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<b>REPORT</b>	
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CLERK OF THE TABLE:	SAMUEL KALAMA

**THE AUDITOR-GENERAL**

**ON**

**MACHAKOS UNIVERSITY**

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





# MACHAKOS UNIVERSITY



## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING JUNE 30, 2020

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

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



*Machakos University*  
*Financial year Reports and Financial statements for the year ended June 30, 2020*

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### **LIST OF ABBREVIATIONS AND ACRONYMS**

MksU	-	Machakos University
VC	-	Vice Chancellor
DVC	-	Deputy Vice Chancellor
APF	-	Administration, Planning and Finance
ASA	-	Academic and Student affairs
RIL	-	Research, Innovation and Linkages
TNT	-	The National Treasury
MoE	-	Ministry of Education
TVET	-	Technical and Vocational Education and Training





## KEY ENTITY INFORMATION AND MANAGEMENT

### a) Background information

Machakos University is premier University with the mandate of promoting advancement in knowledge, training, technology development and dissemination for the betterment of life in the society. Being the only public University in Machakos County, the University is expected to play a leading role in higher education, economically, socially, environmentally, and politically. The University therefore supports academic, research, Linkages and community based programmes with the aim of relieving suffering and improving the quality of life to all mankind.

Machakos University has a rich technical background having been founded in 1957 as a Technical Rural Training School by the then colonial government. It was converted into Machakos Technical and Trade School in 1958, Machakos Technical School in 1967, Machakos Technical Training Institute in 1987, Machakos University College in 2012 before receiving its Charter in 2016. The University has therefore been able to develop and retain highly trained, motivated and experienced academic and administrative staff who continue to support the wide range of courses offered in its schools.

The University is located at the heart of the Lower Eastern Region, and situated only a kilometre away from Machakos City along Machakos/Wote Road. It is about 66km from Nairobi city and 28km from Konza Technopolis.

Machakos University has three divisions; Academic and Student affairs, Administration Planning and Finance and, Research Innovation and Linkages. It has grown in terms of linkages and partnerships with public and private, national and global organizations. The University has held four (4) graduation ceremonies after being chartered, graduating 4,408 graduands. The institution has also held two (2) international conferences bringing together researchers from all over the world, a feat which has enriched the research in the region. It has continued participating in extra-curriculum activities like games and music which have been instrumental in building talents. Lately, the University, in a partnership with students, managed to develop and pilot an innovation on e-voting which facilitated the smooth running of student elections. The University is certified under the ISO 9001:2015 which has seen it maintain and continuously improve its quality services and customer satisfaction

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





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## KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

### b) Principal Activities

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

#### Vision

A preferred University of Excellence in scholarship and service delivery

#### Mision

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

#### Mandate

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

#### Philosophy

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

#### Core values

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

### c) Key Management

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

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





## KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

### d) Fiduciary Management

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

Designation	Name
(a) Vice Chancellor	Prof. Lucy W. Irungu
(b) DVC (Administration, Planning & Finance)	Prof. (Eng.) Douglas Shitanda
(c) DVC (Academic & Student Affairs)	Prof. Joyce Agalo
(d) DVC (Research, Innovation & Linkages)	Prof. Peter N. Mwita

### e) Fiduciary Oversight Arrangements

The Council provides strategic direction, exercise control and remain accountable through effective leadership, entrepreneurship, integrity and good judgment. The University Council oversight arrangement is coordinated by the following Council Committees which have their fiduciary Responsibilities as outlined in the Corporate Governance Statement set out on pages xviii to xxiii.

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

### f) Entity Headquarters

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

### g) Entity Contacts

Telephone: (254) 044-20353  
Cell: 0735 247939 / 0723 805829  
E-mail: [info@mksu.ac.ke](mailto:info@mksu.ac.ke)  
Website: [www.mksu.ac.ke](http://www.mksu.ac.ke)





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**KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)**

**h) Entity Bankers**

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

**Machakos**

3. Standard Chartered Bank  
P.O. Box 29-90100

**Machakos**

5. Co-operative Bank  
P.O. Box 1250-90100

**Machakos.**

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

**Machakos.**

4. Equity Bank  
P.O Box 2453 - 90100

**Machakos**

**i) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P. O. Box 30084, GPO 00100,

**Nairobi, KENYA.**

**j) Principal Legal Adviser**

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

**Nairobi, KENYA**





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**UNIVERSITY COUNCIL MEMBERS**



**Prof. Gideon Billy Hanjari**

**Chairman of Council**  
**Date of Birth:** 1945

**Key Qualifications:** Ph.D. Degree from the University of London and Bachelor of Architecture from the University of Nairobi.

**Work Experience:** An Architect with many years of service. Currently a Consultant with Baseline Architect limited



**Ms. Harriette Chiggai**

**Council Member and Chairman, Finance, Planning and Development Committee of Council**  
**Date of Birth:** 1981

**Key Qualifications:** MBA- Finance and Governance, CPM (Certified Mediator), certified governance trainer and Business development and company strategist

**Work Experience:** Vice President Law Society of Kenya, Deputy Secretary General East Africa Law Society. Legal consultant and trainer in corporate governance, Labour Laws and Intellectual Property Rights. Head of Legal Services ICPAK and Chairs the EALS Young Lawyers Committee Founder Face of Bar (now hosting straight talk series in partnership with Universities and Law Schools)-A mentorship platform for young professionals



**Ms. Florence Muthoni Gichohi**

**Council Member and Chairman, Audit and Compliance Committee of Council**  
**Date of Birth:** 1957

**Key Qualifications:** On-going Ph.D. (Development Studies)

**Work Experience:** Over 10 years' experience as a senior public administrator. Served at different levels at both Kenyatta University and Jomo Kenyatta University of Agriculture and technology in charge of all the administration functions of a Campus. Previously served as a Council Member for the CUK and its precursor till the end of the term in June 2017. Currently a director at the Centre for Advocacy Against Drugs and Alcohol Abuse (CAADA)





**UNIVERSITY COUNCIL MEMBERS (CONTINUED)**



**Ms. Lorna Mbatia**

**Council Member and Chairman, Human Resources Committee of Council**  
**Date of Birth:** 1983

**Key Qualifications:** LLM (Intellectual property rights) and Post Graduate Diploma in Law from University of Nairobi

**Work Experience:** Worked with several organizations serving in different capacities among them being the founding Partner at CFL Advocates and the head of corporate Commercial law. Served as an Associate Partner at MMC Africa Law in-charge of the Intellectual Property Department. Current chair of the Machakos University staff pension board of trustees



**Mr. Patrick Ranga Abelle**

**Council Member and Chairman, Academic Affairs Committee of Council**  
**Date of Birth:** 1968

**Key Qualifications:** MBA

**Work Experience:** An experienced and successful commercial manager and leader with extensive experience gained in sales and marketing of Pharmaceutical products and Vaccines in E. Africa. Currently a Pharmaceutical Consultant with Exeter Pharmaceuticals, UK and formally worked as Commercial Director at GlaxoSmithKline, (GSK) E. Africa Pharm.



**Mr. Richard Mativu Musau**

**Council Member**  
**Date of Birth:** 1985

**Key Qualifications:** MBA (Strategic Management)

**Work Experience:** Over 10 years' experience as a project management specialist and extensive experience in the social development sector as an advocate, facilitator, and research consultant, with a special focus on human rights, disability and inclusive development. Currently a Senior Advisor for the East African Regional Program to a UK Based Charity; and a member of the Machakos University staff pension board of trustees.





**UNIVERSITY COUNCIL MEMBERS (CONTINUED)**



**Mr. Peter Njoroge**

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

**Date of Birth:** 1970

**Key Qualifications:** MSc (Regional Development Planning), MSc (Strategic Management)

**Work Experience:** 24 years in Development Planning



**Mr. Paul Mwangi**

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

**Date of Birth:** 1970

**Key Qualifications:** MSC Pure mathematics

**Work Experience:** Over 20 years in Policy Formulation



**Prof. Lucy W. Irungu**

**Council Secretary / Vice Chancellor**

**Date of Birth:** 1957

**Key Qualifications:** Ph.D. – Medical Entomology and Applied Parasitology

**Work Experience:** Over 30 years in University Management and Research. Prof. Irungu is a vibrant researcher in vector biology and host-vector-parasite relationships with specific interest in malaria vectors and parasites of neglected diseases. She has published extensively in refereed journals and has mentored and supervised several postgraduate research students.





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**MANAGEMENT TEAM**



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

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



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

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



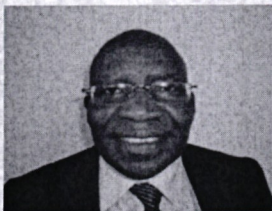
**Prof. (ENG.) Douglas Shitanda**  
**Deputy Vice Chancellor (APF)**

Ph.D. (Processing Engineering).  
In-Charge of Administration,  
Planning and Finance



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

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



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

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



**CPA Aileen A. Nyatuga**  
**Chief Finance Officer**

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



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

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



**Dr. Wycliffe Amukowa**  
**Registrar (RIL)**

Ph.D. (Philosophy of  
Education).  
Supports the functions  
of the Research,  
Innovation & Linkages  
Division





**CHAIRMAN’S STATEMENT**



**I**t is my pleasure to

present Machakos University Annual report and Financial Statements for the year ended 30<sup>th</sup> June, 2020. The University Council notes with appreciation the continued support of the Government and other stakeholders in running the institution. The University continues to offer quality programmes that are market-driven and meet the demands of the society. The Council endeavors to work with the industry and other strategic partners in order to provide facilities to meet the challenges the University is facing.

The University council continued with the measures of setting up of management and governance structures that reflect university status.

There has been a steady increase in student population which has exerted a lot of pressure on the existing facilities, thereby necessitating the need for putting up more facilities. The Council in collaboration with the relevant stakeholders is committed towards delivering the same.

During the period, the University continued with the implementation of the on-going

Tuition and Office Block which is the only main capital project for the University. This is after the release of Kshs. 70 million development grants earmarked for the project for the financial year 2019/2020.

The University has continued offering the TVET programmes which is geared to support the government’s push for the competence based curriculum. This has seen the university supplement her internally generated incomes and would urge the Government to support the university to continue offering the vocational training.

During the period the University Council in consultation with the University Management and Senate continued with the review and implementation of the University Strategic Plan to be consistent with the dynamic environment of the education sector in Kenya.

The University was adversely affected in-terms internally generated revenues and the planned operations for the year due to emergence of Covid-19 pandemic which was declared a global concern during the year under review.

Finally, I thank the Government and the local donor agencies, suppliers and service providers for their trust, support and continued cooperation.

**Prof. Gideon Billy Hanjari**  
**Chairman of Council**





Machakos University

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**REPORT OF THE VICE CHANCELLOR**

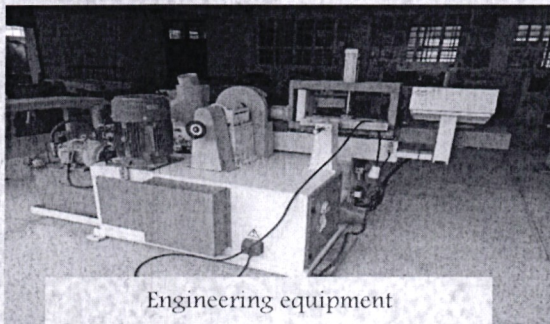


I am pleased to present the

Annual report and Financial Statements of Machakos University for the financial year ended 30<sup>th</sup> June, 2020. Machakos University is an academic institution committed in generating and transmitting knowledge, skills and right attitudes through Science, Technology and Innovation for the benefit of humanity.

**Academic and Student affairs**

**Academics**



Engineering equipment

During the financial year under review, the University has remained on course. The main focus of which has been quality, relevance, access and sustainability intended to consolidate and reshape the University with a view to living up to the fully-fledged University status.

Machakos University held her fourth graduation recording the highest number of graduands since inception. The total number of graduands were 1,880 which included 1 PhD, 9 Masters,

1.605 Bachelors, 238 Diplomas and 27 Certificates. The University also embarked on measures and strategies to re-align Academic Programmes so as to focus on the niche areas.



4<sup>th</sup> Graduation ceremony

The University has continued to offer and enhance TVET programmes which are geared to support the government’s Big 4 initiative and the competence based curriculum. This has seen the university supplement her internally generated incomes and would urge the Government to support the university to continue offering the vocational training.

Special appreciation goes to all the students who have chosen Machakos University as their place of study and it will continue offering market-driven academic programmes for industrial and socio-economic growth.

**Students Welfare**

Machakos University continued to support the welfare of her main stakeholders (students) to enhance their academic environment in the spirit of producing holistic graduates.

One of the greatest challenges in the management of students’ welfare is the large number of brilliant students from





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very humble backgrounds. In order to reduce incidences of dropping out due to lack of fees, the University facilitated the disbursement of bursaries to students. The Institution has also supported students to participate in co-curriculum activities like games and sports among other student activities.

**Research, Innovation and Linkages**  
**Research and Innovation**



The Introduction of the Centre for Renewable Energy has also seen the growth of research and innovation for the University. The University has continued to encourage creativity by continuous funding of new innovations during the financial period.

**Collaborations and Partnerships**



Launching Ceremony for the Luban workshop in MksU

During the period under review, Luban Workshop in Africa was established at Machakos University. The Luban Workshop is an international exchange and

cooperation brand initiated by the Government of China to promote vocational technical training around the world. The University also received equipment of approximately Kshs. 44 million for the Luban Workshop.

The University continued to take staff through trainings on grant proposal writing, grant management, research partnership and research methods and Intellectual Property among others. This has seen the University research grants output, for both individual and collaborative projects, continue to grow.

Our Internal Research Grants Fund continues to position the University's research agenda on the national interest and has created a platform for mentoring of early entry staff in engaging in research and grant applications.

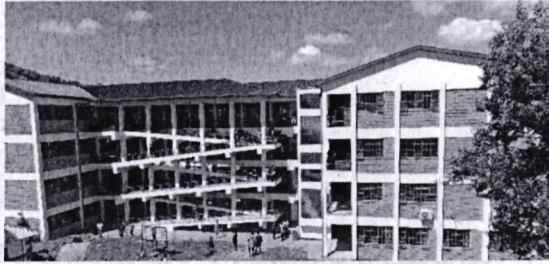
Our growing strategic partnerships have continued to fill the gaps in which our staff are now winning both research grants and scholarships. The University's innovation outputs have also continued to grow with a number put into commercialization.

To avail a platform for knowledge dissemination, the University has continued to prepare for the next annual international conference by encouraging members to participate in conferences both locally and internationally.





**Administration, Planning and Finance  
University Infrastructure**



Newly Completed ADB Building

Machakos University endeavours to continue using development grants prudently. The University has been able to complete two major projects in the previous financial year and is undertaking one major project of Tuition and Office Block in the 2019/2020 financial year. The project has remained behind schedule at the end of the financial year due to challenges in government funding. For instance, the government reduced the capital funding by 120 million in the FY 2019/2020. In order to revive some of the old buildings, the University embarked on renovating one of the neglected blocks; Nduilu block to afford more office space for the Institution.

**Administration and Staffing**

I am humbled to convey my appreciation and gratitude to the University Council, Management and all the members of staff for their support, commitment and dedication to their work and their efforts that have seen Machakos University move towards attaining its vision.

The University has ensured continued implementation of the 2013-2017 national collective bargaining agreements and the 2013-2017 local CBAs. The University was also expecting to receive Kshs. 96.3 million

for payment of 2017-2021 national CBA arrears.

**Financial Sustainability**

During the period, the University put in place the necessary financial, procurement and internal control measures on resource utilization to ensure that it meets the targets of revenue collection and cost control measures.



MksU Income Generating Unit

I express my sincere gratitude to the Government of Kenya and in particularly the state department of Education and Research for the recurrent funding of the University as per the printed estimates. The University received Kshs. 957,026,140 as recurrent grants for the year. Despite the many challenges the University has faced, I am glad to report that the University has managed to stay afloat financially.

**Service Delivery and Vision 2030**

In order to continue providing quality education and services, the Directorate of Quality Assurance which had been previously introduced came up with various evaluation tools.

Machakos University has reviewed her service charter and placed it in strategic places including the University website.





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This has enhanced quality and efficient service delivery.

The University also continued to respond to the Governments Big 4 initiative which is key to bolster strong inclusive economic growth and contribution to the Vision 2030.

The University was adversely affected in-terms internally generated revenues and the planned operations for the year due to emergence of Covid-19 pandemic which

was declared a global concern during the year under review. However, Machakos University has implemented the Government measures to curb the current situation regarding the spread of Covid-19 (Corona Virus).

Finally, I thank the Government of Kenya, the local community, donor agencies, our bankers, suppliers and service providers for their support and cooperation

**Prof. Lucy W. Irungu**  
**Vice Chancellor & Professor of Entomology**



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## REVIEW OF MACHAKOS UNIVERSITY PERFORMANCE FOR FY 2019/2020

Machakos University has six (6) strategic pillars and objectives within its Strategic Plan for the financial year 2019/2020 – 2023/2024. These strategic pillars are as follows:

**Pillar 1:** Academic Excellence

**Pillar 2:** Human Resource Management

**Pillar 3:** Performance

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

**Pillar 5:** Infrastructure

**Pillar 6:** Financial growth and sustainability

Machakos University develops its annual work plans based on the above six (6) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2019/2020 period for her strategic pillars, as indicated in the diagram below:





**REVIEW OF MACHAKOS UNIVERSITY PERFORMANCE FOR FY 2019/2020 (CONTINUED)**

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
<p><b>Academic Excellence</b></p>	<p>To increase access to higher education and produce holistic graduates through quality teaching, training and research</p>	<ol style="list-style-type: none"> <li>1. Develop and offer market driven programmes</li> <li>2. Establish effective academic quality assurance</li> <li>3. Promote and facilitate distance and e-learning programmes/strategies</li> <li>4. Improve students' overall quality of life</li> <li>5. Generate new knowledge through research</li> </ol>	<ol style="list-style-type: none"> <li>a) Establish collaborations and partnerships.</li> </ol>	<p>a) The University supports partnerships that are in line with the University's mission and the national. Already established MoU with Tianjin City Vocational College that led to the establishment of the Luban Workshop at Machakos University. The workshop supports ICT skills in Cloud Computing and Information Security, MOU with Sapienza University of Rome that has seen the University establish Postgraduate Diploma in Astronics. This is accredited in Italy. Others include MoUS with the following:</p> <ol style="list-style-type: none"> <li>1)Zambezi Hospital Limited</li> <li>2)Kenya Libraries and Information Services Consortium (KLISC)</li> <li>3)Blind and Low Vision Network (BLINK)</li> <li>4)Indian Council for Agricultural Research (ICAR)</li> <li>5)National Construction Authority (NCA)</li> <li>6)STAG African Midlands Power Company Limited</li> <li>7)Nursing Council of Kenya (NCK)</li> </ol> <p>b) Entered into partnerships that link University programmes with the industry to facilitate acquisition of practical and soft skills for both staff and students. This include projects such as the <i>Hackathon</i> run by Konza Technopolis, the Luban Workshop for cloud computing and information security with Tianjin City Vocational College (TCVC), professional training courses with Huawei Technologies Kenya Company Ltd, and joint training in agriculture with the Agricultural Training Centre (ATC), Machakos County.</p>





Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<ul style="list-style-type: none"> <li>b) Training and exposure of staff in relevant fields.</li> <li>c) Attract and retain competent /qualified staff</li> <li>d) Review and rationalize existing programmes</li> </ul>	<ul style="list-style-type: none"> <li>a) Developed and implemented Staff Training and Development Policies to enhance staff satisfaction and retention.</li> <li>b) Staff trained in : Records Management,, Kenyan Local Sign Language; National Cohesion; 9001-2015 QMS: Financial Management for Non- Financial Managers; HR Leave Management; Basic Computer skills; virtual conferences ;Learner Management System.</li> <li>a) Introduced harmonized teaching workloads across the entire institution with a Workload Policy.</li> <li>b) Established a voluntary Benevolent Fund to enhance staff welfare – this has been implemented without additional financial burden to the University.</li> <li>c) Implemented a pension scheme for Grades 1-4, thus, reducing costs on gratuity.</li> <li>d) Reviewed and implemented Staff Recruitment and Promotion Criteria, Staff Benevolent Fund policy. Staff welfare Policy, Staff Training and Development Policy</li> <li>a) Closed Machakos University Mlolongo Campus and relocated students studying therein to the main campus to improve quality of academic programmes, as well as to ensure prudent financial management.</li> <li>b) The following programmes have been terminated:               <ul style="list-style-type: none"> <li>i) Bachelor of Science (Population Health)</li> <li>(ii) Bachelor of Science (Banking and Credit Management)</li> <li>(iii) Bachelor of Science (Library and Information Science)</li> </ul> </li> </ul>



Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<p>e) Conduct market survey to establish stakeholder needs</p> <p>f) Operationalize academic quality assurance Directorate</p> <p>g) Modernize Library Services and enhance the learning environment.</p>	<p>(iv) Bachelor of Science (Hospitality Management)</p> <p>(v) Diploma in Laboratory Science Technology</p> <p>(vi) Diploma in Education (Science)</p> <p>(vii) Diploma in Education (Arts)</p> <p>(viii) Diploma in Business Management</p> <p>(ix) Diploma in Sales and Marketing Management</p> <p>(x) Diploma in Co-operative Management</p> <p>(xi) Diploma in Public Relations</p> <p>(xii) Diploma in Secretarial Studies and Office Management</p> <p>Developed market-driven undergraduate and postgraduate programmes that are accredited, recognized by key stakeholders, and that simultaneously address the county's and the nation's developmental needs whilst adopting a student-centred approach to teaching and learning, that anticipate the demands of a Competence-Based Curriculum (CBC).</p> <p>Established Directorate of Quality Assurance headed by a Director assisted by a Deputy</p> <p>a) Launched <i>Remotex</i> (an e-resource platform) that enables remote access to library resources, including journals and e-publications hence encouraging remote research and reduced pressure on available library space.</p> <p>b) Installation of Electronic Security System;</p> <p>c) Subscription to e-resources platform under Kenya Library Services Consortium;</p> <p>d) Acquired Library server to house the KOHA (Library Information system) and institutional repository.</p> <p>e) Acquired a total of 732 Copies of University level books.</p>





Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<p>h) Establish Centre for Pedagogy and Andragogy</p> <p>i) Establish infrastructure for e-learning</p> <p>j) Training of students and staff on e-learning</p> <p>k) Develop self-learning instructional materials</p> <p>l) Facilitate investment in student accommodation</p>	<p>Assigned leadership for Pedagogy, Andragogy, Staff and Student Mentorships</p> <p>a) Developed Open, Distance and E-learning Policy;</p> <p>b) Installed a smart board to facilitate virtual learning;</p> <p>b) Established Centre for Open, Distance and E-learning headed by a Director;</p> <p>c) Established thirty-five Wi-Fi access points around the University to enhance internet connectivity and convenience for staff and students.</p> <p>a) Established a Directorate of Information, Communication and Technology (ICT) headed by a Director.</p> <p>b) The Directorate has trained all the academic staff on the use of Learner Management System (LMS) for on-line teaching.</p> <p>c) The Directorate has also trained the class representatives on the use of the LMS and is in the process of training the rest of the students on the same.</p> <p>a) Academic staff have been trained on how to use the Learner Management System (LMS)</p> <p>b) The staff are in the process of preparing the learning instructional materials to be uploaded into the LMS</p> <p>a) Partnered with the neighboring landlords to offer affordable/subsidized accommodation rates to students staying off campus</p>





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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<ul style="list-style-type: none"> <li>m) Improve health care and student counseling services</li> <li>n) Equip students with life skills</li> </ul>	<ul style="list-style-type: none"> <li>b) Pursuing the option of working with interested investors to come up with student accommodation infrastructure</li> <li>a) Established a health unit to offer health services within the University</li> <li>b) Established a counselling unit within the University to offer counselling services to students</li> </ul>
			<ul style="list-style-type: none"> <li>o) Improve and ensure student security</li> <li>p) Promote effective student governance</li> </ul>	<ul style="list-style-type: none"> <li>a) Developed and implemented University common units such as Communication skills, Creative and Critical thinking, HIV AIDs and Development studies</li> <li>b) Developed the COVID-19 Prevention Policy</li> <li>a) Established the Directorate of Security Services to ensure safety of students and staff</li> <li>b) Installed CCT cameras within the University</li> <li>c) Partnered with the County security team to ensure safety of the students staying off campus</li> </ul>
			<ul style="list-style-type: none"> <li>q) Initiate students' awards and bursaries</li> </ul>	<ul style="list-style-type: none"> <li>a) Introduced electronic voting System to manage students' elections.</li> <li>b) Conducting students' leadership training for newly elected student leadership.</li> <li>a) Introduced a Work Study Programme, Chancellor's Scholarship Award, and University Bursaries to support students with financial constraints.</li> <li>b) The University provides a budget for work-study programme to assist students with financial constraints.</li> </ul>





Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<ul style="list-style-type: none"> <li>r) Set up University research fund</li> <li>s) Reward innovators</li> <li>t) Establish scientific Journals</li> <li>u) Support participation in conferences and workshops</li> <li>v) Promote registration and patenting of innovations</li> <li>w) Establish Intellectual Property Rights office</li> </ul>	<p>Established internal research grants to mentor staff into doing research. Funding of internal research is only for proposals that are focused on the University and National Research Agenda.</p> <p>Established Students' Innovation Challenge Fund</p> <p>Established Machakos University of Science and Technology</p> <ul style="list-style-type: none"> <li>a) Introduced Video Conferencing/meetings concepts by installing and using 153 cm smart board, hence reducing conferences/meetings costs and enhancing convenience.</li> <li>b) Included facilitation of staff to attend and participate in Conferences and workshops in Performance Contracting</li> </ul> <p>Training of staff and students in registering and patenting of innovations</p> <p>Developed Intellectual Property Policy currently implemented by Director, Research, Innovation and Technology</p> <ul style="list-style-type: none"> <li>a) Established the Chancellors Scholarship Fund to sponsor brilliant students in Science and Technology</li> <li>b) Provided bursaries from the Rattansi Educational Trust, Machakos County Government, Machakos University and</li> </ul>
To improve productivity by attracting, developing and retaining competent,	1. Develop staff competences 2. Maintain optimum staff complement		a. Source and award scholarships	





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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	committed and efficient workforce		<ul style="list-style-type: none"> <li>b. Collaborate with other universities and institutions for capacity building</li> </ul>	Students Association of Machakos University (SAMU) to needy students. a) Collaboration with Tianjin City Vocational College in ICT Capacity Building; b) Collaboration with Achelis Kenya Ltd for Capacity building in Renewable Energy c) Established an MoU with KALRO-Katamani to support the School of Agricultural Sciences' staff and students d) Established an MoU with Machakos level 5 to support the school of Health Sciences' staff and students
	To offer efficient and effective service to all stakeholders/custom	1. Enhance service delivery to all customers/ stakeholders	<ul style="list-style-type: none"> <li>c. Develop fee policy for staff studying in MksU</li> <li>d. Mobilize additional funding for staff recruitment</li> <li>e. Improve hiring practices ensuring inclusivity</li> <li>f. Provide competitive remuneration packages</li> <li>a. Review and Implement University's Service Delivery Charter</li> </ul>	Staff Training and Development Policy which provides staff fee waiver among other benefits developed. a) Staff developed donor funded proposals b) Established Income Generating Activities Deliberately hired from non-local community to reduce the percentage of the majority local community –three key positions filled with non-locals. Implemented the Local Chapter CBAs which improved staff commuter allowances Service Delivery Charter was revised in 2018-2019 FY. In 2019-2020 FY Citizens Service Charter fond sizes were enlarged for ease of readability and visibility by customers and then continued to be implemented.





Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	<p>ers and create a strong brand name</p>	<p>2. Market the University and enhance its corporate image</p> <p>3. Incorporate Corporate Social Responsibility in all functional areas</p>	<p>b. Enhance student welfare services</p>	<p>a) Established an Office of Career Services, and introduced smart cards for student identification and seamless financial services;</p> <p>b) Introduced a Work Study Programme, Chancellor's Scholarship Award, and University Bursaries to support students with financial constraints.</p> <p>c) Established the office of the Dean of students</p> <p>d) Established the student constitution that provides the formation of the Students Association of Machakos University (SAMU)</p> <p>e) The SAMU established the SAMU kitty to offer bursaries to needy students</p> <p>f) Established students' clubs and societies</p> <p>g) Developed the Undergraduate and Post Graduate Student Handbooks</p> <p>Introduced on-line leave application by staff, Automaton of imprest warrants in finance department, on-line stores requisition application and approvals,</p> <p>Corporate Communications and marketing office operationalized.</p> <p>Established the Alumni Office and linked with the alumni to enhance feedback and stakeholder engagement.</p>
			<p>c. Integrate utilization of ICT in service delivery</p> <p>d. Establish and operationalize Corporate Communications and Marketing office</p> <p>e. Operationalize Alumni office</p> <p>f. Conformity to ISO Standards and adherence to Total</p>	<p>Continued to conform to ISO 9001-2015.</p>





Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<p>Quality Management System.</p> <p>g. Establish a niche</p> <p>h. Promote outreach programmes</p> <p>i. Maximize management of mainstream and social Media</p>	<p>Anchored the University's niche on Engineering, Science and Technology thematic cluster supported by Agriculture, Hospitality, Entrepreneurship, Education and Social Sciences. MksU reoriented the said thematic clusters to leverage its unique historic, geographic, climatic and strategic advantages of being located in the <i>arid and semi-arid lands</i> (ASALS) of Kenya. Further, the University has enhanced digital literacy through appropriate cloud computing solutions for sustainable development by tapping into its existing ICT-specific MoUs.</p> <p>a) Invitation schools to visit the University to familiarize themselves with the Library, ICT infrastructure and career mentorship;</p> <p>b) Invitation of schools and other stakeholders to participate in Machakos University Innovation Week ( Matungulu Girls High School, Katoloni Secondary, Ikutha Girls, Holy Ghost Schools among others);</p> <p>c) Partnering with the local community to mark important events such International Day of Forests, International Day of Women (With Machakos Women Prison) and Tree Planting Days (In collaboration with Machakos County, Makueni County, Kitui County and Local radio stations).</p> <p>a) Established a functioning and up to date university website, twitter, Facebook and Instagram</p> <p>b) Established the Directorate of Information, Communication and Technology (ICT) headed by a</p>





Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
<b>Research, Science, Technology and Innovation</b>	To promote Research, Science, Technology and Innovation for economic, social and environmental prosperity	<ol style="list-style-type: none"> <li>Promote Innovation Technology</li> <li>Enhance mechanisms for collaboration and linkages in research</li> <li>Safeguard the Intellectual Property Rights of the University and its members</li> <li>Research utilization for societal impact</li> </ol>	<ol style="list-style-type: none"> <li>Promote participation in shows/exhibitions, conferences and workshops.</li> </ol>	Director. The Directorate has competent staff who manage the social platforms <ol style="list-style-type: none"> <li>Establishment of Machakos University Innovation Week;</li> <li>Participation in Agricultural Show of Kenya exhibitions (Machakos ASK Show)</li> <li>Participation National Exhibitions (Public Service Week)</li> </ol>
			<ol style="list-style-type: none"> <li>Organize innovation workshops and symposiums</li> <li>Linking research to industry</li> </ol>	Continuous training in Intellectual Property and innovation management <ol style="list-style-type: none"> <li>Established linkages that enable the implementation of student internships across its programmes with strong industry partnership to better equip our students for the world of work (Inades Formation, Machakos Level 5 Hospital, KALRO, Huawei Technologies (Kenya), Achelis Kenya Ltd, Kenyatta University, Strathmore University, KenGen among other partners).</li> <li>Established linkages that promote topical environment friendly practices- partnership with Achelis Kenya Ltd that supported the establishment of the Centre for Renewable Energy (CREN) that promotes the use of green energy in the University.</li> </ol>
			<ol style="list-style-type: none"> <li>Establish Innovation/technological awards</li> </ol>	<ol style="list-style-type: none"> <li>Establishment of staff and Students' Innovation Fund;</li> <li>Rewarding outstanding innovators during Machakos University Innovation Week</li> </ol>
			<ol style="list-style-type: none"> <li>Increase research and innovation funding.</li> </ol>	<ol style="list-style-type: none"> <li>Continuous training workshops for staff in Grant Proposal Writing</li> <li>Staff have won research grants among them: Partnerships with established research universities where staff work on collaborative proposals, funded projects include: WildTrack Cube - SIMBA (Satellite for</li> </ol>



Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<p>e. Start short courses in extension, technology and emerging areas.</p>	<p>Improving Monitoring Behaviour of Animals) and Micro Two-Phase Cooling System for Space Applications dubbed Experiment (BARIDI SANA)</p> <p>a) Short courses on Solar PV Installation            b) ICT short courses offered leading to ICT Certification by Huawei Authorized Information and Network Academy (HAINA).</p> <p>a) Established Ajiry Centre and Luban Workshop to support research, innovation and incubation.            b) Initiated and aligned annual innovation activities and events (such as the <i>MksU Innovation Week and Open Day</i>) whose themes are in line with the Big Four Agenda, vision 2030 and sustainable development goals.</p> <p>c) Introduced Students' and Staff Annual Innovation Challenge Award as a means of spurring and harnessing innovations among students and staff.</p> <p>d) University deliberately adopted an approach to tap, harness, develop and utilize students' and staff innovation efforts. For example, electronic voting system (<i>I-voting</i>), an innovation by our students is used in student elections to improve efficiency, transparency and reliability of students' results. This saves time associated with academic programme disruptions for participating students, as well as ensuring a peaceful and credible election outcome.</p>
			<p>f. Establish innovations hub.</p>	
			<p>g. Protection intellectual property rights</p>	<p>a) Developed Intellectual Property Policy that outlines procedures for innovation engagements and intellectual property rights.            b) Developed Intellectual Property/innovation declaration form to ensure protection of students and staff innovations.</p>





Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<p>h. Initiate and operationalize MoUs with strategic partners.</p> <p>i. Enhance human resource and capacity building</p> <p>j. Develop and implement supportive research policies</p>	<p>a) Established and implemented MoUs with: Tianjin City Vocational College, Sapienza University of Rome, Tribus-STG, Inades Formation, Machakos Level 5 Hospital, KALRO, Huawei Technologies (Kenya), Achelis Kenya Ltd, Kenyatta University, Strathmore University, KenGen among other partners</p> <p>b) Established MoU Implementation Steering Committees that monitor progress on the implementation of projects and such related agreements with strategic partners.</p> <p>c) Cascaded the initiation of linkages to departments and individual members of staff.</p> <p>a) Continued to implement the Council Approved Human Resource and Training and Development policies.</p> <p>b) Staff trained in: Records Management; Kenyan Local Sign Language; National Cohesion; 9001-2015 QMS: Financial Management for Non- Financial Managers; HR Leave Management; Basic Computer skills for staff in grades 1 -4; Virtual Conferences; Learner Management System.</p> <p>a) Instituted best practices in research through developed Research Policy, Intellectual Property Policy, Open Access Policy, Ethics Review Policy, Indirect Cost of Research and Anti-Plagiarism Policy.</p>



Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
<p><b>Infrastructure</b></p>	<p>To develop infrastructure that meets the needs of the University</p>	<ol style="list-style-type: none"> <li>1. Provide appropriate facilities for teaching, research, consultancy and community service</li> <li>2.</li> </ol>	<ol style="list-style-type: none"> <li>a. Review and implement the existing master plan</li> <li>b. Acquire additional land for expansion</li> <li>c. Use of architectural designs that mainstream disability and environmental needs</li> </ol>	<p>b) Cascaded performance-contracting targets to individual academic members of staff in areas of publications and proposal development to ensure continued research publications and attraction of research grants.</p> <p>c) Initiated incentives to members of staff who seek to complement the University in attracting development grants and equipment.</p> <p>d) Introduced a requirement for postgraduate students to publish at least two papers for Masters and three papers for PhD prior to graduation.</p> <p>e) Introduced a requirement for staff to perform plagiarism checks using anti-plagiarism (University acquired Turn-it-in software) and publish in peer-refereed journals to guard the quality and credibility of the work.</p> <p>To be implanted in the subsequent years of planning due reduced government project funding.</p> <p>Additional land of 48 acres acquired in collaboration with the county government.</p> <p>Architectural designs mainstreaming disability factored in buildings and parking areas.</p>





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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
<b>Financial growth and sustainability</b>	To grow the revenue base of the University	1. Enhance existing funding sources 2. Diversify sources of funding	d. Optimize infrastructural resources.	Rehabilitated a four floor building and created staff offices to enhance staff satisfaction.
			e. Harness rain water from building roofs	To be pursued in the subsequent years of the Plan period
			f. Construct high capacity underground concrete water tanks	To be pursued in the subsequent years of the Plan period
			g. Install solar power supply systems	Established Centre for Renewable Energy that spearheads the process
			h. Install e-waste collection containers	Three E-waste collection containers installed.
			a. Establish endowment and trust funds	a) Developed endowment Fund Policy b) Established Endowment Fund within the University Bank Accounts
			b. Initiate alumni contributions	a) Established an initiative that allows every graduand contributes Kshs 1,000 b) Established the office of the Alumni to coordinate the affairs of the alumni
			c. Source scholarships for	Partnered with the County Governments to offer scholarships to students
			d. Enhance TVET programmes	Established Machakos University TVET Programmes to manage and rationalize the teaching and learning activities, as well as to absorb seventy-nine (79) staff members inherited from the Machakos Technical Training Institute – the predecessor of Machakos University.
			e. Engage development partners for funding	a) Staff have won external research grants





Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<p>assistance in research, development etc.</p> <p>f. Initiate and strengthen Income Generating activities and Units.</p> <p>g. Improve efficiency in collection and recovery of outstanding debts</p>	<p>b) Staff have attracted support to acquire research equipment</p> <p>c) Establishment of Luban Workshop in collaboration with Taijin City Vocational College and Huawei Technologies limited</p> <p>d) Establishment of Ajiry Centre in collaboration with Tribus-TSG supported by MasterCard Foundation</p> <p>Initiated the following Six (6): Machakos University Hotel and Conference Centre, with the following still at infancy stage: Clothing and Textile (FADMA), Detergents Production, Huawei Authorized Information and Network Academy (HAINA).</p> <p>a) Introduced students' smart cards to increase efficiency in students' revenue collections.</p> <p>b) Integrated ERP system with the University's bankers in order to facilitate efficient revenue collection and ensure convenience to the paying customers.</p> <p>c) Adoption of online payments to the University service providers thus ensuring efficiency and convenience.</p> <p>d) Timely payments of statutory obligations to ensure compliance with the statutory requirements and avoid penalties and interests charged on late payments.</p> <p>e) Timely payment to service providers to avoid conflicts, penalties thus ensuring the University's compliance to Government directive on pending bills.</p>





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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<p>h. Improve efficiency and effectiveness in expenditure control.</p>	<p>f) Initiated measures to ensure achievement of less than 1% of the recurrent budget is carried over at the end of the financial year as pending bills.</p> <p>a) Implemented prudent budget control measures to ensure the University does not operate on a deficit budget.</p> <p>b) Incorporates public participation in the development of the University's budget to ensure spending on priority areas.</p> <p>c) Adherence to a commitment of payment of 60% by staff from the private sector before accessing services in the university hotel. Reminders to debtors on payment of hotel debts.</p>





Machakos University

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## **CORPORATE GOVERNANCE STATEMENT**

Good corporate governance is key to the integrity of state corporations and is central to its sustainability. Corporate governance plays a leading role in how corporations and their boards and management are directed, controlled and held to account. Corporate governance, therefore, encompasses the systems, practices and procedures by which the individual corporation is regulated in order to remain competitive, ethical, sustainable and fair.

Machakos University Council adheres to principles of openness, integrity and accountability in its stewardship of the University's affairs. It recognizes the developing nature of corporate governance and assesses the University's compliance with generally accepted corporate governance practice on a regular basis, directly and through its Council committees and management. The role of the Council is to ensure conformance by focusing on and providing the University's overall strategic direction and policy-making as well as performance review through accountability and ensuring appropriate monitoring and supervision. The Council is also responsible for the overall system of internal control and for reviewing its effectiveness. The controls are designed to both safeguard the University's assets and ensure the reliability of financial information.

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

### **1. University Council**

The University Council consists of the Chairman and eight members, who have been appointed in accordance with the Universities Act (2012). The full University Council meets at least four times a year.

The Council is responsible for setting the direction of the University through the establishment of strategic objectives, key policies and approval of budgets. It monitors the implementation of strategies and policies through a structured approach of reporting by management and consequent accountability.





**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

The Council is actively involved and brings strong independent judgment on its deliberations and discussions. The University Council members have diverse skill set, a wide range of knowledge and experience of University setting that is applied to the formulation of strategic objectives and decision making. The Council meets regularly and retains full and effective control over the University in all strategic, financial, operational and compliance areas. The University council held the following full council meetings during the 2019/2020 financial year:

Name	Designation	No. of Meetings	Meetings attended
Prof. Gideon Billy Hanjari	Chairman of Council	11	11
Ms. Florence Muthoni	Council Member	11	11
Mr. Richard Mativu	Council Member	11	6
Ms. Harriette Chiggai	Council Member	11	5
Ms. Lorna Mbatia	Council Member	11	6
Mr. Patrick Abelle	Council Member	11	11
Mr. Peter Njoroge	Rep. CS, TNT	11	11
Mr. Paul Mwangi	Rep. PS, MoEST	11	11
Prof. Lucy Irungu	Secretary of Council	11	11

**Note:** The meetings include seven (7) Special Meetings of council.

**COUNCIL COMMITTEES**

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

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

**Membership**

- (1) Ms. Harriette Chiggai - Chairman
- (2) Ms. Lorna Mbatia - Council Member
- (3) Mr. Paul Mwangi – Rep - PS, State Department of University Education and Research
- (4) Mr. Peter Njoroge - Representative - Cabinet Secretary, The National Treasury
- (5) Prof. Lucy Irungu (Vice-Chancellor) – Secretary





**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**Responsibilities:**

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

Meetings held during the 2019/2020 financial year:

<b>Name</b>	<b>Designation</b>	<b>No. of Meetings</b>	<b>Meetings attended</b>
Ms. Harriette Chiggai	Chairman	5	5
Ms. Lorna Mbatia	Member	5	2
Mr. Peter Njoroge	Rep. CS, TNT	5	5
Mr. Paul Mwangi	Rep. PS, MoEST	5	5
Prof. Lucy Irungu	Secretary	5	5

**Note:** The meetings include one (1) Special Meeting of the council committee.

**2. ACADEMIC AFFAIRS COMMITTEE**

**Membership**

- (1) Mr. Patrick Abelle – Chairman
- (2) Ms. Florence Muthoni - Council Member
- (3) Mr. Paul Mwangi – Rep, PS, State Department of University Education and Research
- (4) Mr. Peter Njoroge – Representative - Cabinet Secretary, The National Treasury
- (5) Prof. Lucy Irungu (Vice-Chancellor) - Secretary





**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**Responsibilities:**

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

Meetings held during the year

<b>Name</b>	<b>Designation</b>	<b>No. of Meetings</b>	<b>Meetings attended</b>
Mr. Patrick Abelle	Chairman	3	3
Ms. Florence Muthoni	Member	3	3
Mr. Peter Njoroge	Rep. CS, TNT	3	2
Mr. Paul Mwangi	Rep. PS, MoEST	3	3
Prof. Lucy Irungu	Secretary	3	3

**3. HUMAN RESOURCES COMMITTEE**

**Membership**

- (1) Ms. Lorna Mbatia - Chairman
- (2) Mr. Richard Mativu - Council Member
- (3) Mr. Paul Mwangi – Rep - PS, State Department of University Education and Research
- (4) Mr. Peter Njoroge - Representative - Cabinet Secretary, The National Treasury
- (5) Prof. Lucy Irungu (Vice-Chancellor) - Secretary

**Responsibilities:**

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





**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

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

Meetings held during the year

<b>Name</b>	<b>Designation</b>	<b>No. of Meetings</b>	<b>Meetings attended</b>
Ms. Lorna Mbatia	Chairman	4	3
Mr. Richard Mativu	Member	4	4
Mr. Peter Njoroge	Rep. CS, TNT	4	4
Mr. Paul Mwangi	Rep. PS, MoEST	4	4
Prof. Lucy Irungu	Secretary	4	4

**Note:** The meetings include one (1) Special Meeting of the council committee.

**4. AUDIT AND COMPLIANCE COMMITTEE**

**Membership**

- (1) Ms. Florence Muthoni - Chairman
- (2) Mr. Richard Mativu - Council Member
- (3) Mr. Paul Mwangi – Rep - PS, State Department of University Education and Research
- (4) Mr. Peter Njoroge - Representative - Cabinet Secretary, The National Treasury
- (5) CPA John Ngure (Chief Internal Auditor) - Secretary

**Responsibilities:**

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





**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

- (5) To initiate special audits and or investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer; and
- (6) To exercise such other powers as the Council may from time to time delegate to the Committee

Meetings held during the year

Name	Designation	No. of Meetings	Meetings attended
Ms. Florence Muthoni	Chairman	8	8
Mr. Richard Mativu	Member	8	4
Mr. Patrick Abelle	Member	8	6
Mr. Peter Njoroge	Rep. CS, TNT	8	7
Mr. Paul Mwangi	Rep. PS, MoEST	8	5
CPA John Ngure	Secretary	6	6

**Note:** The meetings include four (4) Special Meetings of the council committee.

Besides the four main Council committees, there also exist other ad-hoc committees namely:

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

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

1. Appointments committee meetings

Name	Designation	No. of Meetings	Meetings invited	Meetings attended
Prof. Gideon Billy Hanjari	Chairman of Council	1	1	1
Ms. Lorna Mbatia	Council Member	1	1	1
Prof. Lucy Irungu	Secretary of Council	1	1	1





**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**2. Staff Appeals committee meeting**

<b>Name</b>	<b>Designation</b>	<b>No. of Meetings</b>	<b>Meetings attended</b>
Prof. Gideon Billy Hanjari	Chairman of Council	1	1
Mr. Patrick Abelle	Council Member	1	1
Mr. Peter Njoroge	Rep. CS, TNT	1	1
Prof. Lucy Irungu	Secretary of Council	1	1

**3. Graduation and Sealing committee meeting**

<b>Name</b>	<b>Designation</b>	<b>No. of Meetings</b>	<b>Meetings attended</b>
Prof. Gideon Billy Hanjari	Chairman of Council	1	1
Mr. Patrick Abelle	Council Member	1	1
Prof. Lucy Irungu	Secretary of Council	1	1

**2. Council Members’ Remuneration**

Sitting allowance for council members, monthly honoraria and telephone services for the chairman are guided by circular No. OP/CAB.9/21/2A/LII/43 dated 23rd November, 2004. The daily subsistence allowance of Kshs. 18,200.00 is guided by circular No. OP/SCAC.9/21.2VOL1 (164) dated 28th April, 2015. The remuneration for Council members consists of Chairman’s monthly honoraria in addition to the sitting and subsistence allowances, together with mileage reimbursement for the services of council members in connection with council & council committee meetings during the financial year ended 30<sup>th</sup> June, 2020 are outlined under **Note 10 on page 24** of the Report and Financial Statements (Council expenses)

**3. Succession Plan**

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

**4. Board Charter**

Machakos University Council has a board charter. The Council is also guided by Mwongozo Code of Governance.

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

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





**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**6. Induction and Training**

The current Machakos University Council members were inducted from 25<sup>th</sup>–27<sup>th</sup> February, 2019. The council members attended a risk management training on 12<sup>th</sup> and 13<sup>th</sup> March 2020 and an online training for five days from 15<sup>th</sup> June 2020 to 19<sup>th</sup> June 2020.

<b>Name</b>	<b>Designation</b>	<b>Days of Trainings</b>	<b>Days attended</b>
Prof. Gideon Billy Hanjari	Chairman of Council	7	7
Ms. Florence Muthoni	Council Member	7	7
Mr. Richard Mativu	Council Member	7	7
Ms. Harriette Chiggai	Council Member	7	7
Ms. Lorna Mbatia	Council Member	7	7
Mr. Patrick Abelle	Council Member	7	7
Mr. Peter Njoroge	Rep. CS, TNT	7	7
Mr. Paul Mwangi	Rep. PS, MoEST	7	7
Prof. Lucy Irungu	Secretary of Council	7	7

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

Owing to changes in membership of Machakos University Council on 15<sup>th</sup> October, 2018, the Council performance evaluation exercise was postponed from December, 2018. The evaluation was conducted on 13<sup>th</sup> February 2020 by the State Corporations Advisory Commission (SCAC) and the submission of the report done on 19<sup>th</sup> February 2020.

<b>Name</b>	<b>Designation</b>	<b>No. of meetings</b>	<b>Meetings attended</b>
Prof. Gideon Billy Hanjari	Chairman of Council	2	2
Ms. Florence Muthoni	Council Member	2	2
Mr. Richard Mativu	Council Member	2	2
Ms. Harriette Chiggai	Council Member	2	-
Ms. Lorna Mbatia	Council Member	2	2
Mr. Patrick Abelle	Council Member	2	2
Mr. Peter Njoroge	Rep. CS, TNT	2	2
Mr. Paul Mwangi	Rep. PS, MoEST	2	2
Prof. Lucy Irungu	Secretary of Council	2	2

**8. Conflict of interest**

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

**9. Ethics and Conduct**

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





## **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

### **10. Governance Audit**

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

### **11. Internal Controls**

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

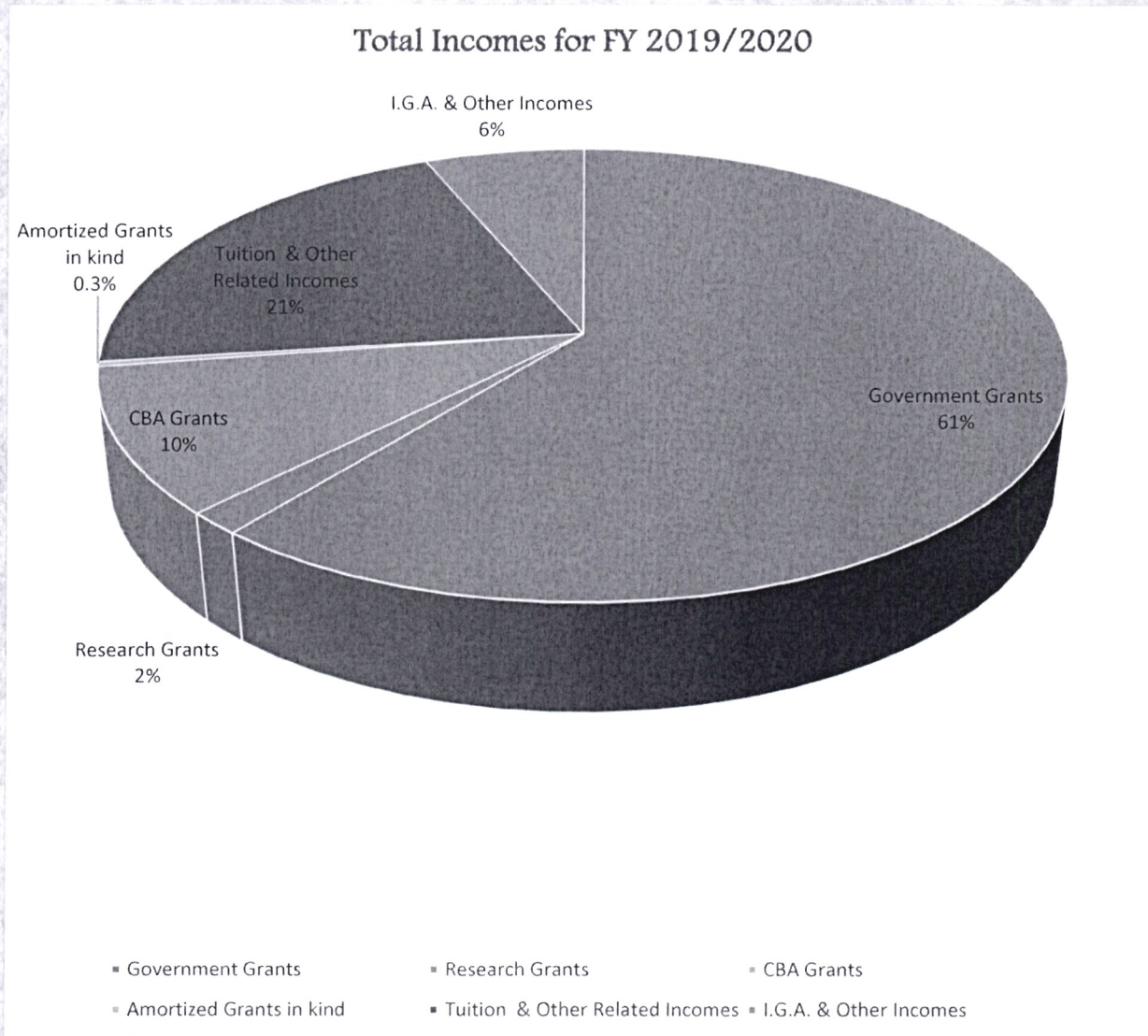
### **12. Going Concern**

The University Council confirms that Machakos University has adequate resources to continue in operation for the foreseeable future and therefore, the continued use of going concern as a basis of preparing the financial statements





**MANAGEMENT DISCUSSION AND ANALYSIS**  
**SECTION A**  
**OPERATIONAL AND FINANCIAL PERFORMANCE**  
**A) INCOME ANALYSIS:**

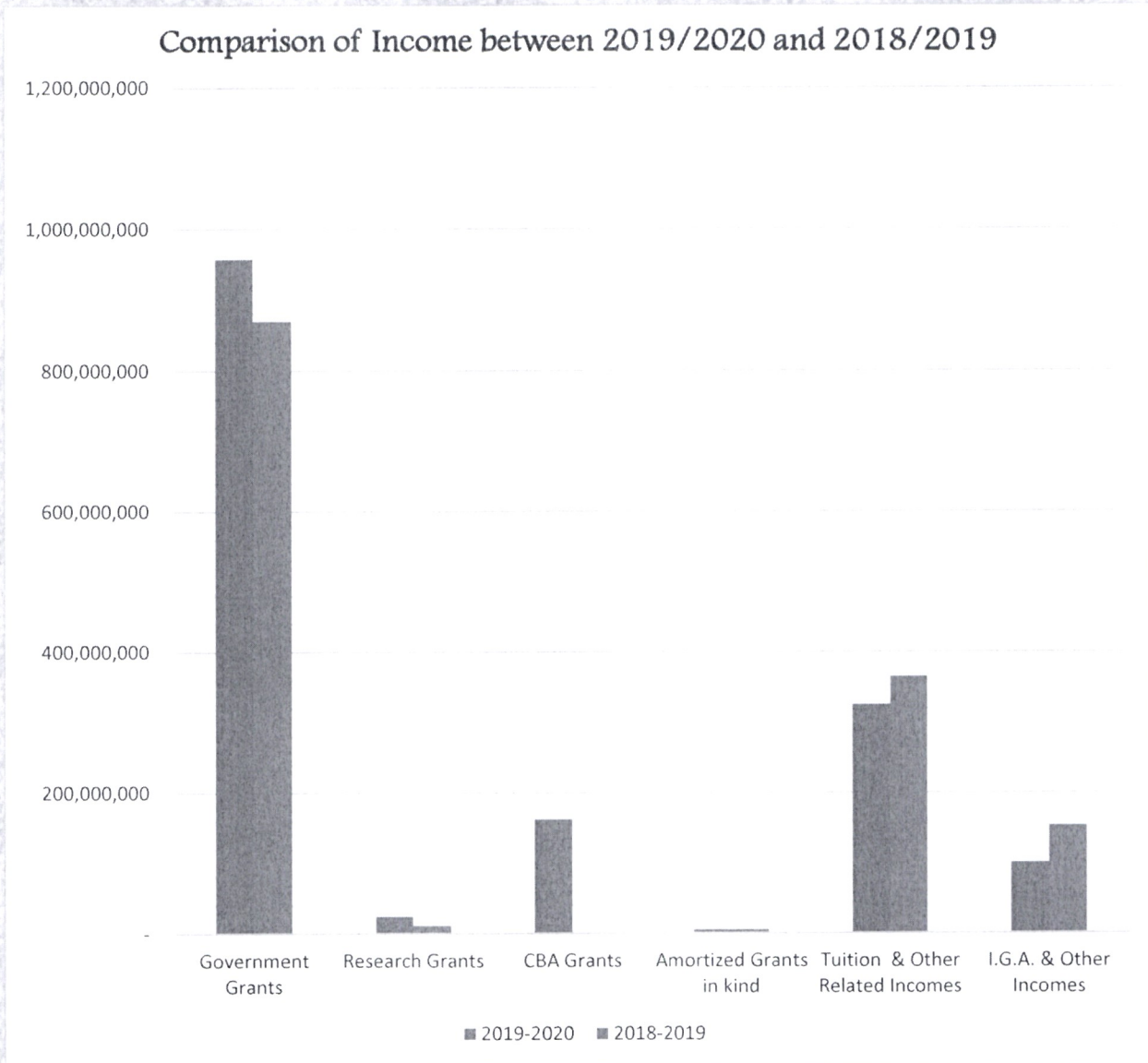


During the 2019/2020 financial year, Government grants contributed to 61% of the total recurrent incomes while tuition and its related incomes contributed to 21%. Income generating activities and research contributed to 6% and 2% respectively. The University mostly depended on grants from the government to execute its operations. During the year CBA grants amounting to 10% of the total recurrent income were also realized.





**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**



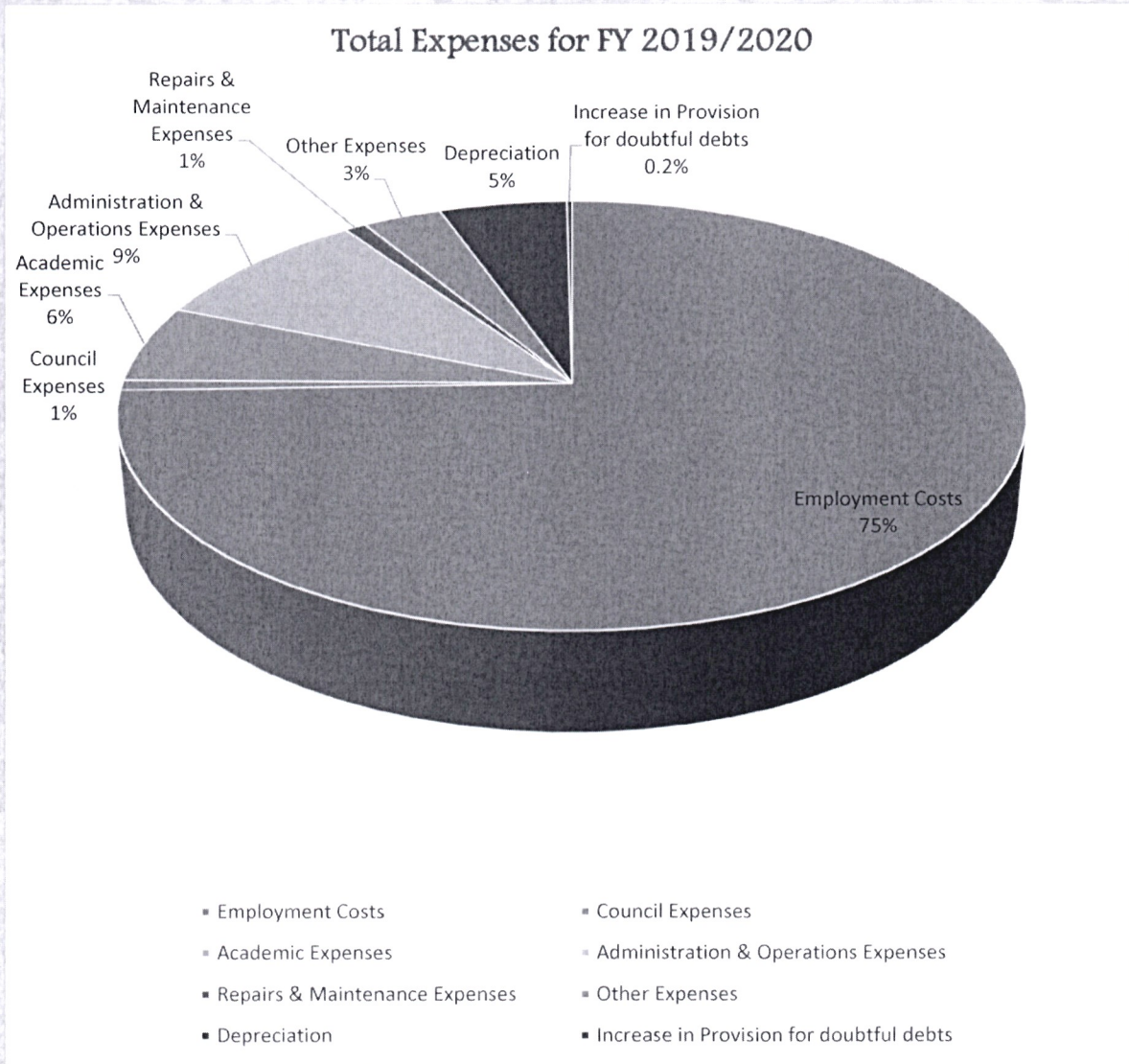
There was a substantial improvement of government grants in 2019/2020 financial year compared to 2018/2019 financial year. However, the tuition and related income together with incomes from generating activities dropped due to the effect of Covid-19 pandemic in the third and fourth quarters of the year. During the financial year there were CBA grants realized amounting to 162 million.





**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

**B) EXPENDITURE ANALYSIS**

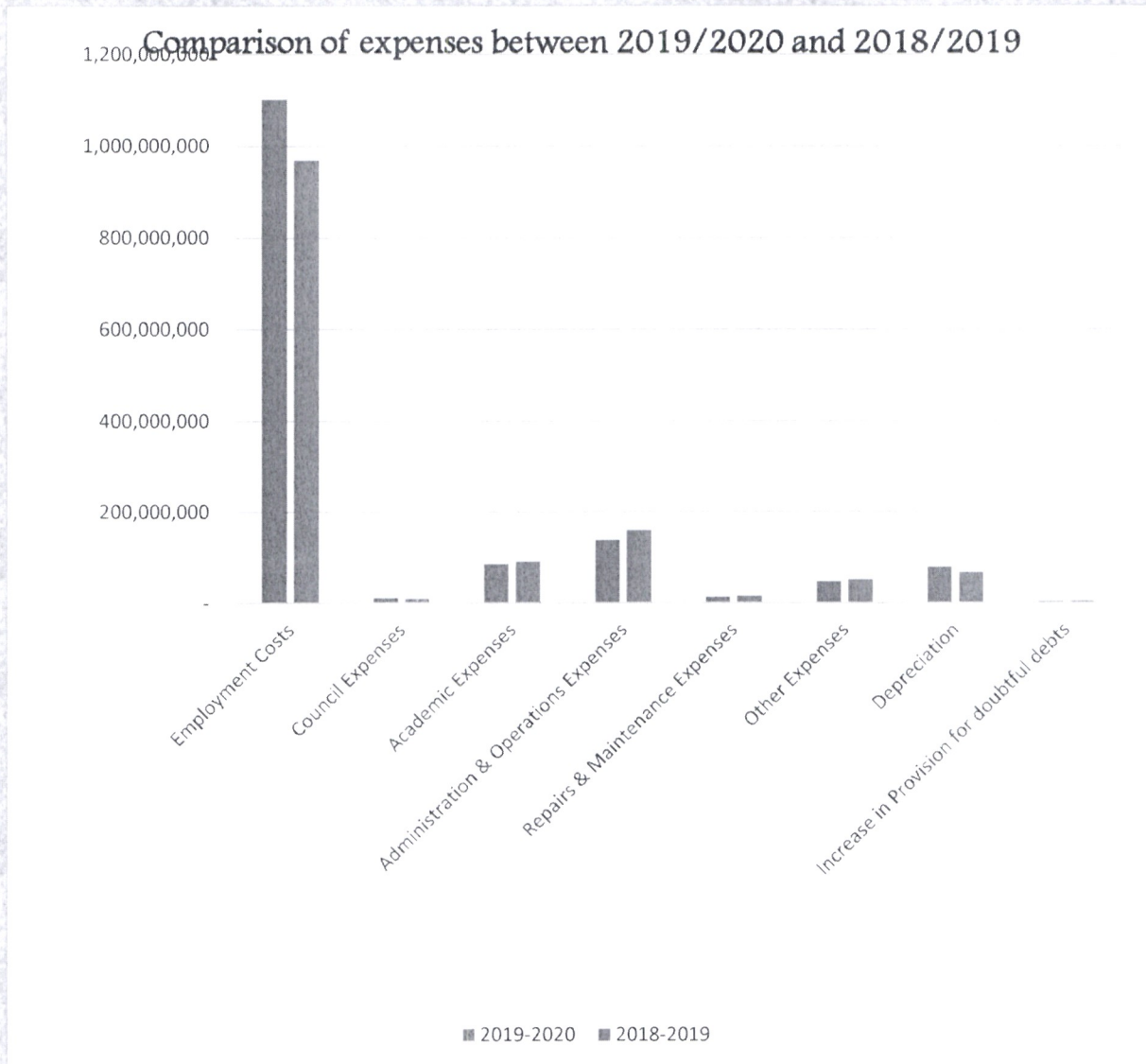


During the 2019/2020 financial year, employment costs took the highest amount of recurrent expenditure with 75%. Employment expenses include a provision of 96.3 million for the payment of 2017-2020 CBA arrears. Administrative and operations expenses formed 9% with the academic expenses taking 6% of the total recurrent expenses. The council expenses were 1% of the total recurrent expenditure.





**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**



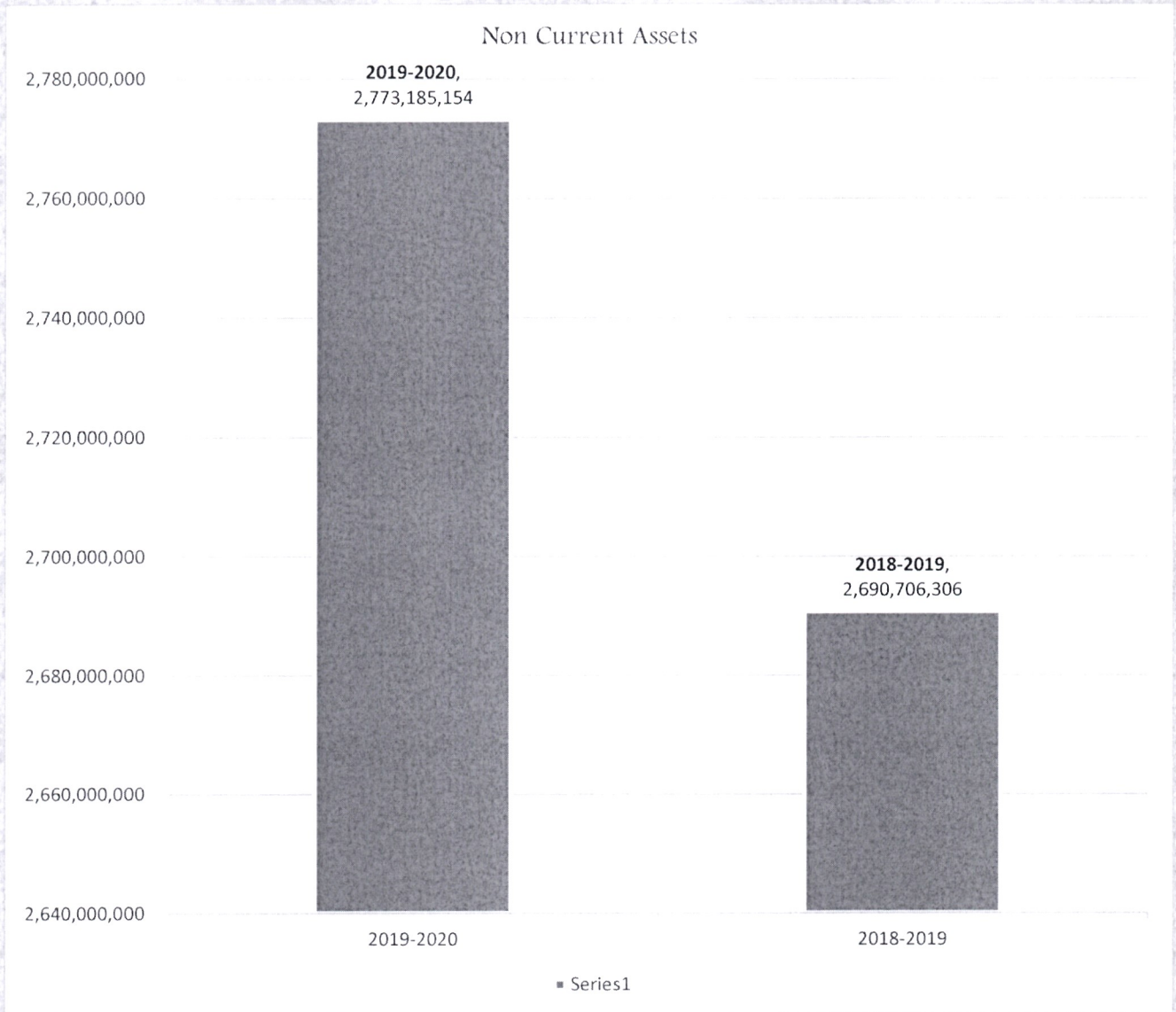
The financial year had a substantial increase in employment costs; increasing by 134 million due to the Kshs. 96.3 million provided for payment of 2017-2021 CBA arrears. Administrative and operation expenses decreased by 21 million while academic expenses decreased by 5 million due to minimal operations after the global effect of Covid-19 pandemic. Council expenses increased by 1 million while other expenses decreased by 4.7 million due to closing of operations in the Le Technisch hotel in the whole of fourth quarter.





**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

**C) STATEMENT OF THE FINANCIAL POSITION**



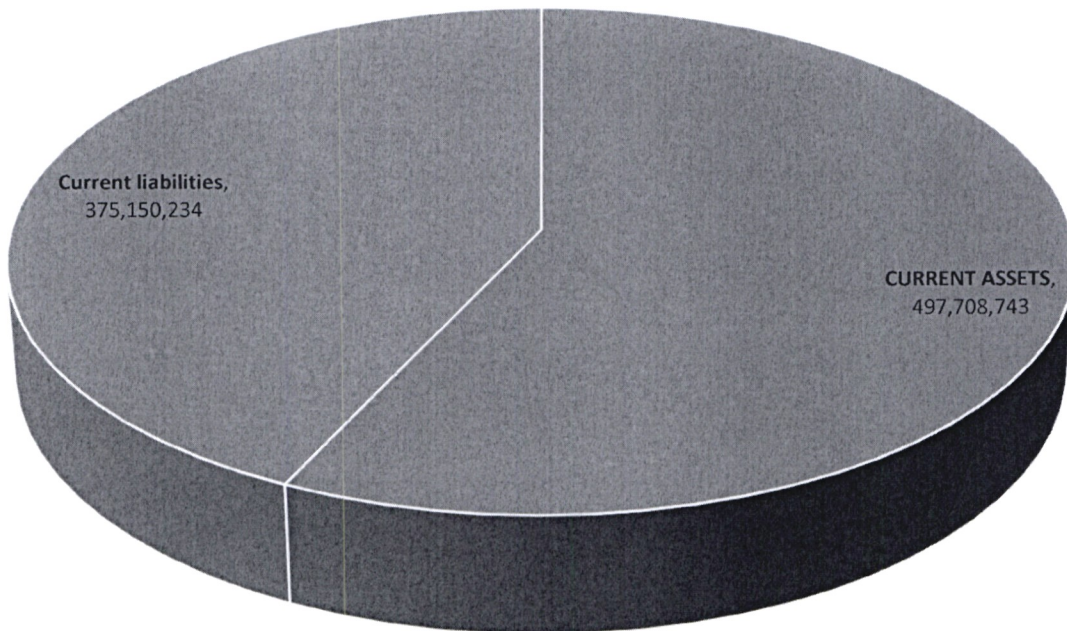
The fixed assets of the University increased from 2.6 billion in 2018/2019 financial year to 2.7 billion in the 2019/2020 financial year. The increase in the asset base of the university is attributed to the continued implementation of the ongoing capital project i.e. tuition and office block and the renovations of the old buildings.





**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

Current Assets Vs Current liabilities



■ CURRENT ASSETS   ■ Current liabilities

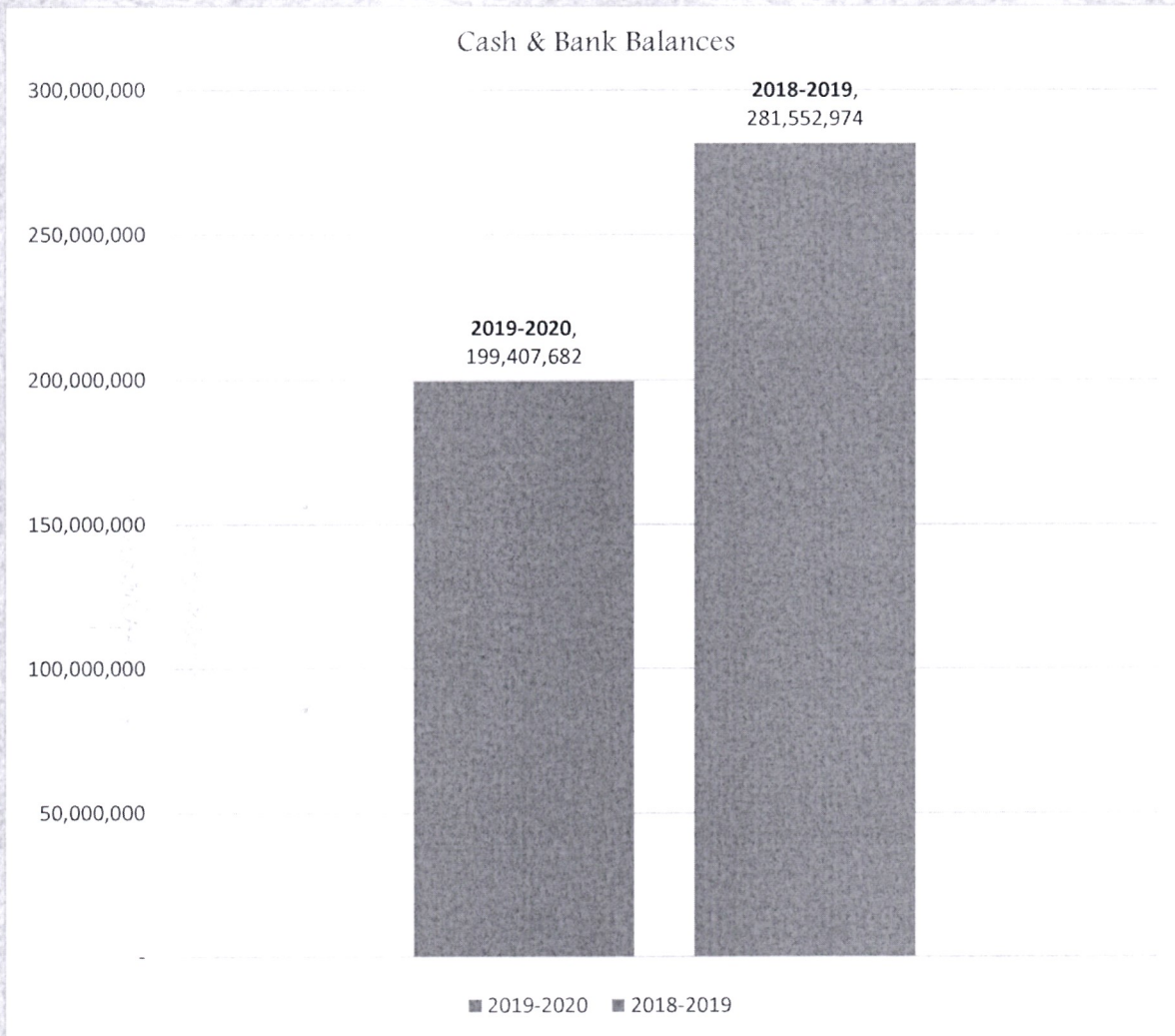
The University closed the financial year with current assets of Kshs. 497 million which are able to cater for the current liabilities of Kshs. 375 million. This implies that the liquidity of the University is favourable as at the end of the 2019/2020 financial year.





**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

**D) STATEMENT OF CASHFLOWS AS AT 30<sup>TH</sup> JUNE 2020**



The University closed the financial year with cash and cash equivalent of Kshs. 199.4 million compared to the Kshs. 281.5 million in the 2018/2019 financial year. The University cleared the outstanding recurrent and capital creditors carried forward from the previous financial year hence the decrease.





## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### SECTION B

#### KEY PROJECTS AND INVESTMENT DECISIONS PLANNED AND IMPLEMENTED

Within the financial year ended 30<sup>th</sup> June 2020, the University has been implementing the following projects in order of priority:

S/No	Project	% of Completion	Financing of the project	Remarks
1.	Tuition and Office Block	43	G.O.K	On-going and but behind schedule
2.	Lift installation in the institutional management Training Facility	100	A.I.A	Complete
3.	Development of Sports and Games facility (phase I)	2	A.I.A	On-going and on schedule

Funding for the projects was based on expected development grants. However, the Government funding policy was reviewed and release of funds is only based on the projects listed in the printed estimates. The Government Priority is also to fund ongoing projects before embarking on new ones.

The University received Kshs. 70,390,829 as development grants during the year which has speeded up the implementation of the on-going development projects. However, the government slashed the budget for the project by Kshs. 120 million.

### SECTION C

#### COMPLIANCE WITH STATUTORY REQUIREMENTS

During the financial year the University complied with all statutory requirements. The Institution does not have any non-compliance that may result to any potential litigation issues or exposure to contingent liabilities.





## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### SECTION D: MAJOR RISKS

#### OPERATIONAL RISKS

This is loss resulting from inadequate or failed procedures, systems or policies including:

- 1) Failure to collect the full income owing
- 2) Some students fail to pay their full fees
- 3) Some debtors from non-tuition activities delay paying for services rendered.
- 4) The University is facing the risk of insecurity which is prevalent in the country
- 5) The University is faced by the global effects of the Covid-19 pandemic

#### Risk Mitigation Strategies

- 1) Strict enforcement of the fees payment policy
- 2) Enhancing debt collection measures
- 3) Enforcement of the 100% payment for the Hotel
- 4) Negotiation and mediation on legal matters
- 5) Installation of biometric systems, engaging armed police officers and outsourcing the security services
- 6) Implementation of government measures to contain covid-19

#### MARKET RISKS

These are losses due to factors that affect the overall performance of market including:

- 1) Risk of not attracting enough module two students due to the competition from other universities.
- 2) Risk of failing to attract enough specialist lecturers to act as thematic leaders due to competition.

#### Risk Mitigation strategies:

- 1) Aggressive marketing of programmes
- 2) Enhance the diversity and quality of the University programmes
- 3) Enhancing the staff working environment and improving staff welfare

#### CAPITAL RISKS

The University is not exposed to any capital risks.





## **MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

### **LIQUIDITY RISK**

This is termed to be the inability to meet short term financial demands. This usually occurs due to the inability to convert assets like debts to cash.

#### **Risk Mitigation strategies:**

- 1) Step up efforts to collect the outstanding fees and aggressive debt collection at the hotel

## **SECTION E**

### **MATERIAL ARREARS IN STATUTORY AND OTHER FINANCIAL OBLIGATIONS**

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

## **SECTION F**

### **FINANCIAL PROBITY AND SERIOUS GOVERNANCE ISSUES**

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

There are no governance issues among the members of the Council and between the Council and management team, including conflict of interest. This has been due to the cordial working relationship between the council and management of the University as well as adherence to constitutional requirements and guidelines.





**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Machakos University being a public entity embraces the policy of Corporate Social Responsibility (CSR) through engaging herself with the following amongst many social responsibilities:

**(a) Charitable Activities**

The University has been offering financial support to the needy students through coordinating bursary support opportunities and sponsorship to such cadre of students where possible as well as work-study programme

**(b) Environmental Improvement activities**

Participating in environmental awareness through presidential award scheme and introduction of communal monthly cleaning day (Ngwatanio) has been one of the environmental activities of the Institution.



Cleaning during the MksU environmental and cleaning day





*Machakos University*

*Financial year Reports and Financial statements for the year ended June 30, 2020*

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING (CONTINUED)**

The University actively participated in tree planting in collaboration with Machakos County and Kenya forest service. Machakos University participated in tree planting in various primary schools, churches and Machakos University environment.



The Vice Chancellor during Tree planting day

**(c) Academic Mentorship**

Machakos University was involved in offering career advice to students within and around Machakos County during the financial year. The University also offered internship and industrial attachment to youth from the surrounding community and Institutions.





*Machakos University*  
*Financial year Reports and Financial statements for the year ended June 30, 2020*

**REPORT OF THE UNIVERSITY COUNCIL**

Machakos University Council submit their report together with the audited financial statements for the year ended June 30, 2020 which shows the state of Machakos University affairs.

**Principal activities**

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

**Results**

The results of Machakos University for the year ended June 30, 2020 are set out on **page 1 to 11**

**University Council Members**

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

**Auditors**

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

By Order of the University Council

Prof. Lucy W. Irungu

VICE CHANCELLOR/COUNCIL SECRETARY

Date: 15.12.2020.....





Machakos University

Financial year Reports and Financial statements for the year ended June 30, 2020

## STATEMENT OF UNIVERSITY COUNCIL'S RESPONSIBILITIES

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

The council is responsible for the preparation and presentation of Machakos University financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial period ended on June 30, 2020. This responsibility includes: (i) maintaining adequate management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and

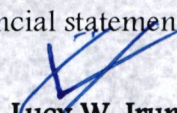
ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying accounting policies; and (vi) making accounting estimates that are reasonable in circumstances.

The Council accepts responsibility for Machakos University financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, and in conformity with International Public-Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act, 2012 and State Corporations Act Cap 446. The Council is of the opinion that Machakos University financial statements give a true and fair view of the state of the University transactions during the year ended June 30, 2020, and of its financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

The term of the University council lapsed on 14<sup>th</sup> August 2020. By the time the financial statements were submitted on 30<sup>th</sup> September 2020, the new council had not been appointed. Therefore, the financial statements were not adopted by the university council.

  
**Prof. Lucy W. Irungu**  
**Vice Chancellor/Council Secretary**

**Prof. Gideon Billy Hanjari**  
**Chairman of Council**

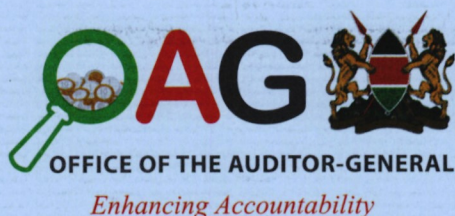
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# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON MACHAKOS UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Machakos University set out on pages 1 to 32, which comprise the statement of financial position as at 30 June, 2020, and statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget versus actual amounts for the year then ended and 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 Machakos University as at 30 June, 2020 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

#### Basis for Qualified opinion

##### 1. Adoption of the Annual Report by the University Council

The Statements of the Chairman's and that of the University Council responsibilities at pages xii and lvi of the annual report were not signed by the Chairman contrary to Public Finance Management Act, 2012 section 81(3) which states that 'The accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.' Management however, indicated that the term of the Council lapsed on 14 August, 2020 before the annual report and financial statements were signed and will therefore await the appointment of the next council.

To the extent, the ownership by the University Council of the financial statements prepared and presented for the year ended 30 June, 2020 and compliance with the Act could not be confirmed.

## **2. Trade and Other Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.271,912,336;(2019-Kshs.179,141,263) and as disclosed under Note 16 to the financial statements. A review of the schedules provided in support of the balance revealed the following anomalies:

### **2.1. Erroneous Intra-University Trade Receivable Balance**

Included in the trade receivables balance is intra-university receivable balance of Kshs.2,288,480 which ought to have been excluded in the trade and other receivables balance. Management explained the debt arose from meals provided by a hotel operated as an income generating project. However, the hotel is owned by the University and does not prepare accounts separately.

Consequently, the accuracy, and completeness of the trade and other receivables balance of Kshs.271,912,336 as at 30 June, 2020, could not be confirmed.

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

The statement of financial performance reflects employment costs of Kshs.1,102,821,833 and as disclosed under Note 9 to the financial statements. Scrutiny of the University's

payrolls for the year under audit revealed that two hundred-and-twenty (220) employees were earning net salaries of below a third of their basic salaries. This is contrary to the provisions of section 19(3) of the Employment Act, 2007 which stipulates that total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

## **2. Projects Implementation**

The statement of financial position reflects Property, Plant & Equipment (PPE) balance of Kshs.2,773,185,154; (2019-Kshs.2,690,706,306) and as disclosed under Note 15 to the financial statements. However, the following anomalies were noted:

### **2.1 Delayed Completion of Tuition and Office Block**

Included in the balance is Work-in-Progress of Kshs.347,075,206 is Kshs.351,345,606 relating to ongoing works on tuition and office block. The contract for the construction was awarded on 6 July, 2017, at a sum of Kshs.986,761,115 over a 3 years period. However, as at the time of this audit in October, 2020, the project was at 54% completion level, 3 months after the lapse of the contract period. A review of the approved budget for the year under review, revealed that only Kshs.70,390,829 had been allocated to the project which is inadequate to cover the outstanding contract sum of Kshs.639,685,909.

In the circumstances, the project implementation is behind schedule and the likelihood for cost escalation may hinder the University to obtain value for money from the investment.

### **2.2 Delayed Implementation of Sports and Games Facility**

The Work-in-Progress (WIP) includes an amount of Kshs.1,723,600 in respect to construction of a sports and games facility which had no budgetary allocation. No works were carried out during the year. Management explained that approval which was earlier given by the National Environment Management Authority (NEMA) was withdrawn by Water Resource Authority (WRA) on the basis that an environmental impact assessment report on the proposed project did not explain how it would interact with the riparian land.

It was therefore, not clear if the project will be approved for implementation by the Authority and whether value for money will be realized from the amount incurred of Kshs.1,723,600 on preliminaries.

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

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

## **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters raised 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**

### **Long Outstanding Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.271,912,336;(2019-Kshs.179,141,263) and as disclosed under Note 16 to the financial statements. Included in this balance are student fees arrears amounting to Kshs.131,192,932 out of which Kshs.49,149,961 has been outstanding for over five (5) years with some dating back to 2010. Also included in the balance is Kshs.65,332,930 in respect of trade debtors out of which debts amounting to Kshs.15,664,304 has been outstanding for over (2) years with some dating back to 2013.

Although provision for bad and doubtful debts of Kshs.25,935,390 has been made against the trade and other receivables, there is no evidence of tangible efforts being undertaken by Management towards recovery of the long outstanding debts.

Consequently, the accuracy, and fair statement of the trade and other receivables balance of Kshs.271,912,336 as at 30 June, 2020, 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and 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 the sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the University or to cease operations.

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

01 February, 2022





Machakos University

Financial year Reports and Financial statements for the year ended June 30, 2020

**STATEMENT OF FINANCIAL PERFORMANCE**

<b><u>INCOME</u></b>	<b>Notes</b>	<b>2019-2020 Ksh</b>	<b>2018-2019 Ksh</b>
<b>Revenue from non-exchange transactions</b>			
Government Grants	5(a)	957,026,140	869,524,574
Research Grants	5(b)	25,034,933	11,804,185
CBA Grants	5(c)	162,185,049	-
Amortized Grants in kind	6	5,291,077	5,291,077
		<b>1,149,537,199</b>	<b>886,619,836</b>
<b>Revenue from exchange transactions</b>			
Tuition & Other Related Incomes	7	324,923,438	364,937,509
I.G.A. & Other Incomes	8	100,045,248	152,709,209
		<b>424,968,686</b>	<b>517,646,718</b>
<b>Total Income</b>		<b>1,574,505,885</b>	<b>1,404,266,553</b>
<b>EXPENDITURE</b>			
Employment Costs	9	1,102,821,833	968,447,713
Council Expenses	10	11,317,002	10,254,154
Academic Expenses	11	85,631,771	90,909,070
Administration & Operations Expenses	12	138,277,309	159,693,743
Repairs & Maintenance Expenses	13	13,186,030	16,055,504
Other Expenses	14	47,683,067	52,436,277
Depreciation	15	77,929,558	68,005,574
Increase in Provision for doubtful debts	16(a)	3,155,187	4,604,560
<b>Total Expenditure</b>		<b>1,480,001,756</b>	<b>1,370,406,594</b>
<b>Surplus / Deficit</b>		<b>94,504,129</b>	<b>33,859,960</b>

The notes set out on pages 12 to 31 form an integral part of the Financial Statements.







Machakos University

Financial year Reports and Financial statements for the year ended June 30, 2020

STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>Notes</u>	<u>2019-2020</u> Ksh	<u>2018-2019</u> Ksh
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	15	2,773,185,154 <b>2,773,185,154</b>	2,690,706,306 <b>2,690,706,306</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Stocks-Inventories	17	26,388,725 <b>26,388,725</b>	16,271,882 <b>16,271,882</b>
<b>Trade and other Receivables</b>			
Exchange transactions	16(a)	173,159,139	174,033,382
Non-Exchange transactions	16(b)	98,753,197 <b>271,912,336</b>	5,107,881 <b>179,141,263</b>
<b>Cash &amp; Bank balances</b>	18	<b>199,407,682</b>	<b>281,552,974</b>
<b>Sub-total</b>		<b>497,708,743</b>	<b>476,966,120</b>
<b>Total Assets</b>		<b><u>3,270,893,898</u></b>	<b><u>3,167,672,426</u></b>
<b>CAPITAL FUNDS &amp; LIABILITIES</b>			
<b>Net Assets</b>			
Capital Reserve	19	2,962,099,567	2,927,203,259
Revenue Reserve	20(a)	(75,047,197)	(166,432,329)
Deferred Income	20(b)	8,691,294	13,982,371
<b>Sub-total</b>		<b>2,895,743,663</b>	<b>2,774,753,301</b>
<b>Current liabilities</b>			
Trade and other Payables	21	375,150,234	392,919,125
<b>Total Net Assets and Liabilities</b>		<b><u>3,270,893,898</u></b>	<b><u>3,167,672,426</u></b>

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

CPA Aileen Nyatuga  
Chief Finance Officer  
ICPAK No. 4943

Date .....14/12/2020.....

Prof. Lucy W. Irungu  
Vice Chancellor

Date ..15.12.2020.....

Prof. Gideon Billy Hanjari  
Chairman of Council

Date .....



*Machakos University*  
*Financial year Reports and Financial statements for the year ended June 30, 2020*

**STATEMENT OF CHANGES IN NET ASSETS**

Description	Capital Reserve Ksh	Revenue Reserve Ksh	Deferred Income Ksh	Total Ksh
<b>Balance as at 1st July 2018</b>	<b>2,606,063,018</b>	<b>(196,575,320)</b>	<b>19,273,448</b>	<b>2,428,761,146</b>
Additional Capital (Note 19)	257,500,000	-	-	257,500,000
Revaluation Reserve (Note 19)	63,640,241	-	-	63,640,241
Prior year Adjustments (Note 20)	-	(3,716,969)	-	(3,716,969)
Surplus for the year 2018/2019	-	33,859,960	-	33,859,960
Amortized for the year 2018/2019	-	-	(5,291,077)	(5,291,077)
<b>Balance as at 30th June 2019</b>	<b>2,927,203,259</b>	<b>(166,432,329)</b>	<b>13,982,371</b>	<b>2,774,753,301</b>
<b>Balance as at 1st July 2019</b>	<b>2,927,203,259</b>	<b>(166,432,329)</b>	<b>13,982,371</b>	<b>2,774,753,301</b>
Additional Capital (Note 19)	70,390,829	-	-	70,390,829
Revaluation Reserve (Note 19)	(35,494,521)	-	-	(35,494,521)
Prior year Adjustments (Note 20)	-	(3,118,997)	-	(3,118,997)
Surplus for the year 2019/2020	-	93,616,766	-	93,616,766
Amortized for the year 2019/2020	-	-	(5,291,077)	(5,291,077)
<b>Balance as at 30th June 2020</b>	<b>2,962,099,567</b>	<b>(75,934,560)</b>	<b>8,691,293</b>	<b>2,895,743,663</b>





Machakos University

Financial year Reports and Financial statements for the year ended June 30, 2020

STATEMENT OF CASH FLOWS

<u>Cash flows from Operating activities</u>	<u>Notes</u>	<u>2019-2020</u>	<u>2018-2019</u>
<b>RECEIPTS</b>		<b>Ksh</b>	<b>Ksh</b>
Revenue from non-exchange transactions	5	1,144,246,122	881,328,759
Revenue from exchange transactions	7/8	424,968,686	517,646,718
		<b>1,569,214,808</b>	<b>1,398,975,476</b>
<b>PAYMENTS</b>			
Employment Costs	9	1,102,821,833	968,447,713
Council Expenses	10	11,317,002	10,254,154
Academic Expenses	11	85,631,771	90,909,070
Administration & Operations Expenses	12	138,277,309	159,693,743
Repairs & Maintenance Expenses	13	13,186,030	16,055,504
Other Expenses	14	47,683,067	52,436,277
		<b>1,398,917,011</b>	<b>1,297,796,460</b>
<b>Cash flows from operating activities</b>		<b>170,297,797</b>	<b>101,179,016</b>
<b>Working Capital Adjustments</b>			
Change in Inventories	17	(10,116,843)	(4,219,964)
Change in Trade & Other Receivables	16	(95,926,260)	(41,542,780)
Prior year Adjustments	20	(3,118,997)	(3,716,969)
Change in Trade & Other payables	21	(17,768,891)	200,495,422
		<b>(126,930,991)</b>	<b>151,015,709</b>
<b>Net cash flows from operating activities</b>		<b>43,366,806</b>	<b>252,194,726</b>
<b>Cash flows from Investing activities</b>			
Purchase of Property, Plant & Equipment	15	(195,902,927)	(323,572,346)
Development grants for the year	19	70,390,829	257,500,000
<b>Net cash flows used in investing activities</b>		<b>(125,512,098)</b>	<b>(66,072,346)</b>
<b>Cash flows from Financing activities</b>		-	-
Net increase in cash & cash equivalents		(82,145,292)	186,122,379
Net cash & cash equivalents b/f		281,552,974	95,430,594
<b>Cash &amp; Bank balances as at 30th June</b>	<b>18</b>	<b><u>199,407,682</u></b>	<b><u>281,552,974</u></b>







Details	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Performance difference		Variance notes
	2019/2020	Ksh	2019/2020	Ksh	2019/2020	Ksh	2019/2020	Ksh	2019/2020	%	
11 Book & Research Allowances	3,436,000		-		3,436,000	3,100,000	336,000	10			
12 Other allowances	81,417,600		6,000,000		87,417,600	90,579,737	(3,162,137)	(4)			
13 CBA Arrears	-		96,306,002		96,306,002	96,306,002	-	-			
<b>Total Employment Costs</b>	<b>1,054,396,518</b>		<b>115,385,049</b>		<b>1,169,781,567</b>	<b>1,102,821,833</b>	<b>66,959,734</b>	<b>6</b>			
<b>Council Expenses</b>											
14 Council Expenses	10,000,000		2,500,000		12,500,000	11,317,002	1,182,998	9			
<b>Academic Expenses</b>											
15 Academic Dress	6,900,000		(50,000)		6,850,000	6,858,000	(8,000)	(0)			
16 Agricultural Training Farm	500,000		(100,000)		400,000	159,597	240,404	60			6
17 Alumni expenses	300,000		865,300		1,165,300	571,300	594,000	51			6
18 Bording/Accommodation Expenses	500,000		(100,000)		400,000	251,400	148,600	37			6
19 Catering Expenses	12,000,000		(200,000)		11,800,000	7,610,886	4,189,114	36			6
20 CUE Expenses	3,000,000		1,000,000		4,000,000	3,887,229	112,772	3			
21 Curriculum Development	1,000,000		(100,000)		900,000	80,000	820,000	91			6
22 Examinations expenses	12,000,000		-		12,000,000	8,658,971	3,341,029	28			6
23 Exhibitions & Shows	2,000,000		(1,100,000)		900,000	681,066	218,934	24			6
24 External Examination Expenses	3,500,000		(500,000)		3,000,000	667,079	2,332,921	78			6
25 External Research Grants Expense	30,000,000		-		30,000,000	20,952,644	9,047,357	30			6
26 Field Courses	1,200,000		(150,000)		1,050,000	412,070	637,930	61			6
27 Graduation Expense	9,000,000		500,000		9,500,000	9,915,473	(415,473)	(4)			
28 Industrial linkages	500,000		(300,000)		200,000	127,860	72,140	36			6
29 Innovation Fund	1,000,000		(100,000)		900,000	555,425	344,575	38			6
30 Internal Research Fund	6,000,000		-		6,000,000	3,407,448	2,592,552	43			6
31 KUCCPS Expenses	3,000,000		(200,000)		2,800,000	2,160,000	640,000	23			7
32 Lab Apparatus and Consumables	1,500,000		(200,000)		1,300,000	74,800	1,225,200	94			6





*Machakos University*  
*Financial year Reports and Financial statements for the year ended June 30, 2020*

Details	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Performance difference		Variance notes
	2019/2020		2019/2020		2019/2020		2019/2020		2019/2020		
	Ksh		Ksh		Ksh		Ksh		Ksh	%	
33	Regulatory Bodies Expense	1,000,000	(500,000)	500,000	4,000	496,000	99	6			
34	Senate and Senate committees	1,000,000	-	1,000,000	404,880	595,120	60	6			
35	Sports & Games	4,500,000	(600,000)	3,900,000	3,034,850	865,150	22	6			
36	Student Insurance Premium	4,500,000	-	4,500,000	2,971,075	1,528,925	34	6			
37	Student Medical Expenses	3,000,000	(500,000)	2,500,000	1,766,681	733,319	29	6			
38	Student Work Study	500,000	200,000	700,000	485,650	214,350	31	6			
39	Students' Activities	3,500,000	(200,000)	3,300,000	1,662,463	1,637,537	50	6			
40	Students Bursary Fund	1,000,000	-	1,000,000	1,000,000	-	-				
41	Students Industrial Attachment	1,500,000	4,000,000	5,500,000	2,611,534	2,888,466	53	6			
42	Students Scholarship	500,000	(500,000)	-	-	-	-				
43	Teaching Materials	9,000,000	(3,500,000)	5,500,000	1,335,799	4,164,201	76	6			
44	Teaching Practice	6,000,000	-	6,000,000	3,323,592	2,676,408	45	6			
	<b>Sub-Total</b>	<b>129,900,000</b>	<b>(2,334,700)</b>	<b>127,565,300</b>	<b>85,631,771</b>	<b>41,933,529</b>					
	<b>Administration and Operations Expenses</b>										
45	Advertising	4,500,000	(1,500,000)	3,000,000	1,650,556	1,349,444	45	6			
46	Association of Governing Councils	100,000	-	100,000	-	100,000	100	6			
47	Audit Fees	1,000,000	-	1,000,000	960,000	40,000	4				
48	Automation Services	4,000,000	(600,000)	3,400,000	1,199,800	2,200,200	65	8			
49	Bank Charges	1,000,000	2,200,000	3,200,000	2,258,759	941,242	29	9			
50	Chancellors Expenses	1,200,000	-	1,200,000	1,200,000	-	-				
51	Cleaning Materials & Sanitary Services	7,000,000	1,000,000	8,000,000	6,181,778	1,818,223	23	6			
52	Conferences, Workshops & Seminars	7,000,000	(4,615,300)	2,384,700	1,145,269	1,239,431	52	6			
53	Electricity Expenses	9,000,000	-	9,000,000	6,764,856	2,235,144	25	6			





**Machakos University**  
Financial year Reports and Financial statements for the year ended June 30, 2020

Details	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Performance difference		Variance notes
	2019/2020	Ksh	2019/2020	Ksh	2019/2020	Ksh	2019/2020	Ksh	2019/2020	%	
54 External Travel & Accommodation	2,000,000		(1,100,000)		900,000	379,957	520,043	58	6		
55 Healthcare services	60,000,000		5,500,000		65,500,000	66,019,161	(519,161)	(1)			
56 Hire of Facilities	200,000		(200,000)		-	-	-	-			
57 ICT Services & Internet	10,000,000		2,000,000		12,000,000	10,500,283	1,499,717	12	6		
58 Legal Fees	4,000,000		19,529		4,019,529	370,940	3,648,590	91	6		
59 Local air travel	300,000		(300,000)		-	-	-	-			
60 Management Capacity Building	1,000,000		-		1,000,000	36,000	964,000	96	6		
61 Management Meetings	1,500,000		(200,000)		1,300,000	314,820	985,180	76	6		
62 Marketing & Publicity	1,500,000		(200,000)		1,300,000	749,148	550,852	42	6		
63 Master Plan/Topo survey	1,000,000		(500,000)		500,000	-	500,000	100	6		
64 Newspapers & Magazines	1,414,000		(600,000)		814,000	592,100	221,900	27	6		
65 Office Consumables	1,500,000		-		1,500,000	955,171	544,829	36	6		
66 PC & ISO Expense	3,000,000		(1,000,000)		2,000,000	1,294,643	705,357	35	6		
67 Photocopy Services	100,000		-		100,000	6,328	93,672	94	6		
68 Printing and publishing	1,000,000		(500,000)		500,000	-	500,000	100	6		
69 Professional Fees	3,000,000		1,500,000		4,500,000	3,255,186	1,244,814	28	6		
70 Property Insurance	5,000,000		(500,000)		4,500,000	2,630,197	1,869,803	42	6		
71 Rent and Rates	200,000		-		200,000	-	200,000	100	10		
72 Security expenses	9,000,000		-		9,000,000	8,589,920	410,080	5			
73 Staff Development	3,500,000		(500,000)		3,000,000	1,744,334	1,255,666	42	6		
74 Staff Uniforms	700,000		-		700,000	11,000	689,000	98	6		
75 Staff Welfare	2,000,000		(200,000)		1,800,000	1,279,599	520,401	29	6		
76 Stationery Expenses	11,000,000		400,000		11,400,000	9,952,872	1,447,128	13	6		
77 Strategic Plan Activities	500,000		(100,000)		400,000	-	400,000	100	6		
78 Subscriptions & Registration Fees	2,000,000		(500,000)		1,500,000	1,262,193	237,807	16	6		
79 Telephone Expenses and Postage	1,000,000		-		1,000,000	964,549	35,451	4			
80 Travelling and Accommodation	7,000,000		(1,300,000)		5,700,000	4,624,288	1,075,712	19	6		





*Machakos University*  
*Financial year Reports and Financial statements for the year ended June 30, 2020*

Details	Original Budget		Adjustments		Final Budget		Actual on comparable basis			Performance difference		Variance notes
	2019/2020		2019/2020		2019/2020		2019/2020		2019/2020			
	Ksh		Ksh		Ksh		Ksh		Ksh	%		
81 University Committee Expenses	2,500,000		(600,000)		1,900,000		1,578,456		321,544	17	6	
82 Vice Chancellors Committee	200,000		-		200,000		94,350		105,650	53	6	
83 Water & Conservancy	10,000,000		700,000		10,700,000		9,827,641		872,359	8		
<b>Sub-Total</b>	<b>180,914,000</b>		<b>(1,695,771)</b>		<b>179,218,229</b>		<b>148,394,152</b>		<b>30,824,077</b>			
<b>Repairs and Maintenance Expenses</b>												
84 Generator fuel & Maintenance	1,500,000		(1,000,000)		500,000		100,270		399,730	80	11	
85 Grounds Maintenance	1,500,000		2,500,000		4,000,000		2,918,000		1,082,000	27	6	
86 Motor Vehicles fuel & maintenance	5,000,000		1,500,000		6,500,000		5,311,535		1,188,465	18	6	
87 Plant & Equipment Maintenance	1,000,000		(100,000)		900,000		275,960		624,040	69	6	
88 Repairs and Maintenance	7,000,000		(1,000,000)		6,000,000		4,580,264		1,419,736	24	6	
<b>Sub-Total</b>	<b>16,000,000</b>		<b>1,900,000</b>		<b>17,900,000</b>		<b>13,186,030</b>		<b>4,713,970</b>			
<b>Other Expenses</b>												
89 Le Technisch expenses	47,662,550		9,500,000		57,162,550		45,974,951		11,187,599	20	6	
90 Corporate social responsibility	300,000		200,000		500,000		360,338		139,662	28	6	
91 Endowment Fund	250,000		-		250,000		250,000		-	-		
92 Production Unit Expense	2,800,000		(500,000)		2,300,000		1,097,778		1,202,222	52	6	
<b>Sub-Total</b>	<b>51,012,550</b>		<b>9,200,000</b>		<b>60,212,550</b>		<b>47,683,067</b>		<b>12,529,483</b>			
<b>Total Recurrent Expenditure</b>	<b>1,442,223,068</b>		<b>124,954,578</b>		<b>1,567,177,646</b>		<b>1,409,033,854</b>		<b>158,143,792</b>			
<b>CAPITAL EXPENDITURE</b>												
93 Tuition & Office Block	190,000,000		(119,609,171)		70,390,829		93,290,414		(22,899,585)	(33)	12	
94 Furniture & Fittings	5,000,000		8,800,000		13,800,000		12,793,384		1,006,616	7		
95 Library Books, Journals & Materials	9,000,000		2,400,000		11,400,000		3,792,420		7,607,581	67	6	



Details	Original Budget		Adjustments		Final Budget		Actual on comparable basis			Performance difference		Variance notes
	2019/2020		2019/2020		2019/2020		2019/2020		2019/2020			
	Ksh		Ksh		Ksh		Ksh		Ksh	%		
96	11,000,000		3,000,000		14,000,000		12,501,422		1,498,578	11	6	
97	25,000,000		(17,800,000)		7,200,000		5,712,998		1,487,002	21	6	
98	6,000,000		6,600,000		12,600,000		10,937,757		1,662,243	13	6	
99	9,100,000		-		9,100,000		12,158,419		(3,058,419)	(34)	13	
100	-		12,000,000		12,000,000		-		12,000,000	100	15	
101	8,500,000		3,600,000		12,100,000		6,005,038		6,094,962	50	14	
102	2,900,000		(1,850,000)		1,050,000		1,025,302		24,698	2		
103	2,200,000		-		2,200,000		2,191,253		8,747	0		
104	14,500,000		20,480,471		34,980,471		35,494,521		(514,050)	(1)		
	<b>283,200,000</b>		<b>(82,378,700)</b>		<b>200,821,300</b>		<b>195,902,926</b>		<b>4,918,374</b>			
	<b>1,725,423,068</b>		<b>42,575,878</b>		<b>1,767,998,946</b>		<b>1,604,936,781</b>		<b>163,062,165</b>			

Note: Only variances of 10% and above have been explained

**Explanation notes for material variance**

1. Machakos University received donated equipment for Luban Workshop of approximately KShs. 44M which are yet to be revalued.
2. Research Grants were reported as received from research partners.
3. Students were not in session in 4<sup>th</sup> Quarter due to COVID -19 pandemic hence the tuition and other related incomes were not realized as budgeted.
4. Alumni incomes were received as per the number of students who graduated.
5. Accommodation income increased due to full occupancy of the student's hostels.
6. The expenses reduced due to closure of the university in March 2020 following the outbreak of the COVID-19 pandemic.
7. The expenses were paid based on the number of students allocated during the September 2019 intake.
8. No new modules acquired during the financial year





- 9. The University negotiated with the banks to reduce the bank charges hence reduced costs.
- 10. There was no invoice received for Land and rates hence no expense paid.
- 11. There were few power outages hence reduced generator expenses
- 12. The budget for development grants was reduced by the government but the University had already committed the budget for Tuition and office Block hence the over expenditure.
- 13. Laundry machine for the hotel was budgeted under Le technich expenses vote.
- 14. As at the end of the period, the contract for Gate house had not been awarded because the tender was non responsive.
- 15. The request for approval by the parent ministry to purchase Motor vehicle for office of the Vice Chancellor had not been approved as at the end of the period.

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

INCOME	KShs	EXPENDITURE	KShs
Total Income as per the Statement of Financial Performance	1,574,505,885	Total Expenditure as per the Statement of Financial Performance	1,480,001,756
<b>Add Back:</b>		<b>Add Back:</b>	
Development Grants	70,390,829	Capital items	195,902,926
<b>Less:</b>		<b>Less:</b>	
Amortized grant in kind	(5,291,077)	Changes in Inventory	10,116,843
<b>Total Income as per the Budget</b>	<b>1,639,605,637</b>	Depreciation	(77,929,558)
		Increase in Provision for doubtful debt	(3,155,187)
		<b>Total Expenditure as per the Budget</b>	<b>1,604,936,781</b>





**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

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

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

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

The entity’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The University adopted IPSAS in the year 2014 following the gazettment of the Public-Sector Accounting Standard Board (PSASB), which was established by the Public Financial Management Act (PFM) No 18 of 24<sup>th</sup> July 2012. PSASB issues financial reporting standards and guidelines to be adopted by

the state organs and public entities. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

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

**I. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 33:</b> First time adoption of Accrual Basis IPSAS	In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. -Machakos University adopted IPSAS in the year ended 30 June 2015 and therefore provisions of first time adoption of accrual basis does not apply to the entity.
<b>IPSAS 34:</b> Separate Financial Statements	In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.





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Standard	Impact
	-Machakos University does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply/ the entity is a parent company and has prepared consolidated financial statements and therefore the standard does not apply/ the entity is a parent company and has prepared separate financial statements and the following is the impact of application of the new standard:
<b>IPSAS 35:</b> Consolidated Financial Statements	In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. -Machakos University does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.
<b>IPSAS 36:</b> Investments in Associates and Joint Ventures	In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. Machakos University does not have investments in associates or joint ventures and therefore the standard does not apply.
<b>IPSAS 37:</b> Joint Arrangements	In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly. Machakos University does not have an interest in a joint arrangement and therefore the standard does not apply.
<b>IPSAS 38:</b> Disclosure of Interests in Other Entities	In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows. -Machakos University does not have any interests in other entities and therefore the standard does not apply.
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2018</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.





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

**II. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020**

Standard	Effective date and impact:
<b>IPSAS 40: Public Sector Combinations</b>	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

**III. Early adoption of standards**

Machakos University did not early – adopt any new or amended standards in the financial year 2019/2020.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue Recognition**

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

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

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

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

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





## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### b) Budget Information-IPSAS 24

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

### c) Property, Plant and Equipment-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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

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

nil or nominal consideration the asset is initially measured at its fair value.

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

The annual rates in use are:

Land - 0%
Buildings - 2.5%
Motor vehicles - 25%
Furniture & Equipment - 12.5%
Computers & Computer Software - 33.33%
Library books - 5%
Loose Tools - 12.5%

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

### d) Inventories-IPSAS 12

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





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

**e) Nature and purpose of reserves**

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

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

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

**g) Employee benefits-IPSAS 39**

**Retirement benefit plans**

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

**h) Related parties – IPSAS 20**

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

**a) COUNCIL MEMBERS**

	<b>2019/2020</b>	<b>2018/2019</b>
Sitting Allowances	4,606,000	4,628,350
Mileage Allowances	878,102	1,057,604
Subsistence Allowances	4,080,300	2,170,900
Honoraria and Telephone	1,044,000	1,087,500
Lunch Allowances	4,000	34,000
Others	704,600	1,275,800
<b>Totals</b>	<b>11,317,002</b>	<b>10,254,154</b>





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

**b) NATIONAL GOVERNMENT**

<b>Grants</b>	<b>2019/2020</b>	<b>2018/2019</b>
Recurrent Grants	957,026,140	869,524,574
CBA Grants	162,185,049	-
Development Grants	70,390,829	257,500,000
	<b>1,189,602,018</b>	<b>1,127,024,574</b>

**c) MANAGEMENT TEAM**

	<b>2019/2020</b>	<b>2018/2019</b>
Total remuneration	<b>77,631,838</b>	<b>75,505,737</b>

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

Cash and cash equivalents comprise cash on hand, M-Pesa, cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

**j) Comparative figures**

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

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

The preparation of the entity'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.

**Estimates and assumptions**

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





## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Useful lives and residual values

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

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

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

### Provisions:

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

### l) The Accounts Receivables

- The Accounts receivables are stated at their nominal value.

### m) Accounts Payables

- The Accounts payables are stated at their nominal value.

### n) Deferred Income

Deferred income arises as a result of donation in kind of fixed assets from Netherlands and seeding Labs that are amortized annually at a rate of 12.5%. All other relevant costs being freight, custom and clearing charges are capitalized under Furniture & Equipment. Refer to note 20(B).

### o) Capital Reserves

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

### p) Subsequent events – IPSAS 14

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

### q) Corporate Tax

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





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

**r) Financial Risk Management**

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

**(i) Credit risk**

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

	<b>Performing (Below 5 years)</b>	<b>Non-Performing (5 years and above)</b>	<b>Total</b>
<b>As at 30<sup>th</sup> June 2020</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Student Fee arrears	82,042,970	49,149,962	131,192,932
Trade & Other debtors	65,180,779	2,720,818	67,901,597
<b>Total</b>	<b>147,223,749</b>	<b>51,870,780</b>	<b>199,094,529</b>
<b>As at 30<sup>th</sup> June 2019</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Student Fee arrears	63,797,422	44,356,168	108,153,590
Trade & Other debtors	87,455,757	1,204,238	88,659,995
<b>Total</b>	<b>151,253,179</b>	<b>45,560,406</b>	<b>196,813,585</b>

**(ii) Liquidity risk management**

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





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

	Performing (within a year)	Non-Performing (Over one year)	Total
As at 30 <sup>th</sup> June 2020	Kshs	Kshs	Kshs
Sundry Trade Payables	19,101,384	-	19,101,384
Staff Gratuity Payable	80,459,574	-	80,459,574
Prepaid fees	42,738,199	-	42,738,199
<b>Total</b>	<b>142,299,157</b>	<b>-</b>	<b>142,299,157</b>
<b>As at 30<sup>th</sup> June 2019</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Sundry Trade Payables	9,807,130	-	9,807,130
Staff Gratuity Payable	93,085,016	-	93,085,016
Prepaid fees	44,330,043	-	44,330,043
<b>Total</b>	<b>147,222,189</b>	<b>-</b>	<b>147,222,189</b>

The University has disclosed KShs 142.2 M being amounts owed to Trade and other payables as indicated above. However, the University has trade and other receivables amounting to KShs 199M which can offset the liabilities hence mitigate the liquidity risks.

**(iii) Market risk**

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

**(iv) Capital Risk Management**

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

	2019/2020	2018/2019
	KShs	KShs
Retained earnings	(75,047,197)	(167,569,829)
Capital reserve	2,962,099,567	2,927,203,259
Deferred Income	8,691,293	13,982,371
<b>Total funds</b>	<b>2,895,743,663</b>	<b>2,773,615,801</b>
Total borrowings		
Less: cash and bank balances	199,407,682	281,552,974
Net debt/ (excess cash and cash equivalents)	-	-
<b>Gearing ratio</b>	-	-

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





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

<b>5. (a) RECURRENT GRANTS (CAPITATION)</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs.</b>	<b>Kshs.</b>
State Department for University Education	79,752,178	73,939,164
State Department for University Education	79,752,178	73,939,164
State Department for University Education	79,752,179	73,939,164
State Department for University Education	79,752,178	73,939,164
State Department for University Education	79,752,179	69,502,816
State Department for University Education	79,752,178	69,502,815
State Department for University Education	79,752,178	72,460,381
State Department for University Education	79,752,178	72,460,381
State Department for University Education	79,752,178	68,024,031
State Department for University Education	79,752,179	73,939,165
State Department for University Education	79,752,179	73,939,165
State Department for University Education	79,752,178	73,939,164
	<b>957,026,140</b>	<b>869,524,574</b>

<b>5.(b) RESEARCH GRANTS</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Research Grants	25,034,933	11,804,185
	<b>25,034,933</b>	<b>11,804,185</b>

<b>5. (c) CBA GRANTS</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs.</b>	<b>Kshs.</b>
State Department for University Education	65,879,047	-
State Department for University Education	96,306,002	-
	<b>162,185,049</b>	-

<b>5. (d) DEVELOPMENT GRANTS</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs.</b>	<b>Kshs.</b>
State Department for University Education	70,390,829	46,942,027
State Department for University Education	-	21,481,263
State Department for University Education	-	2,880,583
State Department for University Education	-	21,630,583
State Department for University Education	-	164,565,544
<b>TOTAL DEVELOPMENT GRANTS</b>	<b>70,390,829</b>	<b>257,500,000</b>





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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. GRANTS IN KIND

	2019-2020	2018-2019
	Kshs.	Kshs.
Furniture & Equipment (24, 542, 200 x 12.5%)	3,067,775	3,067,775
Donated Loose Tools (403,832 x12.5%)	50,479	50,479
Equipment from Seeding Labs (17,382,586*12.5%)	2,172,823	2,172,823
	<b>5,291,077</b>	<b>5,291,077</b>

NOTE: (a) Donated Assets in the year 2012/2013 comprised of;

1. Equipment from Netherlands KShs 24,542,200.00
2. Loose Tools from Netherlands KShs 403,832.00

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

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

7. TUITION & OTHER RELATED INCOMES

VOTEHEAD	2019-2020	2018-2019
	Kshs.	Kshs.
Activity fee	7,570,180	8,649,750
Admission fee	4,471,125	3,781,500
Alumni Income	1,870,750	1,562,160
Application fee	538,129	717,285
Attachment Fee	17,937,012	18,189,218
Boarding	3,243,674	3,691,570
Catering	3,669,000	6,032,982
Centre fees	53,600	52,000
Certification income	9,800	500
Computer Project fee	688,000	8,498,313
Examinations fee	22,986,530	26,397,000
General damages	40,298	132,393
Graduation Fees	7,449,550	5,414,900
Industrial Attachment & Insurance	117,200	400
Integrated Computer Technology	27,567,500	23,025,500
KNEC Exams Fee	1,698,660	4,459,920
Laboratory/Workshop fee	15,723,790	14,101,852
Library fee	4,720,896	5,083,671
Material development	2,082,300	3,315,593
Medical fee	14,337,355	15,994,672
Penalty fee	68,466	68,500
Quality Assurance fee	6,590,300	6,401,250
R.D Cheques Charges Income	1,200	12,270
Referral/ Supplimentary	6,880,950	5,122,500
Registration fee	8,223,267	9,320,000
Re-Take Fee	52,787	79,511
Statutory charges	-	10,600
Students Identity Cards	1,259,250	1,136,200





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**7. TUITION & OTHER RELATED INCOMES**

	2019-2020	2018-2019
<b>VOTEHEAD</b>	<b>Kshs.</b>	<b>Kshs.</b>
Students Insurance fee	7,023,971	7,900,816
Students projects	438,100	877,000
Supervision fees	60,000	66,000
Teaching Practice fee	577,082	1,644,047
Thesis Examination	90,000	140,000
Tuition fee	156,882,716	183,057,636
<b>TOTAL</b>	<b>324,923,438</b>	<b>364,937,509</b>

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

	2019-2020	2018-2019
<b>VOTEHEAD</b>	<b>Kshs</b>	<b>Kshs</b>
Le Technisch Restaurant	95,445,367	148,771,090
Production Unit -Food & Beverage	72,190	96,685
Production Unit - Agriculture	-	13,590
Production Unit - Physical Sciences	2,200	500
Production Unit - Corporate Affairs	222,500	93,410
Production Unit - FADMA	500	-
Production Unit - Renewable Energy	-	763,750
Auction	125,350	166,400
Seminar	-	1,550,000
Hire of facilities	3,590,513	472,250
Rent	342,000	455,000
Tender Fee	-	14,500
Management fee	45,147	26,759
Miscellaneous Income	199,482	285,275
<b>TOTAL</b>	<b>100,045,248</b>	<b>152,709,209</b>

**9. EMPLOYMENT COSTS**

	2019-2020	2018-2019
	<b>Kshs</b>	<b>Kshs</b>
Gross pay (Staff Payroll)	910,561,698	793,751,437
Provision for CBA Arrears	96,306,002	-
Provision for Leave Allowance	2,522,778	2,482,306
Provision for Staff Gratuity	19,455,489	28,617,578
Provision for Commuter allowance	-	43,431,000
Part-Time lecturers	41,468,800	57,370,520
Casual wages	18,861,808	30,641,221
Other staff allowances (staff Costs)	903,266	787,003
Adjunct Lecturers Pay	12,304,792	10,667,668
Locum Staff pay	437,200	698,980
<b>TOTAL</b>	<b>1,102,821,833</b>	<b>968,447,713</b>



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

<b>10. COUNCIL EXPENSES</b>	<b>2019-2020</b>	<b>2018-2019</b>
Sitting Allowances	4,606,000	4,628,350
Mileage Allowances	878,102	1,057,604
Subsistence Allowances	4,080,300	2,170,900
Honoraria and Telephone	1,044,000	1,087,500
Lunch Allowances	4,000	34,000
Others	704,600	1,275,800
<b>Total</b>	<b>11,317,002</b>	<b>10,254,154</b>

**11. ACADEMIC EXPENSES**

<b><u>VOTEHEAD</u></b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Academic dress	6,858,000	4,341,216
Academic Research Expenses	20,952,644	12,933,475
Agricultural Farm Expenses	159,597	141,802
Alumni expense	571,300	151,300
Attachment expenses	2,611,534	625,312
Boarding/Accommodation expenses	251,400	417,000
Catering expenses	7,610,886	9,629,216
CUE expenses	3,887,229	8,660,000
Curriculum development expenses	80,000	973,079
Examinations expenses	8,658,971	6,872,054
Exhibitions & Shows	681,066	1,367,250
External examinations expenses	667,079	487,501
Field courses expenses	412,070	965,090
Graduation Expenses	9,915,473	7,766,572
Industrial linkages	127,860	-
Innovation fund expenses	555,425	118,800
Insurance (Students) expenses	2,971,075	3,432,113
Internal Research expenses	3,407,448	4,249,180
KUCCPS expenses	2,160,000	4,474,000
Lab Apparatus and Consumables	74,800	-
Medical (Students) expenses	1,766,681	1,929,199
Regulatory bodies Expense	4,000	803,500
Senate & Senate Committees expenses	404,880	305,590
Sports & Games	3,034,850	5,429,655
Students Activities expenses	1,662,463	2,940,975
Students Bursary fund expense	1,000,000	1,000,000
Students Work Study expenses	485,650	213,500





Machakos University

Financial year Reports and Financial statements for the year ended June 30, 2020

11. ACADEMIC EXPENSES

<b>VOTEHEAD</b>	<b>2019-2020</b> <b>Kshs</b>	<b>2018-2019</b> <b>Kshs</b>
Teaching Materials and Expenses	1,335,799	5,642,874
Teaching practice expenses	3,323,592	5,038,817
<b>TOTAL</b>	<b>85,631,771</b>	<b>90,909,070</b>

12. ADMINISTRATIVE AND OPERATIONS EXPENSES

<b>VOTEHEAD</b>	<b>2019-2020</b> <b>Ksh</b>	<b>2018-2019</b> <b>Ksh</b>
Advertisement expenses	1,650,556	4,838,484
Association of Government Council expenses	-	20,000
Audit fees	960,000	960,000
Automation expenses	1,199,800	4,302,040
Bank Charges	2,258,759	1,088,238
Chancellors Expenses	1,200,000	1,200,000
Change in Inventories	(10,116,843)	(4,219,964)
Cleaning & Sanitation	6,181,778	3,356,152
Conferences, Workshops and Seminars Expenses	1,145,269	7,001,193
Electricity Expense	6,764,856	7,872,201
External Travelling expenses	379,957	1,500,598
Health care services	66,019,161	58,960,753
Hire of Facilities expenses	-	172,780
ICT Services & Internet	10,500,283	8,848,190
Legal expenses	370,940	4,194,210
Management Capacity Building	36,000	701,324
Management meetings expenses	314,820	2,195,745
Marketing & Publicity Expense	749,148	1,180,978
Newspapers & Magazines	592,100	1,262,120
Office Consumables	955,171	1,182,060
PC & ISO	1,294,643	2,435,115
Photocopying services	6,328	6,001
Professional fees	3,255,186	1,385,477
Property Insurance	2,630,197	4,138,000
Rent & Rates	-	10,118
Security Expenses	8,589,920	10,066,377
Staff Development	1,744,334	2,572,862
Staff Uniforms	11,000	589,980
Staff welfare expenses	1,279,599	784,767
Stationery Expenses	9,952,872	7,772,028
Strategic Planning expenses	-	60,000
Subscriptions & Registration Fees	1,262,193	1,866,274
Telephone & Postage	964,549	1,109,398
Travelling & Accommodation expenses	4,624,288	7,315,964
University Committees Expenses	1,578,456	2,172,310
Vice chancellor Committees expenses	94,350	12,250
Water & Conservancy	9,827,641	10,779,720
<b>TOTAL</b>	<b>138,277,309</b>	<b>159,693,743</b>





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

**13. REPAIRS AND MAINTENANCE EXPENSES**

	2019-2020	2018-2019
<u>VOTEHEAD</u>	Ksh	Ksh
Generator Fuel & maintenance	100,270	672,336
Grounds Maintenance	2,918,000	451,139
Motor vehicles fuel & Maintenance	5,311,535	4,570,895
Plant & Equipment Maintenance	275,960	319,984
Repairs and Maintenance	4,580,264	10,041,149
<b>TOTAL</b>	<b>13,186,030</b>	<b>16,055,504</b>

**14. OTHER EXPENSES**

	2019-2020	2018-2019
<u>VOTEHEAD</u>	Kshs	Kshs
Le Technisch Restaurant Expenses	45,974,951	51,669,797
Corporate social responsibility	360,338	154,770
Endowment fund	250,000	250,000
Production unit expenses	1,097,778	361,710
<b>TOTAL</b>	<b>47,683,067</b>	<b>52,436,277</b>





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

**15. NON-CURRENT ASSETS.**

**Property Plant & Equipment Schedule**

	LAND	BUILDINGS & SITE WORKS	WORK IN PROGRESS	MOTOR VEHICLES	COMPUTERS & SOFTWARE	FURNITURE & EQUIPMENT	LOOSE TOOLS	LIBRARY BOOKS	TOTALS
	KSH	KSH	KSH	KSH	KSH	KSH	KSH	KSH	KSH
<b>DEPRECIATION RATES</b>	0.0%	2.5%	0.0%	25.0%	33.3%	12.5%	12.5%	5.0%	
<b>COST/ VALUATION</b>									
As at 30th June 2018	1,285,000,000	654,300,000	348,807,053	36,743,195	25,446,768	69,721,666	29,786,500	18,591,601	2,468,336,782
ADDITIONS	-	26,789,638	248,490,704	3,956,000	12,759,221	30,341,840	-	1,234,944	323,572,346
REVALUATION	-	-	-	-	-	-	-	47,393,033	47,393,033
TRANSFERS	-	339,209,942	(339,209,942)	-	-	-	-	-	-
As at 30th June 2019	1,285,000,000	1,020,299,579	258,087,815	40,699,195	38,205,989	100,063,506	29,786,500	67,159,577	2,839,302,161
ADDITIONS	-	43,398,773	94,315,716	-	12,501,422	41,894,598	-	3,792,420	195,902,927
REVALUATION	-	(35,494,521)	-	-	-	-	-	-	(35,494,521)
TRANSFERS	-	5,328,325	(5,328,325)	-	-	-	-	-	-
As at 30th June 2020	1,285,000,000	1,033,532,155	347,075,206	40,699,195	50,707,411	141,958,103	29,786,500	70,951,996	2,999,710,567
<b>DEPRECIATION</b>									
As at 30th June 2018	-	32,715,000	-	13,755,799	11,139,975	15,532,882	7,446,625	16,247,208	96,837,490
Armortized Depreciation	-	-	-	-	-	-	-	(16,247,208)	(16,247,208)
CHARGE FOR 2018/2019	-	25,507,489	-	10,174,799	12,734,056	12,507,938	3,723,313	3,357,979	68,005,574
Accumulated Depreciation	-	58,222,489	-	23,930,597	23,874,031	28,040,821	11,169,938	3,357,979	148,595,855
CHARGE FOR 2019/2020	-	25,838,304	-	10,174,799	16,900,780	17,744,763	3,723,313	3,547,600	77,929,558
Accumulated Depreciation	=	84,060,793	=	34,105,396	40,774,811	45,785,583	14,893,250	6,905,579	226,525,413
<b>NET BOOK VALUES</b>									
AS AT 30TH JUNE 2020	1,285,000,000	949,471,362	347,075,206	6,593,799	9,932,600	96,172,520	14,893,250	64,046,418	2,773,185,154
AS AT 30TH JUNE 2019	1,285,000,000	962,077,090	258,087,815	16,768,597	14,331,958	72,022,685	18,616,563	63,801,598	2,690,706,306

**Note:**

1. The Value of land does not include the 18.14 Hectares (two parcels) donated during the year by the County Government of Machakos which is under survey.
2. The reduced amount of Kshs. 35,494,521 from Building & Site Works relate to final payment of Training Hotel and Conference Centre that was made after the building had been revalued.





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

**16. TRADE AND OTHER RECEIVABLES**

(a)	2019-2020 Kshs.	2018-2019 Kshs.
<b>Exchange Transactions</b>		
Student fee arrears	131,192,932	108,153,590
Trade Debtors	65,332,931	88,196,329
Other Debtors	2,568,666	463,666
	<b>199,094,529</b>	<b>196,813,585</b>
Provision for Doubtful debts (50% 49,149,961.50) & (50%*2,720,818)	(25,935,390)	(22,780,203)
	<b>173,159,139</b>	<b>174,033,382</b>
<b>(b)</b>		
<b>Non-Exchange Transactions</b>		
	2019-2020 Kshs.	2018-2019 Kshs.
Outstanding Imprests	2,418,431	4,948,317
CBA Grants Receivable	96,306,002	-
Staff welfare Advance	28,764	159,564
	<b>98,753,197</b>	<b>5,107,881</b>
<b>Total</b>	<b>271,912,336</b>	<b>179,141,263</b>

**17. INVENTORIES**

	2019-2020 Ksh	2018-2019 Ksh
Kitchen Consumables	459,268	230,011
Central Stores	7,431,328	5,264,254
Academic gowns	16,915,015	8,910,066
Closing Stocks- Le Technisch	1,583,114	1,867,551
<b>Total</b>	<b>26,388,725</b>	<b>16,271,882</b>





Machakos University

Financial year Reports and Financial statements for the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. CASH & BANK BALANCES

		2019-2020	2018-2019
		Kshs.	Kshs.
Cash in hand		127,289	320,579
Mpesa		6,622,921	2,862,881
<b>Cash and M-Pesa</b>		<b>6,750,210</b>	<b>3,183,460</b>
<b>Bank</b>	<b>Account No.</b>		
<b>Standard Chartered:</b>			
Standard Chartered Bank	0102016845602	60,613,735	172,512,613
Standard Chartered Bank	0152016845602	24,202,257	24,165,385
		<b>84,815,991</b>	<b>196,677,998</b>
<b>National Bank:</b>			
National Bank of Kenya	01020078499400	11,811,387	20,769,989
National Bank of Kenya	01020078499401	24,542,031	21,317,982
National Bank of Kenya	01020078499402	49,140,983	18,307,201
		<b>85,494,401</b>	<b>60,395,171</b>
<b>Kenya Commercial Bank:</b>			
Kenya Commercial Bank	1137145064	8,068,952	8,234,099
Kenya Commercial Bank	1180326849	7,002,288	8,064,989
Kenya Commercial Bank	1211488594	1,279,438	863,843
Kenya Commercial Bank	1211489167	542,830	298,935
		<b>16,893,508</b>	<b>17,461,866</b>
<b>Cooperative Bank of Kenya:</b>			
Co-operative Bank of Kenya	01129277651100	3,507,057	3,628,479
<b>Equity Bank:</b>			
Equity Bank:	0600278674858	1,946,514	206,000
<b>TOTAL</b>		<b>199,407,682</b>	<b>281,552,974</b>

Note: The University has an account with Barclays Bank of Kenya which runs the affairs of student association. All student association membership and subscriptions are transferred from the University collection accounts to the Barclays Bank account.





Machakos University

Financial year Reports and Financial statements for the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. CAPITAL RESERVE

	2019-2020 Kshs.	2018-2019 Kshs.
Balance B/f	2,927,203,259	2,606,063,018
Development Grants for the year: (Note 5 (d))	70,390,829	257,500,000
Revaluation of Non-Current Assets (Note 15)	(35,494,521)	63,640,241
<b>Balance as at 30<sup>th</sup> June 2020</b>	<b>2,962,099,567</b>	<b>2,927,203,259</b>

20. (a) REVENUE RESERVE

	2019-2020 Kshs.	2018-2019 Kshs.
Balance B/f	(166,432,329)	(196,575,320)
Prior year Adjustments	(3,118,997)	(3,716,969)
Surplus/Deficit for the year	94,504,129	33,859,960
<b>Balance as at 30<sup>th</sup> June 2020</b>	<b>(75,047,197)</b>	<b>(166,432,329)</b>

Note: Prior year Adjustments relates to fees adjustments and supplier invoices adjustments

20. (b) DEFERRED INCOME

	2019-2020 Kshs.	2018-2019 Kshs.
Equipment from Netherlands Bal b/f	3,118,254	6,236,508
Equipment from Seeding Labs Bal b/f	10,864,117	13,036,940
	<b>13,982,371</b>	<b>19,273,448</b>
Amortization for the year (24,946,032 @12.5%)	(3,118,254)	(3,118,254)
Amortization for the year (17,382,586 @12.5%)	(2,172,823)	(2,172,823)
<b>Balance as at 30<sup>th</sup> June 2020</b>	<b>8,691,294</b>	<b>13,982,371</b>

NOTE: (a) Donated Assets in the year 2012/2013 comprised of;

1. Equipment from Netherlands KShs 24,542,200.00
2. Loose Tools from Netherlands KShs 403,832.00

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

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





Machakos University

Financial year Reports and Financial statements for the year ended June 30, 2020

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

**21. TRADE & OTHER PAYABLES**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Sundry Trade Payables	19,101,384	9,807,130
Prepaid fees	42,738,199	44,330,043
Refundable Caution fees	39,518,770	35,518,600
Audit fees	1,920,000	960,000
Leave Allowance Payable	2,522,778	2,482,306
Staff deductions payable	1,886,886	-
Commuter Allowance payable	-	43,431,000
CBA Arrears payable	96,306,002	-
Unclaimed Deposits	-	4,096,502
MksU Benevolent fund	-	625,940
Customer & Other Prepayments	6,171,267	100,000
Students Sponsorships Fund	6,652,296	6,117,135
MUSA Membership & Subscription	219,446	-
Capital Creditors	70,527,765	141,045,646
Chancellors Scholarship fund	1,279,438	863,843
Chancellors Endowment fund	542,830	298,935
Part Time Claims owing	5,303,600	10,157,030
Staff Gratuity Payable	80,459,574	93,085,016
	<b>375,150,234</b>	<b>392,919,125</b>





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

The following is the summary of issue raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference no. on the external audit report	Issue/Observations from auditor	Management comments	Focal point person to resolve the issue (Name and Designation)	Status: (Resolved /Not Resolved)	Time frame: (put a date when you expect the issue to be resolved)
N/A (2016/2017)	Other Matter- Increased deficit hence reduced Revenue reserves.	Management to explore more opportunities to increases revenue and control expenditure.	Prof. Lucy W. Irungu (Vice Chancellor)	In Progress	In the next 6 to 7 years.
1. (2017/2018)	Tuition and other related incomes. Kshs. 3,998,230 that had been banked directly but not receipted.	Management resolved to receipt the students deposits	CPA Aileen Nyatuga (Chief Finance Officer)	Resolved	FY 2018/2019
2. (2017/2018)	Cash and Bank Balances. Kshs. 1,1163,038 relating to Unpresented cheques that had not been reversed in the cashbook	Management agreed to replace the cheques that were stale	CPA Aileen Nyatuga (Chief Finance Officer)	Resolved	FY 2018/2019
3. (2017/2018)	Other Income. Kshs. 1,596,896 relating to direct bank transfers for the restaurant that had not been receipted in the cash book	Management agreed to follow up with the bank to determine the customers that had paid and receipted the amounts.	CPA Aileen Nyatuga (Chief Finance Officer)	Resolved	FY 2018/2019

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

**Prof. Gideon Billy Hanjari**  
Chairman of Council





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

**Projects**

Projects implemented by the University funded by Development partners.

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

**Status of Projects completion**

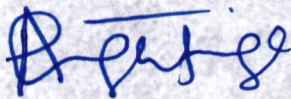
	Project	Total project Cost	Total expended to date	Completion % to date	Budget (2019/2020)	Actual 2019/2020	Sources of funds
1.	Tuition and Office Block	986,761,116	345,356,606	43	70,390,829	93,290,414	G. O. K
2.	Development of Sports and Games facility (phase I)	N/A	1,723,600.00	Documentation complete	-	-	A.I. A



**APPENDIX III: INTER- ENTITY TRANSFERS**

ENTITY NAME:		MACHAKOS UNIVERSITY		
Break down of Transfers from the State Department for University Education				
FY 2019/2020				
<b>a.</b>	<b>Recurrent Grants</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>The FY to which the amounts relate</b>
		8 <sup>th</sup> August 2019	79,752,178	2019-2020
		29 <sup>th</sup> August 2019	79,752,178	2019-2020
		27 <sup>th</sup> September 2019	79,752,179	2019-2020
		1 <sup>st</sup> November 2019	79,752,178	2019-2020
		29 <sup>th</sup> November 2019	79,752,179	2019-2020
		28 <sup>th</sup> December 2019	79,752,178	2019-2020
		4 <sup>th</sup> February 2020	79,752,178	2019-2020
		2 <sup>nd</sup> March 2020	79,752,178	2019-2020
		3 <sup>rd</sup> April 2020	79,752,178	2019-2020
		8 <sup>th</sup> May 2020	79,752,179	2019-2020
		5 <sup>th</sup> June 2020	79,752,179	2019-2020
		26 <sup>th</sup> June 2020	79,752,178	2019-2020
		<b>TOTAL</b>	<b>957,026,140</b>	
<b>b.</b>	<b>CBA Grants</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>The FY to which the amounts relate</b>
	2017-2020 CBA arrears	6 <sup>th</sup> July 2020	96,306,002	2019-2020
		<b>TOTAL</b>	<b>96,306,002</b>	
<b>c.</b>	<b>Development Grants</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>The FY to which the amounts relate</b>
		22 <sup>nd</sup> November 2019	70,390,829	2019-2020
		<b>TOTAL</b>	<b>70,390,829</b>	

The Above amounts have been communicated to and reconciled with the parent Ministry



CPA Aileen Nyatuga  
Chief Finance Officer  
Machakos University

ICPAK No: .....4943.....

Mr. Robert Asumani  
Assistant Accountant General  
State Department of University Education & Research

**APPENDIX IV: 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		
NONE										
<b>Total</b>										