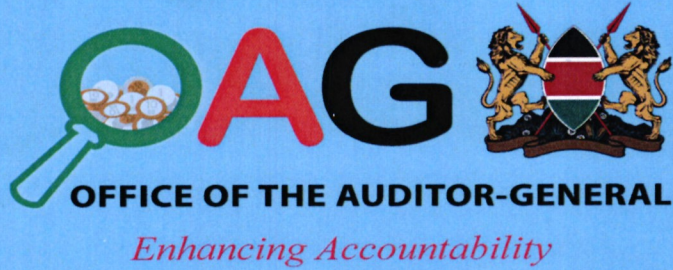


REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

**MERU UNIVERSITY OF SCIENCE AND
TECHNOLOGY**

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

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2021/2022

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS



FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2022

PREPARED IN ACCORDANCE WITH THE ACCRUAL BASIS OF ACCOUNTING
METHOD UNDER THE INTERNATIONAL PUBLIC-SECTOR ACCOUNTING
STANDARDS (IPSAS)

Meru University of Science and Technology
Annual Report and Financial Statements
For the year ended June 30, 2022

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Through the Legal Notice No.103 of July 18, 2008, the then Meru College of Technology was upgraded to a constituent college of Jomo Kenyatta University of Agriculture and Technology and renamed Meru University College of Science and Technology. On March 1, 2013, the University College acquired its fully-fledged university status and became Meru University of Science and Technology. The University is located 16 km from Meru town along Meru-Maua road in Meru County, Tigania West Constituency.

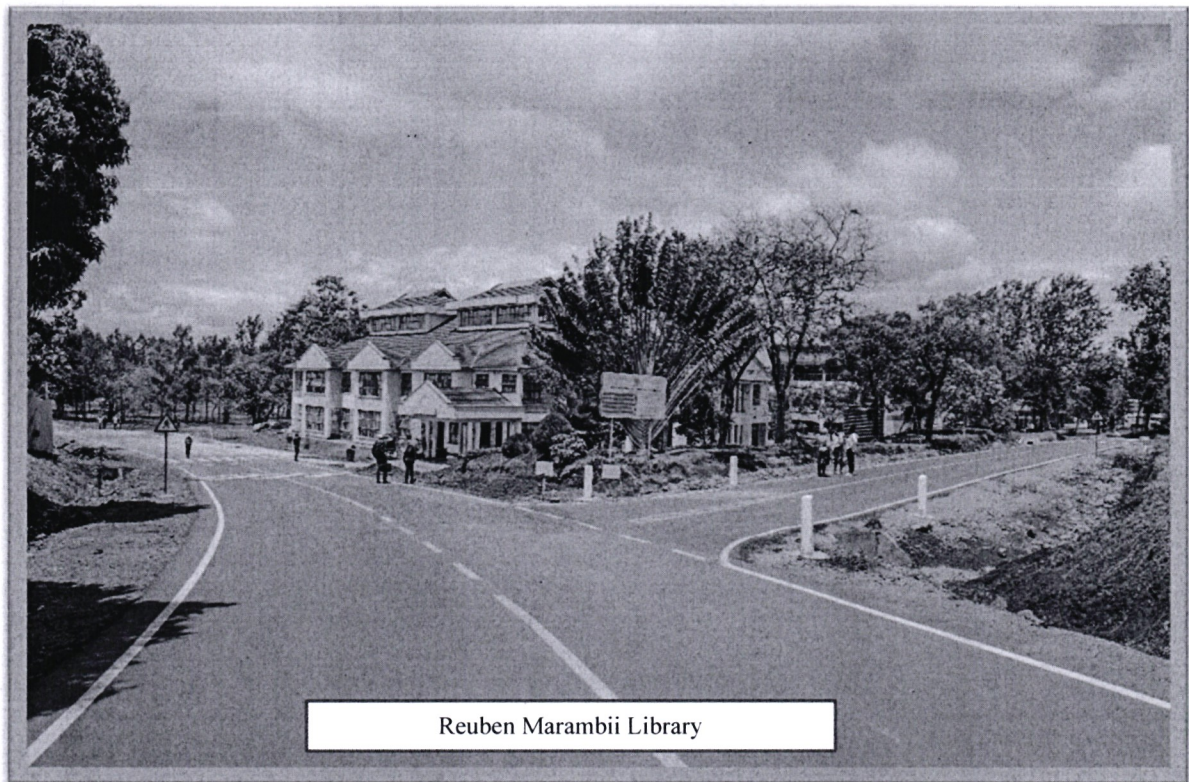
The University has the following schools, Institutes and Campuses

Schools

- School of Agriculture & Food Science
- School of Business & Economics
- School of Computing & Informatics
- School of Education
- School of Engineering & Architecture
- School of Health Sciences
- School of Pure & Applied Sciences
- School of Nursing

Institutes & Campuses

- Sanitation Research Institute
- Mariene Research Institute
- Town Campus: Center for continued and professional studies
- Marimba Learning Centre



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(b) Principal Activities

The principal activities of the University are to:

- a) Provide and advance university education and training to appropriately qualified candidates leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing, contribute to labour market needs;
- b) Play a leading role in the development and expansion of opportunities for higher education and research in agriculture, forestry, mining, energy, water and environmental sciences on arid and semi-arid lands;
- c) Contribute to industrial and technological development through innovations and technology transfer;
- d) Contribute to agricultural, industrial and technological development of Kenya in collaboration with industry and other institutions through transfer of appropriate technology.

(c) Key Management

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

- University Senate
- University Management Board

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice Chancellor	Prof. Romanus Odhiambo
2.	Deputy Vice Chancellor (Administration, Finance and Planning)	Prof. Charity W. Gichuki
3.	Ag. Deputy Vice Chancellor (Academic, Research and Students' Affairs)	Prof. Simon Thurania
4.	Registrar (Administration and Planning)	CHRP, Dr. Elijah Walubuka
5.	Ag. Registrar (Academic and Students' Affairs)	Dr. Stephen Karanja
6.	Finance Officer	CPA Nephath Njeru

(e) Fiduciary Oversight Arrangements

Audit Committee of the Council activities

The Audit Committee of the Council assists the Council in fulfilling its responsibilities with respect to accounting and management control, and financial reporting. Specifically, the Audit Committee is responsible for overseeing:

- The internal audit function and the work of external auditor,
- That the system of the management control in the University is robust and effective and protects the assets of the University on a reasonable and economic basis,
- Ensures that financial information is reliable and accurate,
- Monitors compliance with laws and regulations,
- Provides for proper authorization and recording of transactions.

(f) The University Headquarters

Meru University of Science and Technology

Physical Address: Meru-Maua Road, 16 kilometres from Meru Town

P.O Box 972 – 60200, Meru

(g) The University Contacts

Telephone: (254) 0704 508 454

E-mail: finance@must.ac.ke, vc@must.ac.ke

Website: www.must.ac.ke

P.O Box 972 – 60200, Meru –Kenya

(h) The University Bankers

1. National Bank of Kenya – Meru Branch
P.O Box 1774 – 60200, Meru
2. Kenya Commercial Bank Ltd- Meru Branch
P.O Box – 178 – 60200, Meru
3. Equity Bank –Makutano Branch
P.O. Box 3137 -60200, Meru
4. Cooperative Bank- Makutano Branch
P.O. Box 1328-60200, Meru

(i) Independent Auditors

Auditor General

Office of the Auditor General,

Meru University of Science and Technology
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Anniversary Towers, University Way,
P.O. Box 30084 GOP 00100,
Nairobi, Kenya

(j) Principal Legal Adviser

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

THE UNIVERSITY COUNCIL

The University Council is the University's highest governing body, responsible for setting the general strategic direction of the University, for ensuring proper accountability, and for the management of its finances, property and investments and the general business of the University. It approves the University's key policies and plans pertinent to its three core functions: teaching, research and public service. In this regard, the University Council makes sure that the University always maintains high standards in the three core areas mentioned above. To ensure that MUST really does this, the Council reviews its performance from time to time. It also appoints persons to various leadership positions in the University.

The Council's conduct of business is guided by University Act No. 42 of 2012, Mwongozo Code of Conduct 2015, Commission for University Education Regulations and Standards 2014 and MUST Charter.

The University Council is composed of a Chairperson and eight other members. All the members other than the Vice Chancellor are drawn from outside the University. The Legal Officer serves as the Secretary to the Council.

The following are the Council members who served during the period:

CURRENT COUNCIL MEMBERS

PROF. BOSIRE MONARI MWEBI, PHD-CHAIRMAN OF COUNCIL



Prof. Mwebi holds a PhD degree in the area of teacher education and a Master in educational administration of Post-Secondary Education, both obtained from University of Alberta, Canada. He possesses a Bachelor of Education degree with a specialization in Economics and History from the University of Nairobi.

Prof. Mwebi is an internationally renowned expert in the field of teacher education and curriculum development based in Kenya and Canada. He has been a University Professor of education and currently works as an international consultant in teacher education and curriculum related disciplines. Prior to joining independent consultancy in 2018, Prof Mwebi was an Associate Professor, Faculty of Education, St. Francis Xavier University Canada. During his tenure at St. Francis Xavier University, he was a visiting Professor, School of Education, Kenyatta University (2011 -2012) and at the Center for Research for Teacher Education and Development, University of Alberta, Edmonton (2015).

Prior to becoming a University Professor, Prof Mwebi was a High School Teacher, District Inspector of Schools (Murang'a) and Deputy District Educator Officer (Embu), Ministry of Education, Kenya. He served as a University Professor for 15 years.

Prof Mwebi has been a member of a number of scholarly associations to include'; The Canadian Society for the Study of Education (CSSE); Canadian Association for Teacher Education (CATE); Physical Education and Health Canada; Member, and Atlantic Interdisciplinary Research Network (AIRN). He was a founder Chairperson of Kenya Community in Greater Education (2003-2004) and is an active member of the Association of Kenyans in Alberta (AKA).

He was appointed Meru University of Science and Technology Council Chairman on 2nd December 2020.

ENGINEER MURIIRA M'MBWIRIA - COUNCIL MEMBER



Engineer M'Mbwiria was born in 1946. He holds (the equivalent of) a Master's degree in Electrical Engineering (Power option) from Giessen - Friedberg University of Technology, Germany. He is a registered engineer by Engineers' Registration Board.

He taught at a national polytechnic before joining the private sector from where he gained over thirty years' experience in engineering and management. He is also involved in private consultancy in the field of metrology equipment and systems.

His three-year term as a member of the Council started on 10 March 2020. He chaired the Human Resources Committee during the year.

STEPHEN KIMANI GATAMA - COUNCIL MEMBER



Mr. Stephen Gatama is an Advocate of the High Court of Kenya. He holds a Master of Laws (International Commercial Law) degree from the University of Cape Town and a Bachelor of Laws Degree from the Nelson Mandela Metropolitan University, South Africa as well as a Postgraduate Diploma in Law from the Kenya School of Law.

Mr. Gatama has over ten years' experience practicing law in a wide array of organizations including a law firm, in a corporate set up and in a development finance institution. He has advised clients both in the public and private sector on matters including but not limited to commercial law, cross-border transactions, energy, PPPs, infrastructure, mining and extractives, competition law, property and real estate. He is a member of the Law Society of Kenya, East African Law

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Society, Institute of Directors of Kenya and International Bar Association amongst other professional bodies. He is presently a partner in a leading law firm in Nairobi where he heads the Corporate/Commercial Practice Group in addition to providing consultancy services to various organizations.

His three-year term as a member of the Council started on 10 March 2020.

DICK WASWA WEKESA - COUNCIL MEMBER



Mr. Waswa holds a Master of Business Administration from United States International University. Further, he holds a Bachelor of Science degree (Biochemistry) from University of Nairobi.

He is currently a Management Consultant with expertise in Marketing, Communication and Corporate Finance acquired through 20 years' experience in Commercial sector (Fast Moving Consumer Goods, Pharmaceuticals, ICT and International Standards) and the International NGO development space. He has held top leadership roles at World Bicycle Relief (US NFP) as Country Director and GS1 Kenya Limited. Prior to these, he held senior Marketing roles at Sameer Africa limited and Kenya Network information Centre (KeNIC. Ke Registry).

He is a member of the Marketing Society of Kenya (MSK). He has contributed to development of Kenya Tea Branding and Packaging strategy and adoption of technology in driving uptake of Teas amongst Millennials and Global competitiveness under the Agricultural Food Authority (AFA). He has been involved as a key marketing resource person and speaker during regional conferences by EATTA in Nairobi (2018) and Kampala (2019) themed on enhancing tea uptake amongst Millennials and 21st Century customer marketing strategy. He was also instrumental to empowerment of students through programs implemented by World Bicycle Relief, Ministry of Education and International Development Partners where thousands of school going students benefitted by overcoming the challenge of distance.

Mr. Waswa's three-year term as a member of the Council started on 10 March 2020. He chaired the Finance Committee of Council during the year.

PAULINE JERUTO KURGAT- COUNCIL MEMBER



Ms. Kurgat holds a Master of Arts degree in Project Planning and Management from the University of Nairobi and a Bachelor of Arts with a linguistic concentration from Moi University.

She has over Sixteen years of proven track record of front line experience in Policy Execution at the Operations and Marketing Division of National Hospital Insurance Fund where she was a champion of Performance Contracting, ISO and OHASAS. She also has over three years' experience in Customer Relations whilst dealing with people from diverse cultural backgrounds and direct sales for advertising television airtime and consumer goods at Nation Media Group. She is an associate member of the Marketing Society of Kenya and a Certified Computerized Secretary.

She is currently a board member of the Elgeyo-Marakwet County Public Service Board. She has previously served in the same county as member of the Public Service Board in the County Assembly. She has served in the boards of Tambach Teachers College and St. Alphonsius Mutei Girls High School.

Her three-year term as a member of the Council started on 10 March 2020.

DR. NAOMI KIPURI - COUNCIL MEMBER



Dr. Kipuri was born in 1952. She holds a Ph.D. in Anthropology. She speaks Maa (Maasai language) Kiswahili, English, French (reading knowledge). She attended University of Nairobi and graduated with a, B. Ed. Education, Literature and Linguistics (1975). She later attended Temple University in Philadelphia, USA, where she graduated with a MA & later a Ph.D. in Anthropology (1989).

She worked as a teacher at Narok Secondary school (1975 -1976) then at the Kenya National Archives as Head of Oral Traditions Division (1976-1979). She has also worked in the following places;University of Nairobi as a Research Fellow/Lecturer, Institute of African Studies (1979-1990); Coordinator, Arid Lands Resource Management (ALARM), Network for Eastern Africa; Executive Director and Arid Lands Institute, an NGO working on Policy and Pastoralist development concerns between 1990 to 2016. She did some consultancy in development issues in Kenya & in East Africa and also played advisory role and member of various Working Groups including for African Commission on Human & Peoples' Rights (ACHPR). Today, Dr. Kipuri is involved in County/community issues related to

documentation of historical and cultural concerns including establishment of a museum and cultural centre for the County Government of Kajiado.

Her three-year term as a member of the Council started on 10 March 2020.

MR. PAUL P MUNGAI--COUNCIL MEMBER



Mr. Mungai is the alternate to the Principal Secretary, State Department of University Education and Research.

Mr. Mungai holds a Master degree in Educational Administration and Planning from University of Nairobi and a Bachelor's degree in Education (Arts) from Kenyatta University.

He is an educationist with a wealth of experience in education administration spanning over 25 years. He is currently a Deputy Director in charge of International University Education in the State Department. He has also served as alternate to the Principal Secretary in a number of other boards.

He was appointed as alternate to Principal Secretary, State Department of University Education and Research in Meru University of Science and Technology Council with effect from 4th June 2020.

CPA FA DR. SOLOMON T. NGAHU, MCISI-- COUNCIL MEMBER



CPA FA Dr. Solomon Ngahu holds B. Com (Hon), MSc Public Financial Management (University of London), MBA Finance (JKUAT) and a PhD (Finance). He is a member of good standing in various professional bodies including Institute of Certified Public Accountant (CPA) Kenya, Institute of Certified Financial Analyst (CIFA) Kenya, Kenya Institute of Management (KIM) and Member Chartered Institute for Security & Investments (MCSI)-UK, He is currently a *Certified International Investment Analyst (CIIA)* candidate academic year 2020.

CPA FA Dr. Ngahu has been in Public Service for over ten years as an Accountant, Financial Analyst and is currently head of Financial Reporting Unit National Government at the Directorate of Accounting Services, National Treasury. He also serves as Alternate Director for Cabinet Secretary & Principal Secretary - National Treasury in School Equipment Production Unit and Turkana University College. He also serves at Legislative committee of ICPAK, Membership Committee of ICIFA and Professional Development Committee for APSEA.

He was appointed as the PS- the National Treasury representative in the Council from 22 April 2020 to 9th March 2022.

CPA DAMARIS NYASUGUTA ONSOMU



Damaris Nyasuguta Onsomu holds a Bachelor of Commerce Degree from KCA University and is pursuing a Master of Science (Finance) at Jomo Kenyatta University of Agriculture and Technology (JKUAT). She is a Certified Public Accountant Kenya (CPA-K) and a member of the Institute of Certified Public Accountants Kenya (ICPAK).

Damaris has over Fourteen (14) years of experience in the field of Finance and Accounting. Currently, she works at the National Treasury as a Senior Principal Finance officer. In her current capacity, she oversees the co-ordination and preparation of Medium-Term Expenditure Framework (MTEF) Budget, Programme Based Budget, Budget Implementation, preparation of various statutory reports including feedback from parliamentary oversight committees. Prior to joining the National Treasury, Damaris worked in the private sector and thereafter at the Postal Corporation of Kenya in different capacities in the fields of Finance and Accounting.

She was appointed as the PS-the National Treasury representative in the Council with effect from 10th March 2022.

PROF. ROMANUS ODHIAMBO – VICE CHANCELLOR



Prof. Odhiambo holds a PhD in Statistics from Kenyatta University and MSc in Statistics from Kenyatta University. He also holds an Executive Master of Science in Organizational Development from USIU and a Bachelor of Education (Double Mathematics) from Kenyatta University.

Prof. Odhiambo is a professor of Statistics with over 26 years' experience in academics and research. He has served in a number of administrative, leadership positions at JKUAT over the years as: chairman of an academic department for two successive terms, dean of a faculty for two successive terms, and Deputy Vice-Chancellor (Academic Affairs) for 10 years. He has distinguished himself in organizational development and management aspects such as resource mobilization, projects management and leading change. He has also supervised a number of students at Masters and Doctoral level. He is a member of International Biometric Society (IBS), Institute of Mathematical Statistics (IMS) and Kenya Inter-University Association of Mathematicians and Computer Science. He has served as Vice-Chancellor since 6th August 2018.

MISS SHARON KOSKEI - COUNCIL SECRETARY



Miss Koskei holds a Bachelor of Laws degree (LL. B) from the University of Nairobi and Diploma in Law from the Kenya School of Law. She holds a Master of Laws (LL.M - International Business Law) from the University of Cumbria, United Kingdom. She has institutional affiliation to the Law Society of Kenya (LSK).

Miss Koskei is an experienced Advocate of the High Court of Kenya with a demonstrated history of working in the legal industry with more than 5 years of exceptional and diversified experience in public law, commercial law and corporate governance. She started her career in private practice before transitioning to public service and has a proven track record of providing the highest possible level of legal service to senior management. She is a strong legal professional skilled in negotiation, legal writing, corporate law and board of directors' management.

She was appointed to the position of the University Legal Officer and the Secretary to the University Council on April 15, 2021.

MANAGEMENT TEAM

Management team that served during financial year 2021/2022



THE VICE CHANCELLOR

Prof. Romanus Odhiambo

B.Ed. Sci. (KU), M.Sc.(KU), EMOD (USIU), Ph.D.
(KU)

THE DEPUTY VICE CHANCELLOR (ADMINISTRATION, FINANCE AND PLANNING)

Prof. Charity W. Gichuki, BVM. (UoN), Ph.D. (Glasgow)



AG. DVC (ACADEMIC, RESEARCH AND STUDENTS AFFAIRS)

Prof. Simon Thurania

B.Ed. Arts (KU), M.Ed. (KU), Ph.D. (University of
Maryland-USA)

AG. REGISTRAR (ACADEMIC, RESEARCH AND STUDENTS AFFAIRS)

Dr. Stephen Karanja

B. Ed. Sci. (KU), MSc. (KU), Ph.D (JKUAT)





REGISTRAR (ADMINISTRATION AND PLANNING)

CHRP, Dr. Elijah Walubuka FIHRM, FKIM
BA (Daystar), MBA (Egerton), Ph.D. (Kabarak)

FINANCE OFFICER
CPA Nephath Njeru
B. Com (KU), MBA(JKUAT), CPA(K)



COUNCIL SECRETARY/LEGAL OFFICER
MISS SHARON KOSKEI
LL.B (UoN), Diploma in Law (KSL), LL.M (University
of Cumbria, United Kingdom)

CHAIRMAN'S STATEMENT



It is with great pride and honour that I, on behalf of the University Council, announce an impressive revenue collection by Meru University of Science and Technology contained in the Annual Reports and Financial Statements for the period ended 30th June 2022. This annual report reveals the great efforts the University continues to make in the process of performing its core functions namely training, research & innovations, and public service.

Overview of the Operating Environment

During the year, Kenya's economy rebound following the easing of measures aimed at curbing the spread of Covid-19. Services and industrial sectors posted strong growth during the year. The education subsector, bounced back strongly. However, agriculture, forestry and fishing are estimated to have contracted owing to unfavourable weather conditions experienced in most parts of the country during the year.

Strategic Positioning

Certain strategic decisions were taken by the Council during the year in response to a fluid situation in which we had to ensure the survival of the university, without knowing how long the prevailing economic conditions would continue. As the University Council, we are dedicated to navigating this great University to global status. Our aim is to steer MUST into a leading top notch premier research university in science and technology. As a Council we are committed to building a network of collaboration across the globe that positions MUST as the University of choice in research and innovation. To this end, we are holistically in support of the University Management in pursuing strategic alliances with post-secondary institutions that we can leverage our strengths.

The University is well informed about the emerging role of universities in the 21st century. "Universities' Intellectual Capital as a new source of Wealth" is a trending global best practice. This matches with the University's mission. In this regard, the University is in the process of establishing Meru University Research, Innovation and Commercialization (RIC) Pipeline.

Overview of Financial Results

The Gross Income for the year was KShs. 1.25 Billion compared to KShs. 1.02 Billion for the previous year. The total expenditure was KShs. 1.41 Billion as compared to the expenditure for the previous year of KShs. 1.22 Billion. The expenditure increased by KShs. 187 Million or 15%. During the financial year, the University reported a deficit of KShs 154 Million as compared to a deficit of KShs 199 Million in Financial Year 2020/21.

The University relies heavily on government funding. Amount allocated to the university has not increased in the last three years and the funding is unlikely to increase in the foreseeable future. Therefore, the University must make deliberate efforts to reduce its over-reliance on government subvention by exploring other sources of income.

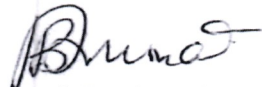
Changes in the Council

During the course of financial year 2021/22, there was one change in the Council. CPA Dr. Solomon Ngahu left the Council as PS (The National Treasury) representative and was replaced by CPA Damaris Nyasuguta Onsomu on 10th March 2022. Meru University of Science and Technology appreciates CPA Dr. Solomon Ngahu for his contribution to the success of the University.

Appreciation

On behalf of MUST Council, I would like to offer our sincere gratitude to everyone that has and continues to be a part of the fabric of our unique and extremely special institution. The Vice-chancellor and his management team for the outstanding commitment to leadership and excellence in times of crisis and without whom none of this could have been possible, our staff who remain unwavering and dedicated to providing our students with the tools required to succeed in their lives and careers, our students – both past and present, who have faith in our ability to deliver on their behalf-placing their destinies in our hands, and lastly to my fellow Council members who have selflessly and tirelessly continued to provide guidance, experience and stewardship to our incredible Institution.

Finally, we reaffirm the University's commitment to serving our nation through training the human resource capital and thus request our partners as well as the general public to continue supporting the University in its endeavour to become a globally recognized centre of excellence in teaching, research and public service.



Prof. Bosire Monari Mwebi, PhD
Chairman of the Council

REPORT OF THE VICE CHANCELLOR



It is my great pleasure to present Financial Year 2021/2022 MUST Annual Reports and Financial Statements. The reports reflect the great efforts made by all the University’s stakeholders, especially the fellow members of staff, students and our Development Partners, and it is to them that I dedicate it. During the year, the University continued to establish itself as the pinnacle of higher education in Kenya and in the region by establishing new demand-driven programmes at both undergraduate and postgraduate levels. The University has slowly but surely

continued to re-invent itself into a comprehensive institution that offers higher education in many major fields of knowledge.

Our performance

Our performance during the year under review is the best we have ever delivered in almost 13 years of the University’s existence. While continuing to make every effort to mitigate the economic and health ravages of Covid-19, we chose to view it as an opportunity to champion the issue of recovery and resilience, and to support the majority in our community whose livelihoods which had been ravaged by the social, humanitarian, and economic impact of the pandemic.

In the year under review, the University continued to influence tertiary education in Kenya by expanding its undergraduate and graduate enrolment. For example, enrolment increased from 6,858 in 2019/20 to 9,664 students in 2020/21. This increase is a testimony to the University’s mission of extending access and participation. In May 2022 the University graduated 1,777 students comprising of 1088 male and 689 female as detailed in the following table:

Summary of 9th Graduation			
	Male	Female	Total
Doctorate	2	2	4
Masters	8	6	14
Bachelors	730	466	1196
Post Graduate Diploma	7	6	13
Diploma	178	90	268
Certificate	162	118	280
Honoris Causa	1	1	2
Total	1088	689	1777

The graduation rates are a testimony of the University’s commitment to producing talented, creative and confident graduates. The University also increased its research output considerably with 40 peer-reviewed publications comprising of books, book chapters, refereed journal articles and conference proceedings. The Directorate of Research also advanced the research agenda of the University by hosting high profile international conference and disseminating research findings. In doing research, the University attracted research grants from various locally and internationally acclaimed organizations. I am very proud of these achievements and

urge all staff members to continue working hard so that the University realizes its strategic goals.

During the year under review, the University's assets grew from KShs. 2.89 Billion to KShs. 2.95 billion. In addition, the gross revenue grew from KShs. 1.02 Billion in the FY 2020/21 to KShs. 1.25 Billion in FY 2021/22. That was a significant achievement in a difficult operating environment. Consequently, revenue from exchange transactions and the corresponding expenditure increased significantly due to increased level of university activities.

Partnerships and Collaborations

International collaboration enables universities to make significant research and innovation leaps by sharing and building on each other's areas of expertise. It also elevates all of our teaching and learning, and research facilities to a new level. In the year 2021/22, MUST continued to develop partnerships with prominent institutions and networks across the world. For instance, in the year under review, MUST signed Memoranda of Understanding with several Canadian universities including MOUs on dual degrees in humanities and social sciences. The double degree programme will allow undergraduate students enrolled at MUST to complete a Diploma or a Bachelor's degree in the Canadian universities. It will provide students with the unique opportunity to experience different education systems and build professional networks across Africa and North America continents.

Capital Development

During the year, the University continued with the construction of the Nursing and Public Health building as well as development of the sports fields.

In addition, the University is on course with the construction of three projects namely: library, laboratory and administration blocks at Mariene Research Institute. All the three contractors on site are ahead of schedule.

Challenges

While the COVID-19 pandemic, the war between Ukraine and Russia and the prolonged La Nina continued to disrupt the world in 2021/2022, the Kenyan higher education sector continued to deal with the challenges of declining state funding, and rising students' debt. These challenges had significant implications for MUST's functioning and its long-term sustainability. Taking a proactive approach to managing the risks, the University delayed non-essential capital projects, employed strict processes for the appointment of staff among other austerity measures.

Way Forward

The challenge of lack of enough funds will follow us in the financial year 2022/23. Through judicious financial management, MUST will be able to maintain its high academic standards, while ensuring that critical infrastructure and academic projects and maintenance of existing assets are not compromised. MUST will diversify the sources of income and increase the allocation to research. Research, Innovation and Commercialization (RIC) pipeline will be given priority.



Prof. Romanus Odhiambo, Ph. D.

Vice Chancellor

Meru University of Science and Technology
Annual Report and Financial Statements
For the year ended June 30, 2022

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

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 entity's performance against predetermined objectives.

The University has seven strategic pillars and objectives within its Strategic Plan for the years 2020-2024. These Strategic Pillars are as follows:

1. Academic Excellence
2. Science and Technology
3. Institutional Development
4. Research, Innovation and Extension
5. Service Delivery
6. Collaborations, Partnerships and Linkages.
7. Financial Management

MUST develops its annual work plans based on the above seven pillars. 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 2021/22 period for its seven strategic pillars as indicated in the table below:

S/N	Strategic Pillar	Objective	Key Performance Indicator	Activities	Achievements
1	Academic excellence	To promote access to quality teaching and learning.	<ul style="list-style-type: none"> • Departmental reports on needs assessment • New programs developed • Evaluation reports on the existing curricula • Updated programs • No of eLearning modules developed • Report of pedagogy training • Copies of approved new curricula • marketing drives conducted • Web and social media postings • Copy of advertisements • Number of the print, e-books and added sitting space 	<ul style="list-style-type: none"> • Market needs assessment and development of new academic programs • Evaluation of existing curricula and market needs • Incorporation of ICT in teaching and learning • Increase use of eLearning modules • Conduct annual pedagogy • train academic staff • Develop new curricula • Conduct marketing drives • Use of social media and University website to increase programme visibility • Increase library resources and capacity 	<ul style="list-style-type: none"> • Interventions in teaching and learning have established the University as a market leader in educating a unique brand of graduates who are self-reliant, dependable, competent and innovative thinkers who will lead progressive development. • MUST's population has grown to approximately 10,000 students in niche programmes that address current and emerging issues in different sectors of the global economy. • 41 curricula developed since 2019 <ul style="list-style-type: none"> • PhD - 4 • Masters - 9 • Undergraduate - 10 • Certificate (MUST) - 1 • TVET programmes - 17 • Market needs assessment conducted. • Curricula reviewed in line with the CUE guidelines. • All curricula were reviewed as per CUE requirements - passed in 15th Regular Senate of 13th August 2020. The effective date is September 2020. • Student admission and registration automated. • Student management portal upgraded.

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2	Science and technology	To enhance the development and transfer of science and technology	<ul style="list-style-type: none"> • Functional network in place • Acquisition of computers. • Signed SLA's • Payment for License agreements • IT policy developed and approved. • Implemented Network Access policy • Upgraded bandwidth. • Approved extra bandwidth request • Signed SLA's with service provider. • Organogram developed awaiting approval. • Approved robust ICT policy/Procedures 	<ul style="list-style-type: none"> • Develop Network infrastructure. • Upgrade the ERP System. • Signing of Service level agreements • Develop IT security policy • Implement a centralized and unified network access policy management. • Upgrade Internet Bandwidth. • Develop and implement ICT organogram. • Realign the ICT procedures with the related department operations 	<ul style="list-style-type: none"> a) Improved network infrastructure to ease service delivery. b) Quality services to the University in line with Policy requirements. c) Increased number of student computers. d) Improved competence in use of ICT. e) Enhanced technical skills. f) Improved service delivery to the University. g) Compliance in use of software tools. h) Acquisition of computers done on need basis. i) Network infrastructure Continuous process. EC-B, EC-C, Sanitation research laboratory and LAN and Wireless extension for existing offices scheduled for FY 2021/2022 j) Staff trained on Information security management system (ISMS). k) BYOD policy approved. l) Implementation of virtual labs to be done in FY 2022/2023 m) Proposed internet upgrade to be done
3	Institutional development	To enhance sustainable institutional development	<ul style="list-style-type: none"> • Equipment bought • Designs of the Nursing and health science building developed • Phase I of the Engineering complex complete and Phase III on going. • Innovation centre furnished • Water tank constructed and water reticulated • Walk ways constructed • Construction of sports and recreation facilities on going. • Boundary wall plans developed • Development of Mariene Research centre on course. • CCTV and Biometrics installed. 	<ul style="list-style-type: none"> • Purchase of quality equipment for Science and Technology • Design and develop the Nursing and Health science building • Construct Phase II and III of the Engineering Complex building • Furnishing and equipping of the IIEC • construct water tank and reticulation system • Construction of ramps, lifts and walkways • Construct and equip a sports and recreation facilities • construction of boundary wall • develop Mariene Research University College • Develop security infrastructure, facilities and partnerships 	<ul style="list-style-type: none"> • Conducive environment for teaching, learning, research, innovation and service delivery. • MUST has improved and developed the institution's physical facilities, infrastructure and capital equipment, to deliver its core mandate, develop the institution, generate income and transfer knowledge and technology. • Annual HRP carried out • Required competences recruited • Seeking approval to recruit some more • Staff training policy under review • Staff training committee in place. • Training needs assessment established. • Job descriptions reviewed • Work from home policy developed awaiting council approval. • Employee assistance program in place. • Staff medical scheme in place. • Health education offered annually.
4	Research, innovation and extension	To develop and apply research, innovation and extension	<ul style="list-style-type: none"> • Training Report • -grant agreement • -Copies of internal call for proposals • -Appointment letters for peer reviewers • -Conference proceedings • -Extension services report • -Number of mobile apps developed 	<ul style="list-style-type: none"> • Training of staff in grant writing • -Support of multi-disciplinary research • -Funding of more internal calls • -Establish internal peer review mechanism • Participation in conferences • -Conduct extension services to the community • -Use of social media for technology transfer 	<ul style="list-style-type: none"> a) Increase in donor funded research projects. b) Extension services are being conducted as a result of our various projects with the community, examples include: <ul style="list-style-type: none"> • ePIVOT Horticulture • ePIVOT water • Fortified Biochar on Production and Nutritional Quality of Cabbage • KENIA is commercializing some of its national innovations through MUST and hence extension to the community c) The RDE is actively using the social media for technology transfer through the University's twitter, Facebook and Instagram handles for awareness and communication and sensitization and example is our recent innovation week. d) The RDE has already developed a strategic plan for its innovation centre that is being launched during the current innovation week and is in the process of escalating it to a full-

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					blown proposal for a science park and strategies for fundraising are ongoing
					e) Miraa Research Institute is already established. f) Sanitation centre is already established. g) WHO research laboratories equipped h) Cement research unit started
5	Service delivery	To enhance excellence in service delivery	<ul style="list-style-type: none"> • A 30% increase in sporting facilities • Increase in student participants in sports & recreation • More clubs and societies registered • Professional counsellor appointed • Decrease in time used to serve students and staff 	<ul style="list-style-type: none"> • Construct and maintain sporting facilities (outdoor and indoor) • Introduce more sports disciplines eg. Floor ball, Korfball • registration of student clubs and societies • Recruitment of a student counsellor • Automate services 	<ul style="list-style-type: none"> • An engaging, secure and productive campus life for its students and all the stake holders. • Improved sporting activities that engage students throughout the year. • Automated fee payment • Automated payroll • Quality management policy developed. • Quality assurance reporting is a standing agenda in the Deans committee. • Standards and benchmarks established • Quality assurance committee in place
6	Collaborations, Partnerships and Linkages.	To strengthen collaborations, partnerships and linkages	<ul style="list-style-type: none"> • Collaborations and Linkages office in place • Appointment letter for the linkages and collaborations coordinator • SOPs • Number of signed MoUs 	<ul style="list-style-type: none"> • -Establish linkages and collaborations office • Develop standard operating procedures (SOPs) for linkages and collaborations • Establishment and operationalization of MoUs 	<ul style="list-style-type: none"> a) Internationalization Directorate set up b) Regional Sanitation Centre set up. Training 80 Masters students in the region c) Linkage with University of Lausanne. One staff on annual research fellowship d) WHO laboratory funded and equipped e) Research linkages with Japan – Biochar project f) Activation of staff and student exchange on course. g) MoUs and joint research activities initiated.
7	Financial Management	To enhance prudent financial management.	<ul style="list-style-type: none"> • Functional directorate of income generation • Number of alternative sources identified • Percentage of income collected vs expected • Automated financial systems • Approved budgets 	<ul style="list-style-type: none"> • Increase and streamline the institution's fundraising activities; • Seeking alternative sources of funds • Enforce the student fee collection policy • Enhance mechanisms for collection of other incomes • Streamline the financial management systems • Rationalize budgets at all levels; 	<ul style="list-style-type: none"> • MUST has achieved a stable financial base. • Alternative sources of funding sought • IGU directorate established • Orchard established • ICDL and Driving school proposals approved • Student fee policy enforced • Financial management automated • Cost management through e.g. automation, outsourcing of some services, • Student fee policy enforced

CORPORATE GOVERNANCE STATEMENT

The members of Council and members of University Management Board (UMB) are bound by the highest standards of integrity in carrying out their responsibilities and in the relationship of the University with stakeholders. All members exercise their responsibilities in the interests of the University as a whole rather than as representative of any constituency. The University maintains a register of interests of members of the Council and UMB members. Council members are expected to attend scheduled meetings as regularly as possible. The role of Council members is similar to that of the non-executive directors of a company. They have collective responsibility for Council decisions. They observe the clear distinction between their strategic governance role and that of operational management of the University (a role being played by the University Management Board chaired by the Vice-Chancellor). The Council receives presentations from the officers on specific issues.

The Council was appointed to serve for a period of three years with effect from 10 March 2020.

Council Meetings Attendance from 1 July 2021 – 30 June 2022

COUNCIL MEETINGS/NAMES	Prof. Bosire Mwebi	Mr. Waswa Wekesa	Eng. Muriira M'Mbwiria	Dr. Naomi Kipuri	Ms. Pauline Jeruto Kurgat	Mr. Paul Mungai	Mr. Stephen Kimani Gatama	CPA Ngahu Solomon	CPA Damaris Onsomu
Full Council	16/16	15/16	16/16	15/16	15/16	14/16	14/16	12/16	1/1
Finance	-	2/9	9/9	-	7/9	-	-	7/8	1/1
HR	-	2/8	2/8	8/8	5/8	6/8	6/8	-	-
Audit	-	3/4	-	3/4	1/4	1/4	4/4	1/4	-
Academic	-	5/6	5/6	2/6	2/6	5/6	1/6	-	-
Ad hoc	-	3/3	3/3	-	-	3/3	3/3	-	-
Total Attendance	16	30	35	28	30	29	28	20	2

The Council has four (4) committees and the Council committees have four scheduled meetings per annum.

The following are the committees of the Council:

- i. Finance Committee
- ii. Audit Committee
- iii. Human Resources Committee
- iv. Academic Committee

Membership Committees of the Council

Finance Committee

1. Eng. Muriira M'Mbwiria
2. CPA Damaris Nyasuguta Onsomu/ CPA FA Dr. Solomon T. Ngahu – Rep. PS. National Treasury
3. Ms. Pauline Jeruto
4. Prof. Romanus Odhiambo

Audit Committee

1. Mr. Stephen Kimani Gatama
2. Dr. Naomi Kipuri
3. CPA Damaris Nyasuguta Onsomu/ CPA FA Dr. Solomon T. Ngahu –
Rep. PS. National Treasury

Human Resource Committee

1. Dr. Naomi Kipuri
2. Ms. Pauline Jeruto
3. Mr. Stephen Kimani Gatama
4. Mr. Paul Mungai
5. Prof. Romanus Odhiambo

Academic Committee

1. Mr. Dick Waswa Wekesa
2. Mr. Paul Mungai
3. Eng. Muriira M'Mbwiria
4. Prof. Romanus Odhiambo

Finance Committee

The Finance Committee is responsible for monitoring and advising Council on the financial health of the university, including the financial strategy, budget setting, annual accounts, investment activity, and consideration of capital expenditure. The Committee also has responsibility for monitoring institutional level Key Performance Indicators in order to measure and monitor University performance against agreed strategies and targets. The Committee also monitors and advises on the conduct of the University's estates/infrastructure activity including revenue and capital expenditure. The Committee may draw on professional expertise beyond that available within the Council membership.

Audit Committee

The Audit Committee has responsibility for monitoring the effectiveness of the University's risk management, control and governance arrangements, along with the arrangements to promote economy, efficiency and effectiveness throughout the institution, and advises the Council accordingly. The Committee exercises oversight over internal audit arrangements. It considers internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. The Committee also exercises oversight over external audit arrangements, such as the nature, scope and effectiveness of the process, and considers the audit aspects of the institution's financial statements.

Human Resources Committee

The Committee monitors and reviews the development and implementation of good governance practice. The Committee is responsible for the oversight of human resource

strategy, policies and associated procedures including the use of performance and development systems, indicators and benchmarks.

The Academic Committee of the Council

The Academic Committee of the Council assists the Council in fulfilling its oversight of the University academic programs, strategic academic plans, student learning, graduation matters and related activities such as:

- i. To advise Council on students' access and admissions, curriculum design, course and fees structure, academic and mentoring support, provision and use of learning resources and students' welfare.
- ii. To establish and review structures and mechanisms for assuring the implementation of academic policies, the maintenance of standards and enhancement of good practice;
- iii. To oversee and co-ordinate activities associated with national and external agencies involved in quality assurance;
- iv. To consider the overall balance of academic activities and provision of resources;
- v. To develop, amend, repeal and approve regulations concerning academic programmes;
- vi. To receive and consider proposals and nominations for the award of honorary degrees and recommend to Council award of honorary degrees;
- vii. To consider and advice Council on all matters related to research and innovation in the University.
- viii. To authorize on behalf of Council the application of the University Seal on documents.

Ad hoc Committee

The Council may appoint an ad hoc committee to handle special matters.

Conflict of interest

The University has adopted a conflict of interest policy which applies to the Council, Management and Staff. All persons governed by the policy are under the obligation to avoid and disclose ethical, legal, financial, or other conflicts of interest involving the University, and remove themselves from a position of decision-making authority with respect to any conflict situation involving the University. Any person who has a material personal interest in a particular matter and who is able to influence the decision will not vote on the matter when it is being discussed or considered.

MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The University's Operational and Financial Performance

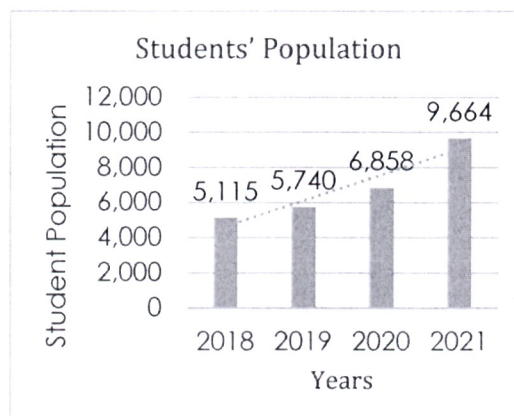
During the financial year 2021/22, the University witnessed a return to normal situation. The semesters continued without the interruptions as was the case in the financial year 2020/21. The University remained opened during the entire period with semesters running one after another. The first semester of the financial year ran from June 2021-September 2021, which was followed by the second semester which ran from September 2021-January 2022. The third semester started in January 2022 and ended in May 2022. The financial performance was greatly improved as a result.

General Statistics

Students Enrolment

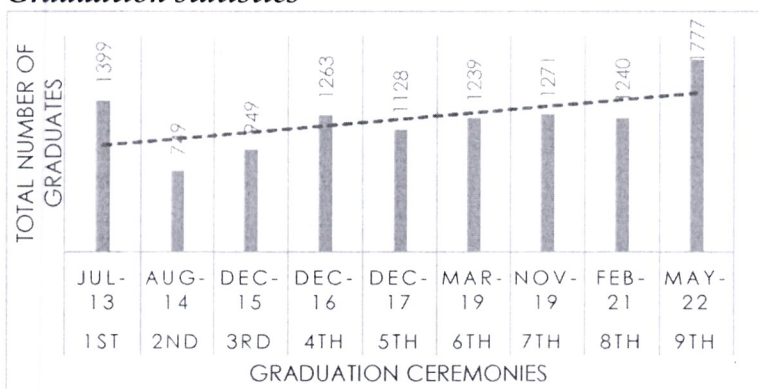
The population of the students has been growing steadily year after year. In a span of four years, the population has almost doubled. In 2018, the number of students was 5,115 and by the year 2021, the number had grown to 9,664.

Students' Population				
YEAR	2018	2019	2020	2021
Undergraduate	4,615	4,984	5,958	8,111
Diploma	279	423	684	1,183
Certificate	159	185	111	99
Masters	43	121	95	124
PHD	19	27	10	16
Short Course	-	-	-	131
TOTAL	5,115	5,740	6,858	9,664



Graduation

Graduation statistics



The University conducted its 9th graduation ceremony on 26th May 2022. A total number of 1,777 students graduated. The number of graduands has been growing year after year as shown in the chart below:

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Employee Statistics

Distribution

During the year, the University had a total number of 425 employees comprising of 172 academic staff and 253 non-teaching staff. The number of female employees was 174 and male employees were 251.

University Staff Data			
Division	Male	Female	Total
Academic	121	51	172
Administration	130	123	253
Total	251	174	425

Employees' Cost

Employees cost has been increasing year after year as per the table below:

DETAILS	2015/16	2016/17	2017/18	2018/19	2020/19	2020/21	2021/22
	<u>KSHS</u> <u>M</u>	<u>KSHS</u> <u>M</u>	<u>KSHS</u> <u>M</u>	<u>KSHS</u> <u>M</u>	<u>KSHS</u> <u>M</u>	<u>KSHS</u> <u>M</u>	<u>KSHS</u> <u>M</u>
Personnel Emoluments	535	575	764	765	780	844	966

The trend is likely to continue in the foreseeable future. It is brought about by:

- Collective Bargaining Agreement (CBA) which result in increase in basic salaries, allowances or benefits,
- Annual salary increments, and
- New recruitments and promotions.

Sources of Revenue

GOK remains the main source of revenue for MUST with percentages ranging from 57% to as high as 78%. Tuition Fees is number two with percentages ranging from 18% to 40%. Other sources of revenue range from 2% to 4%.

Details	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	<u>KShs. M</u>	<u>KShs. M</u>	<u>KShs. M</u>	<u>KShs. M</u>	<u>KShs. M</u>	<u>KShs. M</u>	<u>KShs. M</u>
Transfers from Ministry of Education							
Grants in Aid	553.09	553.09	668.86	676.23	690.16	692.92	692.92
CBA	-	-	98.00	-	-	75.64	25.21
TOTAL	553.09	553.09	766.86	676.23	690.16	768.56	718.14
Appropriation in Aid	-	-	-	-	-	-	-
Tuition Fees	322.79	258.94	176.45	322.99	244.80	227.20	506.96
Other Incomes	27.38	28.13	39.25	39.08	24.30	22.25	29.01
Total Appropriation in Aid	350.17	287.07	215.70	362.07	269.10	249.45	535.97
Gross Revenue	903.25	840.16	982.56	1,038.30	959.26	1,018.01	1,254.11
Percentages of various sources against total revenue							
GOK	61%	66%	78%	65%	72%	75%	57%
Tuition	36%	31%	18%	31%	26%	22%	40%
Other Income	3%	3%	4%	4%	3%	3%	2%
Total AIA	39%	34%	22%	35%	28%	25%	43%

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Despite the growth in terms of number of staff and students, and the effect of inflation, capitation from the government has not changed for the last three years. Even after a CBA, the government does not cater for the increment as a result of implementation of CBA thereby causing strain on the university resources.

Tuition fees is highly affected by unplanned closures of the university. For instance, in 2017/18, the university was closed for several months due to staff and students' unrests. The strike by staff was national wide. As a result, Tuition dropped from 31% in 2016/17 to 18% of total revenue in 2017/18. Similarly, significant drops in Tuition Fees were recorded in financial years 2019/20 and 2020/21 due to closures brought about by Covid-19 pandemic. The university was closed for several months during the two years as per the government directive.

Distribution of Expenses

The most significant expenditure is personnel emolument. Over the last eight years, the percentage of personnel emoluments against the total expenditure was between 64% and 70%. Depreciation takes between 5% and 12% of total expenditure. These two expenses are some of the expenses that may not be varied in the short run. Therefore, over 80% of the university expenses are semi variable.

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Expenses	KShs. M	KShs. M	KShs. M	KShs. M	KShs. M	KShs. M	KShs. M	KShs. M
a) Personnel Emoluments	506.25	534.73	574.69	763.53	765.21	779.89	843.69	966.35
b) Maintenance Costs	12.91	16.82	17.51	33.44	21.09	17.10	21.69	29.47
c) Council Expenses	5.99	9.56	9.53	16.93	14.00	11.08	10.13	18.78
d) Other Operational Expenses	118.93	130.41	131.74	157.97	154.71	131.97	138.80	160.70
e) Depreciation	57.28	67.61	88.85	55.87	102.29	95.04	142.69	144.00
Operational Expenses	701.36	759.12	822.32	1,027.74	1,057.30	1,035.07	1,157.00	1,319.29
Academic Costs	27.94	27.80	36.31	44.10	62.79	45.04	42.16	38.98
Administration Costs	9.09	13.61	15.24	24.42	23.45	18.25	12.74	32.43
Student Welfare	14.42	15.40	24.43	12.95	22.22	14.60	9.16	17.82
Total expenses	752.81	817.41	898.35	1,109.21	1,165.76	1,112.97	1,221.05	1,408.52
Percentages of various expenses against total expenditure								
a) Personnel Emoluments	67%	65%	64%	69%	66%	70%	69%	69%
b) Maintenance Costs	2%	2%	2%	3%	2%	2%	2%	2%
c) Council Expenses	1%	1%	1%	2%	1%	1%	1%	1%
d) Other Operational Expenses	16%	16%	15%	14%	13%	12%	11%	11%
e) Depreciation	8%	8%	10%	5%	9%	9%	12%	10%
Operational Expenses	93%	93%	92%	93%	91%	93%	95%	94%
Academic Costs	4%	3%	4%	4%	5%	4%	3%	3%
Administration Costs	1%	2%	2%	2%	2%	2%	1%	2%
Student Welfare	2%	2%	3%	1%	2%	1%	1%	1%

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REVENUE

Table 1 below is the analysis of the revenue received during the financial year:

Table 1: Sources of Revenue

Sources	FY 2021/22	FY 2020/21	Variance	
GOK Transfers	KShs.	KShs.	KShs.	%
Monthly Capitation	692,922,609	692,922,609	-	-
CBA 2017/21	25,214,131	75,642,386	(50,428,255)	-67%
Total GOK Transfers	718,136,740	768,564,995	(50,428,255)	-7%
Appropriation in Aid (AIA)				
Tuition and Other Fees	506,963,101	227,206,461	279,756,640	123%
Other Income	29,366,551	26,042,376	2,965,975	11%
Total AIA	536,329,652	253,248,837	282,722,615	115%
Total Revenue	1,254,466,392	1,021,813,833	232,652,360	23%

During the FY 2021/22, the University generated a total of KShs 1,254,466,392 as compared to KShs. 1,021,813,833 generated during the similar period in FY 2020/21. The revenue increased by KShs. 232,652,360 or 23%.

- i **GOK Transfers:** during the period, the University received a total recurrent grant of KShs. 718,136,740 from the government. The amount was the normal recurrent disbursement of KShs. 692,922,609 plus KShs. 25,214,131 for the implementation of the new basic salaries as per the CBA 2017/21. During similar period of FY 2020/21, the University received KShs. 768,564,995 (normal recurrent disbursement of KShs. 692,922,609 plus KShs. 75,642,386 for payment of CBA arrears for the period July 2017-June 2020).

It is important to note that the GOK transfers (normal capitation) remained the same during the two financial years under consideration. The University has raised its concern with the University Funding Board. In addition, the amount for the implementation of CBA 2017/2021 basic salaries is also inadequate. The university received Kshs. 25 million against the required Kshs. 80 million. In addition, the University did not implement the new basic salaries during the FY 2019/20 because the government did not remit the funds for the payment of the new salaries.

- ii. **Appropriation in Aid (AIA):** During the FY 2021/22, the University reported a total revenue of KShs. 536,329,652 as AIA compared to KShs. 253,248,837 reported in the FY 2020/21. The performance in FY 2020/21 was significantly low as compared to performance in the current period due to COVID-19 pandemic. The University was closed and learning interrupted for cumulatively six months in the FY 2020/21 due to the pandemic. Only one semester was fully completed during the FY 2020/21 while three semesters were fully completed during the FY 2021/22. One of the three semesters was a backlog from FY2020/21.

- a) **Tuition and Other Fees:** During the period, the University generated Tuition and Other Fees amounting to KShs. 506,963,101, the highest ever recorded in the University history. Tuition and Other Fees grew by 123% from the previous financial year. During

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similar period in FY 2020/21, the University generated KShs. 227,206,461. The reason for the significant improvement in revenue from Tuition is that there were no interruptions during the year. All the semesters ran as planned.

During the year, over 3000 students joined the University while 1777 students managed to complete their studies and graduate. The graduation ceremony was held on May 27, 2022

- b) **Other Income:** During the period, the University generated Other Income amounting to KShs. 29,366,551. During similar period in the FY2020/21, the University generated KShs. 26,042,376.

EXPENSES

The total expenses for the year amounted to KShs. 1,408,523,355 as compared to KShs. 1,221,053,905 for the previous year. The expenses are analysed as follows:

Expense	FY2021/22	FY2020/21	Variance	
	KShs.	KShs.	KShs.	%
Operational Expenses	1,319,292,354	1,156,999,103	162,293,250	14%
Academic Costs	38,978,733	42,156,500	(3,177,767)	-8%
Administration Costs	32,434,948	12,742,655	19,692,293	155%
Student Welfare	17,817,321	9,155,646	8,661,675	95%
Total expenses	1,408,523,355	1,221,053,905	187,469,450	15%

The total expenses for the year were KShs. 1,408,523,355 as compared to KShs. 1,221,053,905 for the FY 2020/21. The expenses increased by over KShs. 187,469,450 or 15% during the period. The reason for the significant increase in expenses is because of the fact that the University remained opened during the entire period with semesters running one after another. Another reason is that there was a significant increase in the price levels in the country.

- i) **Operational Expenses:** The total Operational Expenses were KShs. 1,319,292,354 for the period compared to KShs. 1,156,999,103 for the previous year. Operational expenses include: Personnel Emoluments, Maintenance costs, Council Expenses and Other Operational Expenses.

Expense	FY2021/22	FY2020/21	Variance	
	KShs.	KShs.	KShs.	%
a) Personnel Emoluments	966,347,393	843,688,302	122,659,091	15%
b) Maintenance Costs	29,465,973	21,692,712	7,773,261	36%
c) Council Expenses	18,779,217	10,125,873	8,653,344	85%
d) Other Operational Expenses	304,699,771	281,492,216	23,207,555	8%
Operational Expenses	1,319,292,354	1,156,999,102	162,293,251	14%

- a. **Personnel Emolument-** The actual expenditure for the year was KShs. 966,347,393 while the expenditure for the previous year was KShs. 843,688,302. The personnel

cost increased by KShs. 123,659,091 or 15% during the period. Part-time cost was the major cost driver. This is because we had three semesters during the year. Therefore, part-time increased from KShs. 60,536,648 in FY 2020/21 to KShs. 159,784,614 in the current financial year.

b. **Maintenance:** The expenditure for the year was KShs. 29,465,973. During similar period in the previous year, the expenditure was KShs. 21,692,712. There was an increase in expenditure during the period due to the increase in level of activities during the financial year.

c. **Council Expenses:** During the year, the University spent KShs. 18,779,217 on Council Expenses as compared to KShs. 10,125,873 in the FY 2020/21. The increase is due to the fact that in the FY 2020/21, some of the Council meetings were held virtually due to restrictions imposed by Ministry of Health on physical meetings.

d. **Other Operational Expenses:** During the year, the University spent KShs. 304,699,770 on Other Expenses compared to KShs. 281,492,215 in the FY 2020/21. There was an increase in expenditure during the period due to the increase in level of activities during the financial year and due to inflation.

- ii **Academic:** During the period, the Academic costs were KShs. 38,978,733 as compared to KShs. 42,156,500 in similar period in the FY 2020/21. There was a significant increase in examination expenses and research expenses in the current year as compared to the previous year. The research expenses increased from KShs. 4,152,001 in the previous year to KShs. 9,656,064 in the current year while examination cost increased from KShs. 4,301,334 to KShs. 10,172,482 due to the large number of students undertaking examinations. In addition, there was a decline in Curriculum Development expenses from KShs. 4,770,000 to KShs. 310,000.
- iii **Administration Expense:** During the year, the University spent KShs. 32,434,948 on Administration expenses as compared to KShs. 12,742,655 spent in the FY 2020/21. The reason for the significant increase is due to the fact that the university was open throughout the year as opposed to the previous year where it was closed for half of the year. There was significant increase in travelling and accommodation expenses, training expenses, and stationery expenses.
- iv **Student Welfare:** During the period, the University spent KShs. 17,817,321 on Student Welfare as compared to KShs. 9,155,646 spent during similar period in the FY 2020/21. The restriction on sporting activities by the Ministry of Health were applied during the FY 2020/21 but were eased in the FY 2021/22 hence the significant increase in the expenditure. Our students have been participating in inter-university competitions including international competitions.

Meru University of Science and Technology
Annual Report and Financial Statements
For the year ended June 30, 2022

DEFICIT

The University reported a deficit of KShs. 154,056,964 as compared to a deficit of KShs. 199,240,072 reported in the previous year. Although the University was very prudent in the use of resources, and wastages were minimized, the costs remained high due to the semi variable nature of the expenses. The inflation being experienced in the country also affected the university operations.

The University will suffer technical insolvency should this trend continue. The University will avoid going into insolvency by diversifying income generated internally and managing cost so that marginal cost will be equivalent to or less than the marginal revenue. The University incurred depreciation and amortization cost of KShs. 144,000,637.

Increase Revenue

The University will venture into other sources of revenue generation. Other than government grants and fees from students, the University will explore other income generating activities through research, innovation and commercialization.

Managing Costs

The University will institute cost management strategies. The University will ensure that wastages are eliminated and efficiency is increased. We shall embrace innovation and automation in our operations. Further, we shall benchmark with the best universities or other organizations in order to adopt the best practices in our operations. All decisions will be made prudently. When making decisions, the financial implications of the decisions will be considered. We shall focus on consolidating what we already have instead of starting new projects, departments or faculties. We shall merge roles where they have been duplicated. We shall strictly adhere to the budget allocations.

Major Capital Expenditure

The major construction projects being undertaken by the University are financed by the Government. During the year, the University received a total of KShs. 300,000,000 from the government to finance capital expenditure as compared to KShs. 233,591,333 received in the FY 2020/21 as per the table below:

GoK Funded Projects		
Bills Raised	2021/22	2020/21
Mariene-Modern Library	38,751,379	38,952,811
Mariene-Admin	39,966,964	57,652,614
Mariene-Science Lab	17,628,643	62,776,694
Nursing and Public Health Building	785,293	64,522,644
Sport Fields	68,861,069	97,532,666
Engineering Complex	3,829,863	102,603,040
Total Bills for the year	169,823,211	424,040,469
Bills Brought forward	190,449,136	-
Total Bills by the end of the year	360,272,347	424,040,469

Meru University of Science and Technology
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Budget Allocation/Receipts	300,000,000	233,591,333
Outstanding bills as at 30th June	(60,272,347)	(190,449,136)

During the year 2020/21, the capital expenditure on projects financed by the Government was KShs. 424,040,469 against the receipts of KShs. 233,591,333. Consequently, at the beginning of Financial Year 2021/22, the University owed contractors KShs. 190,449,136. In the course of the year, construction works worth KShs. 169,823,211 were done. The receipts of KShs. 300 million were used to clear the outstanding bills of KShs. 190, 449,136 and pay for the works done during the year of KShs. 169,823,211. A balance of KShs. 60,272,347 was outstanding as at 30th June 2022 as per the table below:

Details	Amount (KShs)	Amount (KShs)
Capital Receipts for 2021/22		300,000,000
Less:		
Bills Brought forward at 1.7.2021	190,449,136	
Bills for the year 2021/22	169,823,211	
Total Bills		360,272,347
Outstanding bills as at 30.6.2022		(60,272,347)

SECTION B

The University's compliance with statutory requirements

The University complied with all statutory requirements. The University withheld taxes where it was required to do so. All withheld taxes, payroll deductions-NHIF, NSSF, PAYE, Pension and other deductions were fully paid and on time.

SECTION C

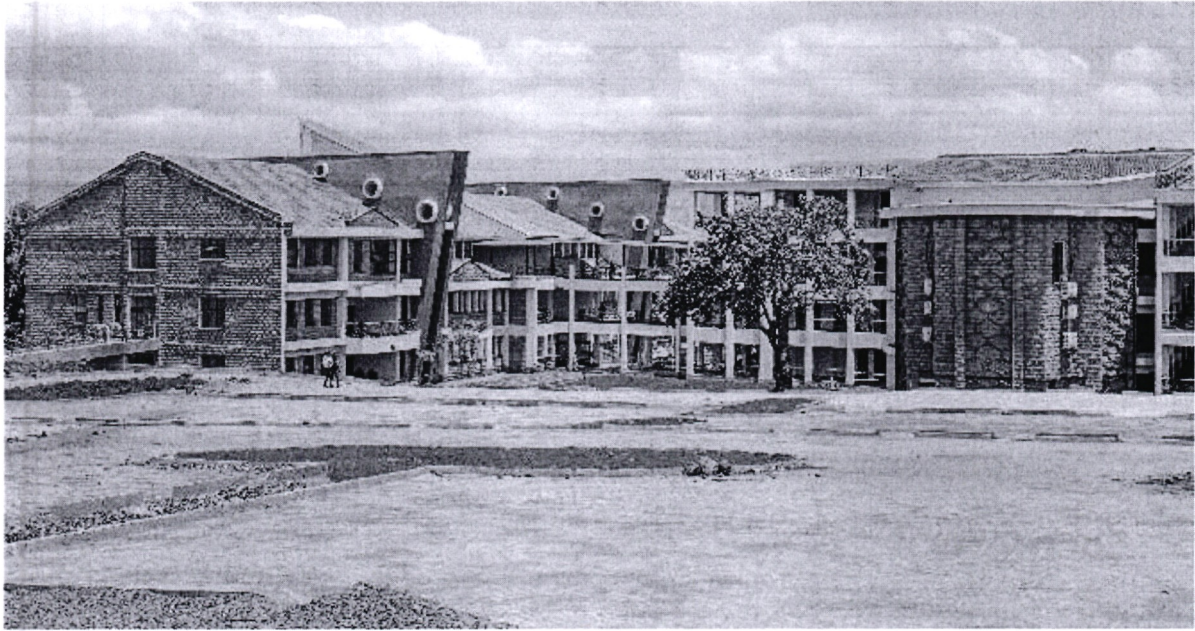
Key projects and investment decisions the University is planning/implementing

The Council plans to transform the University into a modern, sustainable learning and working environment that is innovative and engaging for both staff and students. The University will spend a total of KShs 284 million on capital expenditure in the next financial year.

The University is undertaking the following major projects:

1. Construction of Engineering Complex

During the year the landscaping, construction of access road, and furnishing of the building activities were initiated as per the photos below:



Engineering Complex as at 30 June 2022



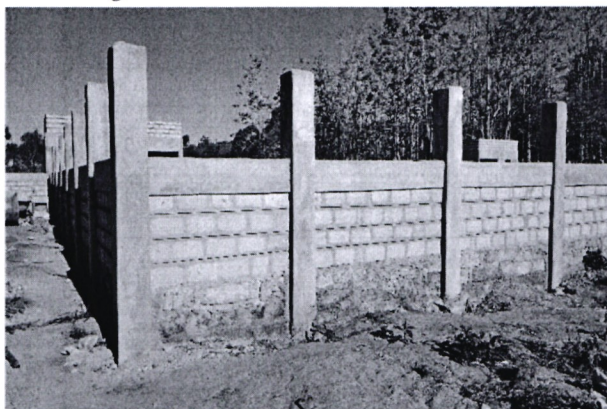
Engineering Complex as at 30 June 2021

2. Construction of Sports fields

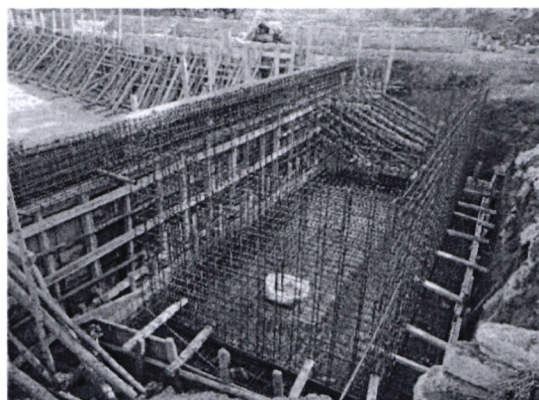
The project includes construction of various sports field, wash rooms and rooms for change-rooms, pavilions, access to the fields and drainage system for the fields. The project will be fully funded by the government. The students and employees' health will be improved. Students will be engaged in the extra curriculum activities and students with special talents in sports will be discovered. This Project was started in September 2020.

Status of some sports fields as at 30 June 2022

Swimming Pool



Status as at 30 June 2022



Status as at 30 June 2021

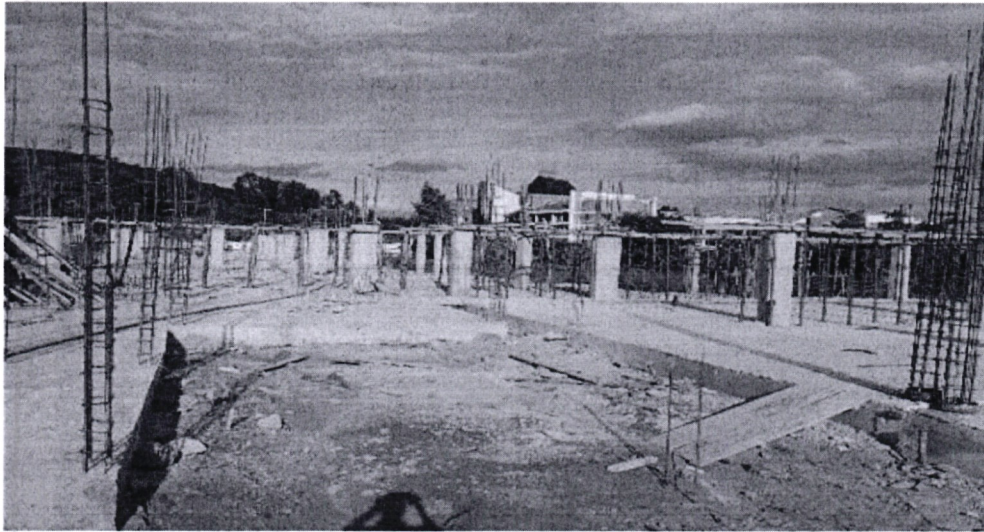


The project has slowed down due to reduced financing by the government.

3. Construction of Nursing and Public Health Building

The project includes construction of specialized laboratories such as skills lab, diagnostic labs, and anatomy and physiology labs. It will also include offices and lecture rooms. The building will be constructed in conformity with the requirements of the Nursing Council of Kenya. The University is working closely with the Nursing Council of Kenya. We have already admitted students both in Nursing and Public Health. This Project was started in September 2020.

Status of Nursing and Public Health Building



(b) Development of Mariene Research Institute

The University owns a land in Mariene which is about 30 kilometers from the University. The Institute will focus on research and post graduate studies. There are three projects being carried out, namely, construction of Modern Library, Construction of Administration Block and Lecture Halls and Construction of Science Laboratories. The three project were started in September 2020. Each project has a different contractor.

a) Construction of Modern Library

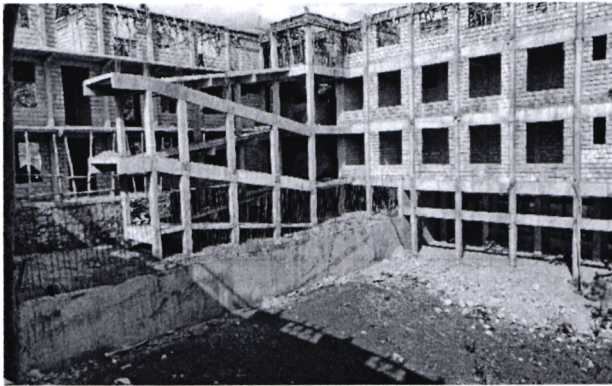


Status as at 30 June 2022



Status as at 30 June 2021

b) Construction of Administration Block and Lecture Halls-



Status as at 30 June 2022



Status as at 30 June 2021

c) Construction and Equipping of Science Laboratories



Status as at 30 June 2022



Status as at 30 June 2021

SECTION D

Major risks facing the University

Operational risks

The University faces many operational risks. Some of the risks include the following:

- The number of students joining the university under the parallel programme has been declining year after year. The parallel programme is a major source of revenue for the University. Financial sustainability of the University is therefore under threat. The University is investing heavily on facilities and other resources and has stepped up the promotion of its programs in order to attract as many students as possible.
- The University is located in a water deficient region. Most of the water consumed in the University comes from boreholes. During dry season, some of the boreholes dry up. The University has invested in water storage facilities.

SECTION E

Material arrears in statutory/financial obligations

The University did not have any material financial obligation during the year.

SECTION F

The University's financial probity and serious governance issues

There was no financial improbity reported during the year. No governance issues were reported during the year.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Meru University of Science and 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/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The University has endeavoured to offer quality university education to attract more students. The University operates in a very challenging environment. In the past, the government used to allocate students to universities. Currently, students choose the university of their preference. The funding from the government has been dwindling while costs have continued to increase. For instance, the workers have been demanding for better pay but the government has not been financing the increased wage bills.

In order to attract more students, the University has improved the quality of our education. Every year we have been receiving increasing number of government students. We have initiated several income generating activities in order to reduce the dependency on government funding.

ii) Environmental performance

The University was involved in environmental conservation activities as follows:

(a) Tree Planting at Meru University of Science and Technology

Trees occupy more than 71 acres of the University land. In total, the University forest cover is 13% of the total acreage. During the year, the University continued to take care of the trees including gapping, watering the trees during the dry spell and pruning the trees as and when necessary.

(b) The Sanitation Research Institute

During the year, a Sanitation Research Institute was established. The Institute deals with management of sanitation. The Institute offered post graduate scholarships to over 80 masters students undertaking a Master in Science degree in sanitation. These champions are expected to spearhead the management of wastes in the community. The Institute is focused on providing the solution not only in Kenya but the entire Africa region.

iii. Employee Welfare

The university has in place policies that have been developed with the participation of the staff unions to guide in management of its staff. The policies are reviewed every three years or as need arises. The following policies that have been approved and are being implemented in the management of human resource:

- (a) Human Resource Policy manual** – the manual provides management with a reference for everyday decision making and advisory purpose on matters that concern staff. The main components in the manual include general code of regulation, selection and recruitment, orientation and induction, performance management, staff training and development,

disciplinary and grievance handling, separation and termination of employment, compensation and benefits, allowances and other benefits, leave management, staff welfare and workplace safety and health.

- (b) *Recruitment and Promotions policy* - the policy has been developed to guide the recruitment and promotion processes in the university. The recruitment process is undertaken on the basis of fair competition and merit, representation of Kenya's diverse communities, adequate and equal opportunities to all gender, youth, members of all ethnic groups and persons living with disabilities. In selecting candidates for promotion, regard is given to affording adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.
- (c) *Occupation Safety and Health policy* - The main objective of this policy is to establish occupational safety and health systems and programmes geared towards the improvement of the work environment. The Policy seeks to reduce the number of work related accidents and diseases, and equitably provide compensation and rehabilitation to those injured at work or who contract occupational diseases. Further the HIV/AIDS policy is in place to help maintain a healthy and safe work environment for all employees, as well as providing support for individual employees who may face HIV/AIDS related illnesses. MUST in partnership with Meru Doctor's Plaza Hospital ran a medical camp for MUST family on Monday Feb 14, 2022 at main campus.



- (d) *Disability Mainstreaming policy* - The University disability mainstreaming policy exist to promote, protect and ensure the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities, and to promote respect for their inherent dignity. New buildings are constructed with disabled persons in mind and existing buildings have been modified to cater for their needs.

iv) **Market place practices**

a) *Responsible competition practice*

In a bid to ensure responsible competition practices, the University ensures that there is fair administrative justice in line with article 47 of the constitution and the fair administrative action Act of 2015.

b) *Responsible Supply chain and supplier relations*

The University, ensures that supplier suitability by ensuring that there is a database of registered suppliers and procurement opportunities are availed to them equally. Once goods and works received or completed are inspected and accepted, the University ensures that respective payments are made within the provided timeline.

c) *Responsible marketing and advertisement*

The University places adverts on various newspapers, University website and social media to market its academic programmes. These adverts are made in an ethical and acceptable manner.

d) *Product stewardship*

The University ensures that all its academic programmes meet the requirements of the Commission for University Education and other regulatory bodies.

v) **Corporate Social Responsibility / Community Engagements**

a) *E-Pivot Project Hosts a Farmers Day Event*

E-Pivot stands for: Enhancing Partnerships for Industry-led Vocational Training and Education. Meru University of Science and Technology hosted a farmer's day on 6th October, 2021. This event played a pivotal role to farmers by exposing them to modern irrigation systems that are being adopted by farmers to ensure efficiency in the use of water leading to reduced costs and enhanced production. The crop that was showcased under this project was sweet potatoes. There was the demonstration of the workings of the smart irrigation system, the sweet potato crop management system and the value-added products from the crop. With the knowledge and skills that the farmers learnt during the event, they can now double or triple their production of sweet potatoes in the region.



b) MUST hosts numerous Virtual Career Mentorship Programmes in a bid to empower students across the globe to take up growth opportunities within the education sector. Here's one that was hosted virtually on 21st March 2022. Topic: "How to Identify and Unleash your Potential"

VIRTUAL CAREER MENTORSHIP PROGRAMME
'BEYOND THE LECTURE HALL'

GUEST SPEAKERS:

Mary Njue
Founder & Chief Executive of Epicenter Africa Ltd
Topic:
Establishing an Enterprise:
Identifying & unleashing your potential

Clinton Nyakang'i
MSc. Student in Food Science & Technology, MUST
Topic:
Postgraduate studies:
Experience of MUST

Hosted by: The Directorate of Quality Assurance and Career Services

Zoom Meeting ID: 947 8738 1579 Passcode: 138201
Monday 21st March, 2022 2:00 - 4:00 pm (EAT)

c) Meru University of Science and Technology hosts educational tours within its main campus for primary and high school students. This is a great opportunity to learn more about our programmes, the variety of career opportunities available and the MUST University Student Experience while empowering the younger generation to focus on education as a critical factor to personal and community development.



Here is a photo from a visit by Kanyakine High School in January 2022 as they received a mentorship talk at our amphitheatre.

REPORT OF THE COUNCIL

The University Council submits its report together with the financial statements for the year ended June 30, 2022 which show the state of the University's affairs.

Principal activities

The principal activities of the University continue to be provision and advancement of university education and training to appropriately qualified candidates leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate may from time to time determine and in so doing, contribute to labour market needs.

Results

The financial performance results of the University for the year ended June 30, 2022 are set out on page 1.

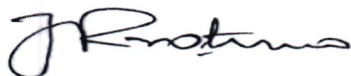
University Council

The members of the University Council who served during the year are shown on pages vii to xiii

Auditors

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

By Order of the Council.



Prof. Romanus Odhiambo
Vice Chancellor
Date: September 28, 2022

Meru University of Science and Technology
Annual Report and Financial Statements
For the year ended June 30, 2022

STATEMENT OF COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management (PFM) Act, 2012 and Section 47 of the Universities Act No. 42 of 2012, require the University Council to prepare financial statements in respect of that 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 University Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The University Council is also responsible for safeguarding the assets of the University.

The University Council is 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. This responsibility includes:

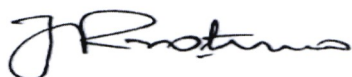
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University;
- (iii) Designing, 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 University 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 International Public-Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Section 47 of the Universities Act No. 42 of 2012. The University 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, 2022, and of the University's financial position as at that date. The University Council further confirms the completeness of the accounting records maintained by 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 University 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 28th September, 2022 and signed on its behalf by:



Vice Chancellor



Chairman

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Meru University of Science and Technology set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and

Report of the Auditor-General on Meru University of Science and Technology for the year ended 30 June, 2022

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 Meru University of Science and Technology as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act, 2012.

Basis for Qualified Opinion

1. Material Uncertainty on Sustainability of Services

The statement of financial performance for the year reflects Kshs.1,254,466,392 and Kshs.1,408,523,355 in respect to total revenue and total expenses respectively resulting to a deficit of Kshs.154,056,964 (2020/2021: Kshs.199,240,072). The deficit resulted to an increase in accumulated deficit from Kshs.670,707,283 as at 30 June, 2021 to accumulated deficit of Kshs.824,764,247 as at 30 June, 2022.

Further, the current liabilities of Kshs.447,330,773 exceeded the current assets of Kshs.311,218,757 resulting to a negative working capital of Kshs.136,112,016. The University is therefore technically insolvent. However, the financial statements have been prepared on a going concern basis on the assumption of continued financial support from the Government and its creditors.

In the circumstances, the University is likely to face financial challenges and might find it difficult to sustain its services.

2. Unsupported Property, Plant and Equipment - Land Records

The statement of financial position reflects a balance of Kshs.2,630,851,248 in respect of property, plant and equipment. However, as previously reported, and as disclosed in Note 18 to the financial statements, the balance includes land with a value of Kshs.108,292,000 which is based on a valuation done in 2009 over thirteen (13) years ago. In addition, the land ownership documents provided for audit indicate that one parcel of land is registered under Meru University College of Science and Technology while the other parcel is in the name of Meru College of Technology.

In the circumstances, the accuracy and completeness of the balance of Kshs.108,292,000 in respect to property, plant, and equipment could not be confirmed.

3. Unsupported Rent and Rates Expenditure

The statement of financial performance reflects an amount of Kshs.1,319,292,354 in respect to operational expenses and as disclosed in Note 10 to the financial statements, which includes Kshs.160,699,133 incurred on other operating expenses. This further includes Kshs.14,378,921 in respect to rent and rates for Meru University Campus located in Meru town. The lease agreement required the University to pay a monthly rent of Kshs.930,917 for the initial two (2) years and Kshs.1,024,008 for the next two (2) years and Kshs.1,126,385 for the final year. However, as previously reported, no evidence was

provided to confirm that the identification of these offices was subjected to procurement procedures.

In the circumstances, the accuracy and completeness of the expenditure amount of Kshs.14,378,921 in respect to rent and rates could not be confirmed.

4. Accuracy of the Statement of Cash Flows

The statement of cash flows reflects net cash flow from operating activities of Kshs.105,085,517 in respect of 2020/2021. However, the audited financial statements for 2020/2021 reflects a different balance of Kshs.136,541,017. Further, the same statement reflects net cash flow from financing activities of Kshs.265,046,833 in respect to 2020/2021. However, the audited 2020/2021 financial statements reflect Kshs.233,591,333 in respect to the same item. Management did not provide explanation or reconciliations for the variances noted.

In the circumstances, the accuracy and completeness of the statement of cash flows for the year ended 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Meru University of Science and 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.

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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year reflects final budgeted revenue of Kshs.1,122,613,055 and actual revenue of Kshs.1,254,466,392 resulting to a net revenue surplus of Kshs.131,853,337 or 12% of the budget. In addition, the statement reflects final budgeted expenditure of Kshs.1,122,613,055 and actual expenditure of Kshs.1,408,523,355 resulting to a net over-expenditure of Kshs.285,910,300 or 25% of the budget.

Further, there was no evidence provided by the Management for audit to show if a supplementary budget was approved for the over expenditure of Kshs.285,910,300 contrary to Section 12 of the State Corporation Act, 2010 which provides that no State Corporation shall, without prior approval in writing of the Minister and The National Treasury incur any expenditure for which a provision has not been made in the annual estimates.

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

2. Unresolved Prior Year Matters

There were issues raised in the audit report for 2020/2021 financial year. However, the issues remain unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers in respect of the entity concerned to try to resolve any issues resulting from an audit that remain outstanding.

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. Ethnic Composition of Employees

Review of records revealed that out of a total of 406 employees, 263 employees or 65% were from the dominant ethnic community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Delayed Completion of Sports Field

The statement of financial position and as disclosed in Note 18 to the financial statements reflects property, plant and equipment balance of Kshs.2,630,851,248 which includes Kshs.928,853,555 in respect to work-in-progress, out of which Kshs.171,537,625 relates to the construction of sports fields.

Records indicates that the University entered into a contract for the construction of sports fields on 30 July, 2020 at a cost of Kshs.232,742,353 for a performance period of twenty-nine (29) weeks, commencing from 14 September, 2020 with expected completion date of 2 March, 2021 which was later extended to 30 October, 2023. As at the time of audit in December, 2022, the total works completed amounted to Kshs.171,537,625 or 74% of the contract sum.

However, audit inspection conducted in December, 2022 revealed that the project had stalled, and the contractor was not on site. Further, no document or record was provided to confirm the overall completion level and reasons for the delay.

In the circumstances, the value for money for the expenditure amount of Kshs.171,537,625 could not be confirmed.

3. Delayed Appointment of Senior Academic Staff

During the year under review, the University paid Kshs.951,627 to two (2) senior academic staff as acting allowance. However, review of human resource records provided for audit revealed that the two staff members had acted for more than six months contrary

to Section C.14 (1) of the Public Service Commission Human Resource Policies Manual, 2016 which states that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary. Acting allowance will not be payable to an officer for more than six (6) months. No plausible explanation was given on why the University was unable to appoint substantive holders for the two positions through a competitive recruitment process.

4. Receivables from Exchange Transactions - Student Debtors

The statement of financial position and as disclosed in Note 16 to the financial statements reflects Kshs.116,174,595 in respect to receivables from exchange transactions which further include students' debtors of Kshs.114,696,875. However, measures taken by University Management to ensure collection of the outstanding student debt of Kshs.114,696,875 was not provided for audit review contrary to Regulation 64(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the University was in breach of the law and the recoverability of the outstanding student debt of Kshs.114,696,875 is doubtful.

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 controls 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 controls, risk management and overall 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 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


20 April, 2023

Meru University of Science and Technology
Annual Report and Financial Statements
For the year ended June 30, 2022


STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2022

		2021-2022	2020-2021
	Notes	KShs.	KShs.
Revenue from non-exchange transactions			
Grants in Aid	6	718,136,740	768,564,995
Donations and Gifts	7	358,200	3,792,735
		718,494,940	772,357,730
Revenue from exchange transactions			
Tuition and other Fees	8	506,963,101	227,206,461
Other Income	9	29,008,351	22,249,641
		535,971,452	249,456,103
Total revenue		1,254,466,392	1,021,813,833
Expenses			
Operational Expenses	10	1,319,292,354	1,156,999,103
Academic Costs	11	38,978,733	42,156,500
Administration Costs	12	32,434,948	12,742,655
Student Welfare	13	17,817,321	9,155,646
Total expenses		1,408,523,355	1,221,053,905
(Deficit)		(154,056,964)	(199,240,072)

The notes set out on pages 8 to 43 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the University Council by:



CPA Franco Mutua
ICPAK No. 11498
Ag Finance Officer
Date: September 28, 2022



Prof. Romanus Odhiambo Ph.D.
Vice Chancellor
Date: September 28, 2022



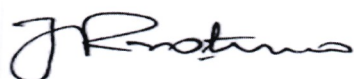
Prof. Bosire Monari Mwebi, Ph.D.
Chairman of the Council
Date: September 28, 2022

Meru University of Science and Technology
Annual Report and Financial Statements
For the year ended June 30, 2022

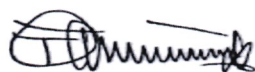
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	2021-2022	2020-2021
Assets			
Current Assets		KShs	KShs
Cash and cash equivalents	14	167,915,314	148,693,819
Prepayments	15	13,062,739	23,525,543
Receivables from exchange transactions	16	116,174,595	113,498,829
Inventory	17	14,066,109	11,845,056
Total Current Assets		311,218,757	297,563,247
Non-current assets			
Property, plant and equipment	18	2,630,851,248	2,580,927,064
Biological Assets	19	540,000	280,000
Intangible Asset (ERP)	20	6,422,405	9,186,220
Total Non-current Assets		2,637,813,653	2,590,393,284
Total Assets		2,949,032,410	2,887,956,531
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21	394,871,523	451,380,811
Provisions	22	52,459,250	30,686,724
Deferred Income	23	-	55,400,396
Total liabilities		447,330,773	537,467,931
Net assets		2,501,701,637	2,350,488,600
Capital			
Capital	24	3,266,625,812	2,961,355,812
Reserve Reserve	25	(824,764,246)	(670,707,283)
Revaluation Reserve	26	59,840,071	59,840,071
Total net assets and liabilities		2,501,701,637	2,350,488,600

The Financial Statements set out on pages 1 to 7 were signed on behalf of the University Council by:



Prof. Romanus Odhiambo Ph.D.
Vice Chancellor
Date: September 28, 2022



CPA Franco Mutua
ICPAK No. 11498
Ag Finance Officer
Date: September 28, 2022



Prof. Bosire Monari Mwebi, Ph.D.
Chairman of the Council
Date: September 28, 2022

Meru University of Science and Technology
Annual Report and Financial Statements
For the year ended June 30, 2022

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2022

Details	Capital	Revaluation Reserve	Revenue Reserve	Total
Note	24	26	25	
Balance as at 30 June 2020	2,696,308,979	59,840,071	(471,467,211)	2,284,681,839
Development Grants	233,591,333	-	-	233,591,333
Add: NRF Equipment Grant	31,455,500			31,455,500
Deficit	-	-	(199,240,072)	(199,240,072)
Balance as at 30 June 2021	2,961,355,812	59,840,071	(670,707,283)	2,350,488,600
Development Grants	300,000,000	-	-	300,000,000
Add: NRF Equipment Grant	5,270,000			5,270,000
Deficit	-	-	(154,056,964)	(154,056,964)
Balance as at 30 June 2022	3,266,625,812	59,840,071	(824,764,246)	2,501,701,636

Revenue Reserve

Revenue reserve is the accumulated surpluses and deficits made by the University over the years.

Capital

Capital is composed of:

- The assets inherited from Meru College of Technology in July 2009 less liabilities as at that time.
- The accumulated development funds from the Government of Kenya or other external donors since the financial year 2008/09.
- NRF Equipment Grant: This is a concessional Infrastructural grant of KShs. 56 Million from National Research Fund. It was accounted as cash and cash equivalent for in 2018/2019 as well as a payable as per the contract. The funds are capitalised once the agreed equipment are purchased and put in use.

Revaluation Reserve


Revaluation reserve was created when Furniture, Computers, Machinery and Equipment, and Motor Vehicles were revalued. Furniture, Computers, Machinery and Equipment were revalued in the Financial Year 2017/18 while Motor Vehicles were revalued in Financial Year 2019/20.

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For the year ended June 30, 2022

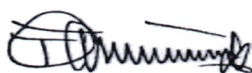
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

		2021/22	2020/21
	NOTES	KSHS.	KSHS.
Surplus for the year		(154,056,964)	(199,240,072)
Adjustment for :			
(Gain)/ Loss on Revaluation of biological asset	19	(260,000)	(30,000)
Depreciation Charge	10(e)	144,000,637	142,690,082
Operating surplus before working capital changes		(10,316,326)	(56,579,991)
Decrease(increase) in Receivables and Prepayments		7,787,038	2,851,673
Decrease(increase) in Inventory		(2,221,053)	(3,939,059)
Increase(Decrease) in Current Liabilities		(90,137,158)	162,752,893
		(84,571,173)	161,665,508
Net cash generated from Operating Activities		(94,887,499)	105,085,517
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of PPE	18	(190,951,968)	(531,647,569)
Purchase of Software	20	(209,038)	(550,620)
Purchase of Biological Assets	19	-	713,800
Net cash flows from investing Activities		(191,161,006)	(531,484,389)
CASH FLOWS FROM FINANCING ACTIVITIES			
GoK Grants allocated to Finance Capital Project	24	300,000,000	233,591,333
NRF Equipment Grant		5,270,000	31,455,500
Net cash flows from Financing Activities		305,270,000	265,046,833
Net Increase (Decrease) in cash and cash equivalents		19,221,495	(161,352,039)
Cash and cash equivalents at beginning of year		148,693,819	310,045,858
Cash and cash equivalents at end of year	14	167,915,314	148,693,819

The Financial Statements set out on pages 1 to 7 were signed on behalf of the University Council by:



Prof. Romanus Odhiambo Ph.D.
Vice Chancellor
Date: September 28, 2022



CPA Franco Mutua
ICPAK No. 11498
Ag Finance Officer
Date: September 28, 2022



Prof. Bosire Monari Mwebi, Ph.D.
Chairman of the Council
Date: September 28, 2022

Meru University of Science and Technology
Annual Report and Financial Statements
For the year ended June 30, 2022

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization	Remarks
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022		
	KShs	KShs	KShs	KShs	KShs		
Revenue							
Grants in Aid	715,844,544	2,292,196	718,136,740	718,136,740	-	100%	
Tuition and other Fees	332,977,000	45,000,000	377,977,000	506,963,101	128,986,100.83	134%	a
Other Income	21,499,315	5,000,000	26,499,315	29,366,551	2,867,236	111%	b
Total income	1,070,320,859	52,292,196	1,122,613,055	1,254,466,392	131,853,337	112%	
Expenses							
Operational Expenses							
a) Personnel Emoluments	729,692,722	52,292,196	781,984,918	966,347,393	(184,362,475)	124%	c
b) Maintenance Costs	24,135,750	-	24,135,750	29,465,973	(5,330,223)	122%	d
c) Council Expenses	14,901,500	-	14,901,500	18,779,217	(3,877,717)	126%	e
d) Other Operational Expenses	175,310,087	-	175,310,087	304,699,770	(129,389,683)	174%	f
Academic Costs	80,078,250	-	80,078,250	38,978,733	41,099,517	49%	g
Administration Costs	25,324,750	-	25,324,750	32,434,948	(7,110,198)	128%	h
Student Welfare	20,877,800	-	20,877,800	17,817,321	3,060,479	85%	i
Total expenses	1,070,320,859	52,292,196	1,122,613,055	1,408,523,355	(285,910,300)	125%	
	-	-	-	(154,056,964)	417,763,637		

Notes to the Statement of Comparison of Budget and Actual Amounts

The original budget was KShs. 1,070,320,859. The actual expenditure was KShs. 1,408,523,355. Therefore, the utilization level was 126%.

Adjustments: A supplementary budget of KShs. 52,292,196 increased the budget to KShs. 1,122,613,055. The supplementary budget affected the Government Transfers and also the Appropriation in Aid. During the year, the GOK recurrent budget allocation was increased by KShs. 2,292,196. The amount was meant to boost the allocation for the payment of enhanced basic salaries after implementation of CBA 2017/21. The AIA was projected to increase by KShs. 50,000,000. On the other hand, the payroll budget was increased by KShs. 52,292,196 as a result of implementation of the new basic salaries as per CBA 2017/21.

a) **Tuition and Other Fees:** During the FY 2021/22, the University managed to generate a total Tuition and Other Fees of KShs. 506,963,101 against a budget of KShs. 377,977,000 or 134% of the budgeted revenue. The reason for the good performance is that learning went on for the entire year without any interruptions. In addition, the semester that was deferred during the FY 2020/21 due to COVID-19 was recovered during the first quarter of the FY 2021/22. The University had three semesters during the year running from: June 2021-September 2021, September 2021-January 2022, and January 2022-May 2022. A normal financial year has two semesters only.

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- b) **Other Incomes:** During the FY 2021/22, the University managed to generate a total Other Incomes of KShs. 29,366,551 against a budget of KShs. 26,499,315 or 111% of the budgeted revenue. The reason for the good performance is that some incomes that relate to student activities like revenue from cafeteria increased because of uninterrupted learning throughout the financial year.
- c) **Personnel Emoluments:** The cumulative utilization level for personnel emolument was KShs. 966,347,393 against a budget of KShs. 781,984,918 or 124% of the budget. The University implemented the payment of basic salaries using the diagonal method as per the CBA 2017/21. Further, the University had more semesters during the year in an attempt to recover the time lost in the Academic Year 2020/21 as a result of COVID-19 pandemic. Consequently, the expenditure on part-time went up significantly. The University had semesters running from: June 2021-September 2021, September 2021-January 2022, and January 2022-May 2022.
- d) **Repairs and Maintenance:** The cumulative utilization level was KShs. 29,465,973 against an annual budget of KShs. 24,135,750 or 122%. Repairs are done when necessary. The university has annual service level agreement with some vendors for maintenance of equipment. Motor vehicles are taken for regular services after a given mileage. However, due to the fact that semesters were running back to back and the high students and staff population in session, there was need to spend slightly more on repairs due to heavy use of facilities.
- e) **Council Expenses:** The cumulative utilization level for Council expenses was KShs. 18,779,217 against a budget of KShs. 14,901,500 or 126% of the budget. The expenditure included trainings organised by SCAC.
- f) **Other Operational Expenses:** The cumulative utilization level was KShs. 304,699,770 against a budget of KShs. 175,310,087 or 174% of the budget. The major cause of the adverse variance is Depreciation Expense. The Depreciation Expense had been under budgeted due to the fact that the annual budget had been capped at KShs. 1,070,320,859. Depreciation is a non-cash flow expense. The annual budget for depreciation was KShs. 2,773,087 against the depreciation expenses of KShs. 144,000,637. In addition, although the University was very prudent in the use of resources, and wastages were minimized, the costs remained high due to the semi variable nature of the expenses. The inflation being experienced in the country also affected the university operations expenses.
- g) **Academic Expenses:** The cumulative utilization level for the year was KShs. 38,978,733 against the budget of KShs. 80,078,250. The utilization level was at 49%. Some of the reasons for under expenditure include the fact that, due to adjustments in secondary schools' term dates, teaching practices planned for the year were pushed

to the following financial year; and during the year, development of new programmes was minimized in order to focus on the already existing programmes.

- h) **Administration Costs:** The cumulative utilization level was KShs. 32,434,948 against a budget of KShs. 25,324,750 or 128% of the budget. The budget was exceeded due to increased level of activities during the year.

- i) **Students Welfare Expenses:** The cumulative utilization level was KShs. 17,817,321 against a budget KShs. 20,877,800 or 85%. The level of activities was low during the early part of the year because the restrictions on sporting activities had not been lifted. Even after the restrictions were lifted, it took time before the universities could start following the normal sporting calendar.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The University is established by and derives its authority and accountability from University Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The university's principal activity is to provide quality university education, training and research in science technology and innovation.

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. 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. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these 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, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

j) New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

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

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

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

Meru University of Science and Technology
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Standard	Effective date and impact:
	(c) Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

Early adoption of standards

The University did not early - adopt any new or amended standards in year ended 30 June, 2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions - IPSAS 23

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 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.

Government Grants and Assistance

Financial assistance provided by the Government is recognised in the year it was received or when the entitlement for the revenue is established. Most of the government grants and assistance received are considered to be contributions. A contribution occurs when the University receives an asset without having to give equal value to the other party / parties of the transfer. If the consideration received is in the form of a contribution, the income is to be recognised as revenue when all of the following conditions have been satisfied:

The University obtains control of the contribution or the right to receive the contribution; It is probable that the contribution will flow to the University; and the amount of the contribution can be reliably measured.

Income is therefore, only recognised when the University has control over the contribution, which is usually achieved through receipt or when entitlement for the revenue is established. If the government contributions are received with conditions attached, and contributions have to be refunded if the conditions are not met, then revenue should not be recognised until all of those conditions are met and treated as income in advance or monies held from the government.

Revenue from exchange transactions - IPSAS 9

The University recognises revenue arising from the following transactions and events:

- Student fees and charges;
- The rendering of services; and
- Other revenue.

Measurement of Revenue

Revenue is measured at the fair value of the consideration received or receivable, where in most cases, the consideration is in the form of cash or cash equivalents.

Recognition of Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the University and specific criteria have been met for each of the following activities as described below.

Student Fees and Charges

Student fees and charges are recognised as revenue in the year which the service is provided to students. Student fees and charges received that relate to the service to be rendered in the future period are treated as income in advance.

Rendering of Services

Revenue recognition based on contracts to provide services require income to be recognised in stages of completion often as a percentage of services performed to the total of services to be provided as stipulated in the contract. Revenue associated with the sale of services is recognised by reference to the stage of completion of the transaction at the reporting date when the outcome of a transaction involving the rendering of services can be estimated reliably. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied:

- i. The amount of revenue can be measured reliably;
- ii. It is probable that the economic benefits associated with the transaction will flow to the University;

- iii. The stage of completion of the transaction at the reporting date can be measured reliably; and
- iv. The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the University. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense, rather than as an adjustment of the amount of revenue originally recognised.

Other Revenue

Other revenue represents miscellaneous income and other grant income not derived from core business and is recognised when it is earned.

b) Budget information - IPSAS 24

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

c) Property, plant and equipment - IPSAS 17

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

e) Financial instruments - IPSAS 29

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 of financial assets is impaired. A financial asset or a University of 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 University of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors are experiencing significant financial difficulty
- 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).

e) Inventories - IPSAS 12

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value.

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

f) Provisions - IPSAS 19

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.

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.

g) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. The University has one reserve namely Revenue Reserve.

Revenue Reserve is composed of accumulated surplus or deficits.

Capital is composed of the following:

- Value of non-current assets as at 30 June 2009,
- Development grants received from the government from July 2009 to date, and
- Transfers from Revenue Reserve. Capital expenditure over and above the development grants from the Government is financed by the Revenue Reserve.

h) Changes in accounting policies and estimates - IPSAS 3

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

i) Employee benefits - IPSAS 25

Retirement benefit plans: The University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the University pays fixed contributions into a separate University Pension Scheme (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.

j) Related parties - IPSAS 20

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. Members of key management are regarded as related parties and comprise the Chancellor, the Council members, the Vice Chancellor, the Deputy Vice Chancellors, and senior managers.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank and also call accounts.

l) Comparative figures

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

m) Subsequent events – IPSAS 14

The University adjusts the financial statement for events after the reporting date together with the appropriate disclosures. The University adjusts the amount recognised in its financial statement to reflect the adjusting events after reporting date. Some examples of adjusting events include:

- i) Settlement after the reporting date of a court case
- ii) The receipt of information after reporting date indicating that an asset was impaired at the reporting date
- iii) Determination after reporting date of the cost of an asset purchased before reporting date
- iv) Discovery of fraud or errors that show that the financial statements were incorrect.

n) Biological Asset – IPSAS 27

The university biological assets are measured on initial recognition and at each reporting date at their fair value less costs to sell, except for the case where the fair value cannot be measured reliably.

The University recognises a biological asset or agricultural produce when and only when:

- the University controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the University; and
- the fair value or cost of the asset can be measured reliably.

In agricultural activity, control may be evidenced by, for example, legal ownership of cattle and the branding or otherwise marking of the cattle on acquisition, birth, or weaning. The future benefits are normally assessed by measuring the significant physical attributes. A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. Cost may sometimes approximate fair value, particularly when:

- little biological transformation has taken place since initial cost incurrence or
- the impact of the biological transformation on price is not expected to be material

If an active market does not exist, the University uses one or more of the following, when available, in determining fair value:

- the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period;
- market prices for similar assets with adjustment to reflect differences; and
- sector benchmarks such as the value of an orchard expressed per export tray, bushel, or hectare, and the value of cattle expressed per kilogram of meat.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY-IPSAS 1

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.

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
- 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

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The following are the estimated useful lives of the various assets:

Details	Rate of depreciation	Life
Buildings	4%	25 years
Furniture & Fittings	10%	10 years
Computers	20%	5 years
Motor Vehicles	20%	5 years
Machinery & Equipment	10%	10 years
Biological Asset	Not depreciated	
Work in Progress	Not depreciated	
Land	Not depreciated	

It is the policy of the University to charge full year's depreciation on the year of purchase and nil depreciation on the year of disposal.

Provisions

Provisions were raised and management determined an estimate based on the information available. 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.

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Notes to the Financial Statements Continued...

6. Transfers from GOK

a) Grants in Aid:

	2021/22	2020/21
	<u>KShs</u>	<u>KShs</u>
Monthly Recurrent Grant	692,922,609	692,922,609
Funds for CBA 2017/21	25,214,129	75,642,386
Total	718,136,738	768,564,995

b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund	Total grant income during the year	Total grant income during the financial year 2020/21
	KShs	KShs	KShs	KShs	KShs
Ministry of Education	718,136,740	-	300,000,000	1,018,136,740	1,002,156,328

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Notes to the Financial Statements Continued...			
NOTE	DETAILS	2021/22	2020/21
		<u>KSHS</u>	<u>KSHS</u>
7	Donations and Gifts		
	Donations and Gifts	358,200	3,792,735
	This relates donations received towards 9 th graduation ceremony.		
8	TUITION AND OTHER FEES		
	Tuition Fees	246,021,267	117,245,225
	ID/Registration Fees	8,998,467	4,848,859
	Examination Fees	57,633,925	28,428,861
	Material Development Fees	13,663,500	6,257,000
	Laboratory Workshop Materials Fees	15,843,300	6,829,000
	Medical Fees	43,609,500	19,531,500
	Computer Fees	21,383,550	9,664,500
	Library Fees	12,839,700	5,848,800
	Activity Fees	12,791,500	5,738,300
	Field Trips/ Attachment Fees	55,953,972	17,832,950
	Clinical Transport-Field	1,047,000	351,500
	Medical Clerkship	1,500,000	620,000
	Examinations Remarking	1,000	1,500
	Application Fees	841,105	605,306
	Accommodation fee	10,320,315	3,403,160
	Student Medical Examination Fee	4,515,000	-
	SUB-TOTAL	506,963,101	227,206,461
9	OTHER INCOMES		
	a) Other incomes		
	Surcharges and Fines	1,239,475	424,195
	Printing and Photocopy	184,615	117,569
	Library Fines	6,287	27,180
	Transport Charges	52,422	18,742
	Miscellaneous Income	3,666,486	381,008
	Hire of Equipment	162,480	-
	Chemistry sale of Detergent Income	4,440	12,740
	Gain on revaluation:	260,000	30,000
	Rental Income-Safaricom Mast	153,154	145,860
	Farm Sales-Beef	6,600	220,385
	Farm Sales -Food Crops	1,386,360	1,461,583
	Farm Sales -Grass	258,865	216,060
	Agriculture Dept Income-Demo farm	22,580	29,425
	Graduation Fees	6,800,900	6,316,500
	Hire of Academic Attire	596,650	-

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Notes to the Financial Statements Continued...			
NOTE	DETAILS	2021/22	2020/21
		<u>KSHS</u>	<u>KSHS</u>
	Students P.A.Y.E Sales	4,985,825	2,327,000
	Staff Cafeteria Sales	6,331,857	4,025,340
	Pay in Lieu of Notice	-	83,598
	Admin Charge Tuition Refund	2,000	-
	IGU Driving School	1,424,374	-
	SUB-TOTAL	27,545,370	15,837,185
	b) Income for Deposits and Call Accounts		
	Interest on Deposits	1,462,981	6,412,456
	TOTAL OTHER INCOMES	29,008,351	22,249,641
10	OPERATIONAL EXPENSES		
	a) Personnel Emoluments		
	Basic Salary	411,331,881	413,409,069
	House Allowance	167,486,727	166,750,039
	Bus fare Allowance	15,527,008	16,464,862
	Use of own Car Allowance	41,210,249	38,221,018
	Non Practice Allowance	1,440,000	1,440,000
	Entertainment Allowance	9,960,727	9,142,066
	Responsibility Allowance	16,779,499	15,351,274
	Extraneous Allowance	6,457,858	6,041,698
	Leave Allowance	2,288,370	2,073,760
	Passage and Baggage	101,840	49,490
	Risk Allowance	168,000	168,000
	Domestic Work Allowance	1,350,000	1,350,000
	Book Allowance	420,000	540,000
	Management Allowance	-	975,000
	Water and Electricity Allowance	480,000	585,000
	Telephone Allowance	4,824,971	4,564,569
	VC Commuter Allowance	600,000	600,000
	Security Allowance	720,000	720,000
	Acting Allowance	1,542,567	1,677,270
	Casual Wages	30,089,239	16,762,307
	Part-Time Teaching	159,784,614	60,536,648
	Students' Work Study Programme	128,480	132,220
	Gratuity	30,818,404	24,498,238
	Pension -Employer's Contribution	62,173,664	60,969,776
	Other Personnel Allowance	663,297	201,000
	Non-use of official car allowance	-	465,000
	SUB-TOTAL	966,347,393	843,688,302

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Notes to the Financial Statements Continued...			
NOTE	DETAILS	2021/22	2020/21
		<u>KSHS</u>	<u>KSHS</u>
	b) Maintenance Costs		
	Marimba Centre Maintenance	1,414,220	1,419,860
	Mariene Centre Maintenance	-	153,840
	Maintenance of Plant and Machinery	749,303	969,504
	Maintenance of Furniture and Fittings	748,577	1,199,060
	Maintenance of Buildings	10,116,246	4,676,925
	Maintenance of Water and Sewerage	1,288,355	1,963,034
	Maintenance of Roads	454,635	249,250
	Maintenance of Grounds	3,590,788	3,893,124
	Motor Vehicle Repair and Maintenance	4,525,842	3,879,972
	Maintenance of Computers	5,065,480	1,571,551
	Computer Software Maintenance	1,512,528	1,716,593
	SUB-TOTAL	29,465,973	21,692,712
	c) Council Expenses		
	Council Sitting Allowance	6,740,000	4,140,000
	Council Subsistence	6,733,646	3,075,800
	Council Monthly Honoraria	960,000	974,500
	Council Fare	111,000	42,000
	Council Mileage	1,955,321	1,821,573
	Council Chairman Telephone	60,000	60,000
	Council Air Travel	789,860	-
	Council Lunch	-	12,000
	Other Council Expenses	1,429,390	-
	SUB-TOTAL	18,779,217	10,125,873
	d) Other Operational Expenses		
	Advertising & Publicity	6,243,151	4,141,172
	Audit Fees	1,217,860	870,000
	Bank Charges -O.D. Interest, Ledger Fee	945,882	920,803
	Chancellor Expenses	1,200,000	1,200,000
	Conferences and Seminars	4,472,640	1,403,490
	Directorate of Quality Assurance	66,300	-
	Electricity	11,732,604	10,875,196
	Security Services	22,925,799	23,234,481
	Foreign Travel	1,519,626	-
	Funeral Expenses	646,200	498,500
	Gender and Disability Expenses	-	14,700
	Generator Expenses	2,399,596	370,200
	Insurance	25,842,150	26,004,726
	Internet	7,167,856	9,965,773

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Notes to the Financial Statements Continued...			
NOTE	DETAILS	2021/22	2020/21
		<u>KSHS</u>	<u>KSHS</u>
	ISO Expenses	197,260	48,140
	Legal Fee	53,290	18,170
	Library Expenses	1,572,952	9,306,821
	Medical Expenses -In Patient	213,410	-
	Medical Expenses -Out Patient	10,319,776	6,620,449
	Medical Supplies	5,458,969	4,044,760
	Motor Vehicle Fuel	7,554,291	3,930,726
	Postal and Telegram	77,894	81,024
	Public Celebrations	9,800	-
	Publishing, Printing and Photography	31,000	228,842
	Rent and Rates	14,378,921	13,433,128
	Sanitation	14,694,814	11,542,710
	Show Expenses	1,043,060	-
	Uniform and Clothing	490,978	417,313
	Dental Optical Expenses	4,193,213	4,200,323
	Subscription Expenses	2,390,133	623,875
	Industrial Training Fee	-	243,300
	Dairy Production Expenses	3,224,576	2,118,590
	Farm Crops Inputs	230,997	129,945
	Farming/Production Costs	1,768,458	1,221,220
	Covid-19 Expenses	593,305	1,030,933
	Bad Debt Written Off	-	62,823
	Corporation Tax	5,822,372	-
	SUB-TOTAL	160,699,133	138,802,134
e	DEPRECIATION and AMORTIZATION		
	DEPRECIATION		
	Buildings	65,091,627	65,091,627
	Furniture & Fittings	13,608,990	13,433,706
	Motor Vehicles	12,023,200	12,023,200
	Computers	11,362,279	10,876,985
	Machinery	38,941,688	38,312,614
	SUB-TOTAL	141,027,784	139,738,132
	AMORTIZATION		
	ERP	2,972,853	2,951,949
	SUB-TOTAL	144,000,637	142,690,082
	TOTAL OPERATIONAL EXPENSES	1,319,292,354	1,156,999,103
11	ACADEMIC COSTS		
	Student Admission Expenses	94,000	78,428

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Notes to the Financial Statements Continued...			
NOTE	DETAILS	2021/22	2020/21
		<u>KSHS</u>	<u>KSHS</u>
	Quality Assurances CUE Expenses	-	2,506,000
	Travel and Accommodation Academic	2,462,210	2,817,000
	Field Trips	1,001,558	33,875
	Graduation Expenses	6,415,358	5,329,358
	Industrial Attachment	1,664,520	6,190,350
	University Research Expenses	9,656,064	4,152,001
	Stationery Academic	1,499,707	1,515,087
	Student Examinations	10,172,482	4,301,334
	Teaching Materials	4,892,259	8,594,151
	Telephone Academic	110,806	91,467
	Training -Academic Staff	5,000	633,790
	Entertainment Academic	694,769	1,143,659
	Curriculum Development Expenses	310,000	4,770,000
	SUB-TOTAL	38,978,733	42,156,500
12	ADMINISTRATION COSTS		
	Travelling and Accommodation Admin	12,338,406	6,180,764
	Telephone Admin	81,500	97,770
	Entertainment Admin	2,131,028	1,353,099
	Stationery Admin	13,962,406	4,453,347
	Computer Expenses Admin	428,964	222,875
	Training -Non-Teaching Staff	3,492,644	434,800
	SUB-TOTAL	32,434,948	12,742,655
13	STUDENT WELFARE		
	Student Hostels Expenses	1,200	-
	Cooking Fuel	638,451	639,966
	Student Recreation Activities	6,497,986	3,662,417
	Foodstuffs	10,323,093	4,851,213
	Crockery & Kitchen Equipment	108,126	2,050
	Entertainment Student Welfare	248,465	-
		17,817,321	9,155,646
14	CASH AND BANK BALANCES		
	a) Cash in hand	-	26,576
	Funds in Financial Institutions		
	b) Bank deposits		
	Bank A/C (NBK) Main	14,245,307	4,883,789

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Notes to the Financial Statements Continued...			
NOTE	DETAILS	2021/22	2020/21
		<u>KSHS</u>	<u>KSHS</u>
	Bank A/C (NBK) Farm	4,890,931	6,781,084
	Bank A/C (NBK) Project	10,950,602	5,823,093
	Bank A/C (KCB) Fees Collection	3,548,995	7,313,959
	Bank A/C (KCB) Operations	2,315,031	4,988,893
	Bank A/C (Equity) Fee collection	19,935,807	88,312,562
	Bank A/C (Equity) Operations	77,983,427	-
	Bank A/C (Co-Op) Fee Collection	34,045,214	30,563,864
	SUB TOTAL	167,915,314	148,667,244
	TOTAL CASH AND BANK BALANCES	167,915,314	148,693,819
	Analysis of Cash and Bank Balances Per Bank		
	Cash in hand	-	26,576
	Equity	97,919,234	88,312,562
	Co-operative Bank of Kenya	34,045,214	30,563,864
	NBK	30,086,840	17,487,966
	KCB	5,864,026	12,302,852
	SUB TOTAL	167,915,314	148,693,819
15	PREPAYMENTS		
	Rent Deposits	2,791,250	2,792,750
	Electricity Deposits	716,000	716,000
	Prepaid Insurance	8,226,489	18,687,793
	Security On Motor Vehicle Fuel	1,329,000	1,329,000
	SUB TOTAL	13,062,739	23,525,543
16	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Staff Debtors	741,620	909,150
	Students Debtors	114,696,875	111,517,307
	Imprest	560,100	421,800
	Trade Debtors	170,000	650,572
	Pension Voluntary	6,000	-
	SUB TOTAL	116,174,595	113,498,829
17	INVENTORY		

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Notes to the Financial Statements Continued...

NOTE	DETAILS	2021/22 <u>KSHS</u>	2020/21 <u>KSHS</u>
	Estate Hardware Store	5,283,743	4,966,860
	Central Store	4,138,151	4,239,106
	Health Drug Store	3,477,798	1,968,180
	Kitchen Store	1,166,417	670,910
	SUB TOTAL	14,066,109	11,845,056

The inventory is valued at cost and issued on first in first out basis. Although there were regular stock takes during the year, an annual stock take was done on 30 June 2022 to determine the closing stock.

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Notes to the Financial Statements Continued...

18. Property, Plant and Equipment

	LAND 0%	BUILDINGS 4%	WORK IN PROGRESS 0%	FURNITURE & FITTINGS 10%	COMPUTERS 20%	MOTOR VEHICLES 20%	MACHINERY & EQUIPMENT 10%	TOTAL KShs
Cost/Valuation 30.6.2020	108,292,000	954,158,801	984,229,615	121,383,130	52,341,807	50,165,000	313,700,512	2,584,270,864
Additions: Purchases	-	-	437,273,890	12,953,926	2,043,120	9,951,000	69,425,633	531,647,569
Transfer of W-I-P		673,131,871	(673,131,871)					
Cost/Valuation 30.6.2021	108,292,000	1,627,290,672	748,371,633	134,337,056	54,384,927	60,116,000	383,126,145	3,115,918,433
Additions: Purchases	-	-	180,481,921	1,752,840	2,426,470	-	6,290,737	190,951,968
Transfer of W-I-P		-	-					
Cost/Valuation 30.6.2022	108,292,000	1,627,290,672	928,853,555	136,089,896	56,811,397	60,116,000	389,416,882	3,306,870,402
Provision for Deprec. (30.6.20)	-	294,854,663	-	23,675,700	15,639,803	-	61,083,071	395,253,237
Depreciation	-	65,091,627	-	13,433,706	10,876,985	12,023,200	38,312,614	139,738,132
Provision for Deprec. (30.6.21)	-	359,946,290	-	37,109,406	26,516,788	12,023,200	99,395,686	534,991,370
Depreciation	-	65,091,627	-	13,608,990	11,362,279	12,023,200	38,941,688	141,027,784
Provision for Deprec. (30.6.22)	-	425,037,917	-	50,718,395	37,879,067	24,046,400	138,337,374	676,019,154
Net Book Value								
NBV As at 30.06.2020	108,292,000	659,304,138	984,229,615	97,707,430	36,702,004	50,165,000	252,617,440	2,189,017,627

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RATE	LAND 0%	BUILDINGS 4%	WORK IN PROGRESS 0%	FURNITURE & FITTINGS 10%	COMPUTERS 20%	MOTOR VEHICLES 20%	MACHINERY & EQUIPMENT 10%	TOTAL KShs
NBV As at 30.06.2021	108,292,000	1,267,344,382	748,371,633	97,227,650	27,868,139	48,092,800	283,730,459	2,580,927,064
NBV As at 30.06.2022	108,292,000	1,202,252,755	928,853,555	85,371,501	18,932,329	36,069,600	251,079,508	2,630,851,248

Additions to Work-in -Progress

Work-In-Progress	30/06/2022		30/06/2021		Additions
Dairy Cattle Production Unit	4,005,192		3,995,992		9,200
Student Eateries	53,340		-		53,340
Construction of Walkways	4,698,546		4,451,761		246,785
Networking 2	6,995,240		6,623,629		371,611
Health Sciences Complex	71,308,037		70,522,744		785,293
ERP Project	4,910,000		3,928,000		982,000
LandScapping	9,570,710		5,740,848		3,829,862
ICT Network Infrastructure	41,537,561		37,109,286		4,428,275
Science Laboratories	4,567,500		-		4,567,500
Mariene-Science Lab	80,405,337		62,776,694		17,628,643
Mariene-Morden Library	77,704,190		38,952,811		38,751,379
Mariene-Administration	97,619,578		57,652,614		39,966,964
Sports Fields	171,537,625		102,676,556		68,861,069
Total WIP	574,912,856		394,430,935		180,481,921

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

19 BIOLOGICAL ASSETS				
		Dairy Cattle	Beef Cattle	Total
	COST	KShs	KShs	KShs
	Net Book Value as at 30.06.2019	416,000	391,077	807,077
	Additions		1,860,000	1,860,000
	Changes in fair value		23,800	23,800
		416,000	2,274,877	2,690,877
	Less Disposal	-	1,727,077	1,727,077
	Net Book Value as at 30.06.2020	416,000	547,800	963,800
	Additions	-	-	-
	Changes in fair value	30,000	-	30,000
		446,000	547,800	993,800
	Less Disposal	166,000	547,800	713,800
	Net Book Value as at 30.06.2021	280,000	-	280,000
	Additional Calf	-	20,000	20,000
	Changes in fair value	240,000	-	240,000
	Net Book Value as at 30.06.2022	520,000	20,000	540,000

Biological assets include both dairy cows and beef cattle. Beef cattle were bought for consumption in 2019/2020 financial year. By 30th June 2021, all the beef animals had been consumed. On the other hand, the University had three dairy cows valued at KShs. 280,000.

By the end of the financial year 2021/22, the university had the three dairy cows and a bull calf. The animals were valued by a veterinary officer to determine their fair value. The value increased to KShs. 540,000 as per the professional valuer 's report hence a gain on revaluation.

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

20: INTANGIBLE ASSET	
	ERP
RATE	10%
Cost as at 30.6.2020	28,968,872
Additions	550,620
Cost as at 30.6.2021	29,519,492
Additions	209,038
Cost as at 30.6.2022	29,728,530
Provision for Deprec. (30.6.20)	17,381,322
Depreciation Expense	2,951,949
Provision for Deprec. (30.6.21)	20,333,272
Depreciation Expense	2,972,853
Provision for Deprec. (30.6.22)	23,306,125
Net Book Value	
NBV As at 30.06.2020	11,587,550
NBV As at 30.06.2021	9,186,220
NBV As at 30.06.2022	6,422,405

Intangible asset is Enterprise Resource Planning system known as Microsoft Navision. The system was commissioned in the Financial Year 2014/15 and is expected to serve the University for a period of ten years.

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NOTES TO FINANCIAL STATEMENTS CONTINUED...			
NOTE	DETAILS	2021/22	2020/21
		KSHS	KSHS
21	TRADE AND OTHER PAYABLES		
	CDF Account	4,839,270	3,673,802
	Cystic Echinococcosis Project-Prof Magambo	38,635	38,635
	Dr. Eunice Marete -Research Project	458,650	458,650
	Dr. Joshua Arimi NACOSTI	2,500	2,500
	HELB Control Account	431,900	714,000
	Insurance Claim Refunds	130,001	130,000
	MUST Alumni Association	12,060,027	10,312,703
	MUST Pension Scheme	251,291	251,291
	P.A.Y. E	279,582	1,830,359
	Quality Assurance(CUE) Fees	2,572,000	-
	Quality Audit Fees	30,828,864	27,433,664
	Placement Fees (KUCCPS)	-	2,207,500
	Accreditation (Regulating Body) Fees	3,135,550	2,356,900
	Students Indexing by Regulator Fees	1,867,750	900,450
	Teaching Practice fees	10,552,000	7,860,300
	Research Administration Fund	1,151,938	701,494
	Retention Money for Projects	22,500,733	22,500,733
	SAMU Subscriptions	135,139	652,008
	Sundry Creditors	128,340,164	174,952,912
	NBK Recurrent Unidentified deposits	43,172	43,172
	NBK Fees Collection A/c Unidentified Deposits	386,530	260,553
	NBK Project A/C Unidentified Deposits	1,146,547	996,547
	Equity Fees A/c Unidentified Deposits	1,056,928	590,708
	KCB Fees Coll Unidentified Deposits	2,368,793	1,791,453
	Co-op Fees Coll Unidentified Deposits	2,557,465	1,661,979
	NBK Main Unidentified Deposits	315,125	175,205
	Equity Operations A/c Unidentified Deposits	18,000	-
	KCB Operational Unidentified	163,249	104,549
	VAT on Purchases	210,604	452,196
	Withholding Tax	313,386	17,756
	MEIWA Project	848,580	848,580
	Joy Riungu-Utafiti Project	-	4,963,013
	CNEAT Research Project	4,213,628	6,590,733
	Research Funds	24,444,188	32,816,814
	Salaries General	35,567	81,360
	Crowd/Participatory Sensing Project	3,068,111	4,945,510
	Gratuity Owing	36,966,025	34,686,022
	EA WHO Research Centre	19,518,948	24,817,448
	Epivot Project	4,481,361	-
	KCSAP Research Project-Masinde	893,775	2,415,133
	KCSAP Camel Meat- Dr. Arimi	262,000	325,000
	International Found. For Sci-Cecilia Wanjau	275,240	501,750
	Kenya National Inov. Agency - Dr. Mwitii	800,000	800,000
	KCSAP Research - Dr. Jane Rutto	184,250	101,450
	Team 2019 VLIR-OUS Project	184,700	184,700
	Miraa Research Centre	2,162,556	2,428,196
	Students Fees Prepayment	56,535,693	58,661,033

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NOTES TO FINANCIAL STATEMENTS CONTINUED...			
NOTE	DETAILS	2021/22	2020/21
		<u>KSHS</u>	<u>KSHS</u>
	NRF Camel Milk- Dr. Arimi	3,397,010	6,462,200
	Epivot Water Project	8,098,676	6,608,056
	KUDHEIHA Subscriptions	71,794	71,794
	SCISWA	4,000	-
	ASHESI-Employeability Grant	269,629	-
	SUB TOTAL	394,871,523	451,380,811
22	PROVISIONS		
	Provision for Part-time	52,459,250	30,686,724
	SUB TOTAL	52,459,250	30,686,724
23	DEFERRED INCOME		
	Deferred Tuition Fee	-	55,400,396
	SUB TOTAL	-	55,400,396
24	CAPITAL		
	Capital B/F	2,961,355,812	2,696,308,979
	Additional Capital during the year	300,000,000	233,591,333
		3,261,355,812	2,929,900,312
	Add: Donation-NRF WHO EA Equip't	5,270,000	31,455,500
	Capital C/F	3,266,625,812	2,961,355,812
25	REVENUE RESERVE		
	Revenue Reserve B/F	(670,707,283)	(471,467,211)
	Surplus for the Year	(154,056,964)	(199,240,072)
	Revenue Reserves C/F	(824,764,246)	(670,707,283)
26	Revaluation Surplus		
	Revaluation-Computers B/F	7,029,460	7,029,460
	Net Revaluation Surplus (Computers)	7,029,460	7,029,460
	Revaluation-Motor Vehicles B/F	36,459,298	36,459,298
	Net Revaluation Surplus (Motor-Vehicle)	36,459,298	36,459,298
	Revaluation Surplus-Equipment	13,199,302	13,199,302
	Revaluation Surplus- Furniture	3,152,011	3,152,011
	Revaluation Surplus C/F	59,840,071	59,840,071

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27. Cash generated from operation

		2021/22	2020/21
	NOTE	KSHS.	KSHS.
Surplus for the year		-154,056,964	-199,240,072
Adjustment for :			
(Gain)/ Loss on Revaluation of biological asset	19	-260,000	-30,000
Depreciation Charge	10(e)	144,000,637	142,690,082
Operating surplus before working capital changes		-10,316,326	-56,579,991
Decrease(increase) in Receivables and Prepayments		7,787,038	2,851,673
Decrease(increase) in Inventory		-2,221,053	-3,939,059
Increase(Decrease) in Liabilities (Creditors)		-90,137,158	162,752,893
		-84,571,173	161,665,508
Net cash generated from Operating Activities		-94,887,499	105,085,517

28. Related Party Disclosure

Council

The Council members, except the Vice Chancellor, were paid sitting allowances, per diem, mileage, and air fare, and for Chairman- Director's fee and telephone allowance. The University also paid for their medical insurance cover. The University paid the Council members a total of **KShs 18,779,217** in form of allowances. None of the Council members was advanced a loan by the University during the Financial Year. None of the Council members had other dealings with the University other than as a Council member.

University Management Board Members

The total amount paid to the University Management Board members in terms of salaries and allowances was KShs. 46 million. None of the University Board members was advanced a loan by the University during the Financial Year. None of the University Management Board members had other dealings with the University other than as an employee of the University.

Government

The Government of Kenya is the largest single sponsor of the University. During the year, the University received **KShs. 1,018,136,740** from the Government for Recurrent and Capital expenditure. The Government is responsible for the appointment of the Council Members.

29. CONTINGENT LIABILITIES

There was no contingent liability worth reporting during the year.

30. FINANCIAL RISKS

The University has initiated and facilitated the process that will see the enhancement of risk management. It has an integrated risk management framework. The University recognizes the critical role the risk management will continue to play in its endeavour to carry out its business in a dynamic environment. The University is committed to ensuring that corporate governance and risk management are deeply entrenched in its strategy and culture. An elaborate risk management strategy that will provide direction on matters of policy and guide the implementation and control has been developed.

This risk management framework captures the following among other things: -

- The University's risk appetite and parameters;
- The University's risk matrix that highlights the rating of risks;
- The structure of managing risks and accountabilities;
- The processes, procedures and reports that manage risks;
- The mitigating factors, prevention, contingency plans and controls.

The University's core business involves major engagements with financial transactions and processes which pose certain risks. The University Council has the overall responsibility for the establishment and oversight of the University's risk management framework. The University Council has delegated its risk management to the 'Audit Committee'. One of the responsibilities of this committee is to review risk management strategies in order to ensure business continuity and survival. Most of the financial risks arising from financial transactions and processes are managed by the 'Finance Committee' of the University Council.

The financial management objectives and policies are as outlined below: -

a) Liquidity Risk

Liquidity risk is the risk that the University will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/operational outflows, assets and liabilities according to their maturity profiles.

The objective of the liquidity management is to ensure that all foreseeable operational and capital commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels. The University has adopted an overall balance sheet approach which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations. The University's liquidity and funding management process includes: -

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- Projecting cash flows and considering the cash required and optimizing the short term requirements as well as the long term funding,
- Maintaining balance sheet liquidity ratios.

Prudent liquidity risk management includes maintaining sufficient cash to meet University obligations. The University manages liquidity risk by maintaining adequate cash reserves to ensure liabilities are paid as they fall due and to cushion against any liquidity risk. The table below shows the University's financial liabilities that will be settled on a net basis.

The amounts disclosed are the contractual undiscounted cash flows:

As at 30 June	2022	2021
Financial Assets	KShs	KShs
Cash and cash equivalents	167,915,314	148,693,819
Prepayments	13,062,739	23,525,543
Receivables from exchange transactions	116,174,595	113,498,829
Inventory	14,066,109	11,845,056
	311,218,757	297,563,247
Financial liabilities		
Trade and other payables	394,871,523	451,380,811
Provisions	52,459,250	30,686,724
Deferred income	-	55,400,396
Total Liabilities	447,330,773	537,467,931
Net Liquidity	(136,112,016)	(239,904,684)
Liquidity Ratio	0.70	0.55

A liquidity ratio increased from 0.55: 1 in the FY 2020/21 to: 0.7: 1 in the FY 2021/22. However, a liquidity ratio of less than one is an indication that an organization is technically insolvent (having financial problems and is unable to meet its obligations when they fall due).

b) Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and Performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The University is exposed to the following market risks: -

(i) Currency Risk

Currency risk arises primarily from purchasing imported goods and services from overseas or indirectly via local supplies, or services that are priced in foreign currency. Nevertheless, the currency risk is minimal as cash and cash equivalents held with banks are denominated in Kenya Shillings and there were minimal dealings in foreign currency.

(ii) Interest Rate Risk

The University is exposed to various risks associated with effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margin may increase as a result of such changes but may reduce losses in the event that unexpected movement arises. The University closely monitors interest rate movements and seeks to limit its exposure by managing the interest rate and maturity structure of assets and liabilities on the statement of financial position.

The interest rate risk was minimal as the University does not have any borrowings.

c) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the University's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behaviour. The University seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks. The University's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the University's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas: -

- Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of financial transactions;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;

- Requirement for the reporting of operational losses and proposed remedial action;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation, including insurance where it is effective.

Operational risks are documented in the 'Risk Register and Opportunity Assessment Document' and are managed by the Risk Management Committee established to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analysing and mitigating risks in all facets of the business.

d) Compliance and Regulatory Risk

Compliance and regulatory risk includes the risk of non-compliance with regulatory requirements. The University complied with all externally imposed requirements throughout the year.

e) Legal Risk

Legal risk is the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or the loss for the University, failure to protect the title to and liability to control the rights to assets of the University (including intellectual property right), changes in law, or jurisdictional risk. The University manages legal risk through the legal office, legal risk policies and procedures and the effective use of internal controls and external lawyers.

f) Credit Risk

Credit risk is the risk that a borrower is unable to meet his financial obligations to the lender. The University's credit risk is attributable to its cash and cash equivalents and trade receivables. Both bank balances and trade receivables are fully performing and no debt has been impaired. The amount that best represents the University's maximum exposure to credit risk is made up as follows:

Details	2021/22	2020/21
Liabilities		
Trade and other payables	394,871,523	451,380,811
Provisions	52,459,250	30,686,724
Deferred income	-	55,400,396
Total Liabilities	447,330,773	537,467,931

31. OPERATING LEASES

The University has two operating leases:

i. Hart Towers

Meru Town Campus is housed in Hart Towers. Hart Towers is a five storeyed building located in Meru Town centre. The University occupies 2nd, 3rd and 4th floors of the building. The lease is for six years with effect from the year 2018.

The University intends to close the Town campus and exit the premises by 31 December 2022. The landlord has already been issued with the exit notice.

ii. Marimba Farm

On May 1st, 2014, the University entered into a fifteen years' lease agreement with the Ministry of Agriculture, Livestock and Fisheries for the lease of Marimba Farm. Marimba Farm is the property of Agricultural Development Corporation which is under the Ministry of Agriculture, Livestock and Fisheries. The lease agreement states that University will pay KShs. 1,400,000 per annum for the first three years. After three years, the rent will be reviewed upwards. The lease agreement also provides that the fifteen-year contract is divided into three terms and each party can terminate the contract after every five-year term.

32. Events after the reporting period

No event, either adjusting or non-adjusting has been reported after the balance sheet date.

33. Ultimate and Holding Entity

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

34. Currency

The financial statements are presented in Kenya Shillings (KShs). The figures are rounded up to the nearest shilling.

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APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

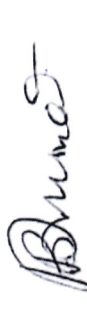
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person	Status	Time-frame
1	<p>Financial Performance</p> <p>The University is therefore technically insolvent, and the financial statements have been prepared on a going concern basis on the assumption of continued financial support from the Government and its creditors. In the circumstances, if the management does not put in place strategies to reverse loss making trend, the University is likely to face financial challenges in the near future.</p>	<p>The University has instituted the necessary measures to reverse the situation. The University has come up with comprehensive cost cutting measures which are currently being implemented. The University has also established a directorate known as Research, Innovation and Commercialization that will boost revenue generation in the University.</p>	VC		On going
2	<p>Delayed Completion of Engineering Tuition Block</p> <p>Note 15 to the financial statements reflects Kshs. 2,580,927,064 in respect to property, plant and equipment which includes Kshs. 748,371,633 in respect to work in progress which further include Kshs. 478,451,980 incurred from the financial year 2010/2011 to 30 June 2021 for the construction of the Engineering Tuition Block. However, and as reported in the previous year, no document or record was availed to confirm the overall completion level and the expected completion period of the project. In the circumstances, the completeness and value for money for the Kshs.</p>	<p>The University undertook the Engineering Tuition Block project in three phases namely Block A, Block B and Block C.</p> <p>The project was completed during 2020/2021 financial year as evidenced by certificates of practical completion.</p>	VC	Resolved	Jun 2021

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	478,451,980 expenditures for the year ended 30 June 2021 could not be confirmed.				
3	<p><i>Miraa Research Centre</i></p> <p>Note 18 to the financial statements reflects Kshs. 451,380,812 in respect to trade and other payables which includes Kshs. 2,428,196 in respect to Miraa Research Centre which had been advanced Kshs. 6,795,207 meant for infrastructure work at the University granted by the Permanent Secretary State Department for Crop Development through Authority to Incur Expenditure (AIE) number A751323 of 25 June 2019. However, Kshs. 4,376,011 from the initial balance of Kshs. 6,795,207 had already been utilized for the infrastructure works which were still in progress as at 30 June 2021 and therefore delaying the implementation of the project. In the circumstances, the value for money for the Kshs. 6,795,207 expenditure for the year ended 30 June 2021 could not be ascertained.</p>	<p>The project was delayed due to the frequent shut downs ordered by the Government during the Covid-19 period. The contractors also slowed down works because of the effects of the pandemic. However, the project picked up in the last quarter of 2021 and have since been completed and paid for except for the snag list. See attached documents</p>	VC	Resolved	Jun 2021

The University had not received audit report for the financial year 20/21 by the date of this report, the issues presented in appendix 1 relates to 2019/2020 as per the latest audit report received.


Vice Chancellor
Date: September 28, 2022


Chairman of the Council
Date: September 28, 2022

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects implemented by Meru University funded by development partners:

Project title	Project Number	Donor	Period/ duration	Donor commitment KShs.	Separate donor reporting required as per the donor agreement	Consolidated in these financial statements
Engineering Complex		GOK	June 11-July 23	20,000,000	No	Yes
Construction of Sports fields		GOK	Jul-20 - June 23	40,000,000	No	Yes
Nursing and Health Science Building		GOK	Jul-20 - June 24	60,000,000	No	Yes
Mariene Institute: Administration and lecture theatre		GOK	Jul-20 - June 23	60,000,000	No	Yes
Mariene Institute: Science Laboratories		GOK	Jul-20 - June 23	60,000,000	No	Yes
Mariene Institute: Modern Library		GOK	Jul-20 - June 23	60,000,000	No	Yes

Status of Projects Completion

Project	Total Project Cost	Total Expended To Date	Completion % To Date	Budget Allocation	Actual Received	Sources Of Funds
1 Engineering Complex	673,131,871	643,131,871	98%	20,000,000	20,000,000	GOK
2 Construction of Sports fields	600,000,000	171,537,625	29%	40,000,000	40,000,000	GOK
3 Nursing and Health Science Building	500,000,000	71,308,037	14%	60,000,000	60,000,000	GOK
4 Mariene Institute: Administration and lecture theatre	230,000,000	80,003,940	35%	60,000,000	60,000,000	GOK
5 Mariene Institute: Science Laboratories	150,000,000	80,405,337	54%	60,000,000	60,000,000	GOK
6 Mariene Institute: Modern Library	150,000,000	77,704,190	52%	60,000,000	60,000,000	GOK

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APPENDIX III: INTER-ENTITY TRANSFERS

Entity Name: Meru University of Science and Technology
Break down of Transfer from the State Department of University Education

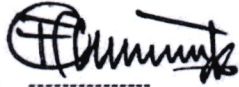
a) RECURRENT GRANTS


	Bank statement date	Amount (KShs)	FY to which the amounts relate
1	3/8/2021	59,653,712	2021/2022
2	1/9/2021	59,653,712	2021/2022
3	29/09/2021	59,653,712	2021/2022
4	2/11/2021	59,653,712	2021/2022
5	25/11/2021	59,653,712	2021/2022
6	28/12/2021	59,653,712	2021/2022
7	1/2/2022	59,653,712	2021/2022
8	2/3/2022	59,653,712	2021/2022
9	1/4/2022	59,653,712	2021/2022
10	28/04/2022	59,653,712	2021/2022
11	06/06/2022	60,799,810	2021/2022
12	28/06/2022	60,799,810	2021/2022
	Total	718,136,740	

b) DEVELOPMENT GRANTS

	Bank statement date	Amount (KShs)	FY to which the amounts relate
1	14/09/2021	60,000,000	2021/2022
2	14/09/2021	90,000,000	2021/2022
3	16/3/2022	60,000,000	2021/2022
4	23/3/2022	90,000,000	2021/2022
	Total	300,000,000	

The above figures have been reconciled with the records at the State Department of University Education and Research (Ministry of Education).

Sign 
Finance Officer
Meru University
of Science and Technology

For: PRINCIPAL SECRETARY
STATE DEPARTMENT FOR
UNIVERSITY EDUCATION
Sign 
Head of Accounting Unit
State Department of University Education
Ministry of Education

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

The University did not receive funds from any other Government entity other than State Department of University Education and Research (Ministry of Education).

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Appendix V: Reporting of Climate Relevant Expenditures

Meru University of Science and Technology

Telephone Number: +254704508454

Email: vc@must.ac.ke

Vice Chancellor: Prof. Romanus Odhiambo

Contact person: Franco Mutua email: fmutua@must.ac.ke

Project Name	Project Description	Project Objectives	Project Activities				Source Of Funds	Implementing Partners
			Q1	Q2	Q3	Q4		
Chancellor's Forest	Planting of trees to ensure university is 20% covered and all naked hills in the neighborhood are reforested	<ul style="list-style-type: none"> To fight soil erosion either due to run offs or string winds Improve the environment 	300,000	300,000	300,000	300,000	Internally generated funds (Sponsored by Dr. James Mwangi The Chancellor)	N/A
Sanitation Project	Building of customized toilets and construction of a laboratory to enable conversion of human faeces into organic fertilizer using insects. Insects are used as high nutritional animal feeds	<ul style="list-style-type: none"> Provide solution to disposal of human faecal matter Turn the faeces from waste to a resource 	0	0	4,416,968	5,773,302	Internally generated funds. Research Funds Solicited by Dr. Joy Riungu.	Meru University and local schools
EPivot-Water Project	This is a capacity-building project aimed at strengthening the capacity of	Review existing programmes & develop new TVE-Based curricula aimed at equipping learners with	4,010,290	4,813,630	1,349,740	1,658,850	Nuffic & Internally generated fund	Meru university, Siala TTC, Ahero Vocational

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<p>Technical Vocational Educational Training (TVET) Centres through a strong collaboration between the education institutions and private sector. The project specializes in horticulture thereby linking the green education pillar to private sector.</p>	<p>relevant skills and competencies in designing and implementation of water harvesting structures. Equipping of Agricultural, engineering lab & demo farms with modern training equipment/modules to enable students acquire practical skills. Implementation of community based projects aimed at promoting adoption of smart agriculture technologies by local farmers.</p>	<p>Perform induction training to local trainers on how to operate and optimally utilize the acquired lab/field instruments. Facilitate local farmers develop earth pans for rain water harvesting and install sensor based irrigation systems for efficient watering crops using drip line irrigation.</p>	<p>Research Funds Solicited by Prof. Romanus Odhiambo from Nuffic-The Netherlands. College, KEWI Tharaka TTI & Meru National Polytechnic</p>
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Appendix VI: Disaster Expenditure Reporting Template

Date: 30 June 2022

Entity: Meru University of Science and Technology

Period to which this report refers (FY)	Year 2021/22							
Name of Reporting Officer	Franco Mutua							
Contact details of the reporting officer:	Telephone +254704508454							
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII		
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (KShs.)	Comments		
Meru University of Science and Technology	N/A	Epidemics and Pandemics (Covid-19)	Response, Recovery & Mitigation	Alcohol 98% ethanol-, Caustic Soda and digital non-contact infrared Thermometer	593,305	The university purchased raw material and using Chemistry Department manufactured sanitizer for internal use.		