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REPORT

OF

THE AUDITOR-GENERAL

ON

MURANG'A UNIVERSITY OF TECHNOLOGY

**FOR THE YEAR ENDED
30 JUNE, 2023**



MURANG'A UNIVERSITY OF TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023

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



MUT IS ISO 9001:2015 & ISO/IEC 27001:2013 CERTIFIED





MUT IS ISO 9001:2015 & ISO/IEC 27001:2013 CERTIFIED



Table of Contents	Page
1. Acronyms, Abbreviations and Glossary of Terms	iv
2. Key University Information and Management	v
3. University Chancellor and Council Members	ix
4. Key Management Team.....	xi
5. Chairman's Statement.....	xiii
6. Report of the Vice Chancellor	xiv
7. Statement of Performance against Predetermined Objectives for FY 2022/2023	xv
8. Corporate Governance Statement	xvii
9. Management Discussion and Analysis	xxiv
10. Environment and Sustainability Reporting	xxxii
11. Report of the Council.....	xlili
12. Statement of Council Members' Responsibilities.....	xliv
13. Report of the Independent Auditor for the Financial Statements	xliv
14. Statement of Financial Performance for the year ended 30 June 2023.....	1
15. Statement of Financial Position as at 30 June 2023	2
16. Statement of Changes in Net Assets for the year ended 30 June 2023	3
17. Statement of Cash flows for the year ended 30 June 2023	4
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023.....	5
19. Notes to the Financial Statements	12
20. Appendices.....	41
Appendix 1: Implementation Status of Auditor-General's Recommendations	41
Appendix II: Projects Implemented by the University	44
Appendix III: Transfers from Other Government Entities	45
Appendix IV: Recording of Transfers from Ministry of Education.....	46



1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CBK	Central Bank of Kenya
CUE	Commission for University Education
DVC	Deputy Vice Chancellor
GPO	General Post Office
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information Communication Technology
IPSAS	International Public Sector Accounting Standards
MoU	Memorandum of Understanding
MUT	Murang'a University of Technology
MUWASCO	Murang'a Water and Sanitation Company
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
TVET	Technical and Vocational Education and Training
VC	Vice Chancellor

B: Glossary of Terms

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

Comparative Year- Means the prior period



2. Key University Information and Management

VISION

A Leading University in Technological Innovation, Research and Training

MISSION

To advance knowledge and technological transfer through teaching, training, learning, research and innovation for sustainable development

CORE VALUES

Innovation and Creativity
Professionalism
Teamwork
Freedom of inquiry
Integrity
Fairness and Non-discrimination



(a) Background Information

Murang'a University of Technology (MUT) is a public university in Kenya, chartered on 7th October, 2016. The University operates under the provision of the Universities Act No. 48 of 2012 of the Laws of Kenya. It is a successor to Murang'a University College, a former Constituent College of Jomo Kenyatta University of Agriculture and Technology (JKUAT), and Murang'a College of Technology based in Murang'a County. The University is strategically located 1.5 km from Murang'a Town, 85 km North East of Nairobi, 70 km South East of Nyeri and 50 km South West of Embu.

The University offers postgraduate studies at Masters and PhD levels, undergraduate programmes, and Diploma and Certificate courses in Engineering, Information Technology, Computer Science, Business, Commerce, Human Resource Management, Hospitality, Tourism Management, Education, Humanities, Social Sciences, Agriculture, and Pure, Applied and Health Sciences, among others. The programmes are innovative in design and curricula implementation focuses on the development of graduates with sound knowledge, professional competencies and values that enable them to fit in the job market both locally and internationally. This is achieved through concerted and collaborative efforts in teaching, training, research, innovation, scholarship, entrepreneurship, and consultancy. The University is committed to developing and reviewing courses in order to address changing market demand and thus increase student enrollment. The University has built technology and innovation into its programmes and aligned them to the Medium-Term Plan (MTP) III, the Big Four Agenda initiatives as well as the Kenya Vision 2030.

(b) Principal Activities

The principal activities of the University are derived from the core functions as set out in the Universities Act 2012 and the University Statutes. The mandate of MUT is to provide quality teaching, training, scholarship, entrepreneurship, innovation, research and consultancy services.

(c) Key Management

The University's day-to-day management is under the following key organs:

- University Council
- University Management Board
- Senate



(d) Fiduciary Management

The key Management personnel who held office during the financial year ended 30th June, 2023 and who had direct fiduciary responsibility were:

No.	Name	Designation
1	Prof. Dickson M. Nyariki, Ph.D.	Vice Chancellor
2	Prof. Beatrice W. Mugendi, Ph.D.	Deputy Vice Chancellor, Finance and Development
3	Prof. Prisca J. Tuitoek, Ph.D.	Deputy Vice Chancellor, Academic, Research and Student Affairs
4	Prof. Richard Juma, Ph.D.	Registrar, Academic, Research and Student Affairs
5	Dr. Peace Byrne Agufana, Ph.D.	Registrar, Administration and Planning
6	Mr. Joseph Gachanja	Ag. Registrar, Finance and Development
7	CPA. Moffat K. Njoroge	Finance Officer

(e) Fiduciary Oversight Arrangements

The fiduciary oversight arrangements of the University are carried out by the Council through the following Committees:

- i. Finance and General Purposes
- ii. Audit, Governance and Risk Management
- iii. Physical Infrastructure, Planning and Development
- iv. Human Resource

The composition and roles of the above Committees are explained under Corporate Governance Statement on page xix.

(f) Headquarters

Murang'a University of Technology
P.O. Box 75 – 10200
MURANG'A, KENYA

(g) Contacts

Telephone: (254) 0771463515, (254) 0771370824
E-mail: info@mut.ac.ke
Website: www.mut.ac.ke



(h) Bankers

1. Kenya Commercial Bank Limited
Murang'a Branch
P.O. Box 112 – 10200
Murang'a
2. Equity Bank Limited
Murang'a Branch
P.O. Box 1060 – 10200
Murang'a
3. Co-operative Bank of Kenya
Murang'a Branch
P.O. Box 954-10200
Murang'a

(i) Independent Auditors

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

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



3. University Chancellor and Council Members

The University governing body comprises the Chancellor and the Council. The Chancellor is the titular Head of the University. The Chancellor's term expired in May, 2022 and he has not been reappointed or replaced. The University Council was appointed by the Cabinet Secretary for Education vide gazette notices No. 9004 of 6th November, 2020 and No. 131 dated 8th July, 2022 for a term of three years with effect from 4th November, 2020 and 8th July, 2022 respectively. The following is concise description of Council and Management members who served during the year under review.



Prof. Joachim holds a PhD in Reproductive Health, Kenyatta University, 2012. MSc Public Health, Kenyatta University, 2005 MBChB. Medicine and Surgery, University of Nairobi, 1998. He has worked as a Director of Regional offices and field offices at AMREF Health Africa. Fellow of the European Committee on Sexual Medicine (FECMSM). Renowned public and reproductive health specialist with wide experience in health programming on the African continent. He is the Vice Chancellor AMREF University. He was born on 21st June, 1971.

Prof. Joachim Osur, Ph.D.

Chairman of Council



Chairperson - Audit, Governance and Risk Management Committee from 16th July, 2022

Ms. Lucy holds an MBA in Marketing, Strathmore University, 2011 B. Com Marketing, University of Nairobi, 1999. She was born on 13th December, 1974.

Ms. Lucy N. Kaburia

Council Member



Chairperson - Finance and General Purposes Committee from 16th July, 2022.

CPA. Simon holds an MBA (Accounting & Finance), The University of Nairobi, 1997 Bachelor of Commerce (Accounting option) The University of Nairobi, 1992. He is a Certified Public Accountant of Kenya (CPA (K) Member, Institute of Certified Public Accountants of Kenya (ICPAK) He was born on 12th March, 1967.

CPA. Simon N. Mundu

Council Member



Chairperson- Human Resource Committee from 16th July, 2022

Ms. Mary holds a MSc. Organizational Development, USIU Masters in Sociology, University of Nairobi, Certified Organizational Development (OD) Consultant and Accredited Executive Coach. She was born on 4th August, 1965.

Ms. Mary N. Njenga

Council Member





Chairperson - Physical Infrastructure, Planning and Development Committee from 16th July. 2022.

CPA. Elias holds a Bachelors of Commerce (Finance), 2007 Certified Public Secretaries (CPS), 2005 Certified Public Accountants (CPA), 2002. He was born on 15th October, 1980.

CPA. Elias N. Muriithi
Council Member



Rep. Principal Secretary State Department for Higher Education and Research

Mr. Darius holds a M.ED, Educational Communication and Technology, Kenyatta University, 2001 B.ED English and Literature, Egerton University, 1996 Capacity Development for the education policy formulation and analysis for learning improvement – JICA/ Hiroshima University, 2018. He was born in 1972.

Mr. Darius M. Ogutu
Council Member



Rep. Cabinet Secretary National Treasury and Economic Planning

Ms. Naomi holds a Master of Arts in (Economics) University of Nairobi, 2011. Bachelor of Science (Statistics) Moi University, 2005 a Strategic Leadership Development Programme, KSG July-Aug 2019. She was born in 1981.

Ms. Naomi W. Matheri
Council Member-



Prof. Dickson holds a PhD in Agricultural Economics University of Reading, United Kingdom, 1997; MSc Agricultural Economics University of Nairobi, 1990; BSc Range Management University of Nairobi, 1986; Vice Chancellor, Murang'a University of Technology, February 2018 to date; Ag. Vice Chancellor, Murang'a University of Technology, October 2016 to January 2018. Principal, Murang'a University College, March 2016 to September 2016; Deputy Vice Chancellor (Administration and Human Resource Management), South Eastern Kenya University, March 2013 to February 2016;

Prof. Dickson M. Nyariki Ph.D.
VC/Secretary to Council

Deputy Principal (Administration and Finance), South Eastern University (Constituent College of the University of Nairobi), January 2010 to March 2013; Sub-Regional Coordinator, FAO Initiative on Soaring Food Prices (ISFP), April 2009 to January 2010; Regional Coordinator, IGAD Water Harvesting Pilot Project for Crop and Livestock Production to Enhance Food Security, February 2005 to December 2008.

4. Key Management Team

Prof. Dickson M. Nyariki Ph.D
Vice Chancellor

Refer to page (x)



Prof. Beatrice holds a PhD in Food Biochemistry, Kenyatta University, 2008 MBA Strategic Management, Kenya Methodist University, 2015.

Prof. Beatrice W. Mugendi, Ph.D.
Deputy Vice Chancellor (Finance and Development)



Prof Prisca holds a PhD in Human Nutrition, University of Alberta, Canada, 1995. MSc in Human Nutrition and Food Service Management, University of Nebraska, USA, 1986; BSc in Biology/Chemistry Oral Roberts University, USA, 1985.

Prof. Prisca J. Tuitoek, Ph.D.
Deputy Vice Chancellor (Academic, Research and Student Affairs)



Prof. Richard holds a PhD in Development Studies, Victoria University of Wellington, New Zealand, 2009.

Prof. Richard Juma, Ph.D.
Registrar (Academic, Research and Student Affairs)



Dr. Peace holds PhD in Educational Communication and Technology, Moi University-Eldoret, Kenya, 2015.

Dr. Peace Agufana, Ph.D.
Registrar, (Administration and Planning).



Mr. Joseph holds a MBA Strategic Management, Kenyatta University, 2008.

Mr. Joseph Gachanja
Ag. Registrar (Finance and Development)



CPA. Moffat holds a MBA Financial Management, Catholic University of Eastern Africa, 2012 Certified Public Accountant of Kenya (CPA (K) Member, Institute of Certified Public Accountants of Kenya (ICPAK) CPA (K).

CPA. Moffat K. Njoroge
Finance Officer

5. Chairman's Statement

On behalf of the Council, it gives me immense pleasure to present the Annual Report and Financial Statements for Murang'a University of Technology for the financial year ended 30th June, 2023.

University developments have taken cognizance of the Government's initiative that gives attention to the "Big Four" priorities, the framework of Bottom-up Economic Transformation Agenda (BETA), the Kenya Vision 2030, Sustainable Development Goals, and African Agenda 2063. The University is committed to providing quality education to all its students that will equip them with knowledge and skills to succeed in future studies, employment and entrepreneurship. The University is also positioning itself to develop a distinctive profile as a leading University in technology and innovation.

The University realized significant achievements during the year under review despite a backdrop of global economic slowdown underpinned by the ongoing Russia-Ukraine war, elevated global inflation, the lingering effects of the COVID-19 pandemic and persistent supply chain disruptions and the drought effects. Notably, among the realizations included holding of the University's sixth graduation ceremony whereupon eight hundred and seventy graduates were awarded degrees and conferred diplomas and maintaining Performance Contract composite scores at Very Good. Being a growing public institution, the University is also highly dependent on Government funding. The financial year under review has been a difficult one as the economy continues to recover with delayed and inadequate Government capitation.

The University currently offers graduate and undergraduate degrees, diplomas and certificates in Engineering, Information Technology, Computer Science, Pure and Applied Sciences, Business and Economics, Hospitality and Tourism Management, Education, Health Sciences, Humanities and Social Sciences, and Agriculture and Environmental Sciences. In addition, the University offers the competency-based curriculum for Technical and Vocational Education Training (TVET). The University has established Open, Distance and e-Learning (ODEL) and MUT-TVET Institute aimed at growing student numbers in its niche of technology courses besides continued increase in facilities and infrastructure to support its core mandate. Despite the hindrances, the University will endeavour to develop more interdisciplinary courses, embedding opportunities for collaboration and enterprise in curriculum development and assessment.

Notwithstanding the financial and operational challenges, the going concern of the University was not at stake and the University will continue its operations in the future without liquidating or being forced to discontinue operations due to any reason. No indication is available to believe that it will cease its activities in the foreseeable future. The liquidity position of the University was stable with minimal difficulties in meeting its maturing obligations attributable to limited resources. The University's approach to managing liquidity is to ensure, as far as possible, that it will always have liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation.

Special gratitude goes to the Government of Kenya for funding our budget during the financial year and to my fellow Council Members, the Management Team, Staff, Students and all other stakeholders for their contribution and overwhelming support.



Dr. Abel B. Atiti, Ph.D.
Council Chairman



6. Report of the Vice Chancellor

It gives me pleasure to present the Annual Report and Financial Statements of MUT for the year ended 30th June, 2023. During the year under review, total revenue grew by Kshs.65.31 (7%) to Kshs.937.85M while total expenditure increased by Kshs.38.86M (4%) to Kshs.956.08M resulting in a deficit of Kshs.18.22M.

Exchequer recurrent grants during the year were Kshs.515.66M. This was lower than the previous year's amount of Kshs.535.11M. The recurrent budget was mainly utilized in funding recurrent expenditure to the tune of Kshs.956.08M and purchase of plant and equipment amounting to Kshs.40.94M.

The approved budget for development grants was Kshs.229.00M. Kshs.67.28M was utilized in funding development projects using received funds and from internally generated income. The Government funded Kshs.125.62M, being fifty four percent (54%) of allocated amounts, leading to a deficit of Kshs.103.38M. This slowed down the construction of projects during the year. Students' fees grew by Kshs.62.70M (21%) attributable to increased enrolment of Government sponsored students as compared to the previous year. Other incomes grew by Kshs.3.64M (17%) due to an increase in revenue from income generating activities.

To achieve operational sustainability, the University continued to rationalize and manage costs as part of prudent financial management. Personnel emoluments dropped by Kshs.25.26M (4%) owing to reduced accrued amount of 2017-2021 National CBA basic salary arrears amounting to Kshs.62.78M compared to Kshs.104.22M for last year. However the University continued to recruit more academic staff to support teaching of new academic programmes that were mounted to meet market needs. In order to enhance human resource capacity, the University has continued to identify skills gaps in the existing human resource which are bridged by skills enhancement through training and workshops. Also, to enhance skills for the existing staff, tuition fee was waived for staff members who were willing and qualified to undertake Masters or PhD programmes in the University. In general, operating expenses increased during the year due to increase in operation activities of the University. The Management instilled tight austerity measures with comprehensive cost management strategies to ensure that the University is able to finance all the budgeted activities without recourse to borrowing against the backdrop of inadequate Government funding and declining self-sponsored student enrolment. The Management spent Kshs.25.54M to equip the University with library materials, computers and internet facilities to support learning, teaching and research.

The University will continue to share knowledge and research outcomes as widely as possible to inform and inspire the society. The long-term outcome of our mission includes increased quality of life for our staff and students and supporting the aspirations of the youth by demonstrating the value of research, innovation and entrepreneurship. Some of the major achievements recorded in the year included attaining a composite score of 2.6970 up from 2.9134 in the performance contract evaluation, good webometric ranking at position 11 among universities in Kenya and re-certification to the ISO 9001:2015. We were also certified to ISO/IEC 27001:2013 standard having successfully implemented and maintained an Information Security Management System.

Finally, I wish to register my exceptional acknowledgments to the Government for financial support, the Council for providing strategic guidance, the staff and students for overwhelming support to ensure successful operation of the University during the year. I thank all of them and look forward to their continued support.



Prof. Dickson M. Nyariki, Ph.D.
Vice chancellor/ Council Secretary



7. Statement of Performance against Predetermined Objectives for FY 2022/2023

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

Murang'a University of Technology Strategic Plan 2019-2023 (revised 2021) outlines the priorities, operations and actions to be undertaken in the remaining plan period.

The plan is premised on the University's mandate of providing relevant and accessible quality education, and engaging in teaching, training, learning, research, innovation, consultancy, and community outreach that impact on national development through the generation of new knowledge and know-how for the benefit of humankind.

It has also taken cognisance of the Government's initiative that gives attention to the "Big Four" priorities and actions in the formulation of this Plan. The Plan has also integrated the relevant requirements stipulated in the MTP III priority programmes, Kenya Vision 2030, Sustainable Development Goals, and African Agenda 2063.

In order to guide the pursuit of the University's mission, four broad strategic themes have been identified, namely Academic Excellence and Quality Research to reflect our teaching and research activities while Innovation and Consultancy, and Institutional Capacity Development and Technology represent the enabling condition of sufficient infrastructure and resource base.

During the year under review, the University attained an impressive record in teaching, research and community service, contributing to the socio-economic development of the country despite the hard economic times and inadequate Exchequer funding.

The University has experienced significant growth in student enrolment, academic programmes, staff numbers, and infrastructure and facilities. The University's on-going involvement in broad areas of national development, together with an institutional emphasis on quality, will ensure that its endeavours continue to bear fruit.

Table 1 indicates that the University has four strategic themes and objectives within the current Strategic Plan for the period 2019- 2023. The strategic themes, as already outlined, are:

- i) Academic Excellence
- ii) Quality Research
- iii) Innovation and Consultancy
- iv) Institutional Capacity Development and Technology

The annual work plan is based on the above themes. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2022-2023 period for its four strategic pillars and maintained Performance Contract composite scores at Very Good.

Table 1: Performance Targets Highlights.

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
Academic Excellence	To promote academic excellence	No. of laboratories	Equip laboratories and workshops	Three



		No. of reports on academic advisory and career services	Enhance academic advisory and career services	Five
		No. of new programmes	Develop and mount programmes	Four
		No. of reviewed programmes	Review academic programmes	Thirty three
	Equip the Library (No. of Books and E-Resources)	Equip the Library with books and E-Resources	Equip the Library (No. of Books and E-Resources)	209 physical books 914 e-journal databases
Quality Research	To promote quality research	No. of collaborative research proposals submitted for funding	Increase local and international collaborative research	Ten
		No. of awarded scholarships	Increase internal postgraduate funding	Ten
		Workstation and space	Provide research labs	Five
Innovation and Consultancy	To promote innovation and consultancy	No. of conferences and workshops held	Conducting conferences and workshop	Five
		Innovation centre	Establishment of innovation and incubation Hub/Centre	One
		No. of funded internal research/innovation proposal	Improve internal Research/innovation funding	Ten
Institutional Capacity Development and Technology	To provide appropriate and adequate infrastructure	Hostel Block Phase 3	Construct Hostel Block Phase 3	Completed
	To expand resource mobilization and management	Number of advertisement	Advertise in print and electronic media	One

8. Corporate Governance Statement

Murang'a University of Technology is steadfast in its commitment to exemplify best practices in all aspects of corporate governance. Our organizational structures, policies, and procedures are firmly anchored on the principles of transparency, accountability, responsibility, and fairness, which form the fundamental tenets of good governance. The University operates directly under the Ministry of Education State Department for Higher Education and Research, and we mainly receive funding from the National Treasury through this Ministry.

Our Corporate Governance role is guided by various regulations and codes, including the Universities Act No.42 of 2012 and its amendments, the Mwongozo Code of 2015, the Commission for University Education Universities Standards and Guidelines of 2014, the Murang'a University of Technology Charter, and the University Statutes of 2016 and its subsequent amendments. These regulations outline the responsibilities and functions of the three governing organs of the University - the Council, the Senate, and the Management Board - ensuring effective oversight and management of all University activities.



Figure 1: Council Members during the Induction and Policy Seminar held on 15th to 19th January, 2023

The University Council

The University Council is the Governing body of the University. It is constituted with consideration to the requirements of the sector, encompassing diversity of skills, age, value addition, gender, academic qualifications, and experience, all of which contribute to achieving the University's goals and objectives.

a. Appointment of the Council

The University Council was appointed by the Cabinet Secretary for Education vide gazette notices No. 9004 of 6th November, 2020 and No. 131 dated 8th July, 2022 for a term of three years with effect from 4th November, 2020 and 8th July, 2022 respectively. The representatives of the Ministry of Education and the National Treasury were also appointed for a three-year term, starting from 10th February, 2020 and 23rd April, 2020, respectively.



The appointment of the Council members through Gazette Notices underscores the formal and official nature of their roles in governing the University. The appointment further testified to the government's confidence in their abilities to lead and govern Murang'a University of Technology in a manner that fosters academic excellence, research, and innovation while advancing the Nation's socio-economic development as mandated by the Mwongozo Code.

b. Size and Composition of Council

The Council consisted of eight members with some degree of balance of skills, knowledge and experience in a variety of disciplines appropriate for the oversight of the University. All the members participated in effective decision making throughout the year.

c. The mandate of the Council

As guided by the State Corporations Act, Cap 446, and other relevant laws of Kenya, the Council's role in ensuring the best practice of corporate governance extends beyond mere compliance with legal and regulatory requirements. It actively promotes a culture of ethical conduct, accountability, and responsible decision-making throughout the University.

It provides valuable guidance and strategic direction, aligning the University's activities with its long-term objectives, evaluates the effectiveness of existing policies and procedures, constantly seeking ways to enhance operational efficiency and organizational effectiveness.

The Council proactively identifies potential risks and vulnerabilities that may affect the University's operations and reputation, formulates strategies to mitigate these risks and thus creates an environment that fosters confidence and trust among stakeholders.

In collaboration with the University's management, the Council endeavors to strike a balance between prudent financial management and the pursuit of academic excellence. It ensures that financial resources are optimally utilized to support teaching, research, and other core activities while upholding the principles of fiscal responsibility.

The Council ensures internal controls serve as a safeguard against misuse and misappropriation of funds, safeguarding transparency and accountability at all levels of the institution. It fosters constructive partnerships with students, faculty, staff, alumni, and the broader community to ensure the University's relevance and impact on society while achieving the University's goals and objectives.

The Council continuously strives to nurture a culture of academic freedom, innovation, and intellectual rigor, by providing an enabling environment for research, creativity, and critical thinking, empowering the University community to contribute to the advancement of knowledge and address societal challenges.





Figure 2: Council Members during the Strategic Plan 2023-2027 Development retreat held on 26th to 30th June, 2023

d. The Power and Authority of the Council

The University Council derives its powers and authority from the Charter and the Universities Act of 2012. It operates in adherence to the Mwongozo Code of 2015 and the Commission for University Education Standards and Guidelines to fulfil its corporate governance responsibilities towards stakeholders. As the executive governing body, the Council is responsible for the academic and strategic direction of the University, external relations, and the prudent administration of University resources in accordance with the Public Finance Management Act of 2012 and Regulations of 2015.

e. Council Effectiveness

To ensure Council's independence from the University Management, a clear distinction is maintained between the roles of the Chairman of the Council and the Vice-Chancellor, delineating their respective responsibilities. This arrangement fosters a balanced distribution of power, enhances accountability, and strengthens the capacity for effective decision-making. Throughout their term, the Council members have demonstrated a strong commitment to upholding the principles of good governance. Their active involvement in decision-making processes, prudent oversight of financial matters, and engagement with various stakeholders have contributed to the effective management and development of the University.

The Chairman is primarily responsible for providing leadership to the Council while the Vice-Chancellor is responsible for the day-to-day management of the University

f. Council Committee and Meetings

The Council convenes at least once every quarter, with the possibility of special meetings in response to urgent matters. To fulfil its duties, the Council relies on various Committees, each meeting quarterly or as required, to provide detailed consideration and recommendations on specific matters. These Committees include:



1. Audit, Governance and Risk Management:

The scope of this Committee includes provision of strategic oversight, insight, and foresight with respect to all auditing, financial reporting and internal control functions; occupational health, safety, environmental stewardship, and security of the University community; university-wide risk management; and the effectiveness, impact, organization, and procedures of the Council, to enhance its performance. The Audit Committee broadly oversees the University's standards of integrity and behaviour, reporting of financial information and internal control systems.

2. Finance and General Purposes:

The primary responsibility of the Finance, and General Purposes Committee is strategic oversight, insight and foresight with respect to all significant financial matters; budget, financial performance, financial position and financial implications, University teaching and research affairs, student health and wellness, and future educational expectations and challenges. The Committee reviews quarterly and annual financial reports and recommends to the Council ways of raising and utilizing University funds, and the establishment of systems and procedures for efficient financial management.

3. Human Resource:

The mandate of the Committee is to provide strategic oversight, insight, and foresight with respect to University Human Resources, policies, procedures, and trends; collective bargaining and related service contracts; review, compensation, and succession planning; propose and review the terms and conditions of staff, career progression structures, performance management scheme, retirement benefit and pension scheme, and policies and regulations governing staff to the Council. The Committee reviews quarterly and annual reports on staff welfare and general University performance and recommends to Council for final direction.

4. Physical Infrastructure, Planning, and Development:

The Committee provides strategic oversight, insight and foresight with respect to all investments and property matters of the University; University reputation, identity, strategic communication, community engagement, philanthropy and advancement; sale, purchase, exchange and lease, or take-on of movable and immovable property; annual capital plans; changes in land use; and overseeing the development and review of the University Master and Strategic Plans.





Figure 3: Council Member engaging with the former Principal of Murang'a Technical College on Inherited University assets



Figure 4: Council during the handing over ceremony of the final report on the MUT Master Plan from the Kenya Institute of Planners.

Table 2 indicates the composition and number of meetings attended by the above Committee members during the year

	Council Committee	Members	Area of responsibility	No. of meetings attended
1	Council			

	Council Committee	Members	Area of responsibility	No. of meetings attended
	i.	Prof. Joachim Osur	Chairman	8
	ii.	CPA. Simon Mundu	Member	8
	iii.	Ms. Lucy Kaburia	Member	8
	iv.	CPA. Elias Muriithi	Member- from 8 th July, 2022	7
	v.	Mr. Darius Ogutu	Rep. PS, State Department for Higher Education and Research	8
	vi.	Ms. Mary Murimi	Member- from 8th July, 2022	7
	vii.	Ms. Naomi Matheri	Rep. Cabinet Secretary National Treasury and Economic Planning	8
	viii.	Prof. Dickson Nyariki	Secretary to the Council	8
2	Finance and General Purposes			
	i.	CPA. Simon Mundu	Chairman	6
	ii.	Ms. Mary Murimi	Member- from 8th July, 2022	4
	iii.	Mr. Darius Ogutu	Rep. PS, State Department for Higher Education and Research	5
	iv.	Ms. Naomi Matheri	Rep. CS National Treasury and Economic Planning	6
	v.	Prof. Dickson Nyariki	Secretary to the Council	6
3	Audit, Governance and Risk Management			
	i.	Ms. Lucy Kaburia	Chairman	4
	ii.	CPA. Elias Muriithi	Member- from 8th July, 2022	3
	iii.	Ms. Naomi Matheri	Rep. CS National Treasury and Economic Planning	4
	iv.	Head Internal Audit	Secretary to the Committee	4
4	Human Resource			
	i.	Ms. Mary Murimi	Chairman- from 8th July, 2022	3
	ii.	Ms. Lucy Kaburia	Member	5
	iii.	Mr. Darius Ogutu	Rep. PS, State Department for Higher Education and Research	5
	iv.	Prof. Dickson Nyariki	Secretary to the Council	5
5	Physical Infrastructure, Planning and Development			
	i.	CPA. Elias Muriithi	Chairman- from 8th July, 2022	4
	ii.	CPA. Simon Mundu	Member	4
	iii.	Mr. Darius Ogutu	Rep. PS, State Department for Higher Education and Research	5
	iv.	Prof. Dickson Nyariki	Secretary to the Council	5

g. Remuneration of the Council

The Council Members, excluding the Vice-Chancellor/Secretary, do not receive salaries; however, the Chairman receives a monthly honorarium of Kshs.80,000. All Council members are entitled to sitting allowances of Kshs.20,000 per meeting attended, as well as reimbursement for transport, lunch, and accommodation expenses.

h. Statement of Compliance

The Council affirms that Murang'a University of Technology adhered to all statutory and regulatory requirements and has been managed in accordance with the principles of Corporate Governance throughout the financial year. Our commitment to upholding these standards ensured the effective and responsible management of the University's affairs and safeguarding the interests of all stakeholders.



9. Management Discussion and Analysis

a. Financial Performance Highlights

The University shows a steady financial growth in its seventh year after the award of the Charter. The results of operations reflect the University's focus on achieving its mandate in the face of high competition for students, constrained Government funding, an increasing need for competitive staff, teaching and research facilities, and high operational costs due to high inflation. The University's financial performance recorded a deficit of Kshs.18.22M. Total revenue grew by Kshs.65.31M (7%) while expenditure increased by Kshs.38.86M (4%) in the year under review, majorly due to an increased level of activities in the University.

Income

Table 3 shows that total revenue from non-exchange transactions decreased by Kshs.1.03M (0.002%). Exchequer recurrent grants decreased by Kshs.19.44M (4%) due to a decrease in recurrent grants allocation for FY 2022-2023. Amortization of granted assets (based on straight line method of depreciation) increased from Kshs.16.80M to Kshs.35.22M due to capitalization of Hostel Block Phase 3 and recognition of donated plant and equipment.

Tuition and tuition related income grew by Kshs.62.70M (21%) attributable to an increase in student enrolment compared to the previous year. Other incomes also increased by Kshs.3.64M (17%) due to growth in revenue earned from income generating activities. As a result, total revenue from exchange transactions rose by Kshs.66.34M (21%). Figure 5 shows a graphic comparison of revenue in financial years 2022-2023 and 2021-2022.

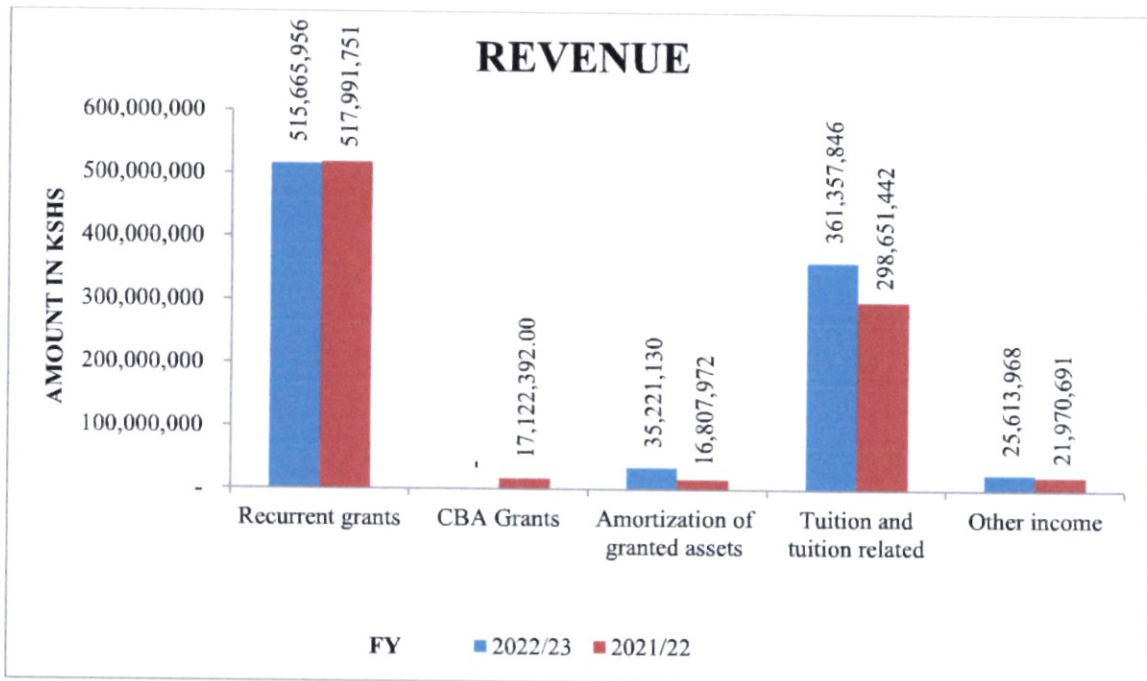


Figure 5: 2-year income analysis per category

The exchequer recurrent grants formed the largest proportion of total income during the year with 55%. Tuition and tuition related income contributed 38%, other income 3%, and amortization of granted assets 4% of total revenue (Figure 6).

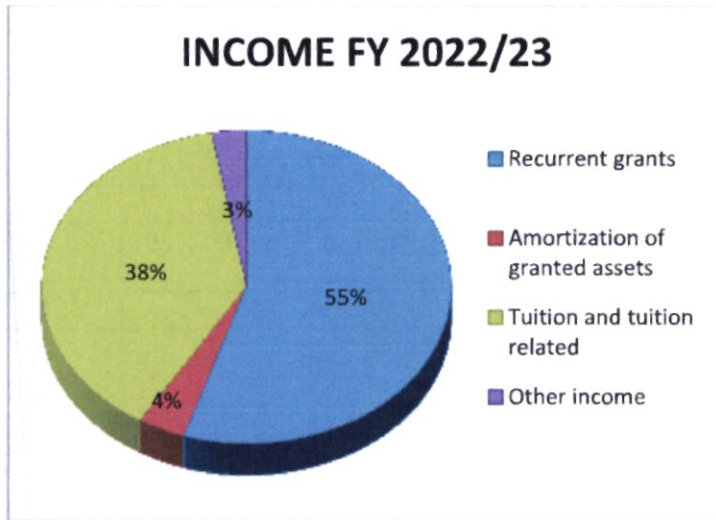


Figure 6: Composition of income during the financial year 2022-2023

i. Expenditure

Table 3 indicates that total recurrent expenditure increased by Kshs.38.86M (4%) mainly attributable to increased activities in the University, which increased general operating expenses in the year under review. Personnel emoluments decreased by Kshs.26.26M (4%) compared to last year's. This is attributable to reduced accrued 2017-2021 National CBA basic salary arrears which stood at Kshs.147,037,233 as at the end of June, 2023. The Chancellor and Council expenses increased by Kshs.1.16M (11%) due to induction of new members; depreciation and amortization rose by Kshs.25.40M (49%) due to the additional capitalization of completed projects; teaching/academic expenses increased by Kshs.5.63M (14%) due to rise in student enrolment; students' welfare expenses increased by Kshs.1.70M (11%), while repairs and maintenance expenses increased by Kshs.7.43M (45%) as a result of the refurbishment of Kenyatta Agricultural Training Centre-Mariira Campus. General operating expenses increased by Kshs.20.01M (19%). Provisions for bad and doubtful debts increased due to the implementation of the Debt Management Policy which requires use of different percentages based on debtors aging list.

Table 3: Financial Performance Highlights

	2022-2023	2021-2022	Change	% Change
Income	Kshs.	Kshs.	Kshs.	
Revenue from non-exchange transactions				
Exchequer Recurrent Grants	515,665,956	517,991,751	(2,325,795)	-0.004%
Exchequer CBA Grants	-	17,122,392	(17,122,392)	-100%
Amortization of granted assets	35,221,130	16,807,972	18,413,158	110%
Total Revenue from non-exchange transactions	550,887,086	551,922,115	(1,035,029)	-0.002%
Revenue from exchange Transactions				
Tuition Income	361,357,846	298,651,442	62,706,404	21%
Other Incomes	25,613,968	21,970,691	3,643,277	17%
Total Revenue from exchange transactions	386,971,814	320,622,133	66,349,681	21%
Total Revenue	937,858,900	872,544,248	65,314,653	7%
Expenditure	2022-2023	2021-2022	Change	% Change
	Kshs.	Kshs.	Kshs.	
Personnel Emoluments	651,270,567	676,533,176	(25,262,609)	-4%
Board Expenses	11,450,861	10,285,339	1,165,522	11%
Depreciation and Amortization	77,439,743	52,038,034	25,401,709	49%
Students Welfare Expenses	17,255,652	15,555,041	1,700,611	11%
Teaching/Academic Expenses	46,042,706	40,403,768	5,638,938	14%
Repairs and Maintenance expenses	23,951,672	16,516,865	7,434,807	45%
General Operating Expenses	125,703,589	105,689,366	20,014,223	19%
Increase in Provision for Doubtful Debts	2,969,478	193,250	2,776,227	1437%
Total Expenditure	956,084,268	917,214,840	38,869,427	4%
Surplus/(Deficit)for the year (a-b)	(18,225,368)	(44,670,593)	26,445,225	-59%

The composition of expenditure during the financial year 2022-2023 is shown in Figure 7. Personnel emoluments had the largest proportion (68%) of expenditure, followed by general operating expense (13%), depreciation (8%), teaching/academic (5%), and students' welfare expenses (2%), Chancellor and Council expenses (1%) and repairs and maintenance (3%).

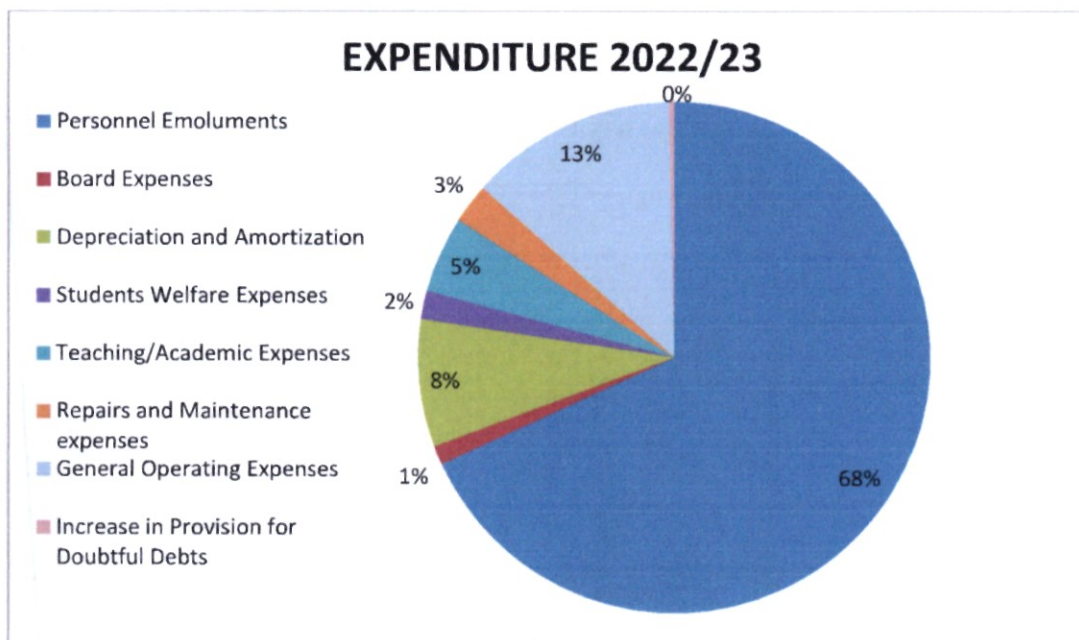


Figure 7: Composition of expenditure during the financial year 2022-2023

b. Financial Position Highlights

Table 4 shows that cash and cash equivalents reduced by Kshs.40.21M (32%) as the University continued to pay certified works while inventory decreased by Kshs.2.50M (40%). Plant, property and equipment grew by Kshs.265.20M (13%) due to capitalization of Hostel Block Phase 3 and recognition of donated assets. Receivables from exchange transactions decreased by Kshs.7.33M (17%) as more students paid their balances. Consequently, total assets improved by Kshs.140.55M (5%).

Payables from exchange transactions increased by Kshs.15.57M (6%) due to accruing of 2017-2022 CBA basic pay arrears during the year under review compared to the previous financial year. Payables from non-exchange transactions increased by Kshs.9.37M (19%) largely due to an increase in accrued statutory deductions.

Net assets increased by Kshs.115.59M (5%). as a result of recognition of donated assets as well as acquisition of more assets and accruing of receivables from non-exchange transactions (capital grants) which were received in early July, 2023

Table 4: Financial Position Highlights

	2022-2023	2021-2022	Change	% Change
	Kshs.	Kshs.	Kshs.	
ASSETS				
Cash & Cash equivalents	86,409,031	126,624,652	(40,215,621)	-32%
Receivables from exchange transactions	35,034,935	42,368,065	(7,333,130)	-17%
Receivables from non-exchange transactions	109,379,922	-	109,379,922	100%
Inventory	3,689,003	6,190,950	(2,501,947)	-40%
Property, Plant & Equipment	2,318,796,685	2,053,594,599	265,202,086	13%
Work in Progress	154,282,237	338,257,004	(183,974,767)	-54%
Long Term Investments	25,318,800	25,318,800	-	0%
Total Assets	2,732,910,613	2,592,354,070	140,556,544	5%
Liabilities				
Payables from exchange transactions	257,925,362	242,347,226	15,578,136	6%
Payables from Non-exchange transactions	59,562,060	50,182,602	9,379,458	19%
Total Liabilities	317,487,422	292,529,828	24,957,594	9%
Net Assets	2,415,423,191	2,299,824,241	115,598,950	5%

i. Composition of Assets

Figure 8 shows that assets comprised property, plant and equipment (85%), work-in-progress (6%), cash and cash equivalents (3%), receivables from non-exchange transactions(4%) receivables from exchange transactions (1%), long-term investments (1%), and inventory (<1%).

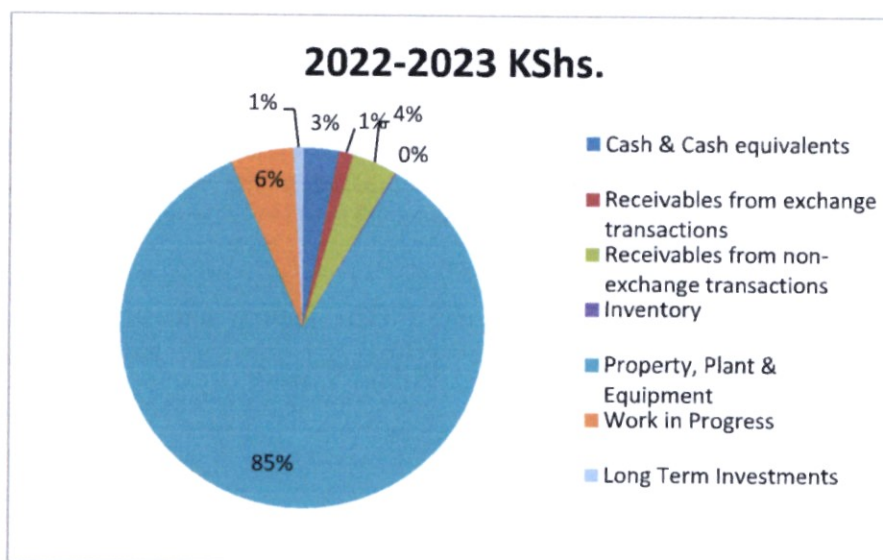


Figure 8: Composition of Assets during the financial year 2022-2023

ii. Composition of Liabilities

In Figure 9, the liabilities comprised payables from exchange transactions (81%) and payables from non-exchange transactions (19%).

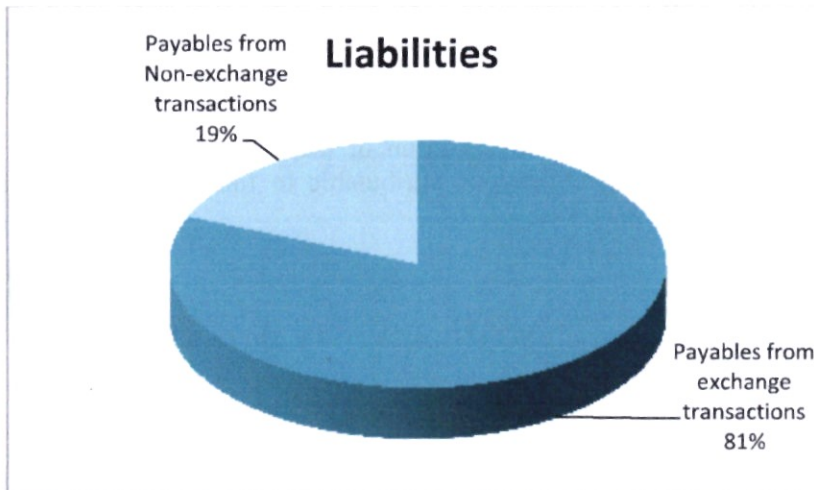


Figure 9: Composition of Liabilities during the financial year 2022-2023

c. Financial Performance Ratios

Table 5 presents the financial performance ratios of the University.

i) Working capital ratio

This represents operating liquidity available to the University. Along with fixed assets such as plant, property and equipment, working capital is considered a part of operating capital. In general, the management of working capital involves managing inventories, accounts receivables/payables and cash.

The University's working capital ratio in the financial year 2022/2023 was 0.7:1 compared to 0.6:1 at the end of the previous financial year, indicating an improvement but below desired availability of funds to meet maturing short-term obligations.

ii) Quick /Acid test ratio

This is an indicator of an entity's short-term liquidity position and measures an organization's ability to meet its short-term obligations with its most liquid assets, since it indicates the University's ability to instantly use its near-cash assets (assets that can be converted quickly to cash) to pay down its current liabilities.

The University's Quick/Acid test ratio in the financial year 2022/2023 was 0.7:1 compared to 0.6:1 at the end of the previous financial year indicating inability to instantly use its near-cash assets to pay down its current liabilities.

The low ratio was due to the University's support of construction projects using internally generated funds during the year. The funds are to be reimbursed once capital development funds are received from the Government. This led to a decline in funding of internally funded capital projects.

iii) Operating cash flow ratio

Operating cash flow ratio is a metric that denotes the number of times the University can pay off its current liabilities with the cash generated in a given period. It gauges the short-term liquidity position of an organization.

The University's operating cash flow ratio in the FY 2022/2023 was -0.2:1 compared to 0.1:1 at the end of the previous financial year, indicating instability and need to source for more funding after considering all current liabilities. However, liquidity position of the University was stable with minimal difficulties in meeting its maturing obligations attributable to financial and operational challenges.

Table 5: Financial Performance Ratios

Description	FY 2022/ 2023	FY 2021/ 2022
Working capital ratio	0.7:1	0.6:1
Acid Test Ratio	0.7:1	0.6:1
Operating Cash flow Ratio	-0.2:1	0.1:1

d. Development Projects

During the year under review, the University had several projects that were on-going, namely:

1. Hostel Block Phase 1 Wing 2 at 73% and funded at 100%
2. Hostel Block Phase 3 at 100% completion from 99% at the beginning of the year and funded at 68%
3. Science Complex at 100% completion and funded at 87%
4. Perimeter Wall at 100% completion from 80% at the beginning of the year and funded at 100%
5. Asbestos removal and replacement at 100% and funded at 22%
6. Refurbishment of Kenyatta Agricultural Training Centre-Mariira Campus at 100% from 78% at the beginning of the year funded internally.
7. Master Plan at 70% of certified works funded internally.

The approved budget for Development grants was Kshs.229.00M with an intention of completing the ongoing capital projects as per the expected date in the University Strategic Plan. However, the Government funded only Kshs.125.63M (54%) of the allocated amount leading to a deficit of Kshs.103.37M, which ultimately slowed down the construction of projects during the year.

All the projects other than refurbishment of Kenyatta Agricultural Training Centre-Mariira Campus and master plan are expected to be funded up to completion by the Government of Kenya. To ensure sustainability, the University is implementing the projects within the Treasury approved budget. Hostel Block Phase 3 project was completed while Hostel Block Phase 1 Wing 2 stalled after the contractor left site. Work on the Perimeter Wall is continuing at the sections where there is no encroachment on the University land. The Contract Implementation Team recommended termination of Hostel Block Phase 1 Wing 2 contract which was implemented and project is going through fresh re-advertising for the remaining works.

During the year under review, Hostel Block Phase 3 building was commissioned and capitalised to form part of Property, Plant and Equipment. This provided the much-needed accommodation facilities for our students.





Figure10: Front view of the capitalised Hostel Block Phase 3

10. Environment and Sustainability Reporting

Murang'a University of Technology exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the University's policies and activities that promote sustainability.

i) Sustainability strategy and profile

We are committed to sustainable development of the environment and to supporting the communities in which it operates. Indeed, as a University our contribution towards the attainment of sustainable development of our environment remains one of our core values and aims to be a leader in environmental and sustainability issues.

One of our key Strategic Objective is to promote Linkages, Collaboration and Outreach through enhancing linkages, collaboration, partnerships and outreach initiatives with all relevant stakeholders. This involves use of knowledge and resources to make a positive and decisive difference to people, organisations and the community.

During the year under review, the University took part in various activities among them:

a) Signing of Memorandum of Understanding with MUWASCO

During the year under review the University signed a Memorandum of Understanding (MoU) with MUWASCO on production of biogas from liquid waste. This will go a long way in protecting our air, water, and soil by recycling organic waste into renewable and clean energy. The ultimate goal is provision of alternative and cheaper source of energy to the community at large.



Figure 11: MUWASCO staff and Management during signing of the MoU

b) Agricultural Society of Kenya (ASK) Central Kenya Show, Nyeri 2022

The University took part in the 2022, ASK Central Kenya Show, in Nyeri at Kabiruini Show-ground, from 7th to 10th September, 2022. The event served as an excellent opportunity to showcase our expertise and products in various competitive trade categories. MUT exhibits were entered in four (4) competitive trade categories, earning awards in the following categories:

- i) Best University Stand Category where we achieved a second position, as a result of our impactful representation and presentation.
- ii) Best Local Manufacturers Goods Stand (Non-Consumable Products), we secured the second position in this category, showcasing our commitment to promoting locally manufactured goods.
- iii) Stand that Best Interprets the Current Show Theme (Education and/or Research), the University was ranked second for aligning with the show's theme. In addition, MUT was honored with a certificate of participation, highlighting our active involvement and engagement throughout the ASK Central Kenya Show.



Figure 12: MUT staff and students interaction during the 2022 (ASK) Central Kenya show at Nyeri.

c) Inter-University Council for East Africa (IUCEA) Collaboration

The University participated in the collaboration meeting with IUCEA representatives to discuss Information Communication Technology development needs of MUT and developed a proposal to IUCEA meant to improve ICT capacities and capabilities.

d) International Association for the Exchange of Students for Technical Experience (IAESTE)

In collaboration with IAESTE, the University successfully processed the arrival of our first international student intern at MUT under IAESTE programme. The intern's is from the Private Higher School of Engineering and Technology (ESPRIT) in Tunisia. He had completed four years in Computer and Information Sciences and was attached to the Information and Communication Technology Directorate.



Figure 13: Arrival of pioneer IAESTE intern at JKIA from Tunisia

e) Visit by Fullbright Scholar, Rajgopal Sashti (Raj) From Atlanta, Georgia, Usa

The University was visited by Rajgopal Shashti (Raj), a renowned Fulbright Specialist and Advisor from Georgia Institute of Technology (retired) in Atlanta, Georgia, USA. The visit took place from Thursday, 27th to Friday, 28th October 2022. He delivered insightful presentations to the University Management, Faculty members, and students on strategies to enhance international opportunities through fellowships and grants. The sessions aimed to inspire and equip University community with valuable knowledge and resources to explore global opportunities.



Figure 14: Rajgopal Sashti presentation to MUT staff on Fulbright Programme

f) Participation in Career Fairs

The University through the Office of Career Services actively participated in the Mumbi Girls High School Career Fairs and Technical Subjects Contest held on Saturday 23rd July, 2022 as well as at Gathirimu and State House Girls High Schools. We also took part in the Kenya Universities and Colleges Central Placement Service (KUCCPS) Career Fair on 29th and 30th May 2023.

These events provided excellent platforms for us to engage with students from schools within the Country, showcase the opportunities available at MUT. The aim was to inspire and guide the students towards their future career paths.



Figure 15a: Mumbi Girls H.S career fair day



Figure 15b: Gathirimu Girls High School career day



Figure 15c: State House Girls High School career week



Figure 15d: MUT – Kenya Universities and Colleges Central Placement Service (KUCCPS) Career fair

ii) Environmental performance

The Universities Act No. 42 of 2012, and amendments thereto, and the Commission for University Education guidelines (CUE, 2014), state that a University shall engage in community service, which may include but not limited to extension, consultancies, public lectures, environmental conservation and promotion of cultural and social life of the society, and disseminate outcomes of research to the community. In order to achieve these objectives and functions, the University has established and developed linkages, extensions and community outreach frameworks to guide it in the establishment of these programmes.

The University continued to support various educational initiatives, community outreach and other institutions particularly those catering for the aged, prisoners and children's homes. Among the initiatives the University supported included:

a) 2023 World Water Day Celebrations in Murang'a County

The University participated in the 2023, world water day celebrations in Murang'a County on 22nd March, 2023 at Mbogoini primary school, Kigumo Sub County. The theme for this year's celebration was 'Accelerating change to solve water and sanitation crisis'. As part of our contribution, the University donated forty two (42) crates of MUT branded water and five hundred (500) indigenous tree seedlings. Additionally, twenty (20) students from the Wildlife and Environmental Club volunteered in a tree planting activity during the celebration.



Figure 16a: MUT donations (water and tree seedlings) during 2023 World Water Day Celebrations



Figure 16b: His Excellence Ho. Dr. Irungu Kang'ata. Visiting MUT stand

b) Participated in planting of trees

During the year 2022-2023 financial year, one of the performance targets was to plant trees to conserve the environment. The University participated in Kenyatta Agricultural Training Centre (Mariira Farm) Stakeholders' Farmers Field Day held from 10th to 11th March, 2023. During the two day's event, five hundred (500) avocado tree seedlings were distributed to the farmers in a move to continue to implement measures to protect the environment, mitigate climate change and improve the national forest cover by facilitating the community to plant trees.



Figure 17: Facilitating farmers from local community to plant trees

iii) Employee welfare

The University has a set of policies aligned to relevant statutory laws that guides recruitment and general welfare of staff. This includes The Constitution of Kenya 2010, Employment Act 2007, and Collective Bargaining Agreements for all unionisable unions, Human Resource Policy, Scheme of Service, Statutes, Terms of Service and Staff Establishment. Formulation of University policies takes a stakeholder participatory approach and are always reviewed by Council from time to time as need arises.

Murang'a University of Technology is an equal opportunity employer and gives opportunities to Women, persons with disability and from minority groups free of discrimination and disregarding gender, religion, race, tribe, region, or origin, historical background, nepotism, or position held.

Employees are subjected to regular trainings both external and internal in their various functional areas in order to keep them abreast with emerging technologies and improve on skills as part of competency and career development. Furthermore, the University has a structured system for evaluating staff through annual staff appraisals. All members of staff are evaluated on a regular basis by a Promotion and Appraisal Committee appointed by the Vice Chancellor, and those who merit or demonstrate outstanding performance are rewarded with promotions, awards, and tokens. This is intended to motivate employees to provide better service to the institution and to advance their careers.

In addition, the University ensures that staff, students, and stakeholders are provided with a safe environment in order to maximize productivity. There is a policy in place that is in accordance with the Occupational Safety and Health Act of 2007 for the environment, occupation, health, and safety. The goal in occupational health and safety is to proactively take preventive measures to assure employees and other stakeholders of a safe and good working environment, free of accidents, injuries or ill-health.

iv) Market place practices-

a) Responsible competition practice

We operate in a manner that delivers improved social, environmental and economic outcomes through public policies, societal norms, and customer actions. This has been made possible through implementation and adherence to corruption prevention policy, public service code of conduct and ethics 2016 and treating our competitors with the respect any great competitor owes another.

b) Responsible Supply chain and supplier relations

The University has fully adopted the Public Procurement and Asset Disposal Act, 2015 policies to achieve a standard procurement and asset disposal system that is fair, equitable, transparent, competitive, sustainable and cost effective. We have ensured that performance and payment obligations are met in line with contract terms and conditions.

c) Responsible marketing and advertisement

We have marketed our products and services by focusing not only on how they benefit customers but also how they benefit socially responsible. Our promotions are done in a way that aligns with our not values and morals by not making inflated claims, as well as practicing full transparency and openness.

d) Product stewardship

The University has ensured Consumer protection to safeguards the well-being and interests of consumers through education, mobilization and representation. This ensures that consumers make well-informed decisions about their choices and have access to effective redress mechanisms as well as pushing for the institution to guarantee quality of the products and services been offered.

The Council has put in place adequate policies, laws and regulations to ensure that consumers are protected from harmful practices in addition to refraining from fraudulent or unfair conduct that misleads or negatively affects consumers. We encourage the consumers to be well-informed about their rights and be able to proactively assert them.

v) Corporate Social Responsibility / Community Engagements

a) Visit to Murang'a Children's Remand home

The Home has children from various sub counties in Murang'a County. The University staff spent time with them listening to their experiences and challenges and encouraged the children to accept themselves and learn from the experiences. This was followed by an open session where the children led by one staff member presented song. The children were encouraged on the value of accepting correction and staying focused on their dreams in life. The formal session was closed with a word of prayer and the Officers presented MUT donations including foodstuffs as shown in Figures 18-20.





Figure 18: MUT staff donation to Murang'a Children's remand home received by the in-charge and the children.

b) Clean-Up Exercise in Murang'a Town and Mukuyu Market

As part of her commitment to environmental sustainability and community welfare, The University through the Office of the Dean of Students and the MUTSO Council of students organized a clean-up exercise in Murang'a Town and Mukuyu Market on 2nd December, 2022. This initiative was carried out in collaboration with the County Government of Murang'a. The event saw active participation from over two hundred and thirty (230) students and ten (10) members of staff. The Deputy Vice-Chancellor (Finance and Development) represented the Vice-Chancellor and flagged off the exercise, alongside the Municipal Manager Murang'a County Government.



Figure 19: DVC, F&D Flagging of the cleaning exercise at Mukuyu Market



Figure 20: cleaning exercise at Mukuyu Market

c) Education and Research activities

The University through the School of Engineering participated in the Jamuhuri Day 2022 Tech and Innovation Summit, which took place at the Kenyatta International Convention Centre (KICC) from Saturday 10th to Sunday 11th December, 2022. During the summit, the School of Engineering showcased its innovation in industrial control using the Internet of Things (IoT). The event provided a platform to demonstrate MUT's commitment to cutting-edge research and technological progress.



Figure 21a: Showcasing MUT Innovation; Industrial control using IoT during Jamuhuri Day 2022 Tech and Innovation Summit

Through the School of Hospitality and Tourism Management, the University conducted training for women and youth groups from the local community on value addition and food & nutritional security. This training took place on 24th March, 2023 at the School of Hospitality training workshop. A total of forty (40) participants, comprising women, men, and youth, attended the informative session. Prior to the training, participants were acquainted with the various academic programs offered at MUT, encouraging them to pursue their educational aspirations with MUT.



Figure 21b: Value addition on assorted items (cakes and muffins) using spinach and bananas, food and nutrition security training

d) Gender and Disability Mainstreaming

Murang'a University of Technology is committed towards realizing inclusiveness, gender equality and disability friendly environment. The University has strived to ensure student and staff with disability enjoy a barrier free environment by putting in place accessible toilets for PWD, ramps, accessible University website where one can increase and decrease the font for the low vision, recruiting a sign language interpreter, clear signage and presenting information in a format which can be understood by all users.

During the year under review the University conducted various activities to promote gender and disability mainstreaming within the University and its environs. These included:

i) Training of Disability Mainstreaming Committee

The University organized a three days (3) training for the Disability Mainstreaming committee between 20th to 22nd March 2023 in the University boardroom. The training was done by the team sourced from The National Council for Persons with Disabilities (NCPWD). The main objectives of the training were to equip the committee with knowledge on how to handle persons with disabilities and disability issues within the institution once they arise.



Figure 22a: training of disability mainstreaming committee members

ii) Accessibility and Usability Audit

The NCPWD also conducted accessibility and usability audit of the available facilities within the University between 23rd and 24th March 2023. The main objective of the audit was to identify barriers and facilities which needed to be improved; a report was done and recommendations forwarded to the University Management for implementation.

iii) Celebration of international women's day

On 8th March, 2023, the University joined the rest of world in marking International women's day by giving branded t-shirts to women within Murang'a town and its environment. These activities provide an opportunity to speak or address gender concerns such as sexual gender-based violence and discrimination against one gender. as shown in Figure 22



Figure 22c: MUT Celebration of international women's day on 8th March 2023

11. Report of the Council

The Council submits its report together with the financial statements for the year ended June 30, 2023 which show the state of the University's affairs.

a. Principal Activities

The principal activities of MUT are to provide quality teaching, training, scholarship, innovation and research and consultancy services in Entrepreneurship, Science and Technology for Socio-economic Development in a dynamic world.

b. Results

The results of MUT for the year ended June 30, 2023 are set out on pages 1 to 40.

c. Council Members

The members of the Council who served during the year are shown on pages ix to x. The University Council was appointed by the Cabinet Secretary for Education vide gazette notices No. 9004 of 6th November, 2020 and No. 131 dated 8th July, 2022 for a term of three years with effect from 4th November, 2020 and 8th July, 2022 respectively. The representatives of the Ministry of Education and the National Treasury were also appointed for a three-year term, starting from 10th February, 2020 and 23rd April, 2020, respectively.

d. Auditors

The Office of The Auditor General is responsible for the statutory audit of Murang'a University of Technology in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act, 2015.

By Order of the Council.



Prof. Dickson M. Nyariki, PhD.
Vice-Chancellor/ Council Secretary

Date 01.02.2024



Dr. Abel B. Atiti, Ph.D.
Council Chairman

Date 01-02-2024



12. Statement of Council Members' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and sections 14 and 15 (1) of the State Corporations Act, CAP 446 require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that 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 are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2023, and of the University's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the Financial Statements

The University's financial statements were approved by the Council on 05th September, 2023 and signed on its behalf by:



Prof. Dickson M. Nyariki, Ph.D.
Vice-Chancellor/ Council Secretary

Date 01.02.2024



Dr. Abel B. Atiti, Ph.D.
Council Chairman

Date 01.02.2024



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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MURANG'A UNIVERSITY OF TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Murang'a University of Technology set out on pages 1 to 43, which comprise the statement of financial position as at 30 June, 2023, 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 the Murang'a University of Technology as at 30 June, 2023, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Material Uncertainty Related to Sustainability of Services

The statement of financial position reflects total current liabilities amount of Kshs.317,487,422 which exceeds total current assets of Kshs.234,512,891 by Kshs.82,974,531. This implies that the University is operating on a negative working capital and that it may be unable to meet its financial obligations when they fall due. This is indicative of an acute financial challenge facing the University, which raises significant doubts on its ability to sustain its services. The university has not disclosed in the notes to the financial statement of its inability to continue to sustain its services.

In the circumstances, the university's ability to sustain its services is in doubt.

2.0 Long Outstanding Students Debtors

The financial statements and as disclosed in Note 20(a) to the financial statements reflect an amount of Kshs.35,034,935 in respect of receivables from exchange transactions. Further, the amount includes Kshs.33,279,600 in respect of gross students' debtors'. Review of the schedule provided for Audit revealed that Kshs.12,224,289 of the gross students' debtors where debts which had been outstanding for a period beyond one year and no effort has been made by the Management to recover the debts.

In the circumstances, the accuracy and recoverability of the Kshs.12,224,289 in respect of receivables from exchange transactions could not be confirmed.

3.0 Long-Term Investments not Registered in University's Name

Note 25 to the financial statements reflects Kshs.25,318,800 in respect to long-term investments for 126,594 shares held in Bamburi Cement. However, as reported in the previous period, the shares were registered in the names of the trustees of the Murang'a Technical College. Although Management indicated that the process of registering the shares in the name of the University had commenced, the process had not been completed as at the time of the audit in the month of November 2023

In the circumstances, the validity, accuracy and existence of the share's investment balance of Kshs.25,318,800 could not be confirmed.

4.0 Long Outstanding Payables

The financial statements and as disclosed in Note 27 to the financial statements reflects Kshs.257,925,362 in respect of payables from exchange transactions. The amount includes long outstanding payables of Kshs.418,466 and Kshs.6,916,100 in respect of wages payable and gratuity payable to former Board of Governors (BOG) and employees respectively. The University has not taken any steps to clear the long outstanding payables. Further, a detailed analysis of the balances was not provided for audit review.

In the circumstances, the validity and accuracy of the payables from the exchange transactions of Kshs.418, 466 and Kshs.6, 916,100 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects Kshs.229,000,000 in respect to budgeted exchequer development grants and Kshs.125,629,922 in respect to actual exchequer development grants resulting to unrealized revenue grants of Kshs.103,370,078 or forty-five (45%) of the budget. This is an indication of unrealized targets and which may be as a result of over-budgeting. There is need therefore for the University Management to prepare a realistic budget.

Further, the development budget amounted to Kshs.229,000,000 against actual payments of Kshs.64,955,721 resulting to under absorption of Kshs.164,044,279 or seventy-two (72%) percent of the budget, mainly in the Kshs. Nil expenditure on Hostel Phase 1 Wing 2 and Tuition Block Phase II against a budget of Kshs.46,500,000 and Kshs100,000,000 respectively.

The under absorption of the budget may have negatively affected the service delivery to the University's stakeholders and is an indication of improper budget planning process. There is need therefore for the University Management to relook at its budget making process with a view to planning a realistic budget to achieve its intended objectives.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

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

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 Personnel Emoluments

1.1 High Wage Bill

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects an amount of Kshs.651,270,567 in respect of personnel emoluments. The personnel emoluments accounts for sixty-nine percent (69%) of the total revenue of Kshs.937,858,900. This is contrary to Regulation 26(1)(a) of Public Finance Management (National Government) Regulations, 2015 on fiscal responsibility principles, which provides that expenditure on the compensation to employees shall not exceed thirty-five (35%) percent of the total revenue.

In the circumstances, Management was in breach of law.

1.2 Payment of Allowances

The statement of financial performance and as disclosed under Note 12 to the financial statements reflects an expenditure of Kshs.651,270,567 on Personnel Emoluments. However, the following anomalies were noted:

1.2.1 Irregular Sabbatical Leave Allowance

Review of the Minutes of the Seventy (70) Meeting of the University Council revealed that the Council approved payment of Kshs.6,480,679 for nine (9) months sabbatical leave days to the Vice Chancellor at the end of his contract term with the University. This is contrary to paragraph 34 of National Treasury Circular No.11/2022, which provides that adjustments of salaries and other remunerative benefits to staff of state corporations should only be done after receiving approval from Salaries and Remuneration Commission (SRC).

Further, the expenditure of Kshs.6,480,679 was unbudgeted for contrary to paragraph 38 of the same Circular which provide that State Corporations implement approved annual budget for revenue and expenditure during the respective financial year.

In the circumstances, Management was in breach of law.

1.2.2 Irregular Payment of Allowances

Included in related parties and disclosed in Note 33 to the financial statements is the compensation to key Management members amount of Kshs.29,224,203 which includes an expenditure of Kshs.2,356,500 in respect of allowances approved by University Council to two Key management members namely the Finance Officer and the Registrar. This is Contrary to Article 230(4) of the constitution which confers SRC with the mandate to set and regularly review the remuneration and benefits of all state officers; and to advise the national and county governments on the remuneration and benefits of all other public officers.

In the circumstances, Management was in breach of law.

1.3 Non-compliance with a Third Rule on Staff Ethnic Diversity

A review of the compliment control provided revealed that the University had a total staff of three hundred and eighteen (318), out of which one hundred and ninety-two (192) or sixty (60%) percent were from one dominant ethnic community. This is contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which requires that no public establishment shall have more than one third of its staff from the same ethnic community.

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

2.0 Irregular Issuance of Temporary Imprests

A review of the imprest register revealed that the University issued temporary imprests amounting to Kshs.20,917,436 to various staff members to purchase various contracted goods. The temporary imprests were issued to staff members of the University but the actual transfer of cash to the imprest holder was not actualised. Instead, the contracted sums on the procured goods were paid directly to the contractors. This is contrary to Regulation 93 (1,2,3,4,5) of the Public Finance Management (National Government) Regulations, 2015 which states that an imprest shall be issued for a specific purpose, and any payments made from it, shall be only for the purposes specified in the imprest warrant.

In the circumstances, Management was in breach of law.

3.0 Payments for Incomplete Works

The statement of financial performance and as disclosed in Note 17 to the financial statements reflects an amount of Kshs.23,951,672 in respect of repairs and maintenance expenses. Included in this amount is Kshs.15,122,504 in respect of repair and refurbishment of Mariira Campus, out of which, Kshs.14,522,200 was for refurbishment works after a contract had been entered into with a contractor. Physical verification of the

repairs in the month of November 2023 revealed that some of the works contracted for had not been done yet the contractor had been paid the whole amount of the contract price, including the retention money.

In the circumstances, the public may not have received value for money on the expenditure of Kshs.14,522,200.

4.0 Irregular Procurements

4.1 Irregular Procurement of Cleaning and Fumigation Services

The statement of financial performance and as disclosed in Note 18 reflects Kshs.125,703,569 in respect of general operating expenses. The amount includes Kshs.16,028,979 in respect of cleaning and fumigation out of which Kshs.2,560,032 was for services at Mariira Centre. Review of records revealed that the University entered into an agreement with a service provider for comprehensive cleaning services at Mariira Campus on 26 August, 2022 at Kshs.2,566,032 per annum. However, no procurement documents were provided to show how the contract was initiated and processed. Further, Minutes of the special cleaning contract implementation committee meeting held on 4 August, 2022 indicates that the cleaning and fumigation services for Mariira Campus was initiated by the committee which has no legal capacity to initiate any procurement without a requisition from the user department.

4.2 Irregular Procurement of Scania Bus

The statement of financial position and as disclosed in Note 23 to the financial statements reflects an amount of Kshs.34,001,491 in respect of Property, Plant and Equipment-Motor Vehicles. Further, the amount includes Kshs.4,460,000 for additions during the year which excludes addition of Kshs15,399,000 for a Scania bus purchased during the year. A review of Information provided revealed that the procurement was made through direct procurement method. The head of procurement was issued with an imprest of Kshs.15,271,400.00 vide Imprest Warrant No. IMP2974 dated 16 September, 2022 for the purchase of the bus. Earlier the head of procurement, the University Committee and, a body builder and the sales Executive held a meeting on 5 September, 2022 but the minutes of that meeting were not provided.

The procurement of the bus through direct procurement method is contrary to Section 104 of the Public Procurement and Asset Disposal Act, 2015 that provides that:

An accounting officer of a procuring entity shall adhere to the following procedures with respect to direct procurement—

- (a) issue a tender document which shall be the basis of tender preparation by tenderer and subsequent negotiations;
- (b) appoint an ad hoc evaluation committee pursuant to section 46 to negotiate with a person for the supply of goods, works or non-consultancy services being provided;
- (c) ensure appropriate approvals under this Act have been granted;
- (d) ensure the resulting contract is in writing and signed.

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

5.0 Stalled Construction of Proposed Hostel Block (Phase I, Wing II)

An open tender was advertised through a daily newspaper on Tuesday 20 September, 2016 for the construction of the proposed Hostel Block (Phase 1, Wing II) with the contract awarded at a price of Kshs.154,959,823. The contract period was 78 weeks that were to end on 14 June, 2018. The contractor withdrew from the site on 30 June, 2022 when the project had already incurred Kshs.113,776,641 which was equivalent to 73% of contract sum having been given some extension. The minutes of the 10th project implementation committee meeting held on Wednesday 24 May, 2022, minute No. MIN/80/10/PIC/22 indicated that the contractor was unable to complete the project and requested for permission to assign the remaining works to a subcontractor at a cost of Kshs.78,109,131, yet the balance on account was Kshs.41,183,182.

In the circumstances, value for money may not be realised by the public on the stalled project.

6.0 Unapproved Over expenditure

The statement of comparison of budget and actual amounts for the year ended 30 June 2023 reflects Kshs.840, 998,400 in respect to total recurrent expenditure budget and Kshs.875, 675,027 in respect to actual expenditure resulting to over expenditure of Kshs34, 676,627 or 4%.

In addition, the capital expenditure budget amounted to Kshs.903,197,400 against actual payments of Kshs.969,423,351 resulting to over expenditure of Kshs.66,225,951 or 7% mainly in the purchase of teaching equipment expenditure of Kshs.52,092,382, against a budget of 10,400,000.

However, there was no evidence that the over expenditure was approved contrary to Section 44(2) of the Public Finance Management (National Government) Regulations, 2015 which states that National Government entities shall execute their approved budgets based on the annual appropriation legislation, and the approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the contingencies fund, or supplementary estimates. Additionally, the detailed approved budget, procurement plan and work plans were not availed for audit review.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the University Council

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 March, 2024

14. Statement of Financial Performance for the year ended 30 June 2023

		2022-2023	2021-2022
	Note	Kshs.	Kshs.
Revenue from Non-Exchange Transactions			
Exchequer Recurrent Grants	7	515,665,956	517,991,751
2017-2021 CBA Arrears	8	-	17,122,392
Amortization of granted assets during the year	9	35,221,130	16,807,972
Total Revenue from non-exchange transactions		550,887,086	551,922,115
Revenue from Exchange Transactions			
Tuition Income	10	361,357,846	298,651,442
Other Incomes	11	25,613,968	21,970,691
Total Revenue from exchange transactions		386,971,814	320,622,133
Total Revenue (a)		937,858,900	872,544,248
Expenditure			
Personnel Emoluments	12	651,270,567	676,533,176
Board Expenses	13	11,450,861	10,285,339
Depreciation and Amortization	14	77,439,743	52,038,034
Students Welfare Expenses	15	17,255,652	15,555,041
Teaching/Academic Expenses	16	46,042,706	40,403,768
Repairs and Maintenance Expenses	17	23,951,672	16,516,865
General Operating Expenses	18	125,703,569	105,689,366
Increase in Provision for Doubtful Debts	21	2,969,478	193,250
Total Expenditure (b)		956,084,248	917,214,840
Surplus/(Deficit) for the Year (a-b)		(18,225,348)	(44,670,593)

The notes set out on pages 12 to 40 form an integral part of these Financial Statements



Vice Chancellor
Prof. Dickson M. Nyariki, Ph.D.

Date 01.02.2024



Finance Officer
CPA Moffat K. Njoroge
ICPAK Member No: 8483

Date 01/02/2024



Chairman of the Council
Dr. Abel B. Atiti, Ph.D.

Date 01/02/2024





15. Statement of Financial Position as at 30 June 2023


	Note	2022-2023	2021-2022
		Kshs.	Kshs.
ASSETS			
Current Assets			
Cash & Cash equivalents	19	86,409,031	126,624,652
Receivables from exchange transactions	20(a)	35,034,935	42,368,065
Receivables from Non-exchange transactions	20(b)	109,379,922	-
Inventory	22	3,689,003	6,190,950
Total Current Assets		234,512,891	175,183,667
Non- Current Assets			
Property, Plant & Equipment	23	2,318,796,685	2,053,594,599
Work in Progress	24	154,282,237	338,257,004
Long Term Investments	25	25,318,800	25,318,800
Total Non-Current Assets		2,498,397,722	2,417,170,403
Total Assets		2,732,910,613	2,592,354,070
Current Liabilities			
Payables from exchange transactions	27	257,925,362	242,347,226
Payables from Non-exchange transactions	28	59,562,060	50,182,602
Total Current Liabilities		317,487,422	292,529,828
Total Liabilities		317,487,422	292,529,828
Net Assets		2,415,423,191	2,299,824,241
Equity Funds & Reserves			
Accumulated Surplus	29	1,013,743,096	1,000,014,255
Revaluation Reserves	30	240,892,822	244,251,457
Deferred Development Grants	31	1,160,787,273	1,055,558,530
Total Equity & Reserves		2,415,423,191	2,299,824,242
Total Equity, Reserves & Liability		2,732,910,613	2,592,354,070

The notes set out on pages 12 to 40 form an integral part of these Financial Statements

The Financial Statements set out on pages 1 to 40 were signed on behalf of the Council by:


Vice Chancellor
Prof. Dickson M. Nyariki, Ph.D.


Finance Officer
CPA Moffat K. Njoroge
ICPAK Member No: 8483


Chairman of the Council
Dr. Abel B. Atiti, Ph.D.

Date 01.02.2024

Date 01/02/2024

Date 01/02/2024



16. Statement of Changes in Net Assets for the year ended 30 June 2023

	Accumulated Surplus	Revaluation Reserves	Development Grants	Total Accumulated Fund
	Kshs.	Kshs.	Kshs.	Kshs.
Balance at July 1, 2021	1,044,553,171	247,610,092	983,979,077	2,276,142,340
Surplus/(Deficit) for the Year	(44,670,593)	-	-	(44,670,593)
Revenue reserves	131,675	-	-	131,675
Reserves transfer		(3,358,635)	-	(3,358,635)
Deferred Development Grants for the Year	-	-	88,387,425	88,387,425
Less: Amortization of granted assets during the year				
Amortization - Buildings	-	-	(14,196,475)	(14,196,475)
Amortization - Land Improvement (Internal Roads)	-	-	(2,611,497)	(2,611,497)
Balance as at June 30, 2022	1,000,014,254	244,251,457	1,055,558,530	2,299,824,241

Balance at July 1, 2022	1,000,014,254	244,251,457	1,055,558,530	2,299,824,241
Surplus/(Deficit) for the Year	(18,225,348)	-	-	(18,225,348)
Revenue reserves	31,954,188	-	-	31,954,188
Reserves transfer		(3,358,635)	-	(3,358,635)
Deferred Development Grants for the Year	-	-	125,629,922	125,629,922
Less: Amortization of granted assets during the year				
Amortization - Buildings	-	-	(17,789,682)	(17,789,682)
Amortization - Land Improvement (Internal Roads)	-	-	(2,611,497)	(2,611,497)
Balance as at June 30, 2023	1,013,743,096	240,892,822	1,160,787,273	2,415,423,191



17. Statement of Cash flows for the year ended 30 June 2023

		2022/ 2023	2021/ 2022
	Note	Kshs.	Kshs.
Surplus/(Deficit) for the year		(18,225,348)	(44,670,593)
Adjustments for Non-cash items in the Income statement:			
Amortization of granted assets during the year	9	(35,221,130)	(16,807,972)
Depreciation charge for the year	14	77,439,743	52,038,034
Increase/Decrease in provision for doubtful debts		2,969,478	193,250
		26,962,743	(9,247,280)
Working Capital Adjustments			
Increase/(Decrease) in receivables from exchange transactions		7,333,130	(3,671,758)
Increase/Decrease in receivables from non-exchange transactions		(109,379,922)	-
Increase/(Decrease) in Inventory		2,501,947	(2,356,009)
Increase/Decrease in Payables from exchange transactions		15,578,136	18,892,466
Increase/Decrease in Payables from non-exchange transactions		9,379,458	23,632,367
Net cash flows used in Operating activities (a)		(47,624,508)	27,249,787
Cash flows from investing activities			
Increase in Property, Plant & Equipment		(37,203,823)	(16,922,765)
Increase in Work in Progress		(67,288,371)	(149,056,703)
Adjustment in Accumulated Fund		(13,728,840)	(515,845)
Net cash flows used in Investing activities (b)		(118,221,035)	(166,495,313)
Cash flows from financing activities			
Development Grants	31	125,629,922	88,387,426
Net cash flows used in Financing activities (c)		125,629,922	88,387,426
Net increase/(decrease) in cash and cash equivalents(a+b+c)		(40,215,621)	(50,858,100)
Cash and cash equivalents balance brought Forward	19	126,624,652	177,482,752
Cash and cash equivalents at 30 June 2023	19	86,409,031	126,624,652

Note:

- i. Statement of Cash flow has been prepared using the indirect method of presentation.
- ii. Net cash flows from operating activities were negative at Kshs.47.62M during the year. This was attributed to increase in receivables from non-exchange transactions.
- iii. Net cash flows used in investing activities was negative (Kshs.118.22M) due to acquisition of property, plant and equipment (Kshs.91.41M) and pending certificates of (Kshs.67.28M).
- iv. Cash flow from financing activities had a positive growth caused by an increase in development grants of 125.62M received during the year.

The notes set out on pages 12 to 40 form an integral part of these Financial Statements



18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

1. RECURRENT BUDGET						
	Original	Adjustment	Final	Actual	Performance Difference	
	Budget	Budget	Budget	on Comparable	Final Budget vs Actual	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	%
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
A. INCOME						
Revenue from Non-exchange Transactions						
Exchequer Recurrent Grants	515,665,957	-	515,665,957	515,665,956	(1)	0%
Total Revenue from Non-exchange Transactions	515,665,957	-	515,665,957	515,665,956	(1)	0%
Revenue from Exchange Transactions						
Tuition and other related	343,220,700	20,794,532	364,015,232	361,357,846	(2,657,386)	-1%
Other Incomes	21,500,000	2,016,211	23,516,211	25,613,968	2,097,757	9%
Total Revenue from Exchange Transactions	364,720,700	22,810,743	387,531,443	386,971,814	(559,629)	0%
Total Income	880,386,657	22,810,743	903,197,400	902,637,770	(559,630)	0.004%
B. EXPENDITURE						
Recurrent Expenditure						
Personnel Emoluments	594,169,965	-	594,169,965	651,270,567	(57,100,602)	-10%
Board Expenses	13,800,000	(900,000)	12,900,000	11,450,861	1,449,139	11%
Students Welfare expenses	18,350,000	1,751,000	20,101,000	17,255,652	2,845,348	14%



Murang'a University of Technology

Annual Report and Financial Statements for the year ended June 30, 2023

Teaching/Academic Expenses	43,800,000	9,800,000	53,600,000	46,042,706	7,557,294	14%
Repairs & Maintenance	24,566,692	(225,000)	24,341,692	23,951,672	390,020	2%
General Operating Expenses	120,600,000	15,285,743	135,885,743	125,703,569	10,182,174	7%
Total Recurrent Expenditure	815,286,657	25,711,743	840,998,400	875,675,027	(34,676,627)	-4%
Surplus/(Deficit) (A-B)	65,100,000	(2,901,000)	62,199,000	26,962,743	35,236,257	57%
C. Capital Expenditure						
Purchase of Plant and Equipment	2,000,000	(1,500,000)	500,000	5,601,097	(5,101,097)	-1020%
Purchase of Teaching Equipment	7,000,000	3,400,000	10,400,000	52,092,382	(41,692,382)	-401%
Purchase of Office Equipment	1,000,000	4,400,000	5,400,000	2,646,109	2,753,891	51%
Purchase of Furniture and Fittings	10,000,000	1,800,000	11,800,000	11,704,762	95,238	1%
Purchase of Computers and networking	5,000,000	(1,000,000)	4,000,000	3,972,325	27,675	1%
Telephone infrastructure	100,000		100,000	-	100,000	100%
Purchase of motor vehicles	20,000,000	(4,601,000)	15,399,000	15,399,000	-	0%
ERP and teaching Software	1,000,000	(400,000)	600,000	-	600,000	0%
Master plan	2,000,000		2,000,000	-	2,000,000	100%
Sinking Borehole	7,000,000	(4,000,000)	3,000,000	-	3,000,000	100%
Land Improvement Roads and Car parks	5,000,000	(1,000,000)	4,000,000	2,332,650		
New Projects Preliminary costs	5,000,000		5,000,000	-	5,000,000	100%
Total Capital Expenditures	65,100,000	(2,901,000)	62,199,000	93,748,324	(33,216,674)	-53%
Total Expenditure	880,386,657	22,810,743	903,197,400	969,423,351	(67,893,301)	-8%
Surplus/Deficit (A-B-C)	-	-	-	(66,785,581)	67,333,671	
2. DEVELOPMENT BUDGET						
	Budget	Budget	Budget	Actual	Performance Difference	
	Original	Adjustment	Final	Actual on Comparable	Final Budget vs Actual	



Murang'a University of Technology

Annual Report and Financial Statements for the year ended June 30, 2023

				Basis		
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	%
D. Source of Funds						
Exchequer Development Grants	129,000,000	100,000,000	229,000,000	125,629,922	(103,370,078)	-45%
E. Development Expenditure						
Hostel Phase 1 Wing 2	51,000,000	(4,500,000)	46,500,000	-	46,500,000	100%
Science Complex Phase 1	-	2,000,000	2,000,000	278,191	1,721,809	86%
Hostel Block Phase 3	50,000,000	2,500,000	52,500,000	52,255,212	244,788	0%
Perimeter wall	28,000,000	-	28,000,000	12,422,319	15,577,681	56%
Tuition Block Phase II	-	100,000,000	100,000,000		100,000,000	
Total Development Expenditure	129,000,000	100,000,000	229,000,000	64,955,721	164,044,279	72%
Surplus/Deficit (D-E)	-	-	-	60,674,201	(60,674,201)	



Budget Notes

1. Reconciliation of difference between Statement of Comparison of Budget and Actual Amounts and Finance Performance

Actual on Comparable Basis as per Recurrent Budget in the statement of Budget Comparison	Kshs.	Kshs.
Surplus/(Deficit) during the year		26,962,743
Less:		
Depreciation	(77,439,743)	
Increase in provision for Doubtful Debts	(2,969,478)	
Total non-cash expenditure in the Financial Performance not in Statement of Budget Comparison		(80,409,221)
Add:		
Non-cash income in the Financial Performance not in Statement of Budget Comparison		
Amortization of granted assets during the year	35,221,130	35,221,130
Surplus/(Deficit) for the year as per the Statement of Financial Performance		(18,225,348)

2. Budget Adjustment

i) Revenue

The Government released all the Revenue from Non-Exchange Transactions of Kshs.515,665,957 as per the approved allocation of the year under review.

Revenue from Exchange Transactions increased from the original budgeted amount of Kshs. 364,720,700 to Kshs. 387,531,443. To factor the growth in income and to reduce the budget deficit, an adjustment to the original budget was done after approval by the Council.

ii) General operating expenses

The Management is making inevitable cost-cutting efforts to manage the limited resources and without affecting the quality of its core services. As a result, General operating expenses were within the expected levels during the year.

To cater for increased income and level of activities, a total amount Kshs.149,036,743 was approved by the Council on 13th January and 14th April, 2023 to be re-aligned within the various vote heads as shown below:



Vote heads budget re-allocations for the financial year 2022-2023

S/ No.	Vote Head	Original Budget FY 2022-2023	Re-allocation/Virement		Approved Budget FY 2022-2023
			From	To	
	Revenue from Exchange Transactions	Kshs.	Kshs.	Kshs.	Kshs.
1	Tuition Income	343,220,700	(20,794,532)		364,015,232
2	Other Incomes	15,500,000	(2,016,211)		17,516,211
	General Operating Expenses				
3	Chancellor Expenses	1,800,000	(900,000)		900,000
4	Fuel and oils	3,500,000		2,500,000	6,000,000
5	Maintenance of Vehicles	2,500,000		500,000	3,000,000
6	Vehicle Insurance	700,000		500,000	1,200,000
7	Office Stationery	2,000,000		1,510,743	3,510,743
8	Printing and Publishing	1,000,000	(300,000)		700,000
9	Advertising, Publicity, Vacancies and Others	1,500,000		300,000	1,800,000
10	Marketing Activities	500,000		50,000	550,000
11	Governance	6,000,000		300,000	6,300,000
12	Staff and Dependants fee waiver	2,000,000	(500,000)		1,500,000
13	Collaboration and Linkages	400,000		20,000	420,000
14	Benevolent Expenses	600,000	(300,000)		300,000
15	General Subscription	500,000		350,000	850,000
16	Purchase of Uniforms	400,000	(150,000)		250,000
17	Telephone and Postage Expenses	400,000	(150,000)		250,000
18	Internet Charges and data hosting	7,000,000	(1,000,000)		6,000,000
19	Electricity	5,500,000		2,000,000	7,500,000
20	Water and Conservancy	10,500,000		1,000,000	11,500,000
21	Cleaning and Fumigation	14,000,000		3,000,000	17,000,000
22	Hire of Security Services	11,500,000		400,000	11,900,000
23	Purchase of Teaching Materials	5,000,000		700,000	5,700,000
24	Curriculum Development	500,000	(200,000)		300,000
25	Part time Teaching	20,000,000		8,000,000	28,000,000
26	Examination Materials	3,000,000		1,500,000	4,500,000
27	External Examiners	1,800,000	(500,000)		1,300,000



Murang'a University of Technology

Annual Report and Financial Statements for the year ended June 30, 2023

28	Purchase of Foodstuffs	5,000,000		1,800,000	6,800,000
29	Drama Activities	1,000,000		100,000	1,100,000
30	Purchase of Drugs & other Health unit expenses	3,000,000	(500,000)		2,500,000
31	Conferencing and Meetings	1,200,000		1,800,000	3,000,000
32	General Insurance	500,000		50,000	550,000
33	Seminars and workshops	2,000,000		1,500,000	3,500,000
35	Casual Wages	3,000,000		250,000	3,250,000
36	Corporate Social Responsibility	500,000		5,000	505,000
37	Graduation	4,000,000		400,000	4,400,000
38	Internal Research	3,000,000	(1,000,000)		2,000,000
39	Students placement charges(CUE & KUCCPS)	5,000,000		351,000	5,351,000
40	Group Personal Accident Cover and WIBA	500,000		250,000	750,000
41	Students Attachment Supervision	2,000,000		500,000	2,500,000
42	Accreditation of Academic Programmes	3,000,000		800,000	3,800,000
43	Staff welfare	500,000	(500,000)		-
44	Repairs & Maintenance	7,000,000		2,000,000	9,000,000
45	Sinking of borehole	7,000,000	(4,000,000)		3,000,000
46	Legal Fees	2,000,000	(500,000)		1,500,000
47	Mariira Campus refurbishment	17,566,692	(2,225,000)		15,341,692
48	MUT Workshops unit	3,500,000		2,500,000	6,000,000
49	Tax expense	1,000,000	(500,000)		500,000
	Internally Funded Capital Projects				
50	Purchase of Plant and Equipment	2,000,000	(1,500,000)		500,000
51	Purchase of Teaching Equipment	7,000,000		3,400,000	10,400,000
52	Purchase of Office Equipment	1,000,000		4,400,000	5,400,000
53	Purchase of Furniture and Other Fittings	10,000,000		1,800,000	11,800,000
54	Purchase of Computers and networking	5,000,000	(1,000,000)		4,000,000
55	Motor vehicles	20,000,000	(4,601,000)		15,399,000
56	ERP and Teaching Software	1,000,000	(400,000)		600,000
58	Internal road (cabro paving) and other improvements	5,000,000	(1,000,000)		4,000,000
	GoK Funded Development Expenditure				



59	Hostel Phase I Wing	51,000,000	(4,500,000)		46,500,000
60	Hostel Block Phase III	50,000,000		2,500,000	52,500,000
61	Science Complex Phase I			2,000,000	2,000,000
62	Tuition Block Phase II		(100,000,000)	100,000,000	100,000,000
	Total	685,587,392	(149,036,743)	149,036,743	831,208,878

3. Explanation of Variances

a. Revenue from Exchange Transactions

Tuition and Tuition related income had unfavourable variance of 1%. Students' fees earned were lower than the budget mainly due to many students proceeding for the long holiday session between May and August, 2023.

Other income recorded favourable variance of 8% due to increase in accommodation/hostel fees, sale of food & beverages - Students' Cafeteria, hire of facilities and Conference/Workshops fees.

b. Expenditure

The University resources have become more constrained and the Management has been making inevitable cost-cutting efforts to manage the limited resources within the budget without affecting the quality of its core services. As a result, the actual expenses for students' welfare expenses, teaching/academic expenses, repairs and maintenance, and general operating expenses were slightly lower than expected during the year.

c. Personnel Emoluments

The University was not in a position to fully implement and sustain 2017-2021 CBA basic salaries and so having not budgeted for it, arrears amounting to Kshs.62,788,829 were accrued to form part of expenditure as at the end of the year.

e. Capital projects

Approved budget for Development grants was Kshs. 229,000,000. However, the Government funded only Kshs.125,629,922 leading to a deficit of Kshs.103,370,078. This slowed construction of projects during the year.



19. Notes to the Financial Statements

1. General Information

Murang'a University of Technology is established by and derives its authority and accountability from Universities Act. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide quality teaching, training, scholarship, entrepreneurship, innovation and research, and consultancy services.

2. Statement of Compliance and Basis of Preparation

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

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

The financial statements have been prepared in accordance with the PFM Act, 2012 and Regulations, 2015, the State Corporations Act and International Public Sector Accounting Standards (IPSAS).

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023

The University did not have any new standards or amendments to published standards during the year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023

The University has not applied any new or amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

iii. Early adoption of standards

The University did not early – adopt any new or amended standards in financial year 2022/2023.



Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

The accounting policies adopted have been consistently applied to all the years presented.

a. Revenue recognition

Generally, revenue is recognized when it can be reliably measured; when the inflow of future economic benefits is probable and when specific criteria have been met. There are two categories of revenue namely revenue from non-exchange-transactions and revenue from exchange transactions.

i. Revenue from non-exchange transactions

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

The University recognizes revenue from non-exchange transactions when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the University and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and/or property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University and can be measured reliably.

Recurrent grants are recognized in the statement of financial performance. Development/capital grants are recognized in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

Fees, Fines and Penalties

The University recognizes revenues from fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

Revenue from exchange transactions

Exchange transactions are those in which university sells goods or provides services in exchange of a consideration.

Rendering of services

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



Notes to the Financial Statements (Continued)

Sale of goods

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

Dividends

Dividends or similar distributions will be recognized when the University's right to receive payments is established.



Notes to the Financial Statements (Continued)

Rental income

Rent income arising from students' accommodation in the hostels and staff members who occupy University's houses, is recognized when the event occurs and the revenue recognition criterion is met.

b. Budget information

The original budget for the financial year 2022-2023 was approved by the Council on 15th July, 2022. Subsequent revisions or vote head re-allocations or virement were made to the original budget by the University upon receiving the Council approvals in order to conclude the final budget.

The University's budget is prepared on the same basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance and the budget is prepared on the same accrual basis. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

c. Taxes

The Income Tax Act, Cap 470 provides a provision for the exemption of the income of certain entities upon satisfying the criterion that; it is established solely for purposes of the relief of poverty or distress of the public; or it is established for the advancement of religion or education. This is upon satisfying the commissioner that the income is to be expended either in Kenya or in circumstances in which the expenditure of that income is for purposes which result in the benefit of the residents of Kenya.

Murang'a University is a public institution of higher learning, established under the Universities Act No. 42 of 2012. By the nature of its establishment and operations, the University is a public entity that is not subject to income tax. The University does not engage in any unrelated trade or business, hence exempted from taxation under the first schedule section 10 of the Income Tax Act, Cap 470. However income tax on interest on call deposit have been reported in the University's financial statements and settlement done accordingly. Consequently, no provision for income taxes is required.

d. Property, plant and equipment

Property, plant and equipment are stated at revalued amounts less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

In the year under review, Hostel Block Phase III building and internal road improvements were capitalized and formed part of property, plant and equipment schedule with other assets acquired using internal funds.



Notes to the Financial Statements (Continued)

When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The fair value at the date of acquisition is deemed to be its cost.

In the financial year 2019-2020, the University received valuation report from the Ministry of Lands and Physical Planning Department of Valuation who had been engaged for valuation of her fixed and loose assets. The Ministry report omitted one (1) generator set 750 KVA which came as a donation through Kenya TVET Chinese support program.

During the year under review, the University engaged the Ministry of Roads and Transport, State Department for Roads Mechanical and Transport Division for inspection and valuation. The report found the generator to be in good and serviceable condition with an estimated market value of Kshs. 5,100,000.

In the same year, Analytical and Imaging Laboratory Equipment that had been funded at a cost of Kshs. 47,699,837 by National Research Fund were donated to the University without conditions.

The two have been recognized as plant and teaching equipment respectively and as contribution revenue in the financial statements as guided by International Public Sector Accounting Standards (IPSAS) 23 paragraphs 93-97.

Assets are depreciated using straight line method and the applicable rates by asset class are as follows:

Asset Class	Percentage Depreciation Rate
Buildings	2%
Land Improvements (Internal Roads)	5%
Plant and Equipment	10%
Office Equipment	10%
Teaching Equipment	30%
Furniture and Fittings	10%
Motor vehicles	20%
Computer hardware, networking & telephone infrastructure	30%
Intangible assets	30%
Academic attire	5%

Lease hold land is not depreciated as it is deemed to have an infinite life.

The County government of Murang'a allocated the University fifty (50) Acres of land at Mariira and directed the National Land Commission to process ownership documents. The valuation of the land will be undertaken to have the value reflected in the financial statements once the transfer is complete.



Notes to the Financial Statements (Continued)

e. Intangible assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. Computer software will be amortized on straight line basis at the rate of 30%.

f. Research and development costs

The University expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the University can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

g. Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The University determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Impairment of financial assets

The University assesses at each reporting date whether there is objective evidence that a financial asset or an entity off financial assets is impaired. A financial asset or an entity of



Notes to the Financial Statements (Continued)

financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

h. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs
- Library books are not recognized as assets due to the fact that they lose relevance and currency within a very short period (useful life of less than one year). Consequently, they are expensed after procurement and inventory taking is undertaken at the end of the year to determine physical verification of the quantities and condition of the books

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

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



Notes to the Financial Statements (Continued)

i. Provisions

Provisions

Provisions are recognized when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate

can be made of the amount of the obligation. Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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



Notes to the Financial Statements (Continued)

j. Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements.

	Nature of Reserves	Purpose of the Reserves
1	Accumulated Surplus	This was the initial capital for the University and the aggregate of the accumulated surpluses or deficits and reserves that reflect the net assets/equity attributable to the University's operations.
2	Accumulated Development Grants	This is accumulated development grants from the Government of Kenya to fund development projects undertaken by the University. The development projects once completed; the grants are amortized for the useful life of the asset.
3	Revaluation Reserves	These records the surplus created when assets are revalued. Amount equal to the amount by which that sum exceeds the sum which would have been so written off or retained for the depreciation of that asset over that period, if that profit had not been made, is treated as a realised profit made over that period.

k. Changes in accounting policies and estimates

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

l. Employee benefits

The University provides a defined contribution retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The University maintains a defined contribution plan whereby the employee contributes 10% of basic pay and University contributes 20% of employee's basic pay less employer contribution to National Social Security Fund. The pension scheme is registered with Retirement Benefit Authority and has independent trustees.

m. Foreign currency transaction

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



Notes to the Financial Statements (Continued)

n. Related parties

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. Government of Kenya, Members of Key Management are regarded as related parties and comprise the Council, the Vice Chancellor and University Management Board members.

o. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks in Kenya at the end of the financial year.

p. Comparative figures

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

q. 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 June 30, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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 University based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University. Such changes are reflected in the assumptions when they occur, IPSAS 1.140.

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the University



Notes to the Financial Statements (Continued)

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

Provisions

Provisions were raised and management determined an estimate based on the information available and as guided by the Debt Management Policy. Additional disclosure of these estimates of provisions is included in Note 21.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date. It is a University policy to make a provision for doubtful debts of the total receivables as per the policy except receivables from Government grants.

6. Transfers from Ministry of Education, State Department for Higher Education and Research

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income Kshs.	Amount deferred under deferred income Kshs.	Amount recognized in capital fund. Kshs.	Total grant income during the year 2021-22 Kshs.
State Department for Higher Education and Research	515,665,956	-	125,629,922	641,295,878
Total	515,665,956	-	125,629,922	641,295,878

7. Exchequer Recurrent Grants		
Recurrent Grants for the financial year	2022-2023	2021-2022
Month in which Grants relates to	Kshs.	Kshs.
July	42,972,163	43,165,979
August	42,972,163	43,165,979
September	42,972,163	43,165,979
October	42,972,163	43,165,979
November	42,972,163	43,165,979
December	42,972,163	43,165,979
January	42,972,163	43,165,979



Notes to the Financial Statements (Continued)		
February	42,972,163	43,165,979
March	42,972,163	43,165,979
April	42,972,163	43,165,980
May	42,972,163	43,165,980
June	42,972,163	43,165,980
Total exchequer recurrent grants for the year	515,665,956	517,991,751
8. Exchequer CBA Grants		
	2022-2023	2021-2022
	Kshs.	Kshs.
2017-2021 CBA Arrears	-	17,122,392
Total CBA Grants	-	17,122,392
9. Amortization of granted assets		
	2022-2023	2021-2022
	Kshs.	Kshs.
Deferred Development Grants: Buildings balance b/f	368,909,192	368,909,192
Add:		
Deferred Development Grants: Buildings Science Complex	347,550,680	339,664,550
Deferred Development Grants: Buildings Hostel Block Phase 3	167,831,171	-
Deferred Development Grants: Buildings Asbestos removal	5,193,065	1,250,000
Deferred Development Grants: Internal Roads	52,229,938	52,229,938
10% of Donated Assets (generator)	5,100,000	-
30% Of NRF Donations-Analytical Lab Equipment	47,699,837	-
Amortization:		
2% of Capitalized Buildings Development Grants	17,789,682	14,196,475
5% of Capitalized Internal Roads Development Grants	2,611,497	2,611,497
10% of Donated Assets (generator)	510,000	-
30% of NRF Donations-Analytical Lab Equipment	14,309,951	-
Total Amortization	35,221,130	16,807,972
Revenue from Exchange Transactions		
10. Tuition income and tuition related		
	2022-2023	2021-2022
Description	Kshs.	Kshs.
Tuition Fees	153,053,046	142,065,157
Registration fees	6,394,660	5,910,000
Medical fees	26,194,156	23,647,560
Internal Examination	44,963,023	40,891,878
University ID card	1,667,500	1,485,000
Activity fees	12,351,220	9,393,438
Internet fees	13,780,985	13,114,508
Computer fees	15,322,740	13,905,416
CUE Quality Assurance	2,373,000	1,796,000
KUCCPS Placement Fee	3,355,900	2,487,000



Notes to the Financial Statements (Continued)		
Industrial Attachment Fee	16,038,780	17,679,440
Application fees	383,001	350,030
Internal Industrial Attachment Fee	1,581,542	1,505,472
Fines & penalties	127,817	71,217
Students Damages/Surcharges	31,692	23,153
Graduation fee	3,478,000	4,205,100
Library fees	19,414,195	17,965,573
Thesis Supervision fee	1,820,000	1,462,500
Thesis Examination	150,000	152,500
Indexing fee Medical lab tech	415,350	196,100
Insurance fee	-	344,400
Practical/Research fee	4,127,335	-
Academic Trip fee	124,500	-
Material Development fee	16,459,150	-
Skill/Laboratory fee	258,700	-
Practicum fee	2,306,500	-
Teaching Practice fee	1,840,800	-
Workshop/Laboratory fee	13,344,254	-
Total Tuition and tuition related Income	361,357,846	298,651,442
11. Other Incomes	2022-2023	2021-2022
Description	Kshs.	Kshs.
Accommodation/Hostel Fees	12,471,820	3,977,350
Rent Income	336,600	355,650
Students Administration Fees	8,000	48,000
Sale of Food & Beverages - Students' Cafeteria	4,773,350	4,738,730
Sale of Food & Beverages - Staff Cafeteria	-	460,525
Hire of Facilities - MUT Services	505,600	768,780
Miscellaneous Incomes	253,694	1,126,354
Administration Fees	342,283	160,303
Sales - MUT Workshops services	4,815,154	5,509,898
Income from Disposal of loose tools	340,317	-
Staff damages surcharges	25,370	749,230
Hire of Facilities -general	476,630	265,651
Interest on Call Deposits	-	2,608,219
Conference, Workshops and Seminars Fess	70,150	1,202,000
Other Damages/Surchages	187,980	-
Sale of Food/Beverages-Mariira Campus	723,126	-
Farm and Other Sales-Mariira Campus	282,894	-
Analytical Lab Income	1,000	-
Total Other Incomes	25,613,968	21,970,691
Total Revenue from Exchange Transactions	386,971,814	320,622,133
12. Personnel Emoluments	2022-2023	2021-2022
Description	Kshs.	Kshs.



Notes to the Financial Statements (Continued)		
Basic Salaries	271,570,100	259,563,418
House Allowance	131,184,794	126,125,723
MUT Pension Scheme Employer Contribution	42,541,516	39,137,050
Responsibility Allowance	6,546,375	6,020,122
Telephone Allowance	5,376,751	4,734,419
Acting Allowance	535,576	1,174,049
Special Duty Allowance	1,987,656	1,754,118
Management Allowance	27,708,268	26,418,969
BOG and Other Gratuities	12,290,710	25,214,700
Leave Travel Allowance	8,908,095	2,274,813
Commuter Allowance	22,796,313	22,382,292
Car Allowance	12,593,300	12,302,167
Non-use of Official Car	840,000	840,000
Entertainment Allowance	7,034,250	6,112,244
Electricity and Water Benefit Allowance	4,198,637	3,835,384
Passage and Baggage Allowance	101,268	168,400
Domestic Workers Allowance	1,800,000	1,800,000
Risk Allowance	-	85,000
Extraneous Allowance	6,028,942	4,654,105
Co-ordinating Allowance	1,156,549	1,084,161
Research Allowance	560,000	560,000
Book Allowance	340,000	340,000
Non-Practice Allowance	-	177,500
Council Secretariat Allowance	-	80,000
Professorial Allowance	4,200,538	3,441,586
NSSF Employers Contribution-expense	2,279,379	774,600
Academic Allowance	1,680,000	1,680,000
Security Allowances	1,800,000	1,800,000
Gratuity & Other Pensions Employer Contribution	2,080,510	2,059,339
Other personal allowances	2,959,850	2,567,400
National Industrial Training Authority charges	195,950	190,950
Health Service Allowance	-	900,000
Emergency Call Allowance	-	50,000
Adjunct Lecturers Lump sum Salary	7,186,411	12,008,201
2017-2021 CBA Arrears	62,788,829	104,222,467
Total Personnel Emoluments	651,270,567	676,533,176
13. Board Expenses	2022-2023	2021-2022
Description	Kshs.	Kshs.
Council Expenses	11,450,861	9,144,517
Chancellor Expenses	-	1,140,822
Total Board Expenses	11,450,861	10,285,339
14. Depreciation	2022-2023	2021-2022
Description	Kshs.	Kshs.



Notes to the Financial Statements (Continued)		
Buildings	30,393,113	25,415,243
Internal Roads	2,878,014	2,761,382
Plant & Equipment	2,126,989	1,566,879
Office Equipment	494,617	230,006
Teaching Equipment	16,310,825	1,095,229
Furniture & Fittings	3,848,405	2,796,783
Motor Vehicles	10,072,634	6,992,834
Computer hardware, networking & telephone infrastructure	3,523,937	3,447,896
Intangible assets	7,656,000	7,656,000
Academic attire	135,209	75,782
Total Depreciation	77,439,743	52,038,034
15. Students Welfare expenses		
	2022-2023	2021-2022
Description	Kshs.	Kshs.
Purchase of Gas, Charcoal and firewood	256,367	457,035
Purchase of Foodstuff	6,504,746	4,527,916
Purchase of Utensils and cutlery	39,815	175,590
Sports Activities	1,831,000	2,572,424
Students Work study Programme	1,094,760	780,120
Students Placement Charges	5,331,500	4,502,500
Purchase of Drugs & other Health unit expenses	1,179,264	2,084,556
Drama	1,018,200	454,900
Total Students Welfare expenses	17,255,652	15,555,041
16. Teaching/Academic Expenses		
	2022-2023	2021-2022
Description	Kshs.	Kshs.
Purchase of Teaching Materials	3,936,992	3,115,231
Curriculum and Development	121,700	501,820
Academic Trips	388,310	156,650
Internal Research	881,020	1,836,265
Part-Time Teaching Costs	27,904,100	21,034,895
Examination Materials	4,379,316	2,895,070
External Examiners	751,997	1,585,085
Teaching Practice Supervision	3,000,374	
Industrial Attachment	935,197	5,334,752
Accreditation of Academic programmes	3,743,700	3,944,000
Total Teaching/Academic Expenses	46,042,706	40,403,768
17. Repairs and Maintenance		
	2022-2023	2021-2022
Description	Kshs.	Kshs.
Repairs and Maintenance Expenses	8,829,168	6,516,865
Repair & Refurbishment of Mariira Campus	15,122,504	10,000,000
Total Repairs and Maintenance Expenses	23,951,672	16,516,865

Notes to the Financial Statements (Continued)		
18. General Operating Expenses	2022-2023	2021-2022
Description	Kshs.	Kshs.
Travel & Subsistence	6,333,257	6,103,890
Fuel & Oils for Motor Vehicles	5,682,503	2,997,815
Maintenance of Vehicles	2,611,252	2,282,351
Vehicle Insurance	1,156,138	590,516
Office Stationery	3,405,859	6,014,259
Printing & Publishing	187,525	874,871
Advertising and Publicity	1,717,677	1,192,457
Marketing Activities	540,883	394,481
Governance Expenses	6,050,895	4,586,976
Conferences	1,969,210	2,417,468
Staff Development, Seminars & Workshop	3,238,319	3,215,236
Staff Medical Expenses	7,724,487	6,308,290
Benevolent Expense	175,000	233,100
Professional Subscription	120,180	92,000
Purchase of Uniforms	169,202	199,464
Consultancy and Professional Services	223,000	273,000
Telephone & Postage Expenses	237,499	234,851
Internet Charges	4,562,486	5,789,840
Books, Journals and Magazines	1,439,358	2,201,318
ISO & SP Expenses	2,185,368	2,189,787
Bank Charges	828,989	880,972
Electricity Expenses	6,844,456	4,937,623
Water and Conservancy	10,256,309	9,542,623
Cleaning and Fumigation	16,028,979	13,266,536
Software License Renewal	2,149,299	3,276,613
Hire of Security Services	11,750,400	11,169,000
Honoraria	110,000	193,000
Casual Wages	2,255,914	2,570,200
Linkages Expenses	419,221	168,762
MUTES Workshops Unit expenses	5,958,440	2,350,698
Mariira Campus Startup costs	2,406,639	-
Legal Fees	1,316,987	1,071,750
General Insurance	548,279	489,681
Corporate Social Responsibility Donations	503,802	172,320
Graduation Expenses	4,210,361	3,718,821
Shows & Exhibitions	481,772	274,580
Group Personal Accident Cover and WIBA	737,767	353,617
Bad Debt Expense	4,641,326	-
Tax Expense	343,811	1,432,774
General Subscription	847,500	196,346
Staff and Dependents' Tuition Fees waiver	1,443,720	735,480
Master Plan	1,193,500	-



Notes to the Financial Statements (Continued)		
Audit Fees	696,000	696,000
Total General Operating Expenses	125,703,569	105,689,366
19. Cash & Cash Equivalents		
	2022-2023	2021-2022
Description	Kshs.	Kshs.
KCB Collection Account -1107198356	49,107,282	54,116,948
KCB Paying Account -1142192814	3,632,042	3,839,934
Equity Enterprise Account -0220290131328	8,952,460	8,886,794
Equity Collection Account-0220273636188	3,021,222	7,132,631
Equity Development Paying account No.0220273636180	2,001,039	27,020,305
Co-operative Bank Research Fund Account No.01141573999200	2,306,863	9,717,497
Co-operative Bank Fees Collectn. Account - 01129573999200	10,245,053	10,313,463
MUT Endowment Fund Account-1267531142	1,847,096	1,616,641
MUT Alumni Association Account-1267529652	5,295,974	3,980,439
Total Cash & Cash Equivalents	86,409,031	126,624,652
20(a). Receivable from Exchange Transactions		
	2022-2023	2021-2022
Description	Kshs.	Kshs.
Students Debtors	33,279,600	36,189,986
House Rent Debtors	88,750	88,750
Imprest Debtors	1,816,299	2,054,383
Other Debtors	-	2,197,999
Sundry Debtors	1,994,351	3,472,590
Utility Deposit receivable/pre-payments	3,055,311	594,255
Total Receivables from Exchange Transactions	40,234,311	44,597,963
Less: Impairment/Provision for Doubtful Debts	(5,199,376)	(2,229,898)
Net Receivables from Exchange Transactions	35,034,935	42,368,065
20(b). Receivable from Non-Exchange Transactions		
	2022-2023	2021-2022
Description	Kshs.	Kshs.
Development Grants Receivables	109,379,922	-
Total Receivables from Non-Exchange Transactions	109,379,922	-
21. Provisions for Doubtful Debts		
	2022-2023	2021-2022
Description	Kshs.	Kshs.
Bal b/f 1st July	2,229,898	2,036,648
Increase/Decrease in provision during the period	2,969,478	193,250
Balance as at 30th June	5,199,376	2,229,898



Notes to the Financial Statements (Continued)		
22. Inventory	2022-2023	2021-2022
Description	Kshs.	Kshs.
Stationery-Central Stores	487,532	534,878
Hardware and Plumbing Materials	1,034,249	1,867,576
Foodstuff	116,481	359,774
Electrical Materials and Electronics	112,330	149,581
House Keeping & Accommodation Materials	30,520	24,615
Medical Drugs and Related Consumables- Health Unit	1,292,773	973,818
Sch. of Hospitality and Tourism Mgnt	49,669	25,682
MUTES-Mechanical and Woodwork Materials	217,667	708,576
MUT- Woodwork workshop	-	1,166,260
MUT- Textile workshop	137,717	90,216
MUT- Mechanical workshop	-	289,975
MUT-Office	210,065	
Total Inventory	3,689,003	6,190,950



Murang'a University of Technology
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)
23. Property, Plant and Equipment

Particulars	Lease-Hold Land	Buildings	Land Improvement (Internal Roads)	Plant & Equipment	Office Equipment	Teaching Equipment	Furniture & Fittings	Motor Vehicle	Computers Networking & Telephone Infrastructure	Intangible Assets	Academic Attire	Totals
RATES	-	0.02	0.05	0.10	0.10	0.30	0.10	0.20	0.30	0.30	0.05	
Cost/Value at Bal b/f July 1, 2021	750,000,000	855,410,084	55,227,638	14,639,490	1,536,462	18,083,561	18,344,320	30,504,172	30,298,079	25,520,000	1,086,999	1,800,650,805
Recognition of 100 KVA Generator Additions during the year 2021/2022	-	415,352,084	-	1,029,300	763,599	1,374,312	9,623,509	4,460,000	3,703,412	-	428,633	436,734,848
Cost/Value Bal c/d at June 30, 2022	750,000,000	1,270,762,168	55,227,638	17,168,790	2,300,061	19,457,873	27,967,829	34,964,172	34,001,491	25,520,000	1,515,632	2,238,885,653
Assets procured in FY 2018/2019						619,933			7,698,458			
Assets procured after FY 2018/2019						3,444,120			8,926,833			
ACCUMULATED DEPRECIATION												
Acc. Dep Bal b/f July 1, 2021	-	50,508,202	7,984,376	4,174,022	418,703	15,422,349	4,999,651	15,980,834	24,518,452	7,656,000	90,431	131,753,020
Acc. Dep Bal b/f for 100 KVA Generator 2018/2019	-	-	-	1,500,000	-	-	-	-	-	-	-	1,500,000
Partial dep. of assets procured in FY 2018/2019	-	-	-	-	-	61,993	-	-	769,846	-	-	831,839
Dep. of assets procured after FY 2018/2019	-	-	-	-	-	1,033,236	-	-	2,678,050	-	-	3,711,286
Depreciation Charged for the year	-	25,415,243	2,761,382	1,566,879	230,006	1,095,229	2,796,783	6,992,834	3,447,896	7,656,000	75,782	52,038,034
Acc. Dep Bal c/d June 30, 2022	-	75,923,445	10,745,758	7,240,901	648,710	16,517,578	7,796,434	22,973,669	27,966,348	15,312,000	166,212	185,291,055
Net Book value at June 30, 2022	750,000,000	1,194,838,723	44,481,880	9,927,889	1,651,352	2,940,295	20,171,395	11,990,503	6,035,143	10,208,000	1,349,419	2,053,594,599
FY 2022/2023												
Cost/Value at Bal b/f July 1, 2022	750,000,000	1,270,762,168	55,227,638	17,168,790	2,300,061	19,457,873	27,967,829	34,964,172	34,001,491	25,520,000	1,515,632	2,238,885,653
Additions during the year 2022/2023	-	248,893,505	2,332,650	5,601,097	2,646,109	52,092,382	10,516,218	15,399,000	3,972,325	-	1,188,544	342,641,829
Cost/Value Bal c/d at June 30, 2023	750,000,000	1,519,655,673	57,560,288	22,769,887	4,946,170	71,550,255	38,484,047	50,363,172	37,973,816	25,520,000	2,704,176	2,581,527,483
Assets procured in FY 2019/2020						1,296,762			1,280,780			
Assets procured after FY 2019/2020						54,239,740			11,618,378			
ACCUMULATED DEPRECIATION												
Acc. Dep Bal b/f July 1, 2022	-	75,923,445	10,745,758	7,240,901	648,710	16,517,578	7,796,434	22,973,669	27,966,348	15,312,000	166,212	185,291,055
Acc. Dep Bal b/f for 100 KVA Generator 2019/2020	-	-	-	-	-	-	-	-	-	-	-	-
Partial dep. of assets procured in FY 2019/2020	-	-	-	-	-	38,903	-	-	38,423	-	-	77,326
Dep. of assets procured after FY 2019/2020	-	-	-	-	-	16,271,922	-	-	3,485,513	-	-	19,757,435
Depreciation Charged for the year	-	30,393,113	2,878,014	2,126,989	494,617	16,310,825	3,848,405	10,072,634	3,523,937	7,656,000	135,209	77,439,743
Acc. Dep Bal c/d June 30, 2023	-	106,316,559	13,623,772	9,367,890	1,143,327	32,828,403	11,644,839	33,046,303	31,490,285	22,968,000	301,421	262,730,798
Net Book value at June 30, 2023	750,000,000	1,413,339,114	43,936,516	13,401,997	3,802,844	38,721,852	26,839,208	17,316,869	6,483,531	2,552,000	2,402,754	2,318,796,685



Notes to the Financial Statements (Continued)

24. Work in Progress during the year	2022-2023	2021-2022
Description	Kshs.	Kshs.
Balance brought forward	338,257,004	611,916,750
Additions:		
Hostel Block Phase 1, Wing 2	-	8,368,516
Hostel block-Phase 3	52,255,212	48,815,088
Science Complex	278,191	50,155,983
Perimeter Wall	12,422,319	18,144,221
Land Improvement-carpark and student's shades	2,332,650	-
Asbestos Removal	-	23,402,395
Sinking Borehole	-	170,500
Total additions	67,288,371	149,056,703
Balance b/f plus additions	405,545,375	760,973,453
Less: Work in Progress Capitalized		
Hostel block-Phase III	248,615,314	-
Water tank	36,984	-
Land Improvement-carpark and student's shades	2,332,650	-
Asbestos removal	-	23,551,195
Science Complex	278,190	396,260,889
Benisa LTD (WIP overstated amount)	-	2,904,365
Total Work in Progress Capitalized	251,263,138	422,716,449
Total Work in Progress Balance at the end of the year	154,282,237	338,257,004
25. Long Term Investments	2022-2023	2021-2022
Description	Kshs.	Kshs.
Bamburi Shares	25,318,800	25,318,800
Total Long Term Investments	25,318,800	25,318,800

The University has invested in Bamburi Cement shares worth Kshs.25,318,800. The total number of shares is 126,594 with an average market price of Kshs.200.00 per share.

26. Provisions for Audit fees	2022-2023	2021-2022
	Kshs.	Kshs.
Bal b/f 1st July	1,392,000	696,000
Increase /(Decrease) in provision during the period	-	696,000
Balance as at 30th June	1,392,000	1,392,000
27 (a). Payables and accruals from exchange transactions	2022-2023	2021-2022
Description	Kshs.	Kshs.
Students related payables		
Student Fees Prepayments	50,962,301	42,004,583
External Examination-TIVET/CDACC	6,756,533	2,955,600
Helb Loan & Bursaries	373,330	1,122,630



Notes to the Financial Statements (Continued)		
CDF/Sponsorships	4,574,513	3,863,268
Students caution money	779,622	778,622
Student Union Payable	161,314	78,829
Unidentified Receipts	1,139,093	1,236,287
Students and other refunds	236,644	176,613
Sub-total	64,983,350	52,216,432
(b) Payroll deductions payables		
NSSF	707,118	130,800
NHIF	499,550	486,700
UASU	1,313,007	844,136
KUSU	1,201,818	743,760
KUDHEIHA	374,451	241,964
HELB Staff deductions	172,344	151,419
Net Pay	94,513,826	74,208,946
Wages Payables	418,466	418,466
Sacco Deductions	3,265,916	3,120,503
Insurance and Investments	257,882	259,096
Mortgage payable-staff	73,072	118,073
Bank Loan Deductions	7,435,609	6,913,052
MRUC Staff Welfare Deductions	78,200	50,800
MRUC Benevolent Fund Payable	8,500	10,500
MRUC Workshops deductions payable	14,130	10,353
MRUC Pension Scheme payable	31,599,623	17,863,000
Other Pension Schemes Payable	269,998	262,491
Former BOG employees gratuity Payable	6,916,100	6,916,100
Imprest recoveries	96,203	70,258
MUT Endowment Fund	1,853,926	1,650,801
MUT Alumni Association	5,042,785	4,195,620
Sub-total	156,112,524	118,666,838
(c) Other payables and provisions from exchange transactions		
Recurrent Creditors	8,770,424	8,181,207
External Research fund	2,683,923	9,349,113
Provision for Audit fees	1,392,000	1,392,000
Contract retentions (10%)	23,983,141	51,267,228
Capital Creditors	-	1,274,408
Sub-total	36,829,488	71,463,956
Total Payables / Accruals from exchange transactions	257,925,362	242,347,226
28. Payables from Non-Exchange Transactions		
Description	2022-2023	2021-2022
	Kshs.	Kshs.



Notes to the Financial Statements (Continued)		
PAYE Deductions	58,155,773	48,772,065
VAT Withholding (6% of 116%)	10	10
VAT Withholding (2% of 108%)	1	1
Income Tax Withholding (3%)	810,768	810,768
VAT Withholding clearing	445,664	445,664
VAT Withholding (2% of 116%)	149,844	154,094
Total Payables from Non-Exchange Transactions	59,562,060	50,182,602
29. Accumulated Surplus		
	2022-2023	2021-2022
Description	Kshs.	Kshs.
Balance brought forward	1,000,014,255	1,044,553,171
Revenue reserves	31,954,188	131,677
Add: Deficit during the year	(18,225,348)	(44,670,593)
Total	1,013,743,096	1,000,014,255
30. Revaluation Reserves		
	2022-2023	2021-2022
Description	Kshs.	Kshs.
Balance brought forward	244,251,457	247,610,092
Reserves transfer	(3,358,635)	(3,358,635)
Total	240,892,822	244,251,457

These reserves relate to recognition of carrying amounts of Plant, Property and Equipment whose future economic benefits have been re-determined based on their probable extended economic lifespans. Subsequent depreciation on re-valued amount will be charged against the reserves.

31. Development grants		
	2022-2023	2021-2022
Description	Kshs.	Kshs.
Balance brought forward	1,055,558,530	983,979,076
Development grants received during the year	125,629,922	88,387,426
Total	1,181,188,452	1,072,366,502
Less: Amortization of granted assets		
Amortization - Buildings	(17,789,682)	(14,196,475)
Amortization - Land Improvement (Internal Roads)	(2,611,497)	(2,611,497)
Balance as at 30th June	1,160,787,273	1,055,558,530

32. Financial Risk Management

The University's major source of revenue is the Government with the proportion of Government funding compared to total funding of 61.67% in FY 2021/2022 and 55.57% in FY 2022/2023. Failure of Government funding means that the University would be unable to operate.

The inflation rate in Kenya stood at 7.88% in June, 2023 within market forecasts ranging from 7.2%



Notes to the Financial Statements (Continued)

to 8.2 % and the ceiling of the Central Bank's target range of 2.5%-7.5%. The effect of this is a reduction in prices of commodities and a lowering of purchasing power.

The University's 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 minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The University does not hedge any risks and has in place an integrated risk management framework which is based on risk governance structures, risk management policies, risk identification, measurement and reporting. The risk management framework focuses on the unpredictability of environmental factors, to set appropriate risk limits and controls, and to monitor risks and seeks to minimize potential adverse effects on the financial performance and position of the University.

The principal financial assets are trade receivables and cash deposits which arise directly from operations. The University has financial liabilities comprising trade and other payables.

The Audit and Risk Management Committee assesses the risk exposure of the University and her risk appetite. A risk management framework has been established.

The University's risk management policy is established to identify and analyze the risks faced by the University to set appropriate risk limits and controls, and to monitor risks. Risk management policy and systems are reviewed regularly to reflect changes in economic conditions and the University's activities

The University is exposed to the following risks:

- i) Market risks
- ii) Liquidity risk
- iii) Credit risks
- iv) Natural Disasters risks

The University's financial risk management objectives and policies are detailed below:

i. Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents which include short-term deposits held with banks, as well as trade and other receivables and available-for-sale financial investments. The University receives fees from students, rent from staff and advances imprest to the staff which further exposes it to credit risk. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors.

The University has a student fees payment policy which defines how and when fees should be paid thereby minimizing credit risk. Other customers settle their obligations within a maximum credit period of 30 days.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on the Debt Management Policy. The carrying amount of financial assets recorded in the financial statements representing the University's maximum exposure to credit risk is made up as follows:



Notes to the Financial Statements (Continued)

Analysis of Credit risk exposure					
At 30 June 2023					
	Total amount	0-60 days	60-90 days	Over 90 days	
		Fully Performing	Past due	Impaired	Risk rating
	Kshs.	Kshs.	Kshs.	Kshs.	
Bank balances	86,409,031	86,409,031	-	-	low
Receivables from exchange transactions:					
Imprest receivables	1,816,299	1,816,299	-	-	low
Students Debtors	33,279,600	33,279,600	-	-	medium
House Rent Debtors	88,750	-	-	88,750	high
Sundry Debtors	1,994,351	1,994,351	-	-	low
Total Receivables from exchange transactions	37,179,000	37,179,000	-	88,750	
At 30 June 2022					
Bank balances	126,624,652	126,624,652	-	-	low
Receivables from exchange transactions:					
Imprest receivables	2,054,383	2,054,383	-	-	low
Students Debtors	36,189,986	36,189,986	-	-	medium
House Rent Debtors	88,750	-	-	88,750	high
Sundry Debtors	3,472,590	3,472,590	-	-	low
Other Debtors	2,197,999	-	-	2,197,999	high
Total Receivables from exchange transactions	44,003,708	41,716,959	-	2,286,749	

The customers under the fully performing category are paying their debts as they continue getting services from the University. Impairment arises when there are some doubts that the University will collect the full amount due. As at the year end, the university had no impaired receivables. However, it is University tradition to make a provision for doubtful debts at the recommended rate as prescribed in the policy.

The credit risk associated with these receivables is minimal and the allowance for uncollectible



Notes to the Financial Statements (Continued)

amounts that the company has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The University has significant concentration of credit risk on past due and impaired.

ii. Liquidity risk management

Liquidity risk is the risk that the University will not be able to meet the financial obligations as they fall due. The University's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation and going into overdraft. Typically, the University ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. Liquidity risk is maintained through continuous monitoring of forecasts and actual cash flows.

iii. Market risk

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

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

The University's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

a. Interest rate risk

Interest rate risk is the risk that the University's financial condition may be adversely affected as a result of changes in interest rate levels. The University's interest rate risk arises from bank deposits. This exposes the University to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the University's deposits. The University was not exposed to the risk of falling interest rates during the year. As a result, changes in interest rates do not have an impact on the carrying amounts of the financial assets of the University.

Management of interest rate risk

The University had no call Deposit amounts where interest was earned and there was no major risk associated with the deposits. The interest rate for the deposits is set at the time of placing the deposit with banks which has a strong capital base.

The University Management has endeavoured to bank with institutions that offer favourable interest rates. The University would manage risk associated with the deposits and other investments by ensuring that the interest rate is negotiated prior to investing and is constant throughout the investment period. In case of investments, the University places its Call deposits with the qualifying commercial banks that quote the highest interest rate over a given period.



Notes to the Financial Statements (Continued)

b. Foreign currency risk

The University has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. The currency exposure to the University transactions is mitigated as receipts, and payments are made in local currency with very few cases where suppliers quote in foreign currency mostly in US dollars. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rates.

The University receives revenue from fees, grants and other sources in functional currency and no other currencies. All the assets of the University were denominated in Kenya Shillings which is the functional currency used in these financial statements. Therefore, for the year ended June 30, 2023 currency exposure has minimal impact on financial status of the University. There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

iv. Natural Disasters Risks

The University has adopted some of the best risk assessment and management tools and techniques that are used to manage risks and for disaster management.

The University Disaster Management Policy provides the framework that enables a defined course of action proposed or adopted in the event of a disaster occurrence. It also provides synergy and opportunities for the University to partner with the Government of Kenya, County Government of Murang'a and other stakeholders such as the security and health sectors, in initiating, participating and sustaining safety and health initiatives to staff, students and the surrounding communities.

The policy also gives direction in dealing with the considerable and ever-growing pandemics and threats to the safety of staff, students and property.

The Policy serves as a framework for responding to emergency situations that are of such magnitude as to cause a significant disruption to normal operations. It also provide a disaster recovery strategy and business continuity plan.

It provides guidelines on how to:

- a. Anticipate and respond to emergencies and disasters
- b. Mitigate and reduce the negative effects of an emergency and disasters
- c. Provide disaster management protocols
- d. Allocate resources for disaster management and recovery
- e. Align auxiliary support system from stakeholders for disaster management and recovery
- f. Carry out annual monitoring and evaluation of the procedure manual..

v. Capital Risk Management

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

	2022-2023	2021-2022
	Kshs.	Kshs.
Accumulated Surplus	1,013,743,096	1,000,014,254



Revaluation Reserves	240,892,822	244,251,457
Development Grants	1,160,787,273	1,055,558,530
Total funds	2,415,423,191	2,299,824,241
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	0%	0%

33. Related Party Balances

Entities and other parties related to the University include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include the National Government of Kenya, the Council Members, Key Management Members, their associates and close family members.

i. The National Government of Kenya

Murang'a University is a Public University hence the National Government of Kenya through the Ministry of Education, is the principal owner of the University. The Government of Kenya has appointed the University Chancellor, the Council Members, Vice Chancellor and Deputy Vice Chancellors.

ii. The Ministry of Education

The Ministry of Education is the University's parent ministry. The University's operations and development projects are partially and fully funded respectively by the Government of Kenya through the Ministry of Education.

iii. The University Chancellor

The Chancellor is the titular head of the University.

iv. The Council

The Council provides effective leadership and control in terms of approving the University's strategies and policies and best practice of corporate governance.

v. The University Management Board

The Vice Chancellor is the head of the University Management Board (UMB). The UMB is the in charge of day-to-day operations of the University.

Summary of transactions with related parties	2022-2023	2021-2022
	Kshs.	Kshs.
1) Grants from the Government		
i. Recurrent Grants		
a) Received	515,665,956	517,991,751
b) CBA Grants	-	17,122,392
ii. Development Grants Received	125,629,922	88,387,426



Total grants from the Government	641,295,878	623,501,569
2) Chancellor and Council expenses:		
i. Chancellor expenses	-	1,140,822
ii. Council expenses	11,450,861	9,144,517
Total Chancellor and Council expenses	11,450,861	10,285,339
3) Key management compensation		
Compensation to Key Management Members	29,224,203	28,699,191
Total Key management compensation	29,224,203	28,699,191



Notes to the Financial Statements (Continued)

34. Contingent Assets and Contingent Liabilities

Contingent liabilities	2022-2023	2021-2022
	Kshs.	Kshs.
Court cases against the University:	-	-

35. Capital Commitments

Authorised and contracted for and on-going		2022-2023	2021-2022
Description		Kshs.	Kshs.
1	Hostel Block Phase 1, Wing 2	-	8,368,516
2	Hostel block-Phase 3	52,255,212	48,815,088
3	Science Complex	278,191	50,155,983
4	Perimeter wall	12,422,319	18,144,221
5	Land Improvement-carpark and student's shades	2,332,650	-
6	Basketball pitch	-	-
7	Asbestos removal	-	23,402,395
	Sinking Borehole	-	170,500
	Total	67,288,371	149,056,703

36. Events After the Reporting Period

There were no events after reporting period.

37. Ultimate and Holding Entity

Murang'a University of Technology is a State Corporation under the Ministry of Education State Department for Higher Education and Research. Its ultimate parent is the Government of Kenya.

38. Currency

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



20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. The management has nominated responsible personnel to resolve the various issues as shown below.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Material Uncertainty Related to Sustainability of Services; University unable to pay its creditors and its continued sustainability is dependent upon financial support from its creditors and Government. Disclosure of the Precarious financial position of the University	The going concern of the University is not at stake and the University will continue its operations in the future without liquidating or being forced to discontinue operations due to any reason. The financial position has been disclosed through financial performance ratios under management discussion and analysis pages.	The Management and the Council	Not Resolved	FY 2023/2024
2	Leasehold Land Without Ownership Documents; The validity, accuracy, ownership and completeness of freehold land balance of Kshs. 750M could not be confirmed.	The Land Parcel Murang'a/ Municipality/Block 11/157 measuring 30.95 Ha was duly transferred and registered under Murang'a University of Technology and a certificate of lease issued. On encroachment the University wrote a letter to the Ethics and Anti- Corruption Commission and the Hon. Attorney General to assist in the recovery of the land.	The Management and the Council	Partially Resolved	FY 2023/2024
3	Ownership Documents of Motor Vehicles; Logbooks for eleven (11) Motor vehicles not in the Name of the University. Further, Motor Vehicle registration number KAY 095V, an ISUZU bus, has a joint ownership between Murang'a College of Technology and Consolidated Bank of Kenya.	-Murang'a University of Technology was chartered as a full-fledged University on 7 th October, 2016 having transited from Murang'a University College which in turn had transited from Murang'a College of Technology vide Legal Notice No.129 of 16th September, 2011. -The University is in the process of having all motor vehicles registered under the new name Murang'a University of Technology by NTSA	The Management and the Council	Partially Resolved	FY 2023/2024



Murang'a University of Technology
Annual Report and Financial Statements for the year ended June 30, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	Unsupported Repairs and Maintenance; Servicing/shifting of a 750KVA Generator set and a new L.V. Main switch board. However, no documentary evidence was provided to show the kind of services done on the Generator and the generator was not in operation. Further, the certificate of inspection and acceptance committee was not provided for audit.	The 750KVA Generator is in good and operational condition and was capitalised in the financial year 2022/2023. The handover and acceptance procedures adhered to Section 151 (1) of The Public Procurement and Asset Disposal Act, 2015. Overall, the Project Manager was in charge of supervision and generating interim payment certificates for settlement which were paid after recommendation by the Committee	The Management and the Council	Resolved	FY 2022/2023
5	Long Term Investments not registered in University's name (Ownership of Bamburi Shares). The validity, accuracy and existence of the shares investment balance of Kshs. 25,318,800 could not be confirmed.	Transfer process of shares to the University has not been completed. The University has written letters to the EACC and the Hon. Attorney General seeking for advice on the recovery of the dividends and transfer of shares but to date no response has been received.	The Management and the Council	Partially Resolved	FY 2023/2024
6	Long Outstanding Student Debtors; The validity, accuracy and recoverability of Kshs.11,468,862 in respect of receivables from exchange transactions could not be confirmed.	-The University has come up with a Debt policy to guide the management of debtors. -To mitigate against the impact of writing off bad debts, the University makes an annual provision in the accounts (referred to as "provision for bad debt") as guided by the policy for all debts outstanding for a period above 1 and below 6 years.	The Management and the Council	Resolved	FY 2023/2024
7	Long Outstanding Payables; The validity and accuracy of payables from exchange transactions balance of Kshs. 7,334,566 could not be confirmed	Mediation talks failed and the matter was referred back to court case citation E057 OF 2021 and is awaiting hearing and determination.	The Management and the Council	Not Resolved	FY 2023/2024



MUT IS ISO 9001:2015 & ISO/IEC 27001:2013 CERTIFIED



Murang'a University of Technology
Annual Report and Financial Statements for the year ended June 30, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
8	Outstanding Collective Bargaining Agreement (CBA) Arrears; The Management has not implemented the 2017-2021 CBA in full as required and has accumulated arrears over the years totalling to Kshs.85,243,109.	Implementation of 2017-2021 National Collective Bargaining Agreement (CBA) has not been funded by the Exchequer to ensure availability and sustainability of the new basic salaries. These have been accrued to be paid after solving affordability and sustainability issue.	The Management and the Council	Partially Resolved	FY 2023/2024
9	Non-compliance with a Third Rule on Staff Ethnic Diversity; The University had a total staff of 318 out of whom 192 (or 60%) were from one dominant ethnic community. This is contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which requires that no public establishment shall have more than one third of its staff from the same ethnic community.	The institution inherited a greater number of staff from the local community when the University transitioned from being Murang'a College of Technology (MCT) to Murang'a University College (MRUC) and subsequently to Murang'a University of Technology (MUT). However, the percentage has progressively reduced in the past five (5) year which demonstrates the milestones the University has achieved to ensure compliance to the 'third rule on ethnic diversity'	The Management and the Council	Not Resolved	FY 2023/2024
10	Unapproved Expenditure; Use of contingencies, reimbursable costs and provisional sums as expenditure as evidenced in the builders works as evidenced in the builders works and payment to the contractor without approval of the expenditure.	The use of contingencies, reimbursable costs and provisional sums as expenditure as evidenced in the builders works was approved by the Accounting Officer after recommendations by the Contract Implementation Committee.	The Management and the Council	Resolved	FY 2022/2023



Vice-Chancellor
 Prof. Dickson M. Nyariki, PhD.

Date 01.02.2024



Finance Officer
 CPA Moffat K. Njoroge
 ICPAK Member Number. 8483

Date 01/02/2024



Council Chairman
 Dr. Abel B. Atiti, Ph.D.

Date 01/02/2024



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Appendix II: Projects Implemented by the University

Projects implemented by the University funded by development partners

	Project Title	Project Number	Donor	Period/ Duration	Donor Commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	N/A	N/A					

Status of Projects Completion

	Project title	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A	N/A					

Appendix III: Transfers from Other Government Entities

Murang'a University of Technology			
Break down of Transfers from the State Department for Higher Education and Research			
2022-2023			
	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
a. Recurrent Grants			
	Monday, August 8, 2022	42,972,163	2022-2023
	Thursday, September 8, 2022	42,972,163	2022-2023
	Tuesday, October 4, 2022	42,972,163	2022-2023
	Thursday, November 10, 2022	42,972,163	2022-2023
	Friday, December 9, 2022	42,972,163	2022-2023
	Friday, December 30, 2022	42,972,163	2022-2023
	Monday, February 6, 2023	42,972,163	2022-2023
	Friday, March 17, 2023	42,972,163	2022-2023
	Friday, April 14, 2023	42,972,163	2022-2023
	Friday, May 5, 2023	42,972,163	2022-2023
	Friday, June 9, 2023	42,972,163	2022-2023
	Tuesday, June 27, 2023	42,972,163	2022-2023
	Total	515,665,956	2022-2023
b. Development Grants			
	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
	Friday, August 12, 2022	16,250,000	2022-2023
	Tuesday, July 4, 2023	109,379,922	2022-2023
	Total	125,629,922	

Finance Officer

CPA Moffat K. Njoroge

ICPAK Member Number. 8483

Sign 

Head of Accounting Unit

State Department for Higher Education and Research

Sign 



Appendix IV: Recording of Transfers from Ministry of Education

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - Kshs.	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Statement of Financial Position	Deferred Income	Receivables	Others - must be specific	
			Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
State Department for Higher Education and Research	Refer to Appendix III	Recurrent Grants	515,665,956	515,665,956	-	-	-	-	515,665,956
State Department for Higher Education and Research	Refer to Appendix III	Development Grants	125,629,922	-	125,629,922	-	-	-	125,629,922
Total			641,295,878	515,665,956	125,629,922		-	-	641,295,878

