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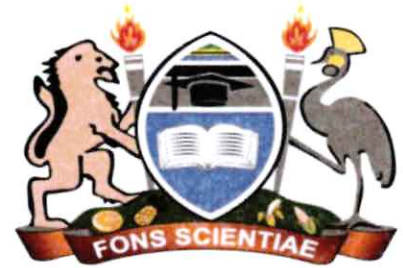
ON

KISII UNIVERSITY

FOR THE YEAR ENDED

30 JUNE, 2024

NATIONAL ASSEMBLY PAPERS LAID	
DATE:	03 MAR 2025 Thursday
TABLED BY:	Hon Naomi Waga MP
CLERK-AT-THE-TABLE:	Deputy Majority Party Whip AC Shituko



18 DEC 2024

KISII UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2024**

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

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

TABLE OF CONTENTS	Page
1. ACCRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS.	i
2. KEY UNIVERSITY INFORMATION AND MANAGEMENT	ii
3. UNIVERSITY COUNCIL	vii
4. UNIVERSITY MANAGEMENT TEAM.	ix
5. STATEMENT OF THE CHAIRPERSON OF THE COUNCIL.	xi
6. STATEMENT FROM THE VICE CHANCELLOR	xii
7. STATEMENT OF KISII UNIVERSITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FINANCIAL YEAR 2023/2024.....	xiv
8. CORPORATE GOVERNANCE STATEMENT	xxiv
9. MANAGEMENT DISCUSSION AND ANALYSIS	xxxiii
10. ENVIRONMENT AND SUSTAINABILITY REPORTING	xxxvi
11. REPORT OF THE COUNCIL MEMBERS	xxxix
12. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES	xli
13. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF KISII UNIVERSITY.....	xli
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 TH JUNE 2024. 1	
15. STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE 2024.	2
16. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 TH JUNE 2024. 3	
17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 TH JUNE 2024.....	4
18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 TH JUNE 2024.....	5
19. NOTES TO THE FINANCIAL STATEMENTS.....	6
20. APPENDIX.....	26

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. ACCRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS.

(a) Acronyms and Abbreviations

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

2. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(b) Back ground Information

Kisii University was founded in 1965 as a Primary Teachers' Training College on 61 acres of land under the sponsorship of the Kenya and British Governments. The College was in 1966 temporarily moved to Kabianga Agricultural Training College in Kericho, and continued up to 1983 when it was upgraded to a Secondary Teachers' College to offer Diploma programmes. Over the years, the College trained many teachers who got posted to primary schools in different parts of the country. Many of the teachers rose to ranks of head teachers and others got promotions to work in various educational institutions.

The Government of Kenya mandated Egerton University to take over the College as its campus in 1994. In 1999, the Faculty of Commerce established Bachelor of Business and Management as its first-degree programme within the Campus to run alongside Post Graduate Diploma in Education, which was phased out in 2001. On 23rd August 2007, Kisii University College was established as a Constituent College of Egerton University.

Finally, the College was on 6th February 2013, awarded a Charter to become the 13th public university in Kenya under the University's Act No 42 of 2012. The University's Main Campus is situated in a scenic and congenial environment which is ideal for academic pursuit. It is located approximately 2 km from Kisii Town Centre, off the Kisii – Kilgoris Road. Since being elevated to a University, the institution has expanded rapidly in terms of academic programmes, research output, extension services, student enrolment and staff establishment.

The central focus of Kisii University in 2009 was to increase access to quality education in line with Vision 2030. Notably, when elevated to a University College status in 2007, the University had only one Faculty (Commerce) offering one academic programme with less than 400 students. It was therefore apparent that there was a need to expand the existing capacity towards admitting more students. On account of this strategic issue, the University embarked on developing new Schools, Campuses and physical infrastructure, aimed at increasing student enrolment from diploma to PhD.

The University has the following Schools: Law; Information Science and Technology; Health Sciences; Business and Economics; Education and Human Resource Development; Agriculture and Natural Resources Development; Pure and Applied Sciences; and Arts and Social Sciences.

(c) Principal Activity

- (i) The University's core activity is to provide University Education through teaching, research and community engagement.

The Core business of the University as spelt out in the Kisii University Charter and the University's Act No 42 of 2012 include:

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

(ii) Vision

An inclusive and borderless University that creates positive change in the world.

(iii) Mission

Creating a transformative environment that preserves knowledge, enriches the student experience, delivers quality training and research, and promotes community engagement for sustainable development.

(iv) Community Service

To provide community service to the public.

(v) Core Values

Kisii University is guided by the following core Values.

- Professionalism
- Transformative Thinking
- Teamwork
- Accountability
- Transparency
- Responsiveness
- Integrity

(d) Key Management

Kisii University governance is under the following key organs.

- i. Chancellor
- ii. University Council
- iii. University Senate
- iv. University Management Board
- v. School Boards
- vi. Departmental Boards

(e) Fiduciary Management

The Key Management personnel who held office during the financial year ended 30th June, 2024 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Vice Chancellor	Prof. Dr. Nathan O. Ogechi
2.	Ag. Deputy Vice Chancellor AP&F	Prof. Fred Mzee Awuor PhD; PhD
3.	Deputy Vice Chancellor ARSA	Prof. Fredrick Wanyama
4.	Ag. Registrar Research and Extension	Prof. Christopher Ngacho
5.	Finance Officer	CPA. Charles Maina Mwangi
6.	Ag. Registrar Administration	Dr. Stella Omari
7.	Ag. Registrar Academic Affairs	Prof. Kennedy Getange

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

(f) Fiduciary Oversight Arrangements

The Council members who provided oversight during the financial ended 30th June 2023 and who had responsibility in various Committees were as follow:

Name of the committee	No	Members	Position
Audit Governance, Risk Management and Sealing Committee	1	Dr. Bob Ndubi, PhD	Chairperson
	2	Mr. Samuel Mogeni	Secretary
	3	Mr. Samuel Gitau	Member
	4	Dr Scholastica Ndambuki	Member
Planning, Finance, Building, Development and General Purpose Committee	1	Dr Samson Muchelule	Chairperson
	2	Prof. Dr. Nathan O. Ogechi	Secretary
	3	Dr Scholastica Ndambuki	Member
	4	Mr. Josphat Sowe	Member
Human Resource and Appointments Committee	1	Mr. Josphat Sowe	Chairperson
	2	Prof. Dr. Nathan O. Ogechi	Secretary
	3	Dr Scholastica Ndambuki	Member
	4	Dr Bob Ndubi, PhD	Member
Academic, Research, Extension Collaboration and Sealing Committee	1	Dr Samson Muchelule	Chairperson
	2	Prof. Dr. Nathan O. Ogechi	Secretary
	3	Mr. Samuel Gitau	Member
	4	Dr Scholastica Ndambuki	Member

(g) Registered Office and Principal Place of Business

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

(h) University Contacts

Kisii University
 P.O. Box 408 - 40200
KISII, Kenya
 Tel.: 058-30826
 Website: www.kisiiuniversity.ac.ke
 Email: info@kisiiuniversity.ac.ke

(i) University Bankers

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

(ii) Kenya Commercial Bank
P.O. Box 3684 - 40200
KISII

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





(j) Independent Auditors

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




(k) Principal Legal Advisor

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





3. UNIVERSITY COUNCIL

Ref	Directors	Details
1		<p>Name: Dr. Sarah J. Ruto, PhD, EBS County: Nandi Position: Chairperson Date of Birth: 28/09/1967 Academic Qualifications: PhD (University of Heidelberg – Germany), M.Ed. and B.Ed. (Kenyatta University - Kenya). Dr. Ruto is the current Chairperson of the Council. She has wealth of experience in the field of education and policy implementation that spans over 30 years.</p>
2		<p>Name: Prof. Dr. Nathan Oyori Ogechi County: Kisii Position: Secretary to the Council and Vice Chancellor Date of Birth: 25/05/1968 Academic Qualification: PhD (African Linguistics), University of Hamburger, Germany; MPhil (Kiswahili Studies) Moi University, Bachelor of Education (Arts), Moi University. Prof Ogechi brings in a wealth of experience in higher education, research and university management having been in the University system for more than 30 years. His international experience also brings in global perspectives to Kisii University.</p>
3		<p>Name: Josphat Kipsoy Sowe County: Uasin Gishu Position: Independent Member Date of Birth: 12/12/1958 Academic Qualification: M.Ed. (Admin) University of Eastern Africa, Baraton, B.Ed (Arts) Catholic University of Eastern Africa Mr. Sowe has a wealth of experience in educational administration at the locally and internationally. He has a track record of transformative leadership. He is a member of the Human Resource and Appointments Committee and sits in the Planning, Finance, Building, Development and General Purposes Committee.</p>
4		<p>Name: Dr. Bob Ndubi, PhD County: Nyamira Position: Independent Member Date of Birth: 1973 Academic Qualification: PhD (Finance), MBA (Finance) B.Ed Education Dr. Ndubi brings on board a wealth of experience in the finance sector. He is well versed in tax, investments, private equity, policy, strategy and general financial systems. He is the Chairperson of the Planning, Finance, Building, Development and General Purposes Committee and also sits in the Human Resource and</p>


KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

		Appointments Committee
5		<p>Name: Dr. Samson Eric Muchelule County: Kakamega Position: Member Date of Birth: 23/02/1969 Academic Qualification: PhD (Ongoing) University of Nairobi, MBA (Strategic Management), University of Nairobi, BSc. (Veterinary Medicine) University of Nairobi. Dr Muchelule has a lot of experience as a transformative leader and an executive in the business world. Chair of the Academics, Research, Extension, Collaboration and Sealing Committee and also sits in the Audit, Governance and Risk Management Committee.</p>
6		<p>Name: Mr. Samuel K. Gitau County: Nyandarua Position: Representative of National Treasury Date of Birth: 10/11/1965 Academic Qualification: BA (UoN); PGD (University of Botswana); MA (Economic Policy Management) Makerere University. Mr. Gitau is an economist and works at the National Treasury. He sits in the Audit, Governance and Risk Management Committee and the Academics, Research, Extension, Collaboration and Sealing Committee.</p>
7		<p>Name: Dr. Scholastica Ndambuki, LLD County: Makueni County Position: Representative Ministry of Education Date of Birth: 19/09/1967 Academic Qualification: LLD (University of South Africa), LLM (University of South Africa), LLB (University of Nairobi). Dr. Ndambuki works at the Ministry of Education. She has a wealth of experience in legal matters. She is a member of the Human Resource and Appointments Committee, the Planning, Finance, Building, Development & General Purposes Committee and the Academics, Research, Extension, Collaboration and Sealing Committee.</p>

4. UNIVERSITY MANAGEMENT TEAM.

	Management	Details
1		<p>Name: Prof. Dr. Nathan Oyori Ogechi</p> <p>Position: Vice Chancellor</p> <p>Academic Qualification: PhD, African linguistics, University of Hamburger, Germany, M.Arts Kiswahili, Moi University, Bachelor of Education (Arts), Moi University- Kenya.</p>
2		<p>Name: Prof. F. Mzee Awuor, PhD, PhD</p> <p>Position: Ag. DVC (Administration, Planning and Finance).</p> <p>Academic Qualification: PhD - Social Networks Human Centred Computing (Academia Sinica/ National Chengchi University – Taiwan), PhD – Business Information Systems (JOOUST - Kenya), MSc. Electronic and Electrical System (French South African Institute of Technology – S.Africa), M.Tech Electrical Engineering (Tshwane University of Technology - S. Africa), BSc. Computer Science (Moi University).</p>
3		<p>Name: Charles M. Mwangi</p> <p>Position: Finance Officer</p> <p>Academic Qualification: MBA (Kisii University – Kenya), C.P.A.(K), B.B.M (Egerton University-Kenya), C.S.(Finalist).</p>
4		<p>Name: Prof. Christopher Ngacho, PhD</p> <p>Position: Ag. Registrar Research and Extension</p> <p>Academic Qualification: PhD – Operations Management, Delhi University(India), MBA. Management Science (UON), BCOM Management Science (UON).</p>

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

5		<p>Name: Prof. Fredrick Wanyama, PhD Position: DVC (Academic, Research & Student Affairs).</p> <p>Academic Qualification: PhD - Political Science (Maseno University), M.A. Government (UON), B.A. Government (UON).</p>
6		<p>Name: Dr. Stella A. Omari, PhD Position: Ag. Registrar (Administration, Human Resource and Central Services)</p> <p>Academic Qualification: PhD Business Administration- Human Resource Management (UON) M.A in Social Dynamics, Bharathidasan University, (India), B.A. Economics, Punjab University (India)</p>
7		<p>Name: Prof. Kennedy Getange, PhD Position: Ag. Registrar Academic Affairs</p> <p>Academic Qualification: PhD- (ED), Kenyatta University, M (ED), (Maseno University), B.A. ED. (Andrews- Michigan, USA).</p>

5. STATEMENT OF THE CHAIRPERSON OF THE COUNCIL.



The mandate of the Council, amongst other responsibilities, is to provide oversight and give policy guidelines in order to ensure the smooth operations of University activities.

It is my pleasure to note that the staff members of Kisii University worked hard during the last financial year towards attaining this

Dr. Sara J. Ruto, PhD. EBS

During the period under review, the University faced a number of challenges especially due to numerous court cases and the reduced monthly exchequer. Due to the Financial challenges affecting the Institution the University has been forced to restructure its operations. This included the realignment of the human resource capital, physical and infrastructural needs, among many others.

In the period under review, the University through the Government is in the final stages of completing construction of its key capital projects. The first phase of the ICT Centre has been completed and is in use. The second phase of the tuition block has also been completed while the last phase of the ICT Centre is earmarked for completion within the financial year 2024-2025. The ICT centre is one of the landmark projects which is anchored in vision 2030 blue print. The lecture theatre is also at an advanced stage of construction and should also be completed within the financial year. I would therefore like to request the National Government to consider allocating more development funds to the University.

During the year under review, the University Council Developed a anew Strategic Plan covering the period 2024-2029. The Strategic Plan will help the University in achieving its mission and vision.

To supplement the inadequate government funding the University has put in place mechanisms to fully commercialise its Nyosia Farm. The University also launched a water processing and bottling plant. All these efforts are aimed at assisting the University generate the much-needed revenue to support its operations.

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

A handwritten signature in blue ink that reads "Sara Ruto". The signature is fluid and cursive, with a long horizontal line extending to the right.

Dr. Sara J. Ruto, PhD. EBS
Chairperson of Council

6. STATEMENT FROM THE VICE CHANCELLOR



It gives me lots of pleasure to present the Annual Report and Financial Statements of Kisii University for the year ended 30th June, 2024. During the year under review, the University faced a myriad of challenges which were brought about by reduced government funding.

Prof. Dr. Nathan O. Ogechi

Despite the University recording a slight improvement in terms of internally generated revenue within the year under review, the amount is still way below in comparison with what the Institution was generating a few years back. The decrease in tuition fee is attributed to the declining number of students especially the Module Two students. Since the University relies on this stream of revenue to finance its operations, most of the programs have been greatly affected. The University also faced other challenges which were brought about by the numerous court cases against the Institution. However, with the introduction of the new funding model there's a possibility of improved finances.

As such, achievements in the 2023-2024 financial year were slowed down by the challenges brought about by inadequacy of finances. However, some of the key achievements included the following.

Academic Matters

The University continued with its core business of Teaching, Training and Research. During the year under review, the University Management, in collaboration with the local leadership started the process of mentoring and launching of Nyamira University College.

Student Affairs

During the year under review the university was able to admit and orientate more than 6,000 first year government sponsored students.

Graduation Ceremony

The University conducted its 12th Graduation ceremony on 19th December 2023. The graduation ceremony was conducted physically.

ICT development

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

Strategic Plan

During the year under review, the University Council developed a new Strategic Plan which will cover the period between 2024-2029. The Strategic Plan will help the University in achieving its vision and mission.

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Government Support

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

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



Prof. Dr. Nathan O. Ogechi
Vice Chancellor

**7. STATEMENT OF KISII UNIVERSITY PERFORMANCE AGAINST
 PREDETERMINED OBJECTIVES FOR THE FINANCIAL YEAR 2023/2024.**

ANNUAL PERFORMANCE REPORT					
YEAR ENDING: 30TH JUNE, 2024					
FORM 2A					
PERFORMANCE INDICATORS FOR KISII UNIVERSITY					
SERVICE DELIVERY INDICATORS	Units of Measure	Target for Contract Period	CUMULATIVE TO DATE		
		A	Actual	Target	Variance (E – F)
			E	F	G
1 Implementation of Citizens' Service Delivery Charter	%	100	100	100	0
2 Digitalization of Government Services	%	100	100	100	0
3 Resolution of Public Complaints	%	100	100	100	0

COMMENTS ON ANY VARIANCE (UN) FAVORABLE, CAUSES, AND ACTION TAKEN:

- 1. Implementation of Citizens' Service Delivery Charter:** The University adhered to the Citizen's Service Delivery Charter commitments and standards, maintaining service delivery records and uploading text and audio versions to its website: <https://kisiiversity.ac.ke/about/service-charter>. Additionally, 114 staff members were sensitized through two workshops on the Service Delivery Charter, held from 21st May 2024 to 23rd May 2024 and 28th May 2024 to 30th May 2024, respectively. The workshops also trained the targeted staff on the ISO 9001:2015 International Standard requirements on quality management systems and performance contracting.
- 2. Digitalization of Government Services:** Following the Government's directives, all identified services have been successfully migrated to the e-Citizen platform to streamline access and enhance service delivery. Further, the University re-engineered and digitized key service delivery processes, including student admissions, complaints handing through online ticketing, and the ongoing digitization of teaching management, part-time lecturer payment, and performance contracting processes. The Business Continuity and Disaster Recovery Plan has been considered by the University Management Board and Senate and submitted to the University Council for approval.
- 3. Resolution of Public Complaints:** The University addressed all complaints

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

received through established channels, ensured transparency by providing access to information through reactive disclosure, and submitted quarterly progress reports to the Ombudsman for evaluation and the subsequent issuance of an annual performance score.

ANNUAL PERFORMANCE REPORT

YEAR ENDING: 30TH JUNE, 2024
FORM 3A

PERFORMANCE INDICATORS FOR KISII UNIVERSITY

CORE MANDATE INDICATORS <small>(BETA" Vision 2030 Flagship Projects, and Projects/Programmes aligned to SDGs and SPS)</small>	Units	Target for Contract Period	CUMULATIVE TO DATE		
		A	Actual	Target	Variance (E – F)
				E	F
1. Student Completion Rate	%	65	73.75	65	8.75
2. Academic Programmes Reviewed	No.	8	8	8	0
3. Students Mentored	No.	100	152	100	52
4. Proportion of Academic Staff with PhD Degrees	%	61	59.02	61	(1.98)
5. Students on Continuing Education Programme	No.	500	331	500	(169)
6. Intellectual Property Registration	%	100	90	100	0
7. Innovations Commercialized	%	100	100	100	0
8. Research Outputs Disseminated	No.	160	167	160	7
9. University-Industry Linkages Established	No.	4	1	4	(3)
10. Community Outreach Programmes	%	100	124	100	24
11. Cultural Events Undertaken	No.	1	1	1	0
12. Library Book Volumes Procured	No.	200	1,806	200	1,606
13. Academic Public Lectures Held	No.	6	10	6	4

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

14	Scientific Research Proposal and Thesis Development Training Workshop Held	No.	1	3	1	2
ANNUAL PERFORMANCE REPORT						
YEAR ENDING: 30TH JUNE, 2024						
FORM 3A						
PERFORMANCE INDICATORS FOR KISII UNIVERSITY						
15	International Research Conference Held	No.	1	2	1	1
16	Students in the Work-Study Programme	No.	200	1,026	200	826
17	Competitive Sports Competitions Hosted/ Participated	No.	3	8	3	5
18	Strategic Plan Developed	%	100	100	100	0
19	Science, Technology, and Innovation (STI) Mainstreaming	%	100	100	100	0
20	Projects Completion Rate	%	100	64.3	100	(35.7)
21	Productivity Mainstreaming	%	100	55	100	(45)
22	Researchers Incentivized	%	100	139	100	39
23	CBC Readiness	%	100	100	100	0
24	Compliance with Government Circulars	%	100	100	100	0
25	Innovative Financing Options Explored	%	100	70	100	(30)
26	University Niching	Report	1	1	1	0

***See the comments on the next page.**

COMMENTS ON ANY VARIANCE (UN) FAVORABLE, CAUSES, AND ACTION TAKEN:

1. **Student completion rate:** Annual target surpassed. The computation of the rate was done by comparing the number of undergraduate students who graduated in December 2023 (2,423) to the total number of students in the same cohort (3,285) admitted in the 2019/2020 academic year.
2. **Academic Programmes Reviewed:** The University Senate approved the following eight (8) reviewed academic programmes: Bachelor of Laws, Diploma in Laws, Bachelor of Science in Agricultural Education and Extension, Bachelor of Education (Arts), Bachelor of Education (Science), Bachelor of Education (ECDE), Bachelor of Education (SNE) and Post Graduate Diploma in Education (PGDE).
3. **Students Mentored:** Annual target achieved and surpassed. The Career Services Department held a career fair on 6th February 2024 at the Main Campus, where 152 students were mentored on career path identification, innovation, mental health, and talent development.
4. **Proportion of Academic Staff with PhD Degrees:** By the end of the year, 180 out of 305 academic staff held PhDs, representing 59.02% of the faculty. Despite an increase of 16 Ph.D. holders, the University fell short of its 61% target due to the departure of 14 teaching staff through retirement or death.
5. **Students on Continuing Education Programme:** The University admitted 100 postgraduates and 231 undergraduate self-sponsored students. The negative variance of 169 arose from the reality that undergraduate self-sponsored students' enrollment has declined since the Government sponsors most undergraduate students.
6. **Intellectual Property Registration:** The Intellectual Property Policy draft was developed but had not been approved by the University Council at the end of the year, hence the variance of 10%. The University also applied to the Kenya Industrial Property Institute (KIPI) to register three identified intellectual properties: The *Mama* Care Application, KDEL AI Proctoring Engine, and the University Logo.
7. **Innovations Commercialized:** The University developed three innovations during the year that it intends to commercialize, namely: (1) *Mama* Care Application intended to support pregnant and nursing mothers through pregnancy and childcare. It has the potential for commercialization in the health sector; (2) The SYN Meter System is intended to address the problem of illegal power connections and vandalism. The University is looking to collaborate with Kenya Power towards its commercialization; (3) KDEL AI Proctoring system, infused with artificial intelligence capabilities aimed at providing smart exam proctoring solutions for open, distance, and e-learning.
8. **Research Outputs Disseminated:** Annual target achieved and surpassed. To align with the 2024/2025 – 2028/2029 Kisii University Strategic Plan, the University will enhance its focus on research dissemination by integrating publication requirements into annual staff performance appraisals. It will include a requirement of at least two peer-reviewed publications per year for each teaching staff.
9. **University-Industry Linkages Established:** The University signed a Memorandum of Understanding (MoU) with Kibos International Health Foundation. However, the University is working towards establishing MoUs with the following institutions: Kenya Power and Lighting Company, Artificial Intelligence Center of Excellence Limited, Hirosaki University, Kenya Medical Research Institute, Cape Peninsula University of Technology, and the University of South Africa's Institute of Nanotechnology Water and Sustainability. Additionally, no existing MoUs were renewed during this period.

However, the University is working on renewing MoUs with five institutions: The University of Minnesota, Mankato State University, Kenya Forestry Research Institute, Institute of Primate Research, and Kenya Agricultural Research and Livestock Organization.

10. **Community Outreach Programmes:** Annual target achieved and surpassed. The planned training workshop on modern high-yielding fruit production methods was not undertaken due to unforeseen logistical challenges in participant identification. Alternatively, the University organized a thematically relevant workshop for 200 farmers from the Kiogoro and Borabu regions, focusing on preparing and managing indigenous tree nurseries, rearing small-bodied animals and poultry, and mushroom cultivation. Community engagement initiatives were also undertaken, including a clean-up and donation drive at Miruka Market on 22nd May 2024, career and behavior change mentorship sessions for secondary school students, and a donation of 400 books to secondary schools. The positive variance resulted from the University conducting eight career talks, surpassing the yearly target of four.
11. **Cultural Events Undertaken:** The Cultural Week was successfully held from 6th to 9th February 2024. The event provided a platform for students to embrace cultural diversities, nurture cohesion, and display various talents.
12. **Library Book Volumes Procured:** Annual target achieved and surpassed. The University procured 1,806 book volumes and received 386 as donations. The revised budget supplemented the allocation for additional book acquisition to meet the growing number of library users, hence the positive variance.
13. **Academic Public Lectures Held:** Annual target achieved and surpassed. The following persons delivered the public lectures: Prof. Gallen Sibanda of Michigan University USA; Dr. Billiah Gisore from the School of Education and Human Resource Development; Dr. Petra Klimasz from the University College of Absalon Denmark; Dr. Isaac Menge from the University of Sydney; Pastor Dr. Ms. Dorcas Rigathi, spouse of the Deputy President of Kenya; Prof. Darren Walter from the University of Manchester; Prof. Luus Powell from the University of Limpopo; Dr. Chao Mbogho; and Dr. Tobi Nagel, Founder and President, Phages for Global Health United States.
14. **Scientific Research Proposal and Thesis Development Training Workshop Held:** An academic writing and publishing training workshop was held on 19th October 2023 by the School of Education and Human Resource Development (SEDHURED). The School of Business and Economics (SOBE), in collaboration with Makerere University Business School (MUBS), also held a training workshop on the promotion of the competency of the graduate student on 27th November 2023. Another workshop on grant proposal writing was held on 29th February 2024, targeting academic staff and postgraduate students.
15. **International Research Conference Held:** Annual target achieved and surpassed. The School of Business and Economics (SOBE) successfully held its first International Conference from 19th to 21st September 2023, themed, "Building economic resilience and sustainability amidst global uncertainty and changing business environment.". In addition, the School of Health Sciences held a health research conference on the 22nd and 23rd of April 2024, in collaboration with The University of Manchester and other partner universities in the Kenya-UK Health Alliance programme (KUKHA), themed, "Collaborating for comprehensive health: strengthening the Kenya-UK partnerships."
16. **Students on the Work-Study Programme:** More students were enlisted into the

programme due to the high number of needy applicants, making the University supplement the budget.

17. **Competitive Sports Competitions Hosted/Participated:** Annual target surpassed. The University participated in major university sports competitions, including tournaments organized by the Western Kenya Universities Sports Association (WEKUSA), Kenya Universities Sports Association (KUSA), and the Federation of East Africa Sports Women Championship.
18. **Strategic Plan Developed:** The University Strategic Plan for 2024/25 – 2028/29 was developed and approved by the University Council. The Strategic Plan will be launched in FY 2024/25.
19. **Science, Technology, and Innovation (STI) Mainstreaming:** The University implemented the STI mainstreaming annual work plan and submitted quarterly progress reports to NACOSTI for evaluation and issuance of the annual performance score.
20. **Project Completion Rate:** By the end of the financial year, the ICT Learning and Business Centre (Phase II) had reached 90% completion, as per a professional assessment documented in the minutes of the 13th site meeting held on 18th June 2024. The project is on track for full completion in the first quarter of FY 2024/25. The remaining project, which consists of finishing the 5th and 6th floors of the Tuition Complex, was delayed due to unforeseen setbacks in the tendering process but is also scheduled for completion in FY 2024/25.
21. **Productivity Mainstreaming:** With the assistance of the National Productivity and Competitiveness Centre (NPCC), productivity measurement data was collected towards the end of the fourth quarter. However, the productivity index was not computed by the end of the year. It will be completed in July 2024, with the continued collaboration of NPCC. Consequently, developing the Workplace Productivity Improvement Strategy will be finalized after the productivity index is computed. The postponement of these two activities accounts for the cumulative variance of 45%.
22. **Researchers Incentivized:** The University recognized lecturers who published articles by issuing appreciation letters. In addition, 27 academic staff were facilitated to present their research findings at external academic conferences. The University also initiated the process of awarding internal grants through a call to submission of proposals. However, actual funding will be undertaken in FY 2024/25. The positive, quarterly, and cumulative variances are due to the overachievement of the other two sub-indicators.
23. **CBC Readiness:** In readiness for CBC implementation, the University held a Training-of-Trainers (TOT) workshop for Deans, Directors, and Chairs of Department (CODs) on CBC implementation from 19th to 20th March 2024. A one-day sensitization workshop on CBC implementation was also held on 21st March 2024, where 111 lecturers were sensitized. The Bachelor of Education (Arts) curriculum was reviewed per the CBET model.
24. **Compliance with Government Circulars:** The University conducted the compliance audit of all PSC and SRC circulars in the fourth quarter and will submit the audit report to the Cabinet Secretary, Ministry of Education.
25. **Innovative Financing Options Explored:** During the year, twenty-three (23) research proposals were submitted to various local and international agencies seeking external funding. Operationalizing the water processing plant and setting up an additional cafeteria were not achieved due to the winding up of the Kisii International Centre for Innovation, hence the negative variance. The University Management Board,

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

in its special meeting held on 7th February 2024, resolved to replace the target's sub-indicators with the following alternative financing options: i) commercialize medical services to the community; ii) selling of milk; iii) water production and sale; and iv) outsourcing of the University restaurant. Strategies for executing the alternative financing options were developed and will be implemented in FY 2024/25.

26. **University Niching:** The University identified health sciences as its niche area, specifically cancer management and research. The niche area is factored in the Strategic Plan 2024/2025 – 2028/2029 as a strategic issue to provide a framework for its realization.

ANNUAL PERFORMANCE REPORT

YEAR ENDING: 30TH JUNE, 2024
FORM 4A

PERFORMANCE INDICATORS FOR KISII UNIVERSITY

IMPLEMENTATION OF PRESIDENTIAL DIRECTIVES INDICATOR	Unit s of Mea sure	Target for Contract Period A	CUMULATIVE TO DATE		
			Actual	Target	Variance (E – F)
			E	F	G
1 Implementation of Presidential Directives	%	100	100	100	0

COMMENTS ON ANY VARIANCE (UN) FAVORABLE CAUSES ACTION TAKEN:

- National Tree Planting Restoration Campaign:** During the year, the University planted 20,964 trees to address the national tree restoration campaign, which was done in collaboration with other stakeholders, including the Forestry Department, National Research Fund (NRF), and Kenya National Commission for UNESCO (KNATCOM).
- Quality assurance for higher education:** The University undertook internal audits of academic processes, including teaching and learning, to ensure adherence to quality standards. These included spot checks, class attendance monitoring, and lecturer evaluations to monitor the quality and effectiveness of the delivery of academic programmes. The University further complied with the student admission criteria.
- Directive on wearing 'made in Kenya' on Fridays and public holidays by staff:** The University communicated to all staff to comply with the directive.

ANNUAL PERFORMANCE REPORT

YEAR ENDING: 30TH JUNE, 2024
FORM 5A

PERFORMANCE INDICATORS FOR KISII UNIVERSITY

ACCESS TO GOVERNMENT PROCUREMENT OPPORTUNITIES (AGPO) INDICATOR	Unit s of Mea sure	Target for Contra ct Period	CUMULATIVE TO DATE		
			Actual	Target	Variance (E – F)
		A	E	F	G
1 Access to Government Procurement Opportunities (AGPO)	Ksh.	37,150,041	108,553,295	37,150,041	71,403,254

COMMENTS ON ANY VARIANCE (UN) FAVORABLE, CAUSES, AND ACTION TAKEN:

The annual target was surpassed because of an upward revision of the University budget. In addition, the University implemented various measures to increase the uptake of tender opportunities by youth, women, and persons with disabilities, including sensitization of the target groups on procurement opportunities and increased reservation categories.

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

ANNUAL PERFORMANCE REPORT						
YEAR ENDING: 30TH JUNE, 2024						
FORM 6A						
PERFORMANCE INDICATORS FOR KISII UNIVERSITY						
PROMOTION OF LOCAL CONTENT IN PROCUREMENT INDICATOR	Unit s of Mea sure	Target for the Contra ct Period	CUMULATIVE TO DATE			
		A	Actual	Target	Variance (E – F)	
		A	E	F	G	
1. Promotion of Local Content in Procurement	Kshs	46,000,142	179,270,118	46,000,142	133,269,976	

COMMENTS ON ANY VARIANCE (UN) FAVORABLE, CAUSES, AND ACTION TAKEN:

The annual target was surpassed significantly because of an upward revision of the University budget during the year and the implementation of the University's strategy of prioritizing locally produced goods/services.

ANNUAL PERFORMANCE REPORT						
YEAR ENDING: 30TH JUNE, 2024						
FORM 7A						
PERFORMANCE INDICATORS FOR KISII UNIVERSITY						
CROSS-CUTTING INDICATORS	Units	Target for Contract Period	CUMULATIVE TO DATE			
		A	Actual	Target	Variance (E – F)	
		A	E	F	G	
1 Asset Management	%	100	100	100	0	
2 Youth Internships/ Industrial Attachment/ Apprenticeships	No.	105	105	105	0	
3 Competence Development	%	100	100	100	0	
4 National Cohesion and Values	%	100	100	100	0	
5 Road Safety Mainstreaming	%	100	100	100	0	

COMMENTS ON ANY VARIANCE (UN) FAVORABLE, CAUSES, AND ACTION TAKEN:

1. **Asset Management:** The University maintained and updated the asset register and submitted quarterly reports to the National Treasury for evaluation and scoring. The disposal of unserviceable and obsolete assets was also undertaken as per the disposal schedule for the year.
2. **Youth internships/attachment:** The University enrolled forty-two (42) interns seconded by the PSC and sixty-three (63) attaches during the year, totaling 105 opportunities provided.
3. **Competence Development:** The University implemented various interventions to address the identified skills gaps and training needs, including facilitating academic and administrative staff to attend external and internal conferences and training workshops. Staff performance appraisal was also undertaken as per the performance appraisal requirements, and the appraisal report will be finalized by 31st August 2024.
4. **National Cohesion and Values:** The University implemented all its commitments towards realizing national values and principles of governance. It will submit the annual report to the National Cohesion and Values Directorate for evaluation by 15th July 2024.
5. **Road Safety Mainstreaming:** The University implemented all the activities in the annual work plan on road safety and submitted quarterly progress reports to NTSA for evaluation and scoring.

8. CORPORATE GOVERNANCE STATEMENT

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

1. Current constitution and appointment of the University Council

The current membership of the University Council is as follows:

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

2. Responsibility of the University Council

The University Council is ultimately responsible for:

- a) The Mission and the Vision of the University;
- b) Promoting the aims and objectives of the University;
- c) Setting strategic directions for the University;
- d) Oversight of Management;
- e) Make and approve statutes for gazettelement in accordance with the provisions of the Act;
- f) The appointment and performance management review of the Vice Chancellor;
- g) Setting and monitoring broad budget and planning framework, ensuring that the University finances are sound, and taking major financial decisions;
- h) Monitoring University performance against strategic objectives;
- i) Setting and clearly examining Council policy and risk management;
- j) Extending links and communication between the University and the wider community;
- k) Legislative roles, including ensuring that the University is acting without ethnic bias and is in conformity with all legal requirements;
- l) Fundraising and resource mobilisation;
- m) Approve budgets of the University;
- n) Council performance and succession planning.

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

3. Remuneration of the Council Members

The University Council members other than the Vice Chancellor do not receive a salary. They are however paid a sitting allowance for every meeting attended. The allowances paid to Council members are disclosed in note 10 of the Financial Statements.

4. University Council Meetings

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

KISHI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The University Council and Committees meetings held within the financial year 2023-2024 were as follows.

Audit Governance, Risk Management and Sealing Committee

NAME	21/08/2023	09/10/2023 (Special Meeting)	08/01/2024	05/02/2024	27/05/2024
Mr. Nelson Keshei	✓	✓	✓	✓	✓
Dr. Samson Muchelule	✓	✓	✓	✓	✓
Mr. Samuel Gitau	✓	x	✓	✓	✓
Mr. Samuel Mogeni	✓	✓	✓	✓	✓

Planning, Finance, Building, Development and General Purpose Committee

NAME	07/08/2023	11/09/2023 (Special Meeting)	13/10/2023 (Special Meeting)	14/11/2023	09/01/2024	26/01/2024	10/05/2024
Dr. Bob Ndubi	✓	✓	✓	✓	✓	✓	✓
Mr. Josphat Sowe	✓	✓	✓	✓	✓	✓	✓
Maj. Rtd. John Karanja	✓	✓		x	x	x	x
Dr. Scholastica Ndambuki	✓	✓	✓	✓	✓	✓	✓
Prof. Dr. Nathan Ogechi	✓ (Represented by Prof. Fred Awuor)	✓	✓	✓	✓	✓	✓

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Human Resource and Appointments Committee

NAME	17/07/2023	23/10/2023	19/02/2024	20/05/2024
Maj. Rtd. John Karanja	✓	✓	x (Exited as Council Member)	x
Dr Bob Ndubi	✓	✓	✓	✓
Josphat Sawe	✓	✓	✓	✓
Prof. Joseph Mailutha	✓	x	x	x
Dr. Scholastica Ndambuki	✓	✓	✓	✓
Prof. Dr. Nathan Ogechi	x	✓ (First Meeting as Council Secretary)	✓	✓

Academic, Research, Extension Collaboration and Sealing Committee

NAME	11/09/2023	17/11/2023	04/03/2024	22/04/2024	15/05/2024 (Special Meeting)
Dr. Samson Muchelule	✓	✓	✓	✓	✓
Dr. Scholastica Ndambuki	✓	✓	✓	✓	✓
Mr Nelson Keshei	✓	✓	✓	✓	✓
Mr. Samuel Gitau	✓	✓	✓	✓	✓
Prof. Dr. Nathan Ogechi	✓	✓	✓	✓	✓

Full Council

NAME	24/07/2023	18/08/2023	15/09/2023	27/11/2023	11/12/2023	09/01/2024	27/02/2024	25/03/2024	17/05/2024
Dr. Sara Ruto	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Samson	✓	✓	✓	✓	✓	✓	✓	✓	✓

5. Committees of the University Council

The University Council has established the following committees:

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

The committee is responsible for the following:

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

b) Human Resource and Appointment Committee

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

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

c) Audit Governance, Risk Management and Sealing Committee

The committee is responsible for the following:

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

d) Academic, Research, Extension Collaboration and Sealing Committee

The committee is responsible for the following

- Receive and consider reports from Senate and make recommendations to Council on academic matters including:
 - ✓ Curriculum and academic standards of any course of study;
 - ✓ Establishment, harmonization or abolition of Campuses, Schools, Units, Departments, and Centres;
 - ✓ Promotion of research and innovation work in the University and dissemination of the findings;
 - ✓ Quality standards and assurance of education, training, research and innovation; and Students' welfare.
- To receive and recommend to the Council approval of University Statutes.
- To receive and recommend to the Council approval of the Students Handbook.
- To receive and recommend to the Council approval of the Constitution for the Students Association.
- Oversee the constitution of Alumni Association and receive reports on their proposals and recommendations;
- To advise Council on students' access and admissions, curriculum design, course and fees structure, academic and mentoring support, provision and use of learning resources and students' welfare.
- To establish and review structures and mechanisms for assuring the implementation of academic policies, the maintenance of standards and enhancement of good practice;

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- To oversee and co-ordinate activities associated with national and external agencies involved in quality assurance;
- To develop, amend, repeal and approve regulations concerning academic programmes;
- To receive and consider proposals and nominations for the award of honorary degrees and recommend to the full Council award of honorary degrees;
- To consider and advice Council on all matters related to research and innovation in the University.
- To receive, consider and recommend for approval regulations governing students conduct and discipline;
- To authorize on behalf of the Council the application of the University Seal on documents;
- To determine the types and amount of fees to be paid by students
- In consultation with the Human Resource and Appointments Committee, recommend to the Council on recruitment and promotion of academic staff of the University; and
- To undertake any other responsibility assigned by the Council from time to time.

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

6. The Management Board

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

The current membership consists of the following:

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

The Management Board is responsible for the following:

- a) Overseeing the day to day running of the University;
- b) Efficient management of the human, physical and financial resources of the University;
- c) Coordinating and controlling the development, planning, management, and administration of the University and its resources in accordance with approved policies, rules and regulations;

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- d) Submitting proposals to the University Council concerning Annual Financial Statements, development priorities, staff development plans, terms and conditions of service, fund raising strategies, student welfare, public relations policies, academic partnerships and linkages with other institutions, collaboration with industry, as well as any policies and any matters related to the development, management and administration of the University;
- e) Authorising the initiation of legal proceedings on behalf of the University;
- f) Proposing to the University Council rules and regulations for the administration of the University and for the execution of its programmes and plans;
- g) Establishing any University charges and fees ; and
- h) Performing any other duties relating to the management of the University.

9. MANAGEMENT DISCUSSION AND ANALYSIS

8.1 Student Enrolment

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

However, the number of government sponsored students has been increasing exponentially for the last three years.

Academic year	Government sponsored students allocated
2023/2024	7,700
2022/2023	3,888
2021/2022	5,235
2020/2021	5,502
2019/2020	2,855
2018/2019	1,831
2017/2018	2,246
2016/2017	1,950
2015/2016	995

8.2 Graduation Statistics

The University conducted its graduation ceremony on 19th December 2023. Below is the graduation statistics for the entire period since the award of the Charter.

Year	Cert	Diploma	Bachelors	Masters	PhD	Total
2023/2024	77	416	2,423	72	23	3,011
2022/2023	124	508	2,302	54	25	3,013
2021/2022	69	487	2,554	53	20	3,183
2020/2021	40	161	1,129	24	15	1,369
2019/2020	160	268	1,684	60	25	2,197
2018/2019	256	993	3,873	37	5	5,164
2017/2018	74	1,452	4,082	63	14	5,685
2016/2017	36	2,151	3,374	103	9	5,673
2015/2016	-	1,214	2,169	80	-	3,463
2014/2015	-	898	2,396	124	-	3,418
2013/2014	-	695	1,641	89	5	2,430
Total	-	522	984	72	-	1,578
	836	9,765	28,611	831	141	40,184

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

8.3 Employee Costs

The University Employee costs have been increasing over the years. In comparison with the total budget requirements, the average employee costs have been more than 70 %. The University Management is fully aware that this trend is not sustainable in the near future unless the government injects more funding to the institution. In view of this, the Management started the process of reducing this burden by declaring staff redundancy.

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

Financial Year	Employee costs (Kshs.)	Total revenue (Kshs.)	%
2015/2016	1,677,809,000	3,197,065,000	52
2016/2017	1,688,496,000	3,048,605,000	55
2017/2018	1,957,781,000	2,922,969,000	67
2018/2019	1,768,866,000	2,509,495,000	70
2019/2020	1,970,047,000	2,128,061,000	82
2020/2021	1,529,856,000	1,841,515,000	83
2021/2022	1,485,064,000	2,219,904,000	68
2022/2023	1,584,566,000	2,255,593,000	70
2023/2024	1,493,960,000	3,167,440,129	47

8.4 Operation and Financial Performance Highlights

The revenue generated by the University has been on a down ward trend since the financial year 2015/2016. This is as a result of reduced enrolment of self-sponsored students. For the year under review, the University registered an operating Surplus.

The table below shows the revenue trend since the financial year 2015/2016.

Financial Year	Exchequer (Kshs.)	AIA (Kshs.)	Total (Kshs.)
2015/2016	958,497,000.00	2,238,568,000.00	3,197,065,000.00
2016/2017	1,061,278,000.00	1,987,327,000.00	3,048,605,000.00
2017/2018	1,289,139,000.00	1,633,830,000.00	2,922,969,000.00
2018/2019	1,141,152,000.00	1,368,343,000.00	2,509,495,000.00
2019/2020	1,330,008,000.00	798,053,000.00	2,128,061,000.00
2020/2021	1,139,706,000.00	701,809,000.00	1,841,515,000.00
2021/2022	1,185,470,000.00	1,034,434,000.00	2,219,904,000.00
2022/2023	1,183,877,000.00	1,071,716,000.00	2,255,593,000.00
2023/2024	914,948,580.00	2,252,491,549.00	3,167,440,129.00

8.5 Key projects that the University is implementing

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

- a) Construction of lecture theatres:
The lecture theatres are in the final stages of completion. The remaining works are external works which will be completed within the financial year 2024/2025.
- b) Construction of ICT Centre
The first phase of ICT CENTER is complete and handed over to the University. The remaining works for second phase are at an advanced stage and will be completed within the financial year 2024/2025.
- c) Construction of tuition complex:
The second phase of tuition complex has already been completed and handed over to the university. However, there is some remaining works of tiling the two upper floors and external landscaping.

8.6 Compliance with statutory requirements

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

8.7 Major potential risks that the university may face

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

8.8 Material arrears in Statutory & Financial Obligations

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

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

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

10. ENVIRONMENT AND SUSTAINABILITY REPORTING

Kisii University was founded for public benefit, to promote education and knowledge, and to provide an institution open to all, irrespective of race, creed or political belief. The University seeks to replicate this commitment to the academic enterprise and to wider society, through all of its operations and activities. The University endeavours to conduct its business in accordance with the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Kisii University Corporate Social Responsibility is centred on three pillars:

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

(1) People and Community

The University as an employer

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

In order to achieve this, the University commits to:

- Embedding equality and diversity into all operations
- Allowing staff time for civic and public duties.
- Encouraging payroll donation, fundraising and other charitable activities.
- Ensuring staff can achieve their full potential through training, mentoring, and other staff development activities.
- Achieving the highest practical standards of health and safety for our staff, students, and visitors.

Local Community

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

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

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

Kisii University as an agent of peace and conflict resolution

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

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

Freedom of Expression

As an academic institution, the University encourages debate and discussion and supports the right of peaceful protest where this does not threaten the health and safety of staff, students or visitors, and does not infringe upon others rights to freedom of expression and association.

(2) Finance and Economic Activity

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

(3) Environmental Sustainability

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

- a) Partnering with County Government of Kisii in keeping the Kisii town clean. This is done by sponsoring students and staff to freely participate in the cleaning programmes.
- b) In order to maintain a healthy environment, Kisii University recently removed asbestos roofing materials and replaced them with eco-friendly iron sheets.
- c) The university through the safety committee was engaged in road safety campaign.
- d) The scout movement was involved in planting of trees in our Nyosia Farm, and Selected Primary Schools.

(4) Post Covid 19 Strategy

During the year under review the university fraternity was continuously sensitised and reminded of the pandemic strategies that ensured success against it. These strategies continue to help mitigate against even other air borne diseases therefore keeping the community healthy. The University also continued to invest in E- Learning as part of its efforts to reduce physical contact.

11. REPORT OF THE COUNCIL MEMBERS

The Council Members submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of Kisii University affairs.

i) Principal activities

The principal activities of Kisii University continue to be provision of University Education and conduct of Research.

ii) Results

The results of the University for the year ended June 30, 2024 are in the financial statements set out on pages 1 to 35.

iii) Council Members

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

iv) Auditors

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



.....
Prof. Dr. Nathan O. Ogechi
Secretary to the Council

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

12. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

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

The Council members accept responsibility for the Annual Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner provided by the Public Financial Management Act of 2012 and the Universities' Act of 2012 Cap 42.

The Council members are of the opinion that the Financial Statements give a true and fair view of the state of the University's transactions during the financial year ended on 30th June 2024, and the University's financial position as at that date.

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

The University Council members wish to state that for the University to continue to sustain its services, it will continue relying upon Government and the Creditors Support.

Approval of the Financial Statements

The University's Financial Statements were approved by the Council on 9th September 2024 and signed on its behalf by:



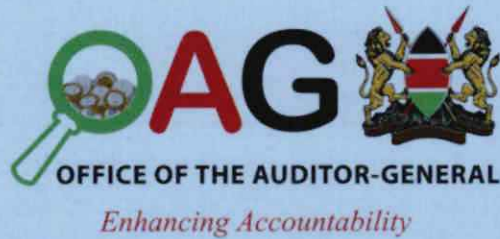
Dr. Sara J. Ruto, PhD
**Chairperson of the
Council.**



Prof. Dr. Nathan O. Ogechi
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KISII UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Kisii University set out on pages 1 to 32, which comprise the statement of financial position as at 30 June, 2024,

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kisii University as at 30 June, 2024 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 Universities Act, 2012 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Bank Overdraft Reconciliation

The statement of financial position reflects trade and other payables from exchange transactions balance of Ksh.940,954,000 which, as disclosed in Note 20 to the financial statements, includes bank overdraft of Kshs.44,058,000 from the KCB Operations Account. However, the bank certificate provided reflects an overdraft balance of Kshs.41,335,000 resulting in reconciling amounts of Kshs.2,723,000. No evidence has been provided on how the reconciling balance of Kshs.2,723,000 subsequently cleared. In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.940,954,000 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total budgeted income and actual receipts on comparable basis of Kshs.3,404,948,000 and Kshs.3,167,440,000 respectively resulting in underfunding of Kshs.237,508,000, or 7% of the budget. In addition, the University incurred capital expenditure of Kshs.17,332,000 against a budget of Kshs.139,330,000, resulting in an underutilization of Kshs.121,998,000, or 88% of the capital expenditure budget.

The underfunding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

Other Information

Management is responsible for the Other Information set out on page ii to xl, which comprises Key University Information and Management, University Council, University Management Team, Statement of the Chairperson of the Council, Statement from the Vice Chancellor, Statement of Kisii University Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Council Members and Statement of Council Members' Responsibilities. The Other Information does not include the financial statements and my auditor's report thereon.

In connection with my audit on the University's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0. Payment of Acting Allowance

Note 9 to the financial statements discloses employee costs of Kshs.1,493,960,000 which includes Kshs.2,623,885 in respect to acting allowances paid to the ten (10) officers who have been in acting capacity in various positions for more than six months, contrary to Section C.14(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016, which states that acting allowance will not be payable to an officer for more than six (6) months.

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

2.0. Non-Compliance with One of Third Basic Salary Rule

Analysis of the payroll for the month of December, 2023, January, 2024 and June, 2024 revealed that a total of eighteen (18) members of staff earned monthly net salaries that were less than a third of their respective basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007, which states that the total amount of deductions from the wages of an employee shall not exceed two thirds (2/3) of such wages.

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

3.0. Non-Compliance with Law on Staff Regional Diversity

Examination of the University payroll revealed 65 % members of total staff in post of six hundred and nineteen (619) were from one dominant ethnic community, contrary to Section 7 (1)(2) of the National Cohesion and Integration Act, 2008 (Revised 2012) which provides that no public establishment shall have more than one third of its staff from the same ethnic community.

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

4.0. Non-Remittance of University Staff Salary Deductions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.940,954,000 which, as disclosed in Note 20 (A) to the financial statements, includes Kshs.595,280,000 in respect to university staff salary deductions. However, as previously reported, this latter balance includes Kshs.561,402,629 relating to employee retirement benefits that had been outstanding since January 2019. This was contrary to Section 53A (1) of the Retirement Benefits Act,1997, which states that where an employer, having with the agreement of an employee who is a member of a scheme, made a deduction from the employee's emoluments for remittance to the scheme, fails to remit the deduction within fifteen days of the deduction, the scheme may, after giving such employer not less than seven days' notice, institute proceedings for the recovery of the deduction. Failure to remit the statutory deductions on time may result in the University incurring interests and penalties.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Student Invoice Adjustment

The statement of financial performance reflects tuition fees amount of Kshs.2,145,202,000 as disclosed in Note 7 to the financial statements. Review of an internal audit report during the year carried out on invoice ledgers and student account system generated fee statement revealed unexplained invoice reversals, system invoice adjustments and non-adherence to fee payment policies set out. Management and the weak internal controls including systems override led to student attending lecture classes, sitting for exams, graduating and collecting their certificates with outstanding fee balances. Based on the internal audit findings, the Audit Committee made several recommendations aimed at addressing the identified weaknesses and improving internal controls. However, the management did not provide evidence of action and progress made to address the Audit Committee's recommendations.

In the circumstances, the effectiveness of internal controls over the collection and management fees arrears could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements which are

free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

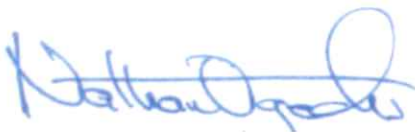
Nairobi

27 December 2024

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2024.

	Note	2023-2024	2022-2023
		Kshs'000	Kshs'000
Revenue from non-exchange transactions			
Transfers from other government entities	6	914,948	1,183,877
Total revenue from non-exchange transactions		914,948	1,183,877
Revenue from exchange transactions			
Tuition fees	7	2,145,202	984,488
Income generating units	8	107,290	93,745
Total revenue from exchange transactions		2,252,492	1,078,233
Total revenue		3,167,440	2,262,110
Expenses			
Employee costs	9	1,493,960	1,584,566
Council expenses	10	25,276	36,865
Contracted services-part time expenses	11	75,500	237,897
General expenses	12	805,399	541,398
Service gratuity	13	46,064	0
Provision For Audit Fees	13	550	1,160
Depreciation expense	18	32,141	33,637
Total expenses		2,478,890	2,435,523
Surplus/deficit for the year		688,550	(173,413)



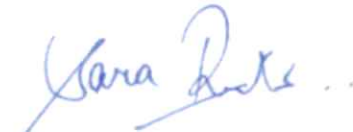
Prof. Dr. Nathan O. Ogechi
Vice Chancellor

Date: 9/09/2024



Charles M. Mwangi
Finance Officer
ICPAK Member: 13211

Date: 9/09/2024



Dr. Sara J. Ruto, PhD
Chairperson of the Council

Date: 9/09/2024

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024.

	Note	2023-2024	2022-2023
		Kshs'000	Kshs'000
Assets			
Current assets			
Cash and cash equivalents	14	164,470	11,807
Receivables from exchange Transactions	15	582,007	297,525
Inventories- Consumables	16	47,299	19,042
Inventories- Biological assets	19	4,902	4,427
Total current assets		798,678	332,801
Non-current assets			
Property, plant and equipment	17	3,390,610	3,299,274
Total non- current assets		3,390,610	3,299,274
Total assets (A)		4,189,288	3,632,075
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	940,954	1,111,359
Provisions	13	47,164	25,428
Total current liabilities		988,118	1,136,787
Total liabilities (B)		988,118	1,136,787
Net assets A-B		3,201,170	2,495,288
Represented by:			
Capital development funds	21	3,173,710	3,156,378
Accumulated surplus	21	27,460	(661,090)
Net assets		3,201,170	2,495,288



Prof. Dr. Nathan O. Ogechi
Vice Chancellor

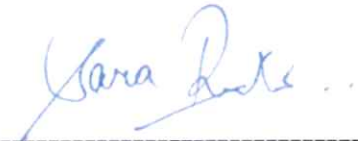
Date: 9/09/2024



Charles M. Mwangi
Finance Officer

ICPAK Member: 13211

Date: 9/09/2024



Dr. Sara J. Ruto, PhD
Chairperson of the Council

Date: 9/09/2024

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

16. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30TH JUNE 2024.

	Note	Capital/ Development Funds	Accumulated Surplus	Total
		Kshs.000	Kshs.000	Kshs.000
Balance as at 1 July, 2021	21	3,130,748	(457,451)	2,673,297
Capital/development funds from the Government		-	-	-
Surplus/deficit			(30,226)	(30,226)
Balance as at 30 June, 2022	21	3,130,748	(487,677)	2,643,071
Balance as at July 1 2022	21	3,130,748	(487,677)	2,643,071
Capital/development funds from the Government		25,630		25,630
Surplus/deficit			(173,413)	(173,413)
Balance as at 1 July, 2023	21	3,156,378	(661,090)	2,495,288
Capital/development funds from the Government		17,332		17,332
Surplus/deficit			688,550	688,550
Balance as at 30 June, 2024		3,173,710	27,460	3,201,170

KISHI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2024.

	Note	2023-2024	2022-2023
		Kshs'000	Kshs'000
Cash flows from operating activities			
Surplus/deficit for the year		688,550	(173,413)
Adjusted for:			
Depreciation	18	32,141	33,637
Increase in Provisions	13	21,736	(10,683)
		742,427	(150,459)
Changes in working capital			
Increase in biological Inventories	19	(475)	(909)
Increase in inventories	16	(28,257)	(1,856)
Increase in receivables	15	(284,482)	(170,582)
Decrease in payables	20	(214,463)	360,530
Net Cash flows from operating Activities		214,750	36,724
Cash flows from investing activities			
Purchase of property, plant and equipment	17	(123,477)	(121,910)
Net Cash flow used in investing activities		(123,477)	(121,910)
Cash flows from financing activities			
Capital development grant	6	17,332	25,630
Bank overdraft	20	44,058	
Net cash flows from financing activities		61,390	25,630
Net decrease in cash and cash equivalents		152,663	(59,556)
Cash and cash equivalent as at 30 June, 2023	14	11,807	71,363
Cash and cash equivalent as at 30th June 2024	14	164,470	11,807

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2024.

	Original Budget	Adjustment	Final Budget	Actual on comparable basis	Performance difference	% of Utilization
	Kshs.000	Kshs.000	Kshs.000	Kshs.000	Kshs.000	
	a	b	c=a+b	D	e=(c-d)	f=d/c*100
Revenue						
Transfers to other government entities	914,948	0	914,948	914,948	0	100%
Tuition fees	720,000	1,660,000	2,380,000	2,145,202	234,798	90%
Income generating units	30,000	80,000	110,000	107,290	2,710	97%
Total Income	1,664,948	1,740,000	3,404,948	3,167,440	237,508	93%
Expenses						
Employee Expenses	1,447,791	807,157	2,254,948	1,493,960	760,988	66%
Council expenses	6,000	24,000	30,000	25,276	4,724	84%
Part time expenses	12,000	138,000	150,000	75,500	74,500	50%
General expenses & Provisions	166,157	770,843	937,000	852,013	84,987	90%
Depreciation and Provision	33,000	0	33,000	32,141	859	97%
Total expenses	1,664,948	1,740,000	3,404,948	2,478,890	926,058	73%
Surplus for the year	-		-	688,550	-688,550	
Capital Expenditure	69,330	70,000	139,330	17,332	121,998	12%

Notes

1. During the year under review the University recorded an operating surplus. This is a s a result of the new funding model.
2. The amount received for capital development was only Ksh. 17,332,000 against an approved budget of Ksh. 139,330,000

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kisii University is established by and derives its authority and accountability from Kisii University Charter of 2013 and the University's Act No 42 of 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide University Education and conduct research.

2. Statement of Compliance and Basis of Preparation;

The University's Financial Statements for the year ended 30th June 2023 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) accrual. This is the third year of adoption and the previous years have been restated accordingly. The Financial Statements are presented in Kenya shillings, which is the functional and reporting currency of the University and all values are rounded to the nearest thousand (Kshs. '000'). The accounting policies have been consistently applied to all the years presented. The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow is prepared using the indirect method. The Financial Statements are prepared on accrual basis.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

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

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

Standard	Effective date and impact:
	<p>and</p> <ul style="list-style-type: none"> • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now</p>

Standard	Effective date and impact:
	superseded by IPSAS 41 which is applicable from 1 st January 2023.
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in year 2023/2024.

4. Summary of Significant Accounting Policies;

a) Revenue Recognition

i) Revenue from non-exchange transactions

Transfers from other Government Entities

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

ii) Revenue from exchange transactions;

Tuition

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

Income Generating Units

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

b) Budget Information

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

c) Property, Plant and Equipment

All Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated as it is deemed to have an infinite life. Depreciation on the other property is charged so as to write off the assets during their estimated useful life, using reducing balance method.

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

The annual rates are: (Reducing Balance Method)

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

d) Inventories

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

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

e) Biological Assets

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

f) Provisions

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

g) Employee Benefits

Retirement Benefit Plans

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

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

h) Related parties

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

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

i) Cash and Cash Equivalents

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

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

j) Comparative figures

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

k) Receivables

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

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

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

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

m) Intangible assets

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

n) Leases

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

5. Significant judgements and sources of estimation uncertainty

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

Key sources of estimation Uncertainty:

Equipment

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

Impairment

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

Provisions and contingent Liabilities

The University reviews its obligations at each balance sheet date to determine whether provisions need to be made and if there are any contingent liabilities. The university had an active court case in court involving the Kenya Universities Staff Union in KISUMUELRC NO. EOO9. The ruling was delivered in June 2024 and a consent entered on 20th August 2024.

Contingent Liabilities

	2023-2024	2022-2023
	Kshs.	Kshs.
Contingent liabilities		
Court case KISUMU ELRC 009	451,157,640.50	0
Total	451,157,640.50	0

Useful Lives and Residual Values

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

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

5(b) Sustainability of services

During the year under review the University reported an operating Surplus of Ksh. 688,550,000 this is a result of the implementation of the new funding model. However, despite the new funding model the funds are not released on time.

The other major cause of this worrying trend is the inadequate funding in form of monthly exchequer from the government. The funds released by the government on monthly basis are barely enough to meet the monthly payroll expenditure leave alone to cater for the other recurrent expenditure. This has been the trend for the last five financial years. However, the situation is expected to improve with the new funding model which has been introduced by government.

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

6. Transfers from Other Government Entities

a)

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Unconditional Grants		
Operational Grant	914,948	914,948
Other Grants	17,332	17,332
Total Unconditional Grants		
Conditional Grants		
Total Government Grants And Subsidies	932,280	932,280

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name Of The Entity Sending The Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund	Total transfers 2023-24	Prior year 2022-2023
	Kshs.000		Kshs.000	Kshs.000	Kshs.000
Ministry/State Department					
Ministry of Education	914,948	-	17,332	932,280	1,209,507
Total	914,948	-	17,332	932,280	1,209,507

7. Tuition Fees and Related Components

Details	2023-2024	2022-2023
	Kshs.	Kshs000.
Tuition fees	1,445,144	602,619
Registration fees	25,392	22,672
Student ID	577	56,000
Library use	26,150	50,689
Examination	75,442	65,361
Material Development	38,042	35,141
Activity fees	12,680	29,835
HELB funds	496,432	94,601
Medical	25,343	27,570
Total	2,145,202	984,488

8. Income Generating Units

Details	2023-2024	2022-2023
	Kshs.	Kshs.
Accommodation	1,409	4,372
Academic Support Fee	51	31
Administrative fee	39	9
Application Forms	2,282	1,518
Certificates Reprinting	24	55
Conference charges	264	207
Cash Refunds	27	87
Credit Transfers	154	204
Disposal Income	2	430
Exam Retake	203	15,373
Farm Sales	19	700
Fines and penalties	787	24,056
Graduation Fee And Gowns Hire	17,677	18,343
Hire of Hall	13	3
Hire Of Playing Ground	75	76
Library Charges	218	443
Medical Charges	85	846
Miscellaneous Income	621	80
Other Miscellaneous income		
Rent	13	18,618
Research Grants	48,157	
Staff Mess Sales	208	1
Staff id replacement	-	89
Student Id Replacement	444	2,982
Student mess Sales	3,608	1,835
Supervision fee	1,030	
Supplementary	17,257	3,276
Test and vaccination levy	278	
Transcripts	301	111
Workshop and seminar charges	206	
CUE Quality Charges	787	
KUCCPS Levy	253	
Replacement of Lost Items	2	
Teaching Practice	1,293	
Thesis Examination	2,375	
Attachment Fees	7,128	
Total	107,290	93,745

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

9. Employee Costs

Details	2023-2024	2022-2023
	Kshs.000	Kshs.000
Salaries And Wages	1,454,281	1,540,842
Salary Locum Appointees, Casuals, Security Firm	12,470	28,638
Staff welfare and Development	4,332	5,287
Student Medical Refunds and Hospitalisation	11,300	8,075
Medical Supply	11,577	1,724
Total	1,493,960	1,584,566

10. Council Expenses

Details	2023-2024	2022-2023
	Kshs.000	Kshs.000
Sitting Allowances	5,592	8,156
Subsistence Allowances	8,374	12,214
Mileage Allowances	9,336	13,616
Other expenses air time, food, medical Refunds	1,974	2,879
Total	25,276	36,865

11. Contracted Services (Part Time Lecturers)

Details	2023-2024	2022-2023
	Kshs.000	Kshs.000
School Of Business	11,736	29,571
School of Information Science	4,227	10,652
School of Education	8,736	22,007
School of Agriculture	4,373	11,019
School of Health Science	817	2,060
School of Pure and Applied Science	538	1,358
School of Arts and Social Science	4,709	11,860
School of Law	153	387
Accrued Part Time Expenses	40,211	148,983
Total	75,500	237,897

12. General Expenses

Details	2023-2024	2022-2023
	Kshs.000.	Kshs.000
Advertising	1,342	1,428
Conferences and Delegations	7,047	2,530
Electricity	19,238	9,667
Fuel and oil	27,991	18,023
Insurance	52,518	41,332
Postage	356	318
Printing and stationery	41,404	21,243
Rent and Rates	116,953	79,657
Travelling and Accommodation	93,430	143,403
Repairs and Maintenance	39,441	26,442
Other Expenses	405,679	197,355
Total	805,399	541,398

13. Provisions

Details	2023-2024	2022-2023
	Kshs.000	Kshs.000
Provision For Audit Fees	1,100	1,160
Provision For Gratuity	46,064	24,268
Total	47,164	25,428

14. Cash and Cash Equivalents

Details		2023-2024	2022-2023
	ACCOUNT NO	Kshs.000	Kshs.000
Cash At Bank (NBK Current A/C)	01001035009000	12,948	19
Cash At Bank (NBK Savings A/C)	01230035009000	2,003	52
Cash At Bank (KCB Development)	1113771143	611	11,116
Cash At Bank (Cooperative Bank)	01129297079400	2,267	14
Cash At Bank (KCB Fee collection)	1148599398	139,556	422
Cash At Bank (KCB Research Grant)	1151310557	7,085	184
Total		164,470	11,807

15. Receivables from Exchange Transactions

Details	2023-2024	2022-2023
	Kshs.000	Kshs.000
Imprest Outstanding	3,690	2,513
Fees Balances	608,949	310,671
Provision	-30,632	-15,659
Total	582,007	297,525

Ageing Analysis for Receivables from Exchange Transactions.

Description	2023/2024		2022/2023	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	3,690	0.60	304,790	98
Between 1-2 years	608,949	99.4	8,394	2
Between 2-3 years				
Over 3 years				
Provision	(30,632)		(15,659)	
Total (a+b)	582,007	100	297,525	100

16. Inventories

Details	Items	2023/2024	2022/2023
University departments		Kshs.000	Kshs.000
Anatomy Lab	Stationery	1,500	
Academic Affairs	Stationery		
Biochem LAB	Stationery	407	
Biological Lab	Stationery	35	
Cash Office	Stationery		
Catering Department	Stationery		5
Central Registry	Stationery	57	
Central Stores	Stationery	10,993	1,088
Central Services	Stationery	3,447	2,518
Dean of students	Stationery		0.2
DVC APF	Stationery	3	
DVC ARSA	Stationery	6	
Eldoret Medical	Stationery		19
Eldoret campus store	Stationery		449

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Details	Items	2023/2024	2022/2023
University departments		Kshs.000	Kshs.000
Elimu centre	Stationery		41
ELearning	Stationery	2	
Examination & Timetabling Dept.	Stationery	1,787	3,162
Finance Main and cash office	Stationery	5	4
Games	Stationery	390	
ICT	Stationery	17	
IGU	Stationery		
Halls	Stationery		66
Health science	Stationery		
Kericho Campus	Stationery		6
Library	Stationery	1,388	1,341
Medical	Stationery	10,689	3,950
Migori	Stationery		129
Nairobi campus	Stationery	3	5
Nyosia Farm	Stationery	601	243
Planning	Stationery	22	101
Procurement	Stationery	8	12
Printing Press	Stationery	3,052	
Physiology Lab	Stationery	37	
Registrar Administration	Stationery	17	324
Research	Stationery	1	
Registrar Academics	Stationery	11,621	3,660
Salaries	Stationery	513	455
School of Agriculture	Stationery	35	33
Science Lab	Stationery	15	
School of Social Sciences	Stationery	18	0.8
School of SIST	Stationery	18	
School of Business	Stationery	9	1,000
School of Health Science	Stationery		2
TVET	Stationery	4	5
School of Law	Stationery	598	423
Vice Chancellor	Stationery		
Total	Stationery	<u>47,298</u>	<u>19,042</u>

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

17. Property, Plant and Equipment Movement Schedule

	Land	Buildings	Infrast. Assets	W.I.P	Motor Vehicle	Furniture & fittings	Office Equipment	Plant & Machinery	Library	Cutlery	Total
Cost	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
As at July2023	140,901	297,263	38,644	2,778,502	102,598	77,744	163,016	36,431	60,501	1,731	3,697,331
Additions	0	0	0	93,418	0	0	28,089	0	1,970	0	123,477
Cost as at 30/06/2024	140,901	297,263	38,644	2,871,920	102,598	77,744	191,105	36,431	62,471	1,731	3,820,808
Acquisition After 31/12/2023	0	0	0	0	0	0	15,499	0	87	0	15,586
Qualifying asset for depreciation	140,901	297,263	38,644	2,871,920	102,598	77,744	175,606	36,431	62,384	1,731	3,805,222
Accrued depreciation b/f	0	69820	5,952	0	88,714	52,401	108,933	27,609	42,914	1,714	398,057
Net cost for depreciation	140,901	227,443	32,692	2,871,920	13,884	25,343	66,673	8,822	19,470	17	3,407,165
Depreciation for the year	0	5,686	817	0	3,471	3,168	13,335	1,764	3,894	6	32,141
Total Depreciation	0	75,506	6,769	0	92,185	55,569	122,268	29,373	46,808	1,720	430,198
Net Book Value as at 30/06/24	140,901	221,757	31,875	2,871,920	10,413	22,175	68,837	7,058	15,663	11	3,390,610
Net Book Value as at 30/06/23	140,901	227,443	32,692	2,778,502	13,884	25,343	54,083	8,822	17,587	17	3,299,274
Cost	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
As at July2022	140,901	297,263	38,644	2,672,816	102,598	77,744	151,943	36,431	55,350	1,731	3,575,421
Additions	0	0	0	105,686	0	0	11,073	0	5,151	0	121,910
Cost as at 30/06/2023	140,901	297,263	38,644	2,778,502	102,598	77,744	163,016	36,431	60,501	1,731	3,697,331
Acquisition After 31/12/2022	0	0	0	0	0	0	5,009	0	645	0	5,654
Qualifying asset for depreciation	140,901	297,263	38,644	2,778,502	102,598	77,744	158,007	36,431	59,856	1,731	3,691,677
Accrued depreciation b/f	0	63,988	5,114	0	84,086	48,781	96,664	25,403	38,679	1,705	364,420
Net cost for depreciation	0	233,275	33,530	0	18,512	28,963	61,343	11,028	21,177	26	407,854
Depreciation for the year	0	5,832	838	0	4,628	3,620	12,269	2,206	4,235	9	33,637
Total Depreciation	0	69,820	5,952	0	88,714	52,401	108,933	27,609	42,914	1,714	398,057
Net Book Value as at 30/06/23	140,901	227,443	32,692	2,778,502	13,884	25,343	54,083	8,822	17,587	17	3,299,274
Net Book Value as at 30/06/22	140,901	233,275	33,530	2,672,816	18,512	28,963	55,279	11,028	16,671	26	3,211,001

18. Depreciation and Amortization Expense

Property plant and Equipment includes the following assets that are fully depreciated:

Details	Cost or Valuation	Normal Annual Depreciation charge for the year ended 30/06/2024	Normal Annual Depreciation charge for the year ended 30/06/2023
	Kshs'000	Kshs'000	Kshs'000
Buildings	297,263	5,686	5,832
Infrastructure	38,644	817	838
Motor Vehicles	102,955	3471	4,628
Furniture & Fittings	77,744	3168	3,620
Office Equipment	163,016	13335	12,269
Plant and Machinery	36,431	1764	2,206
Library Books	60,501	3894	4,235
Cutlery	1,731	6	9
Total	778,285	32,141	33,637

19. Inventories-Biological

Details	2023-2024	2022-2023
	Kshs'000	Kshs'000
Cows		
Acade Pedigree	180	200
Acadel(2 months)	150	40
Owen Pedigree	150	200
Haron	150	100
John 1year	90	
Mary 1 Year	150	100
Mercy 1 Year	90	100
Ruth 1	180	180
Gold Coast	98	200
Noah	150	200
Ruth	200	200
Kyle 1 3 months	150	50
Reporter 4months	90	20
Ruth 2 6 months	200	90
France	200	200
France 1 3 months	200	50
Petition	180	200
Petition 1 5 Months	25	60
Winnie	200	200
Dutch	80	200
Sylvia	200	200
Akama	200	90
Sorana	58	90
Anne 10 Heifer Calf	56	180

KISH UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Details	2023-2024	2022-2023
	Kshs'000	Kshs'000
Thomas	180	180
Susan	90	
Susan 03	60	
Sylvia	90	
Thomas	80	
Thomas 1	80	
Thomas 2	200	200
Tom 1 Year		180
Rose		100
Anne 9	180	180
Anne 010	150	
Anne 011	150	
Ann 012	150	
Claf bull untagged		
Thomas		
Michael heifer		200
Susan 5 Heifer		200
Sannen she Goat (White) Grace		5
Jane 2		3
Grace 1	6	4
Claire 1	6	4
Jnae 1	6	2
Amos 2	7	2
Moses	7	2
Alphine she Goat (Brown Kid) Joy	8	5
Alphine She Goat Jane	8	6
White Brown Goat (Male Kids) Claire		4
White Brown Goat (Male Kids) 6 kids	17	
Total	4,902	4,427

20. (A) Trade and Other Payables from Exchange Transactions

Details	2023-2024	2022-2023
	Kshs.000	Kshs.000
Bank Overdraft KCB Operations account number 1135404291	44,058	33,737
Caution Money	40,910	49,174
Part Time Expenses	207,733	201,983
Sundry Creditors	6,665	107,243
Student Union	8,782	4,388
Retention	10,526	17,935
Lease hold	27,000	27,000
University staff pay & Deductions	595,280	669,899
Total	940,954	1,111,359



20 (B) Ageing Analysis Trade and Other Payables

Description	2023/2024	% of the total	2022/2023	% of the total
Under 1 year	6,665	0.7	194,542	18
Between 1-2 years	10,526	1.1	17,935	2
Between 2-3 years	328,483	34.7	871,882	78
Over 3 years	595,280	63.5	27,000	2
Total (a+b)	940,954	100	1,111,359	100

21. Capital Development Funds and Accumulated Surplus

Capital Development Funds		Accumulated Surplus/Deficit	
Financial Year	Kshs.	Financial Year	Kshs.
Bal. B/f 01/07/2008	278,054	Bal. B/f 01/07/2008	
2008-2009	-	2008-2009	46,322
2009-2010	274,938	2009-2010	110,622
2010-2011	283,581	2010-2011	52,808
2011-2012	350,693	2011-2012	32,331
2012-2013	273,189	2012-2013	28,895
2013-2014	110,728	2013-2014	22,806
2014-2015	246,527	2014-2015	26,489
2015-2016	174,360	2015-2016	22,241
2016-2017	279,846	2016-2017	4,351
2017-2018	64,108	2016-2017	4,056
2018-2019	500,419	2018-2019	(19,602)
2019-2020	280,160	2019-2020	(508,827)
2020-2021	14,145	2020-2021	(279,943)
2021-2022	0	2021-2022	(30,226)
2022-2023	25,630	2022-2023	(173,413)
2023-2024	17,332	2023-2024	688,550
Balance as at 30/06/24	3,173,710	Balance as at 30/06/24	27,460

22. Risk Management

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

Credit risk

The University has exposure to credit risk which is the risk that a counter party to financial instrument will be unable to pay amounts in full when due thus causing a financial loss. Credit risk arises from cash and cash equivalents and trade receivables. Credit risk on trade receivables is managed by ensuring that credit is extended to customers and students with established credit history.

Market risk

The University has put in place an internal audit function to assist it in assessing the risk faced by the University on an on-going basis, evaluate and test the design and effectiveness of its Internal Accounting and Operational Controls. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the audit and risk management committee.

Liquidity risk

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

23. Capital Commitments

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

24. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the Financial Statements for the year ended on 30th June 2024 except the consent entered in court of appeal with regard to KUSU case on staff who were declared redundant.

25. Ultimate and Holding Entity

The entity is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

26. **Currency-** The Financial statements are presented in Kenya Shillings.

27. **KICI- Kisii International Center for Innovation**

The KICI Company which was an investment arm of the University was closed due to logistical challenges and nonperformance. The process of winding up the company is ongoing.

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

20. APPENDIX

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL'S RECOMMENDATIONS

The following is the summary of issues raised by the Auditor-General in year 2022/2023, and Management comments that were provided to the auditor

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
REPORT ON THE FINANCIAL STATEMENTS				
Basis for Qualified Opinion				
1.	Long Outstanding and unsupported fee balances	We concur with your observations that during the year ended 30 th June 2023. The university was owed an amount of Kshs 297,525,000 by the student debtors. The university has put in mechanisms to ensure all students clear their fees within the required timelines.	Not resolved	
2	Material uncertainty in relation to sustainability of services	We concur with your observation that during the year under review the University reported a deficit of Kshs.173,413,000 This trend has continued for the last Five financial years.	Not resolved	

KISH UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

		<p>The main reason for this worrying trend is the sudden drop in revenue raised internally A I A (Appropriation in Aid). The sudden drop of A.I.A was caused by huge decline in number of self-sponsored students who formed the main source of this revenue stream.</p> <p>The other major cause of this worrying trend is the inadequate funding in form of monthly exchequer from the government. The funds released by the government on monthly basis are barely enough to meet the monthly payroll expenditure leave alone to cater for the other recurrent expenditure. This has been the trend for the last five financial years.</p> <p>With such huge monthly deficits on account of payroll alone and the dwindling revenues the university is not able to meet its core mandate and is forced to rely on creditors to support its operations.</p> <p>As per your recommendations the University management has disclosed in the financial statements the going concern uncertainties. Please see the amended financial statements</p>		

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Other Matter				
1	Unresolved prior year matters	The University management appeared before the public investment committee on education this financial year and cleared all the issues up to the year ending 30 th June 2021.	Resolved	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1	Retention Money not deposited in the Retention Account	The issue has been resolved by the University Council. Approval was given to open an account The university Management is only waiting National Treasury Concurrence on the same.	Resolved	
2.	Partial implementation of E procurement system	The university management is determined to comply with Regulation 49(2) of the Public Procurement and Asset Disposal Regulation. In so doing we have interfaced the ERP system with the state portal in respect of: – a) Procurement planning b) Registration of suppliers c) Publication of notices d) Publication of tender awards e) Requisition	Not resolved	

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

		<p>f) Generation of orders</p> <p>g) Notification and acceptance of tender awards</p> <p>h) Publication of contract awards</p> <p>To fully utilize the e-procurement system as was envisaged for effective and efficient management of the procurement function, the University management has engaged the ERP vendor to enhance the procurement module to address the following, so as to comply with Regulation 49(1) and (2): -</p> <p>a) Submission and opening of tenders</p> <p>b) Tender evaluation</p> <p>c) Requesting for information on tender or disposal process</p> <p>d) Digital signatures</p> <p>e) Invoicing</p> <p>Once the above functions are addressed by the ERP vendor, the e-procurement system will be fully implemented.</p>		
3.	Non remittance of staff and statutory deduction	<p>The university concurs with your observation that during the year under review, part of the outstanding payables dates back to four years. The main reason for nonpayment of these creditors is due to lack of enough funds. As clearly noted elsewhere in this report the</p>	Not Resolved	

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

		<p>university revenues have been declining for the last four years whereas operational expenditure has remained constant or increasing in some instances.</p> <p>The management has made several requests for budgetary support from the government but the support is yet to be considered. In view of the circumstances the university has entered into several repayment plans with statutory bodies with regard to settlement of the outstanding dues.</p>		
4	Acting Appointments beyond 6 months period	<p>The university management is well ceased of the matter and necessary remedial action has been initiated. The main reason for this non-compliance was the absence of council which is the body mandated to employ staff. Inadequate funding also led to unnecessary delays in filling the vacant positions. However, contrary to your observation, some officers only acted for a short duration of time. The university council has since advertised for the senior positions and will be filled in due course.</p>	Resolved	
5	Non-compliance with law on ethnic composition	<p>The university has always ensured that it adheres to the requirements of National</p>		

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

		Cohesion and integration Act. However, in this case most of the staff recruited were meant to work in low cadre jobs. This makes it difficult to attract people from outside the region who would be willing to come and work for the said jobs. Moving forward the university will continue adhering to the requirements of the relevant provisions of the law.		
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
Basis for Conclusion				
1	Failure to appoint a chancellor	The appointment of a chancellor is a mandate bestowed to the president of the republic of Kenya. However, despite several reminders which the university have sent to the ministry of education the appointment has not been forthcoming. The university management will however continue following on the same.	Not Resolved	
2	Lack of Business Continuity and Disaster recovery plan	There is currently an offsite backup storage with KENET that periodically mirrors a full backup of the ERP system database. Together with this, the University has in place an Information Security Management System (ISMS ISO 27001) team that has undertaken documentation of an Information	resolved	2023-2024 financial year

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

		Security Policy which is currently in draft format pending management review and approval. The draft policy highlights the area of business continuity and once approved will guide development of a business continuity and disaster recovery plan. The policy has since been approved by the University Council.		
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Appendix 11. Status of the project's completion

Project	Total project cost	Total expended to date	Completion % to date	Budget 2023/2024	Sources of Funds
	Kshs.				
Lecture Theatres	527,303,000	523,750,967	95%	3,552,003	GOK
Hostels	534,600,000	455,878,000	95%	96,831,524	GOK
ICT Center	984,000,000	825,690,000	90%	38,946,388	GOK