

REPUBLIC OF KENYA

PARLIAMENT  
OF KENYA  
LIBRARY



*Enhancing Accountability*

# REPORT

OF

**THE AUDITOR-GENERAL**

ON

**MACHAKOS UNIVERSITY**

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

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 MAY 2023	DAY: Thursday
TABLED BY:	Hon. Kimani Ichungwah (Leader of the Majority Party)
CLERK AT THE TABLE:	Joyce Kererele

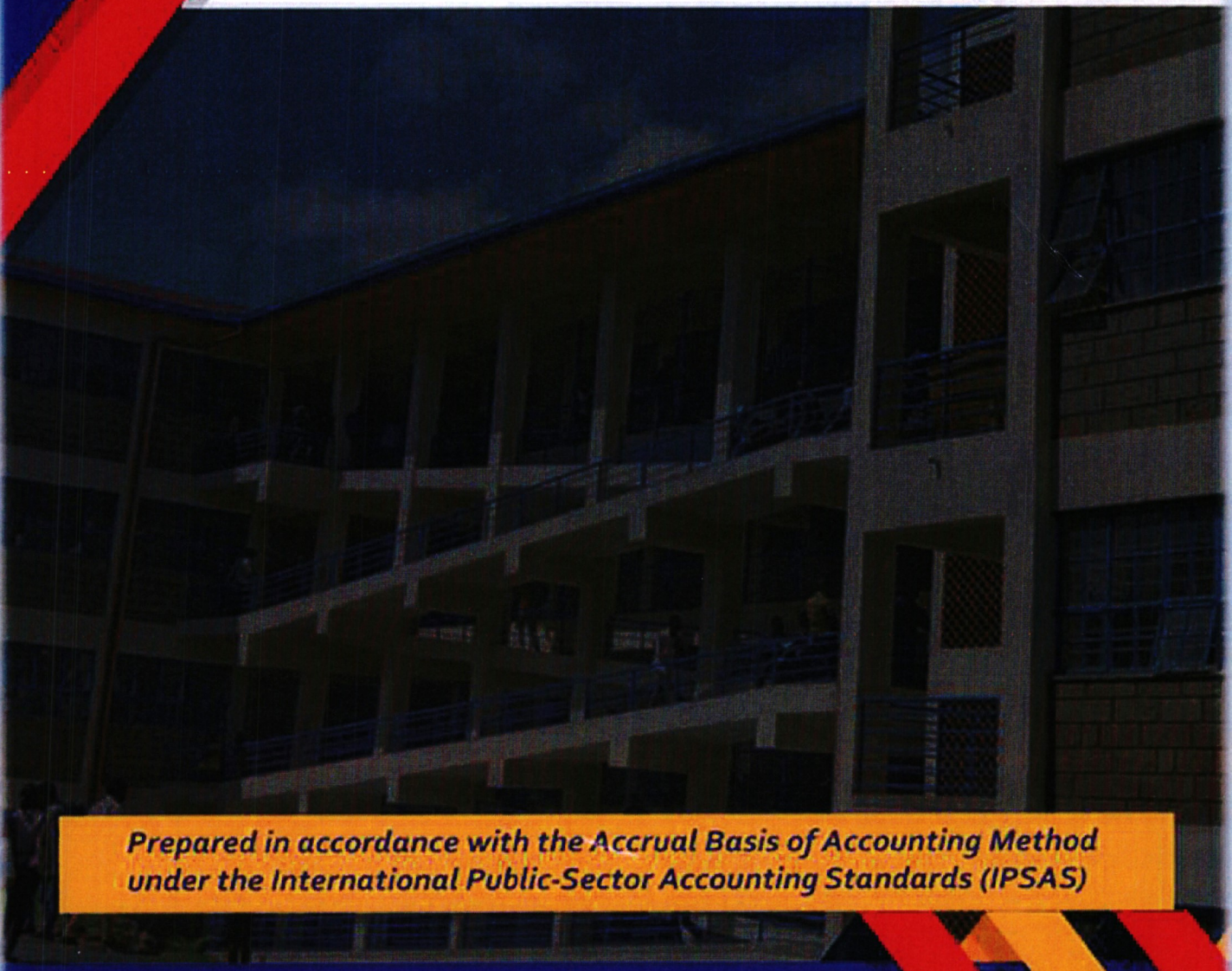


OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30184 - 00100, NAIROBI  
MACHAKOS HUB.

# MACHAKOS UNIVERSITY

27 FEB 2023  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022**

RECEIVED



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



ISO 9001:2015 Certified.....Soaring Heights in Transforming Industry and Economy



*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**Table of Contents**

List of abbreviations and acronyms.....	ii
List of tables.....	iii
List of figures.....	iv
Key information and management.....	v
University Council members.....	xi
Management team.....	xvi
Chairman’s statement.....	xvii
Report of the Vice Chancellor.....	xix
Statement of Machakos University performance against predetermined objectives for FY 2021/2022.....	xxiii
Corporate governance statement.....	xxxii
Management discussion and analysis.....	xli
Environmental and sustainability reporting.....	lxii
Report of the University Council.....	lxix
Statement of University Council’s responsibilities.....	lxx
Report of the independent auditors on Machakos University.....	lxxi
Statement of financial performance for the year ended 30 June 2022.....	1
Statement of financial position as at 30 June 2022.....	2
Statement of changes in net assets for the year ended 30 June 2022.....	3
Statement of cash flows for the year ended 30 June 2022.....	4
Statement of comparison of budget and actual amounts for the year ended 30 June 2022..	5
Notes to the financial statements.....	12
Appendix I: Contingent liabilities.....	40
Appendix II: Progress on follow up of auditor recommendations.....	41
Appendix III: Projects implemented by the University.....	42
Appendix IV: Inter-Entity transfers.....	43
Appendix V: Recording of transfers from other government entities.....	44





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**LIST OF ABBREVIATIONS AND ACRONYMS**

APF	-	Administration, Planning and Finance
ASA	-	Academic and Student affairs
DVC	-	Deputy Vice Chancellor
ERASMUS	-	European Region Action Scheme for the Mobility of University Students
HPLC	-	Ultra-High Performance Liquid Chromatography
ICGEB	-	International Centre for Genetic Engineering and Biotechnology
OWSD	-	Women in Science for the Developing World
MksU	-	Machakos University
MoE	-	Ministry of Education
NARCADA	-	Needs Assessment for developing Capacity for improved Aquatic Resource Development in Africa
NRF	-	National Research Fund
RIL	-	Research, Innovation and Linkages
TME	-	Transfer Multisort Elektronik
TNT	-	The National Treasury
TVET	-	Technical and Vocational Education and Training
UNESCO	-	United Nations Educational, Scientific and Cultural Organization
VC	-	Vice Chancellor





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**LIST OF TABLES**

Table 1: Performance against Strategic objectives .....	xxiv
Table 2: Full Council meetings .....	xxxiii
Table 3: Finance Committee meetings .....	xxxiv
Table 4: Academic Affairs Committee Meetings .....	xxxv
Table 5: Human Resource committee meetings .....	xxxvi
Table 6: Audit Committee meetings .....	xxxvii
Table 7: Appointments Committee meetings .....	xxxvii
Table 8: Staff Appeals committee meeting .....	xxxvii
Table 9: Graduation and Sealing committee meeting .....	xxxviii
Table 10: Training days .....	xxxix
Table 11: Machakos University Environmental and Sustainability Reporting FY 2021-2022	lxv





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**LIST OF FIGURES**

Figure 1: Revenues for FY 2021/2022.....	xli
Figure 2: Comparison of Income between 2021/2022 and 2020/2021 .....	xlii
Figure 3: Trend analysis - Government Grants .....	xliii
Figure 4: Trend analysis - Research and Donor Grants.....	xliii
Figure 5: Trend analysis - Tuition & Other Related Incomes .....	xliv
Figure 6: Trend analysis - I.G.A. & Other Incomes .....	xliv
Figure 7: Trend analysis - Surplus / Deficit .....	xlv
Figure 8: Total Expenses for FY 2021/2022.....	xlvi
Figure 9: Comparison of expenses between 2021/2022 and 2020/2021 .....	xlvii
Figure 10: Trend analysis - Employment Costs .....	xlvii
Figure 11: Trend analysis - Council Expenses .....	xlviii
Figure 12: Trend analysis - Academic Expenses.....	xlviii
Figure 13: Trend analysis - Administration & Operations Expenses .....	xlix
Figure 14: Trend analysis - Repairs & Maintenance Expenses.....	xlix
Figure 15: Trend analysis - Other Expenses .....	l
Figure 16: Trend analysis - Depreciation Expenses .....	l
Figure 17: Non-Current Assets.....	li
Figure 18: Current Assets Vs Current liabilities .....	li
Figure 19: Trend analysis - Property, Plant & Equipment .....	lii
Figure 20: Trend analysis - Trade and other Receivables .....	lii
Figure 21: Trend analysis - Cash & Bank balances .....	liii
Figure 22: Trend analysis - Current Assets .....	liii
Figure 23: Trend analysis - Net Assets.....	liv
Figure 24: Trend analysis - Current liabilities.....	liv
Figure 25: Cash & Bank Balances.....	lv
Figure 26: Budget vs Actual revenues .....	lvi
Figure 27: Budget vs Actual Expenditure .....	lvii





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

## **KEY INFORMATION AND MANAGEMENT**

### **a) Background information**

Machakos University is a premier University whose core mandate is to teach, train, conduct research, innovate, offer community service, generate new knowledge and facilitate technological transfer. Being the only public University in Machakos County, the University plays a leading role in providing scholarly education through training, research and innovation for industrial and socio-economic transformation for the community and the Country at large.

Machakos University as an institution was founded in 1957 as a Technical Rural Training School. It became Machakos Technical and Trade School in 1958 and Machakos Technical School in 1967. Later in 1987, it was converted to a Technical Training Institute, known as Machakos Technical Training Institute (MTTI). By a Legal Notice No.130 of 16<sup>th</sup> September 2011, the Institute became Machakos University College, a constituent college of Kenyatta University. On 7<sup>th</sup> October, 2016, Machakos University College was chartered and became a full-fledged public University by H.E Uhuru Muigai Kenyatta, the President and Commander in Chief of the Kenya Defense Forces of the Republic of Kenya. Machakos University has therefore, a technical background and has a niche towards Engineering, Technology and Business. The University has been able to attract, develop and retain highly trained, motivated and experienced academic and administrative staff who continue to support the wide range of courses offered in its schools. The University is currently offering thirty-six (36) undergraduate programmes and thirty-four (34) post graduate programmes in the following six (6) schools;

- 1) School of Agricultural, Environment and Health Sciences
  - i) Department of Agricultural Education and Extension
  - ii) Department of Agribusiness
  - iii) Department of Environmental Sciences
  - iv) Department of Public and Community Health
- 2) School of Education
  - i) Department of Educational Management and Curriculum studies
  - ii) Department of Educational Communication and Technology.
  - iii) Department of Educational Psychology, Early Childhood and Special Needs Education.





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**KEY INFORMATION AND MANAGEMENT (CONTINUED)**

- 3) School of Business, Economics, Hospitality and Tourism Management
  - i) Department of Business Administration
  - ii) Department of Economics
  - iii) Department of Accounting, Banking and Finance
  - iv) Department of Tourism Management
- 4) School of Humanities and Social Sciences
  - i) Department of Linguistics and Languages.
  - ii) Department of Social Sciences.
  - iii) Department of Fashion Design and Marketing
- 5) School of Engineering and Technology
  - i) Department of Mechanical and Manufacturing Engineering
  - ii) Department of Electrical and Electronics Engineering
  - iii) Department of Building and Civil Engineering
  - iv) Department of Computing and Information Technology.
- 6) School of Pure and Applied Sciences
  - i) Department of Mathematics, Statistics and Actuarial Science
  - ii) Department of Physical Sciences
  - iii) Department of Biological Sciences

In addition, the University has a Graduate School which co-ordinates post graduate programmes.

The University is located at the heart of the Lower Eastern Region, and a kilometer away from Machakos town Centre along Machakos/Wote Road. It is about 66 km from Nairobi and 28 km from Konza Technopolis.

Machakos University has three divisions; namely, Academic and Student affairs, Administration, Planning and Finance and, Research, Innovation and Linkages. The University has grown in terms of staff and student numbers, linkages and partnerships with public, private, national and global organizations.





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**KEY INFORMATION AND MANAGEMENT (CONTINUED)**

The University has held six (6) graduation ceremonies after being chartered and boasts of 7,569 graduates. The Institution has also held four (4) international conferences bringing together researchers from all over the world, a feat which has enriched research in the region. It has continued participating in extra-curriculum activities like games and music which have been instrumental in enhancing talent development. Lately, the University, in a partnership with students, managed to develop, pilot and implement an innovation on e- voting which has been facilitating smooth running of student elections. The University is certified under the ISO 9001:2015 which has seen it maintain and continually improve its quality services and customer satisfaction.

The University's stakeholders include: Students, staff, Alumni, Parents/guardians, Sponsors, Regulatory Bodies, Ministry of Education, Primary and Secondary Schools, Other Ministries, Departments and Government Agencies, County Governments, Local community, Other institutions of higher learning both local and international, Suppliers/contractors, Non-governmental Organizations, Community Based Organizations, International Organizations, Industries, Religious Organizations, Trade Unions and the public in general.

**b) Principal Activities**

The principal activities of Machakos University are Teaching/Training, Research, Innovation, and community service

**Vision**

A preferred University of Excellence in Scholarship and Service Delivery

**Mision**

To Provide scholarly education through Training, Research and Innovation for Industrial and socio-economic transformation of our communities

**Mandate**

The core mandate of Machakos University is to Teach, Train, Conduct Research, Innovate, and Collaborate, Generate New Knowledge and Provide Community Service





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**KEY INFORMATION AND MANAGEMENT (CONTINUED)**

**Philosophy**

The Philosophy of Machakos University is to provide trans-formative leadership in Teaching, Training, Research, Innovation, Industrial and Technology transfer for wealth creation

**Core values**

- Integrity
- Accountability
- Professionalism
- Inclusivity
- Creativity
- Teamwork
- Equity

**c) Key Management**

The Execution of the University's mandate is spearheaded by the following:

- (a) The Chancellor
- (b) University Council
- (c) The Vice Chancellor
- (d) University Management Board
- (e) University Senate

**d) Fiduciary Management**

The key management personnel who held office during the financial period ended 30<sup>th</sup> June, 2022 and who had direct fiduciary responsibility were:

<b>Designation</b>	<b>Name</b>
(a) Vice Chancellor	Prof. Lucy W. Irungu
(b) Ag. DVC (Administration, Planning & Finance)	Prof. Fredrick Ogola
(c) DVC (Academic & Student Affairs)	Prof. Joyce Agalo
(d) DVC (Research, Innovation & Linkages)	Prof. Peter N. Mwita
(e) Ag. Chief Finance Officer	CPA Teresia Mutunga
(f) Ag. Chief Procurement Officer	Ms. Alice Njeri
(g) Chief Internal Auditor	CPA John Ngure
(h) Head of Legal Affairs & Council Secretariat	Advocate Mumbi S. Mwihurih





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**KEY INFORMATION AND MANAGEMENT (CONTINUED)**

**e) Fiduciary Oversight Arrangements**

The Council provides strategic direction, exercise control and remain accountable through effective leadership, entrepreneurship, integrity and good judgment. The University Council oversight arrangement is coordinated by the following Council Committees:

- (a) Finance, Planning and Development Committee
- (b) Academic and Research Committee
- (c) Human Resources Committee
- (d) Audit and Compliance Committee

**f) Headquarters**

P.O Box 136-90100  
Wote Road  
**Machakos, KENYA**

**g) University Contacts**

Cell: 0735 247939 / 0795 207117  
E-mail: [info@mksu.ac.ke](mailto:info@mksu.ac.ke)  
Website: [www.mksu.ac.ke](http://www.mksu.ac.ke)

**h) University Bankers**

1. National Bank of Kenya  
P.O. Box 274-90100  
**Machakos**

**Accounts held:** Fees Collection Account, Operations Account, Development Account

2. KCB Bank Kenya  
P.O. Box 30-90100  
**Machakos**

**Accounts held:** Fees Collection Account, Research Account, Chancellor's Scholarship Account, Endowment Fund Account





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**KEY INFORMATION AND MANAGEMENT (CONTINUED)**

3. Standard Chartered Bank

P.O. Box 29-90100

**Machakos**

**Accounts held:** Fees Collection Account, MksU Hotel Account

4. Equity Bank

P.O Box 2453 - 90100

**Machakos**

**Accounts held:** Fees Collection Account

5. Co-operative Bank

P.O. Box 1250-90100

**Machakos.**

**Accounts held:** Fees Collection Account

**i) Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P. O. Box 30084, GPO 00100,

**Nairobi, KENYA.**

**j) Principal Legal Advisor**

The Attorney General

State Law Office, Harambee Avenue

P.O Box 40112, City Square 00200,

**Nairobi, KENYA**





Machakos University  
Annual Reports and Financial statements for the year ended June 30, 2022

### UNIVERSITY COUNCIL MEMBERS

#### Chairman



**Dr. Christopher Gatama Gakahu, PhD**

*Dr. Christopher Gatama Gakahu holds a BSc (Hons) and PhD in Zoology (Biology of Conservation) from University of Nairobi. He undertook post-doctoral research at the Aberdeen University in UK, and at Griffith University in Brisbane Australia and at San Diego State University-California. He is a GEF (Global Environment Facility) and EIA (Environmental Impact Assessment) trainer and practitioner, expert and a certified in PRINCE2 (PRojects IN Controlled Environments).*

*Dr. Gakahu is a re-known academician of ten years standing at University of Nairobi as well as at Moi University. He has published widely and also edited several books. He was the Chairman of Council at Garissa University, until June, 2021. He was appointed Chairman of Council, Machakos University on 9<sup>th</sup> July 2022 by H.E Hon. Uhuru Kenyatta, the President of the Republic of Kenya and the Commander in Chief of the Armed Forces.*

*He has 15 years' experience within the United Nations where he held senior positions. These included being the Assistant Country Director in charge of programmes in United Nations Development Programme (UNDP) in Kenya where he doubled as the Energy, Environment and Natural Resources Advisor and team leader.*

*Prior to joining the United Nations, Dr. Gakahu worked as a researcher and biodiversity advisor at Wildlife Conservation International (WCI) and the International Union for Conservation of Nature (IUCN). Dr. Gakahu is currently a principal consultant with Oikos Africa Environment Services Ltd. A firm and a center of excellence dedicated to offering professional services in sustainable development, policy advocacy and programming in areas of energy, environment and natural resources and in climate change mitigation and adaptation. Over the last five (5) years, he has been a Board member at Kenya Forest Service, Kenya Tourism Federation and Ecotourism Kenya.*





Machakos University  
Annual Reports and Financial statements for the year ended June 30, 2022  
UNIVERSITY COUNCIL MEMBERS (Continued....)



**Dr. Margaret Makumi, Medical Doctor/Public Health Specialist**

**Council Member and Chairman, Human Resources Committee of Council**

*Dr. Margaret Makumi is a medical doctor, a public health specialist and a Takemi Fellow in International Health from Harvard T.H. Chan School of Public Health. She has vast experience developing, managing, implementing, researching, and advising health programs and institutional strengthening in the region for better health outcomes. Margaret has worked for the public and private sectors holding high leadership and management positions; providing strategic directions and thinking including development and implementation of policies, strategic plans; identifying and designing new projects aligned to the host country's thematic policies and strategic plans; taking lead roles in programmatic, financial and administrative oversight of complex national and donor funded health and population related programs and projects.*



**Mr. Patrick Abelle**

**Council Member and Chairman, Audit and Compliance Committee of Council**

*Mr. Abelle is an experienced and successful commercial manager and leader with extensive experience gained in sales and marketing of pharmaceutical products and Vaccines in E. Africa. He is currently a pharmaceutical consultant with Exeter Pharmaceuticals, UK. He is immediate former Commercial Director for GlaxoSmithKline, (GSK) E. Africa Pharmaceuticals. Mr. Abelle is currently pursuing a Doctor of Philosophy (Ph.D.) in Business Administration, University of Nairobi. He is a holder of a Master of Business Administration degree (MBA) from Nkumba University-Uganda. He has Bachelor of Science in Biochemistry and Zoology, (B.sc) 1991, University of Nairobi.*



Machakos University  
Annual Reports and Financial statements for the year ended June 30, 2022  
UNIVERSITY COUNCIL MEMBERS (Continued....)

**Council Member and  
Chairman, Academic and Research Committee of Council**

*Dr Zipporah Mutea holds the Ph.D. in Education of the University of Nairobi, specialising in Curriculum Studies. She further holds a Master of Education (M.Ed.) in Education Administration and Planning and a Bachelor of Education (B.Ed.) majoring in Literature and Linguistics, both of the University of Nairobi. Dr Mutea has received training in leadership and strategic management from the Kenya School of Government and she is a certified ISO systems auditor having received training from the Kenya Bureau of Standards (KEBS). She is an education researcher and writer.*



**Dr. Zipporah Mutea,  
Phd**

*Dr Mutea is currently an Education Consultant with Publix (Africa) Ltd. where she is also a director. Between 2017 and 2020, Dr Mutea participated in research studies with HIVOS East Africa, Education Development Trust and the Ministry of Education (MOE). At the MOE, she was the Team Leader for the Baseline Study for Early Grade Mathematics Assessment (EGMA). For seven years between 2009 and 2016, Dr Mutea was a Lecturer in Education at Maasai Mara University where she also supervised postgraduate students. She served in different capacities as: examinations coordinator for the school of education, teaching practice coordinator, Chairman of the Department of Curriculum, Instruction and Educational Management, member of the University Senate and member of the Board of Postgraduate Studies. She served in several committees including: Programmes Review Committee and Academic Staff Recruitment Committee. She has co-authored ten Secondary School English textbooks and Teachers' Guides published by Longman Kenya Publishers. She has also published journal articles and presented papers in many conferences nationally and internationally. Dr Mutea is a member of Kenya Oral Literature Association (KOLA) and Society of Educational Research and Evaluation in Kenya (SEREK).*

*She worked at the Kenya National Examinations Council (KNEC) as a Test Developer, Researcher and Examinations Manager. While working at KNEC, Dr Mutea coordinated the study that established the National Assessment System for Monitoring Learner Achievement (NASMLA). As a secondary school teacher and an employee of the Teachers' Service Commission (TSC), Dr Mutea taught in several secondary schools including Meru School and Starehe Boys' Centre.*





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

UNIVERSITY COUNCIL MEMBERS (Continued....)



Mr. Richard Mativu

**Council Member  
Chairman, Finance, Planning and Development  
Committee of Council**

*Mr. Mativu has over fifteen years' experience in the social development sector as an advocate, facilitator, and research consultant, with a special focus on human rights, disability and inclusive development.*

*Mr. Mativu holds MBA from University of Nairobi, Kenya, where he specialized in Strategic Management and MA – Human Rights from the same institution. His Bachelor's Degree is BA with a double major in Economics and Sociology. Richard has done short courses under a fellowship in University of Illinois – Urbana – Champaign as well as International Institute of Social Studies – Den Haag, Netherlands.*

*Mr. Mativu is currently working as a Country Director for an International Non-Governmental Organization. He has previously worked with other CSOs as well as with the Kenya Government in different capacities.*



Mr. Peter Njoroge

**Rep. Cabinet Secretary,  
The National Treasury and Planning**

*Mr. Peter Njoroge is a Director of Planning at the National Treasury. He holds a Master of Science degree in Development Planning from the Technical University of Dortmund (Germany), Masters of Science Degree in Strategic Management from Moi University. He has over 27 years' experience in Policy Formulation, Sectoral and Strategic Planning, Finance and Budgeting both at the National and County levels.*



Dr. Joyce Ngure,  
Ph.D.

**Rep. Principal Secretary,  
State Department of University Education and Research**

*Key Qualifications: PhD in Vegetable Sciences, Nanjing Agriculture University. She also has Masters and Bachelor of Science degrees in Horticulture from Egerton University.*

*Work Experience: She has a wealth of experience in areas of research and project coordination and management. Currently, the Assistant Director Research in the Ministry of Education in the Directorate of Research Science and Technology. she is also the Project Coordinator for the National Physical Sciences and Research Laboratories as well as the Project Officer in the Science and Technology Parks Initiative Project*





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

UNIVERSITY COUNCIL MEMBERS (Continued....)

### Vice Chancellor and Secretary to the Council



**Prof. Lucy W. Irungu, PhD**

*Prof. Lucy W Irungu graduated from the University of Nairobi with a BSc First class honours degree (Entomology). She holds an MSc in Entomology and Applied Parasitology and a PhD in Entomology, both from the Liverpool School of Tropical Medicine, University of Liverpool having been awarded Commonwealth Fund for Technical Cooperation and Association of Commonwealth Universities (ACU) scholarships respectively. Prof Irungu joined the International Centre of Insect Physiology and Ecology (ICIPE) in August 1978 as a graduate research scholar during which time she pursued her MSc and PhD studies at the Liverpool School of Tropical Medicine, University of Liverpool. During this time, she carried out research on vectors of Leishmaniasis and Filariasis.*

*Prof. Irungu joined the Dept of Zoology, University of Nairobi as a lecturer in 1988. She served as Chairman of Department of Zoology from 1999 to 2004 and was appointed Principal for the College of Biological and Physical Sciences in 2004 a position she held until March 2011 when she was appointed the First Deputy Vice Chancellor, Research Production and Extension, following a competitive process.*

*Prof Irungu assumed the post of first Vice Chancellor of Machakos University on 20th February 2018.*

*In 2011, she was a member of the Higher Education Task Force and chaired the Science, Technology and Innovation Committee which developed the Science Technology and Innovation Bill, later enacted as the STI Act 2013. She belongs to several professional organizations, has served as a member in several boards and is currently the Chairman of the Academic and Management Board KWSTI, Board member JRS Biodiversity Foundation (USA) and President of EARIMA. Prof Irungu is a Fellow of the Royal Society of Tropical medicine and Hygiene and Fellow of the Kenya National Academy of Sciences and a member of the Kenya Institute of Management.*

*Prof. Irungu is a vibrant researcher in vector biology and host-vector-parasite relationships with specific interest in malaria vectors and parasites of neglected diseases. She has published extensively in refereed journals and has mentored and supervised several postgraduate research students. She continues engaged in research and supervision of postgraduate students to date, in addition to promoting innovation.*





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**MANAGEMENT TEAM**



**Prof. Lucy W. Irungu**  
Vice Chancellor

Ph.D. – Medical Entomology and Applied Parasitology.  
 The Academic and Administrative Head of the University.



**Prof. Joyce J. Agalo**  
Deputy Vice Chancellor (ASA)

Ph.D. (Education).  
 In-Charge of Academic and Student Affairs



**Prof. Fredrick Ogola**  
 Ag. Deputy Vice Chancellor (APF)

Ph.D. (Educational Foundations).  
 In-Charge of Administration, Planning and Finance



**Prof. Peter N. Mwita**  
Deputy Vice Chancellor (RIL)

Ph.D. (Statistics).  
 In-Charge of Research, Innovation & Linkages



**Prof. Ezra O. Okemwa**  
Registrar (ASA)

Ph.D. (Knowledge Management).  
 Supports the functions of the Academic & Student Affairs Division.



**CPA Teresia M. Mutunga**  
 Ag. Chief Finance Officer

MBA (Finance), CPA(K).  
 Supports the Financial Management function



**Dr. Susan Nzioki**  
Registrar (AP)

Ph.D. (Human Resource management)  
 Supports the functions of Administration and Planning



**Prof. Stanley Makindi**  
 Ag. Registrar (RIL)

Ph.D. (Environmental Science).  
 Supports the functions of the Research, Innovation & Linkages Division



**Advocate Mumbi S. Mwiuhurih**  
Head of Legal Affairs & Council Secretariat  
 LLM (Governance and Democracy)  
 In-Charge of the Legal function of the University





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

## **CHAIRMAN'S STATEMENT**



the University's revenues generated internally. To streamline the human resource of the University, the Council approved the staff establishment for the period from 2021 to 2026 and the implementation is on course. Therefore, the University Council continues to play its strategic and oversight roles of mobilization and optimal utilization of the available resources.

I wish to present the 2021/2022 Annual Report and Financial Statements for the Financial Year ended 30<sup>th</sup> June, 2022. During the year, the University continued to recover from the effects of COVID-19 pandemic. The year experienced some turbulent times due to electioneering mood. In addition, University was affected by the skyrocketing prices of goods and services. The adverse effects caused some of planned activities to be postponed.

Despite these financial bottlenecks, the University Council continued to meet its financial obligations as per the Strategic Plan of the University. The University continued with the construction of the Tuition and Office Block Complex as one of its flagship projects. Further, the University continued to support the implementation of TVET programmes which complemented

The University Council appreciates the continued support from the Government in terms of development grants earmarked for our flagship project during the period as well as the normal capitation released to the University during the year.

The Council would like to urge the Government and other development partners to continue funding the existing and earmarked capital project and increase their financial support to the University. This will enable the institution to deliver her core mandate and make her contributions for the Big Four Agenda and Vision 2030.

During the Financial Year, the University Council in consultation with the University Management Board and Senate continued with the review and implementation of the





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**CHAIRMAN'S STATEMENT (Continued....)**

University's Strategic Plan 2021-2024 in line with the University's mandate. This was to ensure the University offers effective Academic programmes that are market-driven and meet the demands of the society.

The University has continually served the interests of the students by prioritizing the delivery of quality programmes and embracing the student's welfare.

All in all, I wish to thank the Government and all stakeholders, suppliers and all service providers for their support and continued cooperation.

As I conclude, once again, I wish to emphasize that the University Council is fully committed to working with the various clients and partners towards enhancing the University's capacities in delivering her mandate.

A handwritten signature in blue ink, appearing to read 'Christopher Gakahu'.

**Dr. Christopher Gatama Gakahu**  
**Chairman of Council**





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**REPORT OF THE VICE CHANCELLOR**



I take this opportunity to present the Machakos University Financial Statements for the year ended 30<sup>th</sup> June, 2022. Once again the financial year was not any different from the previous year. The University had its share of economic and financial challenges coming from post COVID effects. However, am pleased to report that the University continued to fulfill its mandate and operated under very strict financial discipline. The University prioritized mainly on teaching and training, research, innovation, linkages and community outreach. As we are all aware, other economic challenges the University faced included reduction of Government funding as well as high cost of living experienced during the electioneering period.

**Academic and Student affairs**

This academic year the University had a comprehensive CUE audit and inspection in all our programs. A report was given and presently the University is working on the exit recommendation report by CUE. The University however continues to seek for

the accreditation for various market-driven programs and courses. The University to offer degree programs as well as diploma TVET courses. The University has embraced the blended learning as the ODeL and integrated ICT teaching services are being established.

To assist needy students, the University through its work-study programme, students work on campus and their compensation goes towards paying their fees and upkeep expenses. This amounted to KShs 377,550 in the financial year. The University through its internal bursary has facilitated the disbursement of KShs. 1 million which benefited the needy students. In addition to this, the Chancellor's scholarship programme and Rattansi scholarships assisted large number of brilliant students who cannot afford to meet their fees requirements. The University takes the welfare of the students as its number one priority in support for the academic environment students in campus and we are grateful for these efforts towards this end.





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**REPORT OF THE VICE CHANCELLOR (Continued....)**

**Research, Innovation and Linkages**

The Division of Research, Innovation and Linkages has continued to grow its research fund and as at March, 2022, it had KES.492 Million cumulatively. The Division is grateful to many organizations and institutions that continued to support research activities. Such organizations such as Women in Science for the Developing World (OWSD), International Centre for Genetic Engineering and Biotechnology (ICGEB), National Disaster Management Authority, Norwegian Partnership Programme for Global Academic Cooperation (NORHED II portfolio 2021-2026), Kenya Medical Research Institute, National Research Fund (NRF), FLAIR, Transfer Multisort Elektronik (TME) and Needs Assessment for developing Capacity for improved Aquatic Resource Development in Africa (NARCADA). In addition to the growing research grant portfolio, members of staff have cumulatively published over 197 papers in peer refereed journals and continue to participate and present papers in international conferences.

In the partnership and collaboration front, we wish to mention Tianjin City Vocational with whom we have together successfully established the Luban Workshop. The Workshop supports ICT degree courses in Cloud Computing and Information Security as well as related ICT skills development and video conferencing. Solar Afric have also partnered with Machakos University to establish a Solar Assembly and Manufacturing Plant. Alexander Von Humboldt Foundation has given KES 4M to purchase laboratory equipment (Ultra-High Performance Liquid Chromatography -Ultra HPLC), UNESCO is supporting acquisition of Electrochemical Analyzer at a cost of KES2.6M and supporting academic staff at the School of Pure and Applied Sciences to conduct a study at a cost of KES 5M. International Centre for Genetic Engineering has supported the University to acquire Automatic Elisa and Washer that is currently supporting research in COVID-19 in the University at a cost of KES 550,000. The Transfer Multisort Elektronik (TME) has also supported the University with equipment worth KES 657,000. Last but not least, Konza Technopolis Development Authority continues to support innovation capacity building in the University. Through these partnerships in the past year, the University continues to develop infrastructural support to link the academia to industry.





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**REPORT OF THE VICE CHANCELLOR (Continued....)**

In underscoring the value of staff and student exchange, the University has two Erasmus+ Programmes with the University of West Attica and Panteion University in Greece. Dr. Alice Nzioka, Dean, School of Tourism and Hospitality benefited from the ERASMUS+ Staff mobility Programme at the University of West Attica in Greece. One student in the School of Tourism and Hospitality is scheduled to travel in the ERASMUS Student mobility in the same University. The University continues to promote the sharing of research experiences through conferences. In the year under consideration, we had our 4th International Conference which was held from 14th -16th June, whose theme was: *Promoting Sustainable Development, through Disruptive Research and Innovation*. We remain focused on the University's Mission and purposes to underscore best research practices.

**Administration, Planning and Finance**

During the year, the University continues to construct Tuition and Office Block. The building has been behind schedule at the end of this period due to challenges in government funding. The project is over 72% complete and requires about Kshs. 497 million to be complete. The building is intended to provide offices, boardrooms, laboratories, lecture rooms and conference rooms thus, significantly reducing space deficiency in the University.

Concerning security, the University has completed the construction of a biometric gate and will become in use in the first quarter of the 2022-2023 Financial Year. This project estimated cost was Kshs. 6 million.

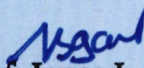
To address sound financial management, the University continued to put in place necessary financial, procurement and internal control measures on resource utilization to ensure that it meets the targets of revenue collection and cost control measures. However, these measures continue to be adversely affected by COVID-19 Pandemic as well as electioneering economic climate. During the year, the University successfully completed the staff establishment policy and is currently being implemented. I am pleased to convey my appreciation and gratitude to the University Council, Management and all the members of staff for their support, commitment and dedication to their work and their efforts that have seen Machakos University attain its financial obligations.





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**REPORT OF THE VICE CHANCELLOR (Continued....)**

Finally, despite the many challenges the University faced during the year, I am glad to report that the University managed to stay afloat financially. I therefore, express my sincere gratitude to the Government of Kenya and particularly the State Department of University Education and Research for the recurrent funding of the University as per the estimates.

  
**Prof. Joyce J. Agalo**  
**Ag. Vice Chancellor**





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**STATEMENT OF MACHAKOS UNIVERSITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022**

Machakos University has six (6) strategic pillars and objectives for the Financial Year 2021/2022 informed by the 2021-2024 Strategic Plan. These strategic pillars are as follows:

**Pillar 1:** Academic Excellence

**Pillar 2:** Human Resource Management

**Pillar 3:** Performance

**Pillar 4:** Research, Science, Technology and Innovation

**Pillar 5:** Infrastructure

**Pillar 6:** Financial Growth and Sustainability

Machakos University prepares its annual work plans based on the above six (6) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University achieved most of the performance targets set for the FY 2021/2022 period for her strategic pillars, as indicated in the table below:





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

STATEMENT OF MACHAKOS UNIVERSITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022 (CONTINUED)

Table 1: PERFORMANCE AGAINST STRATEGIC OBJECTIVES

Strategic Pillar	Strategic Objective	Key Performance Indicators	Activities	Achievements
1). Academic Excellence	1. To develop staff competences	a). Three (3) MOUs signed	a). Establish Collaborations and partnerships.	a) i. Five (5) MoUs identified, approved by Council and submitted to Ministry of Education ii. Four (4) agreements signed between MksU and external research funders
		b). One (1) programme approved.	b). Training and exposure of staff in relevant fields.	b). i. Research and Grant proposal writing draft Manual developed. ii. In-Service Training Programme for Technologists approved. iii. Fifteen (15) Technologists trained
		c). i. Thirty (30) new staff recruited (ii) Enhanced staff welfare.	c). Attract and retain competent / qualified staff	c). i) One (1) staff recruited ii). Improvement of medical cover limits for staff in lower grades. Harmonization of the medical cover for teaching and non-teaching staff. Approval for staff to access 40% of their pension for mortgage arrangement
		d). i. One (1) programme reviewed ii. Number of programmes rationalized	d). Review and rationalize existing programmes	d). i. Two (2) programmes reviewed: Bsc, Hospitality and Tourism Management and BSc in Electrical and Electronic Engineering ii. Schools rationalized from ten (10) to six (6)
		e). i Market survey report ii. One Hundred (100) stakeholders contacted	e). Conduct market survey to establish stakeholder needs	e). i. Two hundred and eleven (211) stakeholders responded





**Machakos University**  
*Annual Reports and Financial statements for the year ended June 30, 2022*

Strategic Pillar	Strategic Objective	Key Performance Indicators	Activities	Achievements
	2). Establish effective academic quality assurance	a). One (1) office facility provided.	a). Provide Office facilities	a). One executive office table, two visitors' chairs, two filling cabinets and one microwave procured:
		b). i. Ten (10) computers procured.		b). i. Computers not procured.
		ii. Procured 500 volumes of books.	b. Modernize Library Services and enhance the learning environment.	ii. 215 books were procured and 353 books donated.
		iii. Renewed Subscription for Anti-plagiarism software		iii. Turnitin/Anti-plagiarism software renewed. 1522 users accessed e-resources. Increased the usage of the library e-resources by 1926 new users.
		c). i) One (1) Life Skills Manual developed	c) Equip students with life skills.	c). i. Life Skills draft Manual developed.
		ii. Train twenty (20) students trained		(ii) 20 student peer counsellors trained in life skills.
		d). i. Ten (10) solar security lighting installed	d). Improve and ensure students' security	d). i. Ten (10) solar security lighting installed
		e). Bursaries awarded to Five (5) students	e). Allocate students' scholarships, awards and bursaries	ii. One (1) gate security systems Installed. e). 220 students awarded SAMU bursary, 123 University Bursary and 55 Rattansi Bursary
		a). Allocated research funds	a). Allocate University research fund	a). KShs. 4,092,624 allocated to Six (6) staff for internal research
		b). Allocated Innovation funds	b). Allocate innovation award fund.	b). KShs. 500,000 Innovation funds approved KShs. 304,500 awarded to seven (7) students.
3. Generate, disseminate and utilize new knowledge		c). Publications in MksU Scientific Journal	c). Publish in MksU Scientific Journal.	c). Twenty-three (23) papers published in the Journal's 3 <sup>rd</sup> Volume.





**Machakos University**  
*Annual Reports and Financial statements for the year ended June 30, 2022*

Strategic Pillar	Strategic Objective	Key Performance Indicators	Activities	Achievements	
2). Human Resource Management		d). Approved Budget	d). Support participation in conferences and workshops.	d). KShs.3.5M budgeted KShs 1,209,850 Million spent to support staff conferences and workshops	
		e). Approved Budget	e). Promote registration and Patenting of Innovations	e). KShs 500,000 approved and KShs 352,760 spent	
		a). Number of scholarships awarded	a). Source and award Scholarships	a). Four (4) staff awarded scholarships	
		b). i. Signed MOUs.	b). Collaborate with other universities and institutions for capacity building.	b). i. Five (5) MOUs identified, and approved by Council and submitted to Ministry of Education: 1.Family Bank 2.KENGEN 3.KMFERI 4.Jitegemee Childrens' programme 5.Technical University of Mombasa	
		ii. One (1) capacity building manual developed	ii. Develop one Capacity Building Manual	ii. Research and Grant proposal writing draft Manual developed	
	5. Maintain optimum Staff competency.		c). i. Allocated budget	c). Implement Staff Training and Development Policy.	c). i. KShs. 3.5M approved for staff and development KShs. 2,218,178 spent in training and development
			ii. Ten (10) staff funded		ii. Four (4) Staff pursuing MksU Ph.D. funded.
			a). i. Increased staff emolument budget	a). Mobilize additional funding for staff recruitment	a). i. 2020/2021 was 1,048,522,419 in 2021/2022 was 1,055,222,318 - increased by 6,699,899
			ii. Developed fundable proposals	ii. Developed fundable proposals	ii. KShs. 12,350,453 raised externally and KShs. 2,386,565 raised internally.





**Machakos University**  
*Annual Reports and Financial statements for the year ended June 30, 2022*

Strategic Pillar	Strategic Objective	Key Performance Indicators	Activities	Achievements
3). Performance	6. To enhance service delivery to all customers/ stakeholders	b). i. Renovated offices	b). Enhance work environment to attract and retain relevant talent	b). i. Five (5) offices renovated.
		ii. Equipped Offices		ii. Ten (10) offices provided with new equipment
		iii. Water dispensers procured		iii. Four (4) dispensers procured
		a). Customer Satisfaction Survey report	a). Review/Implement the University's Service Delivery Charter	a). Survey initiated to be completed by 2022/2023 FY
		b). Smart cards issued to staff and students.	b). Integrate utilization of ICT in Service Delivery	b). 1435 Smart cards procured and 2165 internally produced students' cards (Total 3600).
		c). ISO recertification	c). Conform to ISO Standards and adhere to Total Quality Management System.	c). ISO 9001:2015 recertified
		d). Approved budget.	d). Promote Outreach Programmes	d). KSHs 250,000 approved for outreach budget
		a). i. Enhanced website	a). Maximize management of mainstream and Social Media.	a). i. Provision for viewing of the website in different languages.
				ii. Accessibility tools for PWDs for the partially visually impaired like increasing text, changing background color and contrast
		b). i. Approved Budget	b). Promote participation in Shows/ Exhibitions, Conferences and Workshops	b). i. KSHs 3,500,000 was budgeted KSHs 1,209,850 spent
	7. To market the University	ii. Two (2) advertisements		ii. Advertised for students' innovations and international conference





**Machakos University**  
*Annual Reports and Financial statements for the year ended June 30, 2022*

Strategic Pillar	Strategic Objective	Key Performance Indicators	Activities	Achievements	
4). Research, Science, Technology and Innovation	8. Promote Research, Innovation and Technology	a). Organized Innovation, Workshops and Symposiums	a). Organize Innovation, Workshops and Symposiums	a). KShs. 500,000 allocated	
		b). Funds Mobilized	b). Establish Innovation/Technological awards	b). Seven (7) students were awarded innovation grants of KShs 352,760 out of 500,000 budgeted.	
		c). Mobilized funds.	c). Increase research and Innovation Funding.	c). KShs 4,500,000 allocated for internal research fund for 2021/2022FY. 2,386,565 was spent	
		d). i. Two (2) short courses developed.	d). Start short courses in extension, technology and emerging areas.	d). i. a. Three (3) Short courses developed and advertised:	
		ii. Advertised short courses.		b. Integrated Environmental Impact Assessment Course	
		iii. Train entrepreneurs		c. Huawei Certified ICT Associate course	
		e). i. No of protected innovations		d. Employability and Enterprise Development	
		ii. No. of staff and students with protected innovation	e). Protection of Intellectual Property Rights (IPR)	e). i. One innovation patented.	ii. Advertisement done for the three (3) courses
		a). i. No. of strategic partners			iii. Fourty eight (48) trained in Huawei Certified ICT Associate course ,one thirty one (131) in Employability and Enterprise Development, Environmental Impact did not attract quorum
		9. To enhance mechanisms for collaboration	9. To enhance mechanisms for collaboration	a). i. No. of MOUs	ii. One staff has patented innovation
ii. No. of MOUs	a) i. a) Twenty two 22 strategic partners identified				
			a). i. Collaborate with strategic partners.	ii. Five (5) MOUs identified, and approved by Council awaiting submission to Ministry of Education. Four (4) agreements signed.	



**Machakos University**  
*Annual Reports and Financial statements for the year ended June 30, 2022*

Strategic Pillar	Strategic Objective and linkages in research	Key Performance Indicators	Activities	Achievements	
5). Infrastructure	10. To provide appropriate facilities for teaching, research, consultancy and community service 11. To enhance	iii. No. of activities		iii. Solar Assembly and Manufacturing Plant is being established. -Attachment of students in partnering institutions such as Konza Technopolis.	
		b).i. No. of staff trained	b). Enhance human resource and capacity building	- Joint research activities and organization of conferences/workshops/activities	
		ii. No. of staff and students exchanged		b).i. Eighty-four (84) staff trained in proposal writing and mobilization of funds.	
		iii. No. of conferences and workshops held.		ii. Two (2) staff participated in exchange programme	
		c). No. of activities implemented	c). Develop and implement supportive research policies	iii. One (1) international Conferences and two (2) workshops held.	c).Innovation week (IPR); International conference (Research Policy); Trainings (Research Policy, Research and Ethics Policy; Post Graduate students seminar (Post-Doctoral Policy).
		a). No. of linkage MOUs.	a). Link Research to industry	a).Five (5) MOUs signed	
		b).i. No. of constructed structures	b). Use of architectural designs that mainstream disability and environmental needs	b). i. Six (6) ramps constructed, five (5) PWDs packing areas added and Six (6) reception counters lowered in offices	
		c).i. Certificate of completion.	c). Optimize infrastructural resources	c). i. Seventy-three percent (73%) complete	
		a). i. Identified Security risk areas.	a). Identify security risk areas.	a).i. The high security risk areas identified –Kivui hostel, Procurement office, behind pioneer, behind library, Mechanical workshop, Gate house, Admission.	





**Machakos University**  
*Annual Reports and Financial statements for the year ended June 30, 2022*

Strategic Pillar	Strategic Objective	Key Performance Indicators	Activities	Achievements	
6). Financial Growth and sustainability	green environment	ii. Installed Solar Power supply.	ii. Install Solar power supply systems.	ii. Ten Solar power installed.	
		b). Two (2) containers fabricated	b). Install e-waste collection containers	b). Three (3) identified areas, and three (3) containers installed.	
	a). i. Stake holders identified	ii. 35M Mobilized resources	a). Establish endowment and trust funds.	a). i. Board of trustees being formed.	
				ii. KShs 250,000 budgeted	
	b). i. Initiated Alumni contributions.		b). Develop and activate alumni register.	b). i. 5,500 in Alumni registered	
				ii. Mobilize Alumni contribution.	ii. KShs. 1.440,000.00 raised.
	12. To diversify sources of funding		c). i. Developed fundable proposals	c). i. Seventeen (17) proposals done. Raised KSHs 12,350,453	
				d). Allocated TVET lecturers.	d). Sixty-four (64) teaching staff allocated to TVET
	e). i. Identified stake holders		ii. Raised funds	e). Engage development partners for funding assistance in Research and Development	i. Twenty-two (22) Stakeholders identified.
				f). i. Allocated budget IGU budget.	ii. KShs. 12,350,453 raised.
	ii. Developed Business plan.		ii. Developed Business plan.	f). i. Initiate and strengthen Income Generating Activities and Units.	f). i. KShs 1.2 Million allocated. KShs. 411,424 spent.
				a). Performance reports	ii. Business plan was developed in 2020/2021 and implementation in 2021/2022
	13. To improve			a). Improve efficiency in Financial Management.	a). Weekly, quarterly and yearly financial reports.





**Machakos University**  
*Annual Reports and Financial statements for the year ended June 30, 2022*

Strategic Pillar	Strategic Objective	Key Performance Indicators	Activities	Achievements
	efficiency in financial management	b).i. Operational ERP ii. Trained staff in expenditure control iii. Evaluation report. c). i. Performance report	b). Improve efficiency and effectiveness in expenditure control ii. Training of staff. iii. Evaluate performance of expenditure controls. c). Initiate e-management of financial resources	b).i. ERP in operation ii. Eighteen (18) Staff trained in expenditure control. iii Quarterly and annual financial reports. c). i. Preparation of financial statements automated.





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

## **CORPORATE GOVERNANCE STATEMENT**

Good corporate governance in any State Corporation is central to its effectiveness and sustainability. It plays a leading role in how Corporations and their Boards of Management are directed, controlled and held to account. Corporate governance, therefore, encompasses the systems, practices and procedures by which the individual corporation is regulated in order to remain competitive, ethical, sustainable and fair.

Machakos University Council adheres to principles of openness, integrity and accountability in its stewardship of the University's affairs. It recognizes the evolving nature of corporate governance as well as the University's compliance with generally accepted corporate governance practices on a regular basis, directly and through its Council committees and University Board of Management.

The role of the Council is to ensure conformity to the overall University strategic direction through policy-making as well as performance review by instituting accountability and appropriate monitoring and supervision. The Council is also responsible for the maintenance of internal control systems and their continued review, for their effectiveness. The internal controls are designed to both safeguard the University's assets while ensuring the reliability and credibility of financial information.

The University Management Board, comprising, the Vice Chancellor, Deputy Vice Chancellors, Registrars, Chief Finance Officer and Legal Officer meets regularly to consider strategic issues of operational importance to the University. Below are the key features of the existing corporate governance practices within Machakos University which are reviewed and improved on a regular basis: -

### **1. UNIVERSITY COUNCIL**

Machakos University Council was appointed on 4<sup>th</sup> November, 2020 and inaugurated on 18<sup>th</sup> December, 2020, for a three-year tenure until 3<sup>rd</sup> November 2023. It consists of the Chairman and six members, who have been appointed in accordance with the Universities Act (2012). It is a requirement by law that the full University Council meets at least four times a Financial Year. The Council is responsible for guiding the direction of the University through the establishment of policies, strategic plan and approval of statutory reports and budgets. Through the various Committees, the Council monitors the implementation of strategies and policies by University Management.





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

The Council is actively involved in the affairs of the University and brings strong independent judgment on its deliberations and discussions. The University Council members have diverse skills and wide range of knowledge that is beneficial in providing strategic direction, formulation of objectives and decision making. Since its inauguration on 18<sup>th</sup> December 2020, the Council has been holding Council and Council Committees' meetings in line with approved Council Almanac and as stipulated by the Mwongozo Code of Governance. During the reporting period, the Council did not have a substantive chair. However, the Council continued to operate in line with Mwongozo Code of Governance. The University Council held the following Full Council meetings during the 2021/2022 Financial Year:

**Table 2: FULL COUNCIL MEETINGS**

Name	Designation	No. of Meetings	Meetings attended
Mr. Richard Mativu	Independent Member	4	4
Dr. Zipporah Mutea	Independent Member	4	4
Dr. Margaret Makumi	Independent Member	4	4
Mr. Patrick Abelle	Independent Member	4	4
Mr. Peter Njoroge	Rep. CS, TNT	4	4
Dr. Joyce Ngure	Rep. PS, SDUE &R	4	4
Prof. Lucy Irungu	Secretary of Council	4	2

**Note:** The Secretary of Council was represented by the Ag. Vice Chancellor, Prof. Peter Mwita in two (2) meetings

**COUNCIL COMMITTEES**

To assist the Council in the discharge of its responsibilities, Council committees have been established. All the Council committees meet at least four times a year. The committees are as follows:

**1. FINANCE, PLANNING AND DEVELOPMENT COMMITTEE**

**Membership**

- (1) Mr. Richard Mativu - Chairman
- (2) Mr. Peter Njoroge - Representative - Cabinet Secretary, The National Treasury
- (3) Dr. Joyce Ngure – Rep - PS, State Department of University Education and Research
- (4) Dr. Margaret Makumi – Council Member
- (5) Prof. Lucy Irungu (Vice-Chancellor) – Secretary





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**Responsibilities:**

1. To receive, consider and submit the proposed budget estimates from the various sections for approval by the Council;
2. To control the banking and investment operations of the Council and to make provision for the examination of all the bills and accounts and for the discharge of liabilities incurred by the University;
3. To control all the expenditure of the University under approved annual estimates;
4. To receive and consider all requests for authorization of expenditure more than the approved annual estimates and make recommendations to the Council;
5. To consider and propose fees and other rates to the Council;
6. To report to the Council all matters related to finance and development;
7. To ensure that accurate records are kept on the establishments in the University;
8. To consider and recommend to the Council the priority development projects and receive reports, and the recommendations of Management on the progress of the physical development of the University;
9. To report to the Council on the progress of physical infrastructure development of the University;
10. To prepare University Development plans for an approved period and submit to the Council; and
11. To exercise such other powers as the Council may from time-to-time delegate to the Committee.

**Table 3: FINANCE PLANNING AND DEVELOPMENT COMMITTEE MEETINGS**

Name	Designation	No. of Meetings	Meetings attended
Mr. Richard Mativu	Chairman	4	4
Dr. Margaret Makumi	Member	4	4
Mr. Peter Njoroge	Rep. CS, TNT	4	4
Dr. Joyce Ngure	Rep. PS SDUE &R	4	4
Prof. Lucy Irungu	Secretary of Council	4	2

**Note:** The Secretary of Council was represented by the Ag. Vice Chancellor, Prof. Peter Mwita in two (2) meetings

**2. ACADEMIC AND RESEARCH COMMITTEE**

**Membership**

- (1) Dr. Zipporah Mutea – Chairman
- (2) Mr. Patrick Abelle -Independent Member
- (3) Dr. Joyce Ngure – Rep. PS, State Department of University Education and Research





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

- (4) Mr. Peter Njoroge – Rep. Cabinet Secretary, The National Treasury
- (5) Prof. Lucy Irungu (Vice-Chancellor) – Secretary

**Responsibilities:**

- (1) To advise the Council on academic programmes where the University has competitive advantage;
- (2) To receive and recommend all policy documents dealing with academic and research.
- (3) To receive and recommend to the Council all Memorandum of Understanding/Agreement pertaining to collaboration and linkages;
- (4) To assist the University in establishing collaboration with industry and other stakeholders;
- (5) To lobby for bursaries, research grants, scholarships and funds for capacity building;
- (6) To exercise such other powers as the Council may from time-to-time delegate to the Committee.

**Table 4: ACADEMIC AND RESEARCH COMMITTEE MEETINGS**

Name	Designation	No. of Meetings	Meetings attended
Dr. Zipporah Mutea	Chairman	4	4
Mr. Patrick Abelle	Member	4	4
Mr. Peter Njoroge	Rep. CS, TNT	4	4
Dr. Joyce Ngure	Rep. PS, SDUE&R	4	4
Prof. Lucy Irungu	Secretary	4	2

**Note:** The Secretary of Council was represented by the Ag. Vice Chancellor, Prof. Peter Mwita in two (2) meetings

**3. HUMAN RESOURCES COMMITTEE**

**Membership**

- (1) Dr. Margaret Makumi - Chairperson
- (2) Mr. Richard Mativu - Council Member
- (3) Dr. Joyce Ngure – Rep - PS, State Department of University Education and Research
- (4) Mr. Peter Njoroge - Representative - Cabinet Secretary, The National Treasury
- (5) Prof. Lucy Irungu (Vice-Chancellor) - Secretary

**Responsibilities:**

- (1) To review and make recommendations to the Council on Staff Terms and Conditions of Service as and when necessary or when directed to do so by the Council from time to time;
- (2) To consider proposals of Terms and Conditions of Service made by staff unions through the University Management Board;





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

- (3) To receive and review, from time-to-time human resource policies and the code of conduct of the University employees;
- (4) To plan for human resource development in the University;
- (5) To receive, consider and recommend to the Council staff recruitment and promotion criteria;
- (6) To examine and recommend to the Council staff rationalization and career structures within the University; and
- (7) To exercise such other powers as the Council may from time-to-time delegate to the Committee.

**Table 5: HUMAN RESOURCE COMMITTEE MEETINGS**

Name	Designation	No. of Meetings	Meetings attended
Dr. Margaret Makumi	Chairman	4	4
Mr. Richard Mativu	Member	4	4
Dr. Joyce Ngure	Rep. PS, SDUE&R	4	4
Mr. Peter Njoroge	Rep. CS, NT	4	4
Prof. Lucy Irungu	Secretary	4	2

**Note:** The Secretary of Council was represented by the Ag. Vice Chancellor, Prof. Peter Mwita in two (2) meetings

**4. AUDIT AND COMPLIANCE COMMITTEE**

**Membership**

- (1) Mr. Patrick Abelle - Chairman
- (2) Dr. Zipporah Mutea - Council Member
- (3) Dr. Joyce Ngure – Rep - PS, State Department of University Education and Research
- (4) Mr. Peter Njoroge – Rep. Cabinet Secretary, The National Treasury
- (5) CPA John Ngure (Chief Internal Auditor) - Secretary

**Responsibilities:**

- (1) To evaluate adequacy of management procedure with regard to issues relating to risk management, control and governance;
- (2) To reviewing and approve the audit charter where applicable and internal audit annual work plans;
- (3) To review internal and external audit findings and recommendations and propose corrective and preventive actions where necessary;
- (4) To review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics;





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

(5) To initiate special audits and or investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer; and

(6) To exercise such other powers as the Council may from time-to-time delegate to the Committee

Table 6: AUDIT AND COMPLIANCE COMMITTEE MEETINGS

Name	Designation	No. of Meetings	Meetings attended
Mr. Patrick Abelle	Chairman	4	4
Dr. Zipporah Mutea	Member	4	4
Mr. Peter Njoroge	Rep. CS, TNT	4	4
Dr. Joyce Ngure	Rep. PS, SDUE&R	4	4
CPA John Ngure	Secretary	4	4

Besides the four main Council committees, there are ad-hoc committees which are not permanent but convened as per need to cover issues such as:

- (a) Appeals committee – Human Resource.
- (b) Graduation and Sealing committee - Academic
- (c) Honorary degrees’ committee - Academic
- (d) Appointments committee for grades 14 and 15 - Human Resource
- (e) Senior management staff disciplinary committee for grade 14 and above - Human Resource

The following were ad-hoc meetings held during the year:

Table 7: APPOINTMENTS COMMITTEE MEETINGS

Name	Designation	No. of Meetings	Meetings invited	Meetings attended
Dr. Zipporah Mutea	Chairman	1	1	1
Dr. Margaret Makumi	Member	1	1	1
Prof. Lucy Irungu	Secretary of Council	1	1	1

Table 8: STAFF APPEALS COMMITTEE MEETING

Name	Designation	No. of Meetings	Meetings attended
-	Chairman of Council	0	0
Dr. Margaret Makumi	Chairman HR Committee	0	0
Prof. Lucy Irungu	Secretary of Council	0	0





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**Table 9: GRADUATION AND SEALING COMMITTEE MEETING**

Name	Designation	No. of Meetings	Meetings attended
Mr. Patrick Abelle	Chairman	1	1
Dr. Zipporah Mutea	Member	1	1
Dr. Joyce Ngure	Rep. PS SDUE&R	1	1
Prof. Lucy Irungu	Secretary to Council	1	0

**Note:** The Secretary of Council was represented by the Ag. Vice Chancellor, Prof. Peter Mwita in the meeting

#### **2. Council Members' Remuneration**

Sitting allowance for Council members, monthly honoraria and telephone allowance for the Chairman of Council are guided by Circular No. OP/CAB.9/21/2A/LII/43 dated 23<sup>rd</sup> November, 2004. Payment of daily subsistence allowance of Kshs. 18,200.00 is guided by Circular No. OP/SCAC.9/21.2VOL1 (164) dated 28<sup>th</sup> April, 2015. During the financial year ended 30<sup>th</sup> June, 2022, the amount spent on Council is outlined under **Note 10** (Council expenses) of the Financial Statements.

#### **3. Succession Plan**

The appointment of council members is the prerogative of the Cabinet Secretary, Ministry of Education. Members have no control of the appointment and duration of service.

#### **4. Board Charter**

Machakos University Council has an approved Board Charter. The Council is also guided by Mwangongo Code of Governance in its operations.

#### **5. Appointment and removal of Council members**

The appointment of Council members is the prerogative of the Cabinet Secretary, Ministry of Education

#### **6. Induction and Training**

The Machakos University Council members during the reporting period were inducted from 24<sup>th</sup> to Friday 26<sup>th</sup> February 2021 (Last Financial Year).





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**Table 10: TRAINING DAYS**

Name	Designation	Days of Trainings	Days attended
Dr. Zipporah Mutea	Independent Member	0	0
Mr. Richard Mativu	Independent Member	0	0
Dr. Margaret Makumi	Independent Member	0	0
Mr. Patrick Abelle	Independent Member	0	0
Mr. Peter Njoroge	Rep. CS, TNT	0	0
Dr. Joyce Ngure	Rep. PS, SDUE &R	0	0
Prof. Lucy Irungu	Secretary of Council	0	0

**7. Council and Council Members' Performance**

The evaluation was conducted on 11<sup>th</sup> January, 2022 by the State Corporations Advisory Commission (SCAC).

**8. Conflict of Interest**

In every Council meeting and other business held by the University Council, Members declare Conflict of Interest on matters in the agenda and register the same in the conflict of interest register book.

**9. Ethics and Conduct**

Machakos University Council Members uphold integrity and the highest standard of Ethics and conduct while executing their mandate.

**10. Governance Audit**

The Council has put in place a combination of processes and structures to inform, direct, manage and monitor the activities of the University towards the achievement of its objectives. There is an independent Audit and Compliance Committee of Council that reports to the Council on a regular basis. The committee plays a key role in assisting the Council to fulfill its oversight responsibilities in areas such as financial reporting, internal control systems, risk management systems and the internal and external audit functions.

The University has internal audit unit headed by the chief internal auditor who report directly (functionally) to the Audit and Compliance Committee of Council.





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**11. Internal Controls**

The University has implemented and maintained internal controls designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability of the University's assets. Such controls are based on Law, Government & University regulations, Policies and circulars and are implemented by trained personnel with appropriate segregation of duties. The effectiveness of the system of internal controls is monitored regularly through internal audit functions, staff performance appraisals, operational meetings and the annual external audit.

**12. Going Concern**

The University Council confirms that Machakos University has adequate resources to continue operations for the foreseeable future and therefore, the continued use of going concern as a basis of preparing the financial statements. Machakos University has experienced increasing student population and staff population. We continue to meet statutory remittances and other financial obligations.





**MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A: OPERATIONAL AND FINANCIAL PERFORMANCE**

**A) REVENUE ANALYSIS:**

During the 2021/2022 financial year, Government grants contributed to 65% of the total recurrent revenues while tuition and its related incomes contributed to 26%. Income generating activities and research contributed to 7% and 1% respectively. Amortization grants in kind contributed to 1%. The University mostly depended on grants from the government to execute its operations as shown in figure 1.

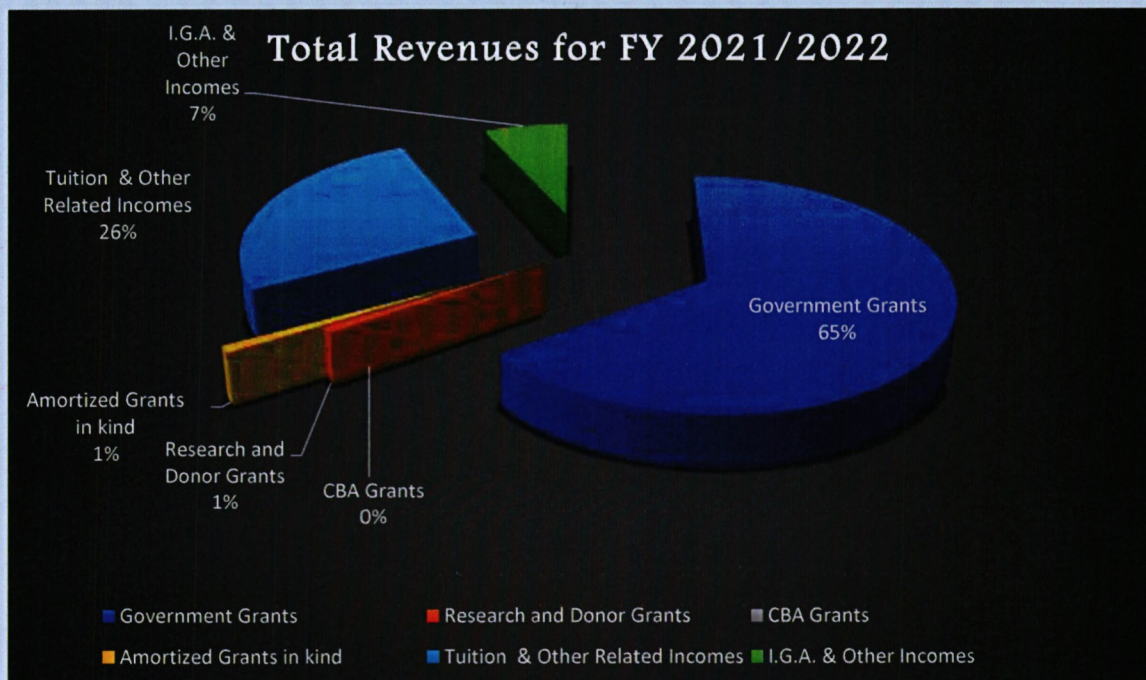


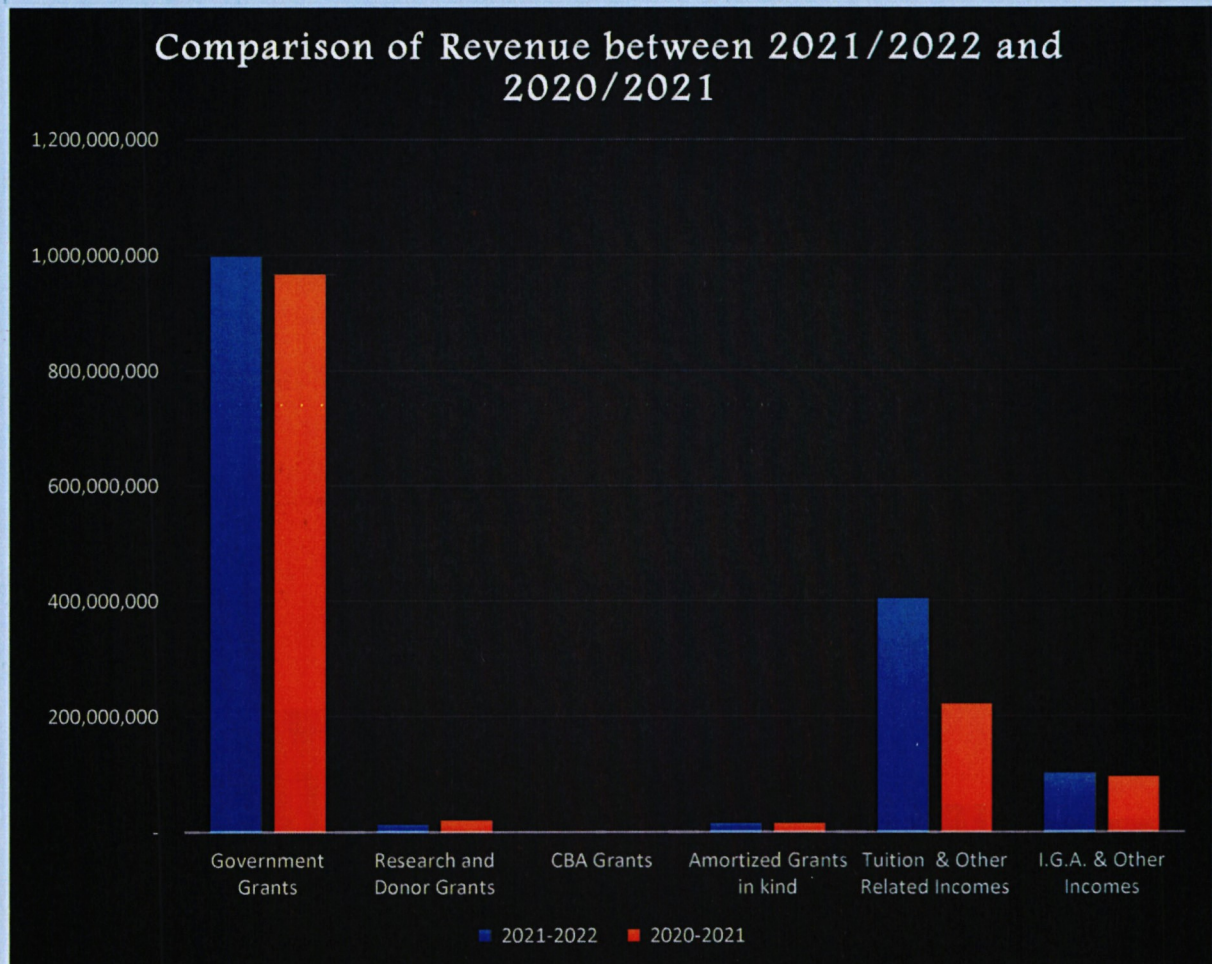
Figure 1: Revenues for FY 2021/2022

There was a bit of improvement in government recurrent grants in 2021/2022 financial year compared to 2020/2021 financial year. In addition, the tuition and related income together with the revenues from Income generating activities increased due to recovery from the effect of Covid-19 pandemic in the 2020/2021 and 2019/2020 financial years. However, research and donor grants dropped in the 2021/2022 financial year as shown in figure 2.





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**



*Figure 2: Comparison of Income between 2021/2022 and 2020/2021*

The University appreciates the government for increasing the recurrent grants (capitation) from 727.97 million in the 2017/2018 financial year to 998.36 million in the 2021/2022 financial year. This has ensured financial stability in meeting the institution’s expenditure especially the payroll costs as shown in figure 3.





Machakos University  
Annual Reports and Financial statements for the year ended June 30, 2022  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

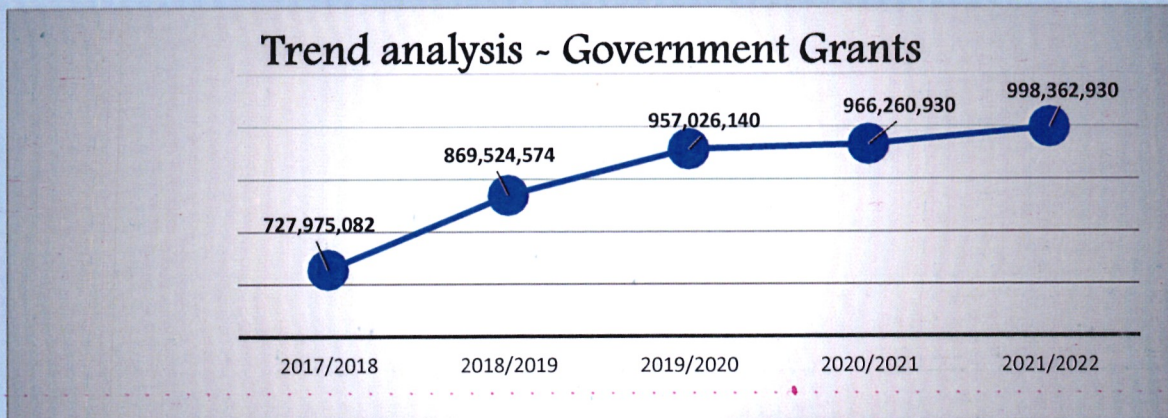


Figure 3: Trend analysis - Government Grants

The University experienced a decrease in research grants from 12.6 million in FY 2017/2018 to 11.8 million in FY 2018/2019. The grants increased to 25.0 million in 2019/2020 financial year but later reduced to 19.5 million and 12.3 million in the 2020/2021 and 2021/2022 financial years respectively as shown in figure 4.

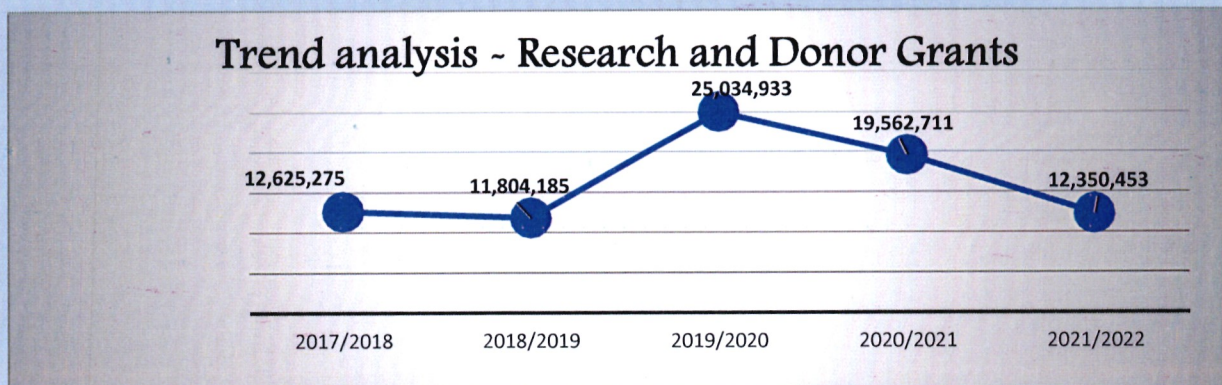


Figure 4: Trend analysis - Research and Donor Grants

Tuition and other related incomes increased from 305.0 million to 364.9 million in 2018/2019 financial year. This increased tuition fees were mainly because of the re-introduction of TVET programmes and the increased number of degree students. The tuition incomes later reduced to 324.9 million in 2019/2020 and 221.3 million in financial year 2020/2021 due to the effects of





Machakos University  
Annual Reports and Financial statements for the year ended June 30, 2022  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

COVID-19 pandemic which adversely affected the university operations by suspending the physical lectures up to around May 2021. During the FY2021/2022 the tuition incomes increased to 404 million after physical lectures resumed as shown in figure 5.

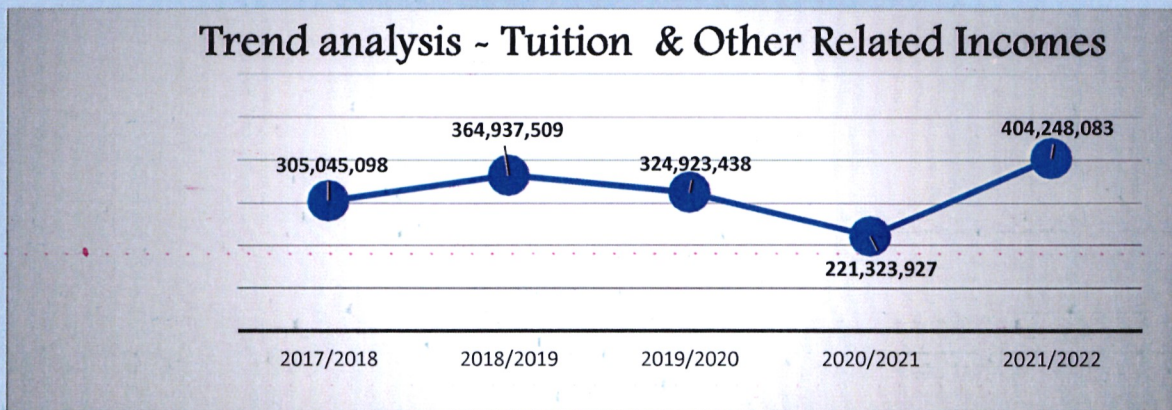


Figure 5: Trend analysis - Tuition & Other Related Incomes

Revenues from income generating activities grew from 74.8 million in FY 2017/2018 to 152.7 million in FY 2018/2019. The increased revenue was mainly attributed to the university hotel which had more conferences relating to the national population census in the year 2019. The revenue later fell to 100 million in FY 2019/2020 and 95.3 million in the FY 2020/2021 due to the effects of COVID-19 which adversely affected the operations of the university. The incomes slightly increased in FY2021/2022 to 101.8 million due to resumption of hotel operations as shown in figure 6.

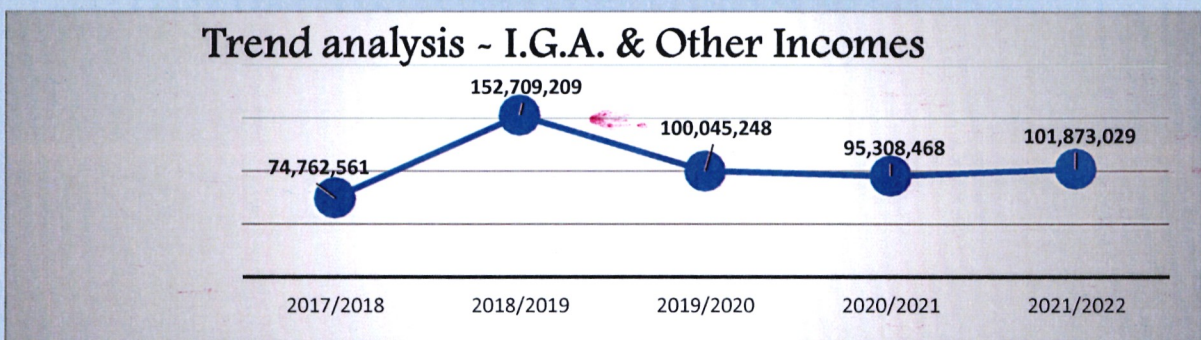


Figure 6: Trend analysis - I.G.A. & Other Incomes





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

The Surplus for the year dropped from 38.7 million in 2017/2018 to 33.9 million in 2018/2019. The surplus grew to 94.5 million in 2019/2020 but the university experienced a deficit of 55.5 million in 2020/2021 financial year due to reduced revenues from income generating activities and increased depreciation expenses. In FY 2021/2022, the university gained a surplus of 81 million as shown in figure 7.

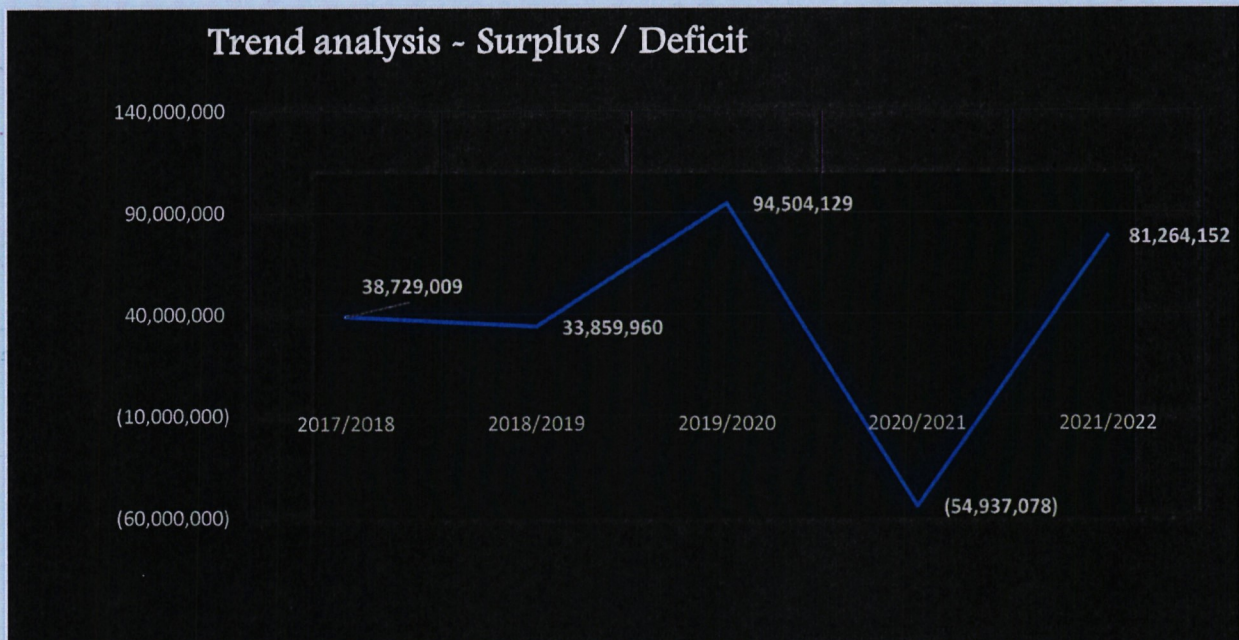


Figure 7: Trend analysis - Surplus / Deficit

**B) EXPENDITURE ANALYSIS**

During the 2021/2022 financial year, employment costs took the highest amount of recurrent expenditure with 73%. Administrative and operations expenses formed 11% with the academic expenses taking 6% of the total recurrent expenses. The council expenses were 1% of the total recurrent expenditure while repairs and maintenance, depreciation, increase in provision for doubtful debts, and other expenses represented 0.6%, 5%, 0.4% and 3% respectively as shown in figure 8.





Machakos University  
Annual Reports and Financial statements for the year ended June 30, 2022  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

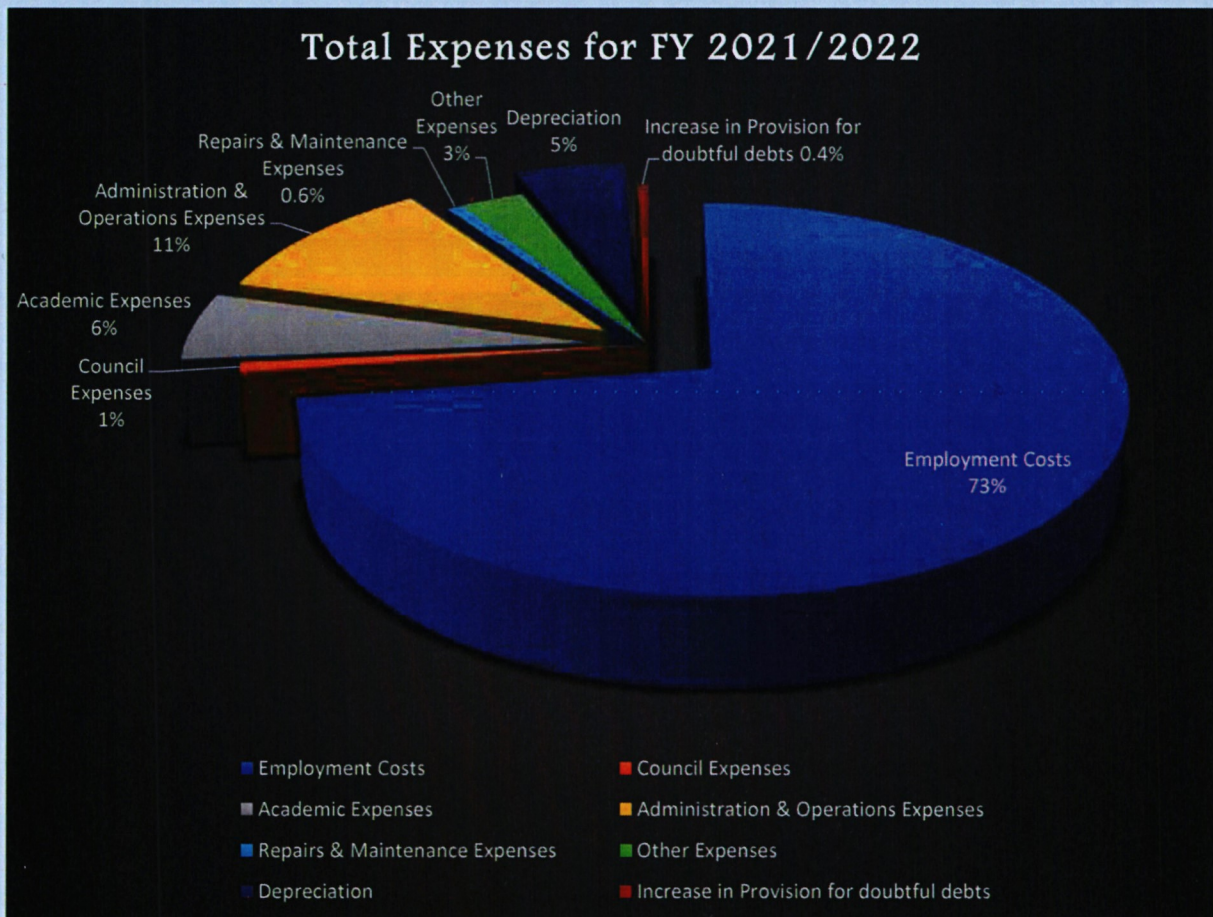


Figure 8: Total Expenses for FY 2021/2022

The financial year had a slight increase in employment costs; increasing by 7 million due to the annual basic salary increments and the few academic staff that were promoted. Administrative and operation expenses increased by 20 million while academic expenses increased by 34.5 million due to increased academic activities after resumption of physical lectures that had been suspended during the global effect of Covid-19 pandemic. Council expenses increased by 5 million considering that physical council meetings resumed during the year. Other expenses increased by 11.5 million due to increased hotel operations during the financial year as shown in figure 9.





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

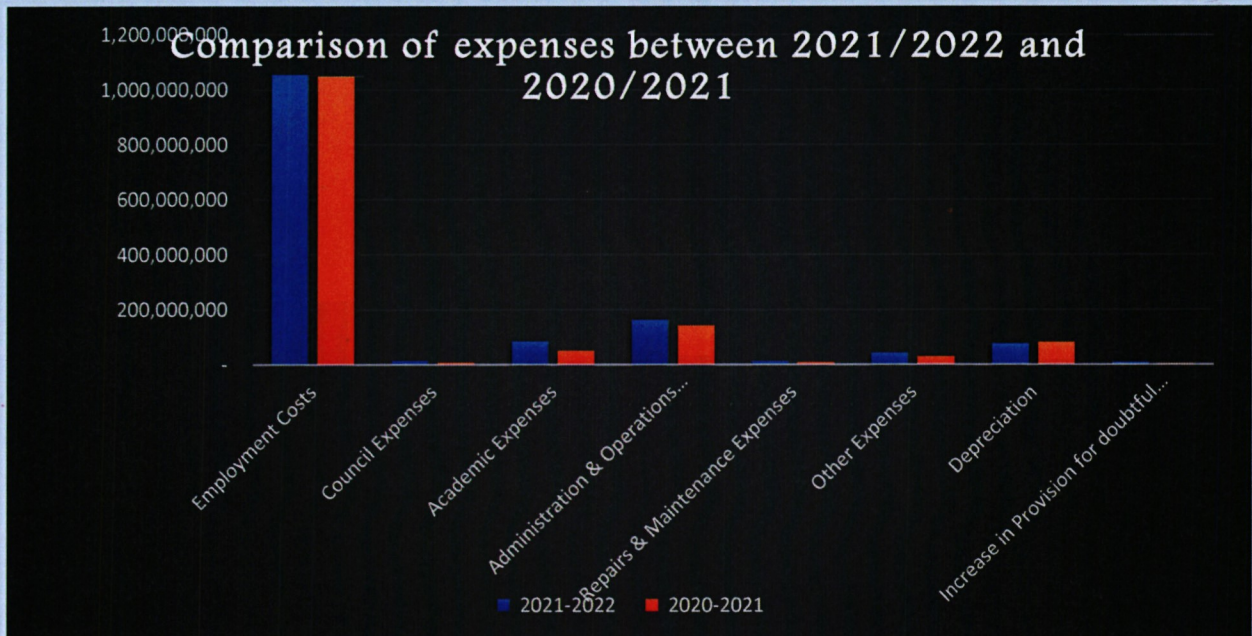


Figure 9: Comparison of expenses between 2021/2022 and 2020/2021

Employment costs have continued to increase from 897.3 million in 2017/2018 to 1.103 billion in the 2019/2020 financial year then reduced to Ksh.1.055 billion in FY2021/2022. The employments costs in 2019/2020 included 2017-2021 CBA arrears for 3 years of Kshs. 96.3 million as shown in figure 10.

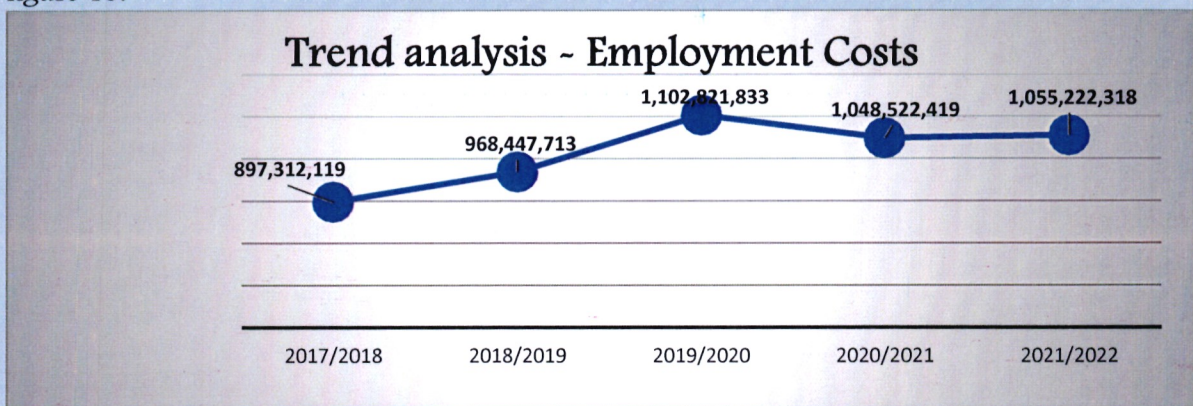


Figure 10: Trend analysis - Employment Costs





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Council expenses increased from 9.1 million in 2017/2018 to 11.3 million in 2019/2020 but later reduced to 7.5 million in the 2020/2021 financial year due to reduced cost of meetings attributed to virtual meetings because of the effects of the COVID-19. The expenses increased in FY2021/2022 to 12.5 million as shown in figure 11.

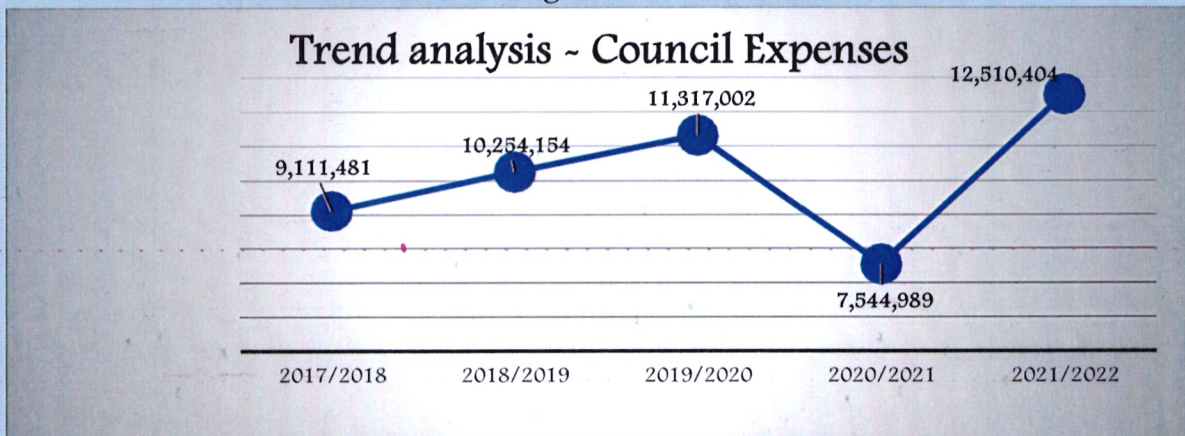


Figure 11: Trend analysis - Council Expenses

Academic expenses increased from 81 million in 2017/2018 to 90.9 million in 2018/2019 but later reduced in 2019/2020 and 2020/2021 financial years due to the effects of COVID-19 which forced the university to close physical lectures from March 2020 to May 2021. After resumption of physical lectures, the expenses increased in FY2021/2022 to 84.6 million as shown in figure 12.

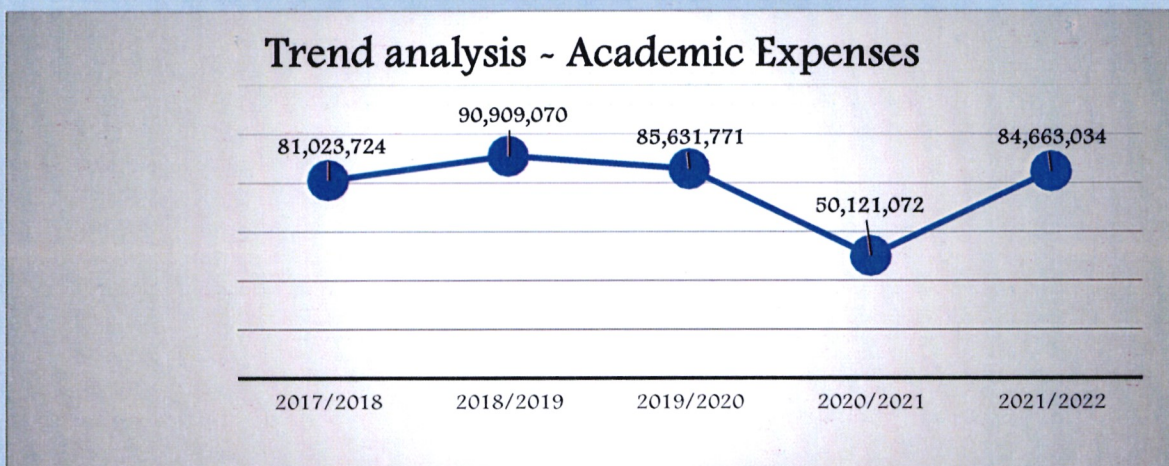


Figure 12: Trend analysis - Academic Expenses





MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Administration and operation expenses have been increasing from 116 million in 2017/2018 to 162 million in 2021/2022 financial year. The costs had dropped from 159.6 million in FY2018/2019 to 138.2 million and 142.0 million in 2019/2020 and 2020/2021 respectively due to effects of COVID-19 on some expenditure lines as shown in figure 13.

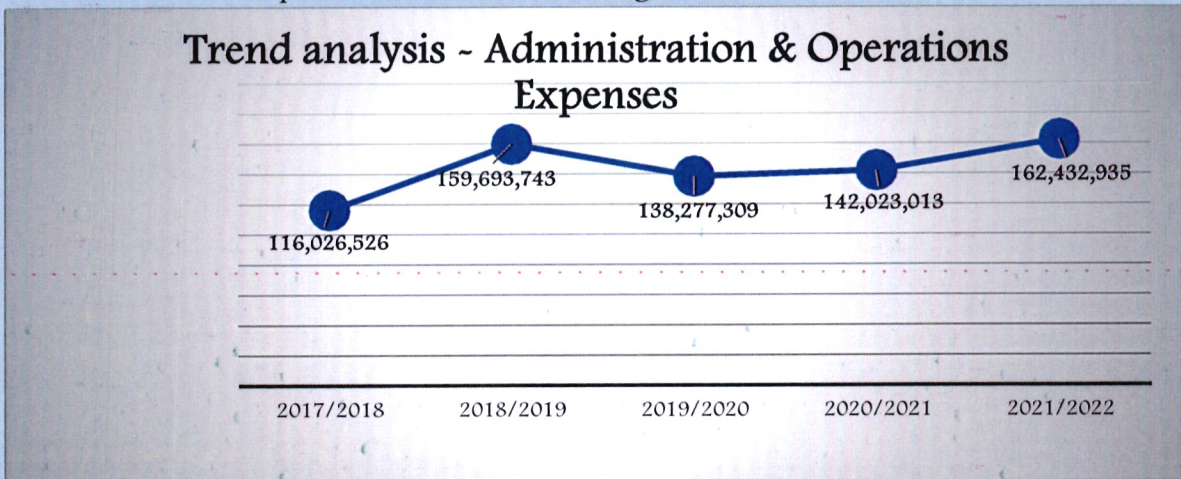


Figure 13: Trend analysis - Administration & Operations Expenses

Repairs and maintenance costs have been decreasing from 16 million in 2018/2019 to 8.9 million in 2020/2021 financial year but increased in FY2021/2022 to 11.8 million as shown in figure 14.

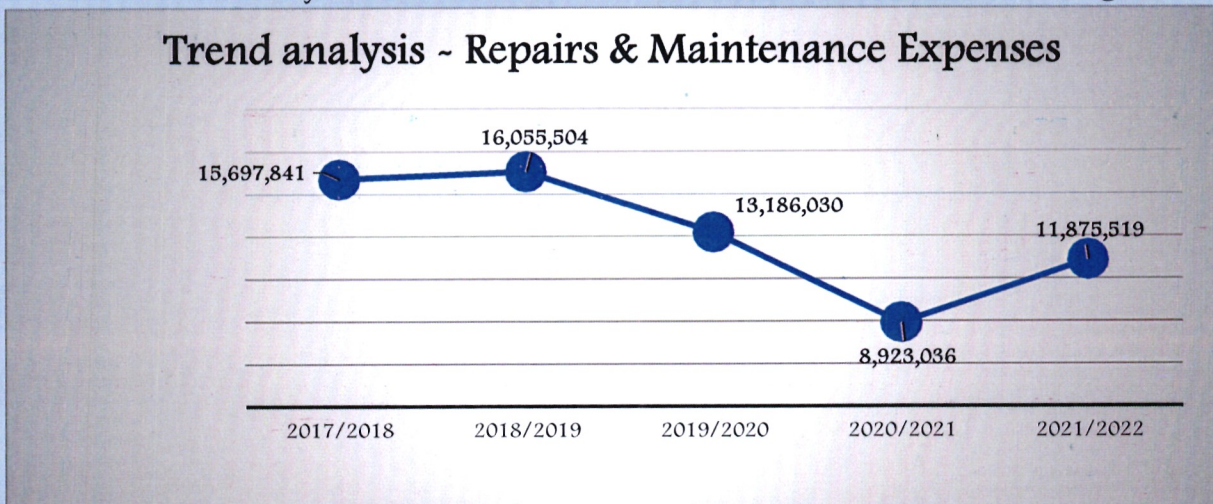


Figure 14: Trend analysis - Repairs & Maintenance Expenses





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Other expenses increased to 52.4 million in 2018/2019 because of the increased operations in the University Hotel but later dropped in 2019/2020 and 2020/2021 financial years due to the effects of COVID-19 which forced the hotel to close for a couple of months. The expenses increased in FY2021/2022 to 42 million due to resumption of hotel operations as shown in figure 15.

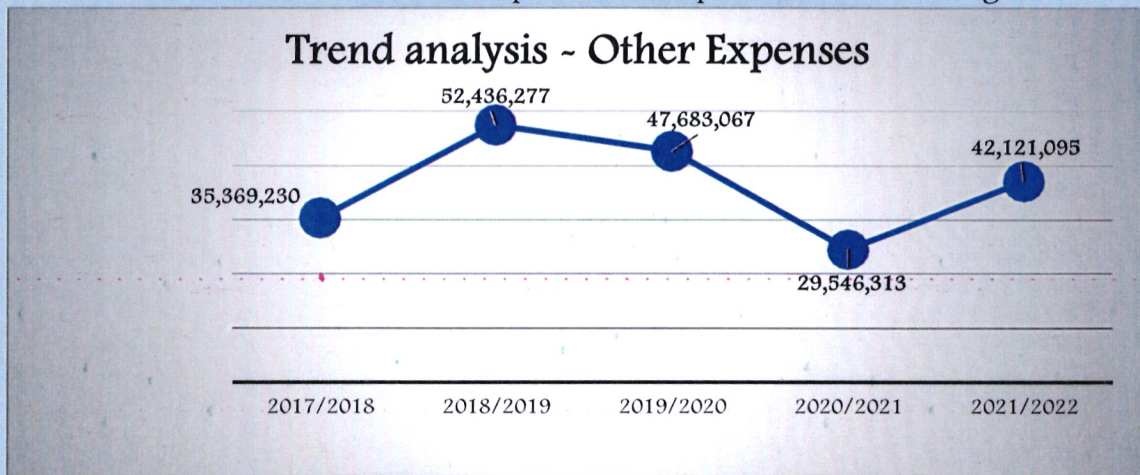


Figure 15: Trend analysis - Other Expenses

Depreciation expenses have been increasing over the years because of the increasing number of fixed assets of the University but later reduced in the FY2021/2022 due to fully depreciated assets as shown in figure 16.

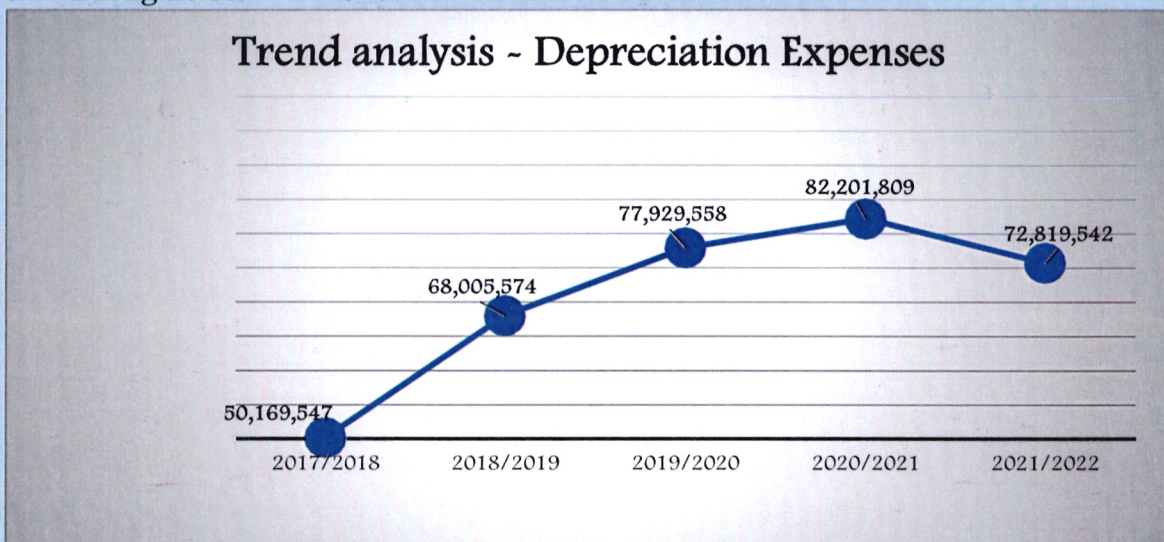


Figure 16: Trend analysis - Depreciation Expenses

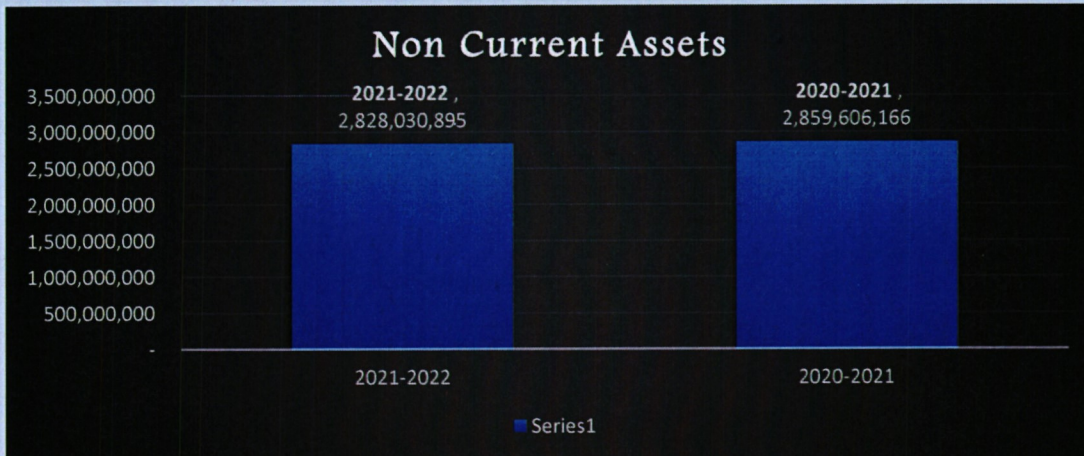




*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

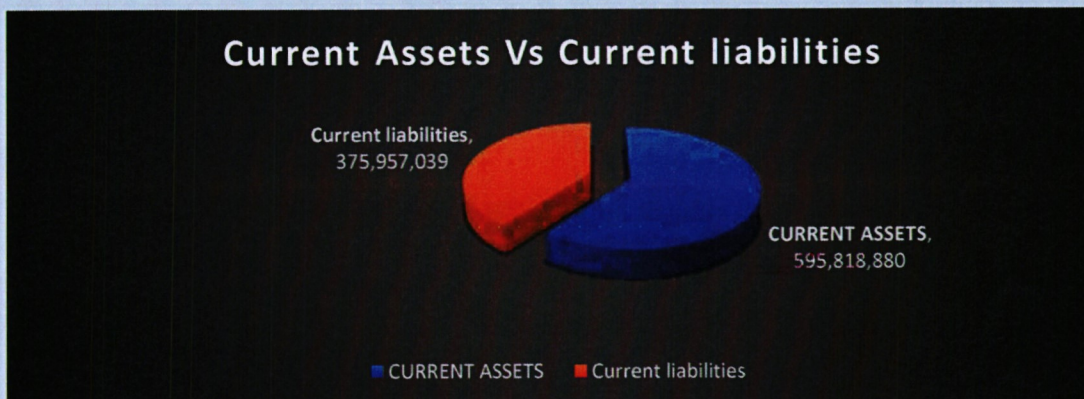
**C) STATEMENT OF THE FINANCIAL POSITION**

The fixed assets of the University dropped from 2.86 billion in 2020/2021 financial year to 2.83 billion in the 2021/2022 financial year. The decrease in the asset base of the university is attributed to the continued depreciation of assets which is more than the additional assets acquired during the year as shown in figure 17.



*Figure 17: Non-Current Assets*

The University closed the financial year with current assets of Kshs. 595.8 million which are able to cater for the current liabilities of Kshs. 375.9 million. This implies that the liquidity of the University is favourable as at the end of the 2021/2022 financial year as shown in figure 18.



*Figure 18: Current Assets Vs Current liabilities*





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

The University has increased its fixed asset base from 2.37 billion in 2017/2018 to 2.86 billion in 2020/2021 financial year but dropped to 2.83 in FY2021/2022 as shown in figure 19.

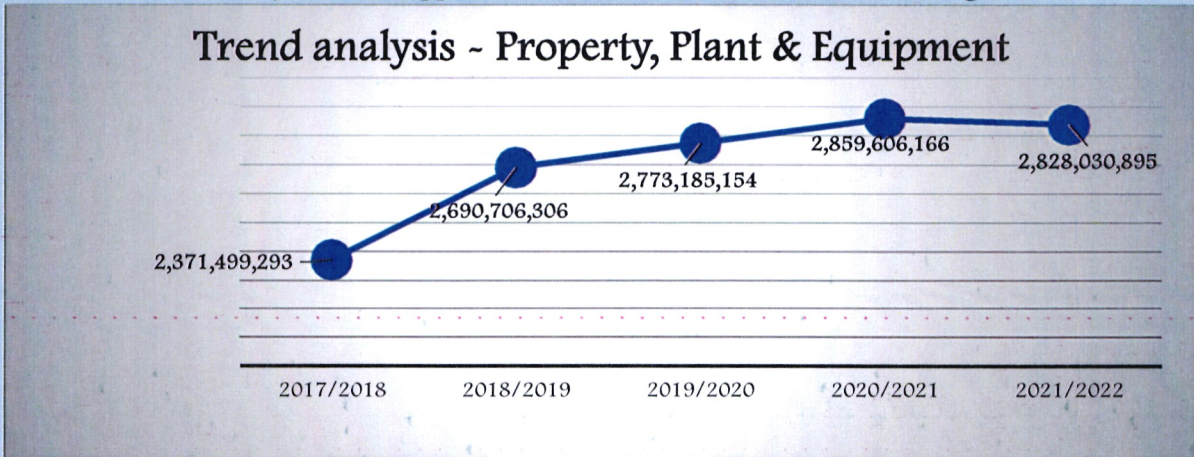


Figure 19: Trend analysis - Property, Plant & Equipment

Trade and other receivables increased from 142.2 million 2017/2018 to 271.9 million in 2019/2020 but later dropped to 170.6 million in 2020/2021. In 2019/2020 there were CBA grants receivable of Kshs. 96.3 million. In FY2021/2022 the receivables further dropped to Kshs. 169.3 million as shown in figure 20.

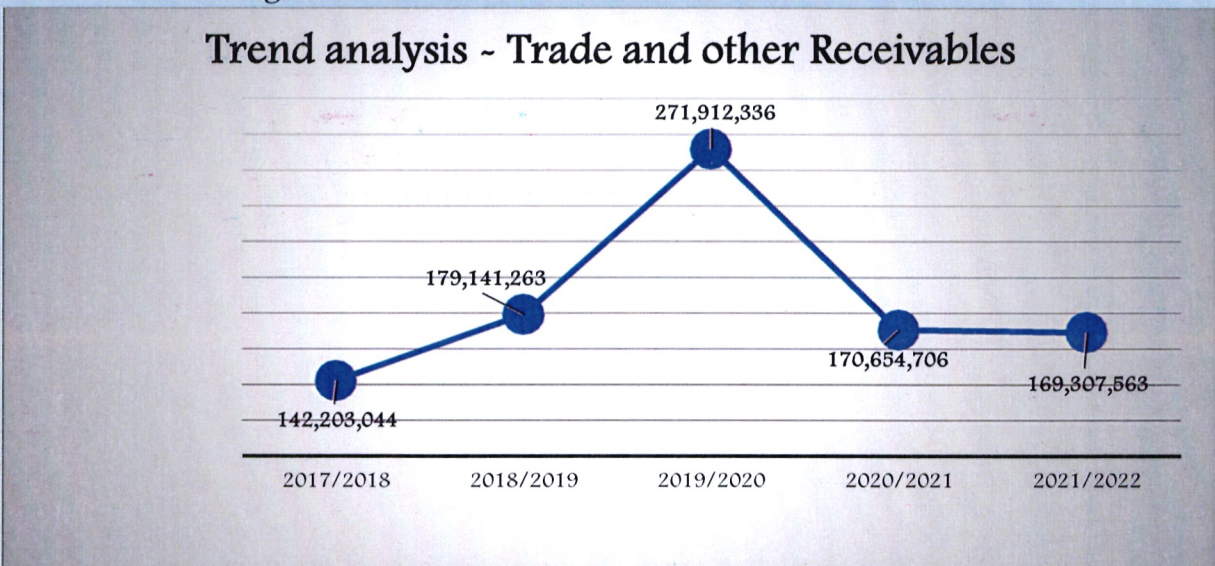


Figure 20: Trend analysis - Trade and other Receivables





Machakos University  
Annual Reports and Financial statements for the year ended June 30, 2022

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Cash and bank balances increased from KSh. 95.46 million to KSh.281.6 million in 2018/2019 but later dropped in 2019/2020 and 2020/2021. In 2018/2019, the University received development grants of 96 million that remained in the bank account as at the close of the financial year. In FY2021/2022 the cash and bank balances increased to Kshs. 396.8 million as shown in figure 21 due to unpaid staff deductions and suppliers by 30<sup>th</sup> June.

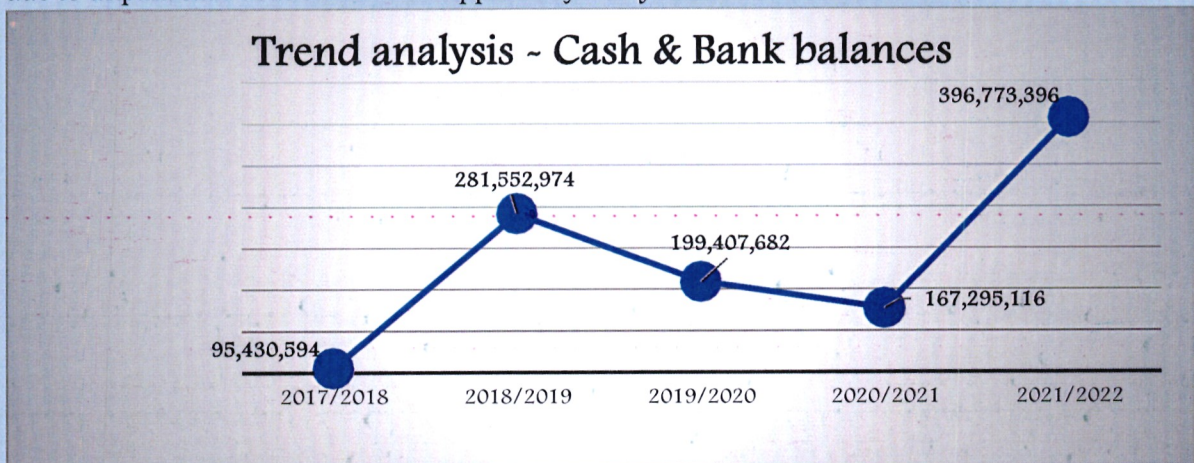


Figure 21: Trend analysis - Cash & Bank balances

Current assets had been increasing from 2017/2018 to 2019/2020 but dropped in the 2020/2021 financial year because of the reduced receivables and; cash and bank balances. The current assets increased in FY2021/2022 to Kshs. 595.8 as shown in figure 22.

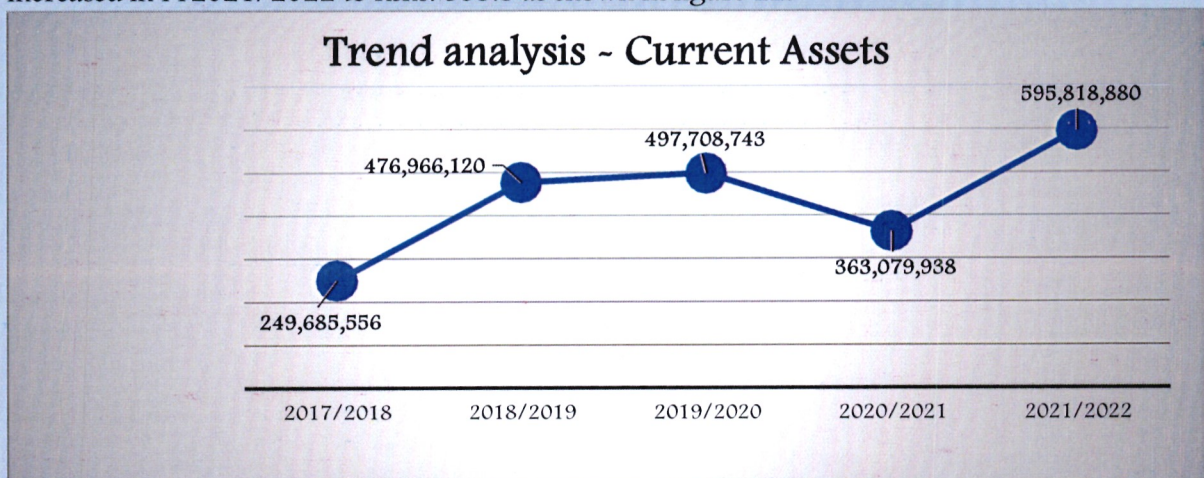


Figure 22: Trend analysis - Current Assets





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

The University has experienced growth in its net assets (Reserves) from 2.43 billion in 2017/2018 to 3.04 billion in 2021/2022. The development grants received, surpluses and the donations received over that period have all contributed to this growth as shown in figure 23.

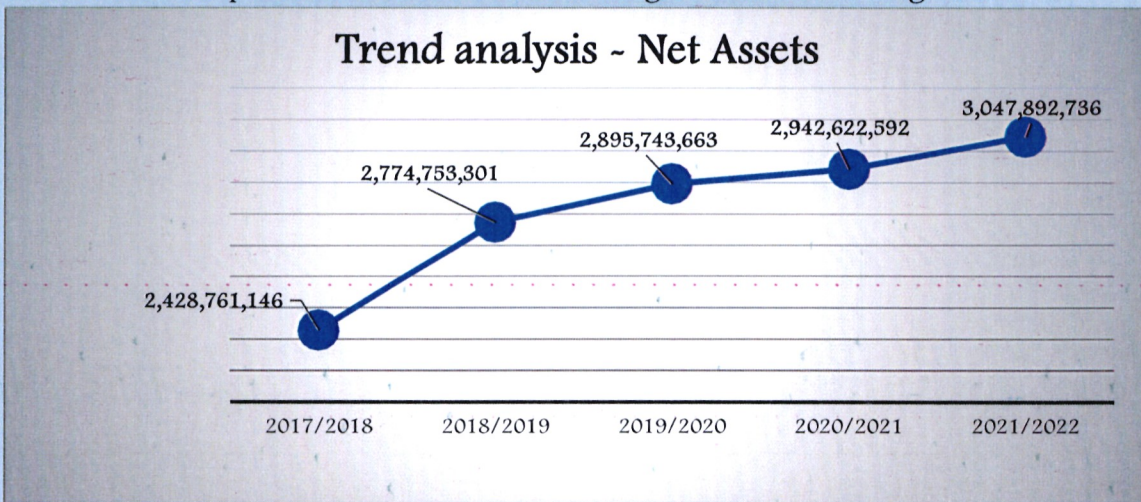


Figure 23: Trend analysis - Net Assets

The current liabilities increased in 2018/2019 to 392.9 million but reduced in the 2019/2020 and 2020/2021 financial years. The University closed the year with outstanding staff deductions and suppliers hence increasing the liabilities in FY2021/2022 to Kshs. 375.9 million as shown in figure 24.

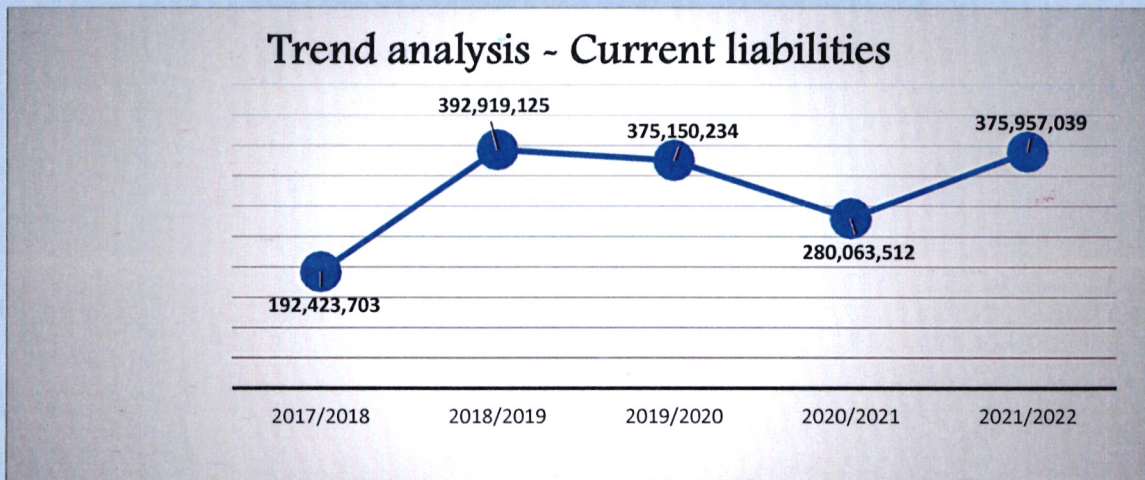


Figure 24: Trend analysis - Current liabilities

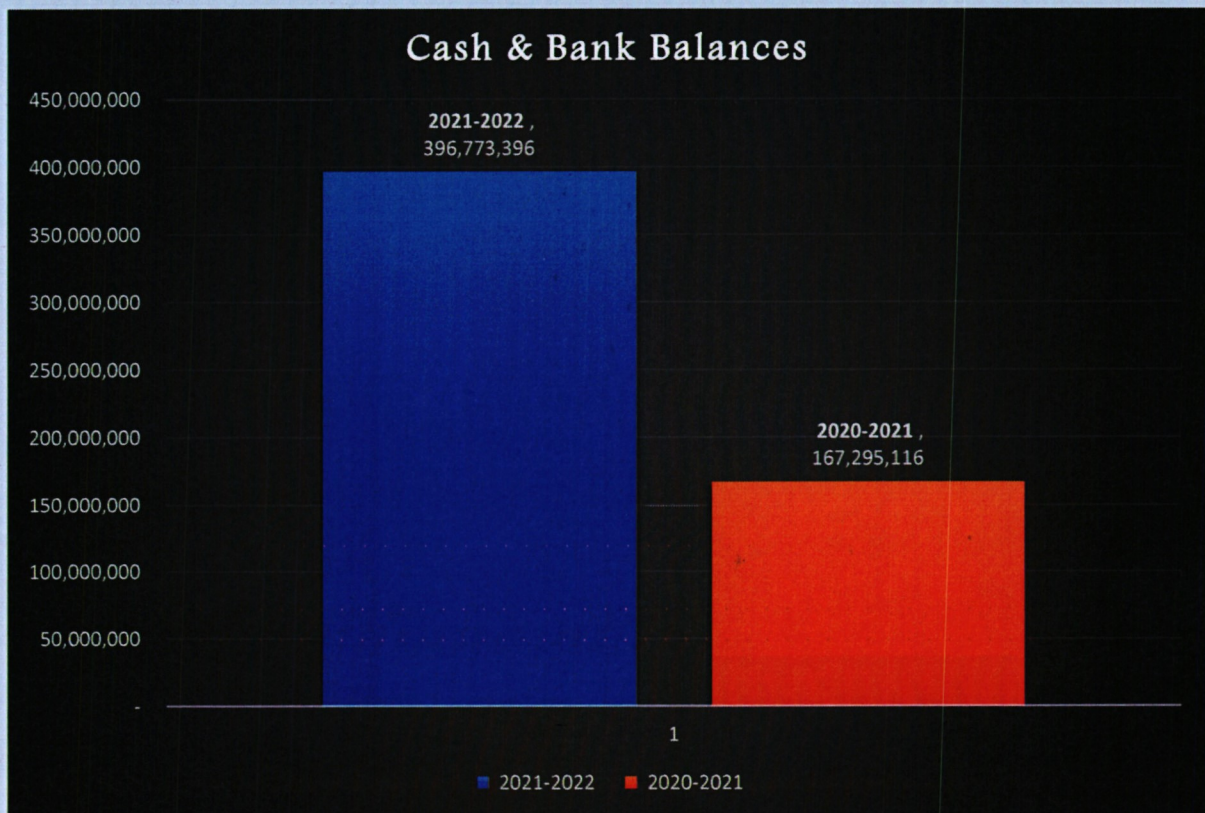




*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

**D) STATEMENT OF CASHFLOWS AS AT 30<sup>TH</sup> JUNE 2022**

The University closed the financial year with cash and cash equivalent of Kshs. 396.8 million compared to the Kshs. 167.3 million in the 2020/2021 financial year. The University received capitation at the end of the year and had unpaid staff deductions and suppliers hence the increase in bank balances as per figure 25.



*Figure 25: Cash & Bank Balances*

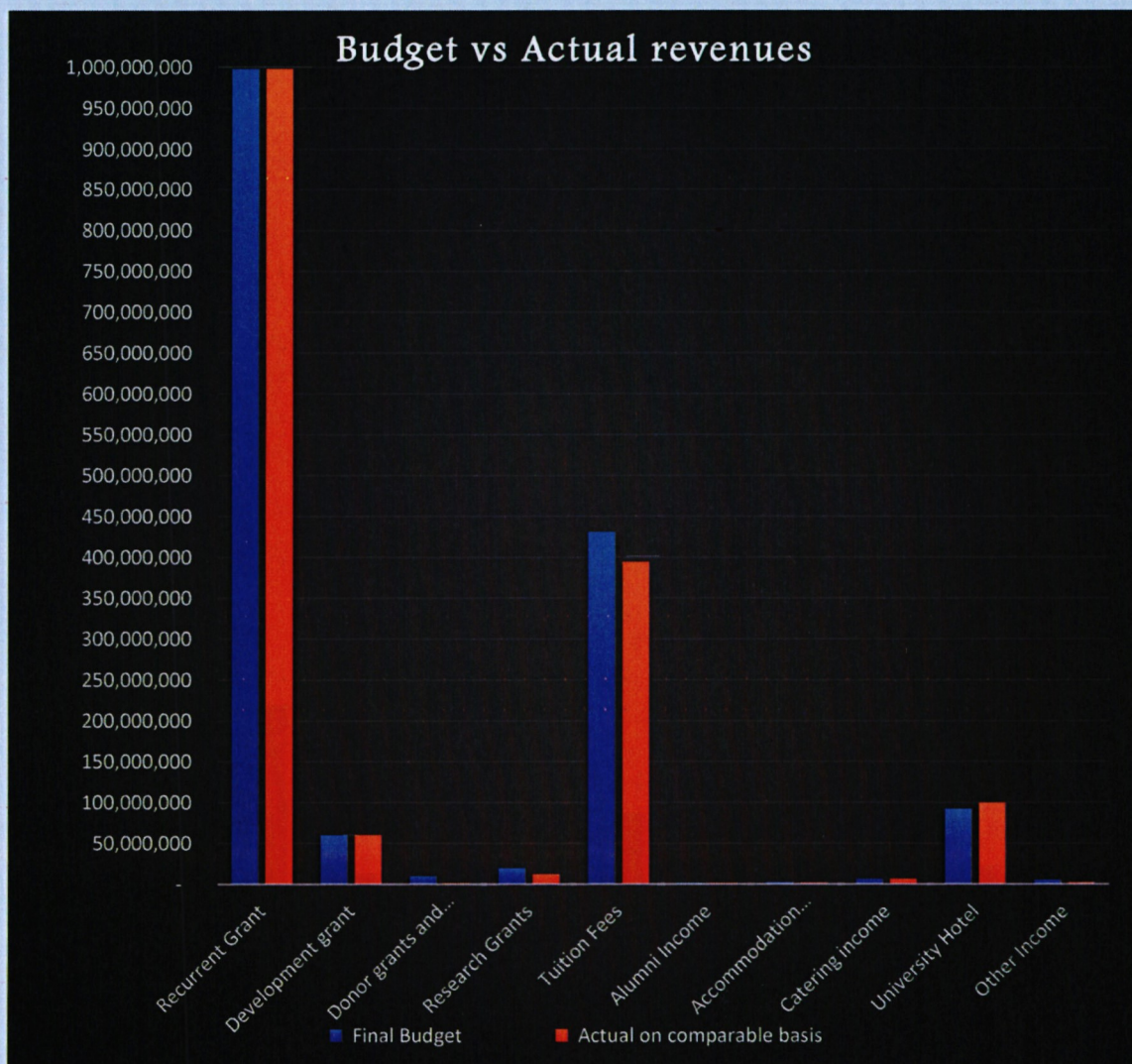




*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

**E) STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

The University realized most of its budgeted revenues though the tuition and related incomes, and research grants fell short of the budget by KSh. 36 million and 16 million respectively as per figure 26.



*Figure 26: Budget vs Actual revenues*





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*

**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

On average, the University spent less than what was budgeted for on recurrent expenditures. The Capital expenditures fell below the budget by 56 million as per figure 27 because the government grants received were used to settle the pending bill on the construction of the tuition block for the previous two financial years.

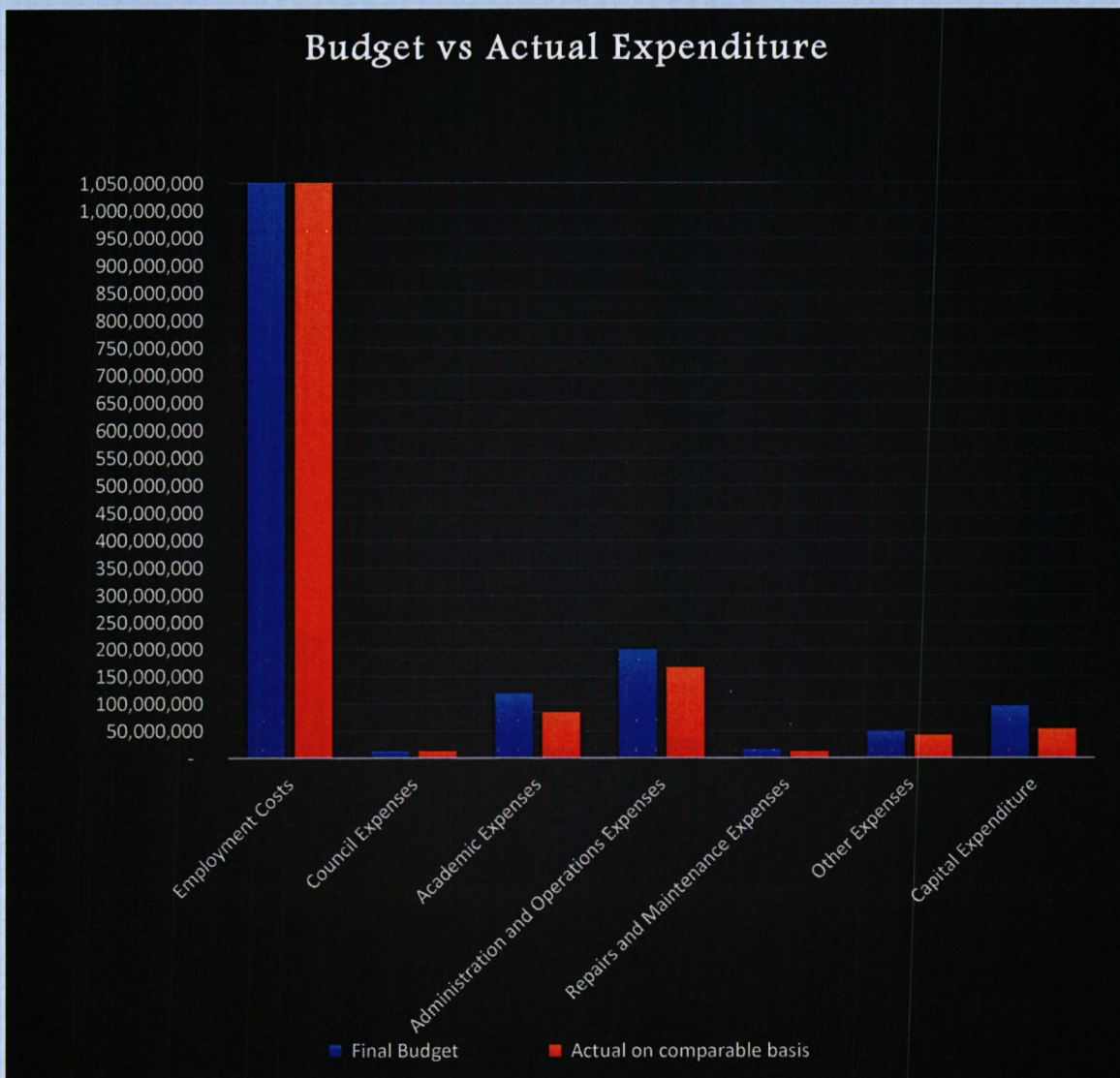


Figure 27: Budget vs Actual Expenditure





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

**SECTION B: KEY PROJECTS AND INVESTMENT DECISIONS PLANNED AND IMPLEMENTED**

Within the financial year ended 30<sup>th</sup> June 2022, the University has been implementing the following projects in order of priority:

S/No	Project	% of Completion	Financing of the project	Remarks
	Tuition and Office Block	72	G.O.K	On-going but behind schedule



*The Upcoming Tuition and Office Block*

**Funding of capital projects**

Funding for the projects was based on expected development grants. However, the Government funding policy was reviewed and release of funds is only based on the projects listed in the Printed estimates. The Government Priority is also to fund ongoing projects before embarking on new ones. The University received Kshs. 60,000,000 in the period which has been inadequate for continual implementation of the ongoing tuition and office block construction.





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*

**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

**SECTION C**

**COMPLIANCE WITH STATUTORY REQUIREMENTS**

During the financial year the University complied with all statutory requirements and is not exposed to potential litigation issues or exposure to contingent liabilities.

**SECTION D: MAJOR RISKS**

**OPERATIONAL RISKS**

This is loss resulting from inadequate or failed procedures, systems or policies. Some of the risks in the University include:

- 1) ERP System failure
- 2) Failure by customers to pay for services offered
- 3) Some students fail to pay their full fees
- 4) Some debtors from non-tuition activities delay paying for services rendered

**Risk Mitigation Strategies**

- 1) Regular back-up of information
- 2) Enhancing debt collection measures
- 3) Enforcement of the fees payment policy
- 4) Enforcement of the 100% payment for the Hotel services

**MARKET RISKS**

These are losses due to factors that affect the overall performance of the market. Some of the risks in the University include:

- 1) Not attracting many module-two students due to the competition from other universities and colleges.
- 2) Inability to attract and retain qualified lecturers due to competition and financial constraints.
- 3) Competition from other universities regarding the courses being offered.





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

**Risk Mitigation strategies:**

- 1) Targeted marketing of academic programmes and the University
- 2) Enhance the diversity and quality of the University programmes
- 3) Create a conducive working environment
- 4) Offering market-driven courses which are highly marketable in the industry by enhancing collaborations between Machakos University and different companies.

**CAPITAL RISKS**

The University is exposed to the possibility that an entity may lose money from an investment of capital. Some of the risks in the University include:

- 1) Underperformance of income generating units/activities
- 2) Damage to University infrastructure
- 3) Poor workmanship by the contractors

**Risk Mitigation Strategies**

- 1) Inject seed capital and commercialization of the products.
- 2) Insure University assets.
- 3) Procurement of qualified contractors and professional monitoring of projects.

**LIQUIDITY RISK**

This is the inability to meet financial demands. Some of the risks include:

- 1) High cash demand
- 2) Failure to honor contractual obligations due to budget cuts.

**Risk Mitigation strategies:**

- 1) Proper planning
- 2) Enhanced government capitation and resource mobilization strategies.





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

**SECTION E: MATERIAL ARREARS IN STATUTORY/FINANCIAL OBLIGATIONS**

The University has no material arrears in statutory and financial obligations to the national exchequer or any other Government agency.

**SECTION F: FINANCIAL PROBITY AND SERIOUS GOVERNANCE ISSUES**

The University does not have any cases of financial improbity as reported by internal audit/ Audit committee, external auditors, or other National Government Agencies providing oversight.

There were no governance issues among the members of the Council and between the Council and management team, including conflict of interest.





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Increasing environmental concerns, stringent rules and regulations combined with public awareness, have changed the outlook of business around the world today. By planning and implementing appropriate strategies and functions like green processes and energy conservations, institutions and businesses can play an important role in achieving sustainability.



*University Tree Planting exercise that was done on 17<sup>th</sup> December 2021.*

Machakos University's overall mandate is to Teach, Train, conduct Research, Innovate, and Collaborate, generate new knowledge and provide Community Service to contribute to environmental sustainability. This mandate forms the basis of the various University policy, operational and administrative instruments. For instance, the University's previous and current strategic plans, the development of new programmes and review of the existing ones aimed at having in place market driven programmes, developed and adopted policies, the University's Service Charter and the review of the University's Statutes are all premised on this purpose. Further, the University continues to pursue policies, strategies and interventions that promotes environmental and sustainability reporting as highlighted below.

**i. Sustainability strategy and profile**

A sustainable strategy translates into long term success. Those benefits are not simply economic but benefit environment, local community and overall society. In addition to driving social and environmental change, sustainability initiatives can contribute to an institution's overall success. Sustainability strategy basically has implications on human, social, economic and environmental dimensions.





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONTINUED)**

The overall strategies of the company to improve business efficiency must include complete environmental obligations and energy consumption guidelines. Environmental stewardship and energy conservation drive should be followed within the company's supply chain across the globe. Strategies which support cost reduction, increase operating and energy efficiency, lower air, water and soil pollution, save natural resources are the most effective strategies of any company. Companies introduce innovative methods to improve Information and technology operations to enhance the performance, without increasing the energy consumption.

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The 17 SDGs are integrated in such a way that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability. Quite a number SDGs touches on environmental sustainability. These include SDG 3 (good health and well-being), SDG 6 (clean water and sanitation), SDG 7 (affordable and clean energy), SDG 11 (sustainable cities and communities, SDG 12 (responsible consumption and production), SDG 13 (climate change) and SDG 17 (partnerships for goals). These goals are anchored or reflected in Kenya's vision 2030 (The Social Strategy) and the current governments Big-Four Agenda.

Ministry of Environment and National Environmental Management Authority have put in place mechanisms towards actualizing and monitoring the environmental sustainability goals and programmes in Kenya. Kenya's Green Economy Strategy and Implementation Plan 2016 – 2030, points as the main environmental thematic areas for focus as Promote sustainable infrastructure,

building resilience, Sustainable Natural Resource Management, Promoting resource efficiency, Social Inclusion and sustainable livelihoods. The drafting of Machakos University Workplace.

Environmental policy and other programmes such as tree planting and stakeholder/community involvement has quite been informed by this plan.





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONTINUED)**

**ii. Environmental performance**

Machakos University has integrated her environmental and sustainability strategy into the University's day-to-day operations by pursuing deliberate steps to conserve, protect, and improve the supply and quality of natural resources and environmental media such as energy and water and aligning and integrating programs to aid achieve as many positive outcomes as possible in environmental, economic, and social systems. The reporting matrix (table 11 below) with regard to Machakos University performance on environmental sustainability indicators has been customized from the template/format provided by National Environment Management Authority (NEMA). some of the notable realizations include MksU workplace environment management policy which is in draft form and is expected to be presented in the University Senate, tree planting exercises by staff and students, initiatives on energy savings and waste management.



*Machakos University Tree Planting exercise led by the Director in-charge of Research*





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONTINUED)**

*Table 11: Machakos University Environmental and Sustainability Reporting FY 2021-2022*

No	Area of focus	Target/Activity	Indicator	Achievement status	Variance	Comment, challenges
1.	Environment, Health and Safety Policy at the workplace	Development of an Environment, Health and Safety Policy	Workplace Environment, Health and Safety Policy	70%	-30%	Draft policy in place to be tabled in the University Council. To be corrected and re-presented for approval
2.	Waste management initiatives	Install waste bins	Segregated bins in place and in use	100%	-	These are not utilized effectively. There is need to sensitize stakeholders on the same
3.	Climate change adaptation and mitigation initiatives	-Installation of low energy consumption devices (lights) -Installation of rain water harvesting structures -Installation of alternative sources of green energy	- Low energy consumption devices in place (lights) -Rain water harvesting structures in place - Alternative sources of green energy in place	100%	-	- Rain water harvesting, underground tanks (ADB) - Use of rainwater for cleaning and watering
4.	Planting trees	Plant/support tree planting initiatives 500 trees	-516 trees planted within the university land	103.2%	3.2%	Target surpassed because of donations of tree seedlings received
5.	Promoting environmental protection and conservation through partnerships with stakeholders	Identify and engage at least one partner in tree planting initiative	The University did not collaborate with partners but planted independently	80%	-	No trees were externally donated.





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONTINUED)**

**iii. Employee welfare**

The University has put in place various policies that guide the welfare of the staff and amongst them is the Human Resource Policies and Procedure Manual which has incorporated policies that inform decisions on human resource functions.

The HR Policies and Procedure Manual has the following eighteen (18) policies:

1. Code of Conduct and Ethics
2. Staff Recruitment
3. Staff Performance Management
4. Staff Reward Management
5. Staff Training and Development
6. Staff Promotion
7. Leave Management
8. Staff Insurance
9. Staff Safety and Health
10. Staff Social Welfare
11. Succession Planning and Staff Retention
12. Staff Sexual Harassment
13. General Harassment
14. Disciplinary Policy Procedures
15. Staff Separation
16. Benevolence
17. Sabbatical Leave
18. Visiting Academic Staff

Other Policies that take care of the welfare of the staff are MksU Gender Mainstreaming, and the MksU Disability Mainstreaming, Staff Welfare Policy and Benevolent Fund Policies





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONTINUED)**

During recruitment, gender and disability mainstreaming guidelines are taken into consideration as guided by the Policies and the Government circulars in a deliberate effort to achieve the ultimate goal of gender equity and disability mainstreaming in all areas.

MksU has put in mechanisms of ensuring that staff are motivated through staff development and training. There is a Staff Training and Development Policy in place and mitigating measures that are derived from the performance appraisal process.

The policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.) is domiciled in the HR Policy Manual.

**iv. Market place practices**

**a. Responsible competition practice**

Procurement department often relies on a competitive bidding process to achieve better value for money in its procurement activities. To enhance competing on the same platform the bidders are issued with the same tender document which on submission is evaluated based on the evaluation criteria provided in the tender document.

Low prices and/or better products are desirable because they result in resources either being saved or freed up for use on other goods and services. Procurement methods such as open tender requires that the lowest evaluated bidder be awarded the tender. However, to avoid price under cutting, the lowest bid has to be within prevailing market rate. After evaluation and award of tender the winning bidder is issued with award notification letter and at the same time the other bidders are debriefed on reasons they were not awarded the tender.

**b. Responsible supply chain and supplier relations**

Contracts are honored as per the contractual terms agreed between the suppliers and the University, Payments are also done as per the agreed timelines. Youth, Women and PWD's are paid Within 30 days and as per the Government Circular. The University has ensured that suppliers are advised on the documents needed to process their payments in good time.





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONTINUED)**

c. Responsible marketing and advertisement

The University has established a Corporate Affairs, Public Relations and Marketing Directorate that is responsible for marketing and advertisement of the University.

a. Product stewardship

The University through the School of Environmental Science and Natural Resource Management has contributed to the reduction of the effects of environmental degradation through the development of programmes to disseminate knowledge on environmental sustainability.

**Corporate Social Responsibility/Community engagements**

**(a) Bursary and Sponsorship**

During the FY 2021-2022, the needy students received internal facilitated bursaries, sponsorship through Rattansi Scholarships and some students benefited through the Chancellors kitty.





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**REPORT OF THE UNIVERSITY COUNCIL**

Machakos University Council submit their report together with the audited financial statements for the year ended June 30, 2022 which shows the state of Machakos University affairs.

**Principal activity**

The principal activity of Machakos University is to provide scholarly education through Training, Research and Innovation for industrial and socio-economic transformation of our communities.

**Results**

The results of Machakos University for the year ended June 30, 2022 are set out on **page 1 to 11**

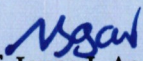
**University Council Members**

The members of the University Council who served during the year are shown on **page xi to xv**.

**Auditors**

The Auditor General is responsible for the statutory audit of Machakos University in accordance with the provisions of Article 229 of the Constitution of Kenya, 2010 and section 7 of the Public Audit Act, no. 34 of 2015.

By Order of the University Council

  
Prof. Joyce J. Agalo

AG. VICE CHANCELLOR/COUNCIL SECRETARY

Date: 27/2/2023.....





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**STATEMENT OF UNIVERSITY COUNCIL'S RESPONSIBILITIES**

Pursuant to Section 81 (1) of the Public Finance Management Act, 2012 and Sections 14 & 15 of the State Corporations Act, Machakos University Council is required to prepare statements in respect of the University which give a true and fair view of the state of affairs of the University at the end of the financial period, and the operating results of the University for that period. The University Council is required to ensure that the University maintains proper accounting records, which disclose, with reasonable accuracy, the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of Machakos University financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial period ended on June 30, 2022. This responsibility includes: (i) maintaining adequate management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying accounting policies; and (vi) making accounting estimates that are reasonable in circumstances.

The Council accepts responsibility for Machakos University financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, and in conformity with International Public-Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act, 2012 and State Corporations Act Cap 446. The Council is of the opinion that Machakos University financial statements give a true and fair view of the state of the University transactions during the year ended June 30, 2022, and of its 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 University financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The Machakos University financial statements were approved by the Council on 29<sup>th</sup> September, 2022 and signed on its behalf by:

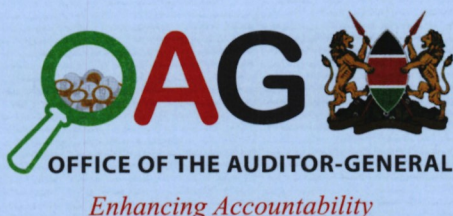
.....  
Prof. Joyce J. Agalo  
Ag. Vice Chancellor/Council Secretary

.....  
Dr. Christopher Gatama Gakahu  
Chairman of Council



# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON MACHAKOS UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2022**

---

### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the 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 Machakos University set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and 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 Machakos University as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act, 2016.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

### **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.1,626,759,858 and Kshs.1,578,442,553 respectively, resulting to under-funding of Kshs.48,317,305 or 3% of the budget. Further, the statement reflects actual total expenditure of Kshs.1,413,069,323 against approved budget of Kshs.1,626,759,858 resulting to under-performance of Kshs.213,690,535 or 13% of the budget.

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

### **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. Advance Payment to a Supplier without Security**

The statement of financial position, and as disclosed in Note 15 to the financial statements, reflects a property, plant and equipment balance of Kshs.2,859,606,166 as at 30 June, 2022. Included in the balance is an amount of Kshs.16,638,507 relating to computers, which includes Kshs.2,790,889 paid to a firm on 10 November, 2021 in advance for provision and maintenance of internet infrastructure during the months of October to December, 2022. Examination of records revealed that the supplier was paid in advance without provision of the requisite security bond. Further, the advance payment was in excess of 20% of the invoice value contrary to the provisions of Section 147(1) of Public Procurement and Asset Disposal Act, 2015 which provides that an advance payment should be paid upon provision of an advance payment security equivalent to the advance itself and that security shall be given by a reputable bank or any authorized financial institution.

In addition, no explanation was provided on why the payment was made for works that were to be executed later. The University therefore risked losing funds through advance payments to suppliers without security.

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

### **2. Delay in Completion of Tuition and Office Block**

The University entered into a contract with a local company on 20 July, 2017 for construction of tuition and office block at a contract sum of Kshs.986,761,116 and a contract period of one hundred and fifty-six (156) weeks commencing on 20 July, 2017 to be completed on 20 July, 2020. The contract period was subsequently revised to two hundred and forty-four (244) weeks with a revised expected completion date of 14 March, 2022 as per interim payment certificate No.29 of 23 December, 2021. Further review of documents revealed that the University had paid the contractor and subcontractors a total of Kshs.454,736,635 for the total value of works certified which included interest on delayed payments of Kshs.5,408,146. Records provided for audit review indicated that the contract expired on 14 March, 2022 while the completion level was at 72%. A physical verification carried out in December, 2022 revealed that there were no ongoing works on site.

In the circumstances, the University did not obtain value for money from the project.

### **3. Irregular Payment of Allowances**

The statement of financial performance reflects an amount of Kshs.84,663,034 in respect of academic expenses which, as disclosed in Note 11 to the financial statements, includes Kshs.5,436,620 relating to Commission for University Education (CUE) out of which Kshs.555,300 was paid to fifty-three (53) officers as allowances for attending a Senate retreat at in Athi River between 26 and 27 May, 2022. The allowances were irregular as the officers were being ferried between the University and venue of the retreat every day. This was contrary to the Salaries and Remuneration Commission circular of 20 November, 2017, and Section 68(1) of the Public Financial Management Act, 2012 which prohibits use of public resources in a way that is lawful and authorized.

#### **4. Irregular Provision of Legal Services**

The statement of financial performance reflects an amount of Kshs.162,432,935 in respect of administration and operations expenses which, as disclosed in Note 12 to the financial statements, includes Kshs.5,985,005 relating to legal expenses out of which Kshs.2,409,666 was paid to a law firm for provision of legal services. However, review of documents revealed that the University has been procuring legal services from the same Company since inception in October, 2016 without approval of the Attorney General contrary to Section 17(1) of the Attorney General Act of 2012 which states that no Ministry or Department shall engage the services of a consultant to render any legal services relating to the functions of the Attorney General without the approval of the Attorney General.

Further, Management did not provide a Service Level Agreement between the law firm and the University as required by Section 135(1) of the Public Procurement and Asset Disposal Act, 2015.

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

#### **5. Irregular Security Expenses**

The statement of financial performance reflects an amount of Kshs.162,432,935 in respect of administrative and operations expenses which, as disclosed Note 12 to the financial statements, includes Kshs.9,343,271 relating to security expenses. Out of this amount, Kshs.2,916,883 was paid in cash to Kenya Police (Kshs.1,886,883), Vice Chancellor (Kshs.630,000) and Head of Security (Kshs.400,000). No satisfactory explanation was provided on why the payments were made in cash to the individuals instead of the Ministry of Interior and National Coordination.

In the circumstances, proper accountability of the funds and related taxes could not be confirmed

#### **6. Adherence to National Cohesion and Integration Act Provisions**

Review of human resource documents revealed that during the year under review, the University had four hundred and eighty-two (482) employees out of which two hundred and ninety (290) or 60% of the workforce were from the one ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates 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.

#### **7. Non-Adherence to Fiscal Responsibility Principle on Personnel Emoluments**

The statement of financial performance reflects an amount of Kshs.1,055,222,318 in respect of employee costs as disclosed in Note 9 to the financial statements. The amount represents 69% of the total revenue of Kshs.1,531,420,332. This was contrary to Regulation 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which provides that total expenditure on staff costs of a public entity should not exceed 35% of the total revenue of the entity.

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

## **8. Irregular Payments for Council Expenses**

The statement of financial performance reflects an amount of Kshs.12,510,404 in respect of council expenses which, as disclosed in Note 10 to the financial statements, includes Kshs.1,266,194 paid as allowances to Council members while attending a Council workshop in Naivasha. However, no documents were provided to show that the meeting was approved to be held outside the University's registered offices as required by Section 8(1)(c) of the State Corporations Act, 2012. Further, review of records available indicated that the University paid Kshs.506,250 to a service provider for conferencing facilities yet the firm was not prequalified to provide the service during the year under review.

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

## **9. Non-Adherence to Human Resource Policies and Procedures**

The statement of financial performance reflects employment costs of Kshs.1,055,222,318. Review of documents in support of the expenditure revealed the following anomalies:

### **9.1 Weak Staff Establishment Controls**

Examination of personnel records indicated that during the year under review, the University had four hundred and eighty-two (482) employees. However, the approved staff establishment provided for audit review did not include the approved number of staff per job group and department. It was not therefore possible to confirm whether the University was over or understaffed and whether recruitment and promotions were in line with the staff establishment.

This was contrary to the provisions of Section A.15 of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires that the functions of Ministerial Human Resource Management Advisory Committees (MHRMAC) entail making recommendations to the Authorized Officer regarding staff establishment and complement controls.

In the circumstances, Management was in breach of the law

### **9.2 Staff Serving in Acting Capacity for Periods Exceeding Six Months**

Examination of payroll and human resources records revealed fifty-one (51) officers had been holding various positions in acting capacity for periods exceeding six (6) months, with some acting for more than two (2) years. Review of sample personal files showed that some of the contracts for the acting positions had been renewed with effect from January, 2023 an indicator that Management had no plans for recruitment for the positions. This is contrary to Section 34(3) of the Public Service Commission Act, 2017 which states that an Officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months.

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

### **9.3 Irregular Engagement of Casual Employees**

Review of records in support of payments to casuals revealed instances where casual employees were engaged continuously for more than three (3) months contrary to Section 37(1) of Employment Act, 2007 which provides that where a casual employee (a) works for a period or a number of continuous working days which amount in the aggregate to the equivalent of not less than one month; or (b) performs work which cannot reasonably be expected to be completed within a period, or number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly and Section 35(1)(c) shall apply to that contract of service.

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and the University Council**

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

In preparing the financial statements, Management is responsible for assessing the University's ability to continue to sustain services, disclosing, as applicable, matters

related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the University or to cease operations.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that

misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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**

**24 April, 2023**



Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

<u>REVENUE</u>	Notes	2021-2022 Ksh	2020-2021 Ksh
<b>Revenue from non-exchange transactions</b>			
Government Grants	5(a)	998,362,930	966,260,930
Research and Donor Grants	5(b)	12,350,453	19,562,711
CBA Grants	5(c)	-	-
Amortized Grants in kind	6	14,585,838	14,398,963
		<b>1,025,299,221</b>	<b>1,000,222,604</b>
<b>Revenue from exchange transactions</b>			
Tuition & Other Related Incomes	7	404,248,083	221,323,927
I.G.A. & Other Incomes	8	101,873,029	95,308,468
		<b>506,121,112</b>	<b>316,632,395</b>
<b>Total Revenue</b>		<b>1,531,420,332</b>	<b>1,316,854,999</b>
<b>EXPENDITURE</b>			
Employment Costs	9	1,055,222,318	1,048,522,419
Council Expenses	10	12,510,404	7,544,989
Academic Expenses	11	84,663,034	50,121,072
Administration & Operations Expenses	12	162,432,935	142,023,013
Repairs & Maintenance Expenses	13	11,875,519	8,923,036
Other Expenses	14	42,121,095	29,546,313
Depreciation	15	72,819,542	82,201,809
Increase in Provision for doubtful debts	16(a)	8,511,335	2,909,426
<b>Total Expenditure</b>		<b>1,450,156,181</b>	<b>1,371,792,076</b>
<b>Surplus / Deficit</b>		<b>81,264,152</b>	<b>(54,937,078)</b>

The notes set out on pages 12 to 39 form an integral part of the Financial Statements

The Financial Statements set out on pages 1 to 11 were signed on behalf of the University Council by:

CPA Teresia Mutunga  
Ag. Chief Finance Officer  
ICPAK No. 12630

Date 25/2/2023

Prof. Joyce J. Agalo  
Ag. Vice Chancellor

Date 27/2/2023

Dr. Christopher G. Gakahu  
Chairman of Council

Date 27/02/2023





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

<u>ASSETS</u>	<u>Notes</u>	<u>2021-2022</u> Ksh	<u>2020-2021</u> Ksh
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	15	2,828,030,895	2,859,606,166
		<b>2,828,030,895</b>	<b>2,859,606,166</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Stocks-Inventories	17	29,737,921	25,130,115
		<b>29,737,921</b>	<b>25,130,115</b>
<b>Trade and other Receivables</b>			
Exchange transactions	16(a)	166,612,988	168,160,304
Non-Exchange transactions	16(b)	2,694,576	2,494,402
		<b>169,307,563</b>	<b>170,654,706</b>
<b>Cash &amp; Bank balances</b>			
	18	396,773,396	167,295,116
		<b>595,818,880</b>	<b>363,079,938</b>
<b>Total Assets</b>		<b><u>3,423,849,776</u></b>	<b><u>3,222,686,104</u></b>
<b>CAPITAL FUNDS &amp; LIABILITIES</b>			
<b>Net Assets</b>			
Capital Reserve	19	3,096,130,011	3,036,130,011
Revenue Reserve	20(a)	(74,998,452)	(133,246,375)
Deferred Income	20(b)	26,761,178	39,738,957
<b>Sub-total</b>		<b>3,047,892,736</b>	<b>2,942,622,592</b>
<b>Current liabilities</b>			
Trade and other Payables	21	375,957,039	280,063,512
<b>Total Net Assets and Liabilities</b>		<b><u>3,423,849,776</u></b>	<b><u>3,222,686,104</u></b>

The Financial Statements set out on pages 1 to 11 were signed on behalf of the University Council by:

CPA Teresia Mutunga  
Ag. Chief Finance Officer  
ICPAK No. 12630

Prof. Joyce J. Agalo  
Ag. Vice Chancellor

Dr. Christopher G. Gakahu  
Chairman of Council

Date 25/2/2023

Date 27/2/2023

Date 27/02/2023





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022**

Description	Notes	Capital Reserve Ksh	Revenue Reserve Ksh	Deferred Income Ksh	Total Ksh
<b>Balance as at 1st July 2020</b>		<b>2,962,099,567</b>	<b>(75,047,197)</b>	<b>8,691,293</b>	<b>2,895,743,663</b>
Additional Capital	19	74,030,444	-	-	74,030,444
Donated Equipment	15	-	-	45,446,626.55	45,446,627
Prior year Adjustments	20(a)	-	(3,262,101)	-	(3,262,101)
Deficit for the year 2020/2021	20(a)	-	(54,937,078)	-	(54,937,078)
Amortized for the year 2020/2021	20(b)	-	-	(14,398,963)	(14,398,963)
<b>Balance as at 30th June 2021</b>		<b>3,036,130,011</b>	<b>(133,246,375)</b>	<b>39,738,957</b>	<b>2,942,622,592</b>
<b>Balance as at 1st July 2021</b>		<b>3,036,130,011</b>	<b>(133,246,375)</b>	<b>39,738,957</b>	<b>2,942,622,592</b>
Additional Capital	19	60,000,000	-	-	60,000,000
Donated Equipment	15	-	-	1,608,059	1,608,059
Prior year Adjustments	20(a)	-	(23,016,228)	-	(23,016,228)
Surplus for the year 2021/2022	20(a)	-	81,264,152	-	81,264,152
Amortized for the year 2021/2022	20(b)	-	-	(14,585,838)	(14,585,838)
<b>Balance as at 30th June 2022</b>		<b>3,096,130,011</b>	<b>(74,998,452)</b>	<b>26,761,178</b>	<b>3,047,892,736</b>





Machakos University

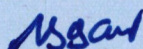
Annual Reports and Financial statements for the year ended June 30, 2022

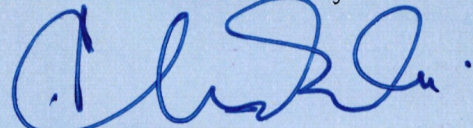
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

<u>Cash flows from Operating activities</u>	<u>Notes</u>	<u>2021-2022</u>	<u>2020-2021</u>
<b>RECEIPTS</b>		<b>Ksh</b>	<b>Ksh</b>
Revenue from non-exchange transactions	22 (a)	1,010,513,209	1,082,082,436
Revenue from exchange transactions	22 (b)	492,980,189	351,705,491
		<b>1,503,493,398</b>	<b>1,433,787,927</b>
<b>PAYMENTS</b>			
Employment Costs	23 (a)	1,015,511,708	1,137,636,626
Council Expenses	23 (b)	12,510,404	7,544,989
Academic, Administrative and other Expenses	23 (c)	265,573,325	238,555,888
		<b>1,293,595,438</b>	<b>1,383,737,502</b>
<b>Net cash flows from operating activities</b>	<b>25</b>	<b>209,897,961</b>	<b>50,050,424</b>
<b>Cash flows from Investing activities</b>			
Purchase of Property, Plant & Equipment	24	(40,419,681)	(156,193,434)
<b>Net cash flows used in investing activities</b>	<b>24</b>	<b>(40,419,681)</b>	<b>(156,193,434)</b>
<b>Cash flows from Financing activities</b>			
Development grants received	19	60,000,000	74,030,444
<b>Net cash flows from investing activities</b>		<b>60,000,000</b>	<b>74,030,444</b>
Net increase in cash & cash equivalents		229,478,280	(32,112,566)
Net cash & cash equivalents b/f		167,295,116	199,407,682
<b>Cash &amp; Bank balances as at 30th June</b>	<b>18</b>	<b>396,773,396</b>	<b>167,295,116</b>

The Financial Statements set out on pages 1 to 11 were signed on behalf of the University Council by:

  
 CPA Teresia Mutunga  
 Ag. Chief Finance Officer  
 ICPAK No. 12630

  
 Prof. Joyce J. Agalo  
 Ag. Vice Chancellor

  
 Dr. Christopher G. Gakahu  
 Chairman of Council

Date 25/2/2023

Date 27/2/2023

Date 27/02/2023





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022**

Details	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Performance difference		% Of Utilization		Notes
	A	B	C = (A+B)	D	E	F = D/C	%						
<b>A INCOME</b>													
1 Recurrent Grant	995,444,566	2,918,364	998,362,930	998,362,930									
2 Development grant	70,000,000	(10,000,000)	60,000,000	60,000,000									
3 Donor grants and donations	10,000,000	-	10,000,000	1,608,059	8,391,941	16	1						
4 Research Grants	30,000,000	(10,000,000)	20,000,000	12,350,453	7,649,547	62	1						
5 Tuition Fees	333,794,938	97,050,995	430,845,933	394,403,373	36,442,560	92							
6 Alumni Income	1,500,000	-	1,500,000	1,440,000	60,000	96							
7 Accommodation income	2,664,000	-	2,664,000	2,020,831	643,169	76	2						
8 Catering income	6,336,000	-	6,336,000	6,383,879	(47,879)	101							
9 University Hotel	92,050,995	-	92,050,995	99,612,065	(7,561,070)	108							
10 Other Income	5,000,000	-	5,000,000	2,260,964	2,739,036	45	3						
<b>Total Income</b>	<b>1,546,790,499</b>	<b>79,969,359</b>	<b>1,626,759,858</b>	<b>1,578,442,553</b>	<b>48,317,305</b>	<b>97</b>							
<b>B RECURRENT EXPENDITURE</b>													
<b>Employment Costs</b>													
1 Basic salaries	554,056,125	-	554,056,125	513,604,997	40,451,128	93							
2 House allowance	211,186,796	-	211,186,796	204,850,689	6,336,107	97							
3 Pension & Gratuity	118,265,709	(2,000,000)	116,265,709	108,020,921	8,244,788	93							
4 NSSF	1,771,200	-	1,771,200	1,246,000	525,200	70							
5 Leave Allowances	6,522,099	-	6,522,099	5,490,470	1,031,630	84							
6 Commuter Allowances	78,036,000	-	78,036,000	65,510,033	12,525,967	84							
7 Part-time lecturers	28,000,000	13,000,000	41,000,000	36,570,860	4,429,140	89							
8 Adjunct Lecturers	8,000,000	7,000,000	15,000,000	14,400,028	599,972	96							
9 Locum Staff	500,000	(250,000)	250,000	27,180	222,820	11	4						
10 Casuals	8,000,000	7,000,000	15,000,000	13,200,879	1,799,121	88							





**Machakos University**

**Annual Reports and Financial statements for the year ended June 30, 2022**

Details	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% Of Utilization	Notes
11 Book & Research Allowances	3,273,000	-	3,273,000	2,941,000	332,000	90	
12 Other allowances	84,851,040	6,000,000	90,851,040	89,359,261	1,491,779	98	
<b>Total Employment Costs</b>	<b>1,102,461,969</b>	<b>30,750,000</b>	<b>1,133,211,969</b>	<b>1,055,222,318</b>	<b>77,989,651</b>	<b>93</b>	
<b>Council Expenses</b>							
13 Council Expenses	10,000,000	2,500,000	12,500,000	12,510,404	(10,404)	100	
<b>Academic Expenses</b>							
14 Academic Dress	3,500,000	(3,500,000)	-	-	-	-	
15 Agricultural Training Farm	500,000	-	500,000	201,019	298,981	40	10
16 Alumni expenses	500,000	(300,000)	200,000	100,800	99,200	50	10
17 Boarding Expenses	300,000	-	300,000	8,300	291,700	3	5
18 Catering Expenses	5,000,000	5,400,000	10,400,000	8,748,464	1,651,536	84	11
19 CUE Expenses	4,000,000	1,500,000	5,500,000	5,436,620	63,380	99	
20 Curriculum Development	960,000	-	960,000	-	960,000	-	13
21 Examinations expenses	6,000,000	15,500,000	21,500,000	19,538,260	1,961,740	91	
22 Exhibitions & shows	1,000,000	(500,000)	500,000	107,600	392,400	22	6
23 External Examination Expenses	2,500,000	(1,000,000)	1,500,000	644,940	855,060	43	7
24 External Research Grants Expense	30,000,000	(10,000,000)	20,000,000	12,350,453	7,649,547	62	10
25 Field Courses	1,000,000	1,000,000	2,000,000	1,447,425	552,575	72	11
26 Graduation Expense	5,500,000	1,000,000	6,500,000	5,813,386	686,614	89	10
27 Industrial linkages	500,000	-	500,000	-	500,000	-	13
28 Innovation Fund	1,000,000	(500,000)	500,000	352,760	147,240	71	10
29 Internal Research Fund	5,000,000	(500,000)	4,500,000	2,386,565	2,113,435	53	8
30 KUCCPS Expenses	3,000,000	1,800,000	4,800,000	3,282,000	1,518,000	68	10
31 Regulatory Bodies Expense	500,000	(100,000)	400,000	249,950	150,050	62	10
32 Senate and Senate committees	500,000	-	500,000	312,850	187,150	63	10





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

Details	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% Of Utilization	Notes
33 Sports & Games	1,000,000	1,250,000	2,250,000	1,676,745	573,255	75	10
34 Student Insurance Premium	3,500,000	3,500,000	7,000,000	3,125,415	3,874,585	45	9
35 Student Medical Expenses	2,000,000	2,500,000	4,500,000	2,241,308	2,258,692	50	11
36 Student Work Study	700,000	300,000	1,000,000	622,450	377,550	62	10
37 Students' Activities	1,800,000	-	1,800,000	607,200	1,192,800	34	10
38 Students Bursary Fund	1,000,000	-	1,000,000	1,000,000	-	100	
39 Students Industrial Attachment	3,500,000	2,000,000	5,500,000	5,345,651	154,349	97	
40 Teaching Materials	7,000,000	2,500,000	9,500,000	4,203,156	5,296,845	44	11
41 Teaching Practice	6,000,000	(500,000)	5,500,000	4,859,718	640,282	88	11
<b>Sub-Total</b>	<b>97,760,000</b>	<b>21,350,000</b>	<b>119,110,000</b>	<b>84,663,034</b>	<b>34,446,966</b>	<b>71</b>	
<b>Administration and Operations Expenses</b>							
42 Advertising	2,000,000	(700,000)	1,300,000	469,610	830,390	36	10
43 Association of Governing Councils	300,000	(200,000)	100,000	100,000	-	100	
44 Audit Fees	1,000,000	-	1,000,000	960,000	40,000	96	
45 Automation Services	1,500,000	(50,000)	1,450,000	452,660	997,340	31	10
46 Bank Charges	1,000,000	400,000	1,400,000	1,312,759	87,241	94	
47 Chancellors Expenses	1,200,000	(500,000)	700,000	623,333	76,667	89	12
48 Cleaning Materials & Services	6,500,000	2,500,000	9,000,000	6,360,032	2,639,968	71	11
49 Conferences & Seminars	1,500,000	1,500,000	3,000,000	1,102,250	1,897,750	37	10
50 Disaster & Pandemic preparedness	3,500,000	(1,780,000)	1,720,000	1,120,080	599,920	65	10
51 Electricity Expenses	6,500,000	3,800,000	10,300,000	8,696,555	1,603,445	84	10
52 External Travel & Accommodation	1,000,000	(1,000,000)	-	-	-	-	
53 Healthcare services	65,000,000	12,000,000	77,000,000	74,805,302	2,194,698	97	
54 Hire of Facilities	240,000	-	240,000	-	240,000	-	13
55 ICT Services & Internet	11,000,000	2,500,000	13,500,000	12,438,313	1,061,687	92	





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

Details	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% Of Utilization	Notes
56 Legal Fees	4,500,000	1,500,000	6,000,000	5,985,005	14,995	100	
57 Management Capacity Building	1,000,000	(220,000)	780,000	-	780,000	-	13
58 Management Meetings	800,000	(100,000)	700,000	95,570	604,430	14	10
59 Marketing & Publicity	1,000,000	500,000	1,500,000	206,447	1,293,553	14	10
60 Master Plan/Topo survey	6,000,000	-	6,000,000	-	6,000,000	-	13
61 Newspapers & Magazines	500,000	-	500,000	335,389	164,611	67	10
62 Office Consumables	1,300,000	200,000	1,500,000	1,276,544	223,456	85	10
63 PC & ISO Expense	1,500,000	500,000	2,000,000	1,106,658	893,342	55	10
64 Printing and publishing	500,000	-	500,000	-	500,000	-	13
65 Professional Fees	1,000,000	1,500,000	2,500,000	829,532	1,670,468	33	10
66 Property Insurance	3,500,000	1,100,000	4,600,000	4,564,736	35,264	99	
67 Rent and Rates	250,000	-	250,000	-	250,000	-	13
68 Security expenses	10,000,000	(200,000)	9,800,000	9,343,271	456,729	95	
69 Staff Development	2,500,000	1,000,000	3,500,000	2,208,178	1,291,822	63	10
70 Staff Uniforms	800,000	200,000	1,000,000	528,350	471,650	53	10
71 Staff Welfare	1,200,000	1,300,000	2,500,000	1,649,223	850,777	66	10
72 Stationery Expenses	8,000,000	3,000,000	11,000,000	10,712,908	287,092	97	
73 Strategic Plan Activities	500,000	-	500,000	-	500,000	-	13
74 Subscriptions & Registration Fees	1,200,000	800,000	2,000,000	1,639,975	360,025	82	14
75 Telephone Expenses and Postage	1,200,000	-	1,200,000	868,750	331,250	72	15
76 Travelling and Accommodation	6,000,000	500,000	6,500,000	5,623,666	876,334	87	11
77 University Committee Expenses	1,200,000	300,000	1,500,000	1,380,670	119,330	92	
78 Vice Chancellors Committee	250,000	-	250,000	224,500	25,500	90	
79 Water & Conservancy	10,000,000	3,000,000	13,000,000	10,020,476	2,979,525	77	10
<b>Sub-Total</b>	<b>166,940,000</b>	<b>33,350,000</b>	<b>200,290,000</b>	<b>167,040,741</b>	<b>33,249,259</b>	<b>83</b>	





**Machakos University**  
**Annual Reports and Financial statements for the year ended June 30, 2022**

Details	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% Of Utilization	Notes
<b>Repairs and Maintenance Expenses</b>							
80 Generator fuel & Maintenance	500,000	500,000	1,000,000	414,321	585,679	41	11
81 Grounds Maintenance	500,000	-	500,000	48,160	451,840	10	10
82 Motor Vehicles fuel & maintenance	6,000,000	500,000	6,500,000	5,412,571	1,087,429	83	11
83 Plant & Equipment Maintenance	5,000,000	(3,000,000)	2,000,000	1,341,830	658,170	67	10
84 Repairs and Maintenance	1,500,000	5,000,000	6,500,000	4,658,637	1,841,363	72	11
<b>Sub-Total</b>	<b>13,500,000</b>	<b>3,000,000</b>	<b>16,500,000</b>	<b>11,875,519</b>	<b>4,624,481</b>	<b>72</b>	
<b>Other Expenses</b>							
85 Le Technisch expenses	40,378,530	7,419,359	47,797,889	41,409,671	6,388,218	87	11
86 Corporate social responsibility	500,000	(250,000)	250,000	50,000	200,000	20	10
87 Endowment Fund	250,000	-	250,000	250,000	-	100	
88 Production Unit Expense	2,500,000	(1,300,000)	1,200,000	411,424	788,576	34	10
<b>Sub-Total</b>	<b>43,628,530</b>	<b>5,869,359</b>	<b>49,497,889</b>	<b>42,121,095</b>	<b>7,376,794</b>	<b>85</b>	
<b>Total Recurrent Expenditure</b>	<b>1,434,290,499</b>	<b>96,819,359</b>	<b>1,531,109,858</b>	<b>1,373,433,110</b>	<b>157,676,748</b>	<b>90</b>	
<b>Capital Expenditure</b>							
89 Tuition & Office Block	70,000,000	(10,000,000)	60,000,000	27,890,776	32,109,224	46	16
90 Furniture & Fittings	5,000,000	(2,750,000)	2,250,000	1,072,300	1,177,700	48	10
91 Library Books, Journals & Materials	4,000,000	1,000,000	5,000,000	3,381,909	1,618,091	68	10
92 ICT Equipment and Software	10,000,000	(2,250,000)	7,750,000	779,900	6,970,100	10	
93 Renovations of Buildings	8,000,000	(4,000,000)	4,000,000	170,650	3,829,350	4	10
94 Lab equipment and machines	8,000,000	-	8,000,000	2,643,275	5,356,725	33	11
95 Plant and Equipment	3,000,000	250,000	3,250,000	2,775,690	474,310	85	11
96 Security Infrastructure & Lighting	3,000,000	2,000,000	5,000,000	921,713	4,078,287	18	11



**Machakos University**  
**Annual Reports and Financial statements for the year ended June 30, 2022**

Details	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% Of Utilization	Notes
97 Development of Sports facilities	500,000	(500,000)	-	-	-	-	
98 Development of Library - Phase I	1,000,000	(600,000)	400,000	-	400,000	-	13
<b>Total Development Expenditure</b>	<b>112,500,000</b>	<b>(16,850,000)</b>	<b>95,650,000</b>	<b>39,636,213</b>	<b>56,013,787</b>	<b>41</b>	
<b>Grand Total</b>	<b>1,546,790,499</b>	<b>79,969,359</b>	<b>1,626,759,858</b>	<b>1,413,069,323</b>	<b>213,690,535</b>	<b>87</b>	

**Explanation of changes between original and the final budget**

The Original Budget for FY2021/2022 was approved by the University Council and later rationalized with approved budget from the National Assembly, National Treasury and the communicated printed estimates by the State Department of University Education and Research (SDUER) on 28<sup>th</sup> July 2021. Subsequent revisions were made to the approved budget in accordance with specific approvals from the appropriate authorities. The University Budget was revised by the National Treasury and the National Assembly in the approved FY2021/2022 Supplementary estimates No. 1 hence arriving at the final budget after the University Council approved the rationalized budget.

**Explanation notes for material differences between the actual and budgeted amounts**

1. Donations were recorded as received while research grants were earned as they were spent by respective researchers
2. Accommodation income fell below the budget due to reduced bed capacity so as to adhere to COVID-19 prevention measures
3. The University did not have much of production unit activities hence other incomes fell below the budgeted income
4. The University did not engage locum staff during the year because all the health unit staff were available the whole of the year
5. There were less expenses relating to student accommodation
6. The University did not participate in Machakos ASK show during the year
7. External examiners are expected to be engaged after the end of May-August semester which shall fall in the subsequent financial year
8. The funded research projects were still on going as at the close of the financial year
9. Student insurance expenditure is expected to be incurred in the subsequent financial year





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

10. Expenditure on these budget lines was incurred according to the activities that took place during the financial year
11. Some of the planned expenditures remained as commitments as at the end of the financial year hence expected to be incurred in the subsequent financial year.
12. The Chancellor was not paid for some of the months when the contract was pending to be renewed.
13. The Budgeted activities did not take place during the financial year
14. Payment of subscription to professional bodies like ICPAK, KISM, IHRM among others was suspended by the University during the year.
15. The monthly telephone for most of the offices was suspended during the year.
16. Some of the development grants that were received for the financial year was utilized to offset the retention monies that had been borrowed in the previous financial years to pay the pending certificates.

**RECONCILIATION OF ACTUALS IN THE STATEMENT OF FINANCIAL PERFORMANCE AND THE BUDGET**

<u>INCOME</u>	<u>KShs</u>	<u>EXPENDITURE</u>	<u>KShs</u>
Total Income as per the Statement of Financial Performance	1,531,420,332	Total Expenditure as per the Statement of Financial Performance	1,450,156,181
<u>Add:</u>		<u>Add Back:</u>	
Development Grants	60,000,000	Capital items	39,636,213
Donations received	1,608,059		
<u>Less:</u>		<u>Less:</u>	
Amortized grant in kind	(14,585,838)	Changes in Inventory	4,607,806
		Depreciation	(72,819,542)
		Increase in Provision for doubtful debt	(8,511,335)
<b>Total Income as per the Budget</b>	<b>1,578,442,553</b>	<b>Total Expenditure as per the Budget</b>	<b>1,413,069,323</b>





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Machakos University is established by and derives its authority and accountability from The Universities Act. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. Machakos

University's principal activity is to provide scholarly education through Training, Research and Innovation for industrial and socio-economic transformation of our communities.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION – IPSAS 1**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with the International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Machakos University accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4 (k) of these financial statements.

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

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





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*

**3. ADOPTION OF NEW AND REVISED STANDARDS**

*i. New standards and amended standards and interpretation in issue effective in the year ended 30 June 2022*

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"><li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li><li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li><li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li></ul> <p>Machakos University does not have any financial investments in stocks, bonds, loans and guarantees. The elements recognized in the university's cash flows include the</p>





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*

Standard	Effective date and impact:
	cash and bank balances, receivables and payables. The standard will guide the university to link the risk management strategies with the accounting treatment for trade receivables and payables.
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul> <p>The University established a defined contributions benefits scheme by the name Machakos University Retirement Pension Scheme. This amendment will improve the presentation of the information reported about the pension scheme.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Machakos University does not have any financial investments in stocks, bonds, loans and guarantees. The elements recognized in the university's cash flows include the</p>





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*

Standard	Effective date and impact:
	cash and bank balances, receivables and payables. The standard will guide the university on treatment for trade receivables and payables.
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul> <p>Machakos University does not have any financial investments in stocks, bonds, loans and guarantees. The elements recognized in the university's cash flows include the cash and bank balances, receivables and payables. The standard will guide the university on treatment for trade receivables and payables.</p>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>Machakos University does not have any leased property hence the standard will not be relevant during the preparation of the financial statements</p>





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b>  The Standard requires,  Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:  Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.  Machakos University does not hold any non-current assets for sale hence the standard will not be relevant in preparation of the financial statements

**III. Early adoption of standards**

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





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue Recognition**

**(i) Revenue from non-exchange transactions-IPSAS 23**

Donations are recognized when received and the asset recognition criteria are met. Values for grants and donations related to property, equipment and other assets are estimated by the University or as advised by donors. Donations in kind of current nature are recognized in the year received and categorized as inventories while those of capital nature are prorated in their useful life in a systematic manner and categorized as deferred income in the financial statements in accordance with IPSAS 23.

Transfers from government entities are measured at fair value and recognized on obtaining the asset if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the university and can be measured reliably.

**(ii) Revenue from exchange transactions-IPSAS 9**

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

**b) Budget Information-IPSAS 24**

The Original Budget for FY2021/2022 was approved by the University Council and later rationalized with approved budget from the National Assembly, National Treasury and the communicated printed estimates by the State Department of University Education and Research (SDUER) on 28<sup>th</sup> July 2021. Subsequent revisions were made to the approved budget in accordance with specific approvals from the appropriate authorities.





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

The revisions are added to the original budget upon receiving the respective approvals in order to conclude the final budget. Machakos University recorded budget revision of Kshs. 79,969,359 on the 2021/2022 Budget following the approved supplementary estimates.

The Annual Budget is prepared on accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the university. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or university 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 except for few items that are not budgeted for.

A statement to reconcile the actual amounts in statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been prepared after the notes explaining the material variances of the budget.

**c) Property, Plant and Equipment-IPSAS 17**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the university recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on straight line basis over the estimated useful lives of the assets.

The annual rates in use are:

Land - 0%

Buildings - 2.5%





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

- Motor vehicles - 25%
- Furniture & Equipment - 12.5%
- Computers - 33.33%
- Library books - 5%
- Loose Tools - 12.5%

Library books and Loose tools are accounted for under Property, Plant and Equipment as per the IPSAS 17

**d) Inventories-IPSAS 12**

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the university.

**e) Nature and purpose of reserves**

The university creates and maintains reserves in terms of specific requirements. The reserves are maintained to cater for assets replacement, settlement of bad and doubtful debts, and any other contingency.

**f) Changes in accounting policies and estimates – IPSAS 3**

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

**g) Employee benefits-IPSAS 39**

The University established a defined contributions benefits scheme by the name Machakos University Retirement Pension Scheme under the custodian of Machakos university pension scheme, where employees' contributions are channeled to. The fund is managed by Liberty Pension Scheme.





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**h) Related parties – IPSAS 20**

The university regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the university, or vice versa. These parties offer managerial, advisory and regulatory services. The National Government, Members of Council and the management team are regarded as related parties in preparation of these financial statements. National Government transactions have been disclosed under revenue from non- exchange transactions (Recurrent grants) and under capital reserves (Development grants), Members of Council allowances and management team remuneration have been

disclosed under Administrative and Academic expenses in the statement of financial performance. The related parties' transactions are summarized in tables (a), (b) and (c) below:

**a) COUNCIL MEMBERS**

	2021/2022	2020/2021
Sitting Allowances	6,475,800	4,200,000
Mileage Allowances	883,417	464,289
Subsistence Allowances	4,865,300	2,068,500
Honoraria and Telephone	-	371,200
Lunch Allowances	-	6,000
Others	285,887	435,000
<b>Totals</b>	<b>12,510,404</b>	<b>7,544,989</b>

**b) NATIONAL GOVERNMENT**

Grants	2021/2022	2020/2021
Recurrent Grants	998,362,930	966,260,930
CBA Grants	-	-
Development Grants	60,000,000	74,030,444
	<b>1,058,362,930</b>	<b>1,040,291,374</b>

**c) MANAGEMENT TEAM**

	2021/2022	2020/2021
Total remuneration	76,277,872	79,793,291





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**i) Cash and cash equivalents – IPSAS 2**

Cash and cash equivalents comprise cash on hand, M-Pesa, 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.

**j) Comparative figures**

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

**k) Significant judgments and sources of estimation uncertainty – IPSAS 1**

The preparation of Machakos 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.

**Estimates and assumptions**

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

**Useful lives and residual values**

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





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

The condition of the asset based on the assessment of experts employed by the university

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

**Provisions:**

- Provision for Doubtful debts policy
- A provision of 50% of any uncollected debt that is outstanding for 5 years and above as a doubtful debt is provided.

**l) The Accounts Receivables**

The Accounts receivables are stated at their nominal value.

**m) Accounts Payables**

The Accounts payables are stated at their nominal value.

**n) Deferred Income**

Deferred income arises as a result of donation in kind of fixed assets that are amortized annually at a rate equivalent to the depreciation rate. All other relevant costs being freight, custom and clearing charges are capitalized.

**o) Capital Reserves**

Capital reserves recognized in the financial statements comprises of development grants from the ministry and revaluations of property, plant and equipment





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**p) Subsequent events – IPSAS 14**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the financial year ended 30<sup>th</sup> June, 2021.

**q) Corporate Tax**

Machakos University is exempted from paying corporate tax by the Income Tax Act Cap 470 of the laws of Kenya.

**r) Financial Risk Management**

Machakos University's activities expose the institution to a variety of financial risks including credit and liquidity risks, effects of changes in foreign currency and changes in market prices. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The university's financial risk management encompasses the scrutiny and proactive oversight of a number of key elements of the University's operations including Credit risk, Liquidity risk and market risk.

**(i) Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the University. The University's credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of provision for doubtful debts, estimated by the University's management based on prior experience and their assessment of the current economic environment. The management provides 50% for doubtful debts for non-performing debts in every year to mitigate the financial risks.





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Performing (Below 5 years)	Non-Performing (5 years and above)	Total
As at 30 <sup>th</sup> June 2022	Kshs	Kshs	Kshs
Student Fee arrears	77,912,911	64,691,673	142,604,584
Trade & Other debtors	51,343,926	10,020,627	61,364,553
<b>Total</b>	<b>129,256,837</b>	<b>74,712,300</b>	<b>203,969,137</b>
<b>As at 30<sup>th</sup> June 2021</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Student Fee arrears	74,186,627	52,397,475	126,584,101
Trade & Other debtors	65,128,862	5,292,156	70,421,018
<b>Total</b>	<b>139,315,489</b>	<b>57,689,631</b>	<b>197,005,120</b>

(ii) Liquidity risk management

The University's liabilities subject to financial risk are categorized as Sundry Trade Payables, Prepaid fees and Staff Gratuity Payable as shown in the table below:

	Performing (within a year)	Non-Performing (Over one year)	Total
As at 30 <sup>th</sup> June 2022	Kshs	Kshs	Kshs
Sundry Trade Payables	29,974,209	-	29,974,209
Staff Gratuity Payable	46,581,468	-	46,581,468
Prepaid fees	79,086,038	-	79,086,038
<b>Total</b>	<b>155,641,715</b>	<b>-</b>	<b>155,641,715</b>
<b>As at 30<sup>th</sup> June 2021</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Sundry Trade Payables	12,822,474	-	12,822,474
Staff Gratuity Payable	69,458,257	-	69,458,257
Prepaid fees	67,082,082	-	67,082,082
<b>Total</b>	<b>149,362,812</b>	<b>-</b>	<b>149,362,812</b>

The University has disclosed KShs 155.6 million being amounts owed to Trade and other payables as indicated above. However, the University has trade and other receivables amounting to KShs 204 million which can offset the liabilities hence mitigate the liquidity risks.

(iii) Market risk

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

(iv) Capital Risk Management

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





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2021/2022	2020/2021
	KShs	KShs
Retained earnings	(74,998,452)	(133,246,375)
Capital reserve	3,096,130,011	3,036,130,011
Deferred Income	26,761,178	39,738,957
<b>Total funds</b>	<b>3,047,892,736</b>	<b>2,942,622,592</b>
Total borrowings		-
Less: cash and bank balances	396,773,396	167,295,116
Net debt/ (excess cash and cash equivalents)	-	-
<b>Gearing ratio</b>	-	-

The University does not have any long-term obligations hence the gearing ratio does not apply.





*Machakos University*  
*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. (a) RECURRENT GRANTS (CAPITATION)**

	2021-2022	2020-2021
	Kshs.	Kshs.
State Department for University Education	82,953,714	80,521,744
State Department for University Education	82,953,714	80,521,744
State Department for University Education	82,953,713	80,521,744
State Department for University Education	82,953,714	80,521,744
State Department for University Education	82,953,714	80,521,744
State Department for University Education	82,953,714	80,521,745
State Department for University Education	82,953,714	80,521,744
State Department for University Education	82,953,714	80,521,744
State Department for University Education	82,953,713	80,521,744
State Department for University Education	82,953,714	80,521,744
State Department for University Education	84,412,896	80,521,744
State Department for University Education	84,412,896	80,521,745
	998,362,930	966,260,930

**5.(b) RESEARCH GRANTS**

	2021-2022	2020-2021
	Kshs.	Kshs.
Research Grants	12,350,453	18,829,795
Donor Grants	-	732,916
	12,350,453	19,562,711

**5. (d) DEVELOPMENT GRANTS**

	2021-2022	2020-2021
	Kshs.	Kshs.
State Department for University Education	30,000,000	74,030,444
State Department for University Education	30,000,000	
<b>TOTAL DEVELOPMENT GRANTS</b>	60,000,000	74,030,444





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. GRANTS IN KIND**

	2021-2022 Kshs.	2020-2021 Kshs.
Equipment from Seeding Labs (17,382,586*12.5%)	2,172,823	2,172,823
Luban Workshop - Equipment (13,978,782*12.5%)	1,747,348	1,747,348
Luban Workshop - Computers (31,467,844*33.3%)	10,478,792	10,478,792
Library books (1,157,681*5%)	57,884	-
Engineering - Computers (349,487*33.3%)	116,379	-
Engineering - Equipment (100,890*12.5%)	12,611	-
	<b>14,585,838</b>	<b>14,398,963</b>

**NOTE:**

(a) Donated Assets in the year 2016/2017 comprised of;

1. Equipment from Seeding Labs Ksh 17,382,586

(b) Donated Assets in the year 2020/2021 comprised of;

1. Equipment for Luban Workshop Kshs. 13,978,782
2. Computers for Luban Workshop Kshs. 31,467,844

(c) Donated Assets in the year 2021/2022 comprised of;

1. Library Books from various donors Kshs. 1,157,681
2. Computers for Engineering Workshop Kshs. 349,487
3. Equipment for Engineering Workshop Kshs. 100,890





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7. TUITION & OTHER RELATED INCOMES**

<b><u>VOTEHEAD</u></b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Activity fee	9,508,000	4,843,000
Admission fee	5,957,575	4,703,000
Alumni Income	1,440,000	1,478,500
Application fee	430,105	305,625
Attachment Fee	22,733,242	11,655,446
Boarding	2,020,831	2,411,357
Catering	6,383,879	1,273,108
Centre fees	128,000	100,550
Certification income	16,400	7,500
Computer Project fee	180,600	190,450
Examinations fee	26,666,934	14,515,586
General damages	44,509	14,885
Graduation Fees	6,259,500	5,231,000
Industrial Attachment & Insurance	17,250	3,500
ICT Fee	35,539,850	18,304,034
KNEC & KASNEB Exam Fee	13,775,975	2,016,470
Laboratory/Workshop fee	21,692,115	11,175,651
Library fee	6,902,935	3,217,643
Material development	7,468,850	2,814,217
Medical fee	19,424,475	10,192,317
Penalty fee	69,066	72,500
Quality Assurance fee	6,788,150	6,431,700
R.D Cheques Charges Income	21,600	7,200
Referral/ Supplementary	4,684,114	4,887,755
Registration fee	9,244,300	5,442,000
Re-Take Fee	251,826	110,740
Students Identity Cards	1,619,000	1,515,000
Students Insurance fee	7,941,044	7,044,050
Students' projects	1,123,800	238,000
Supervision fees	114,000	42,000
Teaching Practice fee	94,344	214,505
Thesis Examination	10,000	40,000
Tuition fee	185,695,814	100,824,638
<b>TOTAL</b>	<b>404,248,083</b>	<b>221,323,927</b>





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8. I.G.A AND OTHER INCOMES**

**VOTEHEAD**

	2021-2022	2020-2021
	Kshs	Kshs
Le Technisch Restaurant	99,612,065	83,747,263
Production Unit -Food & Beverage	206,710	72,930
Production Unit - Physical Sciences	3,890	2,370,700
Production Unit - Corporate Affairs	88,140	119,200
Production Unit - FADMA	1,310	3,591,450
Production Unit - TVET	436,000	688,000
Auction	77,370	237,875
Seminar	392,450	528,881
Hire of facilities	410,228	1,617,251
Rent	357,000	309,750
Management fee	81,825	51,626
Miscellaneous Income	206,041	1,973,543
<b>TOTAL</b>	<b>101,873,029</b>	<b>95,308,468</b>

**9. EMPLOYMENT COSTS**

	2021-2022	2020-2021
	Kshs	Kshs
Basic salaries	513,604,997	520,969,087
House allowance	204,850,689	210,908,492
Pension & Gratuity	108,020,921	111,268,136
NSSF	1,246,000	1,238,200
Leave Allowances	5,490,470	6,125,252
Commuter Allowances	65,510,033	67,481,983
Part-time lecturers	36,570,860	23,356,390
Adjunct Lecturers	14,400,028	7,805,193
Locum Staff	27,180	-
Casual wages	13,200,879	6,874,843
Book & Research Allowances	2,941,000	3,047,334
Other allowances	89,359,261	89,447,510
CBA Arrears	-	-
<b>TOTAL</b>	<b>1,055,222,318</b>	<b>1,048,522,419</b>

**10. COUNCIL EXPENSES**

	2021-2022	2020-2021
Sitting Allowances	6,475,800	4,200,000
Mileage Allowances	883,417	464,289
Subsistence Allowances	4,865,300	2,068,500
Honoraria and Telephone	-	371,200
Lunch Allowances	-	6,000
Others	285,887	435,000
	<b>12,510,404</b>	<b>7,544,989</b>





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11. ACADEMIC EXPENSES**

<u>VOTEHEAD</u>	2021-2022 Kshs	2020-2021 Kshs
Academic Research Expenses	12,350,453	12,670,453
Agricultural Farm Expenses	201,019	-
Alumni expense	100,800	92,000
Attachment expenses	5,345,651	3,698,698
Boarding/Accommodation expenses	8,300	-
Catering expenses	8,748,464	1,695,475
CUE expenses	5,436,620	3,100,000
Examinations expenses	19,538,260	7,129,525
Exhibitions & shows	107,600	-
External examinations expenses	644,940	700,231
Field courses expenses	1,447,425	90,930
Graduation Expenses	5,813,386	4,672,483
Industrial linkages	-	16,120
Innovation fund expenses	352,760	273,020
Insurance (Students) expenses	3,125,415	2,973,995
Internal Research expenses	2,386,565	350,100
KUCCPS expenses	3,282,000	2,599,500
Medical (Students) expenses	2,241,308	826,197
Regulatory bodies Expense	249,950	45,050
Senate & Senate Committees expenses	312,850	161,950
Sports & Games	1,676,745	6,100
Students Activities expenses	607,200	43,300
Students Bursary fund expense	1,000,000	1,000,000
Students Work Study expenses	622,450	177,650
Teaching Materials and Expenses	4,203,156	1,950,416
Teaching practice expenses	4,859,718	5,847,880
<b>TOTAL</b>	<b>84,663,034</b>	<b>50,121,072</b>





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. ADMINISTRATIVE AND OPERATIONS EXPENSES

<u>VOTEHEAD</u>	2021-2022	2020-2021
	Ksh	Ksh
Advertisement expenses	469,610	252,689
Association of Government Council expenses	100,000	155,859
Audit fees	960,000	960,000
Automation expenses	452,660	-
Bank Charges	1,312,759	647,471
Chancellors Expenses	623,333	1,200,000
Change in Inventories	(4,607,806)	1,258,610
Cleaning & Sanitation	6,360,032	9,977,896
Conferences, Workshops and Seminars Expenses	1,102,250	3,332,500
Disaster & Pandemic preparedness	1,120,080	-
Electricity Expense	8,696,555	5,394,693
Health care services	74,805,302	62,389,977
ICT Services & Internet	12,438,313	10,427,410
Legal expenses	5,985,005	846,590
Management Capacity Building	-	113,750
Management meetings expenses	95,570	197,120
Marketing & Publicity Expense	206,447	120,021
Newspapers & Magazines	335,389	135,600
Office Consumables	1,276,544	990,397
PC & ISO	1,106,658	83,000
Professional fees	829,532	1,941,848
Property Insurance	4,564,736	2,941,818
Security Expenses	9,343,271	9,266,022
Staff Development	2,208,178	747,896
Staff Uniforms	528,350	10,000
Staff welfare expenses	1,649,223	732,730
Stationery Expenses	10,712,908	5,531,051
Strategic Planning expenses	-	315,000
Subscriptions & Registration Fees	1,639,975	1,640,533
Telephone & Postage	868,750	1,126,055
Travelling & Accommodation expenses	5,623,666	3,708,515
University Committees Expenses	1,380,670	1,247,400
Vice chancellor Committees expenses	224,500	-
Water & Conservancy	10,020,476	14,330,562
<b>TOTAL</b>	<b>162,432,935</b>	<b>142,023,013</b>





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**13. REPAIRS AND MAINTENANCE EXPENSES**

<u>VOTEHEAD</u>	2021-2022 Ksh	2020-2021 Ksh
Generator Fuel & maintenance	414,321	162,644
Grounds Maintenance	48,160	113,937
Motor vehicles fuel & Maintenance	5,412,571	3,501,719
Plant & Equipment Maintenance	1,341,830	1,076,890
Repairs and Maintenance	4,658,637	4,067,847
<b>TOTAL</b>	<b>11,875,519</b>	<b>8,923,036</b>

**14. OTHER EXPENSES**

<u>VOTEHEAD</u>	2021-2022 Kshs	2020-2021 Kshs
Le Technisch Restaurant Expenses	41,409,671	27,696,546
Corporate social responsibility	50,000	33,000
Endowment fund	250,000	-
Production unit expenses	411,424	1,816,767
<b>TOTAL</b>	<b>42,121,095</b>	<b>29,546,313</b>





NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. NON-CURRENT ASSETS.

Property Plant & Equipment Schedule

	LAND		BUILDINGS & SITE WORKS		WORK IN PROGRESS		MOTOR VEHICLES		COMPUTERS		FURNITURE & EQUIPMENT		LOOSE TOOLS		LIBRARY BOOKS		TOTALS		
	KSH	0.0%	KSH	2.5%	KSH	0.0%	KSH	25.0%	KSH	33.9%	KSH	12.5%	KSH	12.5%	KSH	5.0%	KSH	KSH	
<b>COST/ VALUATION</b>																			
As at 30th June 2020	1,285,000,000		1,033,532,155		347,075,206		40,699,195		50,707,411		141,958,103		29,786,500		70,951,996		2,999,710,567		
ADDITIONS	-		6,126,872		88,555,444		12,380,000		11,640,486		7,752,843		-		1,720,549		123,176,194		
REVALUATION	-		-		-		-		-		-		-		-		-		
DONATIONS	-		-		-		-		31,467,844		13,978,782		-		-		45,446,627		
As at 30th June 2021	1,285,000,000		1,039,659,027		430,630,650		53,079,195		93,815,741		163,689,729		29,786,500		72,672,546		3,168,333,388		
ADDITIONS	-		170,650		27,890,776		-		779,900		7,412,978		-		3,381,909		39,636,213		
REVALUATION	-		-		-		-		-		-		-		-		-		
DONATIONS	-		-		-		-		349,487		100,890		-		1,157,681		1,608,059		
As at 30th June 2022	1,285,000,000		1,039,829,677		458,521,426		53,079,195		94,945,129		171,203,597		29,786,500		77,212,135		3,209,577,659		
<b>DEPRECIATION</b>																			
Accumulated Depreciation	-		84,060,793		-		34,105,396		40,774,811		45,785,583		14,893,250		6,905,579		226,525,413		
Armortized Depreciation	-		-		-		-		-		-		-		-		-		
CHARGE FOR 2020/2021	-		25,991,476		-		5,604,799		22,787,379		20,461,216		3,723,313		3,633,627		82,201,809		
Accumulated Depreciation	-		110,052,269		-		39,710,195		63,562,190		66,246,800		18,616,563		10,539,206		308,727,222		
Armortized Depreciation	-		-		-		-		-		-		-		-		-		
CHARGE FOR 2021/2022	-		25,995,742		-		3,095,000		14,744,431		21,400,450		3,723,313		3,860,607		72,819,542		
Accumulated Depreciation	-		136,048,011		-		42,805,195		78,306,622		87,647,249		22,339,875		14,399,813		381,546,764		
<b>NET BOOK VALUES</b>																			
AS AT 30TH JUNE 2022	1,285,000,000		903,781,666		458,521,426		10,274,000		16,638,507		83,556,948		7,446,625		62,812,323		2,828,030,895		
AS AT 30TH JUNE 2021	1,285,000,000		929,606,758		430,630,650		13,969,000		30,253,551		97,442,929		11,169,938		62,133,340		2,859,606,166		



*Machakos University  
Annual Reports and Financial statements for the year ended June 30, 2022*

**Note:**

- a) The Value of land does not include the 18.14 Hectares (two parcels) donated IN 2016 by the National Lands Commission which is under survey.
- b) Motor Vehicles with a cost of Ksh 40,699,195 have been fully depreciated.
- c) Computers with a cost of Ksh 50,707,411 have been fully depreciated
- d) Donated Assets in the year 2021/2022 comprised of,
  1. Library Books from various donors Kshs. 1,157,681
  2. Computers for Engineering Workshop Kshs. 349,487
  3. Equipment for Engineering Workshop Kshs. 100,890



*Power to have building with ultra-modern Laboratories and Equipment*

*Le- Technical Hotel building*



*VET - The Learning, Training and Online Book*



*Luban Workshop with computers, Furniture and Equipment*



*University Buses*



*Laboratory equipment*





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. TRADE AND OTHER RECEIVABLES

(a)

Exchange Transactions

	2021-2022 Kshs.	2020-2021 Kshs.
Student Debtors	142,604,584	126,584,101
Trade Debtors	57,015,263	59,960,566
Other Debtors	4,349,290	10,460,452
	<b>203,969,137</b>	<b>197,005,120</b>
Provision for Doubtful debts (50%*64,691,672.50) & (50%*10,020,627.05)	(37,356,150)	(28,844,815)
	<b>166,612,988</b>	<b>168,160,304</b>

(b)

Non-Exchange Transactions

	2021-2022 Kshs.	2020-2021 Kshs.
Outstanding Imprests	2,541,675	2,271,197
Staff welfare Advance	152,901	223,205
	<b>2,694,576</b>	<b>2,494,402</b>
<b>Total</b>	<b>169,307,563</b>	<b>170,654,706</b>

17. INVENTORIES

STOCKS -INVENTORIES

	2021-2022 Ksh	2020-2021 Ksh
Kitchen & Hospitality stores inventory	637,529	349,938
Central Stores inventory	6,264,838	5,393,743
Academic gowns inventory	17,120,755	17,120,755
Le-Technisch inventory	2,355,461	2,265,679
Maintenance store inventory	2,965,370	-
Health unit inventory	393,968	-
<b>Total</b>	<b>29,737,921</b>	<b>25,130,115</b>





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. CASH & BANK BALANCES

		2021-2022	2020-2021
		Kshs.	Kshs.
Cash in hand		4,750	3,000
Mpesa		10,040,214	227,541
<b>Cash and M-Pesa</b>		<b>10,044,964</b>	<b>230,541</b>
<b>Bank</b>	<b>Account No.</b>		
<b>Standard Chartered:</b>			
Standard Chartered Bank	0102016845602	82,988,109	12,108,091
Standard Chartered Bank	0152016845602	32,951,902	6,481,975
		<b>115,940,011</b>	<b>18,590,066</b>
<b>National Bank:</b>			
National Bank of Kenya	01020078499400	4,081,598	35,316,240
National Bank of Kenya	01020078499401	145,804,979	34,433,831
National Bank of Kenya	01020078499402	39,397,585	7,012,134
		<b>189,284,163</b>	<b>76,762,205</b>
<b>Kenya Commercial Bank:</b>			
Kenya Commercial Bank	1137145064	50,195,607	39,098,319
Kenya Commercial Bank	1180326849	7,642,815	15,598,756
Kenya Commercial Bank	1211488594	1,900,188	2,144,733
Kenya Commercial Bank	1211489167	530,620	536,725
		<b>60,269,230</b>	<b>57,378,532</b>
<b>Cooperative Bank of Kenya:</b>			
Co-operative Bank of Kenya	01129277651100	4,118,580	3,821,203
<b>Equity Bank:</b>			
Equity Bank:	0600278674858	17,116,448	10,512,569
<b>TOTAL</b>		<b>396,773,396</b>	<b>167,295,116</b>





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. CAPITAL RESERVE

	2021-2022 Kshs.	2020-2021 Kshs.
Balance as at 30th June 2021	3,036,130,011	2,962,099,567
Development Grants for the year: (Note 5 (d))	60,000,000	74,030,444
<b>Balance as at 30<sup>th</sup> June 2022</b>	<b>3,096,130,011</b>	<b>3,036,130,011</b>

20. (a) REVENUE RESERVE

	2021-2022 Kshs.	2020-2021 Kshs.
Balance B/f	(133,246,375)	(75,047,197)
Prior year Adjustments	(23,016,228)	(3,262,101)
Surplus/Deficit for the year	81,264,152	(54,937,078)
<b>Balance as at 30<sup>th</sup> June 2022</b>	<b>(74,998,452)</b>	<b>(133,246,375)</b>

Note:

Prior year Adjustments relates to fees adjustments and customer invoices adjustments and reversals

20. (b) DEFERRED INCOME

	2021-2022 Kshs.	2020-2021 Kshs.
Equipment from Seeding Labs Bal b/f	6,518,470	8,691,294
Luban Workshop – Equipment Bal b/f	12,231,434	13,978,782
Luban Workshop – Computers Bal b/f	20,989,052	31,467,844
Library books	1,157,681	-
Engineering - Computers	349,487	-
Engineering - Equipment	100,890	-
	<b>41,347,016</b>	<b>54,137,920</b>
Amortization for the year (17,382,586 @12.5%)	(2,172,823)	(2,172,823)
Amortization for the year (13,978,782 @12.5%)	(1,747,348)	(1,747,348)
Amortization for the year (31,467,844 @ 33.3%)	(10,478,792)	(10,478,792)
Amortization for the year (1,157,681 @ 5%)	(57,884)	-
Amortization for the year (349,487 @ 33.3%)	(116,379)	-
Amortization for the year (100,890 @ 12.5%)	(12,611)	-
<b>Balance as at 30<sup>th</sup> June 2022</b>	<b>26,761,178</b>	<b>39,738,957</b>

NOTE:

(a) Donated Assets in the year 2016/2017 comprised of;

1. Equipment from Seeding Labs Ksh 17,382,586

(b) Donated Assets in the year 2020/2021 comprised of;

1. Equipment for Luban Workshop Kshs. 13,978,782
2. Computers for Luban Workshop Kshs. 31,467,844

(c) Donated Assets in the year 2021/2022 comprised of;

1. Library Books from various donors Kshs. 1,157,681
2. Computers for Engineering Workshop Kshs. 349,487
3. Equipment for Engineering Workshop Kshs. 100,890





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**21. TRADE & OTHER PAYABLES**

	2021-2022 Kshs.	2020-2021 Kshs.
<b>Trade payables</b>		
Recurrent Trade Payables	29,974,209	12,822,474
Audit fees	1,920,000	1,920,000
Customer & Other Prepayments	17,714,105	2,389,923
Chancellors Scholarship fund	1,900,188	2,144,733
Chancellors Endowment fund	530,620	536,725
Research Liability	7,901,795	-
	<b>59,940,917</b>	<b>19,813,855</b>
<b>Capital Creditors</b>		
Retention	36,727,057	37,510,526
	<b>36,727,057</b>	<b>37,510,526</b>
<b>Students' payables</b>		
Students' Prepaid fees	79,086,038	69,458,257
Refundable Caution fees	50,174,555	44,648,770
MUSA Membership & Subscriptions	4,102,145	2,338,775
Students Sponsorships Fund	8,851,084	8,928,697
	<b>142,213,822</b>	<b>125,374,499</b>
<b>Payroll payables</b>		
Leave Allowance Payable	2,689,749	2,841,926
Staff deductions payable	57,982,880	4,880
Part Time Claims owing	2,385,400	-
Staff Gratuity Payable	46,581,468	67,082,082
CBA Arrears payable	27,435,745	27,435,745
	<b>137,075,243</b>	<b>97,364,633</b>
	<b>375,957,039</b>	<b>280,063,512</b>

**22. CASH RECEIPTS**

**22. (a) non-Exchange transactions**

	2021-2022 Kshs.	2020-2021 Kshs.
Revenue from non-exchange transactions	1,010,713,383	985,823,641
Change in Receivables from non-exchange	(200,174)	96,258,795
	<b>1,010,513,209</b>	<b>1,082,082,436</b>

**22. (b) Exchange transactions**

	2021-2022 Kshs.	2020-2021 Kshs.
Revenue from exchange transactions	506,121,112	316,632,395
Change in Trade and other Receivables	(6,964,018)	2,089,409
Change in Student payables	16,839,324	36,245,787
Prior year Adjustments	(23,016,228)	(3,262,101)
	<b>492,980,189</b>	<b>351,705,491</b>

**TOTAL RECEIPTS**

	<b>1,503,493,398</b>	<b>1,433,787,927</b>
--	----------------------	----------------------





Machakos University

Annual Reports and Financial statements for the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021-2022	2020-2021
<b>23. CASH PAYMENTS</b>		
<b>23. (a) Employment costs</b>	<b>Kshs.</b>	<b>Kshs.</b>
Employment Costs	1,055,222,318	1,048,522,419
Change in Payroll payables	(39,710,610)	89,114,206
	<b>1,015,511,708</b>	<b>1,137,636,626</b>
<b>23. (b) Council expenses</b>	<b>Kshs.</b>	<b>Kshs.</b>
Council Expenses	12,510,404	7,544,989
	<b>12,510,404</b>	<b>7,544,989</b>
<b>23. (c) Academic, Administrative and other expenses</b>	<b>Kshs.</b>	<b>Kshs.</b>
Academic Expenses	84,663,034	50,121,072
Administration & Operations Expenses	162,432,935	142,023,013
Repairs & Maintenance Expenses	11,875,519	8,923,036
Other Expenses	42,121,095	29,546,313
Change in Inventories	4,607,806	(1,258,610)
Change in Trade payables	(40,127,063)	9,201,064
	<b>265,573,325</b>	<b>238,555,888</b>
<b>TOTAL CASH PAYMENTS</b>	<b>1,293,595,438</b>	<b>1,383,737,502</b>

	2021-2022	2020-2021
<b>24. CAPITAL CASH PAYMENTS</b>		
Purchase of Property, Plant & Equipment	(39,636,213)	(123,176,194)
Change in capital creditors	(783,469)	(33,017,240)
<b>Net cash flows used in investing activities</b>	<b>(40,419,681)</b>	<b>(156,193,434)</b>

	2020-2021	2020-2021
<b>25. CASH GENERATED FROM OPERATIONS</b>		
	<b>Kshs.</b>	<b>Kshs.</b>
Surplus /Deficit for the year	81,264,152	(54,937,078)
<b>Adjusted for:</b>		
Depreciation	72,819,542	82,201,809
Non-cash grants received	(14,585,838)	(14,398,963)
<b>Working Capital adjustments</b>		
Change in inventory	(4,607,806)	1,258,610
Change in receivables	1,347,143	101,257,630
Prior Year Adjustments	(23,016,228)	(3,262,101)
Change in Payables	96,676,996	(62,069,483)
<b>Net Cashflow from operating activities</b>	<b>209,897,961</b>	<b>50,050,424</b>





*Machakos University*

*Annual Reports and Financial statements for the year ended June 30, 2022*

**APPENDIX I: CONTINGENT LIABILITIES**

**Contingent Liabilities**

The University anticipates to incur an expenditure for legal services for the on-going undetermined court cases. There are uncertainties regarding the University's litigation issues considering that the court cases might be determined in favor or against the University.





*Machakos University*

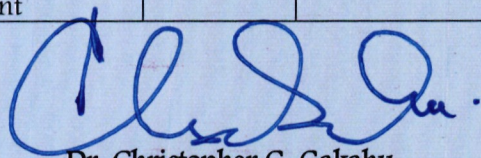
*Annual Reports and Financial statements for the year ended June 30, 2022*

**APPENDIX II: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issue raised by the external auditor, and management comments that were provided to the auditor. We have set time frames within which we expect the issues to be resolved as shown in the table below.

Reference no. on the external audit report	Issue/Observations from auditor	Management comments	Status: (Resolved /Not Resolved)	Time frame: (put a date when you expect the issue to be resolved)
N/A (2016/2017)	Other Matter-Increased deficit hence reduced Revenue reserves.	Management to explore more opportunities to increase revenue and control expenditure.	In Progress	In the next 6 to 7 years.
1. (2019/2020)	Adoption of the Annual Report by the University Council	The term of the University council lapsed on 14 <sup>th</sup> August 2020. By the time the financial statements were submitted on 30 <sup>th</sup> September 2020, the new council had not been appointed	Resolved	FY2020/2021
2. (2019/2020)	Trade and Other receivables – Intra-University Trade Receivable Balance	To clear off the outstanding University bills due to the University hotel	Resolved	30 <sup>th</sup> June 2021
1. (2020/2021)	Student Debtors – Accuracy, Completeness and recoverability of long outstanding student debts	To include details of student numbers and invoice dates in the aged student debtors' schedules	Resolved	30 <sup>th</sup> June 2022
2. (2020/2021)	Trade Debtors – Accuracy, validity and collectability of long outstanding student debts	To provide list of trade debtors to support the opening balances	Resolved	30 <sup>th</sup> June 2022
3. (2020/2021)	Intra-University Debts	To offset intra-university transactions from the debtors' balance	Resolved	30 <sup>th</sup> June 2022
4. (2020/2021)	Unaccounted for Contractors' Retention	To refund the retention money that was utilized to pay outstanding certificates to the Development account	Resolved	30 <sup>th</sup> June 2022

  
Prof. Joyce J. Agalo  
Ag. Vice Chancellor

  
Dr. Christopher G. Gakahu  
Chairman of Council





Machakos University

Annual Reports and Financial statements for the period ended June 30, 2022

**APPENDIX III: PROJECTS IMPLEMENTED BY THE UNIVERSITY**

**Projects**

Projects implemented by the University funded by Development partners.

S/n	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1.	None	N/A	N/A	~	~	~

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget (2021/2022)	Actual 2021/2022	Sources of funds
1.	Tuition and Office Block	986,761,116	456,797,826	72	60,000,000	32,109,224	G. O. K





Machakos University

Annual Reports and Financial statements for the period ended June 30, 2022

APPENDIX IV: INTER- ENTITY TRANSFERS



**MACHAKOS UNIVERSITY  
OFFICE OF THE VICE-CHANCELLOR**

Telephone: 254 – (0)735 247939/(0)723 805829  
E-mail: [vc@mksu.ac.ke](mailto:vc@mksu.ac.ke)  
Website: [www.mksu.ac.ke](http://www.mksu.ac.ke)

P.O. Box 136-90100  
Machakos  
KENYA

Our Ref: MksU/VC/MOEST/20/VOL. X

Machakos University wishes to confirm the amounts disbursed from the State Department for University Education and Research as at 30<sup>th</sup> June 2022 as indicated in the table below.

Confirmation of amounts received by Machakos University as at 30 <sup>th</sup> June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by State Department for University Education and Research as at 30 <sup>th</sup> June 2022			Total (D) = (A+B+C)	Amount Received by Machakos University as at 30 <sup>th</sup> June 2022	Difference (F) = (D-E)
		Recurrent (A)	Development (B)	Inter-ministerial (C)			
	3/8/2021	82,953,714			82,953,714	82,953,714	-
	12/8/2021	-	30,000,000		30,000,000	30,000,000	-
	1/9/ 2021	82,953,714			82,953,714	82,953,714	-
	29/9 2021	82,953,713			82,953,713	82,953,713	-
	2/11/2021	82,953,714			82,953,714	82,953,714	-
	26/11/2021	82,953,714			82,953,714	82,953,714	-
	28/12/2021	82,953,714			82,953,714	82,953,714	-
	1/2/2022	82,953,714			82,953,714	82,953,714	-
	2/3/2022	82,953,714			82,953,714	82,953,714	-
	16/3/2022	-	30,000,000		30,000,000	30,000,000	-
	1/4/2022	82,953,713			82,953,713	82,953,713	-
	28/5/2022	82,953,714			82,953,714	82,953,714	-
	6/6/2022	84,412,896			84,412,896	84,412,896	-
	28/6/2022	84,412,896			84,412,896	84,412,896	-
<b>TOTAL</b>		<b>998,362,930</b>	<b>60,000,000</b>		<b>1,058,362,930</b>	<b>1,058,362,930</b>	

I confirm that the amounts shown above are correct as of the date indicated

Prof. Joyce J. Agalo  
Ag. Vice Chancellor  
Machakos University

Margaret Kariuki  
Senior Deputy Accountant General  
State Department of Higher  
Education & Research

Signature.....

Signature.....





**APPENDIX V: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development /Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others	
SDUER	3/8/2021	Recurrent	82,953,714	YES					82,953,714
SDUER	12/8/2021	Development	30,000,000		YES				30,000,000
SDUER	1/9/2021	Recurrent	82,953,714	YES					82,953,714
SDUER	29/9/2021	Recurrent	82,953,713	YES					82,953,713
SDUER	2/11/2021	Recurrent	82,953,714	YES					82,953,714
SDUER	26/11/2021	Recurrent	82,953,714	YES					82,953,714
SDUER	28/12/2021	Recurrent	82,953,714	YES					82,953,714
SDUER	1/2/2022	Recurrent	82,953,714	YES					82,953,714
SDUER	2/3/2022	Recurrent	82,953,714	YES					82,953,714
SDUER	16/3/2022	Development	30,000,000		YES				30,000,000
SDUER	1/4/2022	Recurrent	82,953,713	YES					82,953,713
SDUER	28/5/2022	Recurrent	82,953,714	YES					82,953,714
SDUER	6/6/2022	Recurrent	84,412,896	YES					84,412,896
SDUER	28/6/2022	Recurrent	84,412,896	YES					84,412,896
<b>Total</b>			<b>1,058,362,930</b>						<b>1,058,362,930</b>

Note: SDUER – State Department of University Education and Research

