

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

**REPORT**

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**THE AUDITOR-GENERAL**

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OF KENYA  
LIBRARY

**KISII UNIVERSITY**

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



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# KISII UNIVERSITY

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE, 2020.**

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

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**I. KEY ENTITY INFORMATION AND MANAGEMENT.**

**(a) Back ground Information**

Kisii University is a body corporate established through the Kisii University Charter of 2013 and the University's Act No 42 of 2012.

**(b) Principal Activity**

(i) The University's core activity is to provide University Education and conduct research.

**(ii) Vision**

To be a World Class University in advancement of Academic Excellence, Research and Social Welfare.

**(iii) Mission**

To train high level human resource that meets the development needs of the country and International Labour Market, sustain production of quality and relevant research and consultancy; disseminate knowledge, skills, values and competencies for the advancement of humanity.

**(iv) Community Service**

To provide community service to the public.

**(v) Core Values**

Kisii University is guided by the following core Values.

1. Professionalism
2. Innovation
3. Research
4. Equity
5. Integrity
6. Community responsibility

**(c) Key Management**

Kisii University governance is under the following key organs.

1. Chancellor
2. University Council
3. University Senate
4. University Management Board
5. School Boards
6. Departmental Boards

**(d) Fiduciary Management**

The Key Management personnel who held office during the financial year ended 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Vice Chancellor	Prof. John S. Akama
2.	Deputy Vice Chancellor AP&F	Prof. Joseph Mailutha
3.	Deputy Vice Chancellor ASA	Prof. Fredrick Wanyama
4.	Registrar Research and Extension	Prof. Anakalo Shitandi
5.	Finance Officer	CPA. Charles Maina
6.	Ag. Registrar Administration	Rose Ogata

**(e) Fiduciary Oversight Arrangements**

The council members who provided oversight during the financial ended 30<sup>th</sup> June 2020 and who had responsibility in various committees were as follow

Name of the committee	No	Members	Position
Audit Governance, Risk Management and Sealing Committee.	1	Mr. Joseph Gitonga	Chairperson
	2	Mr. Samuel Mogeni	Secretary
	3	Mr. Samuel Gitau	Member
	4	Ms. Annrose Ngemu	Member
Planning, Finance, Building, Development and General Purpose Committee	1	Mr. Robin Achoki	Chairperson
	2	Prof. John S. Akama	Secretary
	3	Ms. Florence Kimani	Member
	4	Mr. Harrison Okeche	Member
	5	Mr. Robert Asumani	Member

**Kisii University Annual Report & Financial Statements For The Year Ended 30<sup>th</sup> June 2020**

Human Resource and Appointments Committee	1	Mr. Harrison Okeche	Chairperson
	2	Prof. John S.Akama	Secretary
	3	Mr. Robin Achoki	member
	4	Ms. Florence Kimani	Member
	5	Mr. Robert Asumani	Member
Academic, Research, Extension Collaboration and Sealing Committee	1	Ms. Annrose Ngemu	Member
	2	Prof. John S.Akama	Secretary
	3	Mr. Joseph Gitonga	Member
	4	Mr. Samuel Gitau	Member
	5	Mr. Robert Asumani	Member

**(f) Registered Office and Principal Place Of Business**

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

**(g) University Contacts**

Kisii University  
P.O. Box 408- 40200  
**KISII, Kenya.**  
Tel.058-30826  
Website: [www.kisiiuniversity.ac.ke](http://www.kisiiuniversity.ac.ke)  
Email: [info@kisiiuniversity.ac.ke](mailto:info@kisiiuniversity.ac.ke)

**(h) University Bankers**

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

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

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

**(i) Independent Auditors**

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

**(j) Principal Legal Advisor**

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

## **II. CORE BUSINESS OF THE UNIVERSITY.**

The Core business of the University as provided by Kisii University Charter and the University's Act No 42 of 2012 include:

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

### **III. UNIVERSITY COUNCIL MEMBERS.**



**Name:** Dr. Mildred A. Mudany, PhD.

**County:** Siaya

**Position:** Chairperson

**Date of Birth:** 24/02/1963

**Academic Qualifications:** PhD, MBChB. (UoN); MMed. (UoN); PhD. (Tokyo Women's Medical University)  
DRDR

Dr. Mudany is the current Chairperson of the Council. She has wealth of experience in medicine field. She has also travelled to many parts of the world. She also runs an NGO in medical field.



**Name:** Prof. John S. Akama, PhD.

**County:** Nyamira

**Position:** Secretary to the Council (Vice Chancellor)

**Date of Birth;** 08/09/1959

**Academic Qualification:** Doctor of Philosophy (Geography)

Prof. John S. Akama is the Current Vice Chancellor of the University and Secretary to the University Council. He has a lot of experience in administration of the University having worked at Moi University for many Years.



**Name :**Ms. Florence W. Kimani

**County:** Nakuru

**Position:** Member

**Date of Birth:** 18/12/1974

**AcademicQualification:** MBA, Strategic Management, Daystar University

Ms. Florence Kimani is an independent member of the University Council she has wealth of experience in Insurance industry and is a member of Hunan Resource Committee.



**Name:** Mr. Harrison O. Okeche  
**County:** Homabay  
**Position:** Member  
**Date of Birth:** 27/07/1966  
**Academic Qualification:** LLM University of South Africa  
Mr. Okeche is a distinguished legal practitioner he has a wealth of knowledge on human resource matters. He is the chairman of human resource and appointments committee



**Name:** Ms. Annerose N. Ngemu  
**County:** Makueni  
**Position:** Member  
**Date of Birth:** 10/09/1973  
**Academic Qualification:** MBA Information Systems Management, University of Nairobi  
Ms. Ann Rose is a member of the Audit Committee she is currently working with Bank of Africa. She has a lot of knowledge in the banking industry



**Name:** Mr. Robin Achoki  
**County:** Nyamira  
**Position:** Member  
**Date of birth:** 15/08/1960  
**Academic Qualification:** Post graduate Diploma in Development Studies.  
Mr. Robin is a well-known Economist and a politician having worked in National Treasury for many years. He is the chairperson of the finance and planning committee.



**Name:** Mr. M'Limbine Joseph Gitonga

**County:** Meru

**Position:** Member

**Date of Birth:** 15/11/1971

**Academic Qualification:** MBA, Strategic Management, University of Nairobi

MR. Gitonga is an accomplished legal practitioner he currently runs a law firm in Nairobi. He also sits in other parastatal boards.



**Name:** Mr. Samuel K. Gitau

**County:** Nyandarua

**Position:** Rep. C.S. National Treasury

**Date of Birth:** 10/11/1965

**Academic Qualification:** Masters in Economic Policy Management

Mr. Gitau is an economist and currently working at National Treasury. He sits in several committees of the council



**Name:** Mr. Robert Asumani Samuel

**County:** Kisii

**Position:** Rep. PS Ministry of Education

**Date of Birth:** 1982

**Academic Qualification:** MBA (Finance) JKUAT

Mr. Asumani is an accountant he is currently working as the head of accounts in Ministry of Education. He sits in several committees of the council.

**IV. UNIVERSITY MANAGEMENT TEAM.**



**Name:** Prof. John S. Akama, PhD.

**Position:** Vice chancellor

**Date of Birth:** Sept. 1959

**Academic Qualification:** Doctor of Philosophy (Geography)



**Name:** Prof. Joseph T. Mailutha, PhD.

**Position:** D.V.C (Administration, Planning and Finance)

**Date of birth:** 1954

**Academic Qualification:** Doctor of Philosophy Agricultural Engineering  
1998



**Name:** Prof. Fredrick O. Wanyama, PhD.

**Position:** DVC (Academics and Student Affairs)

**Date of Birth:** 16/03/1967

**Academic Qualification:** PhD in Political Science



**Name :** Prof. Anakalo Shitandi, PhD.

**Position:** Registrar Research and Extension

**Date of Birth:** 1963

**Academic Qualification:** Doctor of Philosophy in Food Science  
(Microbiology)



**Name:** Rose Ogata

**Position:** Ag. Registrar Administration Human Resource and Central Services

**Date of Birth:** 1986

**Academic Qualification:** M.A Project Planning,



**Name:** Charles M. Mwangi

**Position:** Finance Officer

**Date of Birth:** 1984

**Academic Qualification:** MBA (Finance), C.P.A.(K),  
B.B.M(Accounting),C.S.(Finalist).

**V. STATEMENT FROM THE CHAIRPERSON OF THE COUNCIL.**



The University Council was constituted by the Cabinet Secretary Ministry of Education through Gazette Notice No. 2341 dated 10<sup>th</sup> March 2017 for a period of three years. The mandate of the Council amongst other responsibilities is to give policy guidelines in order to ensure the smooth operations of University activities.

**Dr. Mildred A. Mudany, PhD.**

It is my pleasure to note that the staff members of this University, under the able leadership of the Vice Chancellor, worked hard during the last financial year towards attaining this objective.

During the period under review, the University faced quite a number of challenges especially decrease in number of students under module two intake which has led to reduction in tuition fee collection. The COVID 19 pandemic also led to serious disruption of the academic calendar. Due to reduction of module two students' intake over the last three financial years, the University has been forced to close down four of its campuses (Kitale, Kisumu, Kabarnet and Nairobi). The remaining campuses which include Eldoret, Kericho and Migori are still being observed by the Council to determine their long term survival and self – sustainability.

In the period under review the University through the Government is in the final stages of completing construction of its key capital projects. The first phase of ICT CENTER has been completed and is in use. The second phase of tuition block has also been completed. The second phase of ICT Center is earmarked to be completed within the coming financial year 2020-2021. The lecture theatre is also at an advanced stage of construction and should also be completed within the coming financial year. The ICT centre is one of the landmark projects which is anchored in vision 2030 blue print. I would therefore like to request the National Government to consider allocating more development funds to the University.

During the year under the university also launched its new strategic plan covering the year 2019-2024. The strategic plan will help the university in achieving its mission and vision. To supplement the inadequate government funding the university has also put in mechanisms to revive its Nyosia Farm. The university also launched a water processing plant. All these efforts are aimed at assisting the university generate the much needed revenue to support its operations.

*Kisii University Annual Report & Financial Statements For The Year Ended 30<sup>th</sup> June 2020*

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



Dr. Mildred A. Mudany, PhD  
**Chairperson of the Council**

## **VI. STATEMENT FROM THE VICE CHANCELLOR.**



It is my pleasure to present the Annual Report and Financial Statements of Kisii University for the year ended 30<sup>th</sup> June, 2020. This has been a year of many challenges brought about by the COVID- 19 pandemic which hit the entire world.

### **Revenue collection AIA**

The tuition fee collected decreased from Kshs. 1,286,749,000 collected during the year 2018/2019 to Kshs. 711,304,789 in the year 2019/2020. The decrease in tuition fee is attributed to the declining number of students especially the module two students and the global Covid-19 pandemic. Since the University relies on this stream of revenue to finance its operations most of the programs have been greatly affected.

The achievements in the 2019-2020 financial year were slowed down by the challenges brought about by COVID 19 pandemic however some of the key achievements include the following.

### **Academic Matters**

The University continued with its core business of Teaching, Training and Research. In compliance with the Government directive to suspend physical learning in all education institutions the university indefinitely suspended and other related activities in the campus. however to ensure that there was no total collapse of the academic activities the University embraced online teaching through our vibrant E learning department.

### **Student Affairs**

Although most of the academic calendar was interrupted the University was able to virtually orient and admit the first year students. The number allocated to the university was in excess of 5,000(five thousand students).

### **Graduation Ceremony**

The university conducted its seventh graduation ceremony on 15<sup>th</sup> December 2019.

### **ICT development.**

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

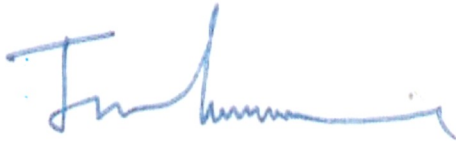
**Strategic plan**

During the year under review the university launched its new strategic plan covering the year 2019-2024. The strategic plan will help the university in achieving its vision and mission

**Government Support**

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

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



Prof. John S. Akama, PhD.

**Vice Chancellor**

## **VII. CORPORATE GOVERNANCE STATEMENT.**

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

### **1. Current constitution and appointment of the University council.**

**The current membership of the University Council is as follows:**

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

### **2. Responsibility of the University Council.**

**The University Council is ultimately responsible for:**

- a) The Mission and the Vision of the University;
- b) Promoting the aims and objectives of the University;
- c) Setting strategic directions for the University;
- d) Oversight of Management;
- e) Make and approve statutes for gazettelement in accordance with the provisions of the Act;
- f) The appointment and performance management review of the Vice Chancellor;
- g) Setting and monitoring broad budget and planning framework, ensuring that the University finances are sound, and taking major financial decisions;
- h) Monitoring University performance against strategic objectives;

- i) Setting and clearly examining Council policy and risk management;
- j) Extending links and communication between the University and the wider community;
- k) Legislative roles, including ensuring that the University is acting without ethnic bias and is in conformity with all legal requirements;
- l) Fundraising and resource mobilisation;
- m) Approve budgets of the University;
- n) Council performance and succession planning.

The current University Council was constituted by the Cabinet Secretary Ministry Of Education on 10<sup>th</sup> March 2017. The profile of the current University Council members is provided on page (vi)

### **3. Remuneration of the Council Members.**

The University Council members other than the Vice Chancellor do not receive a salary. They are however paid a sitting allowance for every meeting attended. The allowances paid to Council members are disclosed in note 7 of the Financial Statements.

### **4. University Council Meetings.**

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

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The University Council and Committees meetings held within the financial year 2019-2020 were as follows.

Committee	Audit Governance, Risk Management and Sealing Committee.									
	15/07/2019	04/11/2019	03/02/2020	10/02/2020						
Mr. Joseph Gitonga	✓	✓	✓	✓						
Mr. Samuel Mogeni	✓	✓	✓	✓						
Mr. Samuel Gitau	✓	✓	✓	✓						
Ms. Annrose Ngemu	✓	✓	✓	✓						
	Planning, Finance, Building, Development and General Purpose Committee									
	15/07/2019	05/08/2019	26/8/2019	16/09/2021	28/10/2019	06/01/2020	03/02/2020			
Mr. Robin Achoki	✓	✓	✓	✓	✓	✓	✓			
Prof. John S.Akama	x	✓	✓	✓	✓	✓	✓			
Ms. Florence Kimani	✓	✓	✓	✓	x	✓	✓			
Mr. Harrison Okeche	✓	✓	✓	✓	✓	✓	✓			
Mr. Robert Asumani	✓	✓	x	✓	✓	✓	✓			

<b>Human Resource and Appointments Committee</b>									
	08/07/2019	28/10/2019	27/01/2020						
Mr. Harrison Okeche	✓	✓	✓						
Prof. John S.Akama	x	✓	✓						
Mr. Robin Achoki	✓	✓	✓						
Ms. Florence Kimani	✓	x	✓						
Mr. Robert Asumani	✓	✓	✓						
<b>Academic, Research, Extension Collaboration and Sealing Committee</b>									
	05/08/2019	25/11/2019	09/12/2019	10/02/2020					
Ms. Annrose Ngemu	✓	✓	✓	✓					
Prof. John S.Akama	x	✓	✓	✓					
Mr. Joseph Gitonga	✓	✓	✓	✓					
Mr. Samuel Gitau	✓	✓	✓	✓					
Mr. Robert Asumani	x	✓	✓	✓					

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Full council										
	26/08/2019	23/09/2019	14/10/2019	18/11/2019 (AD HOC)	09/12/2019	19/12/2019	13/01/2020	27/01/2020	03/02/2020	06/03/2020 (Launch of strategic plan.)
Dr. Mildred Mudany	HAD BEEN APPOINTED CHAIR YET	HAD NOT BEEN APPOINTED CHAIR YET	HAD BEEN APPOINTED CHAIR YET	HAD BEEN APPOINTED CHAIR YET	HAD BEEN APPOINTED CHAIR YET	✓	✓	✓	✓	✓
Ms. Annrose Ngemu	✓	✓	✓ (Ag. Chair)	✓	✓	✓	✓	✓	✓	X
Prof. John S.Akama	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Joseph Gitonga	✓	✓	✓	NOT INVITED	✓	✓	✓	✓	✓	✓
Mr. Samuel Gitau	✓	✓	✓	NOT INVITED	✓	✓	✓	✓	✓	✓
Mr. Robert Asumani	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Harrison Okeche	✓	✓	✓	NOT INVITED	✓ (Ag. Chair)	✓	✓	✓	✓	✓
Mr. Robin Achoki	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Florence Kimani	✓ (Ag. Chair)	✓ (Ag. Chair)	✓	✓ (Ag. Chair)	✓	✓	✓	✓	✓	✓

**5. Committees of the University Council.**

The University Council has established the following committees:

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

**The committee is responsible for the following:**

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

**b) Human Resource and Appointment Committee.**

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

The committee is responsible for the following matters:

- Reviewing and monitoring the implementation and effectiveness of the University's employment policies through regular reports provided by the Management Board;

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

**c) Audit Governance, Risk Management and Sealing Committee.**

**The committee is responsible for the following:**

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

**d) Academic, Research, Extension Collaboration and Sealing Committee**

**The committee is responsible for the following**

- Receive and consider reports from Senate and make recommendations to Council on academic matters including:
  - ✓ Curriculum and academic standards of any course of study;
  - ✓ Establishment, harmonization or abolition of Campuses, Schools, Units, Departments, and Centres;
  - ✓ Promotion of research and innovation work in the University and dissemination of the findings;
  - ✓ Quality standards and assurance of education, training, research and innovation; and Students' welfare.
  
- To receive and recommend to the Council approval of University Statutes.
- To receive and recommend to the Council approval of the Students Handbook.
- To receive and recommend to the Council approval of the Constitution for the Students Association.
- Oversee the constitution of Alumni Association and receive reports on their proposals and recommendations;
- To advise Council on students' access and admissions, curriculum design, course and fees structure, academic and mentoring support, provision and use of learning resources and students welfare.
- To establish and review structures and mechanisms for assuring the implementation of academic policies, the maintenance of standards and enhancement of good practice;
- To oversee and co-ordinate activities associated with national and external agencies involved in quality assurance;
- To develop, amend, repeal and approve regulations concerning academic programmes;
- To receive and consider proposals and nominations for the award of honorary degrees and recommend to the full Council award of honorary degrees;
- To consider and advice Council on all matters related to research and innovation in the University.
- To receive, consider and recommend for approval regulations governing students conduct and discipline;
- To authorize on behalf of the Council the application of the University Seal on documents;
- To determine the types and amount of fees to be paid by students
- In consultation with the Human Resource and Appointments Committee, recommend to the Council on recruitment and promotion of academic staff of the University; and
- To undertake any other responsibility assigned by the Council from time to time.

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

## **6. The Management Board**

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

### **The current membership consists of the following:**

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

### **The Management Board is responsible for the following:**

- a) Overseeing the day to day running of the University;
- b) Efficient management of the human, physical and financial resources of the University;
- c) Coordinating and controlling the development, planning, management, and administration of the University and its resources in accordance with approved policies, rules and regulations;
- d) Submitting proposals to the University Council concerning Annual Financial Statements, development priorities, staff development plans, terms and conditions of service, fund raising strategies, student welfare, public relations policies, academic partnerships and linkages with other institutions, collaboration with industry, as well as any policies and any

matters related to the development, management and administration of the University;

- e) Authorising the initiation of legal proceedings on behalf of the University;
- f) Proposing to the University Council rules and regulations for the administration of the University and for the execution of its programmes and plans;
- g) Establishing any University charges and fees ; and
- h) Performing any other duties relating to the management of the University.

## **VIII. MANAGEMENT DISCUSSION AND ANALYSIS.**

### **8.1 Student Enrolment**

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

However the number of government sponsored students has been increasing marginally for the last three years

<b>Academic year</b>	<b>Government sponsored students allocated</b>
2020/2021	5502
2019/2020	2855
2018/2019	1831
2017/2018	2246
2016/2017	1950
2015/2016	995

### **8.2 Graduation Statistics**

The university conducted its graduation ceremony on 15<sup>th</sup> December 2019. Below is the graduation statistics for the entire period since the award of the Charter.

<b>Year</b>	<b>Cert</b>	<b>Diploma</b>	<b>Bachelors</b>	<b>Masters</b>	<b>PhD</b>	<b>Total</b>
2019	160	268	1684	60	25	<b>2,197</b>
2018	256	993	3873	37	5	<b>5,164</b>
2017	74	1452	4082	63	14	<b>5,685</b>
2016	36	2151	3374	103	9	<b>5,673</b>
2015	-	1214	2169	80	-	<b>3,463</b>
2014	-	898	2396	124	-	<b>3,418</b>
2013	-	695	1641	89	5	<b>2,430</b>
Total	-	522	984	72	-	<b>1,578</b>
	<b>526</b>	<b>8193</b>	<b>20203</b>	<b>628</b>	<b>58</b>	<b>29,608</b>

### **8.3 Employee Costs**

The University Employee costs have been increasing over the years. In comparison with the total budget requirements the average employee costs has been more than 60 %. The university management is fully aware that this trend is not sustainable in the near future unless the government injects more funding to the institution. In view of this the management has

started discussion with the workers representatives with an aim of reducing the work force by declaring redundancy.

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

Financial Year	Employee costs	Total revenue	%
2015/2016	1,677,809,000	3,197,065,000	52
2016/2017	1,688,496,000	3,048,605,000	55
2017/2018	1,957,781,000	2,922,969,000	67
2018/2019	1,768,866,000	2,509,495,000	70
2019/2020	1,970,397,000	2,126,599,000	62

#### **8.4 Operation and Financial Performance Highlights**

The revenue generated by the University has been on down ward trend for the last four financial Years. This is a result of reduced enrolment of self-sponsored students. For the year under review the university registered an operating deficit. This can be attributed to the fact that the University was closed for the last two quarters of the financial year.

The table below shows the revenue trend for the last four financial years.

Financial Year	Exchequer	AIA	TOTAL
2015/2016	958,497,000.00	2,238,568,000.00	3,197,065,000.00
2016/2017	1,061,278,000.00	1,987,327,000.00	3,048,605,000.00
2017/2018	1,289,139,000.00	1,633,830,000.00	2,922,969,000.00
2018/2019	1,141,152,000.00	1,368,343,000.00	2,509,495,000.00
2019/2020	1,330,008,000.00	798,053,000.00	2,128,061,000.00

#### **8.4 Key projects that The University is implementing**

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

a) Construction of lecture theatres

The lecture theatres are in the final stages of completion. The remaining works are external works and fixing of furniture.

b) Construction of ICT CENTER

The first phase of ICT CENTER is complete and handed over to the university. The remaining works for second phase will be completed within the coming financial year

- c) Construction of tuition complex

The second phase of tuition complex has already been completed and handed over to the university.

#### **8.5 Compliance with statutory requirements.**

During the year under review the University complied with other statutory deductions except pension. The university has put in place arrangements to clear the outstanding amounts in the new financial year when learning resumes.

#### **8.6 Major potential risks that the university may face.**

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

#### **8.7 Material arrears in Statutory & Financial Obligations**

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

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

The university has been using internally generated funds to supplement its budgetary requirements however with the closure of the university due to COVID-19 pandemic the revenue stream was completely shut.

**IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT.**

Kisii University was founded for public benefit, to promote education and knowledge, and to provide an institution open to all, irrespective of race, creed or political belief. It is a pioneering institution in making higher education available to women and the less fortunate in society and those unable to pursue traditional forms of study.

The University seeks to replicate this commitment to the academic enterprise and to wider society, through all of its operations and activities. The University endeavours to conduct its business in accordance with the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

**Kisii University Corporate Social Responsibility is centred on three pillars:**

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

**(1) People and Community**

**The University as an employer**

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

**In order to achieve this, the University commits to:**

- Embedding equality and diversity into all operations
- Allowing staff time for civic and public duties.

- Encouraging payroll donation, fundraising and other charitable activities.
- Ensuring staff can achieve their full potential through training, mentoring, and other staff development activities.
- Achieving the highest practical standards of health and safety for our staff, students, and visitors.

### **Local Community**

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

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

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

### **Kisii University as an agent of peace and conflict resolution**

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

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

### **Freedom of Expression**

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

## **(2) Finance and Economic activity**

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

## **(3) Environmental Sustainability**

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

- a) Partnering with County Government of Kisii in keeping the Kisii town clean. This is done by sponsoring students and staff to freely participate in the cleaning programmes.
- b) In order to maintain a healthy environment, Kisii University recently removed asbestos roofing materials and replaced them with eco-friendly iron sheets.

**X. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES.**

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

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

The Council members are of the opinion that the Financial Statements give a true and fair view of the state of University's transactions during the financial year ended on 30<sup>th</sup> June 2020, and the University's financial position as at that date.

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


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

**Approval of the Financial Statements**

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



**Dr. Mildred A. Mudany, PhD  
Chairperson of the Council**



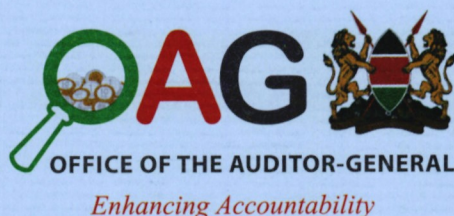
**Prof. John S. Akama (PhD)  
Vice Chancellor**



**Mr. Charles M. Mwangi  
FINANCE OFFICER  
(ICPAK No. 13211)**

# 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 KISII UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kisii University as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the University Act, 2012 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1.0 Undisclosed Material Uncertainty in Relation to Sustainability of Services

During the year under review, the University recorded a deficit of Kshs.508,827,000 (2019 - deficit of Kshs.19,602,000) thus reducing accumulated surplus from Kshs.331,319,000 in June, 2019 to a negative of Kshs.177,508,000 as at 30 June, 2020. Further, the current liabilities of Kshs.668,048,000 exceeded the current assets of Kshs.546,903,000 resulting to a negative working capital of Kshs.121,145,000 which indicates that the University is likely to be unable to meet its financial obligations as and when they fall due.

The University is technically insolvent and if no urgent positive measures are taken to improve the financial position, it may not be able to meet its mandate in future. The financial statements have therefore, been prepared on a sustainability of services basis on assumption that it will continue to receive financial support from Government, creditors and donors. The material uncertainty in relation to sustainability of services has not been disclosed in the financial statements.

## **2.0 Trade and Other Payables from Exchange Transactions**

### **2.1 Long Outstanding Sundry Creditors**

The statement of financial position reflects a balance of Kshs.659,831,000 under trade and other payables from exchange transactions which, as disclosed in Note 17 to the financial statements, includes sundry creditors of Kshs.43,977,000 which have been outstanding for more than four (4) years. No explanation was provided for the delay in settlement of the amount.

Consequently, the propriety and validity of sundry creditors balance of Kshs.43,977,000 as at 30 June, 2020 could not be confirmed.

### **2.2 Long Outstanding Leasehold Balance**

The trade and other payables from exchange transactions balance of Kshs.659,831,000 also includes an amount of Kshs.27,000,000 in respect of leasehold. Available information indicates that on 12 August, 2011 Kisii University College entered into a lease agreement with the defunct Gusii County Council for Kshs.45,000,000. The latest payment of Kshs.600,000 was made on 11 July, 2012 resulting to a total payment of Kshs.18,000,000 hence a balance of Kshs.27,000,000 which has remained outstanding for more than seven (7) years.

Consequently, the accuracy, validity and propriety of the leasehold balance Kshs.27,000,000 as at 30 June, 2020 could not be confirmed.

## **3.0 Cash and Cash Equivalents**

As disclosed in Note 12 to the financial statements, the statement of financial position reflects a balance of Kshs.138,974,000 under cash and cash equivalents which includes stale cheques amounting to Kshs.177,427,047 in the KCB Operations account. No explanation was provided on why the stale cheques were not reversed in the cashbook.

Under the circumstances, the accuracy, validity and completeness of the cash and cash equivalents balance of Kshs.138,974,000 as at 30 June, 2020 could not be confirmed.

## **4.0 Long Outstanding Receivables**

The statement of financial position reflects a balance of Kshs.393,547,000 under receivables from exchange and non-exchange transactions which, as disclosed in Note 13 to the financial statements, includes fee balances of Kshs.197,937,000 and general debtors amounting to Kshs.1,397,000. However, the aging analysis of the debtors was not provided for audit review.

Consequently, the accuracy and completeness and propriety of Kshs.393,547,000 as at 30 June, 2020 could not be confirmed.

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

requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion

### **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 comparative budget and actual amounts reflects a total recurrent budgeted revenue of Kshs.3,013,728,000 and actual receipts of Kshs.2,128,061,000 resulting to a revenue shortfall of Kshs.885,667,000. The statement also reflects a total recurrent expenditure budget of Kshs.3,013,728,000 and an actual expenditure of Kshs.2,636,888,000 resulting to overall deficit of Kshs.376,840,000 or 13% of the recurrent budget. Similarly, the statement of comparison of budget and actual reflects a development expenditure budget of Kshs.280,160,000 and an actual expenditure of Kshs.148,681,000 resulting to overall deficit of Kshs.131,479,000 or 47% of the development budget. The budget shortfall and the under-expenditure may have affected the planned activities of the University College.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for conclusion**

#### **1.0 Property, Plant and Equipment - Construction of ICT Village, Multipurpose Lecture Theatre and Tuition Block**

The statement of financial position reflects a balance of Kshs.3,059,408,000 under property plant and equipment which, as disclosed in Note 15 to the financial statements, includes additions to work in progress (WIP) made during the year amounting to Kshs.216,176,000. Review of documents relating to the projects indicated that the approved completion time for the projects was 31 December, 2019. However, physical verification on 12 November, 2020 on the three (3) projects namely, construction of ICT Village, multipurpose Lecture Theatre and Tuition block revealed that the projects were incomplete. Power was not connected, the buildings had cement flooring instead of ceramic tiling's as per the Bills of Quantities while construction of the car park and walkways had not started.

Consequently, the value for money of Kshs.216,176,000 on work in progress on the delayed projects for the year ended 30 June, 2020 could not be confirmed.

## **2.0 Trade and Other Payables from Exchange Transactions - Other Statutory Deductions**

The statement of financial position reflects a balance of Kshs.659,831,000 under trade and other payables from exchange transactions which, as disclosed in Note 17 to the financial statements, includes an amount of Kshs.337,792,000 in respect of other University staff pay and deductions. The statutory deductions which included Pay As You Earn (PAYE) of Kshs.23,255,697, Pension Fund deductions of Kshs.183,953,791 and SACCO deductions of Kshs.22,464,786 all totaling Kshs.229,674,274 were not remitted to the relevant bodies and have been outstanding for a long time. Non-remittance of the statutory deductions is a breach of the law which may attract heavy penalties and interests for non-compliance.

The University Management was in breach of the law.

## **3.0 Non-Compliance to a Third Rule on Salary Deductions**

Review of the University's payroll revealed that forty-seven (47) staff members were receiving less than a third of the basic salary, contrary to the provisions of section 19(3) of the Employment Act, 2007. This is contrary to Section 19(3) of the Employment Act, 2007 which provides that the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

## **4.0 Staff Regional Diversity**

Review of the personnel records revealed that six hundred and ninety (690) employees out of nine hundred and eighty-two (982) employees or 70% of the University's employees were from the dominant community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Commission Act, 2008 which requires that all public establishments seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment should have more than one third of its staff from the same ethnic community.

Consequently, the Management was in breach of the law.

## **5.0 Lack of an Approved Finance Policy**

Review of the Organizations Policy Manual revealed that Kisii University Finance Department did not have an Approved Finance Manual in place to govern its financial and administrative functions. This is contrary to Regulation 9(4) of the Public Financial Management (National Government) Regulations, 2015 which states that the financial manuals should contain relevant procedures for the budget preparation, budget execution, keeping of books of accounts, formats of financial statements and Government standard chart of accounts issued by The National Treasury.

Consequently, the University 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 (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable due to fraud or error and for its assessment of the effectiveness of internal the preparation of financial statements that are free from material misstatement, whether control, risk management and governance.

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

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**01 February, 2022**

**XI. STATEMENT OF FINANCIAL PERFORMANCE.  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020.**

	Note	2019-2020	2018-2019
		Kshs '000	Kshs '000
<b>Revenue From Non-Exchange Transactions</b>			
Exchequer Allocations	3	1,088,476	990,405
Accrued Income (CBA Arrears)	3	241,532	150,747
		1,330,008	1,141,152
<b>Revenue From Exchange Transactions</b>			
Tuition Fees	4	711,305	1,286,749
Income Generating Units	5	86,748	81,594
		<b>798,053</b>	<b>1,368,343</b>
<b>Total Revenue</b>		<b>2,128,061</b>	<b>2,509,495</b>
<b>Expenses</b>			
Employee Costs	6	1,970,047	1,768,865
Council Expenses	7	15,916	22,032
Depreciation Expense	8	37,903	38,933
Contracted Services-Part Time Lecturers	9	73,314	112,944
General Expenses	10	532,071	578,994
Audit Fees	11	580	580
Service Gratuity	11	7,057	6,749
<b>Total Expenses</b>		<b>2,636,888</b>	<b>2,529,097</b>
<b>Surplus/Deficit For the Period</b>		<b><u>(508,827)</u></b>	<b><u>(19,602)</u></b>


**XII. STATEMENT OF FINANCIAL POSITION**  
AS AT 30<sup>TH</sup> JUNE 2020.

	Note	2019-2020 Ksh '000	2018-2019 Ksh '000
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	15	3,059,408	2,861,882
Biological assets	16	832	1,213
		<b>3,060,240</b>	<b>2,863,095</b>
<b>Current Assets</b>			
Cash and cash Equivalents	12	138,974	221,559
Receivables from Exchange and non-Exchange Transactions	13	393,547	527,196
Inventories	14	14,382	13,832
		<b>546,903</b>	<b>762,587</b>
<b>Total Assets</b>		<b>3,607,143</b>	<b>3,625,682</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	17	659,831	450,591
Provisions	11	8,217	7,329
<b>Total Liabilities</b>		<b>668,048</b>	<b>457,920</b>
<b>Total Net Assets</b>		<b>2,939,095</b>	<b>3,167,762</b>
<b>Financed By</b>			
Capital Development funds	18	3,116,603	2,836,443
Accumulated Surplus	18	(177,508)	331,319
<b>Total Net Assets and Liabilities</b>		<b>2,939,095</b>	<b>3,167,762</b>

The Financial Statements set out on pages 1 to 26 were signed on behalf of the Council by:


**Chairperson of the Council**

30<sup>th</sup> December 2020  
Date.....

Sign:.....  



**Vice Chancellor**

30<sup>th</sup> December 2020  
Date.....

Sign:.....  


**Finance Officer**

30<sup>th</sup> December 2020  
Date.....

Sign:.....  


**XIII. STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020.**

	Note	Capital Development Funds	Accumulated Surplus	Total
		Kshs '000	Kshs '000	Kshs '000
<b>Balance as at 30<sup>th</sup> June 2012</b>		1,187,266	242,083	1,429,349
Capital Development funds from the Government		273,189		273,189
Surplus		-	28,895	28,895
<b>Balance as at 30<sup>th</sup> June 2013</b>		<b><u>1,460,455</u></b>	<b><u>270,978</u></b>	<b><u>1,731,433</u></b>
Capital Development funds from the Government		110,728		110,728
Surplus			22,806	22,806
<b>Balance as at 30<sup>th</sup> June 2014</b>		<b><u>1,571,183</u></b>	<b><u>293,784</u></b>	<b><u>1,864,967</u></b>
Capital Development funds from the Government		246,527		246,527
Surplus			26,489	26,489
<b>Balance as at 30<sup>th</sup> June 2015</b>		<b><u>1,817,710</u></b>	<b><u>320,273</u></b>	<b><u>2,137,983</u></b>
Capital Development funds from the Government		174,360		174,360
Surplus			22,241	22,241
<b>Balance as at 30<sup>th</sup> June 2016</b>		<b><u>1,992,070</u></b>	<b><u>342,514</u></b>	<b><u>2,334,584</u></b>
Capital Development funds from the Government		279,846		279,846
Surplus			4,351	4,351
<b>Balance as at 30<sup>th</sup> June 2017</b>	<b>18</b>	<b><u>2,271,916</u></b>	<b><u>346,865</u></b>	<b><u>2,618,781</u></b>
Capital Development funds from the Government		64,108		64,108
Surplus			4,056	4,056
<b>Balance as at 30<sup>th</sup> June 2018</b>	<b>18</b>	<b><u>2,336,024</u></b>	<b><u>350,921</u></b>	<b><u>2,686,945</u></b>
Capital Development funds from the Government		500,419		500,419
Surplus/Deficit			(19,602)	(19,602)
<b>Balance as at 30<sup>th</sup> June 2019</b>	<b>18</b>	<b><u>2,836,443</u></b>	<b><u>331,319</u></b>	<b><u>3,167,762</u></b>
Capital Development funds from the Government		280,160		<u>280,160</u>
Surplus/Deficit			(508,827)	(508,827)
<b>Balance as at 30<sup>th</sup> June 2020</b>		<b><u>3,116,603</u></b>	<b><u>(177,508)</u></b>	<b><u>2,939,095</u></b>

**XIV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020.**

	Note	2019-2020	2018-2019
		Ksh '000	Ksh '000
<b>Cash Flows From Operating Activities</b>			
Surplus/Deficit for the year		(508,827)	(19,602)
<b>Adjusted for:</b>			
Depreciation	8	37,903	38,933
Increase in Provisions	11	888	1,786
		<b>(470,036)</b>	<b>21,117</b>
<b>Changes in Working Capital</b>			
Decrease in Biological assets		381	(94)
Increase in Inventories		(550)	(3,478)
Decrease in Receivables		133,649	(123,083)
Increase in Payables		193,539	(50,593)
<b>Net Cash flows from operating Activities</b>		<b>(143,017)</b>	<b>(156,131)</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, Plant and Equipment	15	(235,429)	(357,626)
<b>Cash flows from Financing activities</b>			
Capital Development Grant	3	280,160	500,419
Bank Overdraft	17	15,701	70,398
<b>Net cash flows used in investing activities</b>		<b>60,432</b>	<b>213,191</b>
Net increase in cash and cash equivalents		(82,585)	57,060
Cash and cash equivalent as at 30 <sup>th</sup> June 2019	12	221,559	164,499
<b>Cash and cash equivalent as at 30<sup>th</sup> June 2020</b>	<b>12</b>	<b>138,974</b>	<b>221,559</b>

**XV. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR RECURRENT BUDGET FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020.**

Item	Original Budget 2019-2020 Kshs.000	Adjustment 2019-2020 Kshs.000	Final Budget 2019-2020 Kshs.000	Actual on comparable basis 2019-2020 Kshs.000	Performance difference 2019-2020 Kshs.000
Revenue					
Government Grants & Subsidies	1,088,476		1,088,476	1,088,476	-
CBA Grants		241,532	241,532	241,532	-
Tuition	1,683,720		1,683,720	711,305	-972,415
Other Incomes				86,748	86,748
<b>Total Income</b>	<b>2,772,196</b>	<b>241,532</b>	<b>3,013,728</b>	<b>2,128,061</b>	<b>-885,667</b>
Expenses					
Employee Expenses	1,951,615	241,532	2,193,147	1,970,047	223,100
Council Expenses	23,000		23,000	15,916	7,084
Advertising	10,000		10,000	6,741	3,259
Conferences Delegations	6,000		6,000	5,759	241
Electricity	15,000		15,000	12,602	2,398
Fuel and Oil	25,000		25,000	14,629	10,371
Insurance	30,000		30,000	27,563	2,437
Postage	2,000		2,000	313	1,687

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Printing and Stationery	25,000		25,000	18,818	6,182
Rental	140,521		140,521	129,466	11,055
Travelling Subsistence	150,000		150,000	112,299	37,701
Repairs Maintenance	30,000		30,000	25,061	4,939
Part Time Lecturer Expenses	90,000		90,000	73,314	16,686
Other Expenses	274,060		274,060	178,820	95,240
Provisions				45,540	-45,540
<b>Total Expenditure</b>	<b>2,772,196</b>	<b>241,532</b>	<b>3,013,728.00</b>	<b>2,636,888</b>	<b>376,840</b>
<b>Deficit for the period</b>				<b>-508,827</b>	

**Explanation of Material differences on the Statement of Comparison of Budget and Actual Amounts.**

**Tuition**

Tuition fee collected decreased from Kshs1, 286,749,000 collected in the year 2018/2019 to Kshs.711, 304,789 in the year 2019/2020. The reduction was attributed to the decline in the number of students especially module two and the global Covid-19 pandemic which resulted in the closure of the university.

**XVI. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS  
FOR CAPITAL DEVELOPMENT BUDGET FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2020.**

	<b>Original Budget 2019-2020</b>	<b>Adjustment 2019-2020</b>	<b>Final Budget 2019-2020</b>	<b>Actual on comparable basis 2019-2020</b>	<b>Performance difference 2019-2020</b>
<b>Revenue</b>	Kshs.000	Kshs.000	Kshs.000	Kshs.000	Kshs.000
Government Grants & Subsidies					-
Projects					
Lecture theatres	45,202		45,202	45,202	
Hostels	92,989		92,989	92,989	
ICT Center	141,969		141,969	10,490	131,479
<b>Total Income</b>	280,160		280,160	148,681	<b>131,479</b>

**XVII. NOTES TO THE FINANCIAL STATEMENTS.**

**1. Statement of Compliance and Basis of Preparation;**

The University's Financial Statements for the year ended 30<sup>th</sup> June 2020 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) accrual. This is the third year of adoption and the previous years have been restated accordingly. The Financial Statements are presented in Kenya shillings, which is the functional and reporting currency of the University and all values are rounded to the nearest thousand (Kshs.'000'). The accounting policies have been consistently applied to all the years presented. The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow is prepared using the indirect method. The Financial Statements are prepared on accrual basis.

**2. Summary of Significant Accounting Policies;**

**a) Revenue Recognition**

**i) Revenue from non-exchange transactions**

**Exchequer Allocations**

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

**ii) Revenue from exchange transactions;**

**Tuition**

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

**Income Generating Units**

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

**b) Budget Information:**

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

**c) Property, Plant and Equipment;**

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

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

**The annual rates are: (Reducing Balance Method.)**

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

**d) Inventories;**

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

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

**e) Biological Assets;**

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

**f) Provisions;**

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

**g) Employee Benefits;**

**Retirement Benefit Plans,**

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

The University also contributes to the statutory National Social Security Fund (NSSF). This is a Defined Contribution Scheme registered under the NSSF Act. The University's obligations under this scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 200/= per employee per month. The University's obligations to Staff Retirement Benefit Schemes are charged to the statement of financial performance in the year to which they relate.

**h) Related parties:**

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

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

**i) Cash and Cash Equivalents;**

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

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

**j) Comparative figures;**

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

**k) Receivables;**

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

**l) Significant judgements and sources of estimation uncertainty;**

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

**Key sources of estimation Uncertainty;**

**Equipments;**

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

**Impairment;**

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

**Provisions and contingent Liabilities;**

The University reviews its obligations at each balance sheet date to determine whether provisions need to be made and if there are any contingent liabilities.

**Useful Lives and Residual Values;**

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

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

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

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

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

**n) Intangible assets**

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

**o) Leases**

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

**p) Risk Management**

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

**Credit risk**

The University has exposure to credit risk which is the risk that a counter party to financial instrument will be unable to pay amounts in full when due thus causing a financial loss. Credit risk arises from cash and cash equivalents and

trade receivables. Credit risk on trade receivables is managed by ensuring that credit is extended to customers and students with established credit history.

### **Market risk**

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

### **Liquidity risk**

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

### **q) Capital Commitments**

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

### **r) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the Financial Statements for the year ended on 30<sup>th</sup> June 2020.

**3. (i) Exchequer Allocations (Recurrent Grants)**

<b>Date</b>	<b>Rec No</b>	<b>2019/2020</b>	<b>Date</b>	<b>Rec No</b>	<b>2018/2019</b>
		<b>Kshs.000</b>			<b>Kshs.000</b>
<b>Jul -19</b>	276139	90,706		175255	84,218
Aug -19	276142	90,706		181725	84,218
Sep -19	274652	90,706		191266	84,218
Oct -19	304641	90,707		198035	84,218
Nov -19	304654	90,707		210165	79,165
Dec -19	304740	90,706		217950	79,165
Jan -20	320622	90,706		223820	82,534
Feb -20	315309	90,706		233045	82,534
Mar -20	320620	90,707		240410	77,481
Apr -20	320619	90,707		252096	84,218
May -20	321024	90,706		252095	84,218
Jun -20	321625	90,707		254486	84,218
Health All	321623	29,239			150,747
Accrued CBA		212,292			
<b>Total</b>		<b>1,330,008</b>			<b>1,141,152</b>

**(ii) Exchequer Allocations (Development Grants)**

<b>Date</b>	<b>Rec No</b>	<b>2019/2020</b>	<b>Date</b>	<b>Rec No</b>	<b>2018/2019</b>
		<b>Kshs.000</b>			<b>Kshs.000</b>
02/12/2019		103,793	Oct 2018		214,825
11/03/2020		176,367	Nov 2018		35,384
			March 2019		250,210
<b>Total</b>		<b>280,160</b>			<b>500,419</b>

**4. Tuition Fees**

<b>Details</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs.000</b>	<b>Kshs.000</b>
Tuition fees	332,290	701,444
Registration fees	14,320	19,920
Student ID	14,226	10,945
Library use	32,016	61,621
Examination	16,018	92,487
Material Development	85,357	123,353
Activity fees	25,160	30,865
HELB funds	149,240	188,392
Medical	42,678	61,622
Prepaid Tuition Income	-	(3,900)
<b>Total</b>	<b><u>711,305</u></b>	<b><u>1,286,749</u></b>

**5. Income Generating Units**

<b>Details</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs.000</b>	<b>Kshs.000</b>
Application Forms	1,047	2,965
Accommodation	3,650	3,168
Student mess Sales	3,842	4,545
Staff Mess Sales	1,706	2,885
Student ID	1,867	
Student Id Replacement	212	2,257
Rent	912	983
Medical Charges	626	670
Farm Sales	206	574
Disposal Income	-	5
Graduation Fee And Gowns Hire	31,560	34,183
Exam Retake	1,644	3,877
Transcripts	513	553
Hire Of Playing Ground	71	136
Key Replacement	0.3	1
Certificates Reprinting	969	389
Tailoring Fees	-	
Library Charges	95	68
Fines and penalties	37	93
Miscellaneous Income	281	165
Exam card replacement	-	22
Research Grants	30,474	24,025
Hire of Bus	-	30
Hire of Hall	2	
Tender forms sale	-	
Decrease in provision of doubtful debts	7,034	
<b>Total</b>	<b><u>86,748</u></b>	<b><u>81,594</u></b>

**6. Employee Costs**

<b>Details</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs.000</b>	<b>Kshs.000</b>
Salaries And Wages	1,932,393	1,747,727
Salary Locum Appointees	95	3,167
Staff welfare and Development	5,317	7,096
Student Medical Refunds and Hospitalisation	13,081	10,876
Staff Uniform and Clothing	1,073	
Casual labourers	14,269	
Medical Supply	3,819	
<b>Total</b>	<b><u>1,970,047</u></b>	<b><u>1,768,866</u></b>

**7. Council Expenses**

<b>Details</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs.000</b>	<b>Kshs.000</b>
Sitting Allowances	2,850	8,262
Subsistence Allowances	4,885	6,000
Mileage Allowances	5,404	7,770
Other expenses air time, food, medical refunds	2,777	
<b>Total</b>	<b><u>15,916</u></b>	<b><u>22,032</u></b>

**8. Depreciation and Amortization Expense**

<b>Details</b>	<b>Accumulated C/F 30/06/2020</b>	<b>Depreciation for the year 30/06/2020</b>	<b>Balance B/F 1/07/2019</b>
Buildings	52,404	5,747	46,657
Infrastructure	3,372	904	2,468
Motor Vehicles	69,687	9,792	59,895
Furniture & Fittings	40,215	5,006	35,209
Office Equipment	73,712	11,246	62,466
Plant and Machinery	20,376	1,773	18,603
Library Books	32,485	3,406	29,079
Cutlery	1,673	29	1,644
<b>Total</b>	<b>293,924</b>	<b>37,903</b>	<b>256,021</b>

**9. Contracted Services (Part Time Lecturers)**

Details	2019/2020	2018/2019
	Kshs.000	Kshs.000
Faculty Of Commerce	24,867	30,064
BLINS	8,696	12,747
Education	17,966	31,544
Agriculture	8,996	12,299
Health Science	1,682	2,218
SPASS	1,109	9,662
FASS	9,682	13,916
Engineering	218	311
Gender	98	183
<b>Total</b>	<b><u>73,314</u></b>	<b><u>112,944</u></b>

**10. General Expenses**

The following are included in general expenses.

Details	2019/2020	2018/2019
	Kshs.000	Kshs.000
Advertising	6,741	9,466
Conferences and Delegations	5,759	6,506
Electricity	12,602	10,138
Fuel and oil	14,629	14,712
Insurance	27,563	20,082
Postage	313	267
Printing and stationery	18,818	25,851
Rent and Rates	129,466	118,928
Travelling and Accommodation	112,299	122,833
Repairs and Maintenance	25,061	11,270
Other Expenses	178,820	238,941
<b>Total</b>	<b><u>532,071</u></b>	<b><u>578,994</u></b>

**11. Provisions**

Details	2019/2020	2018/2019
	Kshs.000	Kshs.000
Provision For Audit Fees	1,160	580
Provision For Gratuity	7,057	6,749
<b>Total</b>	<b><u>8,217</u></b>	<b><u>7,329</u></b>

**12. Cash and Cash Equivalents**

<b>Details</b>	<b>ACCOUNT NO</b>	<b>2019/2020 Kshs.000</b>	<b>2018/2019 Kshs.000</b>
Cash At Hand		-	68
Cash At Bank (NBK Current A/C)	01001035009000	1,539	4,005
Cash At Bank (NBK Savings A/C)	01230035009000	543	159
Cash At Bank (KCB Development)	1113771143	131,479	206,045
Cash At Bank (Cooperative Bank)	01129297079400	2,217	1,266
Cash At Bank (KCB Fee collection)	1148599398	2,941	1,891
Cash At Bank (KCB Nairobi)	1151779040	NIL	367
Cash At Bank (KCB Kapenguria)	1162178515	NIL	199
Cash At Bank (KCB Kericho)	1162177527	NIL	1,114
Cash At Bank (KCB Research Grant)	1151310557	255	5,649
Cash At Bank (KCB Migori)	1172444196	NIL	796
<b>Total</b>		<b><u>138,974</u></b>	<b><u>221,559</u></b>

The Nil balances are in relation to the closed accounts which belonged to our satellite campuses the remaining funds in those accounts were transferred to the operations account. The bank statement and the closing instructions have been provided for review.

**13. Receivables from Exchange Transactions**

<b>Details</b>	<b>2019/2020 Kshs.000</b>	<b>2018/2019 Kshs.000</b>
General Debtors	1,397	1,228
Imprest Outstanding	2,634	10,071
Fees Balances	197,937	392,897
<b>Receivables from Non exchange transactions</b>		
<b>Accrued CBA funds</b>	212,292	150,747
Provision	20,713	(27,747)
<b>Total</b>	<b><u>393,547</u></b>	<b><u>527,196</u></b>

**14. Inventories**

<b>Details</b>	<b>2019/2020</b>	<b>2018/2019</b>
<b>University departments</b>	<b>Kshs.000</b>	<b>Kshs.000</b>
Nyosia Farm	13	173
Kericho Campus	34	150
Eldoret	1,532	582
Engineering	9	
Elimu centre	135	
Migori campus	-	16
Vice Chancellor	368	455
Catering Department	106	129
Central Services	2	1,874
Examination & Timetabling Dept.	692	1,368
Printing press	249	948
Central Stores	3,570	441
Central Registry	-	3
Tailoring Department	219	
Research & Extension	3	
Finance Main and cash office	6	793
Health science	109	
Student Affairs	5	
ACU	16	
Library	211	134
Medical	6,325	5,115
Halls	770	1,628
Student affairs	-	2
DVC ASA	6	5
Procurement	2	13
FIST	-	3
<b>Total</b>	<b><u>14,382</u></b>	<b><u>13,832</u></b>

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**15. Property, Plant and Equipment Movement Schedule.**

	Land	Buildings	Infrast. Assets	W.I.P	Motor Vehicle	Furniture & fittings	Office Equipment	Plant & Machinery	Library	Cutlery	Total
Cost	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000
<b>As at July 2019</b>	140,901	276,537	38,644	2,302,264	99,064	74,899	110,283	27,470	46,110	1,731	3,117,903
<b>Additions</b>				<b>216,176</b>		<b>572</b>	<b>18,681</b>				<b>235,429</b>
Cost as at 30/06/2020	140,901	276,537	38,644	2,518,440	99,064	75,471	128,964	27,470	46,110	1,731	3,353,332
Acquisition After 31/12/2019						<b>213</b>	<b>10,267</b>				<b>10,480</b>
Qualifying asset for depreciation	140,901	276,537	38,644	2,518,440	99,064	75,258	118,697	27,470	46,110	1,731	3,342,852
Accrued depreciation b/f	-	46,657	2,468		59,895	35,209	62,466	18,603	29,079	1,644	256,021
Net cost for depreciation	140,901	229,880	36,176	2,518,440	39,169	40,049	56,231	8,867	17,031	87	3,086,831
Depreciation for the year	-	5,747	904		9,792	5,006	11,246	1,773	3,406	29	37,903
Total Depreciation	-	52,404	3,372		69,687	40,215	73,712	20,376	32,485	1673	293,924
<b>Net Book Value as at 30/06/20</b>	<b>140,901</b>	<b>224,133</b>	<b>35,272</b>	<b>2,518,440</b>	<b>29,377</b>	<b>35,256</b>	<b>55,252</b>	<b>7094</b>	<b>13,625</b>	<b>58</b>	<b>3,059,408</b>
<b>Net Book Value as at 30/06/19</b>	<b>140,901</b>	<b>229,880</b>	<b>36,176</b>	<b>2,302,264</b>	<b>39,169</b>	<b>39,690</b>	<b>47,817</b>	<b>8,867</b>	<b>17,031</b>	<b>87</b>	<b>2,861,882</b>
<b>As at July 2018</b>	140,901	276,537	38,644	1,967,186	84,471	73,344	108,065	27,470	41,928	1,731	2,760,277
<b>Additions</b>				<b>335,078</b>	<b>14,593</b>	<b>1,555</b>	<b>2,218</b>		<b>4,182</b>		<b>357,626</b>
Cost as at 30/06/2019	140,901	276,537	38,644	2,302,264	99,064	74,899	110,283	27,470	46,110	1,731	3,117,903
Acquisition After 31/12/2018					14,593	60	856				15,509
Qualifying asset for depreciation	140,901	276,537	38,644	2,302,264	84,471	74,839	109,427	27,470	46,110	1,731	3,102,394
Accrued depreciation b/f	-	40,763	1,540		51,703	29,548	50725	16,387	24,821	1,601	217,088
Net cost for depreciation	140,901	235,775	37,104	2,302,264	32,768	45,291	58,702	11,083	21,289	130	2,885,306
Depreciation for the year	-	5,894	928		8,192	5,661	11,740	2,217	4,258	43	38,933
Total Depreciation	-	46,657	2,468	-	59,895	35,209	62,466	18,603	29,079	1,644	256,021
<b>Net Book Value as at 30/06/19</b>	<b>140,901</b>	<b>229,880</b>	<b>36,176</b>	<b>2,302,264</b>	<b>39,169</b>	<b>39,690</b>	<b>47,817</b>	<b>8,867</b>	<b>17,031</b>	<b>87</b>	<b>2,861,882</b>
<b>Net Book Value as at 30/06/18</b>	<b>140,901</b>	<b>235,775</b>	<b>37,104</b>	<b>1,967,186</b>	<b>32,768</b>	<b>43,796</b>	<b>57,340</b>	<b>11,083</b>	<b>17,107</b>	<b>130</b>	<b>2,543,189</b>

16. Biological Assets

Details	2019/2020	2018/2019
Cows	Kshs.000	Kshs.000
Anne 2 Lactating heifer	-	60
Anne 7 Bulling heifer	50	55
Anne 8 Heifer Calf	50	40
Anne 9 Heifer Calf	50	40
Dan Bull Calf	-	35
Escoper ( bull calf)	20	20
Monarch (Bull Calf)	20	20
Delta fidelity (Heifer calf)	-	16
Sir George	-	160
Kilimanjaro	-	160
Thomas	60	160
Michael heifer	16	16
Susan 4 Lactating cow	60	65
Susan 5 Heifer	50	55
Fame	3	3
Alphine kid		3
Doopar Ram	15	20
Pope Francis bull calf	-	40
Nyakundi bull calf	-	40
Poultry (30*500)	-	15
<b>Rabbits (66)</b>	-	33
Fish pond (2,000 @200)	400	150
She goat (grey hair)		5
Sannen she Goat (White)	5	6
Sannen she Goat (White grey Kid)	5	
Alphine she Goat (Brown Kid)	5	5
Alphine She Goat	5	
White Brown Goat (Male Kids)	0.5	
White Brown Goat (Male Kids)	1	
Cliff Bull calf	3	
Thomas 1	8	
White Saanen kid female	4.5	
White Brown Goat (White grey Kid)	1	
Tophine she goat	-	6
<b>Total</b>	<b>832</b>	<b>1,213</b>

**17. Trade and Other Payables from Exchange Transactions.**

<b>Details</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Ksh '000</b>	<b>Ksh '000</b>
Prepaid Tuition Income	-	3,900
Bank Overdraft	15,701	70,398
Caution Money	37,977	41,076
Part Time Expenses	168,750	221,305
Sundry Creditors	43,977	57,997
Student Union	1,412	5,616
Retention	3,117	3,117
Contractors And Consultants	24,105	20,182
Lease hold	27,000	27,000
University staff pay&Deductions	337,792	-
<b>Total</b>	<b>659,831</b>	<b>450,591</b>

**18. Capital Development Funds and Accumulated Surplus.**

<b>Capital Development Funds</b>		<b>Accumulated Surplus/Deficit</b>	
<b>Financial Year</b>	<b>Kshs 000</b>	<b>Financial Year</b>	<b>Kshs 000</b>
<b>Bal. B/f 01/07/2008</b>	278,054	<b>Bal. B/f 01/07/2008</b>	
2008-2009	-	2008-2009	46,322
2009-2010	274,938	2009-2010	110,622
2010-2011	283,581	2010-2011	52,808
2011-2012	350,693	2011-2012	32,331
2012-2013	273,189	2012-2013	28,895
2013-2014	110,728	2013-2014	22,806
2014-2015	246,527	2014-2015	26,489
2015-2016	174,360	2015-2016	22,241
2016-2017	279,846	2016-2017	4,351
2017-2018	64,108	2016-2017	4,056
2018-2019	500,419	2018-2019	(19,602)
2019-2020	280,160	2019-2020	(508,827)
<b>Balance as at 30/06/20</b>	<b><u>3,116,603</u></b>	<b>Balance as at 30/06/20</b>	<b><u>(177,508)</u></b>

**APPENDIX 1. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The Audit report for 2018/2019 is yet to be received.

**Appendix 11. Status of the project's completion**

Project	Total project cost	Total expended to date	Completion % to date	Budget 2020/2021	Sources of Funds
	Kshs.				
Lecture Theatres	527,303,000	523,750,967	95%	NIL	GOK
Hostels	534,600,000	455,878,000	85%	28,290,555	GOK
ICT Center	984,000,000	825,690,000	75%	NIL	GOK