

REPUBLIC OF KENYA



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THE AUDITOR-GENERAL

ON

KENYATTA UNIVERSITY

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



KENYATTA UNIVERSITY

Annual Report & Financial Statements

for the Year Ended

30 June 2023

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

Kenyatta University

Annual Report and Financial Statements

for the year ended June 30, 2023.

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ACRONYMS

KU-Kenyatta University

KUCCPS-Kenya Universities and Colleges Central Placement Service

SSP-Self Sponsored Program

ICE-Institute of Continuous Education

IGA-Income Generating Activities

FASU-Federation of African Sports Universities

YALI-Young African Leadership Institute

KUSA-Kenyatta University Students Association

VC-Vice Chancellor

KEY UNIVERSITY INFORMATION AND MANAGEMENT

Corporate Philosophies

Our Vision

To be a dynamic, an inclusive and a competitive centre of excellence in teaching, learning and service to Humanity.

Our Mission

To provide quality education and training, promote scholarship, service, innovation, and creativity and inculcate moral values for sustainable individual and societal development.

Our Identity

A community of scholars committed to the generation of knowledge and cultivation of wisdom for the welfare of society.

Our Philosophy

Sensitivity and responsiveness to societal needs and the right of every person to knowledge.

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KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information

Kenyatta University is an international Public University based in Nairobi, Kenya. Its main campus is located 23 kilometers from the City Centre along Nairobi-Thika Super Highway. It is set on 1,105 acres of land providing a quiet and serene environment conducive to learning, research, and intellectual growth.

Kenyatta University began its long journey to the attainment of University status in 1965 when the British Government handed over the Templer Barracks to the Government of Kenya. These were converted into an institution of higher learning known as Kenyatta College. Following the Act of Parliament of 1970, Kenyatta College became a constituent College of the University of Nairobi. Consequently, the name changed from Kenyatta College to Kenyatta University College. Kenyatta University College admitted its first batch of 200 students in 1972 to pursue studies leading to the award of the Bachelor of Education of the University of Nairobi.

In July 1978, the Faculty of Education of the University of Nairobi was transferred to Kenyatta University College. As a result, the College became the only institution-training teachers at both undergraduate and postgraduate levels at that time. The University status was achieved on August 23, 1985, when the Kenyatta University Act received presidential assent making the institution a full-fledged University. The Act became operational on September 1, 1985 and the University was inaugurated on December 17, 1985.

In December 2012, the Government of Kenya brought the governance and Management of all Universities under one umbrella through the enactment of the Universities Act 2012, which repealed the individual public University's Acts including the Kenyatta University Act 1985. Under the new Universities Act 2012, Kenyatta University was granted Charter on 1st march 2013.

Kenyatta University has over the years established new schools and constituent Colleges. In this pursuit, Jomo Kenyatta University College of Agriculture and Technology became a constituent College of Kenyatta University in 1988 and in 1998 a full-fledged University, Jomo Kenyatta University of Agriculture, and Technology (JKUAT). In 2007, Pwani University College in Kilifi was established as a Constituent College. It became Pwani University, a full-fledged University in January 2013. Machakos University College established in 2009 became a full-fledged University, Machakos University in 2016. Mama Ngina University College established in 2017.

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KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information (continued)

The University has 9 schools, these are;

1. School of Agriculture & Environmental Sciences
2. School of Business, Economics and Tourism
3. School of Education
4. School of Engineering & Architecture
5. School of Health Sciences
6. School of Law, Arts and Social Sciences
7. School of Pure and Applied Sciences
8. Graduate School
9. Digital School of Virtual and Open Learning

The University has established campuses at;

Ruiru (2004),
Parklands (2004),
Kitui (2004)
Mombasa (2007),
Nairobi City Centre (2010),
Nakuru (2010) and
Daadab (2014)

In Addition to the above campuses, Kenyatta University established Open Distance and e-Learning centers' in Mombasa Campus, & Nakuru Campus,

(b) Principal Activities

The principal activity/mission of the University is to provide quality education and training, promote scholarship, service, innovation, and creativity, and inculcate moral values for sustainable individual and societal development.

(c) Key Management

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

- Vice-Chancellor
- Deputy Vice-Chancellors
- Registrars
- Chief Finance Officer

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KEY UNIVERSITY INFORMATION AND MANAGEMENT

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 are as listed below;

No.	Designation	Name
1.	Vice-Chancellor	Prof. Paul K. Wainaina
2.	Deputy Vice-Chancellor (Academic)	Prof. Waceke Wanjohi
3.	Deputy Vice-Chancellor (Admin & Finance)	Prof. Godfrey Mse
4.	Ag. Deputy Vice-Chancellor (Research, Innovation and Outreach)	Prof. Caroline Lang'at Thoruwa
5.	Ag. Registrar (Academic)	Prof. Bernard Kivunge
6.	Registrar (Admin & Finance)	Dr. Paul Gachanja
7.	Ag. Registrar (Research, Innovation and Outreach)	Prof. Richard O. Oduor
8.	Ag. Registrar (Corporate Affairs)	Prof. Grace Bunyi
9.	Chief Finance Officer	CPA Mwai Samuel

(e) Fiduciary Oversight Arrangements

The governing organs of the University are:

The University Council;

The Council shall exercise prudent leadership, innovative enterprise, and good judgment in directing the University and shall always charter in the best interest of the University.

The Council shall ensure that a proper management structure is in place and make sure that the structure, functions to maintain corporate integrity, reputation and responsibility.

The Council shall monitor and evaluate the implementation of strategies, policies, and management criteria and plans of the University.

The council shall review the viability and financial sustainability of the University, and shall do so at least once every year.

The Council shall ensure that the University complies with all the relevant laws, regulations, governance practices, accounting, and auditing standards.

KEY UNIVERSITY INFORMATION AND MANAGEMENT

The Senate of the University;

The Senate shall have the following powers and duties:-

To satisfy itself regarding the content and academic standard of any course of study in respect of any degree, diploma, certificate or other award of the University;

To propose regulations to be made by the Council regarding the eligibility of persons for admission to degree, diploma, and certificate programmes;

To propose regulations to be made by the Council regarding the standard of proficiency to be gained in each examination for a degree, diploma, certificate or other awards of the University;

To decide which person has attained such standard of proficiency and are otherwise fit to be granted a degree, diploma, certificate or other awards of the University;

To make regulations governing such other matters as are within its powers in accordance with the charter or the statutes.

The University Management Board:

The University Management Board shall assist the Vice-Chancellor in;

The management of urgent day-to-day academic, administrative, research, developmental and outreach issues;

The efficient management of the human, physical, and financial resources of the University;

Coordination of University and colleges strategic and development plans;

Make proposal to Senate and Council on issues that have University-wide application;

Receive proposals from different sectors of the University for recommendation for Council consideration;

The implementation of Council and Senate approved policies;

Any other matters related to the management of the University.

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KEY UNIVERSITY INFORMATION AND MANAGEMENT

(f) University Headquarters

Kenyatta University
Thika Road, Nairobi
P. O. Box 43844- 00100
Nairobi.

(g) University Contacts

Telephone: +254 020 8710901-19
Fax: +254 020 8711573
Telex 25483 KenUnKen
Website: <http://www.ku.ac.ke>

(h) University Bankers

Co-operative Bank of Kenya Ltd.
P.O. Box 48231 – 00100
Nairobi

National Bank of Kenya Ltd.
P. O. Box 41862 – 00100
Nairobi.

Kenya Commercial Bank Ltd
P. O. Box 30081
Nairobi.

Standard Chartered Bank Ltd.
P. O. Box 64355 - 00620
Nairobi.

Equity Bank Ltd
P.O. Box 75104 – 00200
Nairobi

Family Bank Ltd
P.O. Box 74145-00200
Nairobi

(i) Independent Auditors

Auditor General
Anniversary Towers
P.O. Box 30084 - 00100
GPO, Nairobi.

(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

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MEMBERS OF THE UNIVERSITY COUNCIL

Chairman of the University Council

Prof. Shem E. Migot-Adholla Ph.D.,

B.A. (University of East Africa), M.A., Ph.D. (Michigan State University)



Prof. Adholla (79) is the Chairman of Council of Kenyatta University having been appointed to the council on 14th March 2017. He is a private consultant based in Nairobi, Kenya and works on issues including agriculture and rural development, migration, land policy reform, environmental management and rural health issues. He is currently a member of the Board of Directors of Equity Bank, Kenya and serves as Chairman of Equity Bank subsidiary in South Sudan. Previously he held various positions including the Chairman of the Centre for Corporate Governance, Nairobi,

served as Vice-Chairman of the Board of Directors of the Kenya Wildlife Trust (KWT), the Lead Specialist on Land Policy and Administration for Africa Region at the World Bank Headquarters, Washington, DC, and served (on secondment) as Permanent Secretary, Ministry of Agriculture and Rural Development, Government of Kenya. Earlier, he taught at the University of Nairobi, where he provided leadership in the Department of Sociology and was involved in research activities at the Institute for Development Studies (IDS).

Vice-Chancellor

Prof. Paul K Wainaina Ph.D.,

B.Ed., M.A. Ed. (Nairobi), Ph.D. (Alberta)



Prof. Wainaina (70) is the Vice-Chancellor Kenyatta University, and is an ex-officio member of the University Council, having been appointed as the Vice Chancellor on 26th January 2018. He is also Professor of Philosophy of Education, Kenyatta University. Prior to his appointment, he held various positions including Deputy Vice-Chancellor (Administration) Kenyatta University, Professor of Philosophy of Education, University of Namibia, Professor of Philosophy of Education, and Moi University among others. He is an alumnus of University of Alberta, Canada

Member

Dr. Beatrice M. Inyangala,

Principal Secretary, State Department of University Education & Research



Dr. Beatrice Muganda Inyangala is the Principal Secretary, State Department for Higher Education and Research, Ministry of Education, Kenya Government. Her areas of expertise are public policy, gender inclusivity, quality assurance, teaching methodology, governance, and fundraising. Prior to her current appointment, she served as the Deputy Executive Director and the Director of Higher Education at the Partnership for African Social and Governance Research Dr. Muganda led the Pedagogical Leadership in Africa (PedaL) project, working closely with multiple partners in distinct contexts to drive sustainable change in the delivery of university programmes to strengthen graduate competencies. She oversaw the training of more than 1000 teaching staff in 60 universities on the African continent in innovative pedagogies. Dr. Muganda is an accomplished educationist with programme planning, design and implementation expertise. She has facilitated formal partnerships among African universities, with Northern partner universities and international knowledge networks around innovative projects that promote excellence. Dr. Muganda has extensive knowledge of issues, challenges, and opportunities in African higher education

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MEMBERS OF THE UNIVERSITY COUNCIL

and has proactively engaged various policy actors in higher education transformation. She has also been involved in education policy debates globally: EU-Africa policy dialogues, Wilton Park dialogues, The Africa-America Institute, London School of Economics Africa Summit, Africa Sciedev, University World News, Guardian Global Development Professionals Network, and the Association of African Universities. She has contributed to Kenya's national policy documents such as the Medium Term Framework on Education and Training for Vision 2030, and the National Manpower Survey. She holds a B.Ed. and M. Phil in Planning and Economics of Education from Moi University, a PhD from the University of Athens, and has received further training at the International Institute of Educational Planning in Paris.

Member

Dr. Chris Kiptoo,

Principal Secretary, The National Treasury



Dr. Chris Kiptoo is the Principal Secretary, National Treasury. He was appointed Principal Secretary by President William Samoei Ruto on 1st December 2022. Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment, and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, and Trade & Cooperatives. In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority, and the International Monetary Fund, where he has served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national accounts/real sector and macroeconomic accounting, and modeling and forecasting. Additionally, Dr. Kiptoo has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organizational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as Trade Mark East Africa. Dr. Chris Kiptoo holds a Doctor of Philosophy Degree (PhD) in Finance (International Macroeconomics Finance specialization) from The Nairobi University, as well as a Master of Science (Ag. Economics) and Bachelor of Science (Ag. Economics) degree from Egerton University. He is also an Accredited Fellow in Macroeconomic Management Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI).

Member

Mr. Eric K. Sila,

B. Com., MBA (University of Nairobi)



Mr Sila (53) is a member of the Kenyatta University Council having been appointed on 14th March 2017. He is currently Head of Rehabilitation & Recoveries (Personal and Business Banking) at Stanbic Kenya Ltd. Mr. Sila is a professional banker with leadership skills in credit risk management, credit administration and operational risk amongst others. Previously he was Deputy Director, Credit Risk at NIC Bank Kenya, prior to this, he was the Head of Business Support and Corporate Recoveries (Corporate Credit) at Barclays Bank of Kenya. He has international experience having led teams in Corporate Credit and Business Support and Recoveries in Zambia, Uganda and Tanzania. He holds a Masters Degree in Business Administration (Strategic Management) and a Bachelors Degree in Commerce from the University of Nairobi.

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MEMBERS OF THE UNIVERSITY COUNCIL

Member



Ms. Mary Mugo

B.Ed. (UON),M.A(Kenyatta

Ms. Mary Mugo (53) is a member of Kenyatta University Council having been appointed on 10th March 2020. She is a Country Director at Edukans Kenya, a Netherlands founded program. She holds a master's degree in Counseling Psychology from Kenyatta University and a Bachelor of Education from the University of Nairobi. She has vast knowledge and experience in Education and leadership gained from working in Government and in NGOs. Besides her current position, Mary has worked as Country Director - Build Africa Kenya, Associate Director and National Education Coordinator at World Vision Kenya, Senior Principal Education Administration Officer at Teachers Service Commission, Senior Education Officer at the Ministry of Education, Government Chief Counselor at the Office of the President-Ministry of State for Public Service, Graduate High School Teacher and Counselor at Tala High School among others. Additionally, Mary is a mentor for young people and women through community and faith based platforms.

Member

Mr. Andrew Angenga Nyanchoga,



M.Sc. (Manchester University), B.A (UON)

Mr. Andrew Angenga Nyanchoga was appointed as a member of the Kenyatta University Council with effect from 8th July, 2022. He holds a Master's of Science Degree in Human Resource Management from Manchester University (UK) and a Bachelor of Arts Degree from the University of Nairobi. He is currently pursuing a Ph.D. Degree in Social Transformation at the Tangaza University College.

Mr. Nyanchoga has had a long and engaging career as a human resource practitioner in the public service and this has refined his leadership skills

in Human Resource Management and Development. He was the Director of Human Resource Management and Development in the Ministry of Education, State Department of Basic Education between the year 2013 and 2018.

Prior to his appointment in the Ministry of Education, he was the Deputy Director, Human Resource, Ministry of Health from the year 2009 to 2013. In addition, he had served as the Deputy Director, Human Resource in the Ministry of Water and Ministry of Local Government.

Member

Mrs. Alice Waruguru Muita,

M.Sc.,(University of Manchester) B.A (UON)



Ms. Muita was appointed as a member of the Kenyatta University Council with effect from 8th July, 2022. She holds a Master's of Science Degree in Human Resource Management from the University of Manchester, UK and a Bachelor of Arts Degree in Government/Political & Literature from the University of Nairobi. Ms. Muita acquired vast professional experience at practice and policy formulation levels in the public service through working in various Government Ministries and the Public Service Commission and this culminated to her appointment as the Human Resource Secretary in the Directorate of Public Service Management. Ms. Muita has served as a Board

Member (Alternate) at the Kenya Civil Aviation Authority, the National Hospital Insurance Fund (NHIF), the Public Service Remuneration Review Board (currently the Salaries & Remuneration Commission), the

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Transition Authority, the National Task Force on Police Reforms and the Police Reforms Implementation Committee. She has also served as Head, Human Resource & Administration at the Kenya Wildlife Service, and Chairperson of the Nyeri County Public Service Board.

Member

Major General (Rtd) Bashir Yussuf Haji,

M.A, B.A (Tangaza University)



Major General (Rtd) Bashir Yusuf Haji was appointed as a member of the Kenyatta University Council with effect from 8th July, 2022. He holds a Master of Arts Degree in Social Transformation: Sustainable Development, Tangaza University College, and a Bachelor of Arts majoring in Sustainable Human Development. He is currently pursuing a PhD in Social Transformation: Security and Sustainable Peace. Major Gen. (Rtd) Bashir Yusuf Haji joined the Kenya Army as a Cadet in the year 1978 and on completion of his training; he was commissioned as a second Lieutenant and posted to an armored recce regiment. In the course of his career, he was appointed in various levels and ranks including Colonel Operations, Commander Armored Brigade, Chief of Operations and Training and Commandant. He retired as the Deputy Commandant, National Defense College in April 2015 in the rank of Major General. He served as the Deputy Chairman for the Inter-Governmental Authority on Development (IGAD) in Juba, South Sudan for ceasefire and transitional security arrangement and monitoring mechanism (CTSSAMM) focused on implementing the IGAD led peace agreement in South Sudan.

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CHANCELLOR & PRINCIPAL OFFICERS OF THE UNIVERSITY

Chancellor

Mr BENSON WAIREGI, E.B.S.,
B. Com. (Accounting), MBA (Nairobi), CPA (K.)



The Chancellor performs such functions and enjoys such powers, rights and privileges as provided for under section 38 of the Act and the statutes.
The Chancellor, from time to time, gives advice to the Council, which the Chancellor considers necessary for the betterment of the University.
The Chancellor has the right to take part in the formal and informal activities of the University.

Chairman of the University Council

PROF. SHEM E. MIGOT-ADHOLLA Ph.D.,
B.A. (University of East Africa), M.A., Ph.D. (Michigan State University)



The Chairperson of Council chairs Council meetings and exercises the powers and privileges as provided for in the Universities Act, Kenyatta University Charter and the Statutes.

Vice – Chancellor

PROF. PAUL K. WAINAINA, Ph.D.,
B.Ed., M.A. Ed. (Nairobi), Ph.D. (Alberta)



The Vice-Chancellor is the Chief Executive Officer of the University having the following powers and function:

- Is the academic, administrative and financial head of the University;
- Have the overall responsibility for the direction, organization, administration and programmes of the University;
- Is the accounting officer of the University.

Deputy Vice Chancellor (Academic)

PROF. WACEKE WANJOHI, B.Ed., MSc, Ph. D. Kenyatta University



The Deputy Vice-Chancellor (Academic) is the head of the Academic Division of the University, is responsible to the Vice-Chancellor, and offers leadership, direction, organisation and administration of programmes of the Division.

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CHANCELLOR & PRINCIPAL OFFICERS OF THE UNIVERSITY

Deputy Vice-Chancellor (Admin & Finance)

PROF. GODFREY MSE, B.Ed. (Nairobi), M.Ed., Ph.D. (Kenyatta)



The Deputy Vice-Chancellor (Administration & Finance) is the head of the Administration and Finance Division of the University with the following duties and functions:

- Preparation of estimates, allocation of funds, control of expenditure and financial accounting;
- Physical developments;
- Grounds and estates management;
- Procurement services.

Ag. Deputy Vice-Chancellor (Research, Innovation & Outreach)

PROF. CAROLINE THORUWA, B.Ed. (Nairobi), MSc, Kenyatta University, Ph. D. (UK)



The Deputy Vice-Chancellor (Research, Innovation and Outreach) duties and functions include:

- Driving the University's research agenda in line with Country's Vision;
- Encourage research culture in the University;
- Institutionalise networking, collaboration research, and outreach in the University;
- Encourage innovation and handle issues to do with intellectual property rights;
- Ensure dissemination of research findings.

Ag. Registrar Academic

PROF. BERNARD KIVUNGE, B.Ed., M.Sc. (Kenyatta), Ph.D. (Iowa State University)



The Registrar (Academic) is the principal assistant to the Deputy Vice-Chancellor (Academic), and performs duties delegated or assigned to him by the Vice-Chancellor and/or by the Deputy Vice-chancellor (Academic).

Registrar (Admin & Finance)

DR. PAUL GACHANJA B.A., M.A., Ph.D. (Kenyatta)



The Registrar (Administration and Finance) is the principal assistant to the Deputy Vice-Chancellor (Administration and Finance), and performs duties delegated or assigned to him by the Vice-Chancellor and/or by the Deputy Vice-chancellor (Administration and Finance).

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CHANCELLOR & PRINCIPAL OFFICERS OF THE UNIVERSITY

Registrar (Research, Innovation & Outreach)

PROF. RICHARD O. ODUOR



The Registrar (Research, Innovation and Outreach) is the principal assistant to the Deputy Vice-Chancellor (Research, Innovation and Outreach), and performs duties delegated or assigned to him by the Vice-Chancellor and/or by the Deputy Vice-chancellor (Research, Innovation and Outreach).

Ag. Registrar (Corporate Affairs)

PROF. GRACE BUNYI, B.Ed., M.Ed. (Kenyatta), Ph.D. University of Toronto (Canada).



The Registrar (Corporate Affairs) is responsible to the Vice-Chancellor and performs duties delegated or assigned to her by the Vice-Chancellor

Chief Finance Officer

CPA. MWAI SAMUEL, B.Ed., MBA (Nairobi), CPA (K.)



The Chief Finance Officer is the head of Finance Department and the technical officer responsible for financial strategy and policy matters. He is responsible to the Deputy Vice-Chancellor (Administration and Finance) and work closely with the Vice-Chancellor as the Chief Accounting Officer of the University.

The Chief Finance Officer superintends and manages the finances and financial reporting obligations, and performs such other duties delegated or assigned to him by the Vice-Chancellor and Deputy Vice-Chancellor (Administration and Finance).

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

CHAIRMAN'S STATEMENT



It is my privilege to present the Annual Report and Financial Statements for the year ended 30 June 2023 for this great University. During the year under review, the University remained focused on its mission to provide quality education and training, promote scholarship, service, innovation, and creativity, and inculcate moral values for sustainable individual and societal development.

I would wish to highlight that in the year 2022/2023, the University reported a deficit of Ksh 2,044,340,057 (two billion, fourty four million,three hundred and forty thousand , and fifty seven shillings) which is higher than the one reported in the year 2021/2022 of Ksh 1,910,284,190 (One billion, Nine Hundred and Ten million,Two hundred and eighty four,One hundred and ninety Shillings only). This can be attributed reduced income from student fees. In addition, the decrease in student numbers because of non-attainment of the University minimum entry grade and reduction in Government Grants. It is my anticipation that in the year 2023/2024 the University through cost cutting and revenue-enhanced measures implemented will report improved performance.

The University held its 51st graduation ceremony in the month of July 2022 and its 52nd Graduation Ceremony in the month of December 2022 at the main campus. The events saw 4,690 and 5,641 graduands respectively conferred with various Certificates, Diplomas, and Degrees in their respective disciplines.

On infrastructure;

The School of Engineering and Technology received Biomedical Engineering Equipment donated by GIZ including a newborn unit, an infusion system, surgical instruments, safety equipment, endoscopy tools, oxygen therapy system, and medical imaging tools. The equipment will go a long way in ensuring that the University provides quality education in line with its mission.

The Young African Leaders Initiative (YALI) Regional Leadership Centre East Africa (RLC EA) has collaborated with Microsoft Africa Development Centre (ADC) to drive innovations and digital skills development in East Africa. The partnership seeks to engage in cooperative support of innovations through investments in new ventures and community initiatives by developing digital skills programmes and solutions for training participants and alumni in youth leadership. Microsoft ADC will provide capacity-building opportunities on digital skills, design a challenge on tech for YALI RLC EA training participants, provide access to human resources for mentorship and coaching, as well as provide access to Microsoft tools for NGOs to YALI RLCEA staff to enhance efficiency in programme implementation. One of the pillars of the government's Bottom-Up Economic Transformation (BETA) agenda is promoting the Digital Economy and through this partnership, Kenyatta University will help to bridge the digital skills gap in East Africa, empower young people, and drive innovation in the region.

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Achievements

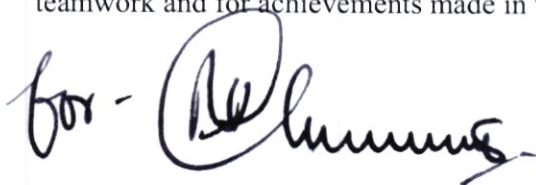
Kenyatta University was awarded a Platinum Award by the Directorate of National Cohesion and Values and Principles of Governance for excellent performance in the implementation of the Citizen Service Delivery Charter and Business Process Re-engineering sub-indicators on the 2021/2022 Performance Contract. The university was recognized for promoting a culture of continuous development and adoption of best practices among Ministries, Departments, and Agencies (MDAs). The University has embraced the Customer Service Delivery Charter and Business Process Re-engineering as key drivers of service improvement and innovation.

Kenyatta University hosted the Teaching Practicum Advisors' Induction workshop on Student-Advisor retooling. The workshop aimed at highlighting new techniques and approaches to training and assessment of teachers, most especially during their teaching practice at schools. Kenyatta University won the bid for; 'Accreditation of Service Providers for Teacher Professional Development (TPD) Programme for Registered Teachers in Kenya' by Teachers Service Commission (TSC) alongside three (3) other institutions and is the largest teacher training institution that has embraced the Competency-Based Curriculum (CBC).

In conclusion, Kenyatta University is amongst the leading Universities in provision of quality training and aligning the outcomes to Kenya's Bottom-Up Economic Transformation (BETA) Agenda. The University's infrastructural capacity, achieved over the recent years has served much needed capacity for quality training and research as well as service.

I take this opportunity to thank the Government of Kenya and all collaborating partners, both internal and external for their continued support.

Lastly, I want to thank my fellow members of council, members of staff, and students for their tireless effort, teamwork and for achievements made in the year ended 30th June 2023.



Prof. Shem E. Migot-Adholla, Ph.D.

CHAIRMAN, KENYATTA UNIVERSITY COUNCIL

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VICE-CHANCELLOR'S REPORT



I am delighted to present the university's results for the year ended 30th June 2023. During the year under review the university remained on course in the implementation of the 2016 - 2026 Strategic Vision Plan guided by the theme "Enhancing Higher Education, Transforming Lives". The theme is grounded on the principles of inclusiveness and participation, good governance, equity, environmental consciousness and respect for diversity.

During the year, the university put in place the necessary internal controls on resources to ensure that we meet the targets of revenue collection and cost control. The university held its 51st graduation ceremony in the month of July 2022, which was the first face-to-face graduation since December 2019. The graduation was held in compliance with COVID-19 containment and preventive measures as issued by the Ministry of Health. The 52nd graduation ceremony was held in December 2022 where the Deputy President His Excellency Rigathi Gachagua was the Chief Guest. The events saw 4,690 and 5,641 graduands respectively conferred with various certificates, diplomas, and degrees in their respective disciplines. In the year 2022/2023, Kenyatta University received 6,622 government-sponsored students in addition to 694 students who were enrolled in other institutions through intervarsity transfers. According to the 2022 Kenya Universities and Colleges Central Placement Service (KUCCPS) admission results, Kenyatta University attracted the highest number of students at 6,733 to cement its position as the most preferred destination for those wishing to pursue higher education.

Education, Training and Research

Kenyatta University Competency-based Education and Training (CBET) Diploma programs were recently accredited by Technical and Vocational Education and Training Authority (TVETA). These programs will be offered both in Mombasa, Nakuru and Kitui Campuses after registration as TVET Centers. This will contribute towards provision of skilled labour in line with the government's Bottom-Up Economic Transformation Agenda (BETA).

Dr. Juliana Kiio of the department of Food, Nutrition, and Dietetics secured a collaborative grant on Health Diets4Africa worth Euro 10,327,804 for a five-year project titled "Combating malnutrition in Africa through diversification of food systems". The objective of the project is to establish diversified food systems in eight Western, Central, and Eastern African countries to make them more resilient, sustainable, and climate-friendly, whilst improving the supply of safe, nutritious, and affordable food to combat malnutrition.

Dr. Eric M. Kioko of the Department of Environmental Studies and Community Development, together with Dr. Girma Kelboro Mensuro (University of Bonn, Center for Development Research -ZEF) and Dr. Abiyot Legesse (Dilla University, Ethiopia) secured a four-year (2022-2026) research grant of Euro 1,500,000 awarded by the Volkswagen Foundation, Germany. The project, titled, "Local dynamics and Integration of UNESCO world heritage sites of outstanding universal value: evidence from cultural landscapes in Kenya and Ethiopia" investigates the dynamics and threats affecting cultural heritage sites in Kenya and Ethiopia and how best to conserve such sites without impairing the livelihoods that depend on them.

Kenyatta University

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Achievements

The opening ceremony of the first International Women's Economic Empowerment Conference was held at the International Culture and Language Centre (ICLC) on 6th July 2022 hosted by the Kenyatta University Women's Economic Empowerment (Ku-WEE) Hub. The Chief Guest was Amb. Dr. Monica K. Juma, DPhil (Oxon), Cabinet Secretary at the Ministry of Energy, Kenya. While delivering the Vice Chancellor's remarks, Prof. Vincent Onywera noted, "Kenyatta University has a 45% inclusion of women in both staff and student categories." The KU-WEE Hub (funded by the Bill and Melinda Gates Foundation) has become a key feature for development in the institution, regionally, nationally and even internationally. Through WEE Hub, the KU fraternity is committed to bridging the gap not only in women's economic empowerment but also in gender equality and empowerment.

The 11th edition of the All Kenyan Moot Court Competition (AKMCC) was held from 14th – 17th March 2023 under the theme "*Socio-Economic Justice: Enhancing Government's Accountability and Transparency in the Protection of Human Rights.*" Kenyatta University emerged the winner in the signature moot competition, which brings together law students from all Law Schools in Kenya, Judicial Officers, industry players, State agencies, non-state actors, and grassroots civil society organizations to exchange ideas and deliberate on the theme of the competition with a view of exploring policy solutions.

The Kenyatta University Students' choir, under the leadership of Dr. Isaiah Oyugi as director and deputized by Elijah Adongo participated in the Kenya Music Festivals, 2022 edition, which took place in Kisumu County. The choir participated in more than 40 categories, won more than three quarters of them, and bagged the Best University Choir Trophy for the 12th year running. I congratulate the Students' choir led by the director for their exemplary performance. The University was also awarded by the Ministry of Youth Affairs, the Arts, and Sports, for being the Best University in Theatre Arts Year 2022 cementing the University's top position in performance of music and the arts.

Other Activities

Kenyatta University actively participated in Global Mental Health Awareness Week, beginning on May 19th, 2023, with events themed around "Mental Illness and Substance Use Disorders - 'The Siamese Twins': Combating Stigma." As the Chief Guest, I led the opening walk, coinciding with the international day for global mental health awareness and action against social media stigma. The university's commitment to promoting mental health for students and staff includes counseling services and regular staff sensitization through various departments and services.

Chief Executive Officers (CEOs) of various companies in the tourism sector and other stakeholders in the industry gathered at Kenyatta University to discuss the management of crises that may affect the tourism industry. While touring the Global Tourism Resilience and Crisis Management Centre – Eastern Africa (GTRCMC – EA), the Chief Guest, Hon. Peninah Malonza, the Cabinet Secretary for Tourism, emphasized that the lessons learned from the COVID-19 pandemic had brought together private, academic, and public sectors in the industry to forge a way forward in case of similar crises.

Kenyatta University

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for the year ended June 30, 2023.

Appreciation

In conclusion, I take this opportunity to convey my appreciation and gratitude to the University Council, Management and all members of staff for their commitment to work and their splendid effort that have seen Kenyatta University move towards attaining world-class status.

Finally, I would like to thank the Government, Local and International Donors, Suppliers and Service Providers for their trust, guidance, and continued co-operation.



Prof. Paul K. Wainaina, Ph.D.,
VICE-CHANCELLOR

Kenyatta University

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STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Kenyatta University is guided by the following objectives;

- i. Advancement of knowledge through quality teaching , scholarly research and scientific investigations
- ii. Promotion of learning in the student body and society in general
- iii. Support and contribution to the realization of national economic and social development goals
- iv. Promotion of equalization for persons with disabilities, minorities and other marginalized groups
- v. Promotion of cultural and social life of society
- vi. Dissemination of research findings to the general community
- vii. Facilitation of life-long learning through provision of adult and continuing education
- viii. Fostering of the capacity for independent critical thinking among its students
- ix. Promotion of gender balance and equality of opportunity among students and employees

Kenyatta University has 5 Strategic pillars and objectives within the current Strategic plan for the FY 2016 - 2026. These strategic pillars are as follows;

- i. Excellence in Education and Training
- ii. Research, Innovation and Outreach for Sustainable Development
- iii. Corporate Governance and Management
- iv. Information Communication Technology
- v. Resource Mobilization and Financial Sustainability

Kenyatta University develops its annual work plans based on the above 5 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 2021-2026 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Excellence in Education and Training	To provide Quality Education and promote scholarship by transforming learners from being mere consumers of information to producers of knowledge and creators of employment	Number of graduates	Revising the curriculum, embracing new modes of teaching and learning and strengthening quality assurance processes	Independent, self-reliant graduates

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Research, Innovation and Outreach for Sustainable Development	To enhance capacity, skills and competences for research and innovation	Strengthen the Directorate of Research Support and Dissemination	Investing heavily in research in terms of capacity building for research and infrastructure to support research activities	Strengthened directorate
Corporate Governance and Management	To abide by the principles of good governance, sound management and inspirational and transformative leadership	Use instruments to monitoring corporate governance practices	Corporate participation, consensus, accountability, transparency, responsiveness, inclusiveness, equity and respect for rule of law	Good governance
Information Communication Technology	Using ICT to provide quality education, training and research and in improving efficiency of administration	Efficient ICT infrastructure	Investing in a strong ICT base to support management, teaching learning, research and community service	Improved student and academic digital experience
Resource Mobilization and Financial Sustainability	To improve on the University's financial base	Increased funding from external and internal sources	Explore alternative sources of generating funds	Increased fee collection

Kenyatta University

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CORPORATE GOVERNANCE STATEMENT

Introduction

The statement outlines the key aspects of the University's corporate governance framework. Corporate governance is the process by which the University is directed, controlled, and held to account. It provides the structure through which the strategic objectives of the University are set, and the means of attaining them as well as monitoring performance. Corporate Governance dictates the engagement between the University Council, Senate, Management Board, Regulators, and all Stakeholders.

The University in its decision-making processes observes the highest ethical standards and benchmarks on global best practices in compliance with the applicable legal principles, its vision, mission, and core values for sustainability of the University.

The governing organs of the University are:

- (i) The University Council;
- (ii) The Senate of the University;
- (iii) The University Management Board.

(i) The University Council

Council Charter

The Council is guided by the Council Charter, which defines the governance guidelines within which the Council exists and operates. It clearly states the respective roles, responsibilities, and authorities of the Council and its Committees.

Council Appointment and Composition

In accordance with the Universities Act No. 42 of 2012, clause 36(1) the Council consists of nine persons appointed by the Cabinet Secretary for a period of three years and who are eligible for re-appointment for a further one term. The persons are as follows:

- The Chairperson
- Principal Secretary, Ministry for the time being responsible for the University Education
- Principal Secretary, Ministry for the time being responsible for Finance and The National Treasury
- Five members appointed by the Cabinet Secretary, Ministry for the time being responsible for University Education
- The Vice-Chancellor who is an ex-officio member of the Council.

Succession Planning

The appointing authority which is the ministry of education ensures that the tenures of Council members are staggered to ensure a phased transition.

Council Diversity

The Council members possess a broad range of skills, expertise, experience, and knowledge essential to undertake the University's mandate as indicated on pages x to xiii of this Annual Report.

Kenyatta University

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CORPORATE GOVERNANCE STATEMENT

Powers and Functions of the Council

The powers and functions of the Council include among others:

- To make new or additional Statutes, alter, amend or revoke existing Statutes in consultation with the Senate;
- To establish such standing or other committees with membership and with such terms of reference as it may deem fit;
- To make regulations in accordance with the Charter for any purpose in respect of which regulations may be made, provided that no regulations shall be made until Senate has had an opportunity of reporting thereon;
- To make the appointments authorized by the Charter and the Statutes and to determine the terms and conditions of service for all staff of the University;
- To confer, after report from Senate, the title of Professor Emeritus, Adjunct Professor, Adjunct Faculty and other senior staff;
- To receive, consider and approve from University Management Board estimates of expenditure required to carry out the work of the University and to provide the requisite in so far as the estimates are approved and accepted by the Council;
- To borrow money on behalf of the University, and for that purpose and subject to the Charter, to mortgage or charge all or any part of the property unless the conditions of the property so held provide otherwise, and to give such other security whether upon moveable property or otherwise as the Council may deem fit;
- To select a Seal, Arms and Mace for the University and to have the sole custody and use of the Seal;
- To provide by Statutes for the creation of new Colleges, Campuses, Schools, Departments, Directorates, Institutes, Centers or other bodies of learning and research in the University and for the abolition from time to time of any such bodies, and to approve the establishment, abolition or subdivision of any such bodies on the recommendation of Senate;
- To exercise powers of removal from office for good cause of any officer or staff member and other disciplinary controls in the University;

Kenyatta University

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Governance Audit

The Council in consultation with the ministry of education ensures it subjects the University to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.

The governance audit covers the governance practices of the University in the following parameters;

- a) Leadership and strategic management
- b) Transparency and Disclosure
- c) Compliance with Laws and Regulations
- d) Communication with stakeholders
- e) Council independence and governance
- f) Council systems and procedures
- g) Consistent shareholder and stakeholders' value enhancement
- h) Corporate social responsibility and investment.

Kenyatta University

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CORPORATE GOVERNANCE STATEMENT

Meetings of the Council

While the Council is responsible for its agenda, it is the responsibility of the Chairperson and the Council Secretariat working closely with the Vice-Chancellor, to come up with the Annual Council Work Plan and Agenda for the Council meetings.

Unless the Council otherwise determines, meetings of the Council are held at least four times in each calendar year at such a place and time as the Chairperson may determine.

At all meetings of the Council, a quorum is the nearest whole number above half the membership of the Council.

Where consensus is not achieved, decisions of the Council may be by a simple majority vote of those present and voting, provided that the Chairperson of the council shall have a casting vote in case of an equality of votes.

The Chairperson may at any time call a meeting of the Council within twenty eight (28) days of receiving request for that purpose addressed to him and signed by at least a half of the membership of Council.

Council Committees

The University has a total of four committees and five boards whose chairperson reports to the main Council and assists in executing the mandate of the Council and by extension, the University.

A) Council Committees

- 1) Finance and Strategy Committee
- 2) Terms of Service and Conditions Committee
- 3) Audit Committee
- 4) Governance, Risk and Compliance Committee

B) Boards

- 1) Staff Appeals Board
- 2) Appointment and Promotions Board (*For Professors, Associate Professors & Equivalent Grades*)
- 3) Disciplinary Board for Senior Staff (*Grade A-F, Graduate Assistants to Professor & Equivalent Grades*)
- 4) Honorary Degree Board
- 5) Sealing Board

Kenyatta University

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Council Remuneration

The University Non-Executive Council Members are paid a sitting allowance for every meeting attended. They are not eligible for pension scheme membership. However, the Chairman of Council receives honoraria on a monthly basis as indicated in Note 15 of the Financial Statements.

Council allowances are based on approved rates and guidance provided in Government Circulars

Conclusion

The Council recognizes that practices and procedures can always be improved. Accordingly, the corporate governance framework of the University is kept under review to take account of changing standards and regulations.

Kenyatta University

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CORPORATE GOVERNANCE STATEMENT

Number of Full Council, Committees, and Board Meetings held During the Year 2022/2023.

S.N	NAME OF THE COMMITTEE	NO OF TIMES MEETINGS WERE HELD
1	Full Council	10
2	Academic Governance & Strategy Committee	3
3	Appointment and Promotions Committee	1
4	Audit, Risk & Compliance Committee	2
5	Disciplinary Board	2
6	Disciplinary Board for Senior Staff	1
7	Finance & Development Committee	3
8	Human Resource Mgt. Committee	2
9	Sealing Board	2

The Senate of the University

The membership of the Senate shall be:-

- The Vice-Chancellor, who shall be the Chairperson;
- The Deputy Vice-Chancellors;
- The Principals of each Constituent College;
- The Principals of each College within the University;
- Registrars;
- Executive Deans;
- Directors of Campuses;
- Chairpersons of Departments;
- One Professor representing each College;
- The Chief University Librarian;
- The Chief Finance Officer;
- Director of Student Affairs;
- Director Information, Communication, and Technology Services (ICT);
- Two members elected by the students' organization, who shall be entitled to attend
- Deliberations of the Senate on matters which are considered by the Chairperson of the Senate to be confidential of which relate to examinations, the general discipline of students, and other related matters; and
- Such other member as Council may determine in accordance with the Statute

The Deputy Vice-Chancellor is in charge of Academic affairs shall be secretary to the senate.

Kenyatta University

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MANAGEMENT DISCUSSION AND ANALYSIS

The University's Management discussion and analysis, provides an overview of the University's financial activities for the fiscal year ended 30th June 2023. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the University's financial statements and Notes to the Financial Statements following this section.

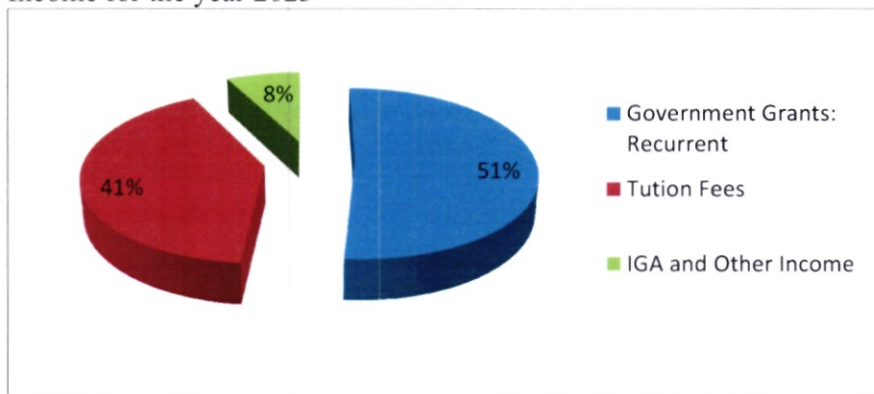
A. University Performance

University Sources of Funds

1. Government Grants – Recurrent and Development
2. Internally generated funds- Tuition and other income generating activities.
3. Externally sourced funds- Donations and grants from private sector, loans and overdrafts

In the year 2022/2023, the University received Kshs 3,454,601,855, Government Grants, Kshs 2,750,551,050 Tuition and other fees and Kshs. 571,266,028 from Income Generating Activities and other incomes.

Income for the year 2023



University Expenditure

University Expenditures are composed of Personnel Emoluments, Operations, and Maintenance.

The University's expenditure increased from the adjusted Kshs 8,970,981,265 in the year 2022 to Kshs, 9,075,473,325 in the year 2023 due to the increased cost of living that has also affected all the activities and purchases in the University.

In the year 2023, the University's expenditures under the two categories were as follows;

Particulars	Amount in Kshs
1. Personnel Emoluments	6,711,751,937
2. Operation and Maintenance	2,363,721,388

Kenyatta University

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CORPORATE GOVERNANCE STATEMENT

The University Management Board

Members of the University Management Board shall be;

- The Vice-chancellor, who shall be the Chairperson;
- The Deputy Vice-Chancellors;
- Registrars;
- Chief Finance Officer
- Chief Legal Officer
- Such other member of senior management as the Council may determine and as provided for in the statutes.

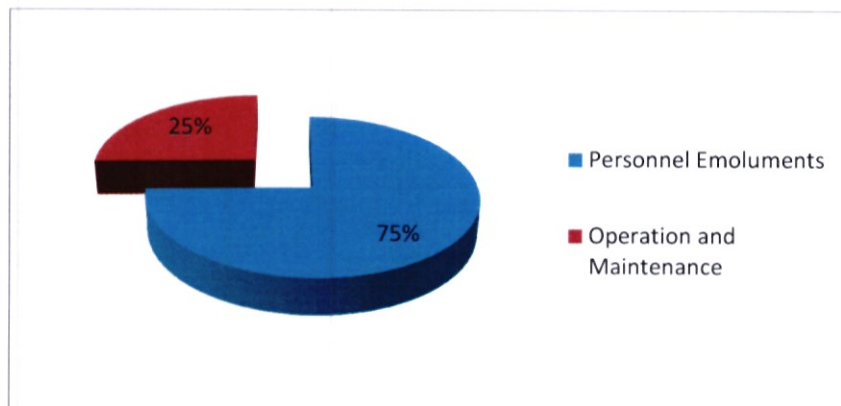
The University Management Board shall assist the Vice-Chancellor in;

- 1) The Management of urgent day-to-day academic, administrative, research, development, and outreach issues;
- 2) The efficient management of the human, physical, and financial resources of the University;
- 3) Coordination of University and colleges strategic and development plans;
- 4) Make proposals to Senate and Council on issues that have University-wide application;
- 5) Receive proposals from different sectors of the University for recommendation for Council consideration;
- 6) The implementation of Council and Senate approved policies;

Kenyatta University
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MANAGEMENT DISCUSSION AND ANALYSIS

Expenditures for the year 2023



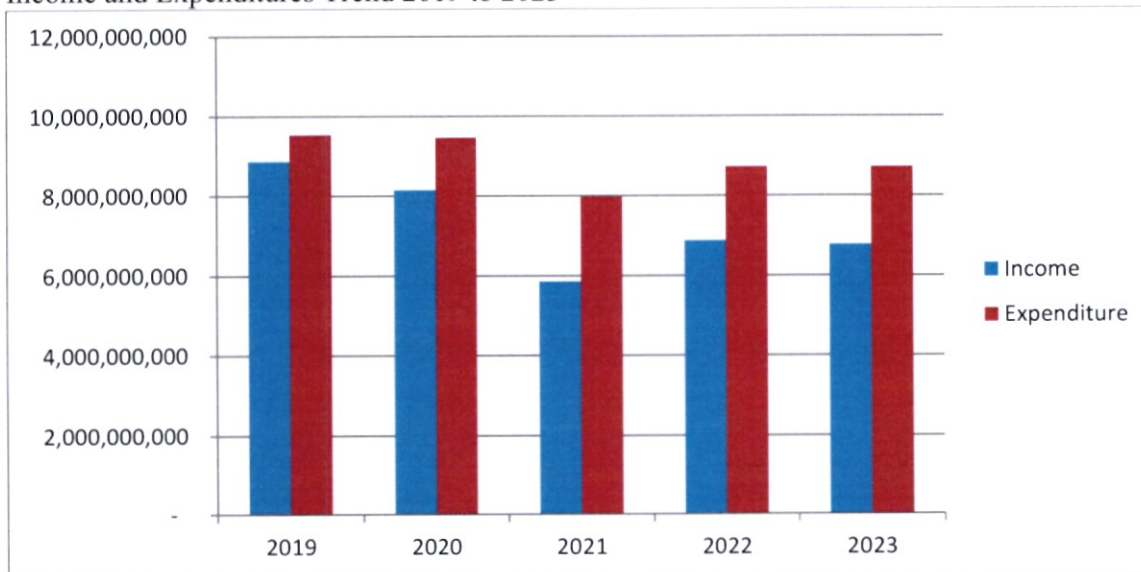
Five Years Financial Performance 2019 to 2023

KENYATTA UNIVERSITY					
Five Years Financial Performance 2019 to 2023					
	2019	2020	2021	2022	2023
PARTICULARS					
INCOME					
Government Grants: Recurrent	3,421,558,999	4,117,206,233	3,299,993,296	3,567,722,802	3,454,601,855
Tuition Fees	4,635,730,730	3,384,128,879	2,319,770,645	2,776,868,654	2,750,551,050
IGA and Other Income	803,498,917	641,395,721	233,610,413	523,714,437	82,997,023
Total Income	8,860,788,646	8,142,730,833	5,853,374,354	7,060,697,076	7,035,574,768
EXPENDITURE					
Personal Emoluments	6,666,580,038	6,843,958,196	6,011,916,820	6,361,441,604	6,711,751,937
Operation and Maintenance	2,872,012,365	2,627,949,562	1,971,087,824	2,385,521,511	2,368,994,184
Total Expenditure	9,538,592,403	9,471,907,758	7,983,004,644	8,970,981,265	9,075,473,325
Deficit/Surplus	(677,803,757)	(1,329,176,925)	(2,129,630,290)	(1,910,284,190)	(2,044,340,057)

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MANAGEMENT DISCUSSION AND ANALYSIS

Income and Expenditures Trend 2019 to 2023



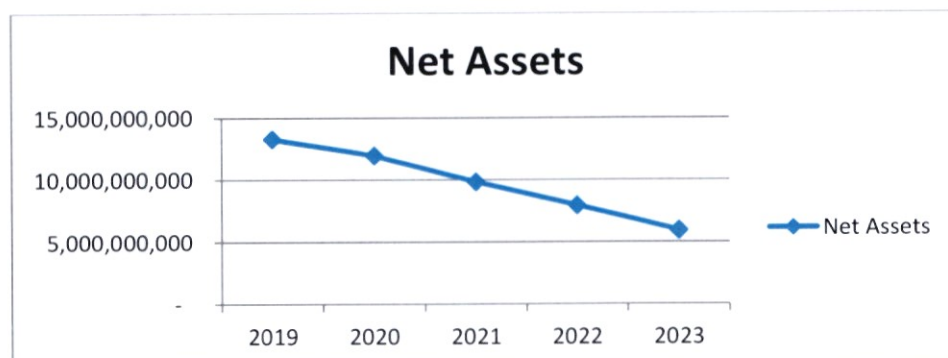
University Net Assets

The University Net Assets are composed of;

1. Revaluation Reserves
2. Accumulated Surplus
3. Capital Fund (Government Capital Grants)

The University's Net Asset for the year 2023 is composed of Kshs. 4,399,292,064 Revaluation Reserves, Kshs.(1,514,300) Revenue Reserves and Kshs. 3,023,932,178 Capital Fund

University's Net Assets for the year 2019 to 2023.



Kenyatta University

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MANAGEMENT DISCUSSION AND ANALYSIS

Conclusion:

The University reported deficit in the last two years, with its revenue decreasing slightly from Kshs 7,060,697,076 in the year 2022 to Kshs.7,035,574 in the year 2023. In particular tuition and other fees which is a major component of the University revenue decreased from Kshs 2,777,506,454 in the year 2022 to Kshs 2,750,551,050 in the year 2023. The University expenditure increased from Kshs 8,970,981,265 in the year 2022 to Kshs.9,075,473,325 in the year 2023. With revenue enhancement and cost cutting measures implemented by Management we are optimistic that the situation will improve in the foreseeable future.

B. University's Compliance with Statutory Requirements

The University has endeavored to comply with statutory requirement, however for the last two years the University has not been able to remit payroll statutory deductions as indicated in note 23 of the Financial Statements.

C. Key Projects and Investment Decisions the University is Planning/Implementing

SN	PROJECT NAME	COMMENCEMENT DATE	EXPECTED COMPLETION DATES	% OF COMPLETION	ESTIMATED PROJECT COST	COST INCURRED TO DATE	PROGRESS REPORT
1	REC Centre	July, 2015	December, 2018	19%	300M	56M	Stalled
2	School of Business	July, 2015	December, 2018	27%	300M	81M	Stalled
3	Kenyatta University Children Hospital	July, 2015	December, 2019	10%	2B	201.6M	Stalled
4	School of Architecture	July, 2015	December, 2018	3.5%	300M	10.6M	Stalled
5	Stadium Complex	July, 2015	December, 2019	4.9%	200M	9.8M	Stalled

D. Major Risks facing the University

The University has identified the following Key Risk

1. Financial Risk-the University is unable to meet its obligations as and when they fall due
2. Commercial Risk-the University has experienced drastic reduced number of self-sponsored students.
3. Infrastructural Risk-there is a number of stalled projects due to lack of funds.

E. Material Arrears in Statutory/Financial Obligations

The University has not been in a position to meet its expenditures as and when they fall due. At the end of the financial year 2022/2023 the University had not paid its obligations as per note 25 of the Financial Statement.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

i) Sustainability strategy and profile

The University management is committed to raise Kenyatta University to a higher level of excellence as a world class institution. The University is committed to aligning her programmes and activities to make them contribute to the realization of the Sustainable Development Goals. Political issues emanating from national events like the general elections have not affected the running of the University, However, effects of COVID – 19 in the country that led to the closure of the university in 2020 are still felt financially.

Environmental performance

Kenyatta University has promoted good environmental practices while upholding proper waste and pollution management ideas. We aim to reduce, reuse and recycle and continually build capacity for environmental governance and management. Use of bio-resources, harvesting of rainwater and treatment of wastewater, exploitation of solar energy resources and tree planting are priority areas.

ii) Employee welfare

The University is committed to attracting, retaining and developing a community of talented and diverse individuals in support of the realization of its excellence agenda. With focus shifting from Millennium Development Goals to Sustainable Development Goals, the University aligns its human resources to contribute towards the realization of these goals. The University aims to have a work force that will ensure inclusive and equitable quality education and promote lifelong learning opportunities for all for achievement of sustainable development. Some of the human resource development and management concerns that are being addressed include recruitment, promotion and retention of high caliber staff. The presence of staff development policy has helped address issues related to work load, staff-student ratio and efficient service delivery by non-teaching staff.

iii) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Kenyatta University remains to be the University of Choice in terms of attracting quality staff, students and financial support. This has been achieved through offering quality education and training, promoting scholarship and community service.

b) Responsible Supply chain and supplier relations

Kenyatta University has maintained good business relationships with its suppliers by honoring contracts and respecting payment practices.

c) Responsible marketing and advertisement

The University is committed to maintain ethical marketing practices by practicing transparency, responding to consumer concerns and marketing in local dailies and social media to reach a wide target.

d) Product stewardship

Outline efforts to safeguard consumer rights and interests.

- Providing contact details which are easily accessible
- Responding to customer complains promptly
- An updated website
-

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

CORPORATE SOCIAL RESPONSIBILITY/COMMUNITY ENGAGEMENT

In the FY 2022-2023, Kenyatta University undertook a number of community outreach projects as follows;

1. Talk shows between 6th April 2023 and 15th June, 2023 - on KUTV

Topics covered were

- Oral Health by Dr. Maria Kinoti Tuberculosis by Dr. Peninah Makena
- Malaria by Dr. Grace Wanjohi Mental Health by Dr. Josephine Mugo
- Cancer Awareness by Dr. Gabriel Waari
- Child Obesity by Dr. Elizabeth Kuria
- Fibroids by Dr. Victoria Muviku

2. Response to National Crisis Samburu

Drought Response

On Wednesday 7th December 2022 a team of staff and students led the Ag. Deputy Vice-Chancellor Prof. Paul Okemo visited Samburu County to carry out a food distribution exercise whereby 1,062 families in Samburu East Sub-County were provided with food stuff. Through the intervention of the University fraternity, partners and suppliers the committee was able to raise about Kshs 2,800,000 towards the famine stricken Kenyan.

3. Student Club Activities

- a) Finance Society of Kenyatta University visit to Children's Home in Jesus Helpers Centre^o Uthiru 29th October, 2023
- b) Kenya Red Cross KU-Chapter visit to Children's Home in Makimei on 19th November, 2022
- c) Kenyatta University Economic Students Association visit to children's home Gardens Children's home and School, Kawangware on 18th February, 2022.
- d) Kenya Red Cross-KU Chapter visit to Mercy Children's home, Ndenderu on 18th March, 2023

4. Legal Aid Awareness on KU-TV on a show called Law Matters

- 28.06.2022 Elective Seats in the Constitution and their Provisions by Boniface Mwaura
12.07.2022 Electoral Disputes and Resolutions by Leonard Anyonje
9.08.2022 Integrity in Electoral Process by Samuel Kimeu
06.09.2022 Election Petition by Alice Mongare and Jackson Lungwe
24.10.2023 Family Law by Leah Kigwatha
31.10.2022 Children and Law by Alice Mongare
21.11.2022 Presidential Term Limit by Gibson Gisore

Kenyatta University

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STATEMENT OF COUNCIL MEMBERS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, section 15 of the State corporation Act and section 47 of the University Act, 2012, require that the Council prepares financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University and is responsible for safeguarding the assets of the University.

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

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

The University Council is committed to have the University be and remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

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



Prof. Paul K Wainaina Ph.D.,
VICE-CHANCELLOR



Prof. Shem E. Migot-Adholla, Ph.D.,
CHAIRMAN OF COUNCIL

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenyatta University set out on pages 1 to 60, which comprise of the statement of financial position as at 30 June, 2023,

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenyatta University as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Failure to Disclose Material Uncertainty in Relation to Sustainability of Services

The statement of financial position reflects total current assets and total current liabilities totalling Kshs.1,061,709,070 and Kshs.10,894,129,913, respectively, resulting in a negative working capital of Kshs.9,832,420,843. This casts significant doubts on the University's ability to continue to sustain services.

In the circumstances, the University is technically insolvent and may not be able to meet its current obligations as and when they fall due.

2. Inaccuracy of Sale of Goods

The statement of financial performance reflects sale of goods amounting to Kshs.359,178,791. The amount includes hotel sales totalling Kshs.125,199,495 as disclosed in Note 9 to the financial statements. However, the amount differs with the hotel sales totalling Kshs.152,580,088 reflected in the supporting documents resulting in unreconciled variance of Kshs.27,380,593.

In the circumstances, the accuracy and completeness of hotel sales totalling Kshs.125,199,495 could not be confirmed.

3. Unsupported Legal Expenditure

The statement of financial performance reflects use of goods and services amounting to Kshs.1,502,569,083. The amount includes legal fees, and court awards and penalties amounting to Kshs.16,695,510 and Kshs.3,573,739, respectively, all totalling Kshs.20,269,249 as disclosed in Note 13b to the financial statements. However, the expenditure was not supported by records of court attendance, dates of commencement of the lawsuits, progress reports of the cases, certified valuation certificate on which the legal fees were based, total payments to the law firms, procurement records for the legal

service providers, and signed contracts entered into between the University and the law firms.

Further, the procurement of legal services was not approved by the Attorney-General.

In the circumstances, the accuracy and propriety of legal fees, and court awards and penalties amounting to Kshs.16,695,510 and Kshs.3,573,739, respectively, all totalling Kshs.20,269,249 could not be confirmed.

4. Unsupported Employee Costs

The statement of financial performance employee costs amounting to Kshs.6,711,751,937 as further disclosed in Note 14 to the financial statements. The amount includes Kshs.4,782,324 paid to a former Vice Chancellor whose tenure at the University had ended in 2016. Further, the personal file of the former Vice Chancellor was not provided.

In the circumstances, the accuracy and propriety of employee cost totalling Kshs.4,782,324 could not be confirmed.

5. Inaccuracies in Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment totalling Kshs.17,948,565,148 as further disclosed in Note 24 to the financial statements. Review of records revealed the following:

5.1 Unconfirmed Ownership of Land

The property, plant, and equipment totalling Kshs.17,948,565,148 includes land amounting to Kshs.6,085,271,458 as disclosed in Note 24 to the financial statements. As previously reported, the land amount includes the value of land measuring 12.472 hectares amounting to Kshs.123,281,555 that has been illegally encroached by informal settlers. Although the University filed a case in Court against the encroachment and obtained a favourable ruling, no eviction has been enforced.

Further, review of records revealed that the University was allocated thirty-two (32) hectares of land in Garissa County. The University paid registration fees of Kshs.880,000. However, ownership documents for the land were not provided.

In addition, the land amount includes the value of 7.97 hectares of land occupied by Kenyatta University Teaching, Referral and Research Hospital. However, the ownership and compensation of the land on which the Hospital is built has not been determined.

5.2 Inaccuracies in Capital Work in Progress

The property, plant, and equipment totalling Kshs.17,948,565,148 includes capital work in progress totalling Kshs.594,898,114 as disclosed in Note 24 to the financial statements. As previously reported, the capital work in progress amount includes teaching referral

hospital, children hospital and perimeter wall referral hospital work in progress amounting to Kshs.72,896,867, 201,644,139 and Kshs.64,669,351, respectively, as disclosed in Note 28 to the financial statements all totalling Kshs.339,210,357 relating to Kenyatta University Teaching, Referral and Research Hospital.

Further, the capital work in progress relate to fourteen (14) projects out of which eight (8) had been completed. However, completion certificates of the eight (8) projects were not signed and had not been capitalized.

5.3 Doubtful Expenditure on Rwanda Campus

The capital work in progress amount includes capital work in progress includes totalling Kshs.229,069,813 incurred in respect of Rwanda campus as disclosed in Note 28 to the financial statements. Review of records revealed that the University acquired Rwanda Campus in the year, 2015 at a cost of Kshs.314,894,910 and incurred an expenditure totalling Kshs.312,819,454 on renovations. However, the Campus work in progress was not supported by signed contract, pre-inspection reports, bill of quantities, award letter, inspection and acceptance report, and project implementation reports. Ownership documents for the campus were also not provided and the expenditure on renovation was contrary to The National Treasury approvals for purchase of Kigali campus which was recommended procurement of a ready to occupy building.

Further, review of records revealed that the contract sum for renovation at the Campus was Kshs.32,641,553. However, the contractor has been paid Kshs.312,819,454 to date resulting in an overpayment Kshs.280,177,901 or 858% of the contact sum. The amount includes Kshs.22,710,923 paid in the year under review.

In addition, expenditure totalling Kshs.12,217,194 was incurred on running the Campus. However, business plan for the Campus was not reviewed and approved by the National Treasury. This was contrary to the Ministry of Education Letter Ref: MOHEST/CONF/2/13.VII. (27) of 18 August, 2016 which approved the request by the University to operate in Rwanda on condition that The National Treasury reviews and approves the business plan. The Campus has also not admitted any students and is presently closed. The expenditure is therefore not justified. To date Management has incurred a total cost of Kshs.679,812,174 on Kigali campus.

In the circumstances, achievement of value for money on Rwanda Campus could not be confirmed.

5.4 Fully Depreciated Assets

Review of records revealed that computer hardware, and patent and rights amounting to Kshs.77,116,824 and Kshs.7,830,375, respectively, all totalling Kshs.84,947,199 have been fully depreciated but are still in use. However, the computer hardware, and patent and rights have not been revalued.

In the circumstances, the accuracy, completeness and existence of the property, plant and equipment balance of Kshs.17,948,565,148 could not be confirmed.

6. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables from exchange transactions totalling Kshs.10,422,900,821. The amount includes Mama Ngina (Gatundu) University College Development payables totalling Kshs.163,112,858 as disclosed in Note 25a to the financial statements. However, the amount differed with corresponding receivables due from the University amounting to Kshs.538,230 reflected in Mama Ngina University College financial statements resulting in unreconciled variance of Kshs.162,574,628.

Further, the amount includes unremitted salary deductions totalling Kshs.8,382,309,279 as shown below:

Description	Amount (Kshs)
Pay As You Earn (PAYE)	4,736,314,147
National Hospital Insurance Fund (NHIF)	4,687,814
National Social Security Fund (NSSF)	2,596,320
Pension Contribution	3,295,899,745
Welfare Deductions	15,305,522
Insurance Deductions	3,721,799
Cooperative Deductions	184,898,667
Other Salary Deduction	68,423,684
Staff Loan Deductions	70,461,581
Total	8,382,309,279

These deductions have attracted undetermined penalties and interests which have not been disclosed.

In addition, Kenya Revenue Authority (KRA) issued a demand notice demanding corporate tax and PAYE amounting to Kshs.42,229,316 and Kshs.Kshs.7,469,209,902 inclusive of penalties and interests all totalling Kshs.7,511,439,218 which has not been disclosed.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions amounting to Kshs.10,422,900,821 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenyatta University Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit 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 on comparable basis totalling Kshs.8,571,913,388 and Kshs.7,035,574,768, respectively, resulting to an underfunding amounting to Kshs.1,536,338,620 or eighteen (18) percent of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling Kshs.9,227,501,856 and Kshs.9,075,473,325 respectively, resulting to under expenditure of Kshs.152,028,531 or 2% of the budget.

Further, the statement reflects final revenue and expenditure budget totalling Kshs.8,571,913,388 and Kshs.9,227,501,856, respectively, resulting in unbalanced budget by Kshs.655,588,468. This is contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which requires a balanced budget.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance which have remained unresolved.

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. Employee Costs

The statement of financial performance reflects employee costs totalling Kshs.6,711,751,937 as further disclosed in Note 14 to the financial statements. Review of records revealed following anomalies:

1.1 Unsustainable Wage Bill

The statement of financial performance reflects employee costs totalling Kshs.6,711,751,937 which is ninety-five (95) percent of total revenue amounting to Kshs.7,031,133,268. This was contrary to Regulation 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that compensation of employees should not exceed thirty-five (35) percent of total revenue.

Further, the expenditure exceeded the approved budget amounting to Kshs.6,018,494,829 resulting in authorized expenditure of Kshs.693,257,108.

1.2 Seasonal Staff Earning Below Minimum Wage

During the year under review, it was noted that the University from the month of March, 2023, absorbed their casuals into seasonal staffs with a three month contract. However, some seasonal staff were paid wages below the basic minimum wage contrary to the Legal Notice No. 125 of the Labour Institutions Act of 1 July, 2022 as shown below:

Occupation	Approved Basic Minimum Monthly Wage (Kshs.)	Amount paid (Kshs.)	Variance (Kshs.)
Clerks	21,405	19,233	2,172
Cashier	32,280	19,233	13,047
Receptionist	21,405	19,233	2,172

1.3 Flouting of the one Third of Basic Rule on Salaries

Review of the April, 2023 payroll revealed that nine (9) employees earned nil net pay. This was contrary to Section 19(3) of the employment Act, 2007 which states that the total amount of all deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages.

1.4 Irregular Acting Allowances

The statement of financial performance reflects employee costs amounting to Kshs.6,711,751,937 as disclosed in Note 14 to the financial statements. Review of the payroll revealed that eight (8) employees had been receiving acting capacity allowance for a period of more than six (6) months. This was contrary to Section C.14(1) of the Public

Service Commission's Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary. Acting allowance will not be payable to an officer for more than six (6) months.

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

2. Non-Compliance with Law on Ethnic Composition

Review of records revealed that the University has over forty-one (41) percent of the employees from the dominant ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

3. Irregularities in the University Procurement Process

3.1 Renovation of Pharmacy Laboratories (Building Works)

The contract for renovation of the Pharmacy Laboratories (Building Works) at former Mugumo Restaurant was awarded at a contract sum of Kshs.11,397,550. During the review of the procurement process carried out on the project, the following anomalies were noted. Review of records revealed the following anomalies:

- i. The tender was an open tender advertised on 11 November, 2021. It was closed on 7 December, 2021 and opened the same day. Tender evaluation was done on 17 February, 2022. However, the individual score sheets had been altered.
- ii. The Accounting Officer appointed an evaluation committee of 6 members. However, only four members evaluated the bids, and no reason was provided as to why the other two members did not participate in the evaluation.
- iii. The award was performed on 8 February, 2022 before tender evaluation carried out on 17 February, 2022. Further, the individual evaluation took place on 17 February, while the minutes for the evaluation were done on 8 February, 2022.
- iv. The tender validity period was 126 days after the closure of the tender. However, the Contractor accepted the award on 7 October, 2022 long after the expiry of tender validity. The contract was signed by both parties on 5 December, 2022. At this date the tender was invalid, and it was irregular for the Management to sign the contract.
- v. Management did not provide the project file for audit to evaluate the works that were done.

3.2 Plumbing, Drainage, Air Conditioning, Gas Installation and Mechanical Ventilation Works at Pharmacy Laboratories

The contract for plumbing, drainage, air conditioning, gas installation and mechanical ventilation works at pharmacy laboratories was awarded at a contract sum of Kshs.12,592,119. Review of records revealed the following anomalies:

- i. The tender was an open tender advertised on 11 November, 2021, closed on 7 December, 2021 and opened the same day. Evaluations were carried out on 22 February, 2022. However, the individual score sheets had been altered.
- ii. The Accounting Officer appointed an evaluation committee of 6 members. However, only four members evaluated the bids, the other two did participate and no reason was provided for this.
- iii. The evaluator number 1 did his evaluation on 23 February, while other evaluators did their evaluation on 22 February, 2022. Further, one of the score sheets was filled in pencil and the evaluators did not sign or indicate their names.
- iv. The award was done on 8 February, 2022 before the evaluation had been carried out which took place on 22 February, 2022. A further indication of inconsistencies in the said documents, the individual evaluation was performed on 17 February, while the minutes for the evaluation were done on 8 February, 2022.
- v. The tender evaluation minutes, professional opinion and tender award were done on 8 February, 2022.
- vi. The contract was signed by both parties on 30 November, 2022. At this date the tender was invalid, and it was irregular for the Management to sign the contract.
- vii. Management did not provide the project file as evidence of the works that were to be done.

3.3 Tender for the Removal of Asbestos and Re-Roofing Soweto Houses

The tenders for the removal of asbestos and re-roofing of Soweto Houses Project were opened on 7 December, 2021 where 16 firms submitted their bids and tender evaluation was done on 14 March, 2022. However, the evaluation summary was dated 8 February, 2022. No explanation has been provided for the discrepancies in the dates.

Further, the tender was awarded at a contract sum of Kshs.9,078,800 which was far much below the engineers estimate of Kshs.16,727,300. The contractor was required to give a performance bond equivalent to 10% of the contract price which was not provided.

In addition, the tender validity period was 126 days from notification of award on 8 August, 2022. However, the contract was signed on 28 November, 2022 which was

beyond the tender validity period. The contractor had also not commenced the work one year after the award of the contract.

Non-compliance with the regulations may lead to awarding contracts to contractors who do not have capacity to implement the contract as intended thereby lead to loss of resources and time.

3.4 Irregular Procurement of Entertainment Services

Chief Executive Officer of an entertainment group wrote a proposal to the Vice Chancellor (VC) on 5 May, 2022 with intent of providing entertainment services to the University during the 10th- FASU games. The proposal was for sponsorship of games for Kshs.15,000,000 by providing entertainment and public address system. In return the group was to be paid Kshs.2,900,000 to cater for running cost and staff allowance during the event which was paid vide payment voucher no.0395921 of 19 July, 2022. The proposal was approved although no formal contract was provided to support the proposal. The approval by the VC was dated 9 June, 2022 while the invoice from the entertainment group was dated 6 June, 2022 which implies that the awarding was done before approval.

Further, Management did not give explanation on how the sponsorship of Kshs.15,000,000 was quantified and the procurement method used to procure the services totalling Kshs.2,900,000.

3.5 Irregular Procurement of a Fuel, Lubricants and LPG Gas

The University contracted a petrol station for five (5) years for supply of fuel, oil and lubricants using restricted tendering method. Review of records revealed the following anomalies:

- i. Six (6) firms were invited to bid instead of 10 firms described in the Regulation.
- ii. The contract did not specify the quantity of fuel to be supplied at a cost of Kshs.34,261,380.
- iii. The supplier had failed to execute a performance bond within 30 days.
- iv. The supplier was to provide infrastructure, in this case install bulk tanks for the LPG gas. To date the vendor has not yet installed the infrastructure despite numerous communications from the University.
- v. The Supplier was to carry out inspections, servicing and calibration of gas tanks every eighteen (18) months. No reports of the same were submitted for audit.
- vi. No value for money assessments were undertaken annually to determine whether the terms designated in the agreement remain competitive.

3.6 Irregular Procurement of Security Services

During the year under review, the University renewed contracts for provision of security services at the Main campus and Nairobi area campuses with the first and security company at a contract sum of Kshs.79,371,000 and Kshs.17,628,000, respectively. The contracts were renewable upon satisfactory performance and recommendation by the Directorates. However, an amount Kshs.1,603,229 was paid out to a third security company which was not successive in winning the tender and notified of the failure 23 October, 2019.

3.7 Proposed Construction of Boundary Wall at Mama Ngina University Gatundu

The contract for the construction of boundary wall was awarded at a contract sum of Kshs.27,673,050, for a period of 42 days effective from 14 September, 2021 to 26 October, 2021. However, the project is incomplete and the contractor has abandoned the site. Further, payments to the contractor totalling Kshs.24,103,195 were not supported by inspection and acceptance report, interim certificate or progress report and project implementation file.

In the circumstances, it was not possible to confirm that the University got value for money from the above construction contracts and Management was in breach of the law.

4. Irregular Transactions

The statement of financial position and Note 20 to the financial statements reflects cash and cash equivalents totalling Kshs.509,167,075. However, review of a sample of bank statements revealed the following anomalies;

- i) The fee collection bank account revealed that Management withdrew funds from the account amounting to Kshs.16,239,079, to repay check off loans. It was not clear why the payments were made from revenue collection account.

Review of bank statements for an additional account revealed that the account was opened for the purpose of Corporate Social Responsibility (CSR). However, this account included payments to the University suppliers which were not related to CSR. Management did not provide an explanation for the anomaly.

- iii) Review of record provided revealed that on 26 August, 2022, an amount of Kshs.10,000,000 was transferred to a local fees collection account through RTGS. It was not clear why these amounts, which were not related to fees, were transferred to a fees collection account.

In the circumstances, Management is in exposed to irregular transfers.

5. Stalled Projects

The property, plant, and equipment totalling Kshs.17,948,565,148 includes capital work in progress totalling Kshs.594,898,114 as disclosed in Note 24 to the financial statements.

Review of records revealed that six (6) projects valued at Kshs.379,902,858 had stalled. However, the project files and procurement records in support of details relating to contractors, project commencement dates, project estimated costs, the basis of the total cost of Kshs.379,902,858 incurred to date, actual project status were not provided for audit.

In the circumstances, the University may not obtain value for money from the stalled projects.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters 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. Failure to Integrate Human Resource and Payroll System (IHRPS) System

The University operates Human Resource (Work Flow) and Payroll (Memory Soft) systems which are not integrated to payroll system. Further, the payroll system is manually updated and lacked staff personal details such as date of birth, date hired, National identification number, KRA PIN Number, job grade and bank account number.

In the circumstances, the University is exposed to weak controls in respect to systems operations.

2. Lack of an Approved ICT Policy

Review of the University's ICT environment revealed that there was no approved ICT Policy in place. The policy would have included data security and disaster recovery plans. Further, the ICT organization structure was not made available for audit review.

In the circumstance, the security and reliability of the University's data including the management information system could not be confirmed.

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

Responsibilities of Management and the University Council

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

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

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the

financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 April, 2024

Kenyatta University Annual Report and Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Kshs.	Adjusted 2022 Kshs.
Revenue From Non-Exchange Transactions			
Government Grant	6	3,454,601,855	3,567,722,802
Levies, Fines & penalties	7	1,151,633	1,151,654
		3,455,753,488	3,568,874,456
Revenue From Exchange Transactions			
Rendering of Services	8	2,750,551,050	2,777,506,454
Sale of goods	9	359,178,791	325,510,159
Rental revenue from facilities & Equipment	10	191,393,683	102,349,383
Finance Income	11	917,074	554,277
Other Income	12	273,339,182	285,902,347
Total Revenue		7,031,133,268	7,060,697,076
Expenses			
Income Generating Activities(Expenses)	13a	259,155,834	191,753,383
Use of goods and services	13b	1,502,569,083	1,451,735,440
Employee costs	14	6,711,751,937	6,728,215,313
Council Expenses	15	10,559,124	5,133,500
Depreciation	16	298,972,332	367,982,826
Repairs and Maintenance	17	154,633,179	127,915,428
Contracted Professional Services	18	16,146,477	7,990,943
Finance Cost	19	121,685,359	90,254,432
Total Expenses		9,075,473,325	8,970,981,265
DEFICIT FOR THE PERIOD		(2,044,340,057)	(1,910,284,190)

The Financial statements set out on pages 1 to 38 were signed on behalf of the University Council members by:

Prof. Paul.K. Wainaina Ph.D
Vice Chancellor

CPA Mwai Samuel
Chief Finance Officer
ICPAK Member No.: 5257

Prof. Shem Migot
Adholla, Ph.D., CBS, MBS
Chairman of Council

Date... 06/02/2024

Date... 06/02/2024


Date... 06/02/2024

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

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Kshs.	Adjusted 2022 Kshs.
CURRENT ASSETS			
Cash and Bank Balances	20	509,167,075	573,572,427
Receivables from exchange transactions	21a	195,683,063	226,686,924
Receivables from non-exchange transactions	21b	306,979,755	241,655,452
Inventories	22	30,681,036	54,053,517
Biological Assets	22b	1,607,000	6,048,500
Investments	23	17,591,140	16,674,066
		1,061,709,070	1,118,690,886
NON - CURRENT ASSETS			
Property, Plant and Equipments	24	17,948,565,148	16,768,650,449
TOTAL ASSETS		19,010,274,218	17,887,341,336
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables from exchange transactions	25a	10,422,900,821	8,219,186,294
Refundable deposits from customers	25b	49,474,105	61,136,000
Payment received in advance	25c	90,147,298	135,765,670
Current portion of borrowings	25d	323,840,690	644,085,836
		10,894,129,913	9,060,173,800
NON-CURRENT LIABILITIES			
Borrowings	26a	801,129,003	907,370,167
Deferred Income	26b	1,406,731,360	20,500,000
		2,207,860,363	927,870,167
Total Liabilities		13,101,990,276	9,988,043,968
NET ASSETS			
Revaluation Reserve	27c	4,399,292,064	4,399,292,064
Revenue Reserve	27b	(1,514,940,300)	476,073,126
Capital Fund	27a	3,023,932,178	3,023,932,178
TOTAL NET ASSETS AND LIABILITIES		5,908,283,942	7,899,297,368

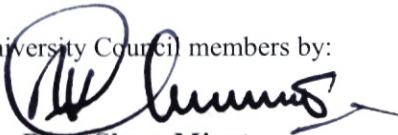
The Financial Statements set out on pages 1 to 38 were signed on behalf of the University Council members by:


Prof. Paul.K. Wainaina Ph.D
Vice Chancellor

Date... 06/02/2024.....


CPA Mwai Samuel
Chief Finance Officer
ICPAK Member No.: 5257

Date... 06/02/2024.....


Prof. Shem Migot
Adholla, Ph.D., CBS, MBS
Chairman of Council

Date... 06/02/2024.....

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

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2023

	Revaluation Reserve Kshs.	Revenue Reserve Kshs.	Capital Fund Kshs.
Balance as at 30th June 2021	4,399,292,064	2,386,357,316	3,023,932,178
Revaluation of Biological Assets	-		
Government Grants			
(Deficit)/Surplus for the period		(1,910,284,190)	
Balance as at 30th June 2022	4,399,292,064	529,399,757	3,023,932,178
Revaluation of Biological Assets	-		
(Deficit)/Surplus for the period		(2,044,340,057)	
Balance as at 30th June 2023	4,399,292,064	(1,514,940,300)	3,023,932,178

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

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Kshs.	Adjusted 2022 Kshs.
Cash flow from operating expenses			
Deficit for the period		(2,044,340,057)	(1,910,284,190)
Adjustment for:			
Depreciation	16	298,972,332	367,982,826
Bad & Doubtful Debts	21	3,813,383	12,986,590
Bank Loan Interest	19	121,685,359	90,254,432
Interest Received	11	(917,074)	(554,277)
Amortisation of Deferred Income	26b	(28,800,640)	(500,000)
		(1,649,586,696)	(1,440,114,619)
Increase/Decrease in Inventories	22	23,372,481	(17,919,390)
Increase/Decrease in Biological Assets	22	4,441,500	0
Increase in Debtors & Receivables	21	(34,320,441)	(116,879,311)
Increase in Trade & Other Payables	25	2,203,714,527	1,593,188,248
CashFlow From Operating Activities		2,197,208,067	1,458,389,547
Net Cash from Operating Activities		547,621,370	18,274,928
Cash Flows From Investing Activities			
Property, Plant and Equipment	24	(63,855,052)	(78,136,318)
Interest Income Received	11	917,074	554,277
Net Cash Flow From Investing Activities		(62,937,978)	(77,582,041)
Cash Flow From Financing Activities			
Bank Loan Received	26a		450,000,000
Bank Loan Repaid	26a	(106,241,164)	(92,960,904)
Bank Loan Interest Paid	19	(121,685,359)	(90,254,432)
Net Cash Flow used in Financing Activities		(227,926,523)	266,784,664
Net Increase in Cash & Cash Equivalents		256,756,868	207,477,552
Net Cash & Cash Equivalents - Brought Forward		(53,839,343)	(261,316,895)
Cash and Cash Equivalent as at 30th June 2023		202,917,525	(53,839,343)
Analysis of Cash & Cash Equivalents			
Cash and Bank Balances	20	509,167,075	573,572,427
Short Term Deposits	23	17,591,140	16,674,066
Current portion of borrowings	25d	(323,840,690)	(644,085,836)
		202,917,525	(53,839,343)

Kenyatta University

Annual Report and Financial Statements

for the year ended June 30, 2023.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	Original Budget	Adjustment	Final Budget	Actual on Comparable Basis	Performance Difference	Percent age Difference	Explanat ion for Material Difference Between Budget and Actual
Revenue	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023		
Government Grant	3,374,601,856	.	3,374,601,856	3,454,601,855	79,999,999	2.37	
Tuition&Other Fees	4,100,473,684	399,300,387	4,499,774,071	2,750,551,050	(1,749,223,021)	38.87%	The reduction in student numbers has resulted in reduced fees
IGA Income	697,537,461	-	697,537,461	550,572,474	132,884,402	21.06%	The reduction in student numbers has resulted in reduced income from IGAS as well as the tough economic times
Other Recurrent Grant - Global Tourism Resilience & Crisis Management Satellite Centre	350,000,000	(350,000,000)	-	-			
Other Government Support Recurrent Grant (Pending Bills)	764,428,855	(764,428,855)	-	-			
Total Income	9,287,041,856	(715,128,468)	8,571,913,388	7,035,574,768	(1,536,338,620)		
Expenses							
Telephone Electricity and Postage	320,000,000		335,000,000	216,082,721	118,917,279	35.50%	
Personnel Emoluments	6,018,494,829	-	6,018,494,829	6,711,751,937	(693,257,108)	-11.52	
Council Allowances	11,000,000	-	11,000,000	10,559,124	440,876	4.00	

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for the year ended June 30, 2023.

Depreciation	374,814,515	-	374,814,515	298,972,332 ✓	75,842,183	20.2	
Repairs and Maintenance	160,000,000	5,000,000	165,000,000	154,633,179 ✓	10,366,821	6.28	
Contracted Professional Services	28,800,000	-	28,800,000	16,146,477 ✓	12,653,523	43.93%	Increase un the price of commodi ties has led to an increase in budgeted expenses
Operation Expenses	2,519,392,512	(320,000,000)	2,199,392,512 ✓	1,545,642,196 ✓	912,906,150	29.72%	Increase un the price of commodi ties has led to an increase in budgeted expenses
Finance Cost	95,000,000	-	95,000,000	121,685,359 ✓	(26,685,359)	28.08%	
Total Expenditure	9,527,501,856		9,227,501,856	9,075,473,325		1.64%	
Deficit/Surplus For the Period			✓	(2,039,898,557)			

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: General Information

The University is established by and derives its authority and accountability from the University Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University’s principal activity is to provide quality education and training.

NOTE 2: Statement of compliance and basis of preparation

The University’s 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 assests at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of the financial statements is 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 the Entity’s accounting policies. The areas involving a high 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 Entity. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NOTE 3: Adoption of New and Revised Standards

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

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

Kenyatta University
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for the year ended June 30, 2023.

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>This standard is not applicable to the University</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows. <p><i>Not applicable to the University</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. 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

Kenyatta University
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for the year ended June 30, 2023.

Standard	Effective date and impact:
	<p>IPSAS 41 was issued.</p> <p><i>The University has disclosed this in its financial statements</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>Not applicable to the University</i></p>

iii. Early adoption of standards

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

NOTE 4: Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from non-exchange transaction

These are revenues received by the University from the Government for recurrent expenditures. The University recognizes revenue from non-exchange transaction on accrual basis.

ii) Revenue from exchange transaction

The University recognizes revenue from exchange transaction on accrual basis. This is done when the students register and the amount of revenue can be reliably measured and it's probable that the economic benefit associated with the transaction will flow to the University.

b) Budget information

The original budget for FY 2022-2023 was approved by the Ministry of Education on 19th July 2022. There were no revisions or additional appropriations during the year under review and the same shown in the statement of Actual versus Budget

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the University.

c) 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 University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its

Kenyatta University

Annual Report and Financial Statements

for the year ended June 30, 2023.

fair value.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:

Furniture and Equipment	-	10%
Motor Vehicles	-	25%
Academic Gown	-	5%
Buildings	-	2%
Computers Hardware	-	30%
Computer Software	-	30%
Patent & Rights	-	20%

d) Intangible assets

Intangible assets such as patent rights 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. 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.

e) Research and development costs

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

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

Following initial recognition of an asset such as buildings, the asset is carried at cost less any accumulated amortization. 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.

f) Financial Instruments

Investments

Investments (Fixed Deposits) are recognized at their initial cost add interest earned. The University assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated.

Kenyatta University

Annual Report and Financial Statements

for the year ended June 30, 2023.

Receivables

Receivables from exchange transactions (Fees) are recognized when students register with the University. Receivables from non-exchange (other debtors) transactions are recognized when an invoice is raised or at a time when the debt is determinable.

g) Financial Liabilities

Loans and Borrowing

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost incurred in bringing the product to its present location and condition is included in the cost of inventories. Inventories are recognized as expenses when deployed for utilization or consumption in the ordinary course of operations of the University.

The cost of library books is expensed in statement of Financial Performance in the year that such cost arises. As at 30th June 2023, the University did a stock take and the stock taking figures were reconciled to the ledger balances for preparation of the Financial Statement.

i) Employee Benefits

The University operates a defined contribution benefit scheme, Kenyatta University Pensions Fund for its employees who are on permanent employment. 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 does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The University contributed Kshs 546,344,472 in the year 2023, Kshs. 529,567,532 in the year 2022, Kshs. 448,350,125 in the year 2021, Kshs 431, 213,352 in the year 2020 towards the pension scheme.

Kenyatta University

Annual Report and Financial Statements

for the year ended June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

i) 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.

j) 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 borrowing costs have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

The University had an outstanding balance on long term borrowings of Kshs 445,722,985 (being loan borrowed from Co-operative Bank in the year 2015) as at 30th June 2023 and also Kshs.355,406,318 (being loan borrowed from Equity Bank in the year 2022). The total interest paid for the year was Kshs. 121,685,359 recognized as an expense in the statement of financial performance.

k) Cash and cash equivalents

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

In the year 2022-2023 the University had Kshs 202,917,525 in cash and cash equivalent compared to KShs. (53,839,343) in 2021-2022,

l) Provision on bad and doubtful debts

The University provides for bad and doubtful debts at the rate of 10% of the value of debtors at the end of the financial year. The amount recognized as an expense in the statement of performance is the difference between last year's provision (2023) and this year's provision (2022).

	2022	2023
Bad and doubtful debts	520,380,418	558,514,243
Provision for Bad debts @ 10%	52,038,042	55,851,424

Amount recognized in the Statement of performance 2023 is the difference between 2022 and 2023 provision which is Kshs (3,813,383).

Kenyatta University

Annual Report and Financial Statements

for the year ended June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

m) Subsequent events

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

o) 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 entity, or vice versa. The National Government, Council Members and Members of Management Board are regarded as related parties.

p) Adjustments in the Financial Statement for the Year 2022

The Financial Statements for the year 2022 have been adjusted as follows;

Adjustments in the Statement of Financial Performance 2022.

1. Legal fees of Kshs 11,655,102 that was omitted in the year 2022 report, has now been included under operation expenditure.
2. Depreciation charge that was earlier recognized as Kshs 326,311,297 has been revised to Kshs 367,982,826 as per the property plant and equipment schedule of the year 2022. This resulted to increase in the deficit for the year 2022 from Kshs (1,856,957,558) previously reported to Kshs (1,910,284,190) adjusted.

Adjustment in the Statement of Position 2022.

1. As a result of adjustment in the statement of performance, where the deficit increase by Kshs 53,326,632, the revenue reserves for the year 2022 declined from Kshs 529,399,757 previously reported to Kshs 476,073,126 as per the adjusted Statement of Position.
2. Previously borrowings were reported at Kshs 854,043,536. The amount has been revised to Kshs 907,370,167 as cooperative bank loan repayment for the year 2022 was reported as Kshs 106,653,262 instead of Kshs 53,326,631. This is because while cooperative bank loan opening balance 2022 which is the closing balance for the year 2021 was Kshs 550,331,071 and the repayment for the year was Kshs 53,326,631, the closing balance was reported as Kshs 443,677,809 instead of Kshs 497,004,440. Therefore the actual cooperative bank loan balance of Kshs 497,004,440 add the equity bank loan balance of Kshs 410,365,727 is Kshs 907,370,167 now adjusted.

Adjustment in the Statement of Cash Flow 2022.

1. Deficit was reported as Kshs (1,910,284,190) adjusted as indicated above.
2. Depreciation was reported as Kshs 367,982,826 and not Kshs 326,311,297 as reported earlier as per PPE schedule.
3. The University received a loan of Kshs 450,000,000 which was reported as increase in trade and other payables. In the year 2022 adjusted Statements of Cash Flow the amount is disclosed under cash flow from financing activities.

Kenyatta University Teaching Hospital

Erected on the University land is the Kenyatta University Teaching Hospital project. The project is through a bi-lateral agreement between the People Republic of China and the Kenya Government through a loan of Kshs 8,756,025,600 processed by the Exim bank of China.

Through the order of the President and Commander in-Chief of Kenya Defence Forces in the Kenya Gazette Supplement No.2, dated 25th January 2019, Legal Notice No. 4, The Kenyatta University Hospital was established as a State Corporation to be known as the Kenyatta University Teaching, Referral and Research Hospital.

The project having been supervised by the University there are unresolved administrative and legal issues including the issue of 7.97 hectares of land. The University Management is pursuing the unresolved issues. The Council expenses in terms of honoraria, sitting allowances and other expenses are indicated in note 12 of the financial statement.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

q) University Performance

In the year 2022-2023 the University reported a deficit of Kshs 2,044,340,057 This can be attributed to a decline student numbers and therefore a decline in fees collected.

The deficit was financed with a bank overdraft approved by the University Council and Treasury which was sourced from Equity bank.

1. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The University did not make any 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.

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 19.

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 FOR THE YEAR 2022 (Continued)

Revenue from Non- Exchange Transaction

NOTE 6: Government Grants		2023	Adjusted
		Kshs.	2022
			Kshs.
A10001	Recurrent Grants:Kenyatta University	3,454,601,855	3,483,349,297
A10006	Mama Ngina (Gatundu) University College	-	84,373,505
		3,454,601,855	3,567,722,802

NOTE 7: Levies, Fines and Penalties		2023	2022
A40007	Surcharge & Fines	359,134	179,000
A40038	Library Fines	792,499	972,654
		1,151,633	1,151,654

Revenue from Exchange Transactions

NOTE 8: Rendering of Services(Fees Income)		2023	Adjusted
		Kshs.	2022
			Kshs.
A20002	Tuition Fees	2,173,996,320	2,236,041,197
A20007	Activity Fees	37,399,000	34,843,000
A20008	Examination Fees	137,743,000	129,401,000
A20009	Library Fees	31,466,000	29,857,500
A20010	Registration Fees	31,472,500	29,857,500
A20011	Identity Card	6,509,550	6,716,700
A20012	Medical Fees	74,798,000	69,686,000
A20013	Material Development Fee	42,150,900	41,038,800
A20015	Accommodation Fees	65,419,780	60,692,757
A20026	Computer Fees	149,596,000	139,372,000
		2,750,551,050	2,777,506,454

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NOTE 9: Sale of Goods

		2023	Adjusted
		Kshs.	2022
			Kshs.
	Income Generating Activities Income		
A20020	Regional Centre for Capacity Development	-	246,552
A30003-A30013	Catering	72,618,627	56,121,101
A30004-A30009	Cyber Café	4,020,198	6,386,459
A30003-A30017	KU Conference Centre	77,441,468	16,978,731
A30004-A40028	KU Funeral Home	45,958,647	59,341,716
A30003-A30017	North Coast Beach Hotel	125,199,495	154,840,648
A20021-A30016	Other IGAs	33,940,357	31,594,952
		359,178,791	325,510,159

NOTE 10: Rental Revenue from Facilities & Equipment

		2023	Adjusted
		Kshs.	2022
			Kshs.
A40015	Rent/Lease income	103,549,787	92,724,483
A30017	Accommodation-Mombasa Campus Hostels	12,738,300	9,624,900
A40047	Lease/Rent Income Unicity	59,706,867	-
A40048	Lease/Rent Income KU Plaza	15,398,729	-
		191,393,683	102,349,383

NOTE 11: Finance Income

		2023	Adjusted
		Kshs.	2022
			Kshs.
A40012	Interest Income	917,074	554,277
		917,074	554,277

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	2023	Adjusted
	Kshs.	2022
		Kshs.
NOTE 12: Other Income		
A20022 Consultancy & other Prof. Services	11,345,468	3,123,441
A20029 Ku Shuttle Transport Income	-	141,000
A20030 KU Radio Service Income	160,000	-
A20031 Affiliation Fees	461,779	513,110
A20035 Fine Art Dept Income	56,900	51,986
A20036 FASU Games Income 10th Editon 2020	5,119,000	14,126,718
A20038 National Phytotherapeutics Research Centre Income	481,728	8,000
A20039 Summer Programme Income	3,132,162	745,495
A20040 Career Week Income	733,000	370,000
A20041 ICT Professional Training and Certification Centre Income	-	288,000
A20042 Teacher Professional Development Income	2,530,121	5,338,481
A20043 Global Tourism Resilience Income	-	9,265,500
A20044 Farm sales	3,372,820	-
A30012 Conferences & Seminars fees	1,037,852	2,689,853
A30019 Hire of Hall & Conference Facilities	27,200	885,000
A40001 Convocation Fees	62,095,500	76,728,000
A40002 Hire of Gowns	46,400	46,800
A40008 Donations	2,185,551	-
A40009 Commission	5,356,306	4,781,335
A40011 Forex Gain	35,534,142	9,034,211
A40013 Sale Of Application Forms	15,142,823	14,687,709
A40014 Miscellaneous Income	48,210,008	60,373,105
A40016 Health Unit Income	224,582	-
A40017 Sale Of Obsolete Items	1,598,191	1,603,102
A40018 Security Staff Charge	972,300	1,004,800
A40019 Water Staff Charge	223,300	73,000
A40020 Dustbin Staff Charge	1,350	1,500
A40023 Alumni Revenue	6,700	-
A40027 Sale of Tender Documents	9,750	139,070
A40028 University Bookshop	390,426	7,887,145
A40029 Culture Week Income	70,000	-
A40030 Grants Administrative Research Fees	38,418,620	22,972,169
A40031 Community Outreach Income	1,005,167	-
A40032 Disability Day Income	2,699,280	-
A40034 Un Women Leadership Centre	-	1,418,927
A40036 Income Ethics Review Board	895,777	732,000
A40037 Income Student Academic Motivational Awards	-	139,500
A40040 Amortisation of Deferred Income	28,800,640	500,000
A40044 YALI Income	-	39,066,456
A40046 KU Health Service Reimbursement	-	7,166,934
A40049 Ku Unicity Parking Income	994,339	-
	273,339,182	285,902,347

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NOTE 13: Use of Goods and Services

		2023	Adjusted
		Kshs.	2022
			Kshs.
Note 13a(Income Generating Activities)			
K19001-K19019	Regional Centre for Capacity Development	123,199	97,407
K19001-K19525	Catering	89,048,142	64,809,816
K19001-K19039	Cyber Café	2,329,938	1,048,372
K19001-K19019	KU Conference Centre	28,435,711	11,389,979
K19001-K19018	KU Funeral Home	16,658,508	5,732,116
K19001-J18011	North Coast Beach Hotel	117,738,897	104,370,310
K19001-K19019	Other IGAs	4,821,441	4,305,383
		259,155,834	191,753,383

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NOTE 13b: Operational expenditures

	2023	Adjusted
	Kshs.	2022
		Kshs.
K19001 Stationery	49,490,432	53,166,419
K19002 Staff Uniforms	2,728,633	3,507,561
K19003 Photocopying & Printing	12,770,167	12,176,426
K19004 Cleaning Materials	2,650,096	2,136,100
K19005 Office Tea Expenses Office	36,370	4,760,393
K19006 Departmental Meetings	4,449,354	5,712,922
K19007 Other Office Consumables Office	15,044,700	15,650,011
K19008 General Office Equipment Office	501,512	2,711,059
K19009 Teaching Materials/Chemicals	15,370,501	11,083,946
K19010 Field Courses	23,455,267	23,315,419
K19011 Laboratory Glassware	247,014	67,330
K19012 Tools & Apparatus	1,816,460	2,425,169
K19015 Animal Feeds Sciences	870,104	411,055
K19018 Travelling & Accommodation	18,673,724	18,830,233
K19019 Fuel & Gases	487,564	59,236
K19020 Purchase of Bicycle	11,900	-
K19021 Journal	1,735,226	120,000
K19023 Regional Expenses Open Learning	145,427	35,222,806
K19025 Rent for Regional Centres Open Learning	-	145,904
K19027 Examination Stationery	24,974,101	34,710,585
K19028 Research and Travel Grants	127,280	650,000
K19033 Radio & TV Programs Production Expenses	15,257,821	-
K19121 Advertising and Publicity	12,034,580	19,329,676
K19123 Newspapers Magazines & Publications	2,144,810	3,790,714
K19126 Culture Week Expenses	2,891,393	3,753,162
K19127 Medical Drugs & Supplies Health Unit	21,823,848	20,393,860
K19133 Telephone And Postage	7,690,465	8,982,967
K19134 Electricity Expenses	216,082,721	143,460,982
K19136 Water Reticulation & Sewerage	95,358,819	80,653,087
K19135 Sanitary Services	723,129	33,600
K19137 Land Rent & Rates	1,388,323	1,697,639
K19138 Fumigation	321,800	260,572
K19140 Public Celebrations Events & Exhibitions	5,870,207	5,413,597
K19141 Undergraduate scholarship Bursary	3,211,200	4,550,932
K19142 Graduation Expenses	22,238,560	17,219,504
K19143 External Examiners Expenses	20,042,168	21,550,010
K19141 Interuniversities VCs Meeting Main Campus	-	100,000
K19145 Staff Development & Training	2,634,131	3,760,356
K19146 Funeral Expenses	3,588,762	2,178,405
K19147 Insurance Premiums	101,654,695	63,658,113
K19148 Bank Charges	37,363,308	55,749,528
K19149 Penalty & Fines	141,323	-
K19151 Provision for Bad & Doubtful Debts	3,813,383	12,986,590
K19152 Audit Fees	3,000,000	9,000,000
K19154 Ex gratia Payments	3,196,945	4,015,218
K19155 Fees Commission Awards & Honoraria	6,239,479	1,778,977
K19156 Rental/Hire Of Premises Expenses	18,259,404	37,226,432
K19171 Medical Expenses Students	844,435	3,023,723

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K19176	Contracted Cleaning Services	99,510,276	79,850,317
K19178	Curriculum Review Seminar	159,600	383,200
K19181	Medical Examination & Vaccination Staff & Students	413,400	363,170
K19184	Legal Fees	16,695,510	11,655,102
K19200	Computerisation & Networking	14,299,153	6,668,985
K19201	Motor Vehicle Fuel	43,205,280	44,736,016
K19204	Senate Affairs	385,950	656,600
K19207	Games & Tournament Other Campuses	3,627,226	5,611,019
K19208	Games & Tournaments Main Campus	9,637,158	10,486,612
K19209	E. A. University Games	7,319,022	-
K19210	Vice Chancellor's Committees	1,463,557	7,193,542
K19214	Foreign Exchange Loss	20,403,483	5,364,051
K19215	ISO Certification	139,200	174,000
K19216	Management Board Expenses	1,273,264	1,290,550
K19217	Hire Of Security	75,247,065	107,058,243
K19218	Hire of Sport Facilities	-	804,000
K19219	Clearing & Forwarding	73,715	413,576
K19220	Performance Contract	-	274,200
K19221	Board Room Supplies	455,964	135,498
K19222	Internet Connectivity	66,317,054	59,939,214
K19223	Sports Uniform	-	9,440
K19224	Light & Electrical Accessories	-	1,556,955
K19225	Career Week	3,905,439	2,284,970
K19227	Interuniversity Games	-	3,778,116
K19233	Academic Dress	465,670	433,550
K19237	Mentoring Activities	4,830	10,000
K19238	K.U Disability Services Office	606,595	-
K19239	Hire of Tents & Equipments	44,913	172,000
K19241	Needy Students Support KUSA Support	-	200,000
K19246	Invigilation Expenses	3,356,335	3,668,390
K19250	Braille Stationery for the Blind	245,000	-
K19251	HEPSA Expenses	-	3,520,767
K19252	Teacher Professional Development Expenses	399,600	6,000
K19253	ICT Professional Training and Certification Centre	155,098	69,844
K19254	YALI Expenditure	-	300,000
K19255	Games and Tournaments KU Staff	183,815	-
K19500	Conference Seminars & Workshops	22,719,560	7,605,287
K19501	External Travel & Accommodation	34,592,960	16,302,854
K19502	Local Air Travel	2,963,788	379,405
K19503	Subscriptions	65,240,502	43,060,805
K19504	Placement Board Expenses	64,715	-
K19505	Postgraduate Stipend Expenses Bursary	375,000	-
K19506	Vc's Research Grants	13,111,068	10,399,060
K19507	Admission Expenses	2,312,050	2,786,600
K19508	Teaching Practice	44,262,773	40,477,125
K19509	Library Books & Journals	28,855,831	9,743,132
K19511	Library Bindery & Stationery	77,233	-
K19512	Student Amenities	8,649,811	6,251,704
K19513	Practicum & Attachements	21,877,858	36,588,050
K19517	Research Proposal & Development Main Campus	420,000	22,610
K19518	University Staff Student Education Support	11,552,000	5,688,000

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K19519	Peer Counselling	-	141,640
K19520	Printing University Magazines	6,618,931	13,519,206
K19523	OVS	400,000	7,747,396
K19524	KUSA Expenses	13,361,433	17,367,493
K19525	Linen	-	-
K19526	Summer Programme	1,228,308	1,525,824
K19530	Kenya Military Collaboration	15,725,580	6,563,825
K19534	Excess Guests Accommodation	-	-
K19535	VAT/Tax Payments	2,121	-
K19536	NCBH Accommodation Refunds & Discounts	-	-
K19537	Wellness Centre Conferences and Seminars	267,861	469,258
K19538	Farm Expenses Kitui	283,250	408,391
K19539	Somesha Mwenzako	1,200,000	1,400,000
K19542	Incubation Centre Mentoring Activities	549,940	463,050
K19546	AIDS/HIV Awareness Activities	59,850	64,650
K19548	Un Women Leadership Centre	-	1,079,374
K19551	Students Academic Motivation Awards Expenses	-	77,500
K19553	Establishment of Dairy Farm	124,900	-
K19557	Software Licences	17,809,217	29,320,939
K19558	KU Corporate Social Responsibility	2,757,687	71,000
K19559	KU Biometric System Smart Cards and Bar Coding	1,790,037	1,774,900
K19560	Courts Awards and Penalties	3,573,739	3,663,107
K19561	Consultancy Services Unit Training Expenses	10,618,796	2,264,880
K19564	Mama Ngina (Gatundu) University Expenses	64,190	24,504,155
K19571	FASU Games 10th Edition 2020 Expenditure	15,199,280	45,438,842
K19572	COVID 19 Migation Expenses	464,100	3,661,233
K19573	Students Hostel Accommodation Deposit Refunds	-	406,000
		1,502,569,083	1,451,735,440

Note: Legal fees of Kshs 11,655,102 for the year 2022 that was omitted in operation expenditure is now included.

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NOTE 14: Employee Costs

	2023	Adjusted
	Kshs.	2022
		Kshs.
J18001 Salaries and Wages	3,125,273,198	2,988,736,607
K19129 Medical Reimbursement	6,616,143	6,566,821
K19130 Medical Insurance Inpatient Grades A and above	40,999,787	356,600,612
K19132 Medical Referrals	146,889,967	2,280,276
J18023 Pensions Employer Contribution	546,344,472	529,567,532
J18008 Commuting & Travelling allowance	497,819,911	501,663,716
J18002 House Allowance	1,201,216,590	1,236,148,250
J18003 Entertainment Allowance	9,501,728	9,840,642
J18004 Headship/Directorship Allowance	109,119,577	121,437,321
J18005 Responsibility	73,821,475	55,207,297
J18007 Domestic Servant Allowance	4,417,611	4,506,840
J18009 Leave Travelling Allowance	37,520,446	47,305,849
J18010 Gratuity	123,451,869	129,738,345
J18011 Wages	192,788,336	161,156,417
J18012 Part Time Teaching	253,141,036	219,755,887
J18013 Bonus	-	26,100
J18014 Passage & Baggage	2,805,641	2,296,350
J18016 NSSF Employer Contributions	2,800,641	1,254,600
J18017 Telephone Allowance	13,869,950	12,485,063
J18018 Book and Computer Allowance	639,193	353,800
J18019 Exam Coordination Allowance	21,723,497	23,168,769
J18020 Special Duty Allowance	4,611,501	6,486,435
J18021 Electricity & Water Allowance	1,732,980	17,206,686
J18022 Overtime	-	7,911,285
J18024 Health Risk Allowance	30,891,861	32,361,823
J18025 Special Readers Allowance	1,580,000	21,411,244
J18026 Terminal Benefits	42,010,379	20,970,617
J18029 Emergency Call & Extraneous Allowance	206,405,718	210,184,129
J18031 Staff Uniform	520,000	260,000
J18032 Consolidated Pay Confucious Institution	2,366,514	-
J18033 Consolidated Pay Research Grants	10,821,916	-
K19236 Professional Boards Registration	50,000	1,326,000
	6,711,751,937	6,728,215,313

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NOTE 15: Council Expenses		2023	Adjusted
		Kshs.	2022 Kshs.
J18027	Sitting Allowance	3,228,000	2,740,000
J18001	Honoraria	1,562,000	1,044,000
K19139	Other Expenses	5,273,924	407,300
K19566	Council Other expenses	495,200	942,200
		10,559,124	5,133,500

Note: In the year 2022 Council other expenses were reported under operating expenses. Therefore council expenses were reported as Kshs 4,191,300

NOTE 16: Depreciation & Amortization Expense		2023	Adjusted
		Kshs.	2022 Kshs.
K20152	Depreciation Of Buildings	286,260,635	257,959,995
K20153	Depreciation Of Motor Vehicles	3,473,438	3,473,438
K20156	Depreciation Of Computer Hardware	5,064,198	6,241,260
K20158	Depreciation Of Furniture & Fittings	3,613,722	99,747,795
K20159	Depreciation Of Academic Gowns	560,339	560,339
		298,972,332	367,982,826

NOTE 17: Repairs and Maintenance		2023	Adjusted
		Kshs.	2022 Kshs.
K19029	Maintenance of Sports ground	70,000	3,200
K19157	Maintenance of Furniture & Equipment	16,871,035	24,652,164
K19158	Maintenance of Swimming Pool	1,132,118	-
K19159	Maintenance of Motor Vehicle	5,557,538	3,322,014
K19160	Minor Works & Alterations	102,362,707	55,865,484
K19161	Maintenance Of Hostels	1,859,299	3,964,481
K19162	Maintenance Of Residential Quarters	434,300	1,189,254
K19163	Maintenance Of Grounds & Roads Main Campus	2,816,883	9,352,831
K19164	Maintenance Of Building & Stations Main Campus	22,269,326	28,346,062
K19166	Repainting of University Building	1,259,974	1,219,938
		154,633,179	127,915,428

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NOTE 18: Contracted Professional Services

	2023	Adjusted
	Kshs.	2022
		Kshs.
K19153 Contracted Professional Services	16,146,477	7,990,943
	16,146,477	7,990,943

NOTE 19: Finance Cost

	2023	Adjusted
	Kshs.	2022
		Kshs.
K19173 Bank Loan Interest - Coop Bank	63,637,937	66,943,797
K19173 Bank Loan Interest -Equity Bank 2022	58,047,423	23,310,635
	121,685,359	90,254,432

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		2023	Adjusted
		Kshs.	2022
			Kshs.
NOTE 20: Cash and Bank Balances			
F15003	Equity Bank - TOWA Project	427	427
F15005	Equity - North Coast Beach Hotel	2,221,522	7,612,412
F15006	Equity Community Outreach	314,340	265,543
F15010	NBK Fees A/C No. 0359150801	8,302,886	7,421,393
F15011	Std Fees Collection A/C No. 2018814400	3,051,231	1,915,226
F15012	Std Dollar A/C No. 8702018780000	94,780,051	54,288,271
F15014	NBK Tuition A/C No. 0359150800	3,718,938	3,101,564
F15015	NBK Research A/C No. 2110781300	184,522,702	82,719,528
F15016	NBK Aicad A/C No. 2110781400	1,538,768	1,510,970
F15017	NBK Harambee A/C 0310891603 (Capitation)	26,491,493	669,366
F15018	KCB AVU	1,689,424	4,413,703
F15019	Co op Fees Collection A/C No. 0112962461400	-	11,347,232
F15020	Std Pound A/C No. 2802018780000	51,371,163	10,593,017
F15021	Cash In Hand	-	87,100
F15022	Equity Fees Collection A/C No. 0290518859	1,142,934	2,813,961
F15025	KCB Fees Collection A/C No. 099 250 640 601	164,635	91,739
F15026	Standard Chartered Euro A/c 9302018780000	2,427,813	1,168,215
F15027	Equity - NCBH Dollar	1,580,162	1,300,679
F15028	Equity - NCBH Euro	70,340	58,958
F15031	KU Shuttle Bank A/c No. 1130296769655	107,558,300	62,693,590
F15032	Equity KU Meals Bank A/c No. 1130296626107	1,251,239	214,448
F15033	Equity KU Application Bank A/c No. 1130296626073	43,888	330,037
F15034	Equity KU Rental Income A/c No. 113029701357	269,882	162,114
F15035	Equity Bank Referral Hosp. A/c 1130298198	1,043,867	195,780
F15038	Equity Bank City Enterprises A/C 1130299385909	-	20,628
F15039	Equity Bank Rec Centre A/C 1130299618873	17,840	12,840
F15040	Family Bank Collection A/C 04500023316	-	288,038,384
F15041	MPESA Virtual Account	227,425	5,445,199
F15042	NBK USD 02020059150800	15,365,803	25,080,103
		509,167,075	573,572,427

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	2023	Adjusted 2022
	Kshs.	Kshs.
NOTE 21: Receivables From Non-Exchange Transactions		
M21003 Guarantee Deposits	29,954,962	27,954,962
M21006 Staff Debtors	6,418,340	6,409,315
M21008 Sundry Debtors	173,927,353	111,196,783
M21010 Imprest Control	26,742,153	20,522,322
M21012 Imprest Research	32,205,081	55,955,380
M21021 Staff Welfare Recoveries	134,281	-
M21023 Gurantee Deposit Letter of credit	16,512,032	16,512,032
M21027 Debtors-NCBH	55,194,416	55,142,700
Total	341,088,617	293,693,494
NOTE 21a: Receivables from Exchange Transactions		
M21007 Student Fees Arrears	217,425,626	226,686,924
Total Receivables From Exchange Transactions	217,425,626	226,686,924
Provision For Bad Debts	(21,742,563)	(22,668,692)
Note 21a Net Receivables form exchange Transactions	195,683,063	204,018,232
Total Receivables From Non-Exchange Transactions	341,088,617	293,693,494
Provision For Bad Debts	(34,108,862)	(29,369,349)
NOTE 21b: Net Receivables from Non-Exchange Transactions	306,979,755	264,324,145
Total Receivables	558,514,243	520,380,418
B11014 Provision For Bad Debts	(55,851,424)	(52,038,041)
	502,662,818	468,342,377

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		2023	Adjusted
		Kshs.	2022
		Kshs.	
NOTE 22: Inventories			
H17002	Maintenance Store	3,969,140	2,922,663
H17003	Health Drugs Store	5,727,239	6,204,760
H17004	Petrol Stock	5,777,533	4,387,622
H17005	Food Stuff	1,932,681	3,102,737
H17006	Finance Store General	13,195,577	9,322,545
H17007	Accommodation	78,866	153,101
H17012	Bookshop Store	-	27,960,089
		30,681,036	54,053,517

		2023	Adjusted
		Kshs.	2022
		Kshs.	
NOTE 22b: Biological Assets			
H17050	Biological Assets	1,607,000	6,048,500
		1,607,000	6,048,500

		2023	Adjusted
		Kshs.	2022
		Kshs.	
NOTE 23: Investments			
G16004	NBK Ruiru	17,591,140	16,674,066
		17,591,140	16,674,066

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Note 24

	LAND	BUILDINGS	MOTOR VEHICLES	FURNITURE & EQUIPMENT	COMPUTER HARDWARE	COMPUTER SOFTWARE	PATENT & RIGHTS	ACADEMIC GOWNS	CAPITAL WORK IN PROGRESS	TOTAL
	KSHS		KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
DEPRECIATION RATES COST / VALUATION	0%	2%	25%	10%	30%	30%	20%	5%		
As at 30th June 2021	6,085,271,458	12,897,999,753	465,941,864	2,116,218,739	472,043,522	77,116,824	7,830,375	11,206,780	805,144,606	22,938,773,921
Additions				43,925,452	3,521,500				30,689,366	78,136,318
As at 30th June 2022	6,085,271,458	12,897,999,753	465,941,864	2,160,144,191	475,565,022	77,116,824	7,830,375	11,206,780	835,833,972	23,016,910,239
Additions		1,415,032,000		36,137,239	5,006,890				22,710,923	1,478,887,052
As at 30th June 2023	6,085,271,458	14,576,678,534	465,941,864	2,196,281,430	480,571,912	77,116,824	7,830,375	11,206,780	594,898,114	24,495,797,291
Depreciation and Impairment										
As at 30th June 2021		2,812,716,029	455,521,551	2,060,396,397	457,924,442	77,116,824	7,830,375	8,771,346	-	5,880,276,964
Charge for the Year		257,959,995	3,473,438	99,747,795	6,241,260	-	-	560,339	-	367,982,826
As at 30th June 2022		3,070,676,024	458,994,988	2,160,144,192	464,165,702	77,116,824	7,830,375	9,331,685	-	6,248,259,790
Charge for the Year		286,260,635	3,473,438	3,613,722	5,064,198			560,339		298,972,331
As at 30th June 2023		3,362,209,595	462,468,426	2,163,757,914	469,229,900	77,116,824	7,830,375	9,892,024	-	6,552,505,058
NET BOOK VALUES										
As at 30th June 2023	6,085,271,458	11,214,468,939	3,473,438	32,523,496	11,342,012	(0)	-	1,314,756	594,898,114	17,943,292,213
As at 30th June 2022	6,085,271,458	9,827,323,729	6,946,875	(0)	11,399,320	(0)	-	1,875,095	835,833,972	16,768,650,449

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		2023	Adjusted
		Kshs.	2022 Kshs.
NOTE 25a: Trade and other Payables from Exchange Transactions			
B11015	Provision For Audit Fees	18,400,000	15,400,000
B11017	Tax Retention Electricity	22,804,817	16,237,590
C12001	Pay As You Earn	4,736,314,147	3,651,509,954
C12002	NHIF	4,687,814	1,908,735
C12003	NSSF	2,596,320	120,546
C12004	Pension Employee Contribution	3,295,899,745	2,576,713,316
C12007	VAT	107,563,185	98,748,442
C12008	Court Attachments	178,808	175,224
C12011	Nairobi City Council	78,670	78,670
C12013	Insurance Claim	6,362,948	419,824
C12015	Withholding Tax	27,640,107	26,547,146
C12020	Welfare Deductions	15,305,522	41,313,113
C12022	Insurance Deductions	3,721,799	2,301,773
C12023	Cooperative Deductions Cooperative	177,131,667	233,703,998
C12024	Students Clubs	8,361,104	251,254
C12025	Other Salary Deduction	68,423,684	57,958,211
C12026	Staff Loans Deductions	70,461,581	70,428,835
D13004	Assistance Fund	430,000	-
D13007	Rent Deposits Nakuru	89,400	89,400
D13010	Other donation	-	381,311
D13011	Centre for Career Development & Placement	25,800	25,800
D13013	Debtors Overpayment	948,940	948,940
D13018	Recreation Centre Fund	168,000	168,000
D13019	Christian Union Chapel	25,101	25,101
D13020	KU Alumni	1,155,000	1,142,500
D13022	Mama Ngina (Gatundu) University College-Development	163,112,858	163,112,858
D13023	Rent Deposits Mombasa Campus Hostels	2,167,194	1,113,694
E14001-105	Research Fund	710,654,106	493,585,291
L20001	Hospitals	74,552,873	24,945,804
L20002	Drug Suppliers	13,150,132	12,378,346
L20003	Referral Doctors	2,446,835	2,179,535
L20004	General Creditors	888,042,664	725,262,544
M21021	Staff Welfare Recoveries	-	10,539
	Sub-Total	10,422,900,821	8,219,186,294

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NOTE 25b: Refundable Deposits From Customers

	2023 Kshs.	Adjusted 2022 Kshs.
C12005 Students Caution Money	49,474,105	61,136,000

NOTE 25c: Payment Received in Advance

	2023 Kshs.	Adjusted 2022 Kshs.
C12010 Fees Paid In Advance	90,147,298	135,765,670
	10,562,526,270	8,416,092,008

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		2023	Adjusted
		Kshs.	2022
			Kshs.
NOTE 25d: Current portion of borrowings			
F15013	NBK Payments A/c No.0359002400	43,647,539	9,925,917
F15019	Coop Fees Collection A/C No. 01129062461400	29,053,298	-
F15023	Equity Bank Ruiru A/C No. 0291051982	240,891,395	627,048,771
F15037	Equity Bank A/C 1130199002464	8,596,271	7,111,148
F15038	Equity Bank City Enterprises A/C 1130299385909	115,120	
F15040	Family Bank Collection A/c 045000023316	1,537,067	
		323,840,690	644,085,836
NOTE 26a: Long Term Liabilities			
		2023	Adjusted
		Kshs.	2022
			Kshs.
L20017	Co-operative Bank Loan 2015	497,004,440	550,331,071
	Repayment	(51,281,755)	(53,326,631)
		445,722,685	497,004,440
L20018	Equity Bank Loan 2022	410,365,727	450,000,000
	Repayment	(54,959,409)	(39,634,273)
		355,406,318	410,365,727
Loan Balance		801,129,003	907,370,167

Co-operative Bank Loan: This is a long term (non-current) loan granted for part finance development of a mall "Unicity" and to finance purchase of properties for satellite campuses. In the year 2015, repayable over a period of 15 years (180 months) at an interest rate of 14.25% per annum computed on reducing balance basis.

Equity Bank Loan: This is a long term (non-current) loan granted for restructuring of Kshs 700M bank overdraft facility to a term loan of Kshs 450M and retaining Kshs 250M as overdraft. In the year 2022, repayable over a period of 6 years (72 months) at an interest rate of 12.52% per annum computed on reducing balance basis.

Note on Adjustment: Cooperative bank loan 2022 opening balance has been adjusted to Kshs 550,331,071 which was the closing balance for the year 2021, resulting to a closing balance of Kshs 497,004,440 plus the closing balance for Equity bank loan of Kshs 410,365,727, the long term liabilities adjusted closing balance is Kshs 907,370,167 and not Kshs 854,043,536 earlier reported.

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NOTE 26b: Deferred Income		2023	Adjusted
		Kshs.	2022
			Kshs.
D13008	Chandaria BIIC-Balance as at 1st July 2022	20,500,000	21,000,000
A40040	Amortisation 2%	(500,000)	(500,000)
	Balance as at 30th June 2023	20,000,000	20,500,000
		2023	Adjusted
		Kshs.	2022
			Kshs.
D13012	Chinese Building-Confucious Institute	1,415,032,000	-
A40040	Amortisation 2%	(28,300,640)	-
	Balance as at 30th June 2023	1,386,731,360	-
A40040	Amortisation for the year	(28,800,640)	(500,000)
	Net Deferred Income	1,406,731,360	20,500,000

Donation from Chandaria Foundation for the construction of Chandaria Business Innovation and Incubation Centre. Recognised as deferred income and amortised at the rate of 2% per annum of the original value of Kshs 25,000,000.

Donation from the Chinese government for the construction of Chinese Language Centre(Confucious Institute). Recognised as deferred income and amortised at the rate of 2% per annum of the original value of Kshs 1,415,032,000.

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	2023	Adjusted
	Kshs.	2022
		Kshs.
B11001 NOTE 27a: Capital Fund		
Balance as at 1st July 2022	3,023,932,178	3,023,932,178
Government Capital Grants		
Balance as at 30th June 2023	3,023,932,178	3,023,932,178
	2023	Adjusted
	Kshs.	2022
		Kshs.
B11002 NOTE 27b: Revenue Reserve		
Balance as at 1st July 2022	529,399,757	2,386,357,316
Deficit for the Year	(2,044,340,057)	(1,910,284,190)
Revenue Reserve 2023	(1,514,940,300)	529,399,757
	2023	Adjusted
	Kshs.	2022
		Kshs.
B11004 NOTE 27c: Revaluation Reserve		
Balance as at 1st July 2022	4,399,292,064	4,399,292,064
Revaluation for the Year	-	
Revaluation Reserve 2023	4,399,292,064	4,399,292,064

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		2023	Adjusted
		Kshs.	2022
			Kshs.
Note 28: Capital Work in Progress			
N23029	Teaching & Referral Hospital	72,896,867	72,896,867
N23064	Recreation Centre	56,297,048	56,297,048
N23068	Children Hospital	201,644,139	201,644,139
N23070	School of Business	81,069,865	81,069,865
N23071	Perimeter Wall Referral Hospital	64,669,351	64,669,351
N23072	School of Architecture	10,620,712	10,620,712
N23073	Stadium Complex	9,814,401	9,814,400
N23079	Central Stores	20,456,693	20,456,693
N23081	Kitui Campus Boundary Wall	5,076,468	5,076,468
N23084	Rwanda Campus	229,069,813	206,358,891
N23086	International Languages and Cultural Centres	500,000	500,000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2022 (Continued)

NOTE 29: Financial Risk Management

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impair ed Kshs
At 30 June 2023				
Receivables from exchange transactions	217,425,626	217,425,626		-
Receivables from non-exchange transactions	341,088,617	136,435,447	204,653,170	-
Bank Balances	509,167,075	509,167,075		
Total	1,067,681,318	863,028,148	204,653,170	-
At 30 June 2022				
Receivables from exchange transactions	226,686,924	226,686,924		-
Receivables from non-exchange transactions	293,693,494	117,606,098	176,087,396	-
Bank Balances	573,572,427	573,572,427		
Total	1,093,952,845	917,865,449	176,087,396	-

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The University's policy is payment on registration and thus students' receivables are categorised as either past due or impaired.

Past due amounts are those beyond the maximum established credit period of 30 days and represent slow but paying students. These receivables continue to be serviced even though this is not done on the contractual dates. The Students Finance Section is actively following these debts.

The overdue and impaired debt arises mainly from the students who have taken academic leave and the ones who have dropped out of school. These students have not completed their courses and the debt is payable whenever the student comes back to continue with studies. This debt has been fully provided for.

Concentration risk

Concentration risk is the risk posed to the University by any single or group of exposures which have the potential to produce losses large enough to threaten the ability of the University to continue operating as a going concern

The student receivables wholly relate to balances due from students, that are unrelated, and do not have the potential to produce large losses thus there is no concentration risk.

(ii) Liquidity Risk Management

Liquidity risk is the risk that the University may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

Ultimate responsibility for liquidity risk management rests with the University management board, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows. Prudent liquidity risk management includes maintaining sufficient cash to meet the University's Obligations. Senior management reviews the cash forecasts monthly and determines the University's cash requirement.

The table below analyses the University's financial liabilities into relevant maturity based on the remaining period at the end of reporting period to the contractual maturity date.

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Current Portion of Borrowing	26,986,724	-	296,853,966	323,840,690
Payment Received in advance	-	90,147,298	-	90,147,298
Borrowings	64,460,278	193,380,834	515,682,222	801,129,003
Trade and other payables	869,265,754	2,607,797,263	6,954,126,035	10,430,667,820
Refundable Deposits	-	-	49,474,105	49,474,105
Total	960,712,756	2,891,325,395	7,816,136,328	11,695,258,916
At 30 June 2022				
Current Portion of Borrowing	483,064,377	-	161,021,559	644,085,836
Payment Received in advance	-	136,765,670	-	135,765,670
Borrowings	71,194,256	213,582,768	622,530,143	907,370,167
Trade and other payables	684,932,191	2,054,796,574	5,446,496,562	10,562,522,224
Refundable Deposits	-	-	61,136,000	61,136,000
Total	1,239,190,824	2,404,145,012	6,271,169,136	9,967,543,967

(iii) Market risk

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

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

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

a) Foreign exchange risk

The University is exposed to foreign exchange risk because it has revenues and expenses denominated in foreign currency, primarily the US dollar. It also arises from exchange rate differences between when the currency is received from sponsors and when it is recognised in the books of accounts. The University also has various bank accounts denominated in other currencies other than the Kenya Shillings that is the Dollar, Euro and Pound.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2023 (Continued)

Foreign currency denominated financial instruments solely consists of bank balances.

The carrying amounts of the University's foreign currency denominated bank balances at the balance sheet date are as follows:

At 30 June 2023

	KSH Sh	USD Sh	EURO Sh	GBP Sh	Total Sh
Bank balances	46,702,867	111,726,017	2,498,154	51,371,163	509,167,075
	=====	=====	=====	=====	=====

At 30 June 2022

Bank balances	-345,570,140	49,278,433	3,524,609	15,324,414	573,572,427
	=====	=====	=====	=====	=====

b) Interest rate risk

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

Management of interest rate risk

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

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Fair Value of Financial Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the University takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Fair value of financial assets and liabilities

Level 1 input are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability

This note provides information about how the University determines fair values of various financial assets and liabilities.

Fair value of the University's financial assets and liabilities that are measured at fair value on a recurrent basis

Some of the University's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/liabilities	Fair value as at		Fair value hierarchy	Valuation technique (s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30/06/2023 Sh	30/06/22 Sh				
Property and equipment	17,943,292,213	16,768,650,449	Level 3	Observable Inputs	N/A	N/A

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(iv) Capital Risk Management

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

	2022-2023	2021-2022
	Kshs	Kshs
Revenue Reserve	(1,514,300)	529,399,757
Revaluation reserve	4,399,292,064	4,399,292,064
Capital Fund	3,023,932,178	3,023,932,178
Capital and Reserves	5,908,283,942	7,952,623,999
Total borrowings	801,129,003	854,043,536
Cash and cash equivalents	202,917,525	-53,839,343
Net borrowings	958,974,762	907,882,879
Gearing (Net debt to equity ratio)	16.23%	11.4%

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APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the External audit Report	Issue/Observation from Auditor	Management Comments	Focal Point Person to resolve the Issue(Name and Designation)	Status(Resolved/Not Resolved)	TimeFrame: (Put a date when you expect the issue to be resolved)
1.0	Property, Plant and Equipment	Included in the property, plant and equipment is Kshs 835,833,972 in respect to capital work in progress. Enclosed herewith is the status report for the projects. (Document 3(i))	Management	Not Resolved	3 Years
	i. Unsupported and ineligible Capital work in Progress Balance	Capital work in progress includes a balance of Kshs 214,995,255 relating to Kenyatta University Teaching, Referral and Research Hospital. The Hospital was initially a project of Kenyatta University and its constructions were supervised by the University, Kshs 214,995,255 was the amount spent in the construction of perimeter wall, water tanks and other facilities that were not included in the contract for construction of the Hospital.			
	ii. Lack of land Ownership Documents and illegal Encroachment	Land (Main campus) measuring 12.472 hectares valued at Ksh 123,281,555.00 has been illegally encroached by informal settlers. Among other measures taken, the University filled a case in a court of law against the illegal encroachment of the land and Management is happy to report that court ruling has been done in favour of the University.			
	iii. Nugatory Expenditure on closed Kigali Campus				
	iv. Stalled Projects				
	v. Unaccounted for assets				
	vi. Underutilize				

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d University Houses

The University is working closely with relevant Government agencies to repossess the illegally acquired land. The University management is determined to repossess the land since the illegally acquired land is planned for by the University in the current master plan.

Included in the balance of property, plant and equipment is Kshs 6,085,271,458 in respect of land. The land include thirty-two hectares (32) allocated through the assistance of Lagdera Constituency Development Fund in Garissa County and for which the University paid registration fees of Kshs.880, 000.

The University has made tremendous effort to acquire the ownership documents as detailed below

1. The University has obtained Letter of No Objection from the County Government of Garissa in support of the allocation of the Dadaab campus land by the then County Council of Garissa.
2. The County Government of Garissa (Physical Planning Office) has drawn and completed the Partial Development Plan (PDP) and advertisement of the Public Notice, in accordance with Physical Planning Act Cap 286. This was done via Gazette Notice No. 8526 dated 6th September 2019 and in the Daily

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Nation and Taifa Leo
newspapers on 28th
August 2019.

The advert is supposed to remain open for the next 60 days from the date of advertisement before submitting the PDP to the National Director of Physical Planning for approval to facilitate issue of Allotment Letter.

Upon issuance of a title deed, the Management will engage a valuer to ascertain the current value of the property.

This is work in progress and management is optimistic that the University will have the letter of allotment before closure of the financial year 2023/2024.

The land includes a portion of land measuring 7.97 hectares on which Kenyatta University Teaching, Research and Referral Hospital is built.

The Hospital is now established as a State Corporation and no transfer of land has been done. The current position is that the land belongs to Kenyatta University and the University currently has no control over the facilities developed there following establishment of the hospital as State Corporation.

Kenyatta University incurred a total of Kshs.420,749,207 to set up Kigali Campus in Rwanda.

Unfortunately, due to various challenges, the campus was unable to start off and the University Council approved that it be wound up.

Approval has been granted by The National Treasury to dispose Kigali property and we are optimistic that the University will recover the cost incurred in

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establishing the campus.

Management have incited the disposal process of the facility and hope to conclude the process before June 2024

The University owed Expert Co. Ltd Kshs 88,752,970.20 for paint and renovation work awarded in the year 2016 when the University was renovating the building in readiness for occupation. As a result of the University being not in a position to start operating and also the financial constraints that the University has been experiencing in the recent past, the University negotiated with the supplier to pay the amount owing by installments. In the year under review, the University made a payment totaling Kshs 28,847,273 being payment towards the amount owed to Expert Co. Ltd and exchange difference on payment.

Enclosed herewith are copies of payment vouchers and journal vouchers totaling to Kshs 28,847,273. **(Document 3(iii))**

Included in the capital work in progress balance of Kshs 835,833,972 are twelve stalled projects worth Kshs 556,578,214. All the stalled projects have building materials on site. Management has taken the following measures to ensure that the material safe.

- a. Management approved construction of a storage store at the Bishop's Square where all the materials from the stated sites would be centrally stored.

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- b. Additional storage space was also created at the Maintenance Department Yard and relocation of the materials commenced and is still on-going.

After relocation of the materials, the temporary hoarding will be removed and the overgrown bushes and shrubs cleared off.

Kitui campus which hosts the University School of Agriculture has 62 staff houses out of which only 20 were occupied at the time of audit.

We wish to highlight that Kitui Campus hosts only one school and it is therefore not possible to get 62 staff members to occupy all the houses.

The University has opened the facilities to Institutions that neighbors the Campus and as at now two more houses have been occupied. We are optimistic that by the end of the 2022/2023 financial year we will have more than half of the houses occupied.

1.0 Long Outstanding Fee Balances

The statement of financial position and note 19a to the financial statements reflects a balance of Kshs.226,686,924 in respect of receivables from exchange transactions (student fee arrears).

The University fees policy requires a student to have cleared fee balance and registration of units by the extended deadlines established by the university.

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The University semesters are as follows;

- i. Semester 1: September to December
- ii. Semester 2: January to April
- iii. Semester 3: May to August

The third semester cuts across two financial years and therefore students who register for the semester will have fees balance as at 30th June each year hence the amount reported as receivables from exchange transaction.

2.0	Long Outstanding Fee Balances	The statement of financial position and note 19a to the financial statements reflects a balance of Kshs.226,686,924 in respect of receivables from exchange transactions (student fee arrears). The University fees policy requires a student to have cleared fee balance and registration of units by the extended deadlines established by the university.	Management	Not Resolved	5 Years
	Uncertainty Relating to Sustainability of services				
	1.0 Budgetary Control and Performance	The University semesters are as follows;			
	2.0 Unresolved Prior Year Matters	i. Semester 1: September to			

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December

- ii. Semester 2: January to April
- iii. Semester 3: May to August

The third semester cuts across two financial years and therefore students who register for the semester will have fees balance as at 30th June each year hence the amount reported as receivables from exchange transaction.

The statement of financial performance reflects a deficit of Kshs 1,856,957,558 and the statement of financial position reflects total current assets of Kshs 1,118,690,886 and a total current liabilities balance of Kshs 9,060,173,800 resulting in a negative working capital of Kshs 7,941,482,914.

The Management has put in place intervention strategies to improve the revenue, reduce cost and improve the current ratio.

1.0

Management of Imprest

- i. Irregular Issuance of Imprest
 - ii. Incomplete Imprest Register
 - iii. Long
- Review of research register revealed that, various officers were issued with additional imprest before surrendering of the previous ones. The University policy is that all imprests issued must be

Management

Not Resolved

5 Years

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- iv. outstanding imprest
- Irregular Use of Imprest on Procurement of Goods, Works, and Services
- surrendered within a period of one month from the date of issue and that no staff should be issued with additional imprest if they have not surrendered previous ones that are overdue. However, research imprests are at times unique in that some research activities take a longer period to complete and at times the researcher has more than one activity or project in progress. The University allows researcher to have multiple imprests and also take more than one month to account when need be. However the research section in finance department is responsible in ensuring that the imprests are surrendered on completion of the activities or projects.

Enclosed is the research imprest schedule as at 30 June, 2023 indicating the current status.

(Document 10)

General and research imprest registers maintained by the management reveals that due date of surrender of imprest is not included in the imprest register.

The University's finance department imprest section is charged with the responsibility of issuing imprests on approval and ensuring that the imprests are surrendered on the due dates which is one month from the date of issue. Imprests that are not surrendered on the due dates are recovered in full from the imprest holder's salary.

We appreciate your concern that

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the due date of surrender is not indicated in the University's imprest register and will engage the system provider to ensure that in future the imprest due date of surrender is indicated in the imprest register.

Some of the outstanding imprests date back to 2007/2008 financial year.

Imprest debts amounting to Kshs 9,380,326 emanated from employees who exited the University and had not accounted for imprest at the time of exiting. Before the year 2011, there were no time lines on accounting of imprest and in addition it was not mandatory for one to account for previous imprest before applying for another.

Since 2011, the University has put measures to ensure that imprests are accounted for within a period of 30days from the date of issue, unaccounted imprests are recovered in full from staff salary and no imprest is granted to staff who have not accounted for previous imprest.

In addition, long outstanding debts on Imprests have been handed over to the University lawyer for follow up through legal channel. The University has also appointed debt collection firm to assist in collecting the debts.

During the year under review, Management approved issuance and use of imprest for procurement of goods, works and services totaling to Kshs 20,891,054.

Kindly note due to the financial challenges the University is experiencing, many suppliers are

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reluctant in accepting our LPO and therefore the University is left with no option but to use imprest so as to deliver its mandate.

For Imprests issued to procure goods, a cheque is raised to the supplier and the imprest holder is supposed to ensure that the requested goods are received.

Please note the documents indicated in this query were provided earlier when we responded to the Systems audit Management Letter

A detailed analysis of the activities highlighted is given below;

- a) Inter University Games
- b) Fiftieth (50th) Graduation Ceremony

The University has in place the graduation committee that is charged with the responsibility of planning University graduation ceremonies. During the 50th graduation the committee presented to the Management a Kshs 9.3 budget and the same was approved.

Upon approval, low value items, perishable goods and supplies from institutions that do not accept LPOs were procured through imprests issued to staff. The imprest holders are supposed to pay the suppliers on delivery and the cheques are drawn in the suppliers' names. The imprest holders will then receive a receipt and goods received note for use in accounting for the imprest.

Items such as graduation cards, advertisement, printing graduation tribune, expenditure on billboard and banners, dry cleaning of academic attire and

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printing of graduation certificates among others were procured through the procurement process. Enclosed is a copy of the approved budget of Kshs 9.3million where we have highlighted items that were procured through procurement process and LPO copies for the same. **(Document 5 to the ML)**

2.0	Long Outstanding Staff Debtors	<p>Receivables from non-exchange transactions amounted to 6,027,864 mainly owed by members of staff out of which Kshs 1,421,445 relates to car loan due from four officers who have since left the University.</p> <p>The car loan scheme facility was inherited from the University of Nairobi. This facility enabled staff to purchase vehicles using loan from National Bank of Kenya guaranteed by the University. During that time staff used to collect the log books for the purpose of renewing road licenses with the registrar of motor vehicles and often times some staff would return the log books on time. The pension benefit used to be utilized to offset any outstanding balance on car loan or other money owed by a staff member. However this became impossible after the enactment of the Retirement Benefits Authority Act of 2008 which prohibited the recovery of any staff debt from the pension fund. Subsequently car loan facility was withdrawn. The ex-employees have not been cleared by the University.</p> <p>Outstanding debts on Car Loans have been handed over to the University lawyer for follow up</p>	Manage ment	Not Resolved	5 Years
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through legal channel. The University has also appointed debt collection firm to assist in collecting the said debts.

3.0 Non-Compliance with Deduction and Remittance of Statutory Dues

The Statement of financial position and note 23a of the financial statements reflects trade and other payables from exchange transactions balance of Kshs 8,219,186,294 which includes general creditors amounting to Kshs 725,262,544. Further, the University had not remitted PAYE amounting to Kshs 3,651,509,954 to Kenya Revenue Authority while unremitted VAT is Kshs 98,748,442. Also included in the balance is Kshs 2,576,713,316 unremitted pension payments. Other deductions from employee emoluments and which are not remitted amounting to Kshs 407,735,211.

Management

Not Resolved

5 Years

Kindly note, the University has in the last five years experienced financial constraints due to reduction in students' numbers, effects of Covid-19 pandemic and stagnation of Government grants among other factors. This has resulted in the University not being in a position to meet its obligations including remitting statutory and other deductions as and when they fall due.

To address the challenge, the University has put in measures to cut on its costs, enhance on its revenues and seek Government funding. We are optimistic that if the measures implemented are achieved the University will be in a position to pay its accumulated debts and meet its obligation as and when they fall

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due.

4.0	Irregular Commitment of Funds	<p>Public Finance Management regulation 51(1) of 2015 all commitments for supply of goods or services shall be done not later than May 31st each year except with the express approval of the accounting officer in writing.</p> <p>University procedure on procurement of goods and services;</p> <ol style="list-style-type: none"> 1. User department requests for goods or services and the same are approved by the Vice Chancellor or the DVC (F & D). 2. Procurement process to identify supplier 3. Raising of purchase requisition form 4. Funds commitment 5. Raising of LPO/LSO 6. Goods delivered or services rendered 7. Payment <p>For the highlighted procurement, the accounting officer had approved all the purchases. Enclosed are the approvals for the purchases. (Document 17 to the ML)</p>	Management	Resolved	Resolved
5.0	Irregular Splitting of Tenders	<p>During the year under review, the University procured for stationery and office equipment from various suppliers. The items No. 25 to 54, we procured through open tenders: The tenders used were;</p> <p>Supply and delivery of medical laboratory, nursing physiotherapy and public health supplies -Tender no KU/TNDR/G/038/SDML&PHS/2021-2023 (Document 18a to the ML).</p>	Management	Resolved	Resolved

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- Supply and delivery of Non pharmaceuticals for dental section Tender no KU/TNDR/G/020/SDNP-D/2020-2022.
- Supply and delivery of medical drugs Tender no KU/TNDR/G/004/SDMD-A/2020-2022 and Tender no KU/TNDR/G/005/SDMD-B/2020-2022 (**Document 18b to the ML**)
- Supply and delivery of medical drugs Tender no KU/TNDR/G/159/SDM/2017-2019 and Tender no KU/TNDR/G/160/SDM/2017-2019 (**Document 18c to the ML**)

6.0	Irregular Payments of Subscriptions	Kshs. 2,492,258 was paid to Amazon Web Services as subscriptions for hosting cloud services for hosting Kusoma and Yali Learning Management	Management	Resolved	Resolved
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Systems through PV no. 385472 dated 18/10/21.

- Kenyatta University (KU) is the implementing partner for the USAID activity YALI RLC EA project. KU took over from Deloitte who were initially the implementing partner.
- One of the key functions that were to be transferred was the Learning Management System (LMS). Deloitte had acquired a learning management system from mElimu. The system was hosted by Amazon on the Amazon Web Services (AWS) cloud server. There was need to ensure seamless transfer of functions and activities from Deloitte to KU. Deloitte indicated that it would take more than 10 weeks to transfer and migrate data from AWS to a local KU data center (**Document 20 to the ML**). It was also noted that the KU data centre had insufficient infrastructure to accommodate YALI's mElimu and other LMS's. USAID recommended that the service level delivery needed to remain the same and therefore KU had to move from local data centre to AWS/ (**Document 20 to the ML**). It is on this background that we sought Amazon web

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services.

- Initially Kusoma was hosted on Synergy at a cost of Kshs 2,258,022.64. AWS was going to host KUSOMA, YALI and HEP at a cost of Kshs2,612,863.88. AWS charges ‘reserved instance’ this means one is billed upfront and therefore we settled on an estimated cost. This was cheaper compared to other options. **(Document 20 to the ML)**
- The purchase requisition note was made on **12th October, 2021** and not **10th December,2021**.This is also corroborated by the date on budgetary allocation **(Document 20a to the ML)**
- The LPO was made on **12th October, 2021**. Delivery date as per the LPO was to be on or before **11th November, 2021 (Document 20b to the ML)**.

7.0	Irregular payment of commission	The University pays commission to individuals who refer clients to the North Coast Beach Hotel at the rate of 10% of the total amount received from the client. Enclosed herewith is the policy document for the same. (Document 11)	Management	Resolved	Resolved
8.0	Failure to prepare and Submit for Audit Bank Reconciliation Statements	The management of Kenyatta University has thirty-five (35) operational bank accounts. The management has however not prepared and submitted for audit	Management	Resolved	Resolved

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the bank reconciliation statement for all bank accounts contrary to Regulation 90(1) of the Public Finance Management (National Government Regulation, 2015 which provides that accounting officers shall ensure bank accounts reconciliation are completed for each bank account held by that Accounting Officer, every month and submit bank reconciliation statement not later than the 10th of the subsequent month to the National Treasury with a copy of the Auditor-General.

Note that Kenyatta University has 30 bank accounts not 35 as per the attached schedule of bank accounts.

We appreciate your concern that the University has not been submitting monthly bank reconciliation statements not later than 10th of the subsequent month to the National Treasury with a copy to the Auditor-General and will ensure that this is implemented in the year 2022/2023.

9.0	Personnel Emoluments	Included in the personnel emoluments expenditure is Kshs 10,164,036 paid to a former Vice Chancellor who is still a professor of the University. When teaching staff that have been appointed to administration position term expires they go back to their teaching departments to continue with the duties they were initially employed to handle.	Management	Resolved	Resolved
	i. Irregular Payment of Salary and other benefit	In the year 2021/2022 management put in measures to ensure that no employee is paid			
	ii. Non-Compliance with the other One-Third of Basic Salary Scale				
	iii. Non-Compliance with Minimum				

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- | | | |
|------|---|--|
| iv. | Requirement
s on
employee
Ethnic
Composition
Non-
Compliance
with
Deduction
and
Remittance
of Statutory
Dues | <p>a net pay of less than one third of his/her basic pay. Unfortunately there were instances where employees had employer's obligations such as unaccounted imprests that led to a few cases of staff who received less than one third of the basic pay. The University policy on imprest is to recover in full from staff salary any unaccounted imprest that is overdue. This is also enforced by a circular from the ministry of education.</p> <p><i>In such instances the staff net pay will definitely not comply with 1/3 rule. However upon full accounting of the imprest staff members are refunded deductions made.</i></p> |
| v. | Members of
Staff
Working
Beyond
Mandatory
Retirement
age | <p>We agree that the University have engaged slightly more than 41% of its workforce from one ethnic community i.e. 41.6%.</p> |
| vi. | Irregular
Payment of
Acting
Allowances | <p>The University's core mandate is teaching and we are within the required threshold with regard to teaching staff. For its lower cadre non-teaching staff, the University source for them from within the locality and are slightly above the threshold. It's worth noting that many of the employees in this cadre were employed before enactment of the act.</p> <p>Kindly note, the University has been having minimal recruitment due to financial challenges and has not been able to even replace the retiring</p> |
| vii. | Non-
Compliance
with Staff
Establishme
nt | |

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members of staff. Deliberate effort is being made to comply with the act among them job advertisement are done through the widely circulated media to offer equal opportunity for all. During the year under review several staff salaries were disbursed to accounts whose details were shared between two or more persons.

Upon employment, a member of staff is required to furnish the finance department with a bank account where his/her salary is to be remitted. In the recent past, SACCOs have been licensed to provide banking services through FOSA and as a result some members of staff will furnish the finance department with SACCO bank accounts.

The indicated staff are members of Mwalimu SACCO and Hazina SACCO and requested that their salaries be paid through the SACCO accounts as follows;

The money is deposited to the SACCO account and the same is deposited to the member's FOSA account by the SACCO.

10.0 Loss Making Operations

The statement of financial performance and note 8 to the financial statements reflects revenue from the income generating activities of Kshs 325,510,159. However, revenue

Management

Not Resolved

5 Years

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activities in respect of catering of Kshs 56,121,101 had corresponding expenses of Kshs 64,809,816 resulting to loss of Kshs 8,688,816.

Catering income is income received from students' kitchens. Kindly note that food sold to the students in the kitchens is subsidized by the University and sold for less than the cost price. This results to loss since the revenues are usually lower than the cost of goods purchased.



Prof. Paul K. Wainaina, Ph.D.
VICE-CHANCELLOR



Prof. Shem E. Migot-Adholla, Ph.D.,
CHAIRMAN OF COUNCIL