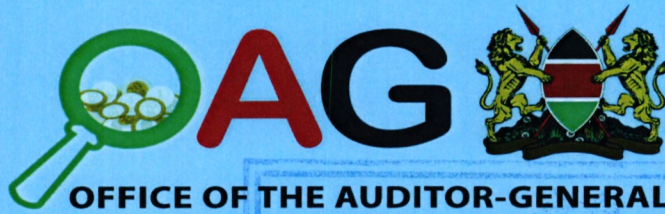


REPUBLIC OF KENYA



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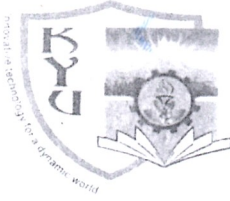
OF

THE AUDITOR-GENERAL

ON

KIRINYAGA UNIVERSITY

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

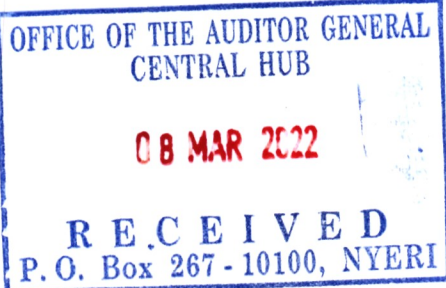


Kirinyaga University

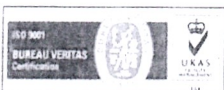
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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021



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



KyU is ISO 9001:2015 certified

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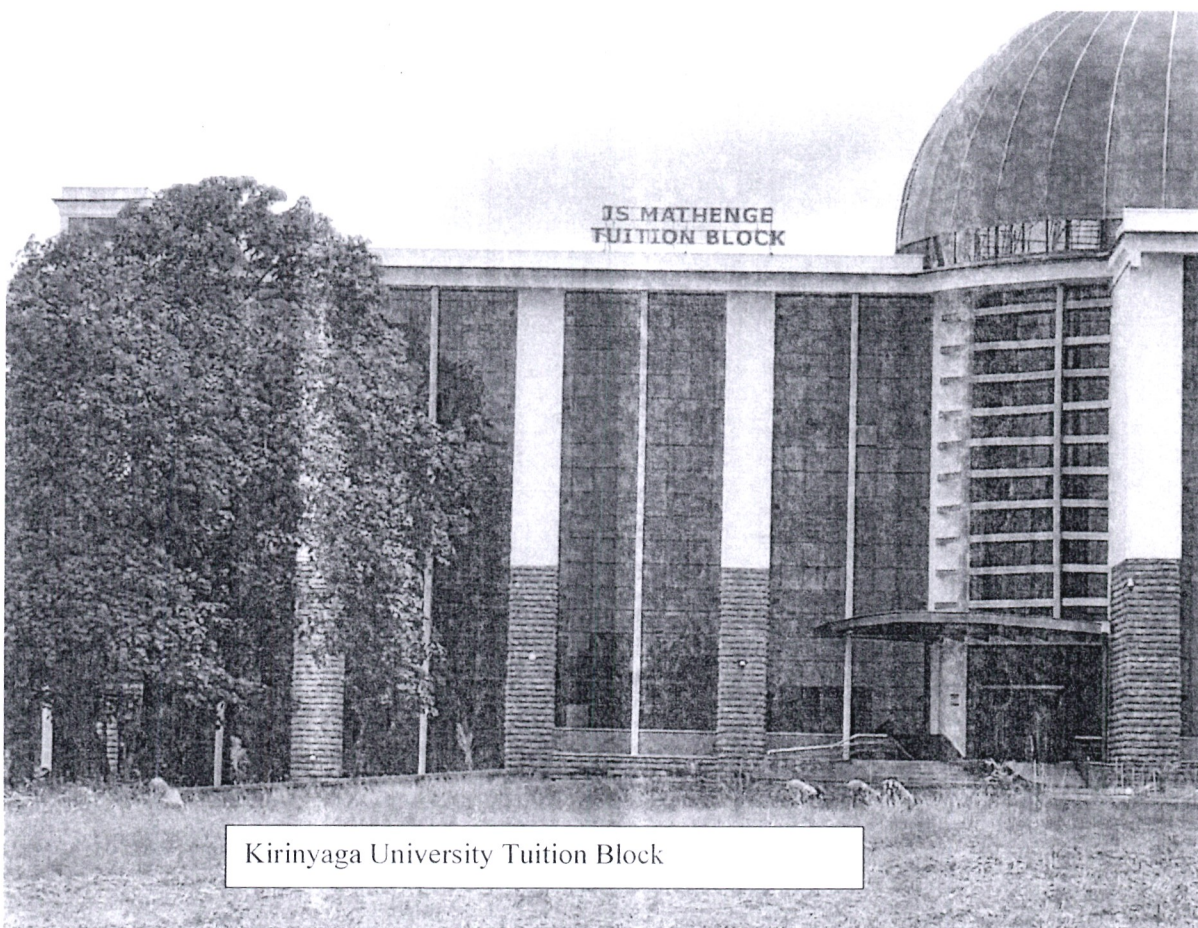
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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kirinyaga University is a fully chartered public university granted charter by His Excellency Hon. Uhuru Kenyatta of the republic of Kenya on 7th October 2016 and owned by the government of Kenya. The mandate of the University is derived from the University Act No. 42 of 2012. The University aims at becoming a world class university of science and technology specializing in industry oriented teaching, research, innovation and entrepreneurship in engineering, science, technology and ICT.

The University is located approximately 115 Km North East of Nairobi off Nairobi Sagana-Embu-Highway in Kutus Town, Kirinyaga County.



Vision

To be a leading University in quality training, strategic research, innovation and technology development and transfer.

Mission

To train and develop human resource equipped with innovative skills to inspire enterprise in the disciplines of engineering, science, health, ICT and technology, to meet the demands of a dynamic world.

Objective of the University

The main objective of the University is to provide, directly or indirectly through collaboration with other institutions of higher learning, university education including scientific and professional education, and technology transfer for effective application of knowledge and skills in life, work and welfare of the citizens of Kenya. The University aims to play a leading role in the development and expansion of the opportunities for higher education and research.

The University is expected to provide and advance university education and training to appropriately qualified candidates leading to the conferment of degrees and award of diplomas and certificates.

Kirinyaga University will pursue strategic objectives in the following: policy, human resource management, library resources, resource mobilization, physical infrastructure development, information and communication technology (ICT), academic programmes, research, innovation, technology transfer and extension services.

(b) Principal Activities

The principal activity/mission of the University is to train and develop human resource equipped with innovative technology and skills to inspire enterprise in the discipline of engineering, science, health and technology, to meet the demands of a dynamic world.

(c) Key Management

The Vice Chancellor, the University Management Board (UMB), Heads of Departments and Sections are responsible for management of the day-to-day operations of the University. The UMB meets weekly and is responsible for the execution of all policies on behalf of the University Council and is chaired by the Vice Chancellor, who is the Chief Executive Officer. The heads of sections and

chairperson of academic departments steer the University mandate as cascaded to them via the statutes, and report to the UMB through the respective Deputy Vice Chancellors and Registrars.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Vice Chancellor	Prof. Mary Ndung'u
3.	Deputy Vice Chancellor (Academic Student Affairs)	Prof Charles Omwandho
4.	Registrar (Academic Student Affairs)	Mr Wallace Waruiru Kamau
5.	Finance Officer	CPA Peter Kagika
6.	Procurement Officer	Ms. Esther Wanjiru Ndirangu
7.	Legal Officer	Ms. Jane Wangechi Ndegwa

(e) Fiduciary Oversight

To execute this mandate, the University has various committees of Senate tasked with different responsibilities in the respective lines of operations; academic, student affairs, human resource, procurement, finance and general operations. These committees are domiciled in the respective divisions/ sections of the University, and have clearly defined terms of reference and reporting lines in the statutes.

The University Council has four committees as provided for in the statutes vide;

- The Finance, Human resource and General purpose committee,
- Audit & Risk management committee
- Academic and quality assurance committee
- Sealing committee

The respective committees of Council hold meetings quarterly and submit reports to full Council.

(f) Kirinyaga University Headquarters

P.O. Box 143-10300
Sagana – Embu Highway Kutus Town
Kerugoya, Kenya.

(g) Kirinyaga University Contacts

Telephone: (254) 728499650
E-mail: vc@kyu.ac.ke
Website: www.kyu.ac.ke

(h) Kirinyaga University Bankers

Kenya Commercial Bank, Kerugoya Branch

P.O Box 405090 -10300,

Kerugoya-Kenya.

Equity Bank, Kerugoya Branch

P.O. Box 1056 - 10300,

Kerugoya-Kenya.

Co-operative Bank, Kutus Branch

P.O. Box 218 - 10304,

Kutus - Kenya.

(i) Independent Auditors

Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j. Principal Legal Adviser

The Attorney General






State law Office





P.O. Box 40112

City Square 00200





Nairobi, Kenya

MEMBERS OF THE UNIVERSITY COUNCIL



Passport photo	Name & Title	Date of Birth	Qualifications	Experience
	Dr. Mechah Charles Moturi (Chairman of Council)	1953	PhD - Environmental Science BSc, MSc Chemistry	43 Years
	Prof. Mary Wambui Ndung'u (Vice Chancellor/ Secretary to council)	1962	PhD- Chemistry (JKUAT), Msc- Chemistry (Kenyatta University), B.Ed. (Kenyatta University), EMBA (JKUAT)	34 Years
	Julius Lawi Onyango	1946	Masters of Laws (LL.M) Degree, - UoN Bachelor of Laws (LLB) Degree - UoN	52 Years
	Dr. Naomi Njeri Kagone	1979	PhD (Entr), - JKUAT Msc (Entr.), - JKUAT BED (Science) - KU IBA - USIU	10 Years
	M/s Kibibi Ndope	1987	MBA (International Business) - USIU, Africa Bachelor of Laws (LLB) Degree - CUEA	9 Years

	Mr. Alister M Murimi	1972	M. Sc. Finance – UoN (Ongoing) MBA (Construction & Real Estate), - UK BA (Land Econ.) – UoN	18Years
	Eng. Joel M. Kiilu	1956	MBA BSC-Structural Engineer	40 Years
	Mr. Lawrence M. Muthamia (Rep. National Treasury)	1976	MA Economics(UoN), BA Economics (Hons) (UoN),	17 Years
	Mr. Milton Kiura Njuki (Rep. Ministry of Education)	1973	MBA – Kenyatta University Bed – Kenyatta University AAPAM – Kenyatta University	20 Years

MANAGEMENT TEAM

Passport photo	Name & Title	Date of Birth	Qualifications	Experience
	Prof. Mary Wambui Ndung'u Vice Chancellor / Chairperson	1962	PhD- Chemistry (JKUAT), Msc- Chemistry (Kenyatta University), B.Ed. (Kenyatta University), EMBA (JKUAT)	34 Years
	Prof. Charles Omwandho Deputy Vice Chancellor (ASA)	1961	PhD- Reproductive Immunology (new Castle University ,Australia 1998),Msc, Biochemistry , 1991(UON),BSC Biochemistry and Zoology 1986 (UON),	30 Years
	Mr. Wallace Waruiru Kamau Registrar ASA	1982	MA Project Planning & Management (University of Nairobi), Bsc.- Environmental Studies (Kenyatta University)	15 Years
	CPA Peter Mugo Kagika Finance Officer	1975	MBA - Strategic Management (DeKUT),BBA (Accounting & Finance) (KEMU), CPA(K)	20 Years

*Kirinyaga University
Annual Reports and Financial Statements
For the year ended June 30, 2021*

	<p>Ms. Esther Wanjiru Ndirangu Procurement Officer</p>	<p>1988</p>	<p>Msc. Procurement & Logistics (JKUAT) BSc Procurement and Logistics (JKUAT)</p>	<p>7 Years</p>
	<p>Ms. Jane Wangechi Ndegwa Legal Officer</p>	<p>1987</p>	<p>Bachelor of Laws (LLB)- CUEA Diploma in Law- KSL</p>	<p>7 Years</p>

REPORT OF THE CHAIRMAN

I am pleased to present the Annual report and Financial Statements of Kirinyaga University

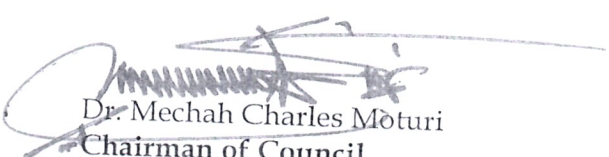
for the year ended 30 June, 2021.

The demand for relevant higher education in the country has continued to rise prompting the University to continually develop programmes that respond to the demands of the market. The main objective of the Council is to position the University's main programmes within the context of the market requirements, cost rationalization, equity and customer satisfaction.

During the financial period, key achievements were realized at Kirinyaga University including but not limited to hiring of competent faculty, increased students' enrolment, substantial physical infrastructure development and investments in ICT. The University plan builds on to the previous plan and lays the direction for the University for strategic positioning in the changing landscape of University education. To achieve this objective, the University has undertaken projects which include Tuition complex phase one and a lecture theatre. This is in embracing the GoK policy on increasing access to higher education. As the University strives to increase capacity in teaching and learning facilities there has been commensurate increase in the operations costs.

During the year under review, the University geared her financial commitments towards provision of teaching facilities, development of new curricula and recruitment of academic staff. The numbers of academic and non-academic staff have progressively grown since the inception of the University. The Council is in the process of recruiting additional senior academic and management staff to enable the implementation of new programmes and to offer quality services to the stakeholders.

I sincerely thank the Chancellor for his wise counsel and guidance to the leadership of the University. Support from the Council, Management, staff, students and stake holders is appreciated.


Dr. Mechah Charles Moturi
Chairman of Council.

REPORT OF THE VICE CHANCELLOR

Presented herein is the Annual Report and Financial Statements of Kirinyaga University for the year ended 30 June, 2021 as per requirements of the Universities Act, No. 42 of 2012 and Public Audit Act, 2015, Laws of Kenya.

Kirinyaga University was granted charter by His Excellency Hon. Uhuru Kenyatta the President of the republic of Kenya on 7th October 2016 with thirteen academic degree programmes then, and has since increased the number of academic degree programmes to sixty seven (67). The University is positioning itself to be a leader in offering courses geared towards producing employers and not employees in areas outlined by the Vision 2030.

The mandate of the University is derived from the Universities Act No. 42 of 2012 which outlines the objectives toward promoting higher education in Kenya as follows:

- Advancement of knowledge through teaching, scholarly research and scientific investigation.
- Promotion of learning in the student body and society in general.
- Promotion of cultural and social life of the society.
- Support and contribution to the realization of national economic and social development.
- Promotion of highest standards in and quality of teaching and research.
- Education, training and retaining higher level professional, technical and management personnel.
- Dissemination of the outcomes of the research conducted by the university to the community.
- Promotion of gender balance and equality of opportunity among students and employees.
- Fostering of capacity of independent critical thinking among its students.
- Promotion of equalization for persons with disabilities, minorities and other marginalised groups.

The University operations are guided by the core values:

- Professionalism

- Integrity, transparency and accountability
- Innovation and creativity
- Excellence
- Equity

The University aims at diversification of revenue streams through the following:

- Continued government support in capitation and development grants,
- Increasing student enrolment in self-sponsored programmes,
- Increasing income generating activities and strengthening the existing ones,
- Establishing a resource mobilization centres. This will be achieved by hiring staff to drive commercial investment,
- Soliciting for grants, donations and sponsorship,
- Link with industries and agencies for research funding.

The current student population is 7,198 and is expected to increase to 10,340 students in the year 2021/2022. Staff population stood at total 251 for both academic and non-academic divisions and it is expected to increase to 473 due to planned recruitment of academic staff and technicians in the next financial year 2021/2022.

The University also carries out key stakeholders' analysis with a view to identifying changing needs and ensuring cooperation and support in the achievement of her mission.

The major stake holders include students, staff, alumni, the government, the community at large, industry, development partners, research and development institutions and institution of higher learning.

During the year under review, the University embarked on developing a number of academic programmes at PhD, Master, Bachelors, and Diploma and certificate levels in the five schools, along an intensive marketing programme aimed at increasing student enrolment. The strategic objectives of the University during the year under review were in the areas of institutional governance, human resource, development of academic programmes, research and innovations, infrastructure development, community outreach, corporate image and resource mobilisation as well as aligning our efforts towards support of the Big four agenda of Government. The University strengthened training in civil, mechanical, electrical engineering and building sciences, fashion and

textile technology, Clinical medicine and community health, forensic sciences, to support the big four agenda and all in line with the Second and Third Medium Term Plans.

During the year under review, the University Senate focused on creating knowledge and delivery of accessible equitable, relevant and quality training to sustain an internationally competitive knowledge based economy. The Senate advises and makes recommendations to Council on academic matters, including creation of schools and development, approval and implementation of academic programmes in line with the country's skills priority agenda and taking cognizance of emerging global trends in education, science, technology and innovation.

On behalf of the management and staff of Kirinyaga University, I take this opportunity to thank the Chancellor and the Council for the guidance accorded to the University Management Board and for the visionary direction in development of this young institution of higher learning.

The support by the Government of Kenya throughout the year under review is highly appreciated. I appeal for more support especially for the purposes of establishing suitable facilities required towards becoming world class University and do hereby report that all public funds have been applied lawfully in an effective way as stipulated by the PFM Act, 2012, Laws of Kenya.

I thank the management board, staff and students of Kirinyaga University for their continued cooperation in this challenging but noble task of building the University and look forward to the same enthusiastic participation in our upcoming development strategies.



Prof. Mary Ndung'u

Vice Chancellor

**REVIEW OF THE UNIVERSITY NON COMMERCIAL ENTERPRISE'S
PERFORMANCE FOR FY 2020/2021**

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

At Kirinyaga University, we intend to put all our efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030, keeping in mind the specific priorities of the University.

Kirinyaga University identified strategic pillars and objectives for the FY 2020/2021, which were within her Strategic Plan. These strategic pillars are as follows:

1. Expand training opportunities to provide skilled manpower for delivery of Vision 2030;
2. Conduct research and innovation in Engineering, Health, ICT and Enterprise;
3. Undertake community service to enhance University-community linkages and social integration and cohesion.

The University developed her annual work plans based on the above pillars. Assessment of the performance against annual work plan is done on a quarterly basis. The University achieved her performance targets set for the FY 2020/2021 period for its strategic pillars, as indicated below:

Development of New Academic Programmes

During the FY 2020/2021, the University committed to develop the following new academic programs for approval by the Commission for University Education:

1. Bachelor of Science in Epidemiology and Medical statistics
2. Bachelor of Science in Health Systems Management Doctor of Philosophy in Applied and Computational Mathematics Master of Science in Biostatistics
3. Bachelor of Technology in Chemical Engineering.
4. Bachelor of Technology in Architectural Studies
5. Bachelor of Economics and Global Studies
6. Bachelor in Interior Design

7. Post Graduate Diploma in

- i. Nursing Oncology and Palliative Care
- ii. Operating Theatre Nursing
- iii. Midwifery
- iv. Nursing Education

During the development of the said programmes, the following activities were undertaken

1. Identification of the need to have new programs
2. The Chairmen of departments requested for approval to develop curriculum, giving justification on the need of the programs.
3. The Vice Chancellor appointment a team of experts to design, and develop the programs.
4. Draft programs were tabled at Dean's Committee and Senate for approval.
5. The Programs were forwarded to the Commission for University Education for accreditation.

During the financial year under review, the University mounted new Academic Programmes as follows;

1. Bachelor of Education (Arts)
2. Bachelor of Education (Science)
3. Bachelor of Technical Education
4. Bachelor of Science in Financial Engineering
5. Bachelor of Science
6. Bachelor of Water Irrigation and Environmental Engineering
7. Bachelor of Technology in Mechanical Ventilation and air Conditioning
8. Bachelor of Technology in Renewable Energy
9. Bachelor of Technology in Telecommunications and Information Engineering
10. Bachelor of Technology in Instrumentation and Control Engineering

Safety and Security Measures

During the FY 2020/2021, The University committed to ensure safety of personnel, students, documents, information and assets. To achieve this objective, the University used the following strategies;

1. Putting Security personnel at the University entry point
2. Routine check at various entry point to the university premises/buildings
3. Visitors identification and document verification

In addition to this, the University was able to put in place mechanisms to mitigate against technological hazards, terrorism, fire and natural disasters by doing the following:

1. Servicing of firefighting equipment
2. Maintenance of CCTV surveillance system
3. Maintenance of UHF radio communication system
4. Training of staff on disaster management
5. Conducted one fire drill
6. Implementing the Information Security Management System (ISMS) policy
7. Installation of antivirus updates
8. Create ISMS risk management vide risk register and risk management plan
9. Finalize documentation of ISMS: policy procedures and implementation
10. Updating and securing information assets register

CORPORATE GOVERNANCE STATEMENT

The university council has been appointed by the cabinet secretary through open process as stipulated in the university Act 2012.

The Universities Act, 2012, KyU charter, and statutes guide the management of the University in achieving its mandate. Institutional governance tenets of authority, accountability, stewardship, leadership, direction and control are deployed in the operations of the University. Policy and reference documents used alongside the University Statutes include the strategic plan, the University Service Charter, various internal policies, relevant national policies, legislations and guidelines. The Council takes responsibility of ensuring that KyU has adequate systems and processes of accountability, risk management and internal controls. Operations of the University are guided by ethical practices that seek to promote good corporate citizenship, while focusing on sustainability.

The Council provides strategic direction to the University, exercises control and remains accountable to all stakeholders by:

- Administering the property and funds of the University in a manner and for the purposes which shall promote the interest of the University; and in accordance with the procedures laid down by the Government of Kenya;
- Receiving on behalf of the University, donations, endowments, gifts, grants or other moneys and make disbursements therefrom to the University or other bodies or persons;
- Approving the appointment criteria and the terms and conditions of service of staff;
- Providing for the welfare of the staff and students of the University;
- Entering into association with other Universities or other institutions of learning, whether within Kenya or otherwise, as the Council may deem necessary and appropriate;
- In consultation with the Senate, make regulations governing the conduct and discipline of the students of the University.

The University Council is guided by the principles of corporate governance as summarized below;

- Council members should be informed and act ethically and in good faith, with due diligence and care, in the best interest of the University and the stakeholders.
- Review and guide corporate strategy, objective setting, major plans of action, risk policy, capital plans, and annual budgets.
- Oversee major acquisitions in the University.
- Select, compensate, monitor and replace key management members and oversee succession planning.
- Ensure the integrity of the University accounting and financial reporting systems, including the independent audit.
- Ensure appropriate systems of internal controls are established.
- Oversee the process of disclosure and communications.
- Where committees of the Council are established, their mandate, composition and working procedures should be well-defined and disclosed.

The University Management Board is responsible for:

- Efficient management of the human, physical and financial resources of the University.
- Making proposals to the University Council and the Senate on policies that have application across the entire University.
- Coordination of the University strategic and development plan.
- Any other matters related to the management of the University.

Membership to the council is based on a formal and transparent process by the cabinet secretary. The University council is committed to the highest level of corporate governance. Table 1 below summarizes the council meetings and attendance therein:

Table 1: Meetings of Full Council 2020/2021FY

Name	Designation	Meeting Attendance
		in FY2020/21
1. Dr Mechah C. Moturi	Chairperson	3/3
2. Mr Alister Murimi	Member	3/3
3. Dr. Frank Ndakala	Rep. P.S MoE	2/3
4. Mr Milton Njuki	Rep. P.S MoE (appointed on 1/4/2021)	0/3
5. Dr. Naomi Kagone	Member	3/3
6. Ms Kibibi Ndope	Member	3/3
7. Mr Julius Onyango	Member	3/3
8. Mr Lawrence Muthamia	Rep. Treasury	3/3
9. Eng. Joel Kiilu Musembi	Member	3/3
10. Pro. Mary Ndung'u	VC/Council Secretary	3/3

During the year under review, Mr. Milton Kiura Njuki was appointed to represent PS Ministry of Education, State Department of University Education and Research with effect from 1st April 2021 to replace Dr. Frank Ndakala.

For effective performance of the oversight role, the Council formed different Committees of Council to deal with specific roles as stipulated in the terms of reference to advice full Council on decision making as below;

Finance, Human Resource and General Purpose Committee

This Committee shall exercise all the powers of Council in financial and human resource matters and shall report to Council. The Committee monitors the financial health of the University on behalf of Council. Table 2 below summarizes the committee meetings and attendance therein.

Table 2: Meetings of the Finance Human Resource and General Purpose Committee of Council in 2020/2021FY

Name	Designation	Meeting
Attendance		
		in FY2020/21
1. Mr Alister Murimi	Chairperson	2/2
2. Dr. Frank Ndakala	Rep. P.S MoE	1/2
3. Dr. Naomi Kagone	Member	2/2
4. Mr Lawrence Muthamia	Rep. N. Treasury	2/2
5. Prof. Mary Ndung'u	VC/Council Secretary	2/2

Academic & Quality Assurance Committee

The Academic Committee is responsible for academic portfolio planning and development and for making recommendations to Council on approval and re-approval of partners, with due consideration for enhancing quality and standards.

Table 3 below indicates the committee meetings and attendance therein.

Table 3: Meetings of the Academic and Quality Assurance Committee of Council in 2020/2021FY

Name	Designation	Meeting
Attendance		
		in FY2020/21
1. Dr. Naomi Kagone	Chairperson	2/2
2. Dr. Frank Ndakala	Rep. P.S MoE	1/2
3. Eng. Joel Kiilu Musembi	Member	2/2
4. Ms Kibibi Ndope	Member	2/2
5. Prof. Mary Ndung'u	VC/Council Secretary	2/2

Audit & Risk Management Committee

The primary purpose of the Audit and Risk Management Committee is to assist Council in discharging its oversight responsibilities as the governing body of Kirinyaga University.

Table 4 below summarizes the committee meetings and attendance therein.

Table 4 Meetings of Audit and Risk Management Committee of Council in 2020/2021 FY.

Name	Designation	Meeting
Attendance		
in FY2020/21		
1. Mr Julius Onyango	Chairperson	2/2
2. Ms Kibibi Ndope	Member	2/2
3. Eng Joel Kiilu Musembi	Member	2/2
4. Mr Lawrence Muthamia	Rep. N. Treasury	2/2
5. Mr. John Kuria	Internal Auditor/ Committee Secretary	2/2

Sealing Committee

The primary purpose of sealing Committee is to seal the list of students graduating before they graduate and to receive reports on use of the University seal, if any. Table 5 below summarizes the committee meetings and attendance.

Table 5: Meetings of the Sealing Committee of Council in 2020/2021FY

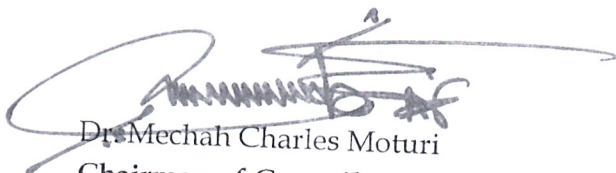
Name	Designation	Meeting
Attendance		
in FY2020/21		
1. Dr. Mechah Charles Moturi	Chairperson	1/1
2. Mr Julius Onyango	Member	1/1
3. Prof. Mary Ndung'u	VC/Council Secretary	1/1
4. Prof. Charles Omwandho	DVC ASA/In attendance	1/1
5. Mr. Wallace Kamau	Registrar ASA/ In attendance	1/1

The University Senate has the mandate to:

- Establish, abolish or harmonize faculties, schools, units, departments and their titles and to recommend to Council.
- Approve all syllabus of the University
- Make recommendations to the Council for the establishment or abolition of degrees and other academic programmes.
- Approve examination results

The Council appreciates the significant growth of the University infrastructure that has promoted a good teaching and learning environment for both students and staff. The financial support by Government so far is much appreciated. However, I would like to appeal for more funding in the capital development to ensure adequate infrastructure which will support the growing student population.

I wish to thank the University Council members, management, staff, parents, guardians and students for their continued support towards building a better Kirinyaga University.



Dr. Mechah Charles Moturi
Chairman of Council.

MANAGEMENT DISCUSSIONS AND ANALYSIS

The University started the year with cash and bank balance of Kshs. 94,714,985.00 (Ninety four million, seven hundred fourteen thousand, nine hundred eighty five only). During the year under review, the University generated Kshs. 296,100,547.00 (Two hundred ninety six million, one hundred thousand, five hundred forty seven only) in A-in-A vide student tuition and other fees, and received Kshs. 346,058,232.00 (Three hundred forty six million, fifty eight thousand, two hundred thirty two only) from Government of Kenya for recurrent expenditure.

Total expenditure for the year was Kshs. 588,506,192.00 (Five hundred eighty eight million, five hundred and six thousand, one hundred ninety two only) resulting to a surplus of Kshs. 86,360,059.00 (Eighty six million, three sixty thousand, fifty nine shillings only).

When comparing the budget and actuals in these financial statements, any variance which is + or - 10% was deemed to be material and hence explained as follows:

1. **Other Income negative variance of 25%** - During the year under review, the students were not in the University for three quarters due to CoVID-19 pandemic. As a result of reduced operations in the student's mess, the University did not achieve expected income from meal sales hence the negative variance.
2. **Rendering of services positive variance of 19%** - During the year under review, the University received more students than anticipated at the beginning of the year. This resulted to increased collection of other fees hence the positive variance
3. **Remuneration of Council positive variance of 12%** - The Current University Council was appointed on 4th November, 2021 by Cabinet Secretary Ministry of Education for a period of three years. This means that the members were in office for seven months only during FY 2021/2021. Further to this, Council meetings were held virtually as a result of CoVID-19 pandemic. Consequently the University had savings in cost of mileage allowances.
4. **Administrative cost positive variance of 70%** - During the year under review, the University had reduced travelling and accommodation costs during official duties, as a result of CoVID-19 pandemic.

5. **General expenses positive variance of 42%** - During the year under review, the University realised savings in conference and seminars related costs, vehicle fuel costs and students catering costs as a result of CoVID-19 pandemic.

Key Projects and Investment Decisions Kirinyaga University is planning / implementing

During the FY 2020/2021, the University had two major projects as follows:

New Tuition Complex - This project entails construction of 5 floors modern tuition block with 2 lecture theatres and other lecture halls, 1 business centre - 3 floors, undergraduate school - 4 floors, post graduate schools - 4 floors, ICT centre - 3 floors, car park, landscaping and civil works at a total cost of 1.2 billion. Phase 1 of the project consisted of 5 floors modern tuition block with ultramodern audio visual facilities, solar power panel, lifts and other amenities. The revised contract price for phase 1 is Kes 366,772,237.27 (Three hundred sixty six thousand, seven hundred seventy two thousand, two hundred thirty seven shillings twenty seven cents only). This contract was awarded to Corban Construction Ltd. The total amount paid to date for this project is Kshs 320,806,324.00 (Three hundred twenty million eight hundred and six thousand three hundred twenty four only). The building is practically complete but the contractor is addressing the defects.

Proposed Multi-Purpose Lecture Theatre - This project entails construction of 600 seater lecture theatre with requisite spaces and utilities, the auditorium which has a lower level and mezzanine space for audience. The tender of Kshs 208,149,185.00 (Two hundred and eight million, one hundred forty nine thousand, one hundred eighty five only) was awarded to High Point Agencies. The total amount paid to date for this project is Kshs 77,178,064.00 (Seventy seven million one hundred seventy eight thousand sixty four only). The project is at 65% level of completion.

Kirinyaga University's Compliance with Statutory Requirements

The University governs her affairs within the legal framework provided by the Universities Act 2012 Cap 210 (b), Public Finance Management Act, 2012, Laws of Kenya, the Charter, and Statutes, and all other legal provisions and government circulars as issued from time to time. The University Statutes contain the fundamental governance

provisions of the University and are developed and approved by the University Council. The University conducts quarterly legal audits to ensure compliance with all statutory obligations: remitting of; taxes, HELB deductions, NSSF, NHIF, NITA levies, Union dues, Sacco deductions etc. During the quarter under review, the University complied with statutory requirements and Public Finance Management (PFM) Act, 2012, Laws of Kenya.

Major Risks Facing the Entity

Kirinyaga University is exposed to two major risks as follows;

Credit risk - This refers to the risk that the students will default on payment of fees. To manage this risk, the University ensures that only students who have paid at least 60% of semester fees get to register for course units and can attend lectures up to and including the 14th week of study for the given semester by when they must attain zero balance of fees. Students with fees balances are not issued with examination cards hence they cannot sit for examinations. Such students are advised to take academic leave pending payment of requisite fees.

Liquidity risk - This is the risk to the University's financial condition or safety and soundness arising from her inability to meet her contractual obligations. To manage this risk, Kirinyaga University ensures availability of funds before committing an expenditure or collateral to fulfil those needs at the appropriate time. That the University is mainly dependent on exchequer funds, compounds the risk, especially when the budget cuts/ realignment happen in the course of the plan period and without reference to the University.

Material Arrears in statutory/Financial Obligations

During the year under review, the University reported pending bills amounting to Kshs. 45,773,539.00 (Forty five million, seven hundred seventy three thousand, five hundred thirty nine thousand only). Further to this, the University also reported Kshs. 46,123,863.00 (Forty six million, one hundred twenty three thousand, eight hundred sixty three only) being project retention funds. The University anticipates honouring her financial obligations in good time to avoid any litigation in future. However, this commitment is dependent upon timely release of funds by government when the same falls due.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

At Kirinyaga University we consider the broader interests of society by taking responsibility for the impact of our activities. We believe our responsibility extends beyond the statutory obligation to comply with legislation, to include voluntarily taking action to improve the quality of life among our employees and their families, local communities and society at large as well as to protect the environment.

We are dedicated to creating a workplace that is safe, fair and enriching. Safety procedures and programs are constantly monitored and improved to help ensure that our employees work safely. The University fosters a workplace culture in which the rights, needs and unique contributions of each employee are respected, while supporting their professional development opportunities.

KyU believes that strong neighbourhoods, towns, and cities are vital to the well-being of the society and to the economy, and we acknowledge that we have both a special responsibility and role to play in helping the communities thrive. Through our various student and staff clubs and societies, we participate in environmental and health initiatives to help conserve the environment and save lives, and create stability in local communities. The University has partnered with the Kenya Forestry Service and Equity bank to plant over 8000 trees in an initiative to contribute to the national goal of achieving 10% tree cover by 2022. The University has put in place mechanisms to protect the riparian land along its borders by planting trees and 4000 trees were planted in the year under review. The University blood donor club through their quarterly blood donation weeks/campaigns continues to contribute upwards of 200 pints of blood very three months, towards building a sustainable blood bank in Kenya for the benefit of the community members needing blood transfusions. However, in the year under review, this did not happen due to Covid 19 pandemic.

The University contributes support to local community endeavours which help provide for a better quality of life, including contributing substantially to local employment, training and skills development, especially for the management staff of Kirinyaga and Nyeri county governments. In addition, our employees and students participate in

community outreach programmes to educate on Alcohol Drugs and Substance Abuse and HIV and AIDS prevention and other volunteer services.

We are committed to enhancing the quality of life for our employees, students and the communities in which they live and work by encouraging, educating, engaging and ultimately spreading good by involving more of us in volunteerism and community service.

REPORT OF THE UNIVERSITY COUNCIL

Principal activities

The principal activities of Kirinyaga University are set out on page iii.

Results

The financial results of Kirinyaga University for the year ended 30 June, 2021, are set out on page xxii

University Council

Members of Council shown on page (vi) and (vii) were appointed under gazette notice No. 8998 with effect from 4th November, 2020, except for Eng. Joel Musembi Kiilu who was appointed on 26/4/2019, and Mr. Milton Kiura Njuki whose appointment was from 1st April, 2021, all for a period of three years.

Auditors


The Auditor General is responsible for the statutory audit of the University in accordance with Section 81 of the Public Finance Management (PFM) Act, 2012, Laws of Kenya.

Follow up of Auditors Recommendations

During the previous year audit by the Office of Auditor General, nothing was raised which may require follow up.

Kirinyaga University's Financial Probity and Serious Governance Issues

During the year under review, apart from the issue of reported capitation gap, nothing has come to the attention of the University Council to indicate that Kirinyaga University will not remain a going concern for at least the next twelve months from the date of this statement. Further to this, there was no conflict of interest and nothing was reported by internal auditors, external auditors or government agencies providing oversight, which is likely to affect the correctness of these financial statements.


Prof. Mary Ndung'u
Vice Chancellor.

Date... 07/3/2022

STATEMENT OF THE RESPOSIBILITIES OF THE UNIVERSITY COUNCIL

Section 81 of the Public Finance Management Act, 2012, Laws of Kenya and Kirinyaga University Charter of 7th October, 2016, require the University Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results for that year/period.

The responsibilities of University Council include:

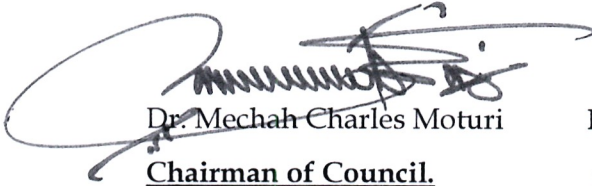
- Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University;
- Designing, implementing and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

The Council accepts responsibility for Kirinyaga University financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 Section 81 and the State Corporations Act, revised 2012 Section 14. The Council is of the opinion that the Kirinyaga University financial statements give a true and fair view of the state of the University transactions during the financial year ended June 30, 2021, and of the University financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Kirinyaga University financial statements were approved by the University Council and signed on 07/03/2022 on its behalf by:

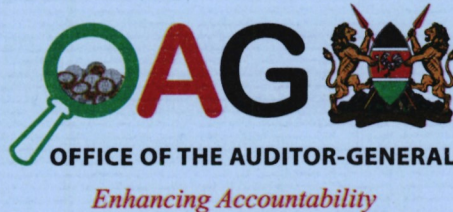

Dr. Mechah Charles Moturi
Chairman of Council.


Dr Naomi Kagone
Council Member


Prof. Mary dung'u
Vice Chancellor

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KIRINYAGA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kirinyaga University set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets,

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

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

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kirinyaga University in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAIs 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 opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Unapproved Excess Expenditure

The statement of comparison of budget and actual amounts for the year under review reflects an approved revenue budget of Kshs.602,409,000 and actual revenue of Kshs.642,158,779, resulting to a revenue surplus of Kshs.39,749,779. Similarly, the statement reflects an expenditure budget of Kshs.602,410,000 and an actual expenditure of Kshs.609,433,193 resulting to an unapproved over-expenditure of Kshs.7,023,193.

Additionally, the statement of comparison of budget and actual amounts reflects a total capital budget amount of Kshs.91,326,111 and the actual total capital expenditure of Kshs.203,784,279 resulting to an unapproved capital expenditure of Kshs.112,458,168. The University overspent its budget without approval contrary to Section 44(2) of the Public Finance Management (National Government) Regulations, 2015 which states that National Government entities shall execute the approved budget based on the annual appropriation legislation, and approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through Contingencies Fund, or supplementary estimates.

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

2.0 Delayed Projects Implementation

Note 22 to the financial statements reflects an amount of Kshs.1,797,406,334 in respect to property, plant and equipment, which includes an amount of Kshs.197,701,598 in respect to additions for the year under review, which further includes Kshs.134,609,755 in respect to work-in-progress. However, audit verification of the projects and perusal of project files and documents revealed the following;

2.1 Lecture Theatre

As reported in the previous year, the tender for the construction of lecture theatre was awarded to a contractor at a sum of Kshs.149,226,532 for a contract period of 52 weeks commencing on 29 May, 2017, with an expected completion date of 28 May, 2018. However, the contract price was later revised by Kshs.29,745,345 to Kshs.178,971,877 (19.9%) and the expected completion period has since been revised six (6) times to 238 weeks, an increase of 186 weeks as shown below;

Contract Period	No. of Weeks	Expected Completion Period
Original contract period	52	28 May, 2018
First Revision	8	28 July, 2018
Second Revision	18	28 November, 2018
Third Revision	20	16 April, 2019
Fourth Revision	52	17 April, 2020
Fifth Revision	52	23 April, 2021
Sixth Revision	36	27 September, 2021
Total Contract Period after Revisions	238	

Note 24 to the financial statements reflects Kshs.77,178,064 in respect of the Lecture Theatre Work-In-Progress as at 30 June, 2021 which is 43% of the revised contract price. The Project had not been concluded and was still ongoing as at the audit verification carried out in the month of January, 2022.

2.2 Tuition Complex

As reported in the previous year, the tender for the construction of Tuition Complex was awarded to a contractor at a sum of Kshs.309,997,181 for a contract period of 78 weeks commencing 14 March, 2017 with an expected completion date of 28 September, 2019.

The contract time was revised five (5) times to 147 weeks, an increase of 67 weeks as shown below;

Contract Period	No. of Weeks	Expected Completion
Original Contract Period	78	28 September, 2019
First Revision	14	31 December, 2019
Second Revision	18	30 April, 2020
Third Revision	17	28 August, 2020
Fourth Revision	18	31 December, 2020
Fifth Revision	02	15 January, 2021
Total Contract Period after Revisions	147	

The total payments as per Note 24 (Work-In-Progress) to the statement of financial position reflects Kshs.320,806,324 as having been paid as at 30 June, 2021, which is Kshs.10,809,143 or 3% above the contract price. The Project was handed over on 24 June, 2021, having been completed at 100% as per the hand over report dated 24 June, 2021 and signed by the University's Clerk of Works/ Estates Manager and Vice Chancellor. As per the hand over report the defects liability period began on 24 June, 2021. However, an audit verification and review of the project's file/ progress reports and council minutes in the month of January, 2022 revealed a number of outstanding defects (Snag list) which had not been addressed in spite of the defects liability period lapsing on 23 December, 2021.

In the circumstances, the University risked incurring additional costs on the two projects due to inflation, delays and revisions of contract periods. Further, the University may not get value for money on the projects as the facilities were not available for use in time as planned.

3.0 Lack of Insurance Cover for Books

Note 31 to the financial statements reflects Kshs.25,990,386 in respect of library books. However, the University did not have an insurance cover for its stock of library books, contrary to Paragraph 5.8 of the University's Financial Manual under Insurance for Fixed Assets which states that the University shall take steps to ensure that as far as is practicable, insurable risks on Kirinyaga University's fixed assets are covered by adequate insurance policies. Thus, the University was not in compliance of its own financial guidelines.

As a result, Kirinyaga University is exposed to loss without compensation in case of loss of books through fire, theft or any other natural calamity.

4.0 Unapproved Bank Accounts

As reported in the previous years, Note 25 to the financial statements reflects Kshs.31,975,179 in respect to cash and bank balances as at 30 June, 2021 which includes an amount of Kshs.31,934,789 in respect to bank balances in seven (7) commercial bank accounts. However, no authority from The National Treasury to operate the seven (7) commercial banks accounts was provided, contrary to Section 28(1) of the Public Finance Management Act, 2012 which states that, The National Treasury shall

authorize the opening, operating and closing of the bank accounts and sub-accounts for all National Government entities.

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

5.0 Employee Costs

5.1 Non-Compliance with One-Third Basic Salary Rule

Note 13 to the financial statements reflects Kshs.444,106,453 in respect to employee costs which includes Kshs.216,419,878 in respect to basic salaries. However, payroll records for 6 months (January to June, 2021) revealed that twenty (20) employees in the month of January, 2021 and thirty-four (34) in the months of February to June, 2021 earned less than a third of the basic salaries contrary to Section 19(3) of the Employment Act, 2007 which provides that, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

5.2 Ethnic Diversity Compliance

As reported in the previous year, an analysis of the ethnic composition of employees of Kirinyaga University in the year under review indicated that out of the total 251 employees, 184 employees (73.3%) workforce was from the dominant ethnic community in the County, contrary to Section 7(2) of National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one-third of its staff from the same ethnic community.

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

5.3 Fiscal Responsibility Principles on Compensation of Employees

As disclosed in Note 13 to the financial statements, the statement of financial performance reflects employee costs of Kshs.444,106,453. The employee costs accounts for seventy-three percent (73%) and sixty-nine percent (69%) of the total expenses and total revenue of Kshs.609,433,193 and Kshs.642,158,779 respectively contrary to Section 26(a) of Public Finance Management (National Government) Regulations, 2015 on fiscal responsibility principles, which provides that, expenditure on the compensation to employees shall not exceed thirty-five (35%) percent of the total revenue.

Further, the University may not be in a position to meet other essential services since employee cost exceeds the required thresholds as a greater percentage of its income is spent on staff costs.

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

6.0 Enterprise Resource Planning (ERP) System

The University has an Enterprise Resource Planning System acquired at a cost of over Kshs.20,000,000 in the year 2013 that has nine (9) modules. However, not all the modules were being utilized as shown below:

Report of the Auditor-General on Kirinyaga University for the year ended 30 June, 2021

- i. The ERP has a Final Report Module but financial reports, including ledgers and cash books were not system generated instead were manually prepared leaving them prone to errors, inaccuracies and possible manipulations.
- ii. Included in the cost of acquiring the ERP is the Students Management Systems Module of Kshs.4,272,644 which was meant to maintain student records from admission to graduation, including student welfare and alumni. However, the module is not in use. Further, the module has additional functions of printing degree certificates, which is a critical function of the university, and this continues to be done using manual processes.
- iii. The Human Resource System module included in the ERP cost valued at Kshs.2,122,555.84 was meant to handle recruitment processes, training planning, disciplinary and staff performance records. However, this was also not in use with these functions being performed through manual procedures.

In the circumstances, value for money may not have been realized in the procurement of the ERP as there are inactive modules that were procured, installed and paid for but have to date remained unused as the ERP continues being underutilized.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the University Council

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

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 July, 2022

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2021

		FY 2020/2021	FY 2019/2020
	Notes	Kshs	Restated Kshs
Revenue from non-exchange transactions			
Transfers from the Government- Recurrent	5	346,058,232	326,820,003
Transfers from the Government- CBA		-	41,501,034
Sub Totals		346,058,232	368,321,037
Revenue from exchange transactions			
Rendering of services	9	274,907,288	203,138,902
Rental revenue from facilities and equipment	10	1,139,330	1,261,380
Other income	11	9,405,918	18,589,171
Farm Surplus	40	10,648,011	13,117,223
Sub Totals		296,100,547	236,106,676
Total revenue		642,158,779	604,427,713
Expenses			
Bulk purchases of water and electricity	12	5,226,718	5,875,041
Employee costs	13	444,106,453	465,241,855
Remuneration of council	14	3,165,537	4,631,687
Repairs and maintenance	15	7,853,336	7,570,474
Contracted services	16	10,598,932	10,640,694
Student Welfare	17	3,655,858	5,555,757
Academic cost	18	25,610,118	20,884,987
Administrative costs	19	5,228,319	6,429,099
Finance costs	20	260,432	173,664
General expenses	21	19,608,808	27,866,289
Depreciation and amortization expense	32	53,274,676	42,427,517
Provision for Audit fee	34	696,000	696,000
Provision for Service Gratuity	35	29,368,811	20,457,688
Increase in Provision for Doubtful Debt	26(b)	779,196	1,190,834
Total expenses		609,433,193	619,641,585
Other gains/(losses)			-
Surplus for the period		32,725,586	(15,213,872)
Taxation			-
Surplus for the period		32,725,586	(15,213,872)

The notes set out on pages 6 to 22 form an integral part of the Financial Statements

Dr. Mechah Charles Moturi

Chairman of Council

Date 07/03/2022

Prof. Mary Ndung'u

Vice Chancellor

Date 07/03/2022

CPA Peter Kagika
(ICPAK Member No.
9632)

Finance Officer

Date 07/03/2022

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021


		FY 2020/2021	FY 2019/2020 Restated
ASSETS			
Current assets	NOTES	Kshs	Kshs
Cash and cash equivalents	25	31,975,179	94,714,985
Receivables from exchange transactions	26(a)	37,430,568	22,625,837
Receivables from non exchange transactions	27	-	41,501,034
Investments	28	112,196,823	96,213,298
Inventories	29	5,119,171	6,707,470
		<u>186,721,742</u>	<u>261,762,623</u>
Non-current assets			
Property, Plant and Equipment(PPE)	22	1,797,406,334	1,636,534,759
Biological assets	30	59,920,500	59,920,500
Intangible Assets	23	11,028,164	18,839,670
Library Books	31	25,990,386	28,165,654
		<u>1,894,345,384</u>	<u>1,743,460,583</u>
Total assets		<u><u>2,081,067,129</u></u>	<u><u>2,005,223,211</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	33	96,498,330	107,119,592
Provision for audit fee	34	1,392,000	1,392,000
		<u>97,890,330</u>	<u>108,511,592</u>
Long term liabilities			
Provision for service gratuity	35	35,558,441	24,327,943
		<u>35,558,441</u>	<u>24,327,943</u>
FUNDS AND RESERVES			
Revaluation Reserves - PPE	36	1,073,211,668	1,076,365,626
Revaluation Reserves - Biological Assets	37	42,415,000	42,415,000
Accumulated surplus - Restated	38	29,706,640	(3,018,946)
Capital fund -Restated	39	802,285,050	756,621,995
		<u>1,947,618,358</u>	<u>1,872,383,676</u>
Total Funds, Reserves & Liabilities		<u><u>2,081,067,129</u></u>	<u><u>2,005,223,211</u></u>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Council members by:


Dr. Mechah Charles Mofuri


Chairman of Council

Date ... 02/03/2021


Prof. Mary Ndung'u

Vice Chancellor

Date ... 02/03/2021


CPA Peter Kagika
Member No. 9632)

Finance Officer

Date ... 02/03/2021

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021

	CAPITAL FUND	REVALUATION RESERVE (PPE & INTANGIBLE ASSET)	REVALUATION RESERVE (BIOLOGICAL ASSETS)	ACCUMULATED FUNDS	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2019	552,960,425	1,049,451,812	45,357,000	12,194,926	1,659,964,163
Additions in the year (Note 7)	150,361,570	-	-	-	150,361,570
Additions in the year (Note 8)	53,300,000	-	-	-	53,300,000
Revaluation Adjustment - Biological Asset (Restated)	-	-	(2,942,000)	-	(2,942,000)
Revaluation Adjustment - Intangible Assets (Restated)	-	26,913,814	-	-	-
Surplus/(Loss) for the Year	-	-	-	-	-
Balance as at 30 June 2020	<u>756,621,995</u>	<u>1,076,365,626</u>	<u>42,415,000</u>	<u>(15,213,872)</u>	<u>(15,213,872)</u>
				<u>(3,018,946)</u>	<u>1,845,469,861</u>
Balance as at 1 July 2020	756,621,995	1,076,365,626	42,415,000	(3,018,946)	1,845,469,861
Additions in the year (Note 7)	45,663,055	-	-	-	45,663,055
Working in Progress Adjustment	-	(3,153,958)	-	-	(3,153,958)
Surplus for the Year	-	-	-	-	-
Balance as at 30 June 2021	<u>802,285,050</u>	<u>1,073,211,668</u>	<u>42,415,000</u>	<u>32,725,586</u>	<u>32,725,586</u>
				<u>29,706,640</u>	<u>1,920,704,544</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 2021		FY 2020/2021		FY 2019/2020	
		30-Jun-21		30-Jun-20	
	NOTES	Kshs	Kshs		
Surplus/Deficit for the period		32,725,586	(15,213,872)		
Adjustments for:					
Provision for audit fees	34	696,000	696,000		
Provision for Depreciation	32	53,274,676	42,427,517		
Provision for Doughtful Debt	26(b)	779,196	1,190,834		
Provision for service gratuity	35	29,368,811	20,457,688		
		<u>116,844,270</u>	<u>49,558,166</u>		
Cash flows from operating activities					
Change in:					
Increase Receivables - Exchange transactio	26(a)	(14,804,731)	(14,649,725)		
Increase Receivables -Non Exchange trans:	27	41,501,034	(5,915,304)		
Increase in Inventory	29	(1,588,299)	(1,322,593)		
Increase in Payables	33	(10,621,262)	55,206,782		
Net cash flows used in operating activities		<u>14,486,742</u>	<u>33,319,160</u>		
Cash flows from Investing activities					
Purchase of Computers	22	(7,927,293)	(500,184)		
Purchase of software	22	(375,197)	-		
Purchase of Furniture & Fittings	22	(15,136,136)	(1,035,312)		
Purchase of Plant & Machinery	22	(39,230,665)	(1,669,589)		
Construction of Path way - Gate	22	(797,750)	-		
Work in progress	22	(142,144,993)	(129,778,174)		
Increase in Fixed Deposit account	28	(15,983,525)	(66,212,284)		
Gratuity paid	35	(18,138,314)	(13,977,197)		
Net cash flows used in investing activities		<u>(239,733,872)</u>	<u>(213,172,739)</u>		
Cash flows from financing activities					
Capital fund	7	45,663,055	203,661,570		
Net cash flows used in investing activities		<u>45,663,055</u>	<u>203,661,570</u>		
Net increase/(decrease) in cash and cash equivalents		<u>(62,739,805)</u>	<u>73,366,157</u>		
Cash and cash equivalents at the beginning of the year		<u>94,714,984</u>	<u>21,348,827</u>		
Cash and cash equivalents at the end of the year		<u><u>31,975,179</u></u>	<u><u>94,714,984</u></u>		

Dr. Mechah Charles Moturi
Chairman of Council

Date 07/03/2022

Prof. Mary Ndung'u
Vice Chancellor

Date 07/03/2022

CPA Peter Kagika (ICPAK
Member No. 9632)

Finance Officer
Date 07/03/2022

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. Recurrent Expenditure

	Original Budget	Adjustment	Final Budget	Actual	Performance Difference	% Variance
	FY 2020/2021		FY 2020/2021	FY 2020/2021		
REVENUE	Kshs	Kshs	Kshs	Kshs		
Transfers from government	640,173,000	(294,114,768)	346,058,232	346,058,232	-	-
Other Income	18,589,171	(5,975,171)	12,614,000	9,405,918	(3,208,082)	(25.43)
Rendering of services	204,434,829	27,366,559	231,801,388	274,907,288	43,105,900	18.60
Rental income	1,300,000	(38,620)	1,261,380	1,139,330	(122,050)	(9.68)
Farm Surplus	10,674,000	-	10,674,000	10,648,011	(25,989)	(0.24)
Total Income	875,171,000	(272,762,000)	602,409,000	642,158,779		
EXPENSES						
Bulk purchases of water and electricity	7,589,000	(1,904,000)	5,685,000	5,226,718	458,283	8.06
Employee costs	665,173,000	(201,322,900)	463,850,100	444,106,453	19,743,647	4.26
Remuneration of council	8,270,000	-	3,580,000	3,165,537	414,463	11.58
Repairs and maintenance	8,851,000	204,000	9,055,000	7,853,336	1,201,664	13.27
Contracted services	17,278,000	(6,208,000)	11,070,000	10,598,932	471,068	4.26
Student Welfare	10,584,000	(6,802,900)	3,781,100	3,655,858	125,242	3.31
Academic cost	42,150,000	(17,025,900)	25,124,100	25,610,118	(486,018)	(1.93)
Administrative costs	20,458,000	(2,979,300)	17,478,700	5,228,319	12,250,381	70.09
Finance costs	300,000	(30,000)	270,000	260,432	9,568	3.54
General expenses	35,000,000	(1,245,000)	33,755,000	19,608,808	14,146,192	41.91
Depreciation and Amortization ex	-	-	-	53,274,676	-	-
Provision for Audit fee	800,000	(110,000)	690,000	696,000	(6,000)	(0.87)
Provision for service gratuity	28,071,000	-	28,071,000	29,368,811	(1,297,811)	(4.62)
Increase of Provision for Doubtful Debt	-	-	-	779,196	-	-
Total expenditure	844,524,000	(237,424,000)	602,410,000	609,433,193		

2. Development/Capital Expenditure

	Original Budget	Adjustment	Final Budget	Actual	Performance Difference	% Variance
Tuition Complex	220,000,000	(102,306,577)	117,693,423	104,704,094	12,989,329	11.04
Lecture Theatre	88,727,000	(70,461,778)	18,265,222	13,502,120	4,763,102	26.08
Borehole	15,000,000	(8,500,000)	6,500,000	6,401,273	98,727	1.52
Perimeter Fence	-	6,000,000	6,000,000	6,428,910	(428,910)	(7.15)
Sport Field	-	3,500,000	3,500,000	3,573,358	(73,358)	(2.10)
Plant and Equipment	64,000,000	(10,700,000)	53,300,000	35,523,765	17,776,235	33.35
Library Books	6,500,000	-	6,500,000	6,082,681	417,319	6.42
Furnitures	12,750,000	-	12,750,000	15,023,736	(2,273,736)	(17.83)
Computer and Accessories	7,250,000	-	7,250,000	7,927,292	(677,292)	(9.34)
Total expenditure	414,227,000	(182,468,355)	231,758,645	199,167,229		

Note to the budget

When comparing the budget and actuals in these financial statements, any variance which is + or - 10% is deemed to be material and was explained as follows:

1. **Other Income variance of 25.43 %** - The students were not in the University for 3 quarters of the year hence reduced income in sale of food to students in the student's mess.
2. **Rendering services variance of 18.60%** - The University admitted more students than anticipated at the beginning of the year resulting to increased fees collection.
3. **Remuneration of the council variance of 11.58%** - The Council members were appointed on 4 Nov 2020 for a period of 3 years. The council was in office for seven months only. Further to this, council meetings were held virtually as a result of Covid 19 pandemic, hence the savings
4. **Administration costs variance of 70%** - The University had reduced travelling and accommodation costs as a result of Covid 19 pandemic.
5. **General Expenses variance of 41.91%** - The University realized savings in conference and seminars related costs, vehicle fuel and student related costs due to Covid 19 pandemic.
6. **Tuition complex variance of 11.04%** - The project cost was Kshs 366,772,237.27, to be funded by GoK for more than one financial year. Funds allocated for the financial years 2019/2020 and 2020/2021 were Kshs 117,693,423 and 73,060,889 respectively. Payments were done upon receiving interim payment certificates from the project manager.
7. **Lecture theatre variance of 26.08%**- The project cost was Kshs 208,149,185, to be funded by GoK for more than one financial year. Funds allocated for the financial years 2019/2020 and 2020/2021 were Kshs 32,668,147 and 18,265,222 respectively. Payments were done upon receiving interim payment certificates from the project manager.

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8. **Plant and Equipment variance of 33.35%** - This expenditure was as result of acquisition of school of Engineering equipment where some of which are bought from abroad hence taking sometime in airlifting.
9. **Furniture and fittings variance of 17.83%** - This was occasioned by need to increased number of student and completion of tuition complex buildings
10. **Capital Expenditure Variance** - The University borehole, Perimeter fence, Sports field, Plant and Equipment, Library books, Furniture, paved walkway and computer accessories were approved in previous budget but due to Covid 19 Pandemic, their implementation was deferred to the year under review.

NOTES TO THE FINANCIAL STATEMENT

1. General Information

Kirinyaga University is a fully chartered public University, granted Charter by His Excellency Hon. Uhuru Kenyatta the President of the Republic of Kenya on 7th October 2016. It is owned by the government of Kenya and is domiciled in Kenya. The mandate of the University is derived from the Universities Act No. 42 of 2012, Laws of Kenya. The main objective of the University is to provide, directly or indirectly through collaboration with other institutions of higher learning, University education including scientific and professional education, and technology transfer for effective application of knowledge and skills in life, work and welfare of the citizens of Kenya.

2. Statement of compliance and basis of preparation

Kirinyaga University's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared on the basis of historical cost. The cash flow statement is prepared using the indirect method. The financial statements are prepared in accordance with PFM Act, 2012, Laws of Kenya, and the State Corporation and International Public Sector Accounting standard (IPSAS) accrual basis.

3. Adoption of new and revised standards.

Kirinyaga University is a non-profit making organization and hence was not affected by IPSAS 40 on Public Sector Combinations during the year under review.

Kirinyaga University will adopt IPSAS 41 on financial instruments effective from 1st January 2022 to provide users with information on interest receivable as a result of fixed and on call deposits.

The University will adopt IPSAS 42 on social benefits effective from 1st January 2022 to enhance revenue mobilization strategies from all stake holders. This will improve the University's corporate social responsibility and also improve financial performance.

4. Summary of significant accounting policies

(a) Revenue recognition

Revenue from exchange transactions

The University recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

(ii) Rental income

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

(iii) Interest income

This relates to held-to-maturity investments with the commercial bank. The entity determines the classification of its financial assets at initial recognition.

(iv) Farm

University operates a farm for coffee, tea and horticulture. The proceeds of the farm are recognised in the financial statement net of related cost.

(v) Revenue from non-exchange transactions

The University recognizes revenue from transfers from government once they are included in the printed estimates and the outcome of the transaction can be estimated reliably. The University has received recurrent grant amounting to Kshs. 346,058,232.00 as follows:

a)	Recurrent expenditure		
i.	7 th August 2020	-	Kshs. 28,838,186
ii.	31 st August 2020	-	Kshs. 28,838,186
iii.	1 st October 2020	-	Kshs. 28,838,186
iv.	30 th October 2020	-	Kshs. 28,838,186
v.	7 th December 2020	-	Kshs. 28,838,186
vi.	4 th January 2021	-	Kshs. 28,838,186
vii.	4 th February 2021	-	Kshs. 28,838,186

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viii.	10 th March 2021	-	Kshs. 28,838,186
ix.	9 th April 2021	-	Kshs. 28,838,186
x.	10 th May 2021	-	Kshs. 28,838,186
xi.	16 th June 2021	-	Kshs. 28,838,186
xii.	25 th June 2021	-	<u>Kshs. 28,838,186</u>
Total:			<u>Kshs. 346,058,232</u>

During the FY 2020/2021, the University received capital grant amounting to Kshs. 45,663,055.00. During the year under review, the University had assets funded from the capital grants and generated future economic benefits to the University. In accordance to IPSAS 23, transfers are defined as in flows of future benefits or service potential from non-exchange transactions other than taxes. It is on this basis that Kirinyaga University has recognized Kshs. 32,707,471.00 being capital grant amortized as revenue since the University enjoyed economic gain from assets. This amount has been transferred to the statement of financial performance as revenue from non-exchange transactions.

b) Development

i) 14th September 2021 - Kshs. 45,663,055

b) Budget information

The annual budget was prepared on the accrual basis where all planned costs and income were 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. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation

The University land is a freehold property and not subjected to amortization. Fixed assets have been depreciated using straight line method to write off the costs of the assets over their useful economic life at the following rates;

Land	Nil
Building	2%
Furniture and Fittings	12.5%
Motor Vehicles	25%
Computers and Accessories	30%
Intangible assets	30%
Plant and Equipment	12.5%
Library Books	20%
Loose tools	25%

Depreciation is charged fully in the year of acquisition and no depreciation charged in the year of disposal.

(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.

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

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

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

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

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

Library books

Library books relate to books purchase and they are treated as fixed assets hence depreciated at 20% straight line Method. These are deemed to be used by the student hence represented in the financial statements.

(e) Employee benefits

Retirement benefit plans

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

Individual accounts are set up for participants and benefits are based on the amounts credited to these accounts (through employee contributions and, if applicable, employer contributions) plus any investment earnings on the money in the account.

(f) Foreign currency transactions

There were no foreign currency transactions during the period under review.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(h) Subsequent events

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

(i) Receivables

Receivables are recognized when commitments are effected at their fair value and there is no policy in place for their provisions.

(j) Trade payables

Trade payables are nearly always classified as current liabilities, since they are usually payable within one year. If that is not the case, then such payables can be classified as long-term liabilities. A longer-term liability typically has an interest payment associated with it, and so is more likely to be classified as long-term debt.

(k) Nature and purpose of reserves

Kirinyaga University creates and maintains reserves in terms of specific requirements. The entity has the following reserves:

Revaluation Reserve. This reserve was occasioned by the fact that the University valued all its assets in June 2021. It represents the difference between the net book value as at June 30, 2021 and the revalued amount.

Accumulated Surplus. This reserve represents the accumulated surplus over years.

Capital fund. This relate to development funds made to the University.

(l) Changes in accounting policies and estimates

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

(m) Biological assets

Kirinyaga University accounting treatment and disclosures related to Agricultural activity is provided for in these financial statements. These activities have been measured at fair value less estimated cost to sell at the point of harvest or at the point of disposal.

(n) Significant judgements and sources of estimation uncertainty

The preparation of Kirinyaga University financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that

affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Nothing has come to the attention of the University Council that can result to contingent liability or asset.

(o) Related parties' disclosures

In accordance to IPSAS 20, Kirinyaga University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University. The University Council and the key management are regarded as related parties and comprise the Chancellor, Vice Chancellor, Deputy Vice Chancellors, Registrars, Deans of Schools, Chairmen of Departments and Heads of sections in the University.

National Government is also a related party to the University by the factual of it being formed by the Act of the parliament through the University Charter of 7th October, 2016.

(p) Disclosure on financial risk management

Credit risk - Credit risk refers to the risk that the students will default fees by failing to make required payments. To manage this risk, the University ensures that students with fees balances are not issued with examination cards hence they cannot sit for examinations.

Trade receivables

As at 30 June 2021	Fully performing	Between 0-5months	Over 5 Months
Student Receivables	14,400,587	-	-
Accrued Interest	4,583,387	4,583,387	-
Deposit with Financial Institution	112,196,823	112,196,823	-
Bank Balance	31,975,179	-	-
Totals			
As At 30 June 2020			

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Student Receivables	3,236,915	-	-
Accrued Interest	4,355,605	4,355,605	-
Deposit with Financial Institution	96,213,298	96,213,298	-
Bank Balance	94,714,985	-	-
Totals	198,520,803		

Liquidity risk - Liquidity risk is the risk to an institution's financial condition or safety and soundness arising from its inability to meet its contractual obligations. To manage this risk, Kirinyaga University ensures availability of funds before committing an expenditure or collateral to fulfil those needs at the appropriate time.

	Less than 1 month Kshs	Between 1- 3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2021				
Trade payables	4,600,928	45,773,539	46,123,863	96,498,330
	=====	=====	=====	=====
At 30 June 2020				
Trade payables	12,791,130	64,826,657	29,501,805	107,119,592
	=====	=====	=====	=====

(q) On call / Fixed Deposit Kshs. 112,196,823.00 (One hundred twelve million, one hundred ninety six thousand, eight hundred and twenty three only)

1. Kshs. 600,000.00 (Six hundred thousand only) is a bank guarantee with KCB Bank Ltd for fuelling with Rubis Energy Kenya.
2. Kshs. 98,317,995.00 (Ninety eight million, three hundred seventeen thousand, nine hundred ninety five only) deposited in a call deposit account with Equity Bank Ltd at a rate of 8% per annum for the payment of staff gratuity and University projects retention funds.
3. Kshs. 13,278,828, (Thirteen Million, Two hundred seventy-Eight, Eight Hundred Twenty-Eight Only) deposited in a call deposit account with KCB Bank Ltd at a rate of 8.5% per annum for payment of staff gratuity.

(r) Comparative information

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

(s) Related Party Disclosures

During the financial year the University paid Kshs. 3,165,537.00 to Council and Kshs. 50,376,857.00 to the top management.

(t) Capital Commitment

The University had an approved capital budget of Kshs. 91,326,110.00 but received Kshs. 45,663,055.00 during the year under review.

(u) Ultimate and Holding Entity

Kirinyaga University is a Semi - Autonomous Government Agency under Ministry of Education.

(v) Currency

The financial statements are presented in Kenyan shillings (Kshs.)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	FY2020/2021	FY 2019/2020
5 TRANSFER FROM THE GOVT - RECURRENT	Kshs	Kshs
July	28,838,186	27,235,000
August	28,838,186	27,235,000
September	28,838,186	27,234,999
October	28,838,186	27,235,001
November	28,838,186	27,235,001
December	28,838,186	27,235,000
January	28,838,186	27,235,000
February	28,838,186	27,235,000
March	28,838,186	27,235,001
April	28,838,186	27,235,000
May	28,838,186	27,235,000
June	28,838,186	27,235,001
	<u>346,058,232</u>	<u>326,820,003</u>
6 TRANSFER FROM THE GOVT - CBA ARREARS		
June	-	41,501,034
	<u>-</u>	<u>41,501,034</u>
7 TRANSFER FROM THE GOVT - DEVELOPMENT		
August		77,981,554
September	45,663,055	-
March	-	72,380,016
Total	<u>45,663,055</u>	<u>150,361,570</u>
8 NATIONAL RESEARCH FUND - Infrastructural Grant		
August	-	53,300,000
	<u>-</u>	<u>53,300,000</u>

NB/This amount relates to Development grant recognised in changes in Net asset Statement.

Detailed analysis of the grants received by Kirinyaga University

Name of the entity sending the Grant	Amount recognized to Statement of Financial	Amount recognised in capital fund	Prior Year FY 2019/2020
MoE -Reccurent	346,058,232	-	326,820,003
MoE -Development	-	45,663,055	150,361,570
National Research Fund	-	-	53,300,000
Total	<u>346,058,232</u>	<u>45,663,055</u>	<u>530,481,573</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	FY 2020/2021	FY 2019/2020
9 RENDERING SERVICES		Kshs
Tuition and other fees	274,907,288	203,138,902
	<u>274,907,288</u>	<u>203,138,902</u>
10 RENTAL REVENUE		
Staff Houses	1,139,330	1,261,380
Totals	<u>1,139,330</u>	<u>1,261,380</u>
11 OTHER INCOMES		
Sale of tender forms	-	69,000
Sale of Water bottles	45,340	81,589
Medical & Other Income	12,300	29,200
Kitchen sales	1,582,575	7,375,600
Interest Income	7,164,203	4,264,882
Bursary fund Donations	50,000	1,098,500
Hire of Facilities	551,500	5,670,400
TOTAL INCOME	<u>9,405,918</u>	<u>18,589,171</u>
12 BULK PURCHASE OF WATER AND ELECTRICITY		
Electricity expenses	3,863,117	4,316,500
Water expenses	1,363,601	1,558,541
	<u>5,226,718</u>	<u>5,875,041</u>
13 EMPLOYEE COSTS		
Basic Salaries	216,419,878	179,972,744
Casual workers	3,114,612	3,355,345
House allowances	97,490,782	91,489,744
Part time teaching	14,869,806	38,841,435
Pension	27,313,166	22,638,719
House to Office allowance	23,009,274	22,191,250
Other personal allowances	34,570,321	35,072,509
Passage & Baggage	150,144	131,692
Staff Medical Cover	27,168,469	20,082,894
CBA Arrears	-	51,465,524
	<u>444,106,453</u>	<u>465,241,855</u>
14 RENUMERATION OF COUNCIL		
Chairman's Allowance	807,500	1,020,000
Sitting Allowance	1,100,000	1,600,000
Travelling & Accomodation	58,037	811,687
Chancellor Allowance	1,200,000	1,200,000
	<u>3,165,537</u>	<u>4,631,687</u>
15 REPAIRS AND MAITENANCE		
Vehicle repairs	2,558,748	2,157,051
Maintenance of Buildings	3,494,277	3,770,227
Machine & Equipment repairs	1,800,311	1,643,196
	<u>7,853,336</u>	<u>7,570,474</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		FY 2019/2020
16 <u>CONTRACTED/PROFESSIONAL SERVICES</u>		<u>Kshs</u>
Asset Tagging	435,000	-
Legal Services	-	1,337,394
ISO Expenses	662,760	289,147
House Keeping/Cleaning Services	6,340,804	6,601,714
Security Services	3,160,368	2,412,440
	<u>10,598,932</u>	<u>10,640,694</u>
17 <u>STUDENTS WELFARE</u>		
Students games	1,608,565	2,526,072
Students medical expenses	441,292	1,471,224
Fees refunds	997,866	457,194
Students Entertainment	107,885	793,262
KYU Students union	500,250	308,005
	<u>3,655,858</u>	<u>5,555,757</u>
18 <u>ACADEMIC COSTS</u>		
Curriculum Development	442,480	5,342,820
Attachement expenses	432,172	1,570,548
Student admission Expense	10,452,929	7,596,500
Gratuation Expense	272,250	2,131,724
Teaching materials	6,993,975	4,193,395
Research - Restated	7,016,313	50,000
	<u>25,610,118</u>	<u>20,884,987</u>
19 <u>ADMINISTRATIVE COSTS</u>		
Travelling and accommodation	3,193,698	4,066,740
Stationery	2,034,621	2,362,359
	<u>5,228,319</u>	<u>6,429,099</u>
20 <u>FINANCE COSTS</u>		
Bank charges	260,432	173,664
	<u>260,432</u>	<u>173,664</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	FY 2020/2021	FY 2019/2020 - Restated
21 <u>GENERAL EXPENSES</u>	<u>Kshs</u>	<u>Kshs</u>
Conferences & Seminars	341,059	18,000
Internet expenses	5,784,317	8,294,625
Vehicle licenses & insurance	2,139,740	2,572,653
Purchase of Uniforms	197,108	203,287
Vehicle fuel and oil	2,165,017	2,976,599
Performance Contracting	8,000	385,900
Advertisement & Marketing	1,632,884	1,904,603
Staff Welfare & Trainings	977,994	781,075
News papers	91,500	168,577
Telephone & Postage expenses	156,953	81,658
Subscription to Professional bodies	736,380	696,280
Cleaning Materials	326,589	759,110
Public celebrations/Demise	460,000	160,000
Catering expenses	4,591,268	8,726,703
Corporate Social Responsibility	-	137,220
Totals	<u>19,608,808</u>	<u>27,866,289</u>

Note 22 : Property, Plant and Equipment - Restated

Details	LAND	BUILDING	MOTOR VEHICLES	COMPUTER & ACCESSORIES	PLANT & EQUIPMENT	FURNITURE & FITTINGS	LOOSE TOOLS	WORK IN PROGRESS	TOTAL
	Nil Kshs	2% Kshs	25% Kshs	30% Kshs	12.5% Kshs	12.5% Kshs	20.0% Kshs	NOTE 3 Kshs	Kshs
Cost as at 01/07/2019	911,700,000	375,465,000	44,032,402	10,463,857	27,960,856	7,681,897	3,559,448	150,000,000	1,530,863,460
Additions for the period	-	-	-	500,184	1,669,589	1,035,311	-	129,778,174	132,983,258
Transfers	-	-	-	-	-	-	-	-	-
As at 30/06/2020	911,700,000	375,465,000	44,032,402	10,964,041	29,630,445	8,717,208	3,559,448	279,778,174	1,663,846,718
Additions for the period	-	797,750	-	7,927,293	39,230,665	15,136,136	-	134,609,755	197,701,598
Transfers	-	16,403,541	-	-	-	-	-	(16,403,541)	-
As at 30/06/2021	911,700,000	392,666,291	44,032,402	18,891,333	68,861,110	23,853,344	3,559,448	397,984,388	1,861,548,316
<u>Depreciation</u>									
Depreciation as at 01/07/2019	-	-	-	-	-	-	-	-	-
Depreciation of the disposed asset	-	-	-	-	-	-	-	-	-
Charge for the period	-	7,509,300	11,008,101	3,289,212	3,703,806	1,089,651	711,890	-	27,311,959
As at 30/06/2020	-	7,509,300	11,008,101	3,289,212	3,703,806	1,089,651	711,890	-	27,311,959
Depreciation of the disposed asset	-	-	-	-	-	-	-	-	-
Charge for the period	-	7,853,326	11,008,101	5,667,400	8,607,639	2,981,668	711,890	-	36,830,023
As at 30/06/2021	-	15,362,626	22,016,201	8,956,612	12,311,444	4,071,319	1,423,779	-	64,141,981
Net Book value as at 30/06/2021	911,700,000	377,303,665	22,016,201	9,934,721	56,549,666	19,782,025	2,135,669	397,984,388	1,797,406,334
Net Book value as at 30/06/2020	911,700,000	367,955,700	33,024,302	7,674,828	25,926,639	7,627,557	2,847,558	279,778,174	1,636,534,759

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		FY 2020-2021	FY 2019-2020		
23 INTANGIBLE ASSETS		Kshs	Kshs		
Cost at the beginning of the year		26,913,814	26,913,814		
Additional		375,198	-		
Cost at the end of the year		<u>27,289,012</u>	<u>26,913,814</u>		
Amortization					
At the beginning of the year		8,074,144	-		
Amortization for the Year (30%)		8,186,704	8,074,144		
At the end of the year		<u>16,260,848</u>	<u>8,074,144</u>		
NBV		<u>11,028,164</u>	<u>18,839,670</u>		
24 WORK-IN-PROGRESS		FY 2020/2021	Transfers to the	FY 2019-2020	
	Bal b/f	Additions	building	Bal C/F	Bal C/F
		During the year			
Tuition Complex	216,102,230	104,704,094	-	320,806,324	216,102,230
Lecture Theatre	63,675,944	13,502,120	-	77,178,064	63,675,944
Borehole	-	6,401,273	(6,401,273)	-	-
Perimeter Fence	-	6,428,910	(6,428,910)	-	-
Sport Field	-	3,573,358	(3,573,358)	-	-
	<u>279,778,174</u>	<u>134,609,755</u>	<u>(16,403,541)</u>	<u>397,984,388</u>	<u>279,778,174</u>
25 CASH AND BANK BALANCES		FY 2020-2021	FY 2019-2020		
	Account No.	Kshs	Kshs		
Kenya commercial bank					
Current Account	1135935173	10,212,941	36,442,865		
Fees collection Account	1104016028	1,671,850	781,971		
Development Account	1164419137	652,050	2,111,893		
Equity bank					
Fee collection Account	0100299420333	3,116,877	7,432,247		
Cooperative bank					
Fees collection Account	01129489200000	9,921,933	41,025,652		
Farm Account	01120489200000	5,338,332	2,141,482		
Giachai Farm Account	01120489200001	1,020,806	4,756,877		
Cash balances		40,390	21,998		
		<u>31,975,179</u>	<u>94,714,985</u>		
26(a) RECEIVABLES FROM EXCHANGE TRANSACTIONS					
Student debtors		13,552,165	3,236,915		
K.P.L.C. deposits		984,500	984,500		
Accrued Interest - Cooperative Bank		-	428,406		
Accrued Interest - KCB Bank		42,115	23,252		
Accrued Interest - Equity Bank		4,541,272	3,903,947		
Accrued Lease Income		1,343,050	947,525		
Prepaid Insurance		18,937,496	14,292,125		
		<u>39,400,598</u>	<u>23,816,670</u>		
Less Provision For Doubtful Debt @ 5%		<u>(1,970,030)</u>	<u>(1,190,834)</u>		
Net Receivables		<u>37,430,568</u>	<u>22,625,837</u>		
26(b) PROVISION FOR DOUBTFUL DEBT ANALYSIS					
Balance at the End (as at 30/06/2021)		1,970,030	1,190,834		
less Balance at the Beginning (as at 1/7/2020)		<u>(1,190,834)</u>	<u>-</u>		
Increase in Provision for Doubtful dept		<u>779,196</u>	<u>1,190,834</u>		
27 RECEIVABLES FROM NON EXCHANGE TRANSACTIONS					
MoEST		-	41,501,034		
		<u>-</u>	<u>41,501,034</u>		
28 INVESTMENT					
On call Deposit - Cooperative Bank		-	3,264,736		
On call Deposit - KCB Bank		13,878,828	14,548,764		
On call Deposit - Equity Bank		98,317,995	78,399,798		
		<u>112,196,823</u>	<u>96,213,298</u>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2020

	FY 2020/2021	FY 2019/2020
29 INVENTORIES	<u>Kshs</u>	<u>Kshs</u>
Stock	5,119,171	6,707,470
	<u>5,119,171</u>	<u>6,707,470</u>
30 BIOLOGICAL ASSETS - Restated		
64,108 Coffee trees	19,500,000	19,500,000
148,052 Tea bushes	37,500,000	37,500,000
4.5 acres Banana Plantation	850,000	850,000
28 Avocado trees	140,000	140,000
15 Macandamia trees	172,500	172,500
2.5 acres Agroforest	1,758,000	1,758,000
Total	<u>59,920,500</u>	<u>59,920,500</u>
This was at net realisable value		
31 LIBRARY BOOKS		
Cost at the beginning of the year	35,207,068	35,207,068
Additional	6,082,681	-
Cost at the end of the year	<u>41,289,749</u>	<u>35,207,068</u>
Depreciation		
At the beginning of the year	7,041,414	-
Depreciation for the Year (20%)	8,257,950	7,041,414
At the end of the year	<u>15,299,363</u>	<u>7,041,414</u>
NBV	<u>25,990,386</u>	<u>28,165,654</u>
32 Depreciation and Amortization Expense		
Property, plant and equipment	36,830,023	27,311,959
Intangible assets amortization	8,186,704	8,074,144
Library books	8,257,950	7,041,414
Totals	<u>53,274,676</u>	<u>42,427,517</u>
33 TRADE AND OTHER PAYABLES		
Student creditors	4,600,928	12,791,130
Trade Creditors- Recurrent	25,259,172	61,516,092
Trade Creditors - Development	20,514,367	3,310,565
Retention funds	46,123,863	29,501,805
Total	<u>96,498,330</u>	<u>107,119,592</u>
34 AUDIT FEES		
Balance b/f	1,392,000	696,000
Paid in the Year	(696,000)	-
Provision Audit fees for the Year	696,000	696,000
Balance c/d	<u>1,392,000</u>	<u>1,392,000</u>
35 PROVISION FOR SERVICE GRATUITY		
Balance b/f	24,327,943	17,847,452
Add provision for the year	29,368,811	20,457,688
Gratuity paid during the year	(18,138,314)	(13,977,197)
Balance c/d	<u>35,558,441</u>	<u>24,327,943</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	FY 2020/2021	FY 2019/2020
36 REVALUATION RESERVE - PPE		
Balance b/f	1,076,365,626	1,049,451,812
Additions for the Year	(3,153,958)	-
Additions for the Year		26,913,814
Balance c/d	<u>1,073,211,668</u>	<u>1,076,365,626</u>
37 REVALUATION RESERVE (BIOLOGICAL ASSETS)		
Balance b/f	42,415,000	45,357,000
Disposal Reserve	-	(2,942,000)
Balance c/d	<u>42,415,000</u>	<u>42,415,000</u>
38 ACCUMULATED SURPLUS	Kshs	Kshs
Balance b/f	(3,018,946)	12,194,926
Surplus/(Deficit for the period)	32,725,586	(15,213,872)
Balance c/d	<u>29,706,640</u>	<u>(3,018,946)</u>
39 CAPITAL FUND		
Balance b/f	756,621,995	552,960,425
Development fund	45,663,055	150,361,570
Infrastructural Grant	-	53,300,000
Balance c/d	<u>802,285,050</u>	<u>756,621,995</u>
40 FARM ACCOUNTS - Restated		
Revenue		
Coffee	1,995,525	1,995,525
Tea income	10,983,800	10,551,527
Horticulture	411,042	749,753
Sale of trees	-	2,942,000
Total Income	<u>13,390,367</u>	<u>16,238,805</u>
Expenditure		
Tea picking casuals	2,157,285	2,408,900
Tea pruning	109,040	93,914
Fertilizers & Inputs	253,735	259,225
Horticulture expenses	27,520	300,317
Farm staff welfare	60,540	11,040
Farm travelling charges	17,710	18,480
Electricity Water & Conservation	56,525	29,706
Improvement of Tea Buying Centre	60,000	-
Total Expenditure	<u>2,742,355</u>	<u>3,121,582</u>
Surplus for the year	<u>10,648,011</u>	<u>13,117,223</u>

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
1.1	Unbalanced Budget	The management wrote to Ministry of Education pleading for more funds to support operations.	National Treasury & Planning	Waiting for feedback	Continuous
1.2	Unapproved A- in -A	The management wrote to Ministry of Education requesting the University A - in - A to be increased from 154M to 236 M.	Principal Secretary, State Department of University Education & Research	A - in - A was increased to 195 M	N/A
2.0	Projects Completion Rate	The management wrote to Ministry of Education pleading for funds to complete ongoing projects.	National Treasury & Planning	Waiting for feedback	Continuous
3.0	Un approved Bank Accounts	The management wrote to National Treasury & Planning declaring all University bank accounts and requesting for ratification since they were inherited from Kirinyaga Technical Institute.	National Treasury & Planning	Waiting for feedback	Continuous
4.0	Non-compliance to one third Basic Salary Rule	This was affected by change of tax rate as a result of president's directive on tax relief citizens during Covid 19 Pandemic.	Vice Chancellor	Close monitoring is being done	Continuous

5.0	Lack of Regional Balancing in Employment.	The management will continue advertising for jobs in the newspapers to attract all ethnic communities and also consider those candidates who apply and qualify, and are from other ethnic communities <i>vide</i> the affirmative action.	Vice Chancellor	Close monitoring is being done	Continuous
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APPENDIX II: Projects Implemented by the University

Projects

Projects implemented by the Kirinyaga University funded by the government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Tuition Complex	KyU/TC1/001/2016/2017	GOK		Fully Committed	No	Yes
Multipurpose Lecture Theatre	KyU/LTH/001/2016/2017	GOK		Fully Committed	No	Yes

Status of Projects completion


	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Tuition Complex	1,200,000,000	320,806,324	27 %	1,200,000,000	1,200,000,000	GOK
2	Multipurpose Lecture Theatre	208,149,185	77,178,064	37 %	208,149,185	208,149,185	GOK

APPENDIX III: INTER-ENTITY TRANSFERS

Kirinyaga University			
Break down of Transfers from the State Department of Education			
FY 2020/2021			
a.	Recurrent Grants		
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
1	August 7,2020	28,838,186.00	FY 2020/2021
2	August 31,2020	28,838,186.00	FY 2020/2021
3	October 1,2020	28,838,186.00	FY 2020/2021
4	October 30,2020	28,838,186.00	FY 2020/2021
5	December 7,2020	28,838,186.00	FY 2020/2021
6	January 4,2021	28,838,186.00	FY 2020/2021
7	February 4,2021	28,838,186.00	FY 2020/2021
8	March 10, 2021	28,838,186.00	FY 2020/2021
9	April 9,2021	28,838,186.00	FY 2020/2021
10	May 10, 2021	28,838,186.00	FY 2020/2021
11	June 16, 2021	28,838,186.00	FY 2020/2021
12	June 25, 2021	28,838,186.00	FY 2020/2021
	Total	346,058,232.00	

b.	Development Grants		
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
1	September 14,2020	45,663,055.00	FY 2020/2021
	Total	45,663,055.00	

The above amounts have been reconciled with the parent Ministry.


 Prof. Mary Ndung'u
Vice Chancellor.


 CPA Peter Kagika
Finance Officer.

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA Transferring the funds	Date received as per bank statement	Nature	Total Amount - KES	Statement of Financial Performance	Receivables	Total Transfers during the Year
N/A	N/A	N/A	N/A	N/A	N/A	N/A