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REPORT

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THE AUDITOR-GENERAL

ON

MASENO UNIVERSITY

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



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MASENO UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

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I. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

BETA - Bottom Up Economic Transformation Agenda

SDGs - Sustainable Development Goals

FY - Financial Year

DfID - Department for International Development

UKRI - UK Research and Innovation

UNESCO - United Nation Education, Scientific and Cultural Organisation

EU - European Union

NRF - National Research Fund

ICT - Information Communication Technology

SOMU - Student Organisation of Maseno University

PAYE - Pay As You Earn

NHIF - National Hospital Insurance Fund

HELB - Higher Education Loans Board

SDHER - State Department for Higher Education and Research

NITA - National Industrial Training Authority

B: Glossary of Terms

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

II. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background of Maseno University

Maseno University is a Public University created by Maseno University Act 2000 (Now Repealed) and operates under the Universities Act 2012. The precursor, Maseno University College, was established through the merging of Maseno Government Training Institute (GTI) with Siriba Teacher's Training College as a Constituent College of Moi University.

b) Principal Activities

Principal Activity of Maseno University is teaching, research and community outreach

Vision Statement: The University of Excellence in discovery and dissemination of knowledge

Mission Statement: To discover, harness, apply, disseminate and preserve knowledge for the good of humanity

Objectives

- i. To provide directly, or in collaboration with other institutions of higher learning, facilities for University education and research including technological, scientific and professional fields and research.
- ii. To participate in the discovery, transmission, preservation and enhancement of knowledge and to stimulate the intellectual participation of students and staff in the economic, social, cultural, scientific and technological development of Kenya and globally.
- iii. To harness acquired knowledge of the natural, applied and social sciences to manage the environment and to conserve biodiversity.
- iv. To conduct examination for and to grant such academic awards as may be, from time to time, provided for in the statutes
- v. To determine who may teach, what may be taught and how it may be taught in the University
- vi. To play an effective role in the development and expansion of opportunities for the University Education.

CORE VALUES

Maseno University seeks to uphold the following values: “REEQI”

- i. **Relevance:** The University is committed to ensuring relevance in its programs and activities.
- ii. **Excellence:** Excellence shall be targeted in outputs of the University
- iii. **Equity:** The University shall ensure that there is equity in all the opportunities within its jurisdiction.
- iv. **Quality:** All outputs and processes of the University shall ensure that quality is maintained.
- v. **Integrity:** The University shall ensure integrity in all their undertaking.

c) Key Management

Maseno University’s day-to-day management is undertaken through the following organs:

1. The University Senate
2. The University Management Board.

d) Fiduciary Management

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

Name	Designation
1. Prof. Julius O. Nyabundi	Vice-Chancellor
2. Prof. Catherine A. Muhoma	Deputy Vice-Chancellor (A,F&D)
3. Prof. Mary J. Kipsat	Deputy Vice-Chancellor (ASA)
4. Prof. Joseph S. Chacha	Deputy Vice-Chancellor (PRI) (Was on leave of absence from January 2022 until June 2023)
5. Prof. Erick O. Nyambedha	Ag. Deputy Vice-Chancellor (PRI) (Served in acting capacity from January 2022 until June 2023)
6. CPA Joseph W. Omondi	Finance Officer

e) Fiduciary Oversight Arrangements

The Planning, Finance and Investment Committee of the University Council reviewed quarterly financial statements before they were recommended to the University Council for approval.

The Audit and Risk Management Committee of the University Council reviewed the reports from the internal audit department.

The University Council approved the Budget for FY2022/2023 and approved Quarterly Financial Statements before they were submitted to The National Treasury at the end of every quarter of FY2022/2023.

f) Maseno University Headquarters

Private Bag, MASENO

Maseno University Head Office - College Campus on Kisumu-Busia Road

MASENO, KENYA

g) Maseno University Contacts

Private Bag MASENO

Tel: 057-351622

FAX: 057-351221

email: vc@maseno.ac.ke

Website: www.maseno.ac.ke

h) Maseno University Bankers

Kenya Commercial Bank Ltd
Kisumu Branch

Standard Chartered Bank Ltd
Kisumu Branch

Equity Bank Ltd.
Luanda Branch

i) Independent Auditor

Auditor - General

Office of the Auditor - General

Anniversary Towers, University Way

P O Box 30084-00100

NAIROBI, KENYA

j) Principal Legal Adviser

The Attorney General




State Law Office



Harambee Avenue



P.O. Box 40112-00200

Nairobi, Kenya

III. MEMBERS OF THE UNIVERSITY COUNCIL
(Served Until 9th March, 2023)

<p>CHAIRMAN OF MASENO UNIVERSITY COUNCIL</p>  <p>Prof. Abdullah Naji Said BSc(UoN), MSc(UoN), Ph.D.</p>	<p>Prof. Abdullah Naji Said is a Professor of Animal Nutrition. He formerly served as Chairman of Council, Laikipia University and has also served on the Egerton University Council. He is currently also the chairman of Malindi Museum Society.</p> <p>Term ended on 9th March 2023.</p>
<p>MEMBER</p>  <p>Mr. Edwins Mukabanah BA (UoN), MSc (Westminster)</p>	<p>Mr. Edwins Mukabanah is the Chief Executive Officer of Kenya Bus Service. He has wide experience in transport planning, operation and management.</p> <p>Term ended on 9th March 2023.</p>
<p>MEMBER</p>  <p>Ms. Sophia Abdi Hassan, BSc (Malardem), MSc (Malardem)</p>	<p>Ms. Sophia Abdi Hassan works in the banking industry. She is a specialist in investment, portfolio management and liquidity management.</p> <p>Term ended on 9th March 2023.</p>

<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Mr. Gerald Kariithi Mira BA (Moi), MSc (JKUAT)</p>	<p>Mr. Gerald Kariithi Mira is a practising insurance professional with specialization in entrepreneurship. Term ended on 9th March 2023.</p>
<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Ms. Lucy A. Osmerah Dip. Ed(KU), BA(UoN), MA(UoN)</p>	<p>Ms. Lucy A. Osmerah is a consultant and trainer in Financial Management Programmes. Term ended on 9th March 2023.</p>
<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Mrs. Caroline Nkirote Nyororo BA (UoN), MBA (UoN)</p>	<p>Mrs. Caroline Nkirote Nyororo is a practising Land Valuer. She is specialised in land Economics, Business Administration and information Technology. Term ended on 9th March 2023.</p>

<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Mr. Andrew Rukaria BA(UoN), MBA(Moi) Rep. Principal Secretary Ministry of Education</p>	<p>Mr. Andrew Rukaria is Director of Administration in the State Department for Early Learning and Basic Education. He is a career public administrator. Term ended on 9th March 2023.</p>
<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Ms. Alice Nyariki BA(POONA), MSc(Middlesex) Rep. Cabinet Secretary National Treasury</p>	<p>Ms. Alice Nyariki works in the National Treasury as a Senior Deputy Director Pensions. Ms. Nyariki is a pensions professional with over twenty (20) years' experience in the management and administration of public pension systems within the Government of Kenya.</p>

MEMBERS OF THE UNIVERSITY COUNCIL

(Term Began on 1st April, 2023)

**CHAIRMAN OF MASENO UNIVERSITY
COUNCIL**



Prof Naftali. Omolo-Ongati
BEd.(UoN), PGDE (Leeds), MSc.(OST), PhD (Pretoria)

Prof. Naftali Omolo-Ongati is a Professor of Mathematics. He formerly served as Dean, School of Mathematics and Actuarial Science at Jaramogi Oginga Odinga University of Science and Technology. Prior to that, He had served as a Full Professor of Mathematics and Applied Statistics at Maseno University.

MEMBER



Mr. Ponyochi Kunyobo
BCOM.(UoN), MBA (LMU), CPA(K)




Mr. Ponyochi Kunyobo is a Practising Accountant and a Business consultant in Finance and Taxation.

MEMBER



Dr. Matilda Chemutai Sang
BBM (Moi), MBA. (Kenyatta), Ph.D (Kabarak)

Dr. Matilda C. Sang is a Consultant in Entrepreneurship with experience in training, customer service, research, financial management, and processes improvement in Micro, Small and Medium Entrepreneurs (MSMEs).

<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Mr. Darius Getanda Isaboke BEd (CUEA), PGD(KIM), MA (UoN)</p>	<p>Mr. Darius G. Isaboke is a Programme Specialist (Education, Youth and Research) at British Council. He has wide management experience in development and humanitarian programs, managing large-scale donor budgets.</p>
<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Ms. Alice Nyariki BA(POONA), MSc(Middlesex) Rep. Cabinet Secretary National Treasury</p>	<p>Ms. Alice Nyariki works in the National Treasury as a Senior Deputy Director Pensions. Ms. Nyariki is a pensions professional with over twenty (20) years' experience in the management and administration of public pension systems within the Government of Kenya.</p>
<p style="text-align: center;">VICE-CHANCELLOR AND SECRETARY TO THE UNIVERSITY COUNCIL</p>  <p style="text-align: center;">Prof. Julius O. Nyabundi, OGW BSc.(UoN), MSc.(UoN), Ph.D.(California, Davis),</p>	<p>Prof. Nyabundi is the Vice-Chancellor and Secretary to the Council. He formerly served as the Principal of Muranga University College and Acting Deputy Vice-Chancellor (AF&D) at Maseno University. He has also served as the Managing Director, Chemelil Sugar Company.</p>

IV. MANAGEMENT TEAM OF THE UNIVERSITY



Prof. Julius O. Nyabundi, OGW
BSc. (UoN), MSc.(UoN), Ph.D.(California, Davis),
Vice-Chancellor

Prof. Julius O. Nyabundi Ph.D., OGW is the Vice-Chancellor of Maseno University. He is the Academic and Administrative Head of Maseno University.






Prof. Catherine A. Muhoma,
BEd.(Moi), M.A, (Moi) Ph.D.(Witwatersrand),
Deputy Vice-Chancellor(A,F&D)

Prof. Catherine A. Muhoma, Ph.D is the Deputy Vice-Chancellor in charge of Administration, Finance and Development.



Prof. Mary Kipsat,
BSc (UoN), MSc.(Moi), Ph.D.(Moi)
Deputy Vice-Chancellor (ASA)

Prof. Mary Kipsat, PhD. is the Deputy Vice-Chancellor in charge of Academic and Student Affairs.

 <p>Prof. Joseph Chacha, BSc (UoN), MSc(UoN),Ph.D(Ottawa), Deputy Vice-Chancellor (PRI)</p>	<p>Prof. Joseph Chacha, Ph.D. is the Deputy Vice-Chancellor in charge of Partnership, Research, and Innovations. (Was on leave of absence from January 2022 to June 2023)</p>
 <p>Prof. Erick O. Nyambedha B.A(UoN), M.A.(UoN), Phd(Copenhagen), MKNAS Ag. Deputy Vice-Chancellor (PRI)</p>	<p>Prof. Erick O. Nyambedha, Ph.D. is the Acting Deputy Vice- Chancellor in charge of Partnership, Research, and Innovations. (Appointed in February 2022)</p>
 <p>Ms. Rose Omoga-Chiaji BA (Moi), PGD(KIM), MBA (Maseno) REGISTRAR, ACADEMICS AND STUDENT AFFAIRS</p>	<p>Ms. Rose Omoga-Chiaji is the registrar in charge of Academics and Student Affairs</p>



Dr. John Ogamba King'oina,
BEd (Maseno), M.Ed (Kenyatta), Ph.D (Maasai Mara)
**REGISTRAR, ADMINISTRATION AND CENTRAL
SERVICES OF THE UNIVERSITY**

Dr. John King'oina is the registrar in charge of Administration and Central Services



Ms. Ndukuh Charles Kilei
BLIS, MLIS (Kenyatta University)
UNIVERSITY LIBRARIAN

Ms. Ndukuh Charles Kilei is the University Librarian



Mr. Joseph W. Omondi,
BBA.(KEMU), MBA (UoN), CPA(K)
FINANCE OFFICER

Mr. Joseph William. Omondi is the Finance Officer of the University.



Dr. Naphtali Onyuka Aroko,
MBCbB (UoN), PgDIH(Berlin) CTM, MPH(Maseno)
CHAIRMAN, HEALTH SERVICES

Dr. Naphtali Onyuka Aroko, is the Acting Chairman, Health services in the University



Ms. Joy A. Akinyi
LLB (Moi), PGD (KSL), Dip (KIM), MBA(UoN) CS(K)
SENIOR LEGAL OFFICER

Ms. Joy Akinyi is the head of legal services in the University.

V. CHAIRMAN'S STATEMENT

I am pleased to present the annual report and financial statements of Maseno University for the year ended 30th June, 2023. The University has continually focused on quality teaching, research and community outreach activities in fulfilment of its Vision and Mission. The University is on track in the implementation of the 2022-2027 Strategic Plan. The Strategic Plan 2022-2027 was reviewed during the year to align it to the national development priorities provided in the Vision 2030, Medium-Term Plan IV and the Bottom-Up Economic Transformation Agenda (BETA). This has enabled prioritisation of projects that are critical to the growth of the University. The University Council is intent on promoting Partnerships, Collaborations and Linkages with its peer institutions and industry; such relationships are central in transforming the University into a truly global institution.

The financial year 2022/2023 marked the eighth year of the implementation of the *Mwongozo* - The Code of Governance for State Corporations. This framework focuses on addressing matters of effectiveness of the Council, transparency and disclosures, accountability, risk management, internal controls, ethical leadership and good corporate citizenship. The Maseno University Council and Management is committed to the full implementation of the provisions of the *Mwongozo* code, which takes cognisance of the importance of good corporate governance and citizenship on the development of the institution and the Community it seeks to serve.

While the University has made great strides in pursuit of its priorities, it continues to face challenges in terms of constrained financial resources as a result of limited Government funding and declining pool of Self-Sponsored students. In response, the University has maintained strict fiscal discipline in the management of the available resources to address the emerging budgetary dynamics. The University has on-going development projects that require substantial financial input towards their completion. The University needs these facilities to accomplish its goals and mandate. Key among these facilities is the Student Hostels phase two.

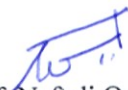
Maseno University continues to build valued partnership in areas of research and collaboration with a number of institutions within the region and beyond. These institutions included Bio Innovate African, International Crops Research Institute, The National Research Fund, UNESCO, Wellcome Trust, Local and International and Equity Bank to name just a few who we extend our sincere gratitude.

On behalf of the University Council, I take this opportunity to thank the Government for the continued support. I also wish to thank the Management and staff for their continued dedication and commitment. I wish to commend the student body for their cooperation and understanding, which has contributed greatly to the stability and growth of the University.

Maseno University

Annual Report and Financial Statements for the Year Ended 30th June, 2023

Finally, I would like to take this opportunity to thank our stakeholders for their continued support. With the support of all stakeholders, we look forward to even greater achievements in the coming financial year.



Prof. Naftali Omolo-Ongati, Ph.D.

Chairman of Maseno University Council

VI. REPORT OF THE VICE-CHANCELLOR

It is my great pleasure to present the annual report and financial statements of Maseno University for the financial year 2022/2023. The University is committed to its Vision and Mission as contained in the Strategic Plan 2022-2027.

University Financial Performance

Maseno University realised total revenue of **Kshs.3,146,409,824** in the FY 2022/2023. Total revenue realised in the FY2021/2022 was **Kshs.3,235,571,709**. The slight decline in revenue compared to the same period last year was due to the fact that the University normalised to two semesters in the Financial Year under review compared to the previous Financial Year when the University operated three semesters.

The Government capitation was the University's main source of income at **Kshs.1,750,126,981** contributing to 56% of the University revenue, followed by revenue from exchange transaction at **Kshs.1,284,436,082** translating to 40.8% and research grants at **Kshs.111,846,761** being 3.6% of revenue in FY 2022/2023 respectively.

Statutory compliance

Despite the financial constraints, Maseno University prioritised and complied with the statutory obligations, including timely remittance of PAYE, NHIF, NSSF, HELB, SACCO dues, staff pension, and all other staff deductions for the financial year. Where there was foreseen delay, prior negotiation was made with the relevant Government Agency.

Development projects

During the year, the University opened the new Student Hostel Phase 1 with 750 bed capacity. Additionally, the University is in the process of completing the Student Hostel Phase II project targeted to enhance capacity of safe and suitable accommodation to students. These projects have been funded by internally generated fund and loan from Equity Bank.

In the FY 2022/2023, the University received development grants from Government of **Kshs.34,698,970** against the approved allocation of **Kshs.34,698,970**. This amount was utilized to finance the construction of Tuition Block and Laboratory Complex. In addition, the University received a loan disbursement balance of **Kshs.3,683,282** from Equity Bank that was utilized on the construction of Student Hostels project.

Core mandate

In pursuit of its mandate, Maseno University engaged in various core and support activities during the financial year under review. These are listed as follows: -

I. Academic programmes

Maseno University reviewed and developed new programmes in line with the Strategic Plan 2022/2027. The relevance of the Programmes to the job market is ensured to achieve the vision 2030, Sustainable

Development Goals (SDGs) and BETA. During the FY 2022/2023, there were five new programmes that were approved at Senate and application will be made to Commission for University Education for accreditation. They include Master of Science in Medical Physiology, Master of Medicine in Internal Medicine, Master of Medicine in Paediatrics and Child Care, Bachelor of Science in Agriculture and Food Security with IT and Bachelor of Animal Production and Health Management with IT.

II. Student Welfare Services and Governance

The University had a cordial relationship with the students' body through the Student Organisation of Maseno University (SOMU) and other registered student groups. The University has the Office of Career Services as well as Counselling Office that work towards enhancement of favourable positioning of the University's graduates in the job market. Other welfare needs of students were catered for through work-study and Bursary Programs as per the Government Policy. The students also participated in various co-curricular activities including games, drama and music.

III. Research and Development

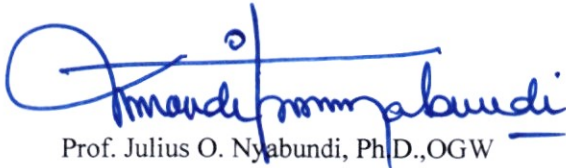
Research is one of the core mandates of the University. In line with this, the University is committed to improving on the number of externally-funded research projects to deliver both on high quality and activities with high impact for the benefit of society both within Kenya and beyond. To meet the research demands, the University has now expanded its research donors to first expand its reach to the Kenyan-based National Research Fund (NRF), and other external donors like Ford Foundation, DfiD, Wellcome Trust, National Institute of Health (NIH), UK Research and Innovation (UKRI), the European Union (EU), LACUNA, Bio Innovate among others. The University has also expanded its research facilities and partnerships to support research. In addition, the University has focused on building capacity for both new and young researchers with the aim of expanding its capacity to attract fundable multidisciplinary projects. More senior researchers were paired up with upcoming researchers to increase the critical mass of staff who can effectively attract research grants and mentor additional faculty. Academic staff and postgraduate students have embraced the idea and continue to generate research funds through the competitive proposal development and submission to local and international funders.

In the 2022/2023 financial year, the University has attracted **Kshs.111,846,762** in addition to having initiated over 40 partnerships and linkages for the purposes of building research portfolio. A total of 110 academic staff and 56 students have been mentored in research grants applications. The University currently have senior faculty having physical facilities for the purposes of mentoring additional faculty and students.

IV. ICT Infrastructure

In the recent past the University has embraced use of technology in service delivery and enhanced its ICT infrastructure capacity by upgrading the network from 1G to 10G and the ERP system from Microsoft Navision 2009 to Microsoft Navision 2019 Business Central. Last year, the University enforced a disaster recovery plan by implementing a cloud data back up and security firewall as a way to safeguard University data and ICT equipment and also extended Internet backbone and CCTV coverage to the new tuition block. The University managed to reduce the cost of Internet services from Kshs.29,967,696 to Kshs.15,304,402.

Lastly, may I take this opportunity on behalf of the University Management and Staff, to thank the Government for the continued support. I pay tribute to parents, students, local and international partners, and all our stakeholders for their contributions and support during the year. As we move forward, we continue to count on your support in our endeavour to uphold the Maseno University Vision as the University of excellence in discovery and dissemination of knowledge.



Prof. Julius O. Nyabundi, Ph.D.,OGW

Vice-Chancellor

**VII. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR
FY 2022/23**

Maseno University continuously reviews and develops new programmes in line with the strategic plan, relevance to the job market and towards achieving the vision 2030, and Sustainable Development Goals (SDGs) and Bottom Up Economic Transformation Agenda. In compliance with Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012, Maseno University has 11 strategic pillars and objectives within its Strategic Plan 2022/2027.

These strategic objectives are as follows:

1. Provision of accessible, quality academic programmes to meet students' needs
2. Enhancement of student numbers
3. Increase funding from research
4. Increasing funds from Consultancy
5. Enhancement of University revenue streams
6. Enhancement of infrastructure development
7. Attraction, development and retention of qualified staff.
8. Strengthen Human Resource Capacity Development.
9. Provision of support systems for mental health

Maseno University achieved its performance targets set for the FY 2022/2023 period for its strategic pillars, as indicated in the Table 1 below:

Table 1: Maseno University's Performance 2022/23

	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
1.	Provision of accessible, quality academic programmes to meet students' needs	To invest in quality and relevant academic programmes	Number of new academic programmes accredited	Review of existing academic programmes 2. Development and accreditation of academic programmes	All undergraduate programmes were revised to have Year 3 and 4 customised Common IT courses per School. The academic programmes developed during the year are namely: 1. Master of Science in Medical Physiology 2. Master of Medicine in Internal Medicine 3. Master of Medicine in Paediatrics and Child Care 4. Bachelor of Science in Agriculture and Food Security with IT 5. Bachelor of Animal Production and Health Management with IT

	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
2.	Enhancement of student numbers	To enhance by 10% annually access to academic programmes	Number of new students enrolled	Expansion and diversification of programmes and space	5467 first year students enrolled during the year in their areas of study.
3.	Increase funding from research	Increased research output	Research facilities in place	Allocating seed funds for research	The University realised research grants of Kshs.111Million in FY 2022/2023 up from Kshs.95Million in FY 2021/22
4.	Increasing funds from Consultancy	Develop Consultancy policy	Policy in place	Developing and operationalizing Consultancy policy	Approved Consultancy policy in place
5.	Enhancement of University revenue streams	Improve revenue streams	Increased revenue from tuition fees payments	Enhance fee collection.	The tuition revenue realized stabilised at Kshs.1,061,033,046 in FY2022/2023.
6.	Enhancement of infrastructure development.	To develop/upgrade infrastructure in tandem with need	Student Hostel phase one completed with a bed 750 capacity	Complete construction of Student Hostels phase I	The student Hostels phase I was occupied by students in September 2022.
7.	Attraction, development and retention of qualified staff	Provide quality education	Develop and implement career progression guidelines	Career progression guideline approved and implemented	Adequate number of teaching and non-teaching staff deployed
8.	Strengthen Human Resource Capacity Development	Conduct training needs analysis (TNA)	Institutional TNA reports and recommendations implemented		100% implementation of TNA report done
9.	Provision of support systems for mental health	Develop Maseno University Mental Health policy	Mental Health programs	Counselling, rehabilitation and sensitized	1200 peer educators were trained

VIII. CORPORATE GOVERNANCE STATEMENT

Introduction

Maseno University is governed by the University Council. The Universities Act 2012 gives the University Council the necessary powers to oversee the proper management of resources of the University. As per the Universities Act 2012, the Council shall have powers to:-

- a) Manage, supervise and administer the assets of the University in such a manner as best promotes the purpose for which the university is established;
- b) Determine the provisions to be made for capital and recurrent expenditure and for reserves of the University;
- c) Receive any grants, donations or endowments on behalf of the University and make legitimate disbursements there from;
- d) Enter into association, collaboration or linkages with other bodies or organizations within or outside Kenya as the University may consider desirable or appropriate and in furtherance of the purpose for which the University is established; and
- e) Open a banking account or accounts for the funds of the University.

Corporate Governance Principles

This is the eighth year of the implementation of *Mwongozo*-The Code of Governance for State Corporations. The University has adhered to the corporate governance principles as contained in the *Mwongozo* code as outlined below;

1. The composition and size of the board provided a diversity of gender, competencies and skills required for the effective leadership of the University
2. The Council provided strategic direction to the University, exercised control and remained accountable to the relevant shareholders
3. The Council ensured that Council members are inducted and that their skills and knowledge were continually developed to enhance effectiveness
4. The performance of the Council, its committees and individual directors were evaluated.
5. The Council ensured effective, accurate, timely and transparent disclosure of pertinent information on the University operations and performance.
6. The Council ensured timely preparation of accurate financial statements
7. The Council ensured that effective processes and systems of risk management and internal controls are in place
8. The Council ensured that the procurement process is cost effective and delivers value for money
9. The Council is committed to operate ethically and promote corporate social responsibility and

10. The organization complied with the Constitution, all applicable laws and regulations and in line with accepted national and international standards, as well as, the internal policies of the organization

Council Size, Composition and Appointment

The Maseno University Council consists of nine (9) members drawn from diverse professional backgrounds appointed by the Cabinet Secretary for the time being responsible for University Education as follows -

- a) Chairperson;
- b) The Principal Secretary in the Ministry for the time being responsible for the University Education;
- c) The Principal Secretary in the Ministry for the time being responsible for Finance;
- d) Five members appointed by the Cabinet Secretary through an open process; and
- e) The Vice-Chancellor who shall be an ex-officio member and secretary to the Council.
- f) Any other officer that may be invited as required for a specified task during the meeting

Council Remuneration

The University Council members do not receive a salary. They are paid a taxable sitting allowance whenever they attend meetings of Council and Council committees. The Chairman of Council is paid a monthly honorarium as prescribed by the Government. In FY 2022/23 the University spent **Kshs.12,352,134** on Council expenses compared to the previous year of **Kshs.18,284,206**. The reduced Council expenses were attributed to the fact there were no meetings in the fourth quarter due to transition.

Council Committees and responsibilities

The Council through its Committees ensures effective, accurate, timely and transparent disclosure of information regarding Maseno University’s operations and performance in line with the Constitution of Kenya 2010, various Acts of Parliament, regulations and guidelines. This is in addition to ensuring that the operations of the University adhere to the existing legislative frameworks and best practice.

The figure below indicates the Committees of Council;

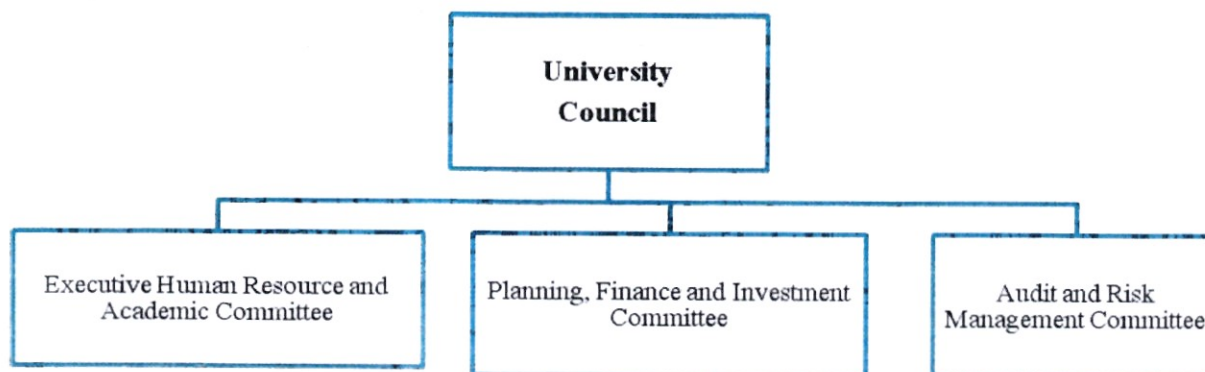


Figure 1: Committees of Council

1. Executive, Human Resource and Academic Committee

The Committee of Council has the following terms of reference;

- a) Deal with urgent and critical issues on behalf of Council as need arises and submit to Council for ratification.
- b) Receive, consider and recommend the University Statutes and make appropriate recommendations to Council for approval.
- c) Consider proposal for the application of the University Seal and submit to council for approval
- d) Consider and submit to Council approvals from Senate on candidates for award of degrees of the University.
- e) Advertise, interview, and recommend for appointment of the Vice-Chancellor, Deputy Vice-Chancellors, Principals and Deputy Principals of Colleges and Campuses through a competitive process and report to the Council for ratification.
- f) Conduct interviews for employment, appointment and promotion of senior members of faculty and management from grade 14 and above.
- g) Co-ordinate the agenda and conduct of committees and advice council on their performance
- h) Develop, execute, monitor and report to council on the performance of Vice-Chancellor, Deputy Vice-Chancellors and Principals of Colleges
- i) Receive recommendation from Senate of the names of top three applicants for the position of Chancellor, ranked by the alumni association and report to the council for noting and onward transmission to the Cabinet Secretary.
- j) Receive, consider and/or approve proposal for affiliations, linkages, partnerships and associations and report to the council for ratification
- k) Oversee the conduct of interviews for employment, appointment and promotion of members of faculty and staff from grade 13 and below and submit reports to council;
- l) Consider and recommend for approval terms and conditions of service; criteria for recruitment, appointment and promotion of staff;
- m) Oversee the development and implementation of a Human Resource strategy;
- n) Receive and consider reports on staff welfare;
- o) Receive and consider proposals for the provision of Occupational Safety and Health facilities and systems for staff and students;
- p) Receive, consider and recommend for approval regulations governing students and staff conduct and discipline;
- q) Receive, consider, discuss and recommend to council proposals on staff establishment of the University;
- r) Adjudicate on staff and student disciplinary appeals;

- s) Oversee the mainstreaming into policies and practices on gender balance, equality of opportunities, equalization of persons with disabilities, minorities and other marginalized groups and submit reports to Council;
- t) Receive reports on gender balance, equality of opportunities, equalization of persons with disabilities, minorities and other marginalized groups;
- u) Receive and consider reports from Senate and make recommendations to Council on Academic Matters
- v) Receive and consider reports on students' welfare;
- w) Oversee the constitution of an Alumni Association and receive reports on their proposals and recommendations
- x) Transact any other business as directed by Council

2 Planning, Finance and Investment Committee

The Committee of Council has the following terms of reference;

- a) Receive, consider and recommend for Council approval, annual estimates of revenue and expenditure and overseeing compliance of budgetary allocation as approved within its annual budgets.
- b) Generate and receive proposals for subscription, donations and bequest for onward transmission to Council for consideration
- c) Oversee proper recording of accounts of the income, expenditure and assets of the University and submission of financial reports as by law required.
- d) Oversee proper vesting of all immovable property, shares, funds and securities in the name of the University
- e) Receive and consider for onward transmission to Council proposal for investing University funds subject to legal requirements
- f) Receive for consideration and onward transmission to Council reports on management and administration of University property
- g) Receive and consider proposals for University fees and any other charges and recommend to the council for consideration and approval
- h) Receive recommendation for onward transmission to Council on scholarships, bursaries and other awards
- i) Receive proposals on opportunities for investments, for processing and onward transmission to council for consideration and approval
- j) Receive and consider proposals on acquisition of fixed assets and recommend to Council for appropriate action
- k) Receive reports on performance of University investments and submit proposals for Council consideration oversee the development, review and implementation of the University Strategic Plan in conformity with the medium term fiscal frame work and policy objectives
- l) Receive, consider and submit for Council approval the annual Procurement Plan of the University;
- m) Recommend for Council approval the sale, purchase, exchange, lease, or take on of movable and immovable property;
- n) Subject to the laid down government procedures, to recommend for Council approval the borrowing of money on behalf of the University; Mortgaging or charging all or any part of movable and immovable property.
- o) Receive for consideration and recommendation to Council opening, and/or closing of bank account(s) for the funds of the University ;
- p) Receive, consider and make recommendation to Council on reports of implementation of the University Master Plan bi-annually;

- q) Receive, consider and submit for Council approval proposals on new projects;
- r) Review the performance of all ongoing projects and submit reports to Council on a quarterly basis;
- s) Transact any other business as directed by Council

3 Audit and Risk Management Committee

The Audit and Risk Management Committee has the following terms of reference;

- a) Receive, review and recommend internal control mechanisms towards improving efficiency, effectiveness, transparency and accountability;
- b) Receive and discuss internal and external audit reports and make recommendations to Council;
- c) Review and oversee the settlement and implementation of recommendations from the Public Accounts and Public Investments Committees (PAC/PIC)
- d) Review and regularly report to Council on the effectiveness and efficiency of the internal audit function;
- e) Review Management procedures and make proposals to Council for mainstreaming of Risk Management, Controls and Governance;
- f) Review and submit proposals to Council on improvement of efficiency and effectiveness of Management systems, including and not limited to high risk areas such as public finance, human resource, academic programs, and general internal controls;
- g) Review and submit a report to Council on compliance with policies, laws, regulations, procedures, plans, and ethics;
- h) Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency;
- i) Transact any other business as directed by Council.

Maseno University

Annual Report and Financial Statements for the Year Ended 30th June, 2023

Attendance of Meetings

The frequency of meetings is provided for by article 8 (1a) of the State Corporations Act which states that; “the Council of every state corporation shall meet not less than four times in every financial year and not more than four months shall elapse between the date of one meeting and the date of the next meeting.” The Maseno University Council meets as per the Council Almanac prepared and approved every year. Special meetings are held as and when necessary. The Maseno University Council works through its various committees which report to the full Council.

The attendance of the meetings during the year is as captured on Tables 2, 3, 4 and 5 below;

Council Attendance of Meetings

Table 2: Full Council Meetings

	Name	Designation	Date of Meeting					Attendance Proportion	
			30-07-22	12-10-22	15-12-22	13-01-23	10-02-23		22-02-23
1	Prof. Abdullah Naji Said	Chair	Yes	Yes	Yes	Yes	Yes	Yes	6/6
2	Mr. Edwins M. Mukabanah	Member	Yes	Yes	Yes	Yes	Yes	Yes	6/6
3	Ms. Sophia Abdi Hassan	Member	Yes	Yes	Yes	Yes	Yes	Yes	6/6
4	Mr. Gerald Kariithi Mira	Member	Yes	Yes	Yes	Yes	Yes	Yes	6/6
5	Ms. Lucy Achieng Osmerah	Member	Yes	Yes	Yes	Yes	Yes	Yes	6/6
6	Mrs. Caroline Nkirote Nyororo	Member	Yes	Yes	Yes	Yes	Yes	Yes	6/6
7	Ms. Alice Nyariki	Rep CS NT	Yes	Yes	Yes	Yes	Yes	Yes	6/6
8	Mr. Andrew Rukaria	Rep PS MoE	Yes	Yes	Yes	Yes	Yes	Yes	6/6
9	Prof. Julius O. Nyabundi	Secretary	Yes	Yes	Yes	Yes	Yes	Yes	6/6
10	Mr. Gerald Mwangi	Rep Inspectorate	Yes	NO	NO	NO	NO	NO	1/6

Table 3: Executive, Human Resource and Academic Committee

	Name	Designation	13-07-22	30-07-23	11-10-22	15-12-22	12-01-23	13-01-23	10-02-23	22-02-23	Attendance Proportion
	Mr. Edwin Mukabanah	Member	YES	YES	YES	YES	YES	YES	YES	YES	8/8
2	Ms. Sophia Abdi Hassan	Member	YES	NO	YES	YES	YES	YES	YES	YES	7/8
3	Mr. Gerald Kariithi Mira	Member	YES	YES	YES	YES	YES	YES	YES	YES	8/8
4	Ms. Lucy Achieng Osmerah	Member	YES	YES	YES	YES	YES	YES	YES	YES	8/8
5	Mrs. Caroline Nkirote Nyororo	Member	YES	YES	YES	YES	YES	YES	YES	YES	8/8
6	Ms. Alice Nyariki	Rep CS NT	NO	YES	YES	NO	YES	YES	YES	YES	6/8
7	Mr. Andrew Rukaria	Rep PS MoE	YES	NO	YES	YES	YES	YES	YES	YES	7/8
8	Prof. Julius O. Nyabundi	Secretary	YES	YES	YES	YES	YES	YES	YES	YES	6/8
9	Mr. Gerald Mwangi	Rep Inspectorate	NO	YES	NO	NO	NO	NO	NO	NO	1/8

Table 4: Planning, Finance and Investment Committee

	Name	Designation	Date of Meeting				Attendance Proportion
			13-07-22	30-07-23	11-10-22	01-12-22	
1	Mr. Gerald Mira Kariithi	Member	YES	YES	YES	YES	4/4
2	Mrs. Caroline Nkirote Nyororo	Member	YES	YES	YES	YES	3/4
3	Ms. Alice Nyariki	Rep CS NT	YES	YES	YES	YES	4/4
4	Mr. Andrew Rukaria	Rep PS MoE	YES	NO	YES	YES	3/4
5	Prof. Julius O. Nyabundi	Secretary	YES	YES	YES	YES	4/4

Table 5: Audit and Risk Management Committee

	Name	Designation	Date of Meeting			Attendance Proportion
			07-04-23	10-03-22	12-09-22	
1	Mr. Edwins M. Mukabanah	Committee Chair	YES	YES	YES	3/3
2	Ms. Sophia Abdi Hassan	Member	YES	YES	YES	3/3
3	Ms. Lucy Achieng. Osmerah	Member	YES	YES	YES	3/3
4	Ms. Alice Nyariki	Rep CS NT	YES	YES	YES	3/3
5	Mr. Andrew Rukaria	Rep PS MoE	YES	YES	YES	3/3
6	Ms. Elizabeth Gombe	Secretary	YES	YES	YES	3/3

IX. MANAGEMENT DISCUSSION AND ANALYSIS

1.0 REVENUE

In the FY 2022/2023, the total recurrent revenue was **Kshs.3,146,409,824** out of which **Kshs.1,750,126,981** was from Government recurrent grants, **Kshs.1,284,436,082** from exchange transactions and **Kshs.111,846,761** was from research grants (Table 6). Total revenue realised in the FY2021/2022 was **Kshs.3,235,571,709**. The slight decline in revenue was due to the fact that the University normalised to two semesters in the Financial Year under review.

Table 6: Revenue streams of the University

	2022/23	2021/22
	Kshs	Kshs
Government Capitation Grants - Recurrent	1,750,126,981	1,735,923,835
Public Contributions - Research Grants	111,846,761	95,042,248
Revenue from exchange transactions	1,284,436,082	1,404,605,626
TOTAL	3,146,409,824	3,235,571,709

1.1 Revenue from Non-Exchange Transactions

The Government recurrent capitation in FY2022/23 was **Kshs.1,750,126,981** while revenue from research grants was **Kshs.111,846,762**.

1.2 Revenue from Exchange Transactions

The University realized total revenue from exchange transactions of **Kshs.1,284,436,082** made up of **Kshs.1,061,033,045** tuition fees, **Kshs.99,159,521** operating income from sale of goods by University enterprises and **Kshs.89,489,431** income from student accommodation and **Kshs.34,754,085** from other incomes.

2.0 EXPENDITURE

The total expenditure during the FY 2022/2023 was **Kshs.3,352,208,023** as compared to **Kshs.3,334,343,838** that was incurred in the year 2021/2022. Overall, the University managed to contain its expenses as per the available financial resources. This is attributable to the cost containment strategies put in place by the University as attention has been given to the key result areas. Among the key measures put in place by the management includes; recruitment against needs.

Table 7 Schedule of Total Expenditure

	2022/23	2021/22
	Kshs	Kshs
Use of Goods and Services	540,024,222	534,813,116
Employee Costs	2,435,921,068	2,391,029,181
Council Expenses	12,352,134	18,284,206
Depreciation and Amortization	159,092,029	162,424,602
Repairs and maintenance	46,309,505	66,817,149
Contracted Services	106,314,179	108,751,252
Finance Costs	52,194,886	52,224,332
Total expenses	3,352,208,023	3,334,343,838

Employee costs remain the biggest component of expenditure at 73% of total University expenditure during the year while operations and maintenance expenditure took 27%.

2.1 Employee Cost

The payroll related costs for the year was **Kshs.2,435,921,068** while in the FY 2021/2022, the payroll costs was **Kshs.2,391,029,181**.

2.2 Statutory Compliance

Despite the financial constraints, Maseno University prioritised and complied with the statutory obligations, including timely remittance of PAYE, NHIF, NSSF, HELB, staff pension, and all other staff deductions for the financial year. Where there were challenges, the concerned parties were adequately engaged and agreement reached.

X. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability Strategy and Profile

The University sustainability strategy is informed by the Sustainable Development Goals as defined by the United Nations. Global supply-based shocks, high inflation, extreme weather conditions continue to impact implementation of initiatives geared towards Agenda 2030. The University recognizes its role as a partner in attaining Agenda 2030. The University has identified areas of operations that are key to the attainment of Agenda 2030. These include; student enrolment, attraction and retention of staff and social and environmental sustainability. The global economy is on a path of recovery.

Student Enrolment

The University has continued to offer market oriented courses with IT that are affordable. This is in line with SDG 4 Provision of Inclusive and Equitable Education.

Attraction and Retention of Staff

The University identified and supported academic staff for training and development at Masters and PhD levels both locally and internationally. A total of eighteen (18) Tutorial Fellows were on full scholarships aimed to build capacity development in teaching fraternity. During the period under review, five (5) teaching staff were on study leave and four (4) on post doctoral fellowships. The training for the non-teaching staff was supported through National Industrial Training Authority and duly accredited institutions.

Gender Mainstreaming

The University embraced gender equity (SDG 5 Gender Equality); developed and operationalized a gender mainstreaming policy over and above the appointed committee. During the financial year, the one third gender rule requirement on the general staff population was upheld; 466 (42.21%) female and 638 (57.79%) male respectively. Of these, the gender distribution among the teaching staff was teaching staff is 365 male (65.41%) and 193 were female (34.59%), the non-teaching staff is 274 male (50.37 %) and 271 female (49.63%). With regards to the Government Policy on gender distribution, the University met the one third (1/3) gender rule on affirmative action.

Mainstreaming of People with Disabilities

The University had Workplace Disability Policy and Disability Committee in place. The Department of Special Needs Education in the School of Education also offered training for students with various challenges. Maseno University ensured modification of the physical workspaces to cater for the persons with disabilities by providing for assistive technology. These include screen readers and voice recognition services that aid staff and students with disabilities to perform their duties and ease students learning. The University had Disability

Action Plan which ensures all locations were accessible to persons with disabilities and provides other social support amenities. It has also employed Sign Language Interpreters to aid teaching in the School of Education and translations during official events.

ii) Environmental Performance

Maseno University is at the forefront in the advancement of environmental knowledge and practice (SDG 13 Action to Combat Climate change). Therefore, the university has given sufficient intellectual and scholarly backing to the increasing emphasis on environmental management in the country. The University also requires a framework for developing its environmental management systems and a monitoring plan to ensure efficient environmental performance. Accordingly, the University has explored environmental issues within its operations, and has developed environmental sustainability policy and Solid Waste Management Policy. These policies are instrumental in ensuring that all its activities and entire operations are environmentally sound and are in compliance with the regulatory laws.

The current state of the oxidation ponds for wastewater treatment is good and the facility is optimally functioning. Besides, the new Health Facility incinerator is in use. However, the incinerator is not adequately enclosed and protected; the dump site for leftover food waste is not well maintained; and e-waste stored in many offices.

In compliance to the conservation of biological diversity, the University has tree nursery managed by the Farm Manager. Tree planting is in progress and the university has tree planting day quarterly. Also the university always plant tree on each international Environmental Day.

Maseno University generates a lot of waste that if not properly handled can lead to pollution and increase in waste dumps. Hence, the University is committed to efforts to reduce environmental impacts of wastes which include:

- a) Segregation of waste at source
- b) Interventions on reducing, reusing, and recycling of solid waste
- c) Creation of solid waste dump sites next to hostels, offices, medical facilities, among others
- d) Construction of new incinerator
- e) The production unit (tailoring) workshop has adopted use of waste cuttings and boards. The cuttings are used in making some valuable items like pillows and embroidery items while boards are recycled.

iii) Employee welfare

The University recruitment process was guided by Constitution of Kenya, 2010, Employment Act, 2007, University Statute, Recruitment Policy (embedded in the University in Human Resource Policy & Procedures Manual), Collective Bargaining Agreements (CBAs), 2013/2017 and University Terms and Conditions of Service. These policies were subjected to stakeholders participation during their development and reviews which are done every three (3) years as when due. In the FY 2022/2023, the University upheld the third rule gender requirement on recruitment, where a total of 25 staff were recruited, 16 (64%) were male and 9 (36%) were female respectively. During the period review, the University supported staff training and development both locally and internationally. A total of eighteen (18) Tutorial Fellows were on full scholarships aimed to build capacity development in teaching fraternity. Five (5) teaching staff were on study leave whereas four (4) were on post doctoral fellowships. The training for the non-teaching staff was supported through NITA and in accredited institutions.

In the FY 2022/2023, the University granted Tuition Fee Waiver to staff and their dependents undertaking studies as provided for in the various three (3) CBAs. It also developed and approved a Scholarship Policy that ensures graduate students are trained to facilitate advancement of capacity building in critical areas. Maseno University has ensured fair and equitable staff career progression through implementation of the CUE and Career Guidelines. These guidelines set out the minimum requirements entitling an officer to be considered for appointment to the next grade subject to approval of the Council and authorized establishment. During the period under review, the University undertook annual staff performance evaluation, where the Top Management Team developed and implemented the Performance Contract and; the middle and junior cadres were evaluated through staff performance appraisal. Maseno University has continued to implement the Staff Reward Management Policy (embedded in the Human Resource Policy and Procedures Manual). The Health & Safety Policy is contained within the University Human Resources Policy & Procedures Manual which states the health and safety procedures and management at the workplace. The University adhered to it alongside the Occupational Health & Safety Act (OSHA) Act. 2007.

iv) Market place practices

a) Responsible competition practice

The University has embraced transparency in its operations; with clear admission criteria, fees requirement and academic progression. Maseno University operates an e-Campus that offers virtual and online learning to students who are not able to attend full time programmes.

b) Responsible Supply chain and supplier relations

The University identified and selected its suppliers and service providers through a competitive tendering and prequalification process as per the Public Procurement and Asset Disposal Act 2015. The University has ensured that suppliers are paid as per the approved credit period of 60 days and contractors are paid once the certificate is submitted. Priority was given to special interest group and locally made goods as provided for in the Public Procurement and Asset Disposal Act 2015.

c) Responsible marketing and advertisement

Maseno University maintained ethical marketing practises by providing quality learning, research and examination thus attracting students. The University recorded high intake of first year students who undertook courses at Maseno. The University utilised the website and print media to advertise for vacancies and pass information to students and stakeholders. Installation of hotspots across the University allowed Internet access creating an opportunity for staff and students to network, learn, and research and outreach all of which market the institution and its programmes through service delivery.

d) Product stewardship

The University upheld quality in all the academic programmes through quality teaching, prompt release of examination results and graduation of students as scheduled. The University has a Directorate of Quality Assurance which monitored, evaluated and enforced compliance to academic processes within the University.

v) Corporate Social Responsibility / Community Engagements

The University through the School of Agriculture and Food Security held the first farmer's field day in the university main campus ground on the 7th December 2022. The field day attracted about 240 farmers and 10 exhibitors drawn from various counties within Kenya. The school was represented by various departments i.e., Animal and Fisheries, Crop and Soil Sciences, Agricultural Economics and Rural development and Environmental Sciences. The University show-cased various research and educational activities that are linked to food security, rural development and environmental protection. The University out-reached to farmers through technical advice and extension approaches on various food value chains including aquaculture, fisheries, animal breeding and health, crop and soil management, environmental conservation and climate related issues.

The University as a corporate citizen takes part in tree planting exercise. This is in line with Government policy that targets the planting of 15billion trees by the year 2032 this is aimed at addressing climate change through the reduction of greenhouse gas emissions, stopping and reversing deforestation.

Maseno University

Annual Report and Financial Statements for the Year Ended 30th June, 2023

The University regularly hosts tour groups of Secondary schools from the region. Visiting the University is a great way for students to learn more about University education. Our regularly scheduled visits offer students and teachers insight into Maseno University's campuses, culture and curriculum.

Maseno University School of Medicine and School of Nursing students undertake a community-based attachment each year in their third year of study. This exercise provides medical services and care that are in short supply in the community and Country in general. The students in the School of Education offer teaching services to several secondary schools in the neighbouring counties whose staffing levels are low.

XI. REPORT OF MASENO UNIVERSITY COUNCIL

The University Council hereby submits the FY2022/2023 report together with the financial statements for the year ended June 30, 2023 which shows the state of affairs of Maseno University.

Principal activities

Principal activity of Maseno University is teaching, research and community outreach.

Results

The results of Maseno University for the year ended June 30th, 2023 are set out on pages 1 to 46.


Maseno University Council

The members of Maseno University Council who served during the year are shown on pages vi to xi in accordance with Government regulations.

Auditors

The Auditor General is responsible for the statutory audit of Maseno University, in accordance with Article 229 of the Constitution of Kenya 2010 and the Public Audit Act 2015 for the year ended June 30, 2023.

By order of Maseno University Council



Prof. Julius O. Nyabundi, Ph.D.,OGW

Vice-Chancellor and Secretary to Maseno University Council

Dated.....11/4/2024.....

XII. STATEMENT OF THE COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The 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 Council is also responsible for safeguarding the assets of the University.

The 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 the financial year, ended 30th June, 2023. These responsibilities include:

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

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

Maseno University

Annual Report and Financial Statements for the Year Ended 30th June, 2023

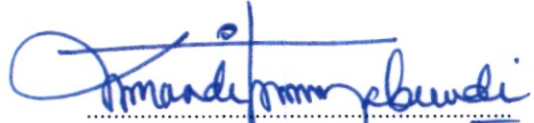
Nothing has come to the attention of the Council to indicate that the University will not be a going concern for at least the next twelve months from the date of this financial statement.

Approval of the financial statements

The University's financial statements were approved by the Board on 11th April 2024 and signed on its behalf by:



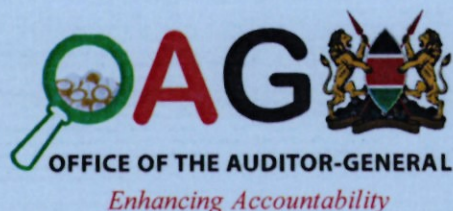
.....
Prof. Naftali Omolo-Ongati, Ph.D.
Chairman of Maseno University Council



.....
Prof. Julius O. Nyabundi, Ph.D.,OGW
Vice-Chancellor

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MASENO UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Maseno University set out on pages 1 to 49, which comprise of the statement of financial position as at 30 June, 2023,

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Maseno University as at 30 June, 2023, 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 University Act, 2012.

Basis for Qualified Opinion

1. Unsupported Balances

1.1 Revenue from Exchange Transactions

The statement of financial performance reflects an amount of Kshs.89,489,431 in respect to student accommodation which, as disclosed in Note 10 to the financial statements includes operating lease revenues - varsity plaza of Kshs.11,824,481. However, this amount was not supported with a list of facilities being leased out and the lease agreements.

1.2 Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.6,529,646,258 which, as disclosed in Note 25 to the financial statements includes an amount of Kshs.49,771,145 in respect to transfers from work in progress to buildings. However, the certificate of practical completion for the perimeter wall, sewerage reticulation project and sewerage project II were not provided for audit.

In the circumstances, the accuracy and completeness of operating lease revenues and property plant and equipment balance of Kshs.11,824,481 and Kshs.6,529,646,259 respectively could not be confirmed.

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 22 to the financial statements reflects receivables from exchange transactions amounting to Kshs.195,809,070. However, the ageing analysis for the receivables provided for audit revealed long outstanding debts amounting to Kshs.97,326,431. Further, the credit policy has not been approved by the University Council.

In the circumstances, the recoverability of receivables from exchange transactions amounting to Kshs.195,809,070 could not be confirmed.

3. Management of Imprests

The statement of financial performance reflects an amount of Kshs.540,024,222 in respect to use of goods and services which, as disclosed in Note 12 to the financial statements includes Kshs.8,122,996 relating to travelling and accommodation. Review of supporting schedules revealed that an amount of Kshs.7,368,066 relating to imprest was expensed directly.

In the circumstances, the completeness and accuracy of the expenditure on use of goods and services totalling to Kshs.7,368,066 could not be confirmed.

4. Material Uncertainty Related to Sustainability of Services

The statement financial position reflects current assets and current liabilities balances of Kshs.436,667,283 and Kshs.569,987,715 respectively, resulting to a negative working capital of Kshs.133,320,432. Further, the University recorded a deficit of Kshs.204,963,170 for the year and accumulated deficit of Kshs.560,329,197 as at June, 2023. However, Management did not make any disclosure on the face of the financial statements or in the Notes to the financial statements of the material fact that the University may not continue to sustain its services in the foreseeable future and the mitigating measures put in place to reverse the above situation.

The University is therefore technically insolvent and may face financial challenges in settling liabilities as and when they fall due.

5. Long Outstanding Trade Payables

The statement of financial position reflects a balance of Kshs.528,371,039 in respect to trade and other payables from exchange transactions which, as disclosed in Note 28 to the financial statements include trade creditors balance of Kshs.104,416,331. Examination of the trade creditors aging analysis indicated that trade creditors which had been outstanding for more than sixty (60) days amounted to Kshs.72,526,833. No explanation was provided as to why these creditors had not been settled as at 30 June, 2023.

In the circumstances, the University Management risks incurring extra costs on penalties and litigation due to delayed payments.

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

Key Audit Matters

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

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. Failure to Operate Special Purposes Accounts

The statement of financial position reflects an amount of Kshs.528,371,039 in respect to trade and other payables which as disclosed in Note 28 to the financial statements includes retention fees on construction contracts balance of Kshs.118,988,010, Chancellor's Scholarship Fund of Kshs.3,430,000 and Siaya County advances of Kshs.5,000,000. However, the deposits were held in the University's operations accounts and not in a special purpose account meant for the specific intended purposes contrary to Section 21(2) of the Maseno University Act, 2012 which states that the Council may place on deposit with such bank or banks as it may determine any moneys not immediately required for the purposes of the University.

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

2. Acting Appointments

The University Management appointed seven (7) officers to serve in various acting positions and at the time of audit in January, 2024, they had been acting for more than six (6) months. No explanation was provided in support of the long acting duration contrary to Section 34(3) of the Public Service Commission Act, 2017 which states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months.

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

3. Non-Compliance with Public Finance Management Fiscal Responsibility Principles

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects expenditure on employee costs amount of Kshs.2,435,921,068. The wage bill represents 77% of the total receipts of Kshs.3,146,409,824 contrary to Regulation 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015, which requires that expenditure on compensation of employees shall not exceed 35% of revenue.

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

4. Long Outstanding Advances from Siaya County

The statement of financial position reflects a balance of Kshs.528,371,039 in respect to trade and other payables which, as disclosed in Note 28 to the financial statements includes Kshs.5,000,000 received as advances from Siaya County in the prior years. However, no reason has been provided as to why this amount has not been cleared contrary to Section 204(1)(f) of the Public Finance Management Act, 2012 which states that sanctions may be applied to government agencies that creates liabilities in excess of its ability to finance those liabilities.

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

5. Dormant Bank Accounts

The statement of financial position and as disclosed in Note 21 to the financial statements reflects a balance of Kshs.120,946,803 in respect to cash and cash equivalents. However, the University held a total of Kshs.1,260,079 in six (6) dormant bank accounts which continue to incur costs in terms of bank charges.

In the circumstances, value for Kshs.1,260,079 held in dormant accounts could not be confirmed.

6. Late Remittance of P.A.Y.E. Deductions and Non -Remittance of Withholding Tax

During the year under review, the University Management remitted a total of Kshs.496,525,886 in respect to Pay As You Earn (P.A.Y.E.). However, it was observed that P.A.Y.E deductions for the months of October, 2022, February and March, 2023 amounting to Kshs.123,557,085 were remitted late. This was contrary to Section 37 of the Income Tax Act, Chapter 470. Further, the statement of financial position reflects a balance of Kshs.528,371,039 in respect to trade and other payables which, as disclosed in Note 28 to the financial statements include Kshs,3,786,567 in regard to withholding tax. No explanation was provided as to why the withholding taxes were not remitted to the commissioner of domestic taxes at the time of payments to the suppliers and contractors.

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

7. Non-Compliance with Law on Ethnic Composition

Examination of personnel records provided for audit indicated that as at 30 June, 2023, the University had a total of one thousand one hundred and forty-three (1143) employees out of which, seven hundred and forty-one (741) or 65% were from the dominant community in the region. This was contrary to Section 7(1) and 2 of the National Cohesion and Integration Act, 2008, which states that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one -third of its staff establishment from the same ethnic community.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the

financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Delay in Appointment of a Substantive Chancellor

As previously reported, the University does not have a Chancellor. A special Senate meeting was held on 23 March, 2022 and proposed five (5) nominees for the Chancellor's position to the Principal Secretary, State Department for University Education and Research. However, as at the time of audit in February, 2024, no appointment had been made.

In the circumstances, the effectiveness of the University's overall governance and its core mandate of conferring degrees and granting diplomas could not be confirmed.

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 money is applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal 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 controls 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 controls 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 University 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 Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to 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 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 communicate with them all relationships and

other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 May, 2024

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30th June, 2023

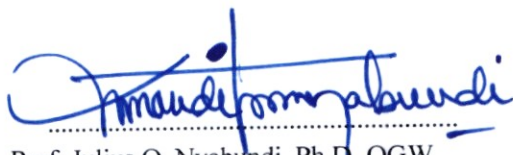
		2022/23	2021/22
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from Other Government Entities	6	1,750,126,981	1,735,923,835
Public Contributions and Donations - Research	7	111,846,761	95,042,248
		1,861,973,742	1,830,966,083
Revenue from exchange transactions			
Rendering of Services - Tuition Fees	8	1,061,033,045	1,188,156,641
Sale of Goods	9	99,159,521	104,582,951
Student Accommodation	10	89,489,431	78,616,709
Other income	11	34,754,085	33,249,325
		1,284,436,082	1,404,605,626
Total revenue		3,146,409,824	3,235,571,709
Expenses			
Use of Goods and Services	12	540,024,222	534,813,116
Employee Costs	13	2,435,921,068	2,391,029,181
Council Expenses	14	12,352,134	18,284,206
Depreciation and Ammortization	15	159,092,029	162,424,602
General Repairs	16	46,309,505	66,817,149
Contracted Services	17	106,314,179	108,751,252
Finance Costs	18	52,194,886	52,224,332
Total expenses		3,352,208,023	3,334,343,838
Other gains/(losses)			
Gain on sale of assets	19	-	299,000
Impairment Gain/(Loss)	20	835,029	(9,265,667)
Deficit before tax		(204,963,170)	(107,738,796)
Taxation		-	-

Maseno University

Annual Report and Financial Statements for the Year Ended 30th June, 2023

Surplus/(deficit)for the period/year	(204,963,170)	(107,738,796)
Remission to National Treasury	-	-
Net deficit for the year	(204,963,170)	(107,738,796)
Attributable to:		
Surplus/(deficit) attributable to minority interest	-	-
Surplus attributable to owners of the controlling entity	(204,963,170)	(107,738,796)
	(204,963,170)	(107,738,796)

The notes set out on pages 9 to 49 form an integral part of the Financial Statements. The Financial Statements set out on pages 1 to 49 were signed on behalf of the Council by:



Prof. Julius O. Nyabundi, Ph.D.,OGW.
Vice-Chancellor

Date: 11/4/2024



CPA. Joseph W. Omondi
Finance Officer
ICPAK No.: 10898

Date: 11/4/2024



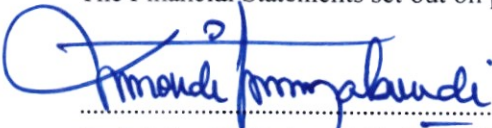
Prof. Naftali Omolo-Ongati, Ph.D.
Chairman of University Council

Date: 11/4/2024

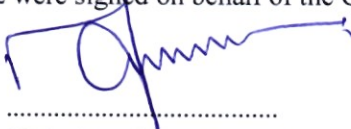
STATEMENT OF FINANCIAL POSITION
As at 30th June, 2023

	Note	2022/23 Kshs	2021/22 Kshs
Assets			
Current assets			
Cash and cash equivalents	21	120,946,803	152,515,383
Receivables from exchange transactions	22	195,809,070	211,694,531
Receivables from non-exchange transactions	23	64,497,985	51,799,015
Inventories	24	55,413,425	66,515,200
		436,667,283	482,524,129
Non-current assets			
Property, plant and equipment	25	6,529,646,258	6,594,778,222
Intangible Assets	26	14,929,146	22,280,496
Biological Assets	27	8,801,905	8,499,450
		6,553,377,309	6,625,558,168
Total assets		6,990,044,592	7,108,082,297
Liabilities			
Current liabilities			
Trade and Other Payables	28	528,371,039	445,227,084
Refundable Deposits from Customers	29	32,516,676	32,025,441
Current Provisions	30	9,100,000	3,633,000
		569,987,715	480,885,525
Non-current liabilities			
Refundable Deposits from Customers	29	32,914,400	28,073,200
Borrowings	31	411,245,241	452,962,138
Total Non-Current Liabilities		444,159,641	481,035,338
Total liabilities		1,014,147,356	961,920,863
Capital Fund		3,067,764,071	3,033,065,101
Revaluation Reserve		3,468,462,363	3,468,462,363
Accumulated Surplus		(560,329,197)	(355,366,028)
Total Net Assets		5,975,897,236	6,146,161,434
Total Net Assets and liabilities		6,990,044,592	7,108,082,297

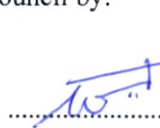
The Financial Statements set out on pages 1 to 52 were signed on behalf of the Council by:


Prof. Julius O. Nyabundi, Ph.D., OGW.
Vice-Chancellor

Date: 11/4/2024


CPA. Joseph W. Omondi
Finance Officer

ICPAK No.: 10898
Date: 11/4/2024


Prof. Naftali Omolo-Ongati, Ph.D.
Chairman of University Council

Date: 11/4/2024

STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30th June, 2023

	Notes	Capital Fund Kshs	Revaluation Reserve Kshs	Accumulated surplus Kshs	Total Kshs
As at July 1, 2021		2,933,065,101	3,468,462,363	(247,627,230)	6,153,900,233
Capital grant	6	100,000,000	-	-	100,000,000
Surplus/(deficit) for the period		-	-	(107,738,797)	(107,738,797)
Transfers to/from accumulated surplus		-	-	-	-
As at June, 30 2022		3,033,065,101	3,468,462,363	(355,366,027)	6,146,161,436
As at July 1, 2022		3,033,065,101	3,468,462,363	(355,366,028)	6,146,161,436
Capital grant	6	34,698,970	-	-	34,698,970
Surplus/(deficit) for the period		-	-	(204,963,169)	(204,963,169)
Transfers to/from accumulated surplus		-	-	-	-
As at June, 30 2023		3,067,764,071	3,468,462,363	(560,329,197)	5,975,897,237

Nature and Purpose of Reserves

The accumulated surplus comprises of surpluses that have been accumulated over the years. This reserve is not distributable but is used for capital regeneration.

In addition, the University has a revaluation reserve that holds revaluation surpluses.

STATEMENT OF CASHFLOWS
For the year ended 30th June, 2023

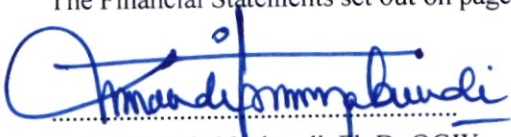
	Note	2022/23 KShs	2021/22 KShs
<u>Cash flow from operating activities</u>			
Receipts			
Transfers from Other Government Entities	6	1,750,126,981	1,735,923,835
Public Contributions and Donations - Research	7	111,846,761	95,042,248
Rendering of Services - Tuition Fees	8	1,061,033,045	1,188,156,641
Sale of Goods	9	99,159,521	104,582,951
Student Accommodation	10	89,489,431	78,616,709
Other income	11	34,754,085	33,249,325
Total Receipts		3,146,409,824	3,235,571,709
Payments			
Use of Goods and Services	12	540,024,222	534,813,116
Employee Costs	13	2,435,921,068	2,391,029,181
Council Expenses	14	12,352,134	18,284,206
Repairs and maintenance	16	46,309,505	66,817,149
Contracted Services	17	106,314,179	108,751,252
Total Payments		3,140,921,108	3,119,694,904
Net cash flows from/(used in) operating activities		5,488,716	115,876,805
<u>Cash flow from Investing Activities</u>			
Interest Received		-	-
Proceeds from disposal of assets	19	-	530,000
Acquisition of Fixed Assets	25	(86,608,715)	(191,131,197)
		(86,608,715)	(190,601,197)
<u>Cash flow from Financing Activities</u>			
Development grants from GOK	6	34,698,970	100,000,000
Loan Disbursements	31	3,683,281	55,078,137
Loan Repayments	31	(45,400,178)	(22,473,282)
Interest Paid	18	(52,194,886)	(52,224,332)
Inventory	24&27	10,799,320	(7,431,353)
Accounts Receivables (Current)	22&23	4,021,520	(31,452,316)
Account Payables	28,29&30	93,943,390	(86,323,662)
		49,551,417	(44,826,808)
Increase/(Decrease) in Cash & Cash Equivalents		(31,568,582)	(119,551,200)

Maseno University

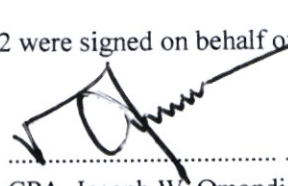
Annual Report and Financial Statements for the Year Ended 30th June, 2023

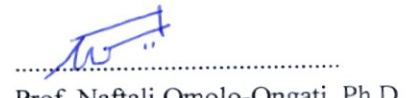
Cash & Cash Equivalent at 1st July		152,515,383	272,066,587
Cash & Cash Equivalent at 30th June	21	120,946,801	152,515,387
Represented by:			
Cash and Bank balances	21	120,075,163	152,471,413
Cash in Hand		871,640	43,970
Cash and cash balances		120,946,803	152,515,383

The Financial Statements set out on pages 1 to 52 were signed on behalf of the Council by:


Prof. Julius O. Nyabundi, Ph.D., OGW.
Vice-Chancellor

Date: 11/4/2024


CPA. Joseph W. Omondi
Finance Officer
ICPAK No.: 10898
Date: 11/4/2024


Prof. Naftali Omolo-Ongati, Ph.D.
Chairman of University Council
Date: 11/4/2024

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended 30th June, 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from Other Government Entities	1,750,126,981	-	1,750,126,981	1,750,126,981	-	100%
Public Contributions and Donations - Research	160,000,000	-	160,000,000	111,846,761	(48,153,238)	70%
Rendering of Services - Tuition Fees	1,188,735,124	-	1,188,735,124	1,061,033,045	(127,702,078)	89%
Sale of Goods	65,578,000	-	65,578,000	99,159,521	33,581,521	151%
Rental Income	74,000,000	-	74,000,000	89,489,431	15,489,431	121%
Other income	29,150,000	-	29,150,000	34,754,085	5,604,085	119%
Other Gains	850,000	-	850,000	835,029	(14,970)	0%
Total income	3,268,440,105	-	3,268,440,105	3,147,244,853	(121,195,249)	96%
Expenses						
Use of Goods and Services	547,642,387	-	547,642,387	540,024,222	7,618,164	99%
Employee Costs	2,454,610,999	-	2,454,610,999	2,435,921,068	18,689,930	99%
Council Expenses	25,000,000	-	25,000,000	12,352,134	12,647,866	49%
Depreciation and Ammortization	159,250,000	-	159,250,000	159,092,029	157,970	0%
Repairs and maintenance	59,200,000	-	59,200,000	46,309,505	12,890,494	78%
Contracted Services	121,120,000	-	121,120,000	106,314,179	14,805,820	88%
Finance Costs	52,500,000	-	52,500,000	52,194,886	305,114	99%
Total Expenditure	3,419,323,386	-	3,419,323,386	3,352,208,023	67,115,358	98%
Deficit for the period	(150,883,281)	-	(150,883,281)	(204,963,170)	(188,310,607)	136%
Capital Expenditure	249,100,000	-	249,100,000	86,608,716	162,491,284	35%

Budget Notes

The budget performance for the period is outlined below;

1. Income

- a) The budget was based on expectation from signed proposals. However, a number of these research grants proposals were not funded as anticipated.
- b) Tuition Income target was not met due to the fact the number of self-sponsored students' budget was not met
- c) Income from sale of goods performed well due to improved performance of the Kisumu Hotel
- d) Income from students' hostel performed well due to the fact that a new 750 bed capacity was availed for accommodation during the year.

2. Expenditure

- a) Council Expenses - The number of Council meetings during the year reduced due to the fact that the term of the previous council expired in quarter three and it took time to reconstitute the new Council and commence business.
- b) Contracted expenditure has gone down because of a change of a service provider during the year. The change has enabled the University realize savings in this expenditure.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. General Information

Maseno University is established by and derives its authority and accountability from the Universities Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is teaching and research.

Note 2. Statement of compliance and basis of preparation- IPSAS 1

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

Note 3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • 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.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of</p>

Standard	Effective date and impact:
resulting from IPSAS 41, Financial Instruments	<p>borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p>

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Standard	Effective date and impact:
	Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

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

Note 4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions- IPSAS 23

Revenues from non-exchange transactions (Government grants) are measured at fair value and recognized on obtaining control of the asset with the exception of cases where from past experience it is more likely than not the University will obtain control of the asset. In such a case the revenue is recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the University and the fair value of the asset can be measured reliably.

The University recognizes revenues from non-exchange transactions from other entities (non-government) when the event occurs and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the University and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions- IPSAS 9

Rendering of services- Tuition Fees

The University recognizes revenue from rendering of services (Tuition Fees) by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

Other Revenues from Exchange Transactions

The University recognizes revenue from other exchange transactions when the event occurs or by reference to the stage of completion of the service and the asset recognition criteria are met.

b) Budgetary information (IPSAS 24)

The University budget is prepared using cash basis. IPSAS 24 requires disclosure of budget information through the Statement of Comparison of budget. The University Budget is prepared before the beginning of every financial year and is approved by the University Council. Any variations to this approved budget are taken to the University Council for ratification.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax

returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property- IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment- IPSAS 17

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

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on the straight-line basis to write the cost of its residual values over its estimated useful life, except for Motor Vehicles as below:

Computers	-	33.3% per annum on Cost
Motor Vehicles	-	20% per annum on Cost
Plant & Equipment	-	20% per annum on residual value

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Furniture & Fittings	-	20% per annum on residual value
Buildings	-	2% per annum on Cost
Land	-	not depreciated as it is deemed to have an indefinite life

Gains and Losses on disposal of property, plant & equipment are determined by reference to their carrying amount and are taken into account in determining the operating profit.

f) Leases - IPSAS 13

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the University. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets - IPSAS 31

Intangible assets acquired separately are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The University has elected to amortize its intangible assets over a useful life of 5 years.

h) Research and Development Costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Biological Assets - IPSAS 27

Maseno University recognizes 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 or service potential associated with the asset will flow to the University; and
- The fair value or cost of the asset can be measured reliably.

A biological asset shall be measured on initial recognition and at each reporting date at its fair value less costs to sell. The fair value of the biological asset is based on its present location and condition.

Livestock are measured at their fair value less costs to sell. The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

Any gains or losses arising from the measurement at the yearend as a result of physical gains is recognized in the statement of financial performance.

j) 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.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these financial assets are subsequently measured at cost, less impairment; losses arising from impairment are recognized in the surplus or deficit. The policy on impairment of receivables was developed and approved in January 2017.

The University has elected to give an allowance of 5% of the total trade receivables and Student debtors as an impairment allowance for receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

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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.

k) Inventories - IPSAS 12

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

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

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

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

l) 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.

Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. Provisions were raised and management determined an estimate based on the information available.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

m)Contingent Liabilities

The University has a number of cases in court that are at various stages of litigation. The outcomes of the cases are not known and the amount of the obligation cannot be measured with sufficient reliability.

n) Nature and Purpose of Reserves

The accumulated surplus comprises of surpluses that have been accumulated over the years. This reserve is not distributable but is used for capital regeneration.

In addition the University has a revaluation reserve that holds revaluation surpluses

o) 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.

p) Employee benefits - IPSAS 25

Retirement benefit plans

The University provides retirement benefits for its employees. The University operates a defined contribution retirement benefit scheme for all employees. The Defined contribution plans are postemployment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the scheme are held in a separate trustee administered fund that is funded by contributions from both the University and the Employees. The University's contributions to this scheme are charged against income in the year in which they become payable. Benefits are paid to retiring staff in accordance with scheme rules.

q) Foreign currency transactions- IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Balances that are in foreign currency are carried in the books of the University at the closing rate.

r) Borrowing costs- IPSAS 5

Borrowing costs have been charged to the statement of financial performance. In the event that borrowing costs relate to funds borrowed for the construction of an asset, then these costs are capitalized.

s) 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise members of the University Council.

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events - IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

Note 5: Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in **Note 30**.

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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Note 6. Transfers from other Government entities

	2022/23 KShs.	2021/22 KShs.
Unconditional grants		
Operational grant- Capitation	1,750,126,981	1,735,923,835
	1,750,126,981	1,735,923,835
Conditional grants		
Development grant	34,698,970	100,000,000
	34,698,970	100,000,000
Total government grants and subsidies	1,784,825,951	1,835,923,835
Government grants and subsidies - Capital	34,698,970	100,000,000
Government grants and subsidies - Operating	1,750,126,981	1,735,923,835
Total government grants and subsidies	1,784,825,951	1,835,923,835

The capital grants are conditional grants from the national government; these amounts received from the government are for specific development projects as per the national government printed estimates for the specific year. Additional disclosures are shown in Appendix III on page 51.

Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2022/23	Prior year 2021/22
	KShs	KShs	KShs	KShs	KShs
State Department for University Education and Research	1,750,126,981	-	34,698,970	1,784,825,951	1,835,923,835
Total	1,750,126,981	-	34,698,970	1,784,825,951	1,835,923,835

Note 7. Public Contributions and Donations - Research Grants

	2022/23	2021/22
	KShs.	KShs.
Research grants	111,846,762	95,042,248
	111,846,762	95,042,248
Reconciliation of public contributions and donations		
Balance unspent at beginning of the year	-	-
Current year receipts	111,846,762	95,042,248
Conditions met - transferred to revenue	111,846,762	95,042,248
Conditions to be met - remain liabilities	-	-

The research grants were received by various researchers on their successful project proposals to various donors. The policy of the University is to record the research grant as income in the year that it is received.

Note 8. Rendering of Services - Tuition Fees

	2022/23	2021/22
	KShs.	KShs.
Main Campus Tuition Fees	842,474,250	965,922,251
Kisumu Campus & eCampus Tuition fees	218,558,795	222,234,390
Total Revenue from Tuition Fees	1,061,033,045	1,188,156,641

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Note 9. Sale of Goods and Services

	2022/23	2021/22
	KShs.	KShs.
Farm Sales	9,178,986	10,209,146
Kisumu Hotel Restaurant sales	45,340,940	48,064,424
Kisumu hotel bar sales	5,380,220	5,951,600
Hotel and Stationery sales	3,675,900	3,413,950
Kisumu Hotel equipment Hire	2,137,200	2,271,600
Kisumu Hotel Laundry Charges	245,210	1,999,255
Kisumu Hotel - Hall Hire	2,681,400	2,291,700
Kisumu Hotel swimming pool charges	896,600	1,119,600
Kisumu hotel Tel, fax, internet & Airtime Sales	2,030	26,605
Kisumu Hotel - Room Income	11,068,650	12,254,230
Varsity Plaza Restaurant	2,213,989	1,608,555
City Campus cafeteria	915,842	1,290,633
Catering Food Sales	12,900,859	13,810,753
I.G.A. - Tent Food Sales	2,521,695	270,900
Total of Sale of Goods	99,159,521	104,582,951

Note 10. Student Accommodation

	2022/23	2021/22
	KShs.	KShs.
Student Accommodation Fees	75,140,200	62,455,400
Operating lease revenues - Varsity Plaza	11,824,481	12,272,309
Staff Houses	2,524,750	3,889,000
	89,489,431	78,616,709

Note 11. Other Incomes

	2022/23	2021/22
	KShs.	KShs.
Convocation Fees	19,736,775	21,686,400
Salary Pay In lieu of notice	-	206,405
Staff Surcharge/Fines	2,747,566	2,426,095
Other Revenue Donations	130,000	-
Library Fines & Books Disposal	96,295	210,225
Foreign Exchange Gain	6,256,642	2,593,577

	2022/23	2021/22
	KShs.	KShs.
Water Sales	105,500	141,194
Misc. Income-Health	41,850	45,970
Sale Of Postgrad. Forms	2,067,589	1,424,400
T.P. Lesson Plan	7,000	1,023,505
Library Binding Services	301,250	208,240
Cyber Cafe Income	1,565	83,208
Disposal Catalogue	2,800	202,000
Ethical Review Charges	3,259,253	2,998,106
Total revenue from Other incomes	34,754,085	33,249,325

Note 12. Use of Goods and Services

	2022/23	2021/22
	KShs.	KShs.
Stationery & Stores	32,424,703	35,681,678
Travelling & Accommodation	8,122,996	8,203,485
Teaching materials	295,800	870,796
Computer Materials	-	829,000
Committee Expenses	-	5,000
Office Entertainment	1,444,376	1,422,494
Field Trips/Industrial Attach.	20,659,011	13,397,269
Supply of Electricity	32,833,080	30,469,819
Students Welfare & Games	314,900	470,200
Students Activity	36,003,015	35,607,486
Cleaning Materials	1,780,184	5,554,455
Telephone Expenses	3,708,100	2,796,621
Legal Expenses & Fees	1,174,118	1,675,418
Advertising & Publicity	838,453	680,218
Contingency Fund	-	96,000
Senate Expenses	-	224,700
Postal & Telegram Expenses	40,350	70,143
Transport Operating- Fuel & Generator fuel	24,931,354	16,143,767
Transp. Oper. Exp-Tyres	1,354,192	3,290,007
External Travel	216,165	795,970
Rent & Rates	2,212,803	900,000
Water Bill Charges	21,039,423	12,823,865

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	2022/23	2021/22
	KShs.	KShs.
Laboratory Reagents	595,795	352,878
Cooking Fuel/Gas	4,887,622	541,465
Bank Charges	2,456,562	1,855,685
Examination Material	10,127,394	12,398
Teaching Practice Expenses	13,796,020	10,197,090
Library Books	838,289	2,826,792
Library Management System license renewal	683,776	1,020,000
Post Graduate Expenses	-	130,000
Research Operation & Outreach	326,060	378,610
Research Programme	96,394,428	122,916,542
Admission Related Expenses	124,090	305,950
Alumni Expenses	353,550	73,000
External Examiners	6,990,872	10,160,931
Uniforms & Clothing	447,239	54,740
Cutlery and Kitchenware	480	162,534
IGA - Purch of Food	34,933,425	38,833,675
Renewal of Driving License	8,600	10,500
e- Campus Expenses	-	1,017,473
Broadcasting Frequency - License	30,000	91,000
Community Health Attachment	4,150,615	5,032,700
Audit Fees Expenses	928,000	952,000
Animal Feeds	5,093,620	5,040,003
Livestock Drugs	210,000	159,520
Crop Inputs and Land preparation	401,900	10,000
Farm Maintenance	270,000	75,300
Vertinery Services	495,000	92,000
Kisumu Hotel Purch. of Food	11,869,487	12,827,960
Kisumu Hotel Bar Purchases	3,414,639	3,907,798
Catering Levy and VAT - Kisumu Hotel	10,895,819	11,805,706
Kisumu Hotel - Other Expenses	19,139,854	18,475,204
Medical Drugs	14,309,196	23,823,206
Payment of Medical Bills	34,296,760	43,808,944
Dental Optical Services	5,860,243	5,459,006
Staff Developments	2,260,705	1,201,065
Seminars & Conferences	401,400	626,620
Shows & Exhibitions	45,000	11,500

	2022/23	2021/22
	KShs.	KShs.
Staff Welfare (Last Expense)	1,321,901	1,735,832
Student Work Study Programme	1,473,325	-
Environmental Awareness	15,800	-
Fee waiver benefit	3,896,130	2,669,540
Graduation Expenses	8,981,397	4,890,924
Kenya Music Festival	850,200	4,900
Glassware and Consumables	9,500	-
PGDE- Teaching Expenses	1,494,100	723,200
Planning Studio	501,400	520,560
KUCCPS Expenses	5,467,000	13,998,000
CUE Expenses - Quality Assurance	7,331,540	4,958,000
Accreditation of New Programs - CUE	-	954,381
Subscriptions & Journal	1,167,703	1,381,894
Disposal Expenses	36,600	120,489
ICT Development	388,368	9,000
Strategic Plan Expenses	74,000	2,388,600
Corporate Subscriptions	4,074,692	3,478,788
Professional Membership Fees	310,048	174,012
Gender Mainstreaming	-	195,000
HIV Mainstreaming	409,350	87,000
COVID 19 Mitigation	-	3,000
Medical Staff Registration and Licenses	15,512	20,584
Network Access & Expansion	40,700	144,000
Performance Contract Expenses	-	6,400
Laundry and Housekeeping	169,699	90,825
Thesis Examination	8,804,400	-
NSSF Prior Periods Arrears (Accrued) ¹	16,292,840	-
Loss on Biological Assets	468,555	-
Total on Use of Goods and Services	540,024,223	534,813,116

The University has provided for **Kshs.928,000** as audit fees expense and **Kshs.5,467,000** as KUCCPS expense in the current year. This is as per the previous year invoice from the Office of the Auditor General and the allocated number of allocated students that reported in FY 2022/23.

¹ This relates to an NSSF assessment for prior periods that was outstanding at the end of the year now accrued.

Note 13. Employee costs

	2022/23	2021/22
	KShs.	KShs.
Basic Emoluments	1,231,236,849	1,221,274,353
House Allowance	429,348,006	436,779,793
Car Allowance + non use of official car	24,354,556	24,253,872
Entertainment allowance	22,531,335	22,936,918
Responsibility Allowance	29,136,796	30,673,432
Telephone Allowance	8,793,550	8,921,870
Water and Electricity Allowance	6,487,075	6,154,913
Acting allowance	1,786,732	3,810,189
Special Duty Allowance	1,711,660	948,598
Non-practicing allowance	22,802,462	22,888,989
Book Allowance	7,304,964	6,703,918
Leave Allowance	23,408,503	8,427,242
Commuting allowance	182,552,732	185,082,662
Risk Allowance	20,277,897	16,746,500
Passage and Baggage allowance	763,884	777,888
Gratuity & Retirement Benefits	262,543,615	246,645,634
Part-time Teaching Payments	50,443,822	37,872,552
Examination Coordination	4,488,972	4,892,292
Thesis Examination	-	4,995,000
Domestic workers Allowance	3,010,520	3,103,880
Casual Wages	8,856,271	17,276,620
Other Allowances - Extraneous allowance	43,856,685	43,408,782
Call Allowance	44,816,158	32,018,000
MUERC Allowances	1,453,300	2,214,800
Management Support Allowance	3,954,724	2,220,484
Total Employee Costs	2,435,921,068	2,391,029,181

Note 14. Council Expenses

	2022/23	2021/22
	KShs.	KShs.
Council Expenses	11,656,134	17,240,206
Council Chairman Honoraria	696,000	1,044,000
	12,352,134	18,284,206

Note 15. Depreciation and Amortization

	2022/23	2021/22
	KShs.	KShs.
Buildings	65,070,368	64,074,946
Motor Vehicles	23,853,648	23,853,648
Plant and Equipment	38,728,471	44,393,903
Furniture and Fittings	15,826,967	18,215,561
Computers	8,261,225	4,535,195
Management Information System	7,351,350	7,351,350
Total depreciation	159,092,029	162,424,603

Note 16. General Repairs

	2022/23	2021/22
	KShs.	KShs.
Maint. of Office Equipment	412,574	1,305,760
Maintenance of Grounds	499,500	183,225
Repair & Maintenance of boilers	-	740,084
Repair & Maintenance of Generator	543,350	1,853,000
Minor Works	41,185,286	57,492,345
Maintenance of Fire Equipment	1,129,300	-
Maint. Of Plant & Equip.	1,053,700	218,852
Transport Oper. Exp. Repairs	1,485,795	5,023,884
Total repairs and maintenance	46,309,505	66,817,150

Note 17. Contracted Services

	2022/23	2021/22
	KShs.	KShs.
Hired Security Services	70,096,860	66,155,090
Lift Maintenance	1,183,384	2,758,860
Offshore Moodle Hosting	1,962,637	4,405,541
Sanitary Expenses	1,554,100	1,498,280
Internet Services	15,304,402	29,967,696
Insurance Related Expenses	16,212,797	3,965,785
	106,314,180	108,751,252

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Note 18. Finance Costs

	2022/23	2021/22
	KShs.	KShs.
Interest on Loan from Commercial Bank	52,194,886	52,224,332
	52,194,886	52,224,332

The University has an approved loan facility from Equity bank. During the year the University paid **Kshs.52,194,886** as interest. Further disclosures on the loan facility are contained in Note 32.

Note 19. Gain on Sale of Assets

	2022/23	2021/22
	KShs.	KShs.
Proceeds from disposal	-	530,000
Net Book Value of assets at disposal	-	(231,000)
Gain on disposal	-	299,000

Note 20. Impairment Loss

	2022/23	2021/22
	KShs.	KShs.
Allowance for Impairment loss on receivables	(835,029)	9,265,667
	(835,029)	9,265,667

Further disclosures on this item are in **Note 23**.

Note 21. Cash and cash equivalents

	2022/23	2021/22
	KShs.	KShs.
Current Account	935,259	6,154,046
Savings Account	114,063,616	143,245,780
Others (Student Savings)	-	10,263
Others (Student Current)	76,289	61,324
Others (Bank Guarantee)	5,000,000	3,000,000
Others (Cash in Hand)	871,640	43,970
Total Cash and Cash Equivalents	120,946,804	152,515,38

Cash balances held in foreign currency have been reported using the closing exchange rate by Central Bank and respective banks. The detailed analysis of cash in the bank is provided below;

Note 21 (a). Detailed Analysis of Cash and cash equivalents

		2022/23	2021/22
		Kshs.	Kshs.
a) Current Account	Account Number		
	KCB - Main Current Account	935,259	6,154,046
		935,259	6,154,046
b) Savings Account			
	Equity - Main Campus Fee Collection Account	75,209,913	72,650,916
	KCB - Development Account	360,041	1,567,713
	KCB - Research Account	1,258,866	7,873,786
	KCB - Kisumu Hotel Account	4,083,673	1,963,093
	KCB - Fee Collection Account	806,939	16,848,657
	KCB - IGA Account	789,230	3,181,147
	KCB - Bookshop Account	136,455	1,088,680
	KCB - K-LIP Account	155,790	6,062,215
	KCB Flood Disaster Management AC - (Kshs)	13,186	18,225
	KCB Flood Disaster Management AC - (Euro)	18,445	16,281
	Standard Chartered (RES. USD)	1,749,704	12,406,053
	Standard Chartered (RES. EURO)	28,506,400	18,174,946
	Standard Chartered (RES. KSH)	38,771	445,775
	Standard Chartered (BSU USD)	923	774
	Standard Chartered (BSU KSH)	935,280	947,520
		114,063,616	143,245,781
c) Others			
	KCB - Student Activity S/A	-	10,263
	KCB - Student Activity KCB Current	76,289	61,324
	KCB Bank Guarantee	5,000,000	3,000,000
		5,076,289	3,071,588
Total Cash in Bank		120,075,164	152,471,415

Note 22. Receivables from Exchange Transactions

	2022/23	2021/22
	KShs.	KShs.
Current Non-Trade receivables		
Sundry Debtors	2,966,181	4,058,928
Prepaid insurance	12,205,663	11,711,088
Imprest Outstanding	17,114,060	15,275,930
Advances to MURBS	3,341,044	4,600,907
Total non-trade receivables	35,626,948	35,646,853

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	2022/23	2021/22
	KShs.	KShs.
Current trade receivables		
Kisumu Hotel Debtors	32,176,269	35,287,232
Varsity Plaza Rent Debtors	11,781,277	9,660,599
Student Debtors	124,655,214	140,365,514
	168,612,760	185,313,345
Less: Impairment Allowance	(8,430,638)	(9,265,667)
	160,182,122	176,047,678
Total Receivables From exchange transactions	195,809,070	211,694,531

Impairment assessment has been done on trade debtors and an allowance of 5% of total receivables outstanding provided in report for FY 2022/23.

Note 23. Receivables from non-exchange contracts

	2022/23	2021/22
	KShs.	KShs.
Current receivables		
Receivable from CBA 2010/13 (IPUCCF)	51,799,015	51,799,015
SDHER - Receivable Development Grant	12,698,970	-
	64,497,985	51,799,015
Other Assets		
Total from Non-Exchange Transactions	64,497,985	51,799,015
Total Receivables	260,307,055	263,493,546

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Note 24. Inventories

	2022/23	2021/22
	KShs.	KShs.
Farm Stocks	924,128	1,025,760
Stationery Stocks	10,979,036	11,043,728
Catering Stores	1,794,054	3,144,017
Medical Stores	8,068,394	8,771,155
Maintenance Stores	11,141,776	19,782,478
Hostel Stores	11,740,516	13,454,097
Kisumu Hotel Store	9,777,023	7,729,262
Varsity Plaza Store	988,499	1,564,704
TOTAL	55,413,426	66,515,201

Note 25. Property, Plant and Equipment

	LAND KSHS	BUILDINGS KSHS	MOTOR VEHICLE KSHS	PLANT & EQUIPMENT KSHS	FURNITURE & FITTINGS KSHS.	COMPUTER KSHS.	W.I.P KSHS.	TOTAL KSHS
COST/VALUATION								
As at 30.06.2021	2,602,300,000	3,189,466,625	101,954,100	280,798,996	117,528,314	12,752,855	541,043,290	6,845,844,180
Additions	-	-	17,864,138	13,555,780	8,223,510	990,160	150,497,609	191,131,198
Transfers/adjustments	-	14,280,676	-	-	-	-	(15,412,913)	(1,132,237)
Disposals	-	-	(550,000)	-	-	-	-	(550,000)
As at 30.06.2022	2,602,300,000	3,203,747,301	119,268,238	294,354,777	125,751,824	13,743,015	676,127,986	7,035,293,141
Additions	-	-	-	16,066,746	6,272,590	11,291,000	52,978,380	86,608,716
Transfers/adjustments	-	49,771,145	-	-	-	-	(49,771,145)	-
Disposals	-	-	-	-	-	-	-	-
As at 30.06.2023	2,602,300,000	3,253,518,446	119,268,238	310,421,522	132,024,414	25,034,015	679,335,221	7,121,901,857
DEPRECIATION								
As at 30.06.2021	-	132,731,501	37,680,090	72,385,262	34,674,018	8,289,794	-	285,760,665
Disposals (Revaluation)	-	-	(319,000)	-	-	-	-	(319,000)
Charge for the year	-	64,074,946	23,853,648	44,393,903	18,215,561	4,535,195	-	155,073,253
As at 30.06.2022	-	196,806,447	61,214,738	116,779,165	52,889,579	12,824,989	-	440,514,918
Disposals (Revaluation)	-	-	-	-	-	-	-	-
Charge for the year	-	65,070,369	23,853,648	38,728,471	15,826,967	8,261,225	-	151,740,680
As at 30.06.2023	-	261,876,816	85,068,385	155,507,636	68,716,546	21,086,214	-	592,255,598
NET BOOK VALUE								
As at 30.06.2022	2,602,300,000	3,006,940,853	58,053,500	177,575,612	72,862,245	918,026	676,127,986	6,594,778,223
As at 30.06.2023	2,602,300,000	2,991,641,630	34,199,853	154,913,886	63,307,868	3,947,801	679,335,221	6,529,646,259

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Note 25.(i) Property, Plant and Equipment at Cost

The University is carrying its assets at cost or revaluation amount. The revaluation was adopted in October 2019. No asset has been fully depreciated.

Note 25. (ii) Analysis of WIP

	As at 01/07/22	Additions	Transfers	As at 30/06/23
Analysis of WIP	Kshs.	Kshs.	Kshs.	Kshs.
Sewerage Reticulation Project	22,806,250	-	(22,806,250)	-
Sewerage - Oxidation Ponds	17,113,003	-	-	17,113,003
Sewerage Project - II	5,755,400	-	(5,755,400)	-
Access Roads Maintenance	12,381,068	-	-	12,381,068
Tuition Block and Laboratory	-	11,976,243	(11,976,243)	-
Perimeter Wall	9,233,252	-	(9,233,252)	-
CCTV Project	15,209,665	-	-	15,209,665
Construction of Hostel - I	419,790,782	11,892,794	-	431,683,576
Construction of Hostel - II	173,838,566	12,231,513	-	186,070,079
Network Security and Cloud Computing	-	16,877,830	-	16,877,830
	676,127,986	52,978,380	(49,771,145)	679,335,221

The Work-In-Progress is composed of various development and other long term capital projects that are being undertaken by the University. These projects are at various stages of completion. These projects are not subject to depreciation or amortization for the duration of development. Upon completion, the project is transferred from this class of assets to the respective asset class and depreciated or amortized as appropriate.

Note 26. Intangible Assets

	MANAGEMENT INFORMATION SYSTEM KSHS.
COST/VALUATION	
As at 30.06.2021	35,624,512
Additions	1,132,237
Transfers/adjustments	-
Disposals	-
As at 30.06.2022	<u>36,756,748</u>
Additions	-
Transfers/adjustments	-
Disposals	-
As at 30.06.2023	<u><u>36,756,748</u></u>
DEPRECIATION	
As at 30.06.2021	7,124,902
Disposals	-
Charge for the year	7,351,350
As at 30.06.2022	<u>14,476,252</u>
Disposals	-
Charge for the year	7,351,350
As at 30.06.2023	<u><u>21,827,602</u></u>
NET BOOK VALUE	
As at 30.06.2022	<u>22,280,496</u>
As at 30.06.2023	<u><u>14,929,147</u></u>

Note 27. Biological assets

	2022/23	2021/22
	KShs.	KShs.
Biological Assets	8,801,905	8,499,450

The University owns biological assets which are mainly livestock. The biological assets are measured at fair value less costs to sell; the fair value is established from quoted market prices less costs to sale.

Note 28. Trade and other payables from exchange transactions

	2022/23	2021/22
	KShs.	KShs.
PAYE	40,847,444	40,287,360
NHIF	1,753,300	1,796,650
NSSF ²	17,307,990	2,199,600
Pension & Gratuity	89,305,141	29,096,060
Benevolent Fund	11,365,756	9,790,956
HELB Loan Repayments	119,029	142,633
Union Dues	1,706,432	1,461,958
Staff Checkoff Loans	38,030,542	37,264,367
Maseno University SACCO	4,051,074	4,220,628
Other SACCOS	21,000	21,000
Bookshop Recoveries	4,360	4,500
Withholding Tax (6%)	3,786,567	5,297,021
Chancellor's Scholarship Fund	3,430,000	3,430,000
Trade Creditors	104,416,331	58,464,540
Payable from CBA 2017-21 Salary Arrears (Accrued)	51,483,610	57,513,674
Retention on Construction contracts	118,988,010	124,533,679
Accrued Gratuity Payable	36,754,453	64,702,458
Siaya County Advances	5,000,000	5,000,000
Total trade and other payables	528,371,040	445,227,084

² The amount due to NSSF includes Kshs.16,292,840 that relates to prior period compliance check, for which the University has entered into a repayment plan with NSSF

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Note 29. Refundable Deposits and Prepayments from Customers

	2022/23	2021/22
	KShs.	KShs.
Current Refundable Deposits		
SOMU Activities	76,289	71,588
University Fees Prepaid	13,184,588	17,709,053
Current portion of caution money	19,255,800	14,244,800
Total Current Refundable deposits	32,516,676	32,025,441
Non-Current Caution Money		
Total Caution Money	52,170,200	42,318,000
Less: Current portion of caution money	(19,255,800)	(14,244,800)
Total non-current portion of caution money	32,914,400	28,073,200

Note 30. Current provisions

	2022/23	2021/22
	KShs.	KShs.
Provision for Audit Fees		
Balance at the beginning of the year	3,633,000	3,609,000
Additional provisions raised	928,000	952,000
Provision utilized	(928,000)	(928,000)
Balance as at 30 June 2022	3,633,000	3,633,000
	2022/23	2021/22
	KShs.	KShs.
Provision for KUCCPS		
Balance at the beginning of the year	-	-
Additional provisions raised	5,467,000	-
Provision utilized	-	-
Transferred from non-current provisions	-	-
Balance as at 30 June 2023	5,467,000	-
Total Current Provisions	9,100,000	3,633,000

Note 31. Borrowings

	2022/23	2021/22
	KShs.	KShs.
Opening Balance	452,962,138	420,357,284
Add: Disbursements	3,683,282	55,078,137
Less: Repayments	(45,400,178)	(22,473,283)
Total Borrowing	411,245,242	452,962,138
Less: Total current portion of bank loans	-	-
Total non-current borrowings	411,245,242	452,962,138

	2022/23	2021/22
	KShs	KShs
Domestic Borrowings		
Kenya Shilling loan from Equity Bank	411,245,242	452,962,138
Total balance at end of the year	411,245,242	452,962,138

During the year the University received **Kshs.3,683,282** from Equity Bank Kenya Ltd., being the final disbursement of a **Kshs.500,400,000** loan. The University also repaid **Kshs.45,400,178** of the loan principal.

Note 32. Cash Generated from Operations

	2022/23	2021/22
	KShs	KShs
Surplus for the year before tax	(204,963,169)	(107,738,798)
Adjusted for:		
Depreciation	159,092,030	162,424,602
Gains and losses on disposal of assets	-	(299,000)
Contribution to impairment allowance	(835,029)	9,265,667
Finance cost	52,194,886	52,224,332
Net cash flow from operating activities	5,488,717	115,876,804

Note 33. Financial Risk Management

The University's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The University Council sets the University's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2023				
Receivables from exchange transactions	204,239,708	181,210,040	14,599,030	8,430,638
Receivables from non exchange transactions	51,799,015	-	51,799,015	-
Bank balances	120,075,164	120,075,164	-	-
Total	376,113,887	301,285,204	66,398,045	8,430,638
As at 30 June 2022				
Receivables from exchange transactions	220,960,199	197,095,501	14,599,030	9,265,667
Receivables from non exchange transactions	51,799,015	-	51,799,015	-
Bank balances	152,471,414	152,471,414	-	-
Total	425,230,627	349,566,915	66,398,045	9,265,667

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has

recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from Student Debtors.

(ii) **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the University Council, who have built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
As at 30 June 2023				
Trade payables	327,286,646	104,416,331	59,913,610	491,616,587
Current portion of borrowings	45,400,178	-	-	45,400,178
Provisions	928,000	-	8,172,000	9,100,000
Deferred income	19,255,800	-	-	19,255,800
Employee benefit obligation	36,754,453	-	-	36,754,453
Total	429,625,077	104,416,331	68,085,610	602,127,018
As at 30 June 2022				
Trade payables	256,116,412	58,464,540	65,943,674	380,524,627
Current portion of borrowings	22,473,283	-	-	22,473,283
Provisions	952,000	-	2,681,000	3,633,000
Deferred income	14,244,800	-	-	14,244,800
Employee benefit obligation	64,702,458	-	-	64,702,458
Total	358,488,953	58,464,540	68,624,674	485,578,167

(iii) Market risk

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

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

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

a) Foreign currency risk

The University has transactional currency exposures. Such exposure arises through holdings of cash that are in currencies other than the local currency and transactions that are denominated in other currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

b) Interest rate risk

Interest rate risk is the risk that the University's financial condition may be adversely affected as a result of changes in interest rate levels. The University's interest rate risk arises from the bank loan with Equity Bank. This exposes the University to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the University's loan payable.

Management of interest rate risk

To manage the interest rate risk, in the loan agreement, the management negotiated for an interested rate marked to the Treasury bills rate which is stable.

Sensitivity analysis

The University analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates on the loan increase/decrease by one percentage point a decrease/increase of KShs.4,014,991 (2022: KShs.4,017,256). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs.20,074,956 (2022 - KShs. 20,086,282).

iv) Capital Risk Management

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

	2022/23	2021/22
	Kshs	Kshs
Revaluation reserve	3,468,462,363	3,468,462,363
Retained earnings	(560,329,197)	(355,366,028)
Capital reserve	3,067,764,071	3,033,065,101
Total funds	5,975,897,237	6,146,161,436
Total borrowings	411,245,242	452,962,138
Less: Cash and bank balances	(120,946,804)	(152,515,384)
Net debt/(excess cash and cash equivalents)	290,298,438	300,446,754
Gearing	7%	7%

Note 34. Related Party Disclosures

a) Nature of relationships

Related party is an entity that is related to the entity preparing its financial statement. An entity is related to the reporting entity if the other entity has control or significant influence or member of key management personnel of the reporting entity. The related parties of Maseno University include;

- i) National government
- ii) Key management
- iii) Members of the University Council
- iv) Maseno University Retirement Benefit Scheme
- v) Kisumu Hotel (Fully Owned and operated by the University)

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b) Related party transactions

Refers to transfer of resources, services or obligations between a reporting entity and the related party regardless of whether a price is charged.

Related party transactions	2022/23	2021/22
	KShs.	KShs.
Total grants received from government	1,784,825,951	1,835,923.835

c) Due from related parties

	2022/23	2021/22
	KShs.	KShs.
Receivable from CBA 2010/13 (IPUCCF)	51,799,015	51,799.015
SDHER - Receivable Development Grant	12,698,970	-
Advances to MURBS	3,341,044	4,600.907
	67,839,029	56,399,922

Note 35. Contingent Assets and Contingent Liabilities

Contingent Liabilities

1. The University was enjoined in a suit whereby the ownership of the land on which the Varsity Plaza (valued at approximately 670Million) sits on is subject to a court dispute between Kenya Railways Corporation and Maseno University. A judgement was entered against the University directing the ownership to revert to Kenya Railways. The University has since appealed this judgement. A conditional stay was granted subject to the University availing a bank guarantee of Kshs.2Million.
2. In November 2021 NSSF carried out a compliance check on the University. As a result a principal liability of Kshs.38,723,240 was assessed and a penalty of Kshs.109,997,224 levied. The University got into a payment plan with NSSF to settle the Principal liability. As at 30th June, 2023 the University still owed Kshs.16,292,840 to NSSF. The penalty amount on the other hand is unserviced and its crystallization is contingent on the outcome of negotiations with NSSF concerning waiver of the amount.

Note 36. Capital Commitments

The University did not have any Capital Commitments at the end of the Financial Year. All Capital Projects undertaken by the University are financed from government grants that are appropriated using the budget of the particular year.

Note 37. Taxation

The University has been reporting deficits over the years and hence not declared any tax liabilities.

Note 38. Events after the reporting period

There were no material adjusting and non- adjusting events after the reporting period.

Note 39. Ultimate and Holding Entity

The University is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

Note 40. Currency

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

APPENDICES

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and Management comments that were provided to the auditor.

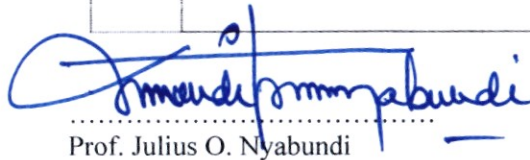
Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Date when the issue is expected to be resolved)										
1.	<p>Inaccuracies in the statement of comparison of Budget and annual accounts</p> <p>The statement of comparison Budget and actual amounts reflected an expenditure budget of Kshs.3,170,420,669 and actual expenditure of Kshs.3,343,310,507 resulting in over expenditure of Kshs.172,889,838</p>	<p>The University prepared a balanced budget which did not include a provision for depreciation and impairment of receivables. The issue has been addressed in FY 2023/24 where depreciation has been provided at Kshs.59.4Million.</p> <p>The over expenditure of Kshs.172,889,838 is made up of depreciation at Kshs.162,424,602 and provision for impairment of receivables at Kshs.8,966,667 (which do not involve movement of funds) the balance of Kshs.1,498,569 relates to expenditure on repairs and maintenance.</p>	Resolved	July 2023										
2.	<p>Difference Between the Financial Statements and the General Ledger</p> <table border="0" data-bbox="264 1066 645 1248"> <thead> <tr> <th>Item</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>a) Tuition Fees</td> <td>(301,760)</td> </tr> <tr> <td>b) Other Incomes</td> <td>704,638</td> </tr> <tr> <td>c) Employee Costs</td> <td>23,104</td> </tr> <tr> <td>d) Insurance</td> <td>(958,497)</td> </tr> </tbody> </table>	Item	Variance	a) Tuition Fees	(301,760)	b) Other Incomes	704,638	c) Employee Costs	23,104	d) Insurance	(958,497)	<p>a) The variance of Kshs.301,760 was as a result of corrections that were made on the student's ledgers relating to students who were put on halt. In the circumstances it was necessary to reinstate their ledger to the correct position to enable them register for the retake units.</p> <p>b) The reconciled schedules are available for audit review</p> <p>c) The insurance of Kshs.958,497 relate to insurance expenses for two vehicles and a research project that were paid during the year and the amount was reported under prepaid insurance</p>	Resolved	
Item	Variance													
a) Tuition Fees	(301,760)													
b) Other Incomes	704,638													
c) Employee Costs	23,104													
d) Insurance	(958,497)													

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Date when the issue is expected to be resolved)
3.	<p>Unsupported Rendering of service-Tuition Fees of Kshs.1,188,156,641 Review of records out of whom 29,855 GSS students 2,910 students were SSP. Reconciliation of enrolment data for the year with the billed data/income ledgers for the year.</p>	<p>Government sponsored and postgraduate students totalling to 23,056 contributed to Kshs.965,922,251 reported for Main Campus whereas Kisumu Campus and eCampus students totalling to 2,539 contributed to Kshs.222,234,390 tuition income. The tuition fees schedules were adequately reconciled with the nominal roll. The 32,765 students quoted in the report differ from the lists that were submitted for audit indicating 25,595 students.</p>	Resolved	
4.	<p>Unsupported Public contribution and donation for Research The details of the conditions attached and the period of utilization of these grants were not provided</p>	<p>The condition for each research grant and the period of utilization of each grant is available in each grant proposal and contract. These is available for audit</p>	Resolved	Immediately
5.	<p>Long outstanding Receivables from exchange transaction</p>	<p>Part of the long outstanding receivables amounting to Kshs.67,950,240 belong to postgraduate students who are dormant and are yet to complete their studies. We have written letters to the students to complete theirs and the outstanding balance or be discontinued as per the student regulation hand book. During the period, the University has managed to collect Kshs.53,113,405 of the Kshs.123,527,549 long outstanding receivables.</p>	Resolved	

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S/N	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Date when the issue is expected to be resolved)
6.	Unsupported Trade and other payable	The supporting ledgers and the ageing analysis for payables amounting to Kshs.58,464,540 are available for review.	Resolved	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1.	Non-compliance with public finance management fiscal responsibility Employee cost of Kshs.2,391,029,181 against a budget of Kshs.3,235,571,709 resulting in payroll cost being 74% of the budget as opposed to 35%	The University being a service sector, the proportion of 35% is unattainable. However, with the improvement in operational performance the University continues to strive to attain this target.	Not Resolved	2024/2025
2.	Failure to Observe one-Third Rule on staff composition	The University larger percentage of the dominant groups has dropped from 64% to 61.51% as at August, 2023. However, there has been concerted efforts to gradually rectify this situation as staff exit service, in that a qualified candidate from underrepresented ethnic groups are given an advantage over those overrepresented groups when they qualify.	Ongoing	2024/2025
3.	Dormant Bank account Absence of Council minutes closing the bank accounts	This issue is still unresolved awaiting Council resolution approving closure of the bank accounts.	Ongoing	October 2023

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Date when the issue is expected to be resolved)
3.	Failure to operate special purpose accounts	The University has a development Account at KCB. A/C No. 1108378056. Due to cashflow constraints the University was not able to set aside the funds into this account. As the University cashflows improves, effort will be made to set aside retention funds in the Development Account.	Ongoing	2024/2025
4.	Unlawful extension of construction contract The contract for Construction of Tuition Block was varied from initial period of 104weeks to 152weeks and then finally to 172weeks.	The University considered the Public Procurement and Asset Disposal Act, 2015 and regulations 2020 section 88(3) and section 139 that covers variation of contracts. The extension of the contract period was within the law since it was done when the existing contact had not expired.	Resolved	
REPORT ON LAWFULLNESS OF INTERNALCONTROLS, RISK MANAGEMENT AND GOVERNANCE				
5.	Delay in appointing of a substantive Chancellor	The University submitted the nominee's name and will continue to follow up with the Principal Secretary, State Department for University Education & Research to ensure appointment of the University Chancellor without much delay.	Ongoing	2023/2024



Prof. Julius O. Nyabundi
Vice-Chancellor

APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY

Projects implemented by Maseno University

The University does not have Projects that are being implemented and funded, by development partners and/or the Government.

Status of Development Projects Completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of Hostels - I	450,172,217	431,683,576	96%	-	11,892,794	Loan GoK & AIA
2	Construction of Hostels - II	407,177,540	186,070,079	76%	80,000,000	12,231,513	AIA
3	Tuition Block and Laboratory Complex	478,704,822	458,036,785	99%	88,000,000	11,976,243	GoK & A-I-A
					168,000,000	36,100,550	

APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/ Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others	
SDHER	03-08-22	Recurrent	142,093,915	142,093,915	0	0	0	0	142,093,915
SDHER	08-09-22	Recurrent	142,093,915	142,093,915	0	0	0	0	142,093,915
SDHER	30-09-22	Development	22,000,000	0	22,000,000	0	0	0	22,000,000
SDHER	03-10-22	Recurrent	142,093,915	142,093,915	0	0	0	0	142,093,915
SDHER	10-11-22	Recurrent	142,093,915	142,093,915	0	0	0	0	142,093,915
SDHER	09-12-22	Recurrent	142,093,915	142,093,915	0	0	0	0	142,093,915
SDHER	30-12-22	Recurrent	142,093,915	142,093,915	0	0	0	0	142,093,915
SDHER	03-02-23	Recurrent	142,093,915	142,093,915	0	0	0	0	142,093,915
SDHER	17-03-23	Recurrent	142,093,915	142,093,915	0	0	0	0	142,093,915
SDHER	14-04-23	Recurrent	142,093,916	142,093,916	0	0	0	0	142,093,916
SDHER	05-05-23	Recurrent	157,093,915	157,093,915	0	0	0	0	157,093,915
SDHER	09-06-23	Recurrent	157,093,915	157,093,915	0	0	0	0	157,093,915
SDHER	27-06-23	Recurrent	157,093,915	157,093,915	0	0	0	0	157,093,915
SDHER	04-07-23 ³	Development	12,698,970	0	12,698,970	0	0	0	12,698,970
Total			1,784,825,951	1,750,126,981	34,698,970	0	0	0	1,784,825,951

³ This amount had been accrued at the end of the financial year and the University had reasonable expectation that it would be remitted. The University was allocated Development grants of **Kshs.34,698,970** as per Budget Supplementary II