
Dividends / Surplus remission

Pwani University did not make any surplus during the year (FY2019/2020) and hence no remittances to the Consolidated Fund.

Auditors

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

By Order of the Council,



CHAIR OF COUNCIL, PWANI UNIVERSITY

Date.....22nd December, 2020.....

STATEMENT OF COUNCIL RESPONSIBILITIES

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

The Council members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2020. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the University;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the University Act. The Council members are of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2020, and of the University's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

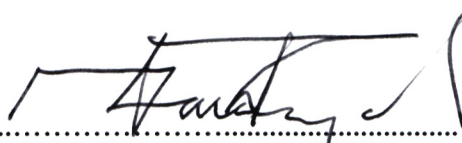
Nothing has come to the attention of the Council members to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The University's financial statements were approved by the Council on 31/12/2020 and signed on its behalf by


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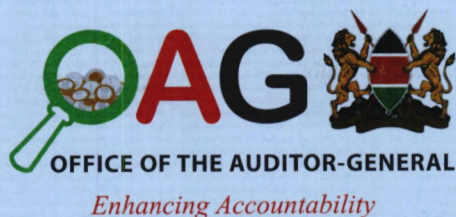
CHAIR OF COUNCIL


.....

Prof. Mohamed S. Rajab, PhD. EBS
VICE CHANCELLOR

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON PWANI UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Pwani University set out on pages 35 to 66, which comprise statement of financial position as at 30 June, 2020, 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 believe, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Pwani University as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, Cap 210B.

Basis for Qualified Opinion

1.0 Property Plant and Equipment –Tangible

The statement of financial position as at 30 June, 2020 reflects tangible property, plant and equipment balance totalling Kshs.1,726,663,000, as detailed in Note 25 to the financial statements. However, the balance contains the following anomalies:

1.1 Land

The balance totalling Kshs.116,045,000 relating to land includes land measuring 239 hectares previously occupied by unauthorized persons and carried in the books of the University at a cost of Kshs.47,000,000. Although Management sued and received authority from the Court and evicted the intruders, records provided for audit indicated that the University had not yet obtained the title deed to the land.

In the circumstance, ownership of the land by the University and fair statement of the balance totalling Kshs.116,045,000 as at 30 June, 2020 could not be confirmed.

1.2. Fully Depreciated Assets

As disclosed at Note 25 to the financial statements, the University had three hundred and thirty-nine (339) asset items with a total value of Kshs.160,164,000 which had been fully depreciated but were still in use as at 30 June, 2020. Management did not explain why contrary to Paragraph 82 of IPSAS 17, the University did not recognize the assets which it had not disposed of and from which it was still deriving economic value and service benefits.

Records provided for audit indicated that during the year under review, other assets owned by the University were revalued and their carrying values restated in asset records. No plausible explanation was provided by Management why the three hundred and thirty-nine (339) in recognized assets were left out of the revaluation.

In the circumstance, the property, plant and equipment-tangible balance totalling of Kshs.1,726,663,000 as at 30 June, 2020 may not be fairly stated.

2.0 Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions totalling Kshs.87,446,000 as at 30 June, 2020 as further disclosed in Note 22 to the financial statements. The following unsatisfactory issues were noted in respect to the balances:

2.1. Students` Debtors

The receivables balance includes students` debtors totalling Kshs.70,873,000. However, examination of records on the debts indicated that Management had not established guidelines on granting credit to students and on collecting outstanding fees.

2.2. Other Debtors

Note 22 to the financial statements also reflects other debtors totalling Kshs.2,539,000 as at 30 June, 2020, out of which Kshs.75,438 were debts owed by staff who had left the service of the University. Management did not explain why the dues were not recovered before the staff were allowed to leave the University.

In view of these issues, the extent of recoverability of the receivables from exchange balance totalling Kshs.87,446,000 reflected in the statement of financial position as at 30 June, 2010 could not be confirmed.

3.0 Revenue from Rendering Services

The statement of financial performance for the year ended 30 June, 2020 reflects revenue from rendering services totalling Kshs.294,451,000 as further disclosed in Note 4 to the financial statements. The balance includes tuition fees totalling Kshs.176,644,000 for both the Joint-Admissions Board and self-sponsored programme students.

Examination of the revenue ledger indicated that tuition fees were recognized upon payment by the students contrary to International Public Sector Accounting Standards No. 9 which provides that income should be recognized when it is probable that the economic benefit or service potential associated with the transaction will flow to the entity. In addition, the accounting approach was contrary to the University's own policy which provides that each student's fees are to be recognized when the student registers for a semester.

In the circumstance, the revenue from rendering services totalling Kshs.294,451,000 for the year ended 30 June, 2020 may not be fairly stated.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Pwani University Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts indicates that during the year under review, the University had budgeted to spend Kshs.1,453,554,000 but spent Kshs.1,333,584,000, resulting in under-expenditure of Kshs.119,970,000 or 8% of the budget, as summarized below:

Item	Budgeted Amount (Kshs.'000')	Actual Expenditure (Kshs.'000')	Under Expenditure (Kshs.'000')	%
Compensation of Employees	988,043	959,262	28,781	3%
Goods and Services	465,511	374,322	91,189	20%
Totals	1,453,554	1,333,584	119,970	8%

The under-expenditure was within the allowable threshold of 10%.

2.0 Prior Year Issues

The report for the previous year reported on occupation of the University's land by unauthorized persons and failure by the University to establish guidelines to ensure

collection of student debts. Management has indicated in the report on progress made in resolving the issues that the squatters had since been evicted and work to formulate the guidelines was in progress. The actual status of the issues shall be confirmed after they are discussed by the Legislature.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Irregular Procurement of Construction Services

Included in work-in-progress balance totalling Kshs.715,349,000 as at 30 June, 2020 and as disclosed at Note 25 to the financial statements, is an expenditure totalling Kshs.7,588,512.94 on construction of a perimeter fence around the University's land. The works were budgeted at Kshs.100 million and planned to be implemented in phases with the first phase allocated Kshs.17 million.

The procurement plan identified Open Tender as the method to be applied in procuring the construction services for implementing the project. Audit examination of records provided for audit indicated that the project was instead implemented using the labour-based Force-Account method. However, the conditions prescribed for use of the method in the the Public Procurement and Asset Disposal Act, 2015 were not evident. Section 109(2a) of the Act allows a procuring entity to use the Force - Account method only if competitively-priced state or public officers and public assets, equipment and labour are available. In addition, the quantities of work involved should be small and scattered or in remote locations for which qualified construction firms are unlikely to tender at reasonable price and the quantities of works impossible to define in advance.

The nature and scope of the project did not meet the conditions prescribed for use of labour-based contract method and therefore the University's adoption of the method may have been irregular.

2.0 Irregular Evaluation of Tenders

Examination of tender evaluation records for the financial year 2019/2020 indicated that the Tender Evaluation Committee members assessed tenders jointly and not independently of each other contrary to Regulation 31(1) of the Public Procurement and Assets Disposal Regulations.

Therefore, objectivity of the tender evaluation results published by the Committee and applied in award of tenders in the year under review could not be confirmed.

3.0 Irregular Accounting for Taxable Revenue

The University runs a hospitality venture that includes sale of food, provision of conference facilities and accommodation all of which do not fall within the University's mandate of teaching and research outlined in its Charter. However, income from the venture were lumped together with student fees contrary to Part II of the Income tax Act Cap 479 which requires tax payers to separate incomes received from different sources.

Although the Management has indicated that the University will correct the anomaly, the University risks being penalized by Kenya Revenue Authority for failure to comply with provisions of the Income Tax Act.

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

Responsibilities of Management and the University Council

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 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 ability of the University to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 February, 2022

STATEMENT OF FINANCIAL PERFORMANCE
For the Year ended 30 June 2020


	Note	2019-2020	2018-2019
		Kshs. '000	Kshs. '000
REVENUE			
Revenue from non-exchange transactions			
Transfers from other government -gifts and services in kind	3-A	831,776	717,290
Sub Total		831,776	717,290
Revenue from exchange transactions			
Rendering of services	4	294,451	363,417
Rental revenue from facilities and equipment	5-A	9,171	9,782
Deferred Grant Income	5-B	23,988	23,988
Other Income	6	75,175	95,471
Sub Total		402,785	492,658
Total Revenue		1,234,561	1,209,948
EXPENSES			
Employee costs	7	959,262	888,928
Depreciation and amortization expense	8	88,878	71,435
Repairs and maintenance	9	14,517	13,267
Research expenses	10	5,812	4,586
Operating expenses	11	83,183	96,387
Administration expenses	12	6,492	5,923
Teaching expenses	13	27,710	29,589
Catering expenses	14	14,627	28,706
Library expenses	15	2,560	1,595
Health Centre expenses	16	2,723	1,240
Student expenses	17	12,679	18,648
Farm expenses	18	4,476	5,735
Council expenses	19	9,420	13,803
General expenses	20	31,100	71,130
Total Expenses		1,263,439	1,250,972
Deficit for the period		(28,878)	(41,024)

The notes set out on pages 40 to 64 form an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	2019-2020 Kshs.'000	2018-2019 Kshs.'000
ASSETS			
Current Assets			
Cash and cash equivalent	21	142,633	171,480
Receivable from exchange transactions	22	87,446	93,095
Receivable from non-exchange transactions	24	107,528	76,889
Inventories	23	4,147	3,754
Sub Total		341,754	345,218
Non-current assets			
Property, plant and equipment – Tangible	25	1,726,633	1,687,895
Property, plant and equipment – Intangible	26	7,087	13,301
Biological assets	27	8,837	7,625
Sub Total		1,742,557	1,708,821
Total Assets		2,084,311	2,054,039
LIABILITIES			
Current Liabilities			
Trade and other payables from exchange transactions	28	316,316	403,294
Refundable deposits from customers	29	16,852	16,502
Provisions	30	1,624	812
Total Current Liabilities		334,792	420,608
Non-current Liabilities			
Capital Grants	31	1,526,681	1,432,969
Sub Total		1,526,681	1,432,969
Reserves			
Accumulated surplus		139,886	168,764
Revaluation reserve		82,952	31,698
Total Reserves		222,838	200,462
Total Reserves and Liabilities		2,084,311	2,054,039

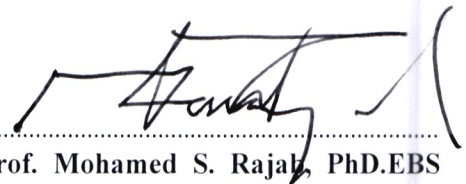
The Financial Statements set out on pages 35 to 39 were signed on behalf of the University Council by:



Chair of Council



Mwinyi M. Ali
Finance Officer
ICPAK No. 9996



Prof. Mohamed S. Rajab, PhD.EBS
Vice Chancellor

STATEMENT OF CHANGES IN NET ASSETS
For the Year ended 30 June 2020

	Revaluation reserve	Retained earnings	Capital/ Development Grants/Fund	Total
	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000
At July 1, 2018	31,698	209,788	1,402,919	1,644,405
Total comprehensive income	-	(65,012)	-	(65,012)
Capital/Development grants received during the year	-	-	54,038	54,038
Transfer of depreciation/amortisation from capital fund to retained earnings	-	23,988	(23,988)	-
At June 30, 2019	31,698	168,764	1,432,969	1,633,431
Total comprehensive income	51,254	(52,866)	117,700	116,088
Transfer of depreciation/amortisation from capital fund to retained earnings	-	23,988	(23,988)	-
At June 30, 2020	82,952	139,886	1,526,681	1,749,519

STATEMENT OF CASH FLOW
For the Year ended 30 June 2020

	NOTE	2019- 2020 Kshs.'000	2018-2019 Kshs.'000
Cash flows from operating activities Receipts			
Government grants and subsidies			
	3A ,3B	949,476	771,328
Rendering of services	4	294,451	363,417
Other income, rentals and agency fees	5-A,6	83,134	239,732
Total Receipts		1,327,061	1,374,477
Payments			
Compensation of employees	7	959,262	888,928
Goods and services		326,498	290,609
Total Payments		1,285,760	1,179,537
Net cash flows from operating activities		41,301	194,940
Purchase of property, plant, equipment and intangible assets	25,26	(70,148)	(220,726)
Net cash flows used in investing activities		(70,148)	(220,726)
Cash flows from financing activities		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(28,847)	(25,786)
Cash and cash equivalents at 1 JULY	21	171,480	197,266
Cash and cash equivalents at 30 JUNE	21	142,633	171,480

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original	Adjustments	Final	Actual on	Performance
	Budget		Budget	comparable	Difference
	2020	2020	2020	2020	2020
	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000
	basis				
Revenue					
Government grants and subsidies	976,070	(26,594)	949,476	949,476	0
Rendering of services	308,262	0	308,262	294,451	(13,811)
Other incomes	156,913	(30,000)	126,913	84,345	(42,568)
Total income	1,441,245	(56,594)	1,384,651	1,328,272	(56,379)
Expenses					
Compensation of employees	880,445	107,598	988,043	959,262	28,781
Goods and services	629,633	(164,122)	465,511	374,322	91,189
Total expenditure	1,510,078	(56,524)	1,453,554	1,333,584	119,970

Government Grants

No variance

Rendering of Service

Actual fees income less than budgeted due to non-collection of student fees resulting from closure of learning institutions due to the Covid-19 pandemic mitigation.

Other Incomes

Actual incomes less compared to the budget due to non-collection of revenues from University's Income Generating Units resulting from closure of learning institutions to mitigate against Covid-19 pandemic.

Compensation of Employees

Actual less than budgeted amount due to horizontal implementation of CBA 2017/2021 in compliance with SRC and Court guidelines

Goods and services

Lower due to non-purchase of supplies to support teaching, student catering and Resource Centre during the University Closure.



**Pwani UNIVERSITY Annual Report & Financial Statement
For the Year Ended 30th June 2020
NOTES TO THE FINANCIAL STATEMENTS**

1. GENERAL INFORMATION

Pwani University is established by and derives its authority and accountability from the University Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide quality education, training, research, outreach and opportunities for innovation for the advancement of the individual and society.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The University's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020.

a) **IPSAS 40: Public Sector Combinations-** The University did not have any transactions resulting from business combinations and therefore the Standard does not apply to the University.

b) **IPSAS 41: Financial Instruments**

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 standard on its effective date of 1st January 2022.

c) **IPSAS 42: Social Benefits**

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

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

The University intends to adopt this standard on its effective date of 1st January 2022

ii. Early adoption of standards

The University did not early adopt any new or amended standards in year 2020

2. SIGNIFICANT ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the University and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable excluding discounts, rebates and sales taxes or duty. The following specific recognition criteria must be met before revenue is recognized:

i) Revenue from non-exchange transactions (Transfer from other government entities)

Transfer from other National Government entities are measured at fair value and recognized on obtaining control of the asset (only amounts received or receivable in relation to the current financial year). Capital grant is recognized as deferred income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. [IAS 20.12]

ii) Revenue from exchange transactions

a) Rendering of services

Revenue from rendering of services recognized at the stage when the outcome of the transaction can be estimated reliably. Student fees are recognized when the student register for the semester

b) Sale of goods

Revenue from the sale of goods is recognized when it is probable that the economic benefits or service potential associated with the transaction will flow to the University



**Annual Report & Financial Statement
For the Year Ended 30th June 2020**

c) Interest income

Interest income is accrued using the effective yield method

d) Rental income

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

iii) Budget information

The annual budget is prepared on accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the University.

iv) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses or professional valuation. 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 fair value.

Depreciation of property, plant and equipment is expensed to statement of financial performance in the following manner:

Furniture and equipment - 12.5% on straight line basis

Buildings - 2% on straight line basis

Motor vehicles - 25% on straight line basis Computers - 33.3% on straight line basis

v) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets carried at cost less any accumulated amortization and accumulated impairment losses.

vi) Biological Assets

Immature Orchard crops relates mainly to Casuarina trees. This crop takes approximately 4 years before harvesting can begin and it has a productive life of approximately 20 years.

Significant assumptions made in determining the fair value of biological assets are:

- Mango and coconut plants will have an average productive life of 30 years.
- Future production and sales estimates are based on budgets approved by the University Council and which are reviewed and amended on a regular basis to

reflect changes in operational and market conditions.

- The expected market price of mangoes and coconuts will remain constant based on the average price realized over a number of years.

Current market prices are used to determine the fair value of short-term crop.

Financial instruments

Initial recognition and measurement

Financial assets and liabilities are recognized when the University becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through surplus or deficit) are added to or deducted from fair value of the assets as liabilities, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

i) Financial assets

Financial assets are classified at fair value through surplus or deficit at initial recognition.

Loans and receivables after initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment.

Impairment of financial assets

The University assesses at each reporting date whether there is objective evidence that a financial asset is impaired.

ii) Financial liabilities

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

iii) Loans and borrowings

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

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

iv) Inventories

Inventory is measured at cost upon initial recognition. 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. Inventory like library books are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

v) Research grants

Research funds received from external donors for research purposes, are treated as payables.

vi) Provisions

Provisions are recognized when the University has a present obligation (legal or constructive) due to a past event. Bad and doubtful debts are provided for after carrying out impairment review to determine the recoverability of the receivable and any associated allowance at a rate of 5%.

Contingent liabilities

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

Contingent assets

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

vii) Nature and Purpose of reserves

The Pwani University creates and maintains reserves in terms of specific requirements as

follows:

- Capital Grant Reserve – Maintained for acquisition of Capital Assets
- Accumulated surplus reserve– Maintained for posting of surplus and deficits
- Revaluation reserve – Maintained for revaluation of as- sets.

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

vi) Changes in accounting policies and estimates

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

vii) Foreign currency transactions

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

viii) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired. Further borrowing costs are charged to the statement of financial performance.

ix) Related parties

A related party is a person or institution with the ability to exert control individually or jointly, or to exercise significant influence over the University and vice versa. The Government of Kenya and members of key management are regarded as related parties.

x) Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand cash at bank and short-term deposits on call 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. For the purpose of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/ or institutions which were not surrendered or accounted for at the end of the financial year.

xi) Comparative figures

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

II. SIGNIFICANT JUDGMENT AND SOURCES OF ESTIMATION UNCERTAINTY***Estimates and assumptions***

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 32.

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

Subsequent events

Events after the reporting date are those events, both favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue. The University has no material non-adjusting events after the reporting date. 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, 2020

NOTES TO THE FINANCIAL STATEMENTS

NOTE		2019-2020	2018-2019
3	Transfers from the national government	Kshs.'000	Kshs.'000
3 A	Unconditional grants		
	Operational grant	831,776	717,290
3 B	Conditional grants		
	Other Capital grants -Development	117,700	54,038
	Total government grants and subsidies	949,476	771,328
4	Rendering of services		
	Tuition fees JAB	76,157	90,235
	Tuition fees SSP	100,487	134,887
	Activity fees	5,446	6,792
	Examination fees	31,982	39,018
	Library fees	8,658	10,403
	Registration fees	8,438	10,096
	Identity card fees	1,771	896
	Medical fees	11,220	13,787
	Pwani University Student Association (PUSA)	3,043	3,280
	Accreditation Fees	1,633	896
	Material development	411	0
	Teaching practice	8,854	11,000
	Field attachment fees	5,758	9,486
	Facilities and material	1,618	1,032
	Thesis development	188	53
	Thesis examination	188	53
	Computer/ Internet fees	21,544	25,809
	Transport	931	585
	KUCCPS Placement fees	2,289	2,257
	Nursing students Placement fees	3,074	1,398
	Swimming and Diving	205	525
	Studio courses	446	579
	Indexing fee	110	350
	Total	294,451	363,417
5-A	Rental revenue from facilities and equipment		
	Straight line operating lease receipts	9,171	9,782
5-B	Deferred Grant Income		
	Deferred income	23,988	23,988
6	Other income		
	Student income 6 A	40,988	47,758
	Farm income 6 B	6,038	6,897
	Guesthouse income 6 C	9,468	17,533
	General Income 6 D	18,681	23,283
	Total Other Income	75,175	95,471

NOTES TO THE FINANCIAL STATEMENTS Cont...

6 A	Student Income	2019/2020	2018/2019
		Kshs'000	Kshs'000
	Application fee	926	936
	Accommodation fee	7,838	8,907
	Sale of food- Students	8,433	17,310
	Academic field activity fee	15,535	18,909
	Retake fee	1,587	1,696
	Other Student Income	6,669	0
	Total Student Income	40,988	47,758
6 B	Farm Income		
	Sale of crop products	259	166
	Nursery plants	150	153
	Sale of cattle	715	629
	Sale of milk	2,143	3,140
	Sale of chicken	1,500	1,554
	Sale of eggs	458	689
	Pilot farm	181	174
	Sale of pigs	140	196
	Sale of sheep/goat	214	142
	Miscellaneous farm income	278	53
	Bio-fertilizer project	0	1
	Total Farm Income	6,038	6,897
6 C	Income Guest house		
	Hire of conference Centre	389	661
	Sale of food- guest house	7,250	13,016
	Hire of rooms guest house	1,805	2,491
	Sale of food- Buffalo	24	1,365
	Total Guest house Income	9,468	17,533

NOTES TO THE FINANCIAL STATEMENTS Cont...

6 D General income	2019/2020	2018/2019
	Kshs' 000	Kshs' 000
Hire of motor vehicles	0	204
Hire of other halls	10	20
Campus tours fees	1	50
Hire of Gowns	6,786	10,309
Hire of Equipment	42	130
Project levies	1,259	5,023
Research Income	0	622
Convocation fee	19	24
Sale of obsolete items	0	1,115
Interest Income	1,202	581
Msc income	840	4,848
Ethics review fee	349	357
Hire of sports grounds	45	0
Fair value gain of livestock	1,212	0
Foreign Exchange Gain	6,916	
Total general income	18,681	23,283

NOTES TO THE FINANCIAL STATEMENTS Cont...

NOTE		2019-2020	2018-2019
		Ksh.'000	Ksh.'000
7	Employee costs		
	Employee related costs-salaries and wages	532,879	466,162
	Employee related costs-contributions to pension & medical aid	130,091	130,320
	Travel, accommodation, subsistence and other allowances	6,370	6,450
	Housing benefits and allowances	289,922	285,996
	Total employee costs	959,262	888,928
8	Depreciation and amortization expense		
	Property, plant and equipment	81,480	61,972
	Amortization	7,398	9,463
	Total depreciation and amortization	88,878	71,435
9	Repairs and maintenance		
	Property	5,744	7,197
	Equipment	5,870	3,624
	Vehicles	2,736	1,408
	Other	167	1,038
	Total repairs and maintenance	14,517	13,267
10	Research expenses		
	Research expenses	4,484	2,698
	Botanical garden	1,191	-
	Biotechnology	0	1,373
	Biogas farm outreach	137	515
	Total research expenses	5,812	4,586
11	Operating expenses		
	Stationery expenses	5,266	7,626
	protective clothing	488	103
	Publishing and printing	287	511
	Cleaning material	962	1,373
	Balance c/d	7,003	9,613

NOTES TO THE FINANCIAL STATEMENTS Cont...

NOTE		2019-2020	2018-2019
		Kshs. '000	Kshs. '000
11	Balance b/d	7,003	9,613
	Office expenses	1,755	1,365
	Telephone	551	836
	Courier and postage	407	470
	Electricity	14,908	20,101
	Sanitary services	164	304
	Water and sewerage	9,585	12,121
	Security	18,264	17,677
	Subscriptions	599	592
	Admission expenses	235	334
	Conferences, seminars and workshops	1,047	874
	External travel expenses	0	74
	Graduation expenses	7,127	5,312
	Fueling of motor vehicles	2,654	5,682
	Corporate social expenses	0	9
	Cleaning Services	18,884	21,023
	Total Operating expenses	83,183	96,387
12	Administration expenses		
	Show and exhibitions	0	3
	ISO certification	1,392	602
	Audit Fees	812	812
	Provision for Bad Debts	3,544	3,698
	Bank Charges	744	808
	Total administration expenses	6,492	5,923
13	Teaching expenses		
	Teaching materials	2,105	2,819
	Field course expenses	4,191	4,076
	Laboratory materials	2	0
	Examination expenses	4,036	2,622
	External examiners	1,290	573
	Teaching practice expenses	5,706	7,654
	Field attachment expenses	6,592	6,503
	Inspection fees	119	64
	Accreditation fees	77	2,912
	Indexing fees	210	1,170
	Quality Assurance –Students Expenses	3,382	1,196
	Total teaching expenses	27,710	29,589

NOTES TO THE FINANCIAL STATEMENTS Cont...

NOTES	2019-2020	2018-2019
	Kshs.'000	Kshs.'000
14 Catering expenses		
Gas and fuel - main kitchen	352	1,356
Gas and fuel - guest house	184	243
Foodstuff - main kitchen	11,118	21,308
Foodstuff - guest house	1,607	3,973
Cutlery and crockery - main kitchen	107	206
Cutlery and crockery - guest house	39	202
Beds, beddings, linen - guest house	0	200
Consumables kitchen	0	31
Consumables guest house	267	437
Red buffalo expenses	0	750
Other guest house expenses	953	0
Total catering expenses	14,627	28,706
15 Library expenses		
Newspapers and magazines	93	114
Library books and journals	299	383
Library subscriptions	2,063	1,008
Repair of books	105	90
Total Library expenses	2,560	1,595
16 Health Centre expenses		
Medicines	2,446	992
Other medical expenditures	277	248
Total Health expenses	2,723	1,240
17 Student expenses		
Sports games and tournaments	1,928	3,537
Student welfare	2,576	3,253
Student activities	0	-
PUSA expenses	1,820	4,177
Student medical expenses	0	9
Bursary awards	990	1,000
Aids control unit	427	340
Students placement KUCCPS	2,277	1,458
Studio Courses	0	1,062
Student Identification cards	478	390
Nursing Clinical Placements	2,183	3,422
Total student expenses	12,679	18,648

NOTES	2019-2020	2018-2019
	Ksh.'000	Ksh.'000
18 Farm expenses		
Farm maintenance	3,404	3,823
Purchase of animal feeds	1,033	1,869
Vet services and supplies	39	43
Total farm expenses	4,476	5,735
19 Council expenses	9,420	13,803
		13,803
20 General expenses		
Insurance expenses	6,424	3,581
Legal services	536	4,506
Consultancy fees	0	0
Advertising and publicity	1,948	3,000
Networking and software	24	22
Internet connection	13,727	12,083
Graduate supervision expenses	518	3,098
Senate Expenses	960	555
Bursary expenses	0	0
Departmental meeting	470	979
Funeral Expenses	209	90
Staff development	630	1,718
Staff fees subsidy	330	829
Miscellaneous expenses	408	403
Foreign Exchange Loss	3,394	
Balance c/d	29,578	30,864

NOTES			2019-2020	2018-2019
			Ksh.'000	Ksh.'000
20	Balance b/d		29,578	30,864
	Office furnishing		0	9
	Ethics review		146	371
	Management Board Meetings		164	190
	Academic regalia		625	297
	Land Rates		0	131
	KRA Taxes		0	39,268
	Covid-19 Mitigation Expenses		587	
	Total general expenses		31,100	71,130
21	Cash and Cash Equivalent			
	Financial Institution	Account Name	Account Number	
	a)Current Account			
	Equity Bank	Main Account	0460291566381	4,519
	Equity Bank	Collection Account	0460291566407	33,906
	Barclays Bank	Collection Account	0191046501	3,069
	Barclays Bank	Caution Money Acct	0191068378	16,879
	Barclays Bank	Payment Account	2030242370	936
	Kenya Commercial	Collection Account	1109893868	1,741
	Kenya Commercial	Research Account	1114479950	65,677
	Kenya Commercial	Niche/Ken Account	1164789988	2,829
	Kenya Commercial	USD Account	1173114157	9,398
	Cooperative Bank –	Collection Account	01129465157200	660
	Mpesa – Account	Utility Account	986450	2,082
	Petty Cash		521	86
	Kenya Commercial	Afya Pwani	1224008103	198
	b)Call Account		0	
	Housing Finance		218	218
	Totals		142,633	171,480
22	Receivable from exchange transactions			
	Student debtors		70,873	73,955
	Provisions for Doubtful Debts		(3,544)	(3,698)
	Net Student Debtors		67,329	70,257
	Imprest debtors		2,355	14,776
	Refundable Deposits		1,106	1,106
	Pre-Paid Insurance		14,117	357
	Balance c/fwd		84,907	86,496

	2019-2020	2018-2019
	Ksh.'000	Ksh.'000
Balance b/bd	84,907	86,496
External debtors	0	2,291
Other Debtors	2,539	4,308
Total current receivables	87,446	93,095
23 Inventories		
Finance stores –stationery	1,623	1,491
Maintenance stores general	368	425
Main kitchen stores	206	243
Health unit stores	1,235	658
Electrical stores	289	543
Cleaning material store	229	158
Farm inputs and feeds	197	236
Total Inventories	4,147	3,754
24 Receivables from non-exchange transaction		
Grants Ministry of Education June grant-Recurrent	107,528	76,889
Total receivables from non-current exchange transactions	107,528	76,889



**Pwani UNIVERSITY Annual Report & Financial Statement
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NOTES TO THE FINANCIAL STATEMENTS Cont...

NOTE 25	LAND	WORK IN PROGRESS	BUILDINGS	MOTOR VEHICLES	GENERAL EQUIPMENT	FURNITURE & FITTINGS	COMPUTERS	TOTALS
	Ksh.'000	Ksh.'000	Ksh.'000	Ksh.'000	Ksh.'000	Ksh.'000	Ksh.'000	Ksh.'000
Depreciation Rates			2%	25%	12.50%	12.50%	33%	
Cost/ Valuation								
Balance as at 30 June 2017	116,045	464,416	981,503	101,771	120,280	57,278	70,265	1,911,558
Additions during the year	0	25,104	0	3,798	5,853	4,183	9,536	48,474
Balance as at 30 June 2018	116,045	489,520	981,503	105,569	126,133	61,461	79,801	1,960,032
Additions during the year	-	173,936	3,804	25,651	4,289	1,339	6,616	215,635
Balance as at 30 June 2019	116,045	663,456	985,307	131,220	130,422	62,800	86,417	2,175,667
Additions during the year	-	51,893			3,205	8,013	5,851	68,962
Revaluation	0	0	0	8,239	20,042	8,235	14,738	51,254
Adjustments	0	0	0	0	719	0	(719)	0
Balance as at 30 June 2020	116,045	715,349	985,307	139,459	154,388	79,048	106,287	2,295,883
Depreciation / Impairment								
As at 30 June 2017	0	0	99,552	91,755	86,505	28,876	58,380	365,068
Charge for the year	0	0	26,971	7,888	10,696	5,405	9,772	60,732
As at 30 June 2018	0	0	126,523	99,643	97,201	34,281	68,152	425,800
Charge for the year	0	0	23,987	12,300	11,536	5,354	8,795	61,972
As at 30 June 2019	0	0	150,510	111,943	108,737	39,635	76,947	487,772
Charge for the year	0	0	23,988	12,529	20,107	11,119	13,735	81,478
As at 30 June 2020	0	0	174,498	124,472	128,845	50,755	90,682	569,250
NET BOOK VALUE June 2018	116,045	489,520	854,980	5,926	28,932	27,180	11,649	1,534,232
NET BOOK VALUE June 2019	116,045	663,451	834,797	19,277	21,685	23,165	9,470	1,687,895
NET BOOK VALUE June 2020	116,045	715,349	810,809	14,987	25,543	28,293	15,605	1,726,633

369 assets with a total value of Kshs.160,164,000 are fully depreciated and are still in use

NOTES TO THE FINANCIAL STATEMENTS Cont...

NOTE		
26	Intangible Assets	SOFTWARE
	Depreciation Rates	33%
		Ksh.'000
	Cost/ Valuation	
	Balance as at 30 June 2017	33,935
	Additions	5,900
	Balance as at 30 June 2018	39,835
	Additions	5,091
	Balance as at 30 June 2019	44,926
	Additions	1,183
	Balance as at 30 June 2020	46,109
	Impairment	
	Balance as at 30 June 2017	13,059
	Charge for the year	9,102
	Balance as at 30 June 2018	22,161
	Charge for the year	9,463
	Balance as at 30 June 2019	31,625
	Charge for the year	7,397
	Balance as at 30 June 2020	39,022
	NET BOOK VALUE June 2017	20,876
	NET BOOK VALUE June 2018	17,674
	NET BOOK VALUE June 2019	13,301
	NET BOOK VALUE June 2020	7,087

NOTES TO THE FINANCIAL STATEMENTS Cont...
NOTE
27. Biological assets

Biological assets are measured at fair value less cost to sell. Plants are stated at fair value on the escalated average cost, using inflation rate of 10%, of each year of remaining expected life. Livestock was characterized as mature or immature. Market comparison technique was applied in determining the fair value. Market price of livestock of similar age, weight, breed and genetic make-up was used.

	2019-2020	2018-2019
	Ksh.'000	Ksh.'000
Carrying amount at start of the year		
Immature livestock	834	588
Mature livestock	4,005	4,673
Total livestock	4,839	5,261
Immature orchards	1,006	10
Mature orchards	1,780	4,057
Total orchards	2,786	4,067
Additions during the year-Mature Bull	0	140
Loss arising from changes in fair value attributable to changes in Livestock	0	(562)
Gain arising from changes in fair value attributable to price changes of livestock	1,261	0
Loss arising from changes in fair value attributable to physical changes of orchards	(49)	(1,281)
Net fair value gain/(loss)	1,212	(1,703)
Carrying amount at end of June		
Immature livestock	1,182	834
Mature livestock	4,918	4,005
Total livestock	6,100	4,839
Immature orchards	1,105	1,006
Mature orchards	1,632	1,780
Total orchards	2,737	2,786
Totals	8,837	7,625



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NOTES TO THE FINANCIAL STATEMENTS Cont...

NOTES TO THE FINANCIAL STATEMENTS (Continued)		2019-2020	2018-2019
		Ksh.'000	Ksh.'000
28	Trade and other payables from exchange transactions		
	Trade creditors	32,363	143,012
	Student fees	73,823	49,030
	Other control accounts	14,224	11,394
	Payroll control	83,942	42,205
	Other liabilities	111,964	157,653
	Total payables	316,316	403,294
29	Refundable deposit from customers		
	Caution money fees	16,852	16,502
	Total Deposit	16,852	16,502
30	Current provisions		
	Audit fees	1,624	812
	Total current provisions	1,624	812
31	Capital Grants		
	Opening Balance	1,432,969	1,402,919
	Additions during the year	117,700	54,038
	Sub Total	1,550,669	1,456,957
	Transfer to incomeStatement	(23,988)	(23,988)
	Balance as at 30 June	1,526,681	1,432,969
32	Working capital adjustments:		
	Decrease / (increase) in inventories	(393)	925
	Decrease / (increase) in receivables from exchange transactions	5,649	12,688
	Decrease / (increase) in receivables from non-exchange transactions	(30,639)	(76,889)
	Increase / (decrease) in payables	(85,816)	196,052
	Decrease / (increase) in Biological Assets	(1,212)	1,703
	Net working capital adjustment	(112,411)	134,479

33. Financial Risk Management

The University's activities expose it to a variety of financial risks including credit and liquidity risks. The University's overall risk management program focuses on un- predictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The University's financial risk management objectives and policies are detailed below:

i) Credit risk

The entity has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the Council Members. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	87,446	83,902	0	3,544
Receivables from non-exchange transactions	107,528	107,528	0	0
Bank balances	142,633	142,633	0	0
Total	337,607	334,063	0	3,544
At 30 June 2019				
Receivables from exchange transactions	96,762	93,064	0	3,698
Receivables from non-exchange transactions	76,889	76,889	0	0
Bank balances	171,480	171,480	0	0
Total	345,131	341,433	0	3,698

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University Council, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the University under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant

NOTES TO THE FINANCIAL STATEMENTS Cont...

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables	32,363			32,363
Current portion of borrowings	0			0
Provisions	0			0
Deferred income	23,988			23,988
Employee benefit obligation	83,942			83,942
Total	140,293			140,293
At 30 June 2019				
Trade payables	78,756	15,085	49,171	143,012
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	23,988	0	0	23,988
Employee benefit obligation	42,205	0	0	42,205
Total	144,949	15,085	49,171	209,205

iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Committee.

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

iv) Capital Risk Management

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

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve	82,952	31,698
Retained earnings	139,886	168,764
Capital reserve	1,526,681	1,432,969
Total funds	1,749,519	1,633,431
Total borrowings	0	0
Less: cash and bank balances	(142,633)	(171,480)
Net debt/(excess cash and cash equivalents)	(142,633)	(171,480)
Gearing	0%	0%

34. Related Party Balances

a) Nature of related party relationships

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

The entity is related to

- i) The National Government
- ii) The Ministry of Education
- iii) Key management
- iv) University Council

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b) Related party transactions		
	2019-2020	2018-2019
	Kshs	Kshs
	000	000
Transfers from related parties'	949,476	771,328
Transfers to related parties	0	0
	=====	=====
c) Key management remuneration		
	2020	2019
	Kshs	Kshs
	000	000
Council expenses	9,420	13,803
Key Management compensation	42,297	54,502
	=====	=====
d) Due from related parties		
Due from Parent Ministry	107,528	76,889
Due from SC or SAGA	0	0
	-----	-----
	107,528	76,889
	=====	=====
e) Due to related parties		
Due to the parent Ministry	0	0
Due to SC or SAGA	0	0
	-----	-----
	0	0
	=====	=====

35. Contingent assets and contingent liabilities

The University had no pending court cases against it or issued no guarantee to any entity or person during the reporting period.

36. Capital Commitments

The University Council did not make any capital commitments during the year 2019/2020

37. Events after the reporting period

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

38. Currency

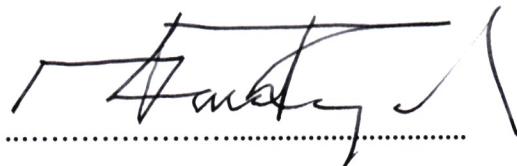
The financial statements are presented in Kenya Shillings (Kshs).

33. PROGRESS ON FOLLOW UP OF AUDIT RECOMMENDATIONS

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

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)	Time frame (Put a date when you expect the issue to be resolved)
1	University is yet to obtain Title deed for its Land	The University has evicted the squatters and it is currently fencing the area. Processing of the title deed is at an advanced stage and it is expected to be issued in the near future.	Prof. M. S. Rajab Vice Chancellor and PS, Ministry of Lands	Not Resolved	Next Twelve months
2	Failure to put in place guidelines to ensure collection of student debts	The University has written to the National Treasury for authority of to write off debts owed by deceased students	Prof. H. Mondoh DVC (AF&P)	resolved	Dec. 2020



CHAIR OF COUNCIL


Prof. Mohamed S. Rajab, PhD. EBS
VICE CHANCELLOR

a) Recurrent Grants			
Bank Statement Date	RECEIPT NUMBER	Amount	F/Y
08.08.2019	REC-116372	60,354,017.00	2019/2020
29.08.2019	REC-122816	60,354,017.00	2019/2020
27.09.2019	REC-125074	60,354,015.00	2019/2020
01.11.2019	REC-129745	60,354,017.00	2019/2020
29.11.2019	REC-137887	60,354,017.00	2019/2020
27.12.2019	REC-138357	60,354,016.00	2019/2020
04.02.2020	REC-146569	60,354,017.00	2019/2020
02.03.2020	REC-152308	60,354,016.00	2019/2020
03.04.2020	REC-153641	60,354,016.00	2019/2020
08.05.2020	REC-154809	60,354,017.00	2019/2020
05.06.2020	REC-156832	60,354,017.00	2019/2020
26.06.2020	REC-156833	60,354,016.00	2019/2020
06.07.2020	REC-159076	107,527,873.00	2019/2020
Total Recurrent		831,776,071.00	
a) Development Grants			
29.03.2019	REC-137888	72,446,983.00	2019/2020
16.03.2020	REC-152314	45,253,080.00	2019/2020
Total Development		117,700,063.00	