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THE-TABLE:

M. Mado

**THE AUDITOR-GENERAL**

**ON**

**GARISSA UNIVERSITY**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



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**GARISSA UNIVERSITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2024**

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

**Garissa University**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

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## 1. Acronyms, Abbreviations and Glossary of Terms

### A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

### B: Glossary of Terms

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

**Comparative Year-** Means the prior period.

**2. Key Entity Information and Management**

**(a) Background information**

The Garissa University was established as a constituent college of Moi University on 12th August, 2011 through Legal Notice No. 116, the Moi University Act (Cap. 210A), and the Garissa University College Order 2011. The University became a full-fledged public University on 23rd October 2017. At the cabinet level, the Cabinet Secretary for Ministry of Education (MOE), who is responsible for the general policy and strategic direction of the University, represents Garissa University.

The University has three teaching schools and an institute as follows:

- a) School of Business and Economics
- b) School of Pure and Applied Science
- c) School of Education Arts and Social Sciences
- d) Institute of Peace and Security studies.

The three teaching Schools and an institute offer various academic programs ranging from Certificate to Postgraduate programs in Pure & Applied Sciences, Business & Economics, Education, Arts & Social Sciences, Dry Land Environment and Natural Resources, and Peace and Security Studies. The student population stood at 4,082 at the end of the reporting period. The University has limited physical infrastructure and inadequate academic staffing level to train students in these fields but is optimistic to grow if funded well by the government and donor funds.

**(b) Principal Activities**

The principal activities of Garissa University are teaching, research and community outreach and its mission is to nurture talent through research, innovation, consultancy, community outreach, entrepreneurship, and imparting knowledge and skills to meet the needs of the society.

**(c) Key Management**

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

1. University Council
2. Senate
3. University Management Board

**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 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Vice-Chancellor	Prof. Ahmed Abdikadir Osman
2.	Ag. Deputy Vice-Chancellor(Academic & Student Affairs)	Prof. Justus Mochama Gori
3.	Ag. Deputy Vice-Chancellor (Finance, Administrative & Planning)	Prof. Stephen Irura Ng'ang'a
4.	University Librarian	Dr. Iddi Juma
5.	Registrar -Academic and Student's Affairs	Dr. Aden Ali Abdi
6.	Registrar - Administration and Planning	CS. Salah Abdirahman Farah
7.	Assistant Dean of Students	Dr. Rosalia Mwikali Mumo
8.	Head of Finance	CPA Aden Musa Mohamud
9.	Head of Procurement	CPSP. Hussein Yusuf Noor
10.	Legal Officer	Ms. Balqesa Ibrahim Ahmed

**(e) Fiduciary Oversight Arrangements**

The University has a Council which provides the overall oversight responsibility on the management of the University which includes:- recruitment of staff, approval of statutes of the University and cause them to be published in the Kenya gazette, approval of policies, approval of the budget, manage, supervise and administer the University assets; determine the provisions to be made for capital and recurrent expenditure and for reserves; receive any grants, donations or endowments on behalf of the University; enter into association, collaboration, partnership or linkages with other entities. The University governing Council exercises its governing and operational functions through its established standing committees with clear Terms of Reference. These committees are:

- ❖ Audit, Risk and Compliance committee (ARCC),
- ❖ Academic, Research and Community Outreach committee (ARCOC),
- ❖ Governance, Human Resource and Students Welfare committee (GHRSWC) and
- ❖ Finance, Development and General Purpose committee (FDGPC).

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**(f) Entity Headquarters**

Garissa University  
Main Campus  
P.O.Box 1801 – 70100  
Garissa University Building  
University Way Road, off Kismayu Road  
Garissa, KENYA.

**(g) Entity Contacts**

Telephone :(+254) 722 583 900  
E-mail:vc@gau.ac.ke  
Website: www.gau.ac.ke

**(h) Entity Bankers**

Kenya Commercial Bank  
Garissa Main Branch  
P.O Box 560 – 70100  
City Square 00200  
**GARISSA, KENYA**

Equity Bank  
Garissa Branch  
P.O. Box 700 – 70100  
**GARISSA, KENYA**

**(i) Independent Auditor**

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

**(j) Principal Legal Adviser**

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

3. University council



**Dr. Margaret Mumbi Gikuhi, EBS,PhD., DHL**

**Dr. Margaret Mumbi Gikuhi** holds a PhD in Educational Administration & Planning from the Catholic University of Eastern Africa and a Master of Education degree from the same University. She also has a Bachelor of Education (Arts) degree from the UoN.

Dr. Gikuhi has over 30 years' experience as a teacher and over 10 years' experience in the Higher education sector. She has served as a Senior Quality Assurance and Standards officer and other senior positions at the Teachers Service Commission for over six years.

Dr. Gikuhi has been the Chair of Council for the University of Embu for two terms.

She is the current Chair of Council for Garissa University



**Dr. Billow Khalid**

**Dr. Billow Khalid** holds a PhD in Business Administration from University of Nairobi and a Master in Business Administration (MBA) Specialization; Strategy, Entrepreneurship, HRM and Public Policy Issues from UoN.

Dr Billow Khalid is a Certified Public Secretary and a member of the Kenya Institute of Management.

He has worked in the Defense sector both in Kenya and abroad in different capacities for over 30 years and served as an Officer Commanding (Major) the training and Career Development Department at the Armed Forces College of Accountancy and Secretarial Studies at Kabete, Westlands-Nairobi.

He was also a member of Intergovernmental Relation Technical Committee for over 5 years.

Dr. Billow is an independent member of Council

 <p><b>Mr. Boniface K. Ngigi</b></p>	<p><b>Mr. Bonface K. Ngigi</b> holds a Master's Degree in Project Planning Management from The University of Nairobi and a Bachelor's of Science in Mathematics (Statistics) from The Catholic University of Eastern Africa.</p> <p>He has vast experience in Negotiation of Agreements, Investments, Regional Integration, National Budget preparation, Economic Policy formulation and analysis in areas related to Environment and Natural Resource Governance; Low Carbon, Sustainable Development, Climate Financing, as well as Disaster Risk Financing. Over 15 years in Planning and Budgeting</p> <p>He is the Representative of the PS - National Treasury in the Council</p>
 <p><b>Mr. Hassan Duale</b></p>	<p><b>Mr. Hassan Duale</b> holds Master's degree in Education Management and Administration and Master's Degree in Business Administration</p> <p>Mr. Duale has 20 years' experience in the education administration and Management cutting across the field of administration.</p> <p>Mr. Duale is a member of the Kenya Association of Educational Administration and Management.</p> <p>He is the representative of the Principal Secretary State Department of University Education and Research.</p>



**Mrs. Jacinta M. Anyango Kapiyo**



**Mrs. Jacinta M. Anyango Kapiyo** holds a Master of Education (Education planning, Administration and Curriculum Development) from Kenyatta University as well as Bachelor of Education for University of Nairobi. She is currently pursuing a PhD in Education planning and Administration at the Catholic University of Eastern Africa (CUEA) Mrs. Kapiyo has over 35 years' experience in teaching and in Education administration. She has served as the Deputy Director, Secondary and tertiary education as well as the Director for University Education. She has also served as a representative of the PS University Education in the Technical University of Kenya and Rongo Universities Mrs. Kapiyo is currently the vice chairperson of Kisumu County Public Service Board. She is an independent member of Council






**Mr. Hassan Sheikh Mohamed, OGW**



**Mr. Hassan Sheikh Mohamed, OGW** holds a master of Arts in Economics and Social Studies-Development Administration and Management Option from the University of Manchester, UK. He also has a Postgraduate Diploma in Public Administration and Management for Glasgow Caledonian University, UK and a Diploma in Range Management from Egerton University. Mr. Hassan has over 30 years' experience in Public Administration and Management, Peace Building and Conflict Management as well as Public Financial Management He has also served as a commission secretary of National Cohesion and Integration Commission (NCIC) and in multiple middle and senior leadership positions in Government and the Intergovernmental Authority on Development (IGAD) He is an independent member of Council




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 <p><b>Mr. Brian Gikunda Kiautha</b></p>	<p><b>Mr. Brian Gikunda Kiautha</b> holds a Masters in Mercantile Law, an LLB and a Bachelor of commerce in law from University of Pretoria as well as a Bachelor of Commerce, Business Management University of South Africa. He, is currently pursuing a PhD degree in Mercantile Law at the University of Pretoria.</p> <p>Mr. Brian has over 8 years' experience in Law and Financial Management. He has also served as a sports Journalist with the Perdeby, University of Pretoria newspaper.</p> <p>He is an independent member of Council</p>
 <p><b>Prof. Ahmed Osman Warfa</b></p>	<p><b>Prof. Ahmed Osman Warfa</b> is a Professor of Curriculum &amp; Instructions at Moi University. He holds PhD (Curriculum and Instruction; Supervision of Instruction, Ohio University; M.Ed. (Secondary Education, Ohio University; MA (International Studies, Ohio University; BA (English &amp; History, Ohio); Dip Ed (English Language &amp; Literature, Siriba Teachers College)</p> <p>Has over 30 years of work experience in Universities.</p> <p>Prof. Warfa is Currently the acting Vice Chancellor, Garissa University and Secretary to the Council</p>



4. University Key Management Team

Name	Key Professional/Academic Qualification	Area of Responsibility
 <p><b>Prof. Ahmed Osman Warfa</b></p>	<p>PhD (Curriculum and Instruction; Supervision of Instruction, Ohio University); M.Ed. (Secondary Education, Ohio University); MA (International Studies, Ohio University); BA (English &amp; History, Ohio);</p> <p>School Administration and Supervision of Instruction, Curriculum planning and Development. Over 30 years of experience in Education.</p> <p>Currently the acting Vice Chancellor, Garissa University and Secretary to the Council</p>	<p>Ag. Vice Chancellor</p>
 <p><b>Prof. Stephen Irura Ng'ang'a</b></p>	<p>Doctor of Philosophy in <b>Planning</b> – Maseno University (2011), Master of Philosophy in <b>Entrepreneurship</b> – Moi University (2003), National Diploma in <b>Business Management</b> – The Kenya Institute of Management (1996), Master of Science in <b>Forest Industries Technology</b> – University College North Wales (1993), Graduate Diploma in <b>Timber Technology</b>- Bucks College in United Kingdom (UK) (1990). <b>Diploma in Industrial Education</b>- Kenya Technical Teachers College (1986). Over 30 years' experience in Teaching/Administration</p>	<p>Ag. Deputy Vice Chancellor <b>Finance, Administration and Planning (FAP)</b></p>
 <p><b>Prof. Justus Mochama Gori</b></p>	<p>PhD in Educational Management from the University of Botswana (Botswana), M.A. in Organization, Planning and Management in Education from the University of Reading (UK), B.Ed. from Kenyatta University (Kenya).</p> <p>Prof. Gori has more than 30 years of teaching experience at University and secondary schools in Kenya, Botswana and England.</p>	<p>Ag. Deputy Vice Chancellor <b>Academic and Student Affairs (ASA).</b></p>

 <p><b>Dr. Iddi Webukha Juma, PhD</b></p>	<p>Doctor of Philosophy in Library and Information Studies (Moi), Master of Philosophy in Information Sciences (Library and Information Studies) (Moi), Bachelor of Science in Information Sciences (Moi).</p> <p>Has over 22 years working experience in Library and Information related fields both in institutions of higher learning and the private sector with special interest in Research and Innovation, Information and Communication Technology, Publishing/Book Trade, Records Management and Media Technology.</p>	<p><b>The University Librarian</b></p>
 <p><b>Dr. Aden Ali Abdi</b></p>	<p>Dr. Aden is a Senior Lecturer of Educational Leadership and Management. He is the Acting Registrar, Academic &amp; Student Affairs. He served as Dean, School of Education, and Arts &amp; Social Sciences from 2020 to 2022. He is an educator and an administrator with 20 years of experience in the education sector. He has been involved in capacity building of educators including facilitation of a World Bank project on educational leadership and management for High School Principals in Uganda, conducted by Aga Khan University.</p> <p>He holds a PhD in Education from North Eastern Hill University, Master of Education (Leadership &amp; Management) from the Aga Khan University, Bachelor of Education in Secondary Education-(Science) from Kampala International University.</p>	<p><b>Ag Registrar, Academic &amp; Student Affairs</b></p>
 <p><b>CS Salah A. Farah</b></p>	<p>PhD ongoing HR (UoN), CPS-K (KASNEB), CHRP-K (HRMPEB). Master of Business Administration (MBA) Specializing in Human Resource from Bangalore University, India and Bachelor of Education (Arts) from Kenyatta University.</p> <p>Salah is a Certified Public Secretary (CS) and a member of Institute of Certified Secretaries, a certified Human Resource Professional (CHRP) and a practicing member of Institute of Human Resource Management (IHRM). He is also a certified Human Resource Auditor from the Academy of Certified Human Resource Professionals (ACHRP). He has over 12 years of experience both in academia and Management.</p>	<p><b>Ag. Registrar Administration and Planning</b></p>

 <p><b>CPA Aden Musa Mohamud</b></p>	<p>PhD ongoing Finance Dedan Kimathi University of Technology (DeKUT), (CPA K) (KASNEB), Master of Business Administration (MBA) Finance Option Moi University and Bachelor degree arts from Moi University.</p> <p>Aden is a Certified Public Accountant (CPA K) and a Member of institute of Certified Public Accountants of Kenya (ICPAK) and also a practicing member of Institute of Internal Auditors (IIA). Professional Accountant with over 8 years' experience in auditing and assurance, Accounting and Finance in both Public and Private Sector.</p>	<p><b>Head of Finance</b></p>
 <p><b>Dr. Rosalia Mwikali Mumo</b></p>	<p>Doctor of philosophy in curriculum studies (Maasai Mara University) Master of philosophy (University of Nairobi) Bachelor of Education Arts (University of Nairobi). A lecturer in Curriculum Studies. Served as a Director Quality Assurance and Acting Director PSSP Garissa University.</p> <p>Dr Mumo a seasoned student mentor, Counsellor, Educationist and an administrator in the Education sector with an experience of over 15years.</p>	<p><b>Assistant Dean of Students</b></p>
 <p><b>CPSP Hussein Y. Noor</b></p>	<p>Master of Science in Procurement and Logistics (MSc PL) From Jomo Kenyatta University of Agriculture and Technology. Bachelor of Business Management Specializing in Procurement and Supplies Management from Mount Kenya University. Diploma In purchasing and Supplies Management from the University of Nairobi.</p> <p>Hussein Y. Noor is a Certified procurement supplies Professionals of Kenya (CPSP-K) Member of the Kenya Institute of Supplies Management (MKISM).</p> <p>He has over 9 years of experience practicing Supply Chain Management</p>	<p><b>Head of Procurement</b></p>

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 <p><b>Mr. Dekow Mohamed Diis</b></p>	<p>Master of Business Administration (MBA) Strategic Management option, Garissa University Bachelor of Business Management Mount Kenya University Diploma in Public Relation Kenyatta University</p> <p>Certified Security Management professional (CSMP), candidate at International Security Management Institute (UK)</p> <p>18 years working experience in security management in both National Security Agencies and state corporations.</p>	<p><b>Chief Security Officer</b></p>
 <p><b>Ms. Balqesa Ibrahim</b></p>	<p>Advocate of the High Court of Kenya PGDip Kenya School of Law (ATP) LLB Africa Nazarene University</p> <p>Has experience in the legal field for over 7 years.</p>	<p><b>Legal Officer</b></p>

## **5. Chairman's Statement**

It is a great honour and privilege to present the Annual Financial Report & Statements for the FY 2023/2024 as the Chairperson of the Council of Garissa University, a premier institution dedicated to fostering academic excellence, innovation, and societal advancement. Our University's commitment to its functions as a centre of higher learning is resolute, and I am grateful to share the strategic various endeavours we have undertaken.

In the realm of operational and financial performance, I am proud to announce that Garissa University has exhibited exceptional resilience and resourcefulness. Our institution has been the beneficiary of Kshs.390, 032,647 in exchequer grants, supplemented by Kshs.288, 262,678 in internally generated income from tuition and related charges, and an additional Kshs.34, 276,820 as sundry income. It is heartening to note that our collaborative research initiatives are gaining momentum, with positive prospects for securing research funding that aligns with the Commission for University Education's expectations.

The spirit of collaboration also extends to development partners who have generously supported our efforts in infrastructure enhancement and curriculum development, particularly within the Institute for Peace and Security Studies. The strides we have made in this regard are indicative of our commitment to holistic growth.

However, we do not shy away from acknowledging the challenges that lie ahead. The evolving landscape of university management in Kenya poses both opportunities and obstacles. The prudent stewardship of resources is imperative, especially given the reduction in government allocations vis-à-vis our growing financial needs. In light of this, our institution's financial liquidity faces heightened exposure, given our reliance on tuition and accommodation fees.

In response to these challenges, the University's management has initiated a dedicated resource mobilization committee, resolute in achieving our revenue targets and sustaining our commitment to excellence. The engagement of adjunct faculty and the elevation of academic staff through career progression avenues remain cornerstones of our strategy to attract and retain skilled educators.

We also recognize the strategic risk of reduction of GSSP students facilitated during placement by KUCCPS. To overcome this challenge, we have cultivated unique and competitive courses that leverage our strengths and resonate with the aspirations of prospective students.

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Our resolve to address infrastructural limitations is unwavering, as we acknowledge the pressing need to provide state-of-the-art facilities to accommodate the burgeoning student population. Additionally, ensuring the seamless operation of our information technology systems through continuous upgrading and updating remains paramount.

As we confront these challenges, we must also underscore our unwavering commitment to financial probity and governance excellence. Our adherence to ethical standards and transparent financial practices is unassailable, and I am proud to report that there have been no serious governance issues during the reporting period.

In conclusion, the path ahead is not without its hurdles, but we stand united in our determination to overcome them. Garissa University's legacy of shaping tomorrow's leaders, innovators, and change agents remains our guiding star. Together, with tenacity and innovation, we shall navigate the currents of change and emerge stronger and more resolute in our mission.

Thank you.



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**Dr. Margaret Mumbi Gikubi, EBS, PhD., DHL**  
**Chair of Council**

## **6. Report of the Vice Chancellor**

As the Vice Chancellor of Garissa University, I am honoured to present this statement as part of our Annual Financial report for the FY 2023/2024. Our achievements in operations and capital development reflect our dedication to excellence and our proactive approach to challenges.

Our university's core values include academic excellence, vibrant research, and active community engagement. The numbers in our financial report highlight our collective efforts. We received Kshs. 390,032,647 in grants and earned Kshs. 288,262,678 from tuition fees, along with Kshs. 34,276,820 from other sources. These figures demonstrate the hard work of our students/parents/guardians and the forward-looking decisions made by our Council, Senate and Management Board.

We deeply appreciate the valuable support provided by the government, which has significantly contributed to our successes. This support has been instrumental in advancing our initiatives and driving our growth. While acknowledging this support, we also recognize the need for additional funding to further bolster our progress. To ensure our university's growth, we must seek financial support from diverse sources. Our major projects, like the library and tuition block, require extra funding to be completed promptly. Given the projected increase in student numbers, these facilities are crucial for creating conducive learning environments. Therefore, we are actively seeking additional funds to complement the government's contribution and expedite the completion of these projects.

As we endeavour to secure additional funding, we are in the process of developing a range of strategies. We are actively working on establishing partnerships, seeking research grants, investigating philanthropic opportunities, and engaging with the corporate sector. Our objective is to enhance our financial base, ultimately enabling us to offer exceptional education and make meaningful contributions to our community.

Furthermore, we have ambitious plans to accelerate our university's progress towards achieving our goals. We are introducing niche programs in drylands agriculture, nursing, and Geographic Information Systems (GIS) technology. These programs are carefully crafted to meet emerging needs in our region and beyond, enhancing our reputation as a centre of excellence.

In closing, Garissa University is dedicated to academic excellence, vibrant research, and community outreach. The financial data we have shared underscores our collective commitment. We extend our heartfelt gratitude to the government for its significant support, which has been instrumental in our

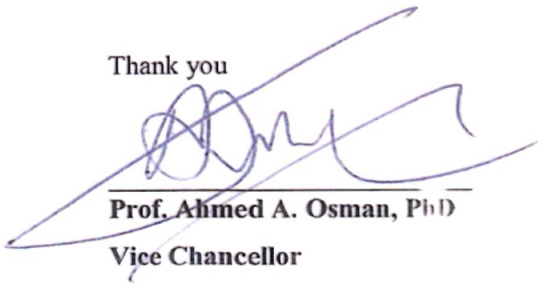
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achievements. Simultaneously, we remain committed to diversifying our funding sources to achieve our goals more efficiently.

I extend my gratitude to everyone for their dedication and support as we continue to advance Garissa University together.

Thank you



**Prof. Ahmed A. Osman, PhD**  
Vice Chancellor

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

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

Garissa University has five (5) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2023/2024-2027/2028. These strategic pillars/ themes/ issues are as follows:

- Pillar/theme/issue 1: Academic excellence
- Pillar/theme/issue 2: Research and innovation
- Pillar/theme/issue 2: Community outreach and partnerships
- Pillar/theme/issue 2: Students experience
- Pillar/theme/issue 2: Institutional capacity and sustainability

The University develops its annual work plans based on the above five pillars/Themes/Issues. 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 2023/2024 period for its five strategic pillars, as indicated in the table below:

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Pillar/theme/issue 1:</b> Academic excellence	Improve teaching quality	Number of programmes developed	Develop new niche programmes	The following four programmes were developed during the financial year: <ul style="list-style-type: none"> <li>✓ Animal Health &amp; Production</li> <li>✓ Dryland Agriculture</li> <li>✓ Nursing</li> <li>✓ Geospatial and Environmental Engineering</li> </ul>
	Improve learning resources	<ul style="list-style-type: none"> <li>✓ Number of renovated facilities</li> <li>✓ Number of new facilities developed</li> </ul>	<ul style="list-style-type: none"> <li>✓ Improve learning facilities and infrastructure</li> <li>✓ Develop new facilities</li> </ul>	<ul style="list-style-type: none"> <li>✓ 15 teaching/learning facilities renovated</li> <li>✓ Four (4) new infrastructural development ongoing (Library,</li> </ul>

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				Tuition, Administration blocks, and water storage and reticulation projects)
	Increase students' retention and completion rate	✓ Percentage completion rate of students enrolled	✓ Enhance security and safety mechanisms for Students ✓ Undertake social media marketing campaigns	✓ The university achieved 83% retention and completion rate
	Improve access to education for the marginalized and under-represented groups	Number of undergraduate scholarships awarded	Provide undergraduate scholarships and grants based on financial need/Disability	22 needy students awarded partial scholarship worth 75% of tuition fees
<b>Pillar/theme/ issue 2: Research and innovation</b>	<ul style="list-style-type: none"> <li>✓ Enhance faculty development</li> <li>✓ Increase research outputs</li> <li>✓ Publish research papers for dissemination</li> </ul>	<ul style="list-style-type: none"> <li>✓ Proportion of faculty trained</li> <li>✓ Multidisciplinary cluster grant proposal developed and submitted</li> <li>✓ Numbers of research papers published</li> </ul>	<ul style="list-style-type: none"> <li>✓ Capacity building faculty on pedagogy and grant proposal writing</li> <li>✓ Develop and submit Multidisciplinary clusters Grant</li> </ul>	<ul style="list-style-type: none"> <li>✓ 45 Lecturers trained on research grants proposal writing</li> <li>✓ 6 proposals submitted for funding</li> <li>✓ 17 publications in refereed journals</li> </ul>
<b>Pillar/theme/ issue 3: Community outreach and partnerships</b>	<ul style="list-style-type: none"> <li>✓ Conduct community outreaches /service</li> </ul>	<ul style="list-style-type: none"> <li>✓ Number of community outreaches Conducted</li> <li>✓ Number of tanks installed</li> </ul>	<ul style="list-style-type: none"> <li>✓ Conduct at least 2 community outreaches</li> <li>✓ Install 10,000 capacity water storage tanks at Bula College Primary School (BCPS)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Two community outreaches conducted</li> <li>✓ One (1) 10,000 litres capacity tank installed at BCPS</li> </ul>
	Enhance industry collaboration	<ul style="list-style-type: none"> <li>✓ Number of partnerships</li> <li>✓ Number of students placed</li> </ul>	<ul style="list-style-type: none"> <li>✓ Establish industry collaborations and partnerships</li> <li>✓ Place students on internship and job opportunities</li> </ul>	<ul style="list-style-type: none"> <li>✓ 5 partnerships established with MOU's signed</li> <li>✓ 17 students placed</li> </ul>
<b>Pillar/theme/ issue 4: Students experience</b>	Enhance students in wellness programmes & initiatives	Number of students in wellness programmes	✓ To enhance the number of student participation in wellness programmes and initiatives	✓ 1284 students participated in wellness programmes

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	Support GaUSO activities	Percentage of GaUSO activities supported	✓ To support all GaUSO activities 100%	✓ All GaUSO activities supported 100%
	Increase the number of students placed in relevant work-study positions	Number of students increase	✓ To increase the number of students in work study program from 15 to 17	✓ 20 students placed in work study positions during the FY
	Improve the digital experience and internet availability to all students and faculty	Percentage of buildings with connectivity	✓ To fit all buildings & lecture halls with Wi-Fi, Hot spots etc.	✓ 90% of the buildings and lecture halls connected with internet/wi-fi
<b>Pillar/theme/issue 2: Institutional capacity and sustainability</b>	To strengthen institutional capacity of the university: ✓ Human resource capacity and capability; ✓ Performance management ✓ Corporate Governance and compliance ✓ Internal Auditing and Compliance Processes ✓ Security in the university	✓ Training Needs Assessment (TNA) undertaken ✓ Internal Audit and HR Policies & Instruments reviewed ✓ HR Policies developed ✓ New SP 2023-2027 developed ✓ PC targets cascaded to staff ✓ Staff annual appraisal undertaken ✓ Number of business processes re-engineered	✓ Undertake and implement TNA ✓ Review Internal Audit and HR Policies & Instruments ✓ Develop HR policies ✓ Develop strategic plan (SP) 2023-2027 ✓ Implement Performance Contract (PC) by cascading to staff through individual performance targets ✓ Undertake annual staff appraisal ✓ Install CCTV security cameras ✓ Re-engineer business processes of the prioritized services	✓ TNA undertaken ✓ 90% of HR instruments developed ✓ 7 Policies developed ✓ New SP developed & completed ✓ PC Cascaded to all staff ✓ Annual staff performance appraisal undertaken ✓ 53 Install CCTV security cameras installed ✓ 25% of the identified processes re-engineered

### **8. Corporate Governance Statement**

Garissa University's corporate objective is to create long-term value in academic and research through creation, conservation and dissemination of knowledge. This will be done by nurturing of talent through research, innovation, consultancy, community outreach, entrepreneurship, imparting knowledge and skills to meet the needs of society as prescribed in the mission statement and through the provision of innovative customer and market-focused academic programmes.

In line with PFM Act of 2012, Sec. 68, Garissa University accounting officer is accountable to the National Assembly for ensuring that the public resources are used in a way that is; lawful and authorised; and effective, efficient, economical and transparent.

#### **Corporate Governance Principles**

In pursuit of the corporate objective, we have committed to the highest level of governance and strive to foster a culture that values and rewards exemplary academic excellence within clear ethical standards and corporate integrity with respect for others. The University Act no. 42 of 2012; Mwongozo code 2015; Commission for University Education regulations and standards 2014 and Garissa University charter and statutes 2017 guide the University Council's governance role, basis and conduct of business. As per the Universities Act 2012, the Council is expected to Employ staff, approve statutes of the University and cause them to be published in Kenya Gazette, approve polices of the university and the budget; Appoint the Vice Chancellor, Deputy Vice Chancellor and Principals of Constituent Colleges through a competitive process and undertake other functions set out under the Universities Act, the Statutes and the Charter of the University.

In our view, the Governance responsibility is not only a matter for the Council; good governance culture must be permeated through the entire University system. The current social-economic business and political environment that the University operates in underscores the need for continued high standards of corporate governance and accountability. The emerging realities unmasked by the implementation of the constitution and enlarged space for more enlightened clientele calls for diligence in governance. The Governance of the University has to be sound in order to deal with any of the unpredictability of today's world.

#### **Appointment of Council**

The current Council members were appointed and gazzeted on 15<sup>th</sup> August 2022 bringing the total number of members to eight (8) inclusive of the CEO/Secretary. The members possess extensive experience in various disciplines, all which are applicable in the overall governance of the University.

### **Size and composition of Council**

The current University Council consists of members to eight (8) inclusive of the CEO/Secretary and is in line with the Mwongozo guidelines (*the Board should consist of seven (7) to nine (9) members*). The current Council composition has the right balance of skills and experience appropriate for the University where they all participate in decision-making.

### **Induction and Evaluation**

The Council took part in an online evaluation exercise carried out by SCAC on 11 September 2023. The Council attained an overall score of 82.2 percent with the major challenge being lack of some key policies such as the Risk Management policy.

Members also underwent a capacity-building workshop from 16th to 19th October 2023 that aimed to enhance the capacity of university council members by covering key aspects of corporate governance, including understanding roles and responsibilities, financial management, human resources, ethics, strategic planning, and legal compliance. It emphasized the importance of good governance practices, accountability, and transparency in university administration, with a focus on aligning council decisions with the institution's strategic goals and national development agenda. The results of the Council evaluation was also discussed during the workshop and members agreed on a performance improvement plan.

### **Council Meetings**

The University Council meets at least quarterly in accordance with the Mwongozo Code of Conduct unless urgent matters call for special meeting. The main aim of the regular Council meetings is to consider reports from the committees of Council for final resolutions. Members receive adequate notice and board papers in advance to enable them review and prepare for the meeting. In all the meetings, the agenda includes item on declaration of conflict of interest and any conflict of interest declared is recorded in the Conflict-of-Interest book and minutes.

During the FY 2023/2024, the University Council had eight (6) Regular meetings, four (4) special Council meetings. Individual attendance is as tabulated below.

**Table 1: The Committee members and number of meetings held during the year are tabulated below:**

S.NO	NAME	REGULAR MEETINGS	SPECIAL MEETINGS	MISSED MEETINGS	TOTAL
1.	Mr. Hassan Duale	6	4	1	9
2.	Mr. Boniface K. Ngigi	6	4	1	10
3.	Prof. Ahmed O. Warfa	6	4	0	10
4.	Dr. Margaret M Gikuhi	6	4	0	10
5.	Ms. Jacinta Anyang'o	6	4	1	9
6.	Mr. Brian K. Gikunda	6	4	0	10
7.	Mr. Hassan Sheikh	6	4	0	10
8.	Dr. Billow Khalid	6	4	0	10

#### **Council Committees**

The University Council established four (4) standing committees that assist to discharge its functions. These committees are:

#### **Audit, Risk and Compliance Committee (ARCC)**

Garissa University Council aspires to use the public resources at its disposal in an efficient and accountable manner. In line with the The Kenya Gazette No. 2690 of 15<sup>th</sup> April, 2016, and PFM Act Sec. 73, an audit committee was established to provide independent advice and assurance of the University's strategy, performance and compliance to different statutes.

In compliance with PFM Regulations, 2015, the committee members have the relevant qualifications and expertise in audit, finance and risk management in public service. At least there is a representative from Treasury and a member of a professional body with good standing. The committee has a charter that describes its oversight mandate.

The ARCC plays a key role with respect to the integrity of the entity's financial information, its system of governance, risk and internal controls, and the legal and ethical conduct of management and employees. The committee is required to review and report to the Council on the comprehensiveness, reliability and integrity of internal controls measures; quality assurance and standards required providing effective monitoring of processes, management of risk, recommend to the Council policies in respect to management and control systems on internal business processes including accounting

policies, anti-fraud and whistle blowing consider an approved annual audit plan and advise the University Council on matters relating to the security of the University, staff and students and review and advice Council on all matters relating to the risk management framework and internal audit functions of the University.

**Table 2: The ARCC Committee members and number of meetings held during the year are tabulated below:**

<b>S.NO</b>	<b>NAME</b>	<b>ATTENDED MEETINGS</b>	<b>MISSED MEETINGS</b>	<b>TOTAL</b>
1.	Mr. Hassan Duale	3	1	3
2.	Mr. Boniface K. Ngigi	4	0	4
3.	Mr. Brian K. Gikunda	4	0	4

**Finance, Development and General Purpose (FDGP) Committee**

The committee critically scrutinizes the budget and other financial requirements before they are presented to the full Council. It oversees the University's financial affairs on behalf of the Council; develops strategies to guide the growth of the University and monitors its implementations; Reviewing the University's financial strategy for approval by the Council; Dealing with strategic issues concerning financial risk management and advising the Council appropriately; Reviewing the University's annual financial statements and reporting to the Council; Receiving and considering annual external audit reports submitted by External Auditors and, making recommendations to the Council; Reviewing the University's financial regulations from time to time and recommending any necessary changes in those regulations to the Council.

During the period under review, the FDGP committee had Four (4) regular meetings and one (1) special meeting. Th committee considered financial statements and reports, Development project progress reports, Resource mobilization status reports among other key aspects. Table 3 below indicates individual attendance records of the members of the committee

**Table 3: The FDGP Committee members and number of meetings held during the year are tabulated below:**

S.NO	NAME	ATTENDED MEETINGS	MISSED MEETINGS	TOTAL
4.	Mr. Hassan Duale	4	1	3
5.	Mr. Boniface K. Ngigi	4	0	4
6.	Dr. Billow Khalid	4	1	3
7.	Ms. Jacinta Anyango	4	1	3
8.	Prof. Ahmed O. Warfa	4	0	4

**Academic, Research, Students Affairs & Community Outreach (ARSA & CO) Committee**

The committee advises on the development and implementation of academic and research programmes and policies; make recommendations for the sourcing, administration and distribution of scholarships; oversee a reward scheme for excellence in teaching, research and extension; receive regular reports from and provide advice to the Deputy Vice Chancellor Academic and Student Affairs on the development of policy and procedures relating to academic and research and consider and report any matter referred to it by the Council and the Senate. The committee also advises the university on its Community Outreach mandate.

**Table 4: The ARSA &CO Committee members and number of meetings held during the year are tabulated below:**

S.NO	NAME	ATTENDED MEETINGS	MISSED MEETINGS	TOTAL
1.	Mr. Hassan Duale	5	1	6
2.	Ms. Jacinta Anyango	5	1	6
3.	Mr. Hassan Sheikh	6	0	6
4.	Dr. Billow Khalid	6	0	6
5.	Prof. Ahmed O. Warfa	6	0	6

**Governance, Human Resource & Staff Welfare (GHRSW) Committee**

The Committee oversees the formulation and subsequent monitoring and review of policies and strategies on employment of all University staff, including policies on recruitment and selection of,

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staff development and training, performance management schemes and salaries and other conditions of service; Monitoring key performance indicators as agreed by the Council; Receiving and considering proposals on strategy and policy in all matters relating to the recruitment, reward, retention, motivation and development of the University's staff, and making recommendations to the University Council; Receiving reports from the Management Board relating to promotion, re-grading, the award of additional salary increments and contribution payments to salaried staff; Receiving and considering reports from the Management Board concerning the terms and conditions of service of employees of the University, and making recommendations to the University Council

**Table 5: The Committee members and number of meetings held during the year are tabulated below:**

S.NO	NAME	ATTENDED MEETINGS	MISSED MEETINGS	TOTAL
1.	Dr. Billow Khalid	5	0	5
2.	Mr. Boniface K. Ngigi	5	0	5
3.	Mr. Brian K. Gikunda	5	0	5
4.	Prof. Ahmed O. Warfa	5	0	5

During the FY 2023/2024 The GHRSW, committee held five (5) meetings including one (1) special meeting to consider the Draft Strategic Plan 2023 - 2027. The Committee in its regular meetings considered among other things, the Council Almanac, Performance contract and its implementation reports, policies such as the Rewards and Sanctions policy as well as ISO certification progress reports.

The Council approved several key documents including the annual budget, performance evaluations, student graduation lists, staff establishment, and procurement plan. All required financial reports were submitted to the relevant state departments on time.

The Council recognizes the importance of partnerships with the private sector to improve financial resources. Due to increased financial needs and transparency requirements, stronger relationships with the government and other stakeholders are crucial. The growing emphasis on effective financial management has led to heightened scrutiny of the university's risk management practices.

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The Council governs the University consistent with the stated business strategy indicated in the University's values of equity, team work, meritocracy, accountability, academic freedom and excellence, and probity all contributing to the commitment to transparency and high-quality governance system.

**Conflict of interest**

During the period under review, there was of declaration of any conflict of interest by the members Garissa University incurred a total expenditure of in facilitating the council to attend meetings.

**Table 6: The Council Gross Expenditure:**

S/No.	Name	Position	QT1	QT2	QT3	QT4	GROSS AMOUNT
1	Margret Gikuhi	Chairperson	656,607	352,400	671,600	456,953	2,137,560
3	Mr. Boniface Ngigi	Rep PS Treasury	362,400	187,800	266,000	187,800	1,004,000
2	Mr. Hassan Dualle	Rep PS MoE	194,600	167,800	246,000	80,000	688,400
4	Brian K Gikunda	Member	433,800	167,800	245,641	200,000	1,047,241
5	Billow Khalid	Member	366,561	187,800	226,000	167,800	948,161
7	Mary J Anyango	Member	204,300	296,575	279,400	221,200	1,001,475
6	Hassan S mohamed	Member	390,722	167,800	226,000	167,800	952,322
8	Prof Ahmed Osman	Ag VC	2,619,053	2,592,694	2,592,694	2,622,944	10,427,384
9	Prof Stephen Inganga	DVC (FAP)	2,784,179	2,854,496	2,903,094	2,780,674	11,322,443
10	Prof Justus Mochama Gori	DVC (ASA)	1,027,053	1,027,053	1,027,053	1,060,053	4,141,212
	<b>Total</b>		<b>9,039,275</b>	<b>8,002,218</b>	<b>8,683,482</b>	<b>7,945,224</b>	<b>33,670,199</b>

## 9. Management Discussion and Analysis

### Section A: The University's operational and financial performance

The University received exchequer grants amounting to **Kshs 390,032,647** in addition; it received **Kshs 91,911,442.50** from University Funding Board and HELB, it collected **Kshs 196,351,235** internally generated Income (A-I-A) from tuition and related charges and received **Kshs 21,930,819.70** as sundry income, **Kshs 12,346,000** from development partners. Several collaborative research proposals have been developed to positively boost research funding and meet the yearly requirement as expected by the Commission for University Education (CUE). GaU obtained funding from SDC for capacity development in support of the Institute for Peace and Security Studies (IPSS) and Mercy Corps donated a fully equipped GIS lab at a cost of **Kshs 43,000,000**. The University received a development capitation of **Kshs. 225,642,792** this year towards the building of the tuition block, Library block, and the new administration block. The total University operational expenses stood at **Kshs. Kshs.761, 574,317**, and the capital expenditure stood at **Kshs.188, 987,121** as at the end of the period.

### Section B: University's compliance with statutory requirements

During the period under review, the University complied with its statutory obligations including compliance with Public Procurement Regulations, remittance of PAYE, NHIF, NSSF, NITA and HELB within the stipulated deadlines.

### Section C: Key projects and investment decisions the University is implementing

#### 1. Ultra -Modern Library complex housing the School of Information Sciences

The government through the Ministry of Education and National Treasury approved the proposal to construct an ultra-modern library to support teaching and learning activities in the university at a total cost of **Kshs. 1.5B**. The project is scheduled to be implemented in 3 phases, and be financed across a period of five years. The first phase of the proposed New Library Block project cost is **Kshs.207,074,480.63** and was allocated **Kshs. 30 million** in the 2023/2024 FY. The project has significantly progressed from the foundation works to the first-floor slab where the formwork, reinforcement, electrical, plumbing, and drainage points are now installed awaiting casting of the first-floor slab. The value of the work done as estimated at the close of the reporting period stands at 34% complete.

## 2. Tuition Block with an Auditorium

Through the Ministry of Education and National Treasury, the government approved the proposal to construct a multi-storied Tuition Block that will create more room for teaching and learning activities in the university. The total contract cost for the project is **Kshs. 372,058,699.00** and its financing plan is spread across a three-year duration. In the current financial year (FY 2023/2024), the project was allocated **Kshs. 130 million**. The project implementation is currently underway. Mass Excavation, compaction of the base and reinforcement of the entire foundation works are complete. Casting of the raft foundation slab is ongoing at 60%. The value of the work done as estimated at the close of the reporting period is at 16% complete.

## 3. The Water Storage and Reticulation Project

The project comprises installation of two pressed steel water tanks, one with a capacity of **144,000-litres** at ground level and another with a capacity of **75,000-litres** elevated at high-level. The tanks will boost the institution's water storage abilities and the reticulation network will ensure provision of a steady water supply to student accommodation facilities, washrooms at the learning facilities and general staff houses. The contract sum of the project is **Kshs. 26,902,778.74**. The government allocated **Kshs. 16 million** in the 2023/2024 FY for implementation of the project. Both the elevated water tank and the ground level tank are assembled and the pump house is constructed to near completion. Water reticulation lines supplying to the adjacent student hostels are installed. The work done as at the closing of the reporting period is estimated to be at 70%.

## 4. Modern Administration Block

The government through the Ministry of Education and National Treasury approved the proposal to construct a modern Administration block. The facility once completed will host the Universities management structure all under one roof and improve on service delivery and working conditions. The government has allowed a total sum of **Kshs. 518,416,664** towards implementation of this project. The amount allocated was **Kshs. 150,000,000.00** for the FY 2023/2024. The project is ongoing under a contract period of 52 weeks. The works undertaken to date include excavation, blinding, installation of reinforcement and casting of all foundation members. The foundation walls are 95% constructed, and backfilling of the foundation with both murrum and hardcore is ongoing at 90%. Project progress is estimated to be at 20% at the end of the reporting period.

## **Section D: Major Risks Facing the University**

It's important for the Universities to identify and address risks effectively to ensure their long-term sustainability and success. Here is a summary of the major risks facing the University, along with mitigation measures:

### **1. Budgetary Provisions:**

Risk: Increased financial needs and limited government resources, lead to liquidity risk.

Mitigation: Established a resource mobilization committee to explore alternative funding sources

### **2. Strategic Risk:**

Risk: Failure to attract enough students due to various factors.

Mitigation: Develop unique and competitive courses to attract more students as well as rigorous marketing of current programs on offer.

### **3. Inadequate Infrastructure:**

Risk: Insufficient infrastructure to support a growing student population.

Mitigation: Invest in infrastructure development to accommodate increasing numbers of students. Currently, construction work is going on for the tuition block, library and administration block. In addition, the University has requested the Ministry of housing to consider putting up a 1000-bed capacity hostel, which they have gladly accepted, and works are at the design stage.

### **4. Recruitment and Retention of Senior Staff:**

Risk: Inability to recruit and retain senior teaching staff due to low funding.

Mitigation: Implement an adjunct policy to attract and retain qualified teaching staff.

### **5. Downtime of Information Technology Systems:**

Risk: Disruption of IT systems including ERP, servers, and networks.

Mitigation: Continuously upgrade and update IT systems to minimize downtime.

By addressing these risks and implementing effective mitigation measures, the university can enhance its resilience and ability to achieve its strategic objectives.

**Section E: Material arrears in statutory/financial obligations**

During the period under review, we had no outstanding statutory/financial obligations. However, as at the reporting period, pending bills to suppliers and service providers amounted to **Kshs 181,179,911**

**Section F: The University's financial probity and serious governance issues**

In the FY 2023-2024, Garissa University strictly adhered to the code of ethics especially being honest in all financial matters. Further, there has been no serious governance issue.

## **10. Environmental and Sustainability Reporting**

One of the key mandates of GaU is to develop an institution of excellence in community service through provision of sustainable educational, cultural, professional, technical and vocational services to the community and, in particular, the fostering of corporate social responsibility. This is further defined in our current strategic plan through the key result area on Community Collaboration and Corporate Social Responsibility.

Below is a brief highlight of our achievements in each pillar

### **i. Sustainability strategy and profile**

GaU recognizes the importance of sustainable development and has established a clear and long-term road map it requires to tackle impacts at a local and global level as outlined in its Strategic Plan. The University is focused on infrastructural and key policy and programmes to enable it to keep up with the competition and emerging trends. The University is implementing various key projects including the proposed tuition block that houses the school of information science, the proposed library block phase I, the water storage and reticulation project, the proposed administration block. The major challenge has been insufficient of funding. Curricula developed during the period under review are cognisant of the local and international best practices as well as emerging trends.

### **ii. Environmental performance**

The University has developed a framework to ensure 10% forest cover within the University by 2026 and implement the government directive to plant trees across the country. The greatest challenge to the University in its conservation efforts has been the lack of adequate water. to make it fit for Human Consumption.

### **iii. Employee welfare**

The Human Resource Policies and procedures Manual to manage its Human capital guide the university. The institution organizes for training internally and externally to capacity build, re-tool and train staff to fit purpose and respond to ever growing national and international needs. Additionally, the university provides comprehensive medical cover for its staff and is OSHA and WIBA acts of 2007 compliant. The following are the major highlights.

- i. The organization arranges for safety and the absence of risks to health. This is in connection with the use, handling, storage and transport of articles and substances.

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- ii. Provide information, instruction, training and supervision as is necessary to ensure the safety and health of work of every person employed.
- iii. Maintain the workplace in a condition that is safe and without risks to health. In addition, provide and maintain necessary means of access to and outlet from it that are safe and without risks to health.
- iv. Provide and maintain a working environment for every person employed that is safe, without risks to health.
- v. Inform all employees of any risks from new technologies and imminent danger.

**11. Report of the Directors**

The University Council submits their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Garissa University's affairs.

**i) Principal activities**

The principal activities of Garissa University are teaching, research and community outreach and its mission is to nurture talent through research, innovation, consultancy, community outreach, entrepreneurship, and imparting knowledge and skills to meet the needs of the society.

**ii) Results**

The results of the University for the year ended June 30, 2024, are set out on page 1

**iii) Council Members**

The members of the University Council who served during the year are shown on pages viii to xi

**iv) Auditors**

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

By Order of the Board

  
**Prof. Ahmed A. Osman, PhD**

**Vice Chancellor**

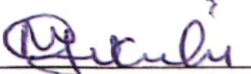
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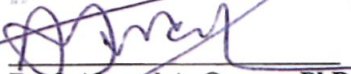
## **12. Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require the University Council to prepare financial statements in respect of Garissa 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 also required to ensure that the University keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the University. The University Council is also responsible for safeguarding the assets of the University.

The University Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year period ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose, with reasonable accuracy, at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

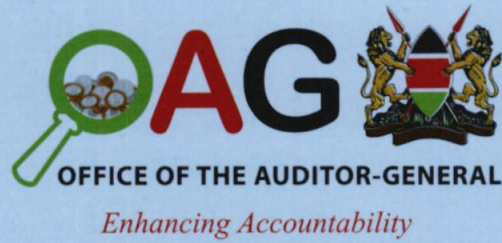
The University Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and University's Act Section 47 (1) to (3). The University Council is of the opinion that the University's financial statements gives a true and fair view of the state of the University's transactions during the financial year ended June 30, 2024, and of the University's financial position as of that date. The University Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Council Members to indicate that Garissa University will not remain a going concern for at least the next twelve months from the date of this statement.

  
**Dr. Margaret Mumbi Gikubi, EBS, PhD., DHL**  
**Chair of Council**

  
**Prof. Ahmed A. Osman, PhD**  
**Vice-Chancellor**

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON GARISSA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Garissa University set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2024

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*Report of the Auditor-General on Garissa University for the year ended 30 June, 2024*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respect, the financial position of Garissa University as at 30 June, 2024 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. Unsupported Refundable Deposits**

The statement of financial position reflects refundable deposits from customers of Kshs.15,035,039 as disclosed in Note 21 to the financial statements. The balance comprises of unpaid retentions deducted from payment to contractors of Kshs.8,061,539 and students' caution money of Kshs.6,973,500. Review of deposits' account records revealed that the bank balance as at 30 June, 2024 amounted to Kshs.46,012,098, which differed with reported refundable deposits from customers balance of Kshs.15,035,039, resulting in an unexplained variance of Kshs.30,977,059.

In the circumstances, the accuracy and completeness of the refundable deposits from customers balance of Kshs.15,035,039 as at 30 June, 2024 could not be confirmed.

### **2. Unsupported Receivables from Exchange Transactions**

The statement of financial position as disclosed in Note 17 to the financial statements reflects receivables from exchange transactions balance of Kshs.80,468,828 in respect to student receivables (outstanding fees). However, review of billing statement revealed an outstanding student fee balance of Kshs.128,489,580, leading to an unexplained variance of Kshs.48,020,752. Further, ageing analysis for the receivables was not provided for audit review. As a result, it was not possible to determine which debts are recoverable, doubtful and which ones to be written off. In addition, there was no evidence of any action taken by the Management to recover the receivables apart from issuance of the periodic fee reminder circulars. In addition, the University does not have a credit management policy which to guide on provisions for bad and doubtful debts expenses.

In the circumstances, the accuracy, recoverability and fair statement of trade and other receivables of Kshs.80,468,828 could not be confirmed.

### **3. Non-Disclose of Material Uncertainty in Relation to Sustainability of Services**

The statements of financial position reflect current liabilities balance of Kshs.151,224,991 which exceeded the total current assets of Kshs.128,990,994, resulting in a negative working capital of Kshs.22,233,997. This is an indication that the University may not be able to settle its obligations as and when they fall due. In addition, there was existence of material uncertainty casting doubt on the University's ability to sustain its services and its existence depends on continued support from the Government and creditors. However, this material uncertainty relating to the sustainability of services and measures taken to mitigate the undesirable financial position, have not been disclosed in the financial statements.

In the circumstances, the sustainability of the University services and its ability to meet its obligations as and when they fall due.

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

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual amounts on comparable basis of Kshs.1,101,907,298 and Kshs.905,712,214 respectively, resulting in an unrealized revenue of Kshs.196,195,084 or 18% of the budget. Similarly, the statement reflects actual expenditure of Kshs.872,247,692 against actual receipts of Kshs.905,712,214 resulting in under absorption of Kshs.33,464,522 or 3.7% of the actual receipts.

In the circumstances, the planned programs and activities of the University may not have been implemented and services provided/received as envisaged.

My opinion is not modified in respect to this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the revenue statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

#### **Other Matter**

##### **Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2024. The Management did not provide a report on how it has addressed the recommendations and

findings of the previous year's audit as required by Section 31(1)(a) of the Public Audit Act, 2015.

In the circumstances, the Management was in breach of Section 31(a) of the Public Audit Act, 2015, which requires the entity to submit a report on how it has addressed the recommendations and findings of the previous year's audit.

### **Other Information**

The Management is responsible for the Other Information set out on page iv to xxxv which comprise of Key Entity Information and Management, University Council, University Management Team, Chairman's Statement, Report of the Vice Chancellor, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Managements Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the University's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Irregular Payment of Acting Allowances**

The statement of financial performance reflects an amount of Kshs.435,895,504 in respect of employee costs as disclosed in Note 12 to the financial statements. Included in the expenditure is an amount of Kshs.2,529,878 paid as acting allowances to two (2) senior staff who have been acting as the Vice Chancellor and Deputy Vice Chancellor for more than seven years contrary to part C.14(1) of the Public Service Human Resource Policies and Procedures, 2016 which requires acting allowances not to be paid for a period exceeding six (6) months.

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

## **2. Non-Compliance with One-Third Basic Salary Rule**

Review of the University payroll records revealed that, twenty-five (25) employees earned net salaries which were below one-third of their basic pay in various months during the year. This was contrary to Section 19(3) of the Employment Act, 2007 which provides that, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

## **3. Engagement of Casual Workers for Prolonged Durations**

The statement of financial performance reflects Kshs.435,895,504 in respect of employees costs as disclosed in Note 12 to the financial statements. Included in the amount is Kshs.14,824,576 incurred on casual wages. However, review of the casual personal files and payroll record revealed that, the casuals were engaged for more than twelve (12) months, with some engaged for eleven (11) years without conversion to contract or permanent and pensionable terms contrary to Section 37(b) of the Employment Act, 2007 which provides that where a casual employee performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more the contract of service of the casual employee shall be deemed to be one where wages are paid monthly

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

## **4. Non-Compliance with Law on Ethnic Composition**

Review of human resource records for the University revealed that the dominant ethnic community employed by the University constitutes one hundred and twenty-four (124) staff or 60% of the total population of two hundred and seven (207) staff. This is 25% above the provision of National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

Further, examination of the ethnic composition for the top management including, Directors, Deans and Head of Departments revealed that the dominant ethnic community constitutes 24 staff out of 39 managerial positions or approximately 62%.

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

## **5. Irregular Payment of Security Allowances**

The statement of financial performance reflects Kshs.435,895,504 in respect of employee costs as disclosed in Note 12 to the financial statements. Included in the amount is Kshs.6,635,721 incurred on payment of basic salary and telephone allowances to police officers who are attached to the University. However, the police officers are deemed to

be on duty and are paid by the National Police Service Commission. In addition, the University has an established Administration Police (AP) post with deployed AP officers housed within the University compound. The University did not provide a Memorandum of Understanding with the National Police Service or policies guiding the payment of monthly salaries and telephone allowances. Further, the allowances are also subjected to pay as you earn, which indicates that the allowances are not categorized as daily subsistence allowance.

In the circumstances, the regularity of expenditure of Kshs.6,635,721 paid to security officers could not be confirmed.

## **6. Long Outstanding Account Payables**

The statement of financial position reflects Kshs.136,189,872 in respect of trade and other payables balance as disclosed in Note 20 to the financial statements. Included in the balance are third party payments (unpaid personal claims for part-time lecturers) of Kshs.72,715,000. Review of account payables records provided for audit revealed that an amount of Kshs.42,524,000 relating to part-time lecturers' claims has been outstanding for over two (2) years dating back to the year 2022 contrary to Treasury Circular No.10/2020 of 16 June, 2020, which requires pending bills to be settled as a first charge in the first quarter of the preceding financial year. Further, aging analysis of the payables was not included in the notes to the financial statements. In addition, there was no Management strategies and controls that are put in place to clear payables.

In the circumstance, accumulation of long outstanding pending bills may lead to litigation and interest charges.

## **7. Incomplete and Stalled Development Projects**

The statement of financial position reflects Kshs.1,721,128,470 in respect of property, plant and equipment (PPE) balance as disclosed in Note 18 to the financial statements. Included in the balance is Kshs.257,311,844 in respect of PPE additions made during the year under review. However, review of payment and procurement records in respect of capital work in progress additions of Kshs.186,383,121 revealed the following anomalies:

### **7.1 Construction of Administration Block**

The contract for the construction of administration block was awarded to a construction company at a contract sum of Kshs.518,416,664. The contract agreement was signed on 29 May, 2023. Notice to take full possession of the site and commencement was given to the contractor on 24 August, 2023. The expected completion date was 23 August, 2024. Review of status report and physical inspection conducted in the month of October, 2024 revealed that the project was approximately 22% complete with an amount of Kshs.117,727,960 paid to the contractor. However, the construction works had stalled on first floor shutter level and the contractor was not on site. Explanations from Management revealed that the contractor had requested and obtained an extension of project contract

period by 52 weeks ending 24 August, 2025. Further, revised work plan detailing how the project was to be completed on revised dates was not provided.

## **7.2 Proposed Construction of Tuition Block**

The contract for the construction of a Tuition Block was awarded to a construction company at a contract sum of Kshs.372,058,699. Notice to take full possession of the site and commencement was given to the contractor on 7 November, 2022 with an expected completion date of 6 November, 2023. Revised completion period was 12 August, 2024. Review of status report and physical inspection of the project conducted in the month of October, 2024 revealed that the project was approximately 20% complete with an amount of Kshs.64,918,4180 already paid to the contractor. However, as at the time of the inspection, the construction works had stalled and the contractor was not on site. Further, revised work plan detailing on how the project was to be completed was not provided.

## **7.3 Proposed Water Storage Tanks and Water Reticulation Installation Works**

The contract for the proposed water storage tanks and water reticulation installation works was awarded to a construction company at a contract sum of Kshs.26,902,778. The contract agreement was signed on 11 April, 2023. Notice to take full possession of the site and commencement was given to the contractor on 22 May, 2023 with an expected completion date 24 November, 2023. Review of status report and physical inspection of the project conducted in the month of October, 2024 revealed that the project was approximately 50% complete with an amount of Kshs.10,468,800 already paid to the contractor. However, as at the time of visit the construction works had stalled and the contractor was not on site. Further, revised work plan detailing how the project was to be completed was not provided.

## **7.4 Construction of Library Block**

The contract for the construction of the library block was awarded to a construction company at a contract sum of Kshs.207,074,948. Notice to take full possession of the site and commencement was given to the contractor on 7 November, 2022 with an expected completion date of 6 November, 2023. Completion period was thereafter revised to 27 May, 2024.

Review of status report and physical inspection of the project conducted in the month of October, 2024 revealed that the project was approximately 45% complete. Funds received in respect of the project from the Ministry of Education was Kshs.27,215,324. However, the contractor was paid Kshs.56,727,673.58. Explanations on the sources of extra funding were not provided by Management, an indication that funds meant for other projects may have been diverted to pay for the project.

Further, as at the time of physical inspection, the construction works had stalled and the contractor was not on site. Further, revised work plan detailing how the project was to be completed was not provided.

In the circumstances, value for money may not have been realized from the investment in the projects while delays in their completion may lead to cost escalation.

## **8. Composition of Council Committees**

Review of the composition of the board committees revealed that two (2) council members served in three (3) committees each contrary to circular OP/CAB.9/1A of 11 March, 2020 which requires members to sit in maximum of two (2) committees each except with the approval of the Cabinet Secretary of respective parent Ministry. The approval of the Cabinet Secretary of respective parent Ministry was not provided for audit review.

Further, review of the Board Committee's records revealed excess membership in each of the sub committees. The Governance Human Resource and Student Welfare Committee had four (4) members, Finance, Development and General-Purpose Committee, had five (5) members. The University Council full membership was eight (8) meaning each committee should not have more than three (3) members.

This was contrary to Paragraph (B 4) of Circular Ref. No OP/CAB.9/1A from the Head of Public Service dated 11 March, 2020, which stipulates that the number of members to any committee should not be more than one third of the full Board and members can only sit in a maximum of two (2) committees.

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

The audit was conducted in accordance with ISSAIs 3000 and 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**

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

### **Basis for Conclusion**

#### **1. Lack of Board Succession Planning**

Review of the Council composition revealed that four (4) Council members were gazetted on 08 July, 2022 and one (1) member was gazetted on 05 August, 2022. This implies that the term of the four (4) Council members will expire at the same time and additional one member one month later. In such instance the Board will lack quorum to transact business in case the appointment will not be done on time.

Further review of gazette notices appointing the Council members revealed that one (1) Council member was appointed on 8 November, 2019 for a period of three (3) years. Her appointment expired on 8 November, 2022. However, the Cabinet Secretary did not appoint a member to replace her and as result the Council was not properly constituted.

## **2. Enterprise Resource Planning (ERP) System Weakness**

Review of records revealed that the University enhanced its information technology systems by implementing an Enterprise Resource Planning (ERP) system with the main objective of bringing in efficiency in operations within the University. However, walk through of the system identified several weaknesses in the entity's current Microsoft Navision 2017 ERP system, which has been phased out by its provider (the Microsoft). The ERP system exhibited several limitations.

The ERP system is outdated, with no access to necessary software updates or user support from Microsoft. The system was unable to generate bulk analysis reports for receivables and tuition fees. As a result, critical reports must be compiled manually, which is time-consuming and prone to errors.

Further, there were significant integration challenges with the ERP system, causing payment data not to reflect in real-time. In certain instances, payments should be input manually, which introduces delays and risks of inaccuracies.

The system's outdated interface and functionality result in frequent user challenges, including data input errors that occasionally lead to corrupted data. The University did not utilize the system effectively and no explanation was provided for the anomaly since the University had interacted with the system since 18 September, 2014.

In the circumstances, the University may not have effectively realized value for money utilized in the implementation of the ERP system.

## **3. Lack of Updated Asset Register**

Review of the Electronic Asset Register maintained by the University revealed that the register was incomplete and inaccurate. The Management had not assigned any staff the responsibility of maintaining and updating the register. In addition, the University owns various categories of property, plant and equipment which were not tagged, making it difficult to identify, track movement and verify contrary to the requirement of Section 139(1)(b) of the Public Finance Management (National Government) Regulations, 2015 which stipulates that the Accounting Officer of a National Government entity shall take full responsibility and ensure that proper control systems exist for assets and that movement and conditions of assets can be tracked.

In the absence of effective controls in management of assets, the security and proper use of the assets may not be guaranteed.

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

### **Responsibilities of Management and the University Council**

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

In preparing the financial statements, Management is responsible for assessing the University's ability to continue to sustain its services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the University or to cease operations. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

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


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

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

**Nairobi**

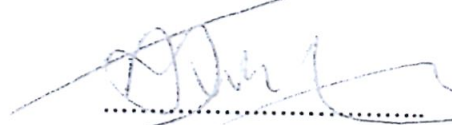
**10 December, 2024**

**Garissa University**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

**14. Statement of Financial Performance for the year ended 30 June 2024**

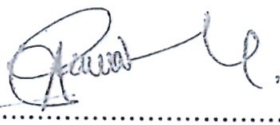
	Notes	2023-2024 Kshs	2022-2023 Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	481,944,090	469,085,070
Accrued Income-in-kind	7	1,021,863	607,336
		<u>482,965,952</u>	<u>469,692,406</u>
<b>Revenue from exchange transactions</b>			
Rendering of services	8	237,913,300	142,930,466
Rental revenue from facilities and equipment	9	2,936,400	3,646,890
Other income	10	31,340,420	16,016,710
		<u>272,190,119</u>	<u>162,594,066</u>
<b>Total revenue</b>		<u>755,156,072</u>	<u>632,286,472</u>
<b>Expenses</b>			
Use of goods and services	11	240,999,234	182,427,035
Employee costs	12	435,895,504	411,358,764
Board Expenses	13	12,816,621	14,316,088
Depreciation and amortization expense	14	55,886,550	50,662,889
Repairs and maintenance	15	6,588,744	2,654,019
<b>Total expenses</b>		<u>752,186,652</u>	<u>661,418,795</u>
<b>Surplus/ (deficit) before tax</b>		<u>2,969,420</u>	<u>(29,132,322)</u>

The notes set out on pages 36 to 37 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 signed on behalf of the University Council by:



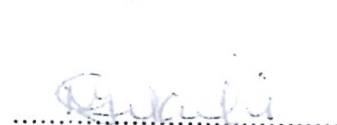
Name: **Ahmed Osman Warta**,  
**PhD**  
**Vice Chancellor**

Date 08/10/2024



Name: **Aden Musa Mohamud**  
**Head of Finance**

ICPAK M/No:29826  
Date 08/10/2024



Name: **Dr. Margaret Mumbi Gikuhi**  
**EBS, PhD., DHL**  
**Chair of University Council**

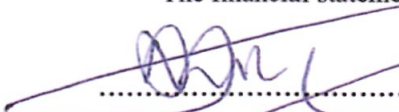
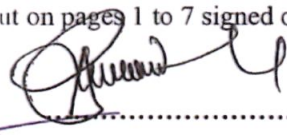
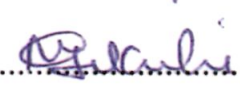
Date 08/10/24

**Garissa University**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

**15. Statement of Financial Position as at 30 June 2024**

	Notes	2023-2024 Kshs	2022-2023 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	16	48,522,166	25,707,054
Receivables from Exchange Transactions	17	80,468,828	17,877,747
<b>Total Current Assets</b>		<b>128,990,994</b>	<b>43,584,801</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	18	1,721,128,470	1,517,591,348
Intangible Assets	19	8,447,302	10,559,127
<b>Total Non- Current Assets</b>		<b>1,729,575,772</b>	<b>1,528,150,475</b>
<b>Total Assets</b>		<b>1,858,566,766</b>	<b>1,571,735,276</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	20	136,189,872	69,365,832
Refundable Deposits from Customers	21	15,035,039	15,022,411
<b>Total Current Liabilities</b>		<b>151,224,911</b>	<b>84,388,243</b>
<b>Non-Current Liabilities</b>			
Deferred Income	22	7,153,038	4,251,355
<b>Total Non- Current Liabilities</b>		<b>7,153,038</b>	<b>4,251,355</b>
<b>Total Liabilities</b>		<b>158,377,950</b>	<b>88,639,598</b>
<b>Net Assets</b>			
Reserves		533,079,000	533,079,000
Accumulated Surplus		127,529,097	124,559,678
Capital Fund		1,039,580,719	825,457,000
<b>Total Net Assets</b>		<b>1,700,188,816</b>	<b>1,483,095,678</b>
<b>Total Net Assets and Liabilities</b>		<b>1,858,566,766</b>	<b>1,571,735,276</b>

The financial statements set out on pages 1 to 7 signed on behalf of the University Council by:

		
Name: <b>Ahmed Osman Warfa, PhD</b>	Name: <b>Aden Musa Mohamud</b>	Name: <b>Dr. Margaret Mumbi Gikui</b>
<b>Vice Chancellor</b>	<b>Head of Finance</b>	<b>Chair of University Council</b>
Date: <b>8/10/2024</b>	ICPAK M/No:29826 Date: <b>08/8/2024.</b>	Date: <b>08/10/24</b>

**Garissa University  
Annual Report and Financial Statements  
for the year ended June 30, 2024.**

**16. Statement of Changes in Net Assets for the year ended 30 June 2024**

Description	Revaluation reserve	Retained earnings	Capital Grant /Development Fund	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at July 1, 2022</b>	<b>533,079,000</b>	<b>153,692,000</b>	<b>772,957,000</b>	<b>1,459,728,000</b>
Surplus/ (deficit) for the year	-	(29,132,322)	-	(29,132,322)
Capital/development grants received during the year		-	52,500,000	52,500,000
<b>As at June 30, 2023</b>	<b>533,079,000</b>	<b>124,559,678</b>	<b>825,457,000</b>	<b>1,483,095,678</b>
<b>As at July 1, 2023</b>	<b>533,079,000</b>	<b>124,559,678</b>	<b>825,457,000</b>	<b>1,483,095,678</b>
Surplus/ (deficit) for the year	-	2,969,420		2,969,420
Capital/development grants received during the year		-	225,642,792	225,642,792
Prior year adjustment			(11,519,073)	(11,519,073)
<b>As at June 30, 2024</b>	<b>533,079,000</b>	<b>127,529,097</b>	<b>1,039,580,719</b>	<b>1,700,188,816</b>

**Note:**

**a) Capital reserve**

This represents the net worth of the University at the end of the reporting period and forms the net assets of the institution.

Prior year adjustment under capital reserve represent an amount of retention fund utilized for the works left by the contractor after the completion of the project during the FY 22-23

**b) Revaluation Reserve**

The University carried out valuation of its buildings in the year 2020 and the revaluation reserve represents the value of buildings over and above the value before the valuation and hence forms the net asset of the institution.

17. Statement of Cash Flows for the year ended 30 June 2024

	Notes	2023-2024 Kshs	2022-2023 Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>	23		
Transfers from other governments entities		449,441,369	469,085,070
Rendering of services		196,351,235	141,642,769
Rental revenue from facilities and equipment		2,936,400	3,646,890
Other income		31,340,420	16,016,710
<b>Total receipts</b>		<b>680,069,423</b>	<b>630,391,439</b>
<b>Payments</b>			
Use of goods and services		195,851,772	147,832,838
Employee costs		416,976,283	411,358,764
Board Expenses		12,910,681	14,316,088
Repairs and maintenance		6,693,546	2,654,019
<b>Total payments</b>		<b>632,432,282</b>	<b>576,161,709</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>47,637,141</b>	<b>54,229,730</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	18	(250,464,821)	(108,546,677)
<b>Net cash flows from/(used in) investing activities</b>		<b>(250,464,821)</b>	<b>(108,546,677)</b>
<b>Cash flows from financing activities</b>			
Capital Grants	6(b)	225,642,792	52,500,000
<b>Net cash flows from financing Activities</b>		<b>225,642,792</b>	<b>52,500,000</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>22,815,112</b>	<b>(1,816,947)</b>
Cash and cash equivalents at 1 July		25,707,054	27,524,000
<b>Cash and cash equivalents at 30 June</b>	16	<b>48,522,166</b>	<b>25,707,054</b>

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**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Transfers from other governments entities- Development	374,581,332	(3,599,332)	370,982,000	225,642,792	145,339,208	61%
Transfers from other governments entities- Recurrent	390,032,646	-	390,032,646	357,529,925	32,502,721	92%
Tuition fees & Related Charges	337,730,810	(46,973,299)	290,757,511	288,262,678	2,494,833	99%
Other Incomes	31,000,000	7,189,000	38,189,000	21,930,820	16,258,180	57%
Development Partners	7,800,000	4,546,000	12,346,000	12,346,000	0	100%
<b>Total Income</b>	<b>766,563,456</b>	<b>(35,238,299)</b>	<b>730,925,298</b>	<b>680,069,422</b>	<b>51,255,735</b>	
<b>Expenses</b>						
Use of Goods and Services	242,690,272	(10,042,417)	232,647,855	221,503,362	11,144,493	95%
Employee costs	417,973,450	19,602,000	437,575,450	416,976,283	20,599,167	95%
Board Expenses	13,622,682	889,659	14,512,341	14,112,681	399,660.00	97%
Repairs and Maintenance	92,277,052	(46,087,400)	46,189,652	30,668,245	15,521,408	66%
<b>Total Expenditure</b>	<b>766,563,456</b>	<b>(35,638,158)</b>	<b>730,925,298</b>	<b>683,260,571</b>	<b>47,664,727</b>	<b>93%</b>
Capital Expenditure	374,581,332	-	370,982,000	188,987,121	181,994,879	51%
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,191,149)</b>		

**Budget Notes**

**Budget notes**

1. Provide explanation of differences between actual and budgeted amounts for significant under/ overutilization's (IPSAS 24.14)

**Income**

a) The low utilization rate under development capitation: due to rigorous approval processes, there occurred some delay in the implementation of the three projects, hence low absorption by contractors.

b) The low utilization under recurrent capitation was occasioned by the failure by the MoE to disburse the monthly capitation for June 2024 on time.

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c) Other Income: The University admitted less than the expected number of students and this reduced revenue from catering and accommodation stream of Internally Generated Income.

**Expenditure**

a) Use of Goods & Services: the University had pending bills amounting to Ksh. 37.86 million (relating part-timers' costs and suppliers) by the end the period under consideration.

b) Employee costs: The University had not paid June 2024 staff salary deductions by 30 June 2024 due to delayed disbursement of capitation by the MoE.

**2. Explanations of changes between original and final budget (M.S.VS 24.27)**

The changes between the original and final budgets are because of virement (reallocation) of resources to areas of critical need.

3. Reconciliation of Difference between the totals of actual on comparable basis and statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual)

**a) Transfer from Government entities**

Receipts as per the Statement of Financial Performance	<b>481,944,090</b>
Actual Receipt as per the budget	357,529,925
Difference ( <b>Monthly Capitation for June 2024, HELB &amp; UFB</b> )	124,414,165

**b) Rendering of Services**

Receipts as per the Statement of Financial Performance	<b>237,913,300</b>
Actual Receipt as per the budget (288,262,678-91,911,443)	196,351,235
Difference (Outstanding Fees)	<b>41,562,065</b>

**c) Board Expenses**

Expenditure as per the Statement of Financial Performance	<b>12,816,621</b>
Actual Expenditure as per the Budget	14,112,681
Difference: Purchases of laptops and Ipads	<b>1,202,000</b>
Payables	<b>94,060</b>

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Payables	94,060
<b>c) Employee Costs</b>	
Payment as per Statement of Financial Performance	435,895,504
Actual on Comparable Basis	416,976,283
Difference-Unpaid Salary Deductions for June 2024	18,919,221
<b>d) Use of Goods &amp; Services</b>	
Payment as per Statement of Financial Performance	240,999,234
Actual on Comparable Basis	221,503,362
Difference-Representing pending bills	20,558,338
<b>e) Repairs &amp; Maintenance</b>	
Payment as per Statement of Financial Performance	6,588,744
Actual on Comparable Basis	30,668,245
Difference-renovation costs to existing buildings treated as improvements hence capitalized	

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**19. Notes to the Financial Statements**

**1. General Information**

Garissa University is established by and derives its authority and accountability from Universities Act of 2012. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of Garissa University is to nurture talent through research, innovation, consultancy, community outreach, entrepreneurship, imparting knowledge and skills to meet the needs of the society.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the University. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Universities Act, 2012 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</li> </ul>

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Standard	Effective date and impact:
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs, which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts, which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• IPSAS 39: Employee Benefits. Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which</li> </ul>

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Standard	Effective date and impact:
	is applicable from 1 <sup>st</sup> January 2023.

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

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

*iii. Early adoption of standards*

The University did not early- adopt any new or amended standards in the financial year.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees, taxes and fines**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

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

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**Dividends**

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

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for the Current FY was approved by the University Council. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University upon receiving the respective approvals in order to conclude the final budget. Accordingly, the University recorded additional appropriations on the budget following the University Council and Ministry's approval. The University's budget is prepared on a different basis to the actual income and

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**Notes to the Financial Statements (Continued)  
Summary of Significant Accounting Policies (Continued)**

expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under note 24 of these financial statements.

**(c) Taxes**

**Current income tax**

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

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences

associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Entity and the same taxation authority.

**Sales tax**

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

c) **Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

d) **Property, plant and equipment**

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

**Fixed Assets Depreciation:**

Fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight-line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets acquired during the year are depreciated from the date of acquisition.

The annual depreciation rates in use are:

<b>Classification</b>	<b>Rate</b>
Buildings	2%
Furniture, Plant and Equipment	12.5%

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Library Books	12.5%
Motor Vehicles	25%
Computers and peripheral devices	33 1/3%
Academic Gowns	5%

Freehold land is not depreciated as it is deemed to have an infinite life. Leasehold land is amortised over the unexpired lease period.

**Work in progress**

Work in progress represents properties under construction. It is carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use on the same basis as other buildings.

**e) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the University. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The University also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the University will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**f) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**g) Research and development costs**

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

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

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

**h) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the University's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**a) Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. There were no Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

**b) Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**Summary of Significant Accounting Policies (Continued)**

**i) Inventories**

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

- i. Raw materials: purchase cost using the weighted average cost method.
- ii. Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

**j) Provisions**

Provisions are recognized when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**k) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**l) Contingent liabilities**

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

**m) Contingent assets**

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

**n) Nature and purpose of reserves**

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

**o) Changes in accounting policies and estimates**

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.

**p) Employee benefits**

**Retirement benefit plans**

The University provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an University pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**q) Foreign currency transactions**

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

**r) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**s) Related parties**

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

**t) Service concession arrangements**

The University analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the University recognizes that asset when, and only when, it

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**u) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorised public officers and/or institutions, which were not surrendered or accounted for at the end of the financial year.

**v) Comparative figures**

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

**w) Subsequent events**

There have been no events subsequent to the financial year-end with a significant impact on the financial statements for the year ended June 30, 2024.

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Estimates and assumptions.**

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

**Useful lives and residual value**

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.

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the Financial Statements (Continued)

6. (a). Transfers from Other Government entities

Description	2023-2024	2022-2023
	KShs	KShs
<b>Unconditional Grants</b>		
Operational Grant- Recurrent Capitation	390,032,647	469,085,070
<b>Total Government Grants And Subsidies</b>	<b>390,032,647</b>	<b>469,085,070</b>

b). Transfers from Ministries, Departments and Agencies

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount recognised in capital fund.
	KShs	KShs
State Department of Higher Education.		225,642,792
University Funding Board	65,146,260	-
Higher Education Funding Board	26,765,183	-
<b>Total</b>	<b>91,911,443</b>	<b>225,642,792</b>

7. Accrued Income-in-kind

	International funders	International funders
	2023-2024	2022-2023
	Kshs	Kshs
Balance Brought Forward	4,251,355	-
Additions	3,923,546	4,858,692
Transfers To Income Statement at 12.5%	(1,021,863)	607,336
Balance Carried Forward	<b>7,153,038</b>	<b>4,251,355</b>

8. Rendering of Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Tuition Fees	236,379,601	141,642,769
Application Fees	1,533,699.00	1,287,697
<b>Total</b>	<b>237,913,300</b>	<b>142,930,466</b>

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**Notes to the Financial Statements (Continued)**

**9. Rental Revenue from facilities and equipment**

Description	2023-2024	2022-2023
	KShs	Kshs
Contingent Rentals	1,368,300	1,452,660
Staff House Rentals	1,568,100	2,194,230
<b>Total</b>	<b>2,936,400</b>	<b>3,646,890</b>

*\*Contingent rentals include hire grounds, institutional facilities like halls, kitchen etc.*

**10. Other Income**

Description	2023-2024	2022-2023
	KShs	Kshs
Graduation fees	4,356,000	2,925,500
Accommodation	7,212,780	3,556,206
Catering	2,815,116	4,554,437
Research Grants	4,074,588	501,600
Fines & other charges	535,936	211,033
Development partners	12,346,000	4,267,935
<b>Total Other income</b>	<b>31,340,420</b>	<b>16,016,710</b>

**11. Use of Goods and Services**

Description	2023-2024	2022-2023
	KShs	Kshs
Electricity	5,555,228	6,066,430
Water	4,827,715	5,577,025
Security	69,400	1,118,800
Subscriptions	155,150	62,000
Advertising	1,598,368	763,000
Admin Fees	4,563,080	-
Audit Fees	464,000	705,800
Catering	19,225,623	17,423,400
Fuel and Oil	1,863,239	1,253,052
Insurance	42,822,827	35,725,169
Recruitment Expenses	177,000	1,868,546
Legal Expenses	155,000	-
Consumables	8,908,372	1,647,046
Postage	10,710	11,030
Printing and Stationery	1,805,250	1,209,550

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**Notes to the Financial Statements (Continued)**

Strategic Plan Expenses	3,840,392	357,800
Hire Charges	-	47,200
ISO& Quality Assurance Expenses	675,198	497,000
Research & Outreach expenses	2,218,265	1,662,840
Graduation Expenses	17,115,351	12,112,323
Feasibility Studies project & Design	-	-
Post-graduate Programme	-	178,950
Telecommunication	3,699,335	3,946,904
Learning Expenses	5,015,539	2,564,187
Training	114,275	551,940
Travel, Subsistence & Other Allowances	19,844,796	20,111,136
Other General Expenses	1,149,381	1,314,594
Examination Expenses	3,894,581	851,000
Students Association Expenses	3,477,180	2,462,055
Part Time Lecturers	79,581,109	58,331,558
Students Fees refund	228,300	426,700
KUCCPS Charges	489,570	506,000
Commission for Universty Education expense	5,335,250	3,074,000
Staff Development	2,119,750	-
<b>Total</b>	<b>240,999,234</b>	<b>182,427,035</b>

**12. Employee Costs**

Description	2023-2024	2022-2023
	KShs	Kshs
Salaries and wages	389,992,930	375,440,875
Employer contribution to pension schemes	39,266,853	29,909,724
Security Allowances	6,635,721	6,008,165
<b>Employee costs</b>	<b>435,895,504</b>	<b>411,358,764</b>

**13. Board Expenses**

Description	2023-2024	2022-2023
	KShs	Kshs
Chairperson Honorarium	922,175	870,000
Council Expense	11,894,446	13,395,588
Other expenses	-	50,500
<b>Total</b>	<b>12,816,621</b>	<b>14,316,088</b>

**14. Depreciation and Amortization Expense**

Description	2023-2024	2022-2023
	KShs	Kshs
Property, plant and equipment	53,774,724	48,551,064
Intangible assets	2,111,825	2,111,825
<b>Total depreciation and amortization</b>	<b>55,886,550</b>	<b>50,662,889</b>

Notes to the Financial Statements (Continued)

15. Repairs and Maintenance

Description	2023-2024	2022-2023
	KShs	Kshs
University Vehicles	2,751,213	1,085,523
Maintenance of Grounds & Parks	1,686,976	888,956
General Refurbishment	1,307,390	679,540
Maintenance Plant & Machinery	123,600	-
Maintenance of water & Sewerage	351,705	-
Maintenance of Laboratory	70,300	-
Generator fuel & Maitenance	297,560	-
<b>Total Repairs and Maintenance</b>	<b>6,588,744</b>	<b>2,654,019</b>

16. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	KShs	Kshs
Current Account	48,522,166.16	25,707,054
<b>Total Cash And Cash Equivalents</b>	<b>48,522,166</b>	<b>25,707,054</b>

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2023-2024	2022-2023
		KShs	Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank Payment Account	1136134727	467,764.64	120,267
Kenya Commercial Bank Deposit Account	1136134816	46,012,098.92	9,076
Kenya Commercial Bank - Collection Account	1136134514	13,007.90	824,069
Equity-GSSP Collection Account	580261358416	49,845.05	5,431,140
Equity-PSSP Collection Account	580261358406	1,786,198.65	18,155,502
Equity- Catering & Accommodation Account	580261526380	193,251.00	1,167,000
<b>Sub- Total</b>		<b>48,522,166</b>	<b>25,707,054</b>

17. Receivables from Exchange Transactions

(i) Receivables from Exchange Transactions (Current)

Description	2023-2024	2022-2023
	KShs	Kshs
<b>Receivables</b>		
Student Debtor	80,468,828	17,877,747
<b>Total Current Receivables</b>	<b>80,468,828</b>	<b>17,877,747</b>

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Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

Cost	Leasehold Land	Buildings	Motor vehicles	Furniture, Fittings & Equipment	Computers, Copiers & Printers	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2022	300,000,000	488,948,000	11,113,000	112,487,000	15,953,000	590,566,000	1,519,067,000
Additions	-	22,667,519	5,840,000	18,945,017	1,309,200	59,784,942	108,546,677
Transfer	-	594,902,750	-	-	-	(594,902,750)	-
As at 30th June 2023	300,000,000	1,106,518,269	16,953,000	131,432,017	17,262,200	55,448,192	1,627,613,677
At 1 July 2023	300,000,000	1,106,518,269	16,953,000	131,432,017	17,262,200	55,448,192	1,627,613,677
Additions	-	46,700,755	-	18,173,698	6,054,270	186,383,121	257,311,844
Transfer	-	-	-	-	-	-	-
As at 30th June 2024	300,000,000	1,153,219,024	16,953,000	149,605,715	23,316,470	241,831,313	1,884,925,521
As At 1st July 2022	-	18,085,960	6,251,250	27,784,875	9,349,135	-	61,471,220
Depreciation Charge	-	22,130,365	4,238,250	16,429,002	5,753,491	-	48,551,108
As at 30th June 2023	-	40,216,325	10,489,500	44,213,877	15,102,626	-	110,022,328
As At 1st July 2023	-	40,216,325	10,489,500	44,213,877	15,102,626	-	110,022,328
Depreciation Charge	-	23,064,380	4,238,250	18,700,714	7,771,379	-	53,774,724
As at 30th June 2024	-	63,280,705	14,727,750	62,914,591	22,874,005	-	163,797,052
Net Book Values							
As at 30th June 2024	300,000,000	1,089,938,319	2,225,250	86,691,124	442,465	241,831,313	1,721,128,470
As at 30th June 2023	300,000,000	1,066,301,944	6,463,500	87,218,140	2,159,574	55,448,192	1,517,591,349
As at 30th June 2022	300,000,000	470,862,040	4,861,750	84,702,125	6,603,865	590,566,000	1,457,595,780

Notes to the Financial Statements (Continued)

19. Intangible Assets

ERP	2023-2024
	Kshs
<b>COST/VALUATION</b>	
As At 1st July 2022	16,894,603
Additions	-
Additions—internal development	-
As At 30th June 2023	16,894,603
As At 1st July 2023	16,894,603
Additions	-
Additions—internal development	-
As At 30th June 2024	16,894,603
<b>AMORTIZATION &amp; IMPAIRMENT</b>	
As At 1st July 2022	4,223,650
Amortization for the year	2,111,825
As At 30th June 2023	6,335,476
As At 1st July 2022	6,335,476
Amortization for the year	2,111,825
As At 30th June 2023	8,447,301
NET BOOK VALUE As At 30 June 2024	8,447,302
NET BOOK VALUE As At 30 June 2023	10,559,127

20. Trade and Other Payables

Description	2023-2024	2022-2023
	KShs	Kshs
Trade Payables	16,327,400	12,476,816
Employee Payables	21,353,511	4,241,450
Third-Party payments	72,715,000	47,882,621
Prepaid Fees	25,793,961	4,764,945
<b>Total trade and other payables</b>	<b>136,189,872</b>	<b>69,365,832</b>

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**Notes to the Financial Statements (Continued)**

**21. Refundable Deposits and Prepayments from Customers**

Description	2023-2024	2022-2023
	KShs	Kshs
Caution money	6,973,500	4,373,000
Retention Money	8,061,539	10,649,411
<b>Total deposits</b>	<b>15,035,039</b>	<b>15,022,411</b>

The deferred income movement is as follows:

**22. Deferred Income**

Description	2023-2024	2022-2023
	KShs	Kshs
TIKA	4,251,355	4,858,692
Mercy Corps	3,923,546	
<b>Total Deferred Income</b>	<b>8,174,901</b>	<b>4,858,692</b>

*GIS Lab items donated during financial year 2023/2024 by Mercy Corps*

**23. Cash Generated from Operations**

Description	2023-2024	2023-2023
	KShs	Kshs
Surplus for the year before tax	2,969,420	- 29,132,322.00
Adjusted for:		
Depreciation	55,886,550	50,699,553.00
Working capital adjustments		
Increase in Receivables	62,591,081	388,253.00
Increase in deferred income	8,049,170	4,251,355.00
Increase in payables	(66,824,040)	24,264,482.00
Increase in refundable deposits	(15,035,039)	(4,631,589.00)
<b>Net cash flow from operating activities</b>	<b>47,637,141</b>	<b>45,839,732.00</b>

Notes to the Financial Statements (Continued)

24. Financial Risk Management

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

i) **Credit risk**

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the University's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024</b>				
Receivables from exchange transactions	80,468,828	80,468,828	-	-
Bank balances	48,522,166	48,522,166	-	-
<b>Total</b>	<b>128,990,994</b>	<b>128,990,994</b>	<b>-</b>	<b>-</b>
<b>As at 30<sup>th</sup> June 2024</b>				
Receivables from exchange transactions	17,877,747	17,877,747	-	-
Bank balances	25,707,054	25,707,054	-	-
<b>Total</b>	<b>43,584,801</b>	<b>43,584,801</b>	<b>-</b>	<b>-</b>

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any

**Notes to the Financial Statements (Continued)**

potentially irrecoverable amounts. The University has no significant concentration of credit risk. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**iii) Market risk**

The University has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The University's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

The University has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is

**Notes to the Financial Statements (Continued)**

done using the prevailing exchange rate. The University manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments. The carrying amount of the University's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are nil

**b) Interest rate risk**

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

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**Sensitivity analysis**

The University analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates there will be no impact on the statement of comprehensive income.

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the University's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

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**Notes to the Financial Statements (Continued)**

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable

**Financial Risk Management**

Components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

The were no non- financial instruments and there were no transfers between levels 1, 2 and 3 during the year.

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Reserve	533,079,000.00	118,705,646
Retained Earnings	118,705,646.07	124,596,296
Capital Reserve	1,051,099,792.00	825,457,000
<b>Total Funds</b>	<b>1,702,884,438.07</b>	<b>1,483,132,296</b>
Total Borrowings	0	0
Less: Cash and Bank Balances	48,522,166.16	25,707,054
Net Debt/(Excess Cash And Cash Equivalents)	48,522,166.16	25,707,054
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**25. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the University include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the University, holding 100% of the University’s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- The National Government;
- Ministry of Education;

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iii. University Council

iv. Key Management: The Vice Chancellor, and Deputy Vice Chancellors

S/No.	Name	Position	Q1	Q2	Q3	Q4	GROSS AMOUNT
1	Margret Gikuhi	Chairperson	656,607	352,400	671,600	456,953	2,137,56
3	Mr. Boniface Ngigi	Rep PS Treasury	362,400	187,800	266,000	187,800	1,004,00
2	Mr. Hassan Duelle	Rep PS MoE	194,600	167,800	246,000	80,000	688,40
4	Brian K Gikunda	Member	433,800	167,800	245,641	200,000	1,047,24
5	Billow Khalid	Member	366,561	187,800	226,000	167,800	948,16
7	Mary J Anyango	Member	204,300	296,575	279,400	221,200	1,001,47
6	Hassan S mohamed	Member	390,722	167,800	226,000	167,800	952,32
8	Prof Ahmed Osman	Ag VC	2,619,053	2,592,694	2,592,694	2,622,944	10,427,38
9	Prof Stephen Inganga	DVC (FAP)	2,784,179	2,854,496	2,903,094	2,780,674	11,322,44
10	Prof Justus Mochama Gori	DVC (ASA)	1,027,053	1,027,053	1,027,053	1,060,053	4,141,21
	<b>Total</b>		<b>9,039,275</b>	<b>8,002,218</b>	<b>8,683,482</b>	<b>7,945,224</b>	<b>33,670,19</b>

**26. Events after the Reporting Period**

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

**27. Ultimate And Holding Entity**

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

**28. Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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**20. Appendices**

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

<b>Ref No.</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue</b>	<b>Status:</b>	<b>Timeframe</b>
1	Budgetary control and performance	The issue is yet to be discussed by parliament	Vice Chancellor	Not Resolved	6/30/2025
2	Exceeding the 35% Budgetary Limit on Employee Cost.	The issue is yet to be discussed by parliament	Vice Chancellor	Not Resolved	6/30/2025
3	Long Outstanding Payables	The issue is yet to be discussed by parliament	Vice Chancellor	Not Resolved	6/30/2025
4	Refundable deposits.	The issue is yet to be discussed by parliament	Vice Chancellor	Not Resolved	6/30/2025

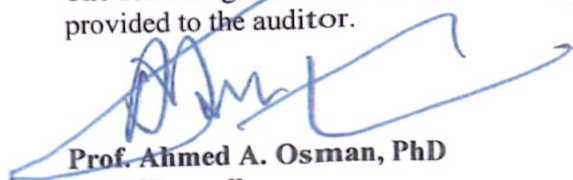
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5	Lack of Substantive Vice Chancellor.	The issue is yet to be discussed by parliament	Vice Chancellor	Not Resolved	6/30/2025
6	Sharing of Tax Pin and ID	The issue is yet to be discussed by parliament	Vice Chancellor	Resolved	6/30/2025
7	Non Compliance with One-Third Rule on the Basic Pay	The issue is yet to be discussed by parliament	Vice Chancellor	Not Resolved	6/30/2025
8	Unresolved Prior Year Matters	The issue is yet to be discussed by parliament	Vice Chancellor	Not Resolved	6/30/2025
9	Irregular Payment of Acting Allowances	The issue is yet to be discussed by parliament	Vice Chancellor	Not Resolved	6/30/2025
10	Property, Plant and Equipment	The issue is yet to be discussed by parliament	Vice Chancellor	Not Resolved	6/30/2025

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11	Failure to Appoint a Council Member.	The issue is yet to be discussed by parliament	Vice Chancellor	Not Resolved	6/30/2025
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The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.



**Prof. Ahmed A. Osman, PhD**  
**Vice Chancellor**

Date: 8/10/2024

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**Appendix II: Projects implemented by Garissa University**

S/No.	Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required (yes/no)	Consolidated in these financial statements (yes/no)
1	Ultra Modern Library	1065103503	GoK	2023-Date	1.5B	No	yes
2	Tuition Block with Auditorium	1065103504	GoK	2023-Date	376M	No	yes
3	Borehole Water & Reticulation	1065103505	GoK	2023-Date	27M	No	yes
3	Modern Hostel & New Administration Block	1065103506	GoK	2023-Date	518M	No	yes

**Status of project completion**

S/No.	Project title	Total project Cost	Total Disbursed to date	Completion % to date	Budget	Actual	Sources
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1	Ultra Modern Library	1,500,000,000	27,215,324	34%	37,215,324	56,727,674	GoK
2	Tuition Block with Auditorium	372,058,699	84,942,762	16%	142,442,762	64,918,418	GoK
3	Borehole Water & Reticulation	27,000,000	14,734,706	70%	27,000,000	10,468,800	GoK
4	New Administration Block	518,416,664	151,250,000	20%	155,000,000	117,727,960	GoK
	<b>Total</b>	<b>2,417,475,363</b>	<b>278,142,792</b>	<b>-</b>	<b>361,658,086</b>	<b>249,842,852</b>	

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**Appendix IV: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Developm ent/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
University Funding Board	7/12/2023	Recurrent	35,245,335	35,245,335					35,245,335
	25/01/2024	Recurrent	246,330	246,330					246,330
	2/2/2024	Recurrent	4,493,355	4,493,355					4,493,355
	04.02.2024	Recurrent	110,160	110,160					110,160
	04.08.2024	Recurrent	546,975	546,975					546,975
	24/04/2024	Recurrent	71,440	71,440					71,440
	24/04/2024	Recurrent	253,980	253,980					253,980
	24/04/2024	Recurrent	17,211,940	17,211,940					17,211,940
	22/05/2024	Recurrent	64,260	64,260					64,260
	22/05/2024	Recurrent	1,131,640	1,131,640					1,131,640
	22/05/2024	Recurrent	5,770,845	5,770,845					5,770,845
Higher Education Loans Board	6/10/2023	Recurrent	1,480,000	1,480,000					1,480,000
	16/11/2023	Recurrent	1,352,775	1,352,775					1,352,775
	16/11/2023	Recurrent	5,297,880	5,297,880					5,297,880
	10/1/2024	Recurrent	1,508,000	1,508,000					1,508,000
	18/01/2024	Recurrent	2,563,405	2,563,405		-	-	-	2,563,405
	14/02/2024	Recurrent	3,287,715	3,287,715					3,287,715
	19/04/2024	Recurrent	2,135,243	2,135,243					2,135,243
	18-06-2024	Recurrent	3,552,728	3,552,728					3,552,728
	18-06-2024	Recurrent	4,053,098	4,053,098					4,053,098
	21-06-2024	Recurrent	1,534,340	1,534,340					1,534,340
James Madison University	04.02.2024	Research Grant	226,633	226,633					226,633
Boston College	20.11.2023	Research Grant	681,030	681,030					681,030
Boston College	6.3.2024	Research Grant	222,800	222,800					222,800
SDC	15.07.2023	Donor Fund	7,800,000	7,800,000					7,800,000
SDC	27.03.2024	Donor Fund	4,546,000	4,546,000					4,546,000
NRF	28/5/2024	Research Grant	1,224,125	1,224,125					1,224,125
Girona University	04.11.2024	Research Grant	1,720,000	1,720,000					1,720,000
Mercy Corps		Donor Fund	43,000,000			43,000,000			43,000,000
<b>Total</b>			<b>151,332,030</b>	<b>108,332,030</b>	-	<b>43,000,000</b>	-	-	<b>151,332,030</b>

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**Appendix V- Inter-Entity Confirmation Letter**

**Name of the transferring entity: State Department of Higher Education**

**Name of the receiving entity: Garissa University**

Garissa University wishes to confirm the amounts disbursed as at 30 June 2024 as indicated in the table below.

CONFIRMATION OF AMOUNTS RECEIVED BY GARISSA UNIVERSITY AS AT 30 <sup>TH</sup> JUNE 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
STATE DEPT UNI /REC/0000005255	04.07.2023		180,304,361.00	180,304,361.00	
STATE DEPT UNI /REC/0020029292	10.08.2023	32,502,721.00	-	32,502,721.00	
STATE DEPT HIGH /REC/0020029331	30.08.2023	32,502,721.00	-	32,502,721.00	
STATE DEPT HIGH /REC/0020029382	12.09.2023	32,502,719.00	-	32,502,719.00	
STATE DEPT HIGH /REC/0020030326	01.11.2023	32,502,720.00	-	32,502,720.00	
STATE DEPT HIGH /REC/0020030379	13.12.2023	32,502,720.00	-	32,502,720.00	
STATE DEPT HIGH /REC/0020030421	08.01.2024	32,502,721.00	-	32,502,721.00	
STATE DEPT HIGH /REC/0020032101	12.02.2024	32,502,721.00	-	32,502,721.00	
STATE DEPT HIGH /REC/0000005422	29.02.2024		45,338,431.00	45,338,431.00	
STATE DEPT HIGH /REC/0020032819	13.03.2024	32,502,721.00	-	32,502,721.00	
STATE DEPT HIGH /REC/0020033168	12.04.2024	32,502,719.00	-	32,502,719.00	
STATE DEPT HIGH /REC/0020033684	17.05.2024	32,502,721.00	-	32,502,721.00	
STATE DEPT HIGH /REC/0020033726	12.06.2024	32,502,720.00	-	32,502,720.00	
<b>Total</b>		<b>357,529,924</b>	<b>225,642,792</b>	<b>583,172,716</b>	

I confirm that the amounts shown above are correct as of the date indicated.

HEAD OF ACCOUNTS STATE DEPARTMENT OF HIGHER EDUCATION:

Name Lucas M. Kamde Date 11/10/2024

HEAD OF ACCOUNTS DEPARTMENT GARISSA UNIVERSITY:

Name EPA Aiden Muriu Date 08/10/24