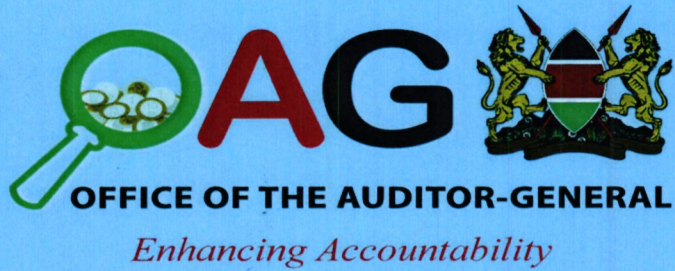


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REPORT

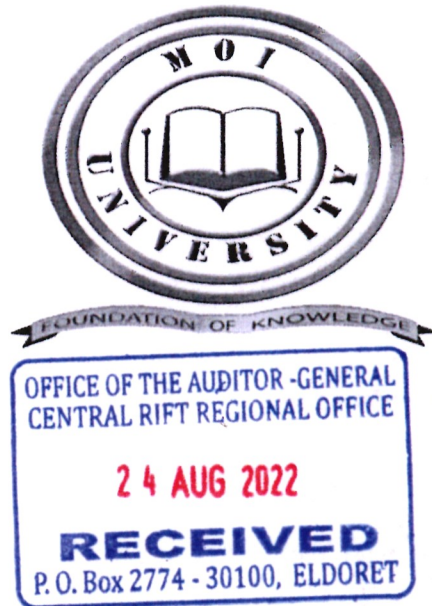
OF

THE AUDITOR-GENERAL

ON

MOI UNIVERSITY

**FOR THE YEAR ENDED
30 JUNE, 2021**



MOI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30th JUNE 2021

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The University was established under the Moi University Act in 1984 as the second Public University in Kenya. The University is a body corporate established under the Moi University Charter 2013 and is domiciled in Kenya. It has Campuses and Constituent Colleges as listed below:

Rivatex East Africa Limited Factory
Kipkaren Road, off Eldoret- Kisumu Road
P.O.Box 4744- 30100
Eldoret

Alupe University College
P.O.Box 845-50400
Busia

Eldoret West Campus
P. O Box 8210-30100
Eldoret

Nairobi Satellite Campus
P.O Box 63056-00200
Nairobi

Coast Satellite Campus
P.O Box 3735-80100
Mombasa

College of Health Sciences
P.O Box 4606-30100
Eldoret

Kitale Satellite Campus
P.O Box 1424-20200
Kitale

Odera Akang'o Campus
P.O. Box 436 - 40610
Yala

Bomet University College
P.O Box 701-201400
Bomet

Rivatex East Africa Limited (REAL) is a limited liability company, wholly owned by the University that was incorporated under the Companies Act. The University acquired the company in 2007 for training, research, extension and commercial purposes.

The Main Campus of the University is located in Kesses, 35 kilometers from Eldoret Town, and 310 kilometers Northwest of Nairobi, the capital city of Kenya. Moi University has expanded tremendously over the past decade largely based on the commitment of the entire Moi University fraternity, government investments, strategic partnerships, and the visionary leadership of the University Council and Management. These achievements are a testament to the resilience and fortitude of every faculty and staff member.

Since 1984, the University has experienced phenomenal growth leading to the establishment of several constituent colleges across the country, many of which have since grown to fully fledged Universities namely Maseno University, Masinde Muliro University of Science and Technology,

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Maasai Mara University, University of Kabianga, University of Eldoret, Karatina University and Rongo University.

The University currently has the following Schools:

- School of Education
- School of Arts and Social Sciences
- School of Business and Economics
- School of Agriculture and Natural Resources
- School of Information Sciences
- School of Engineering
- School of Medicine
- School of Public Health
- School of Nursing
- School of Dentistry
- School of Law
- School of Tourism, Hospitality and Events Management
- School of Science and Aerospace Studies
- School of Graduate Studies, Research and Innovation

(b) Principal Activities

The principal activity/mission of the University is to provide university education through teaching, research and outreach.

The University's vision, mission, core values and philosophy underpin every facet of the University's operations.

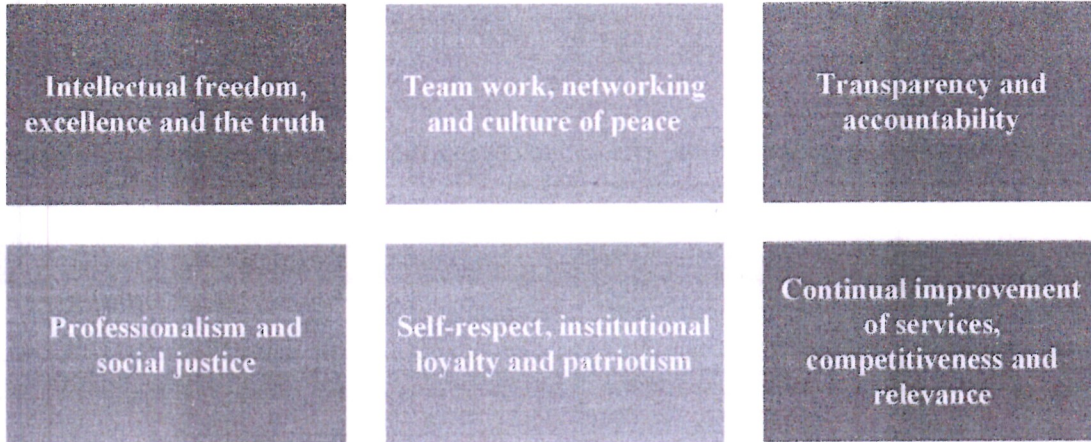
Vision

To be the University of Choice in nurturing innovation and talent in science, technology and development

Mission

To preserve, create, and disseminate knowledge, conserve and develop scientific, technological, and cultural heritage through quality teaching and research; to create conducive work and learning environment, and to work with stakeholders for the betterment of society.

Core Values



Philosophy

Putting knowledge to work is the University's guiding philosophy. At Moi University, the discovery, dissemination, and application of knowledge are synergistically balanced. The University is driven by the process of involvement - involvement in world affairs; in the needs of individuals and their communities, businesses, industries, and governments; in the nurturing of inquisitive minds; in the transfer of ideas from the campus to the market- place; and involvement in societal problems in our country and beyond. The creation of new knowledge that will benefit society is at the heart of the University's mission. The distinction between basic and applied research has become more blurred as the processes of discovery, scientific inquiry and scholarship inform all aspects of the educational enterprise at Moi University.

(c) Key Management

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

- The University Council;
- The Vice Chancellor;
- The University Management Board;
- The University Senate

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(d) Fiduciary Management

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

No.	Designation	Name
1.	Vice Chancellor	Prof. Isaac S. Kosgey
2.	DVC – Finance	Prof. Daniel K. Tarus
3.	DVC- Admin, Planning and Development	Prof. Nathan O. Ogechi
4.	DVC- Academics, Research and Extension	Prof. Isaac N. Kimengi
5.	Head of Procurement	Ms. Rukia Mohammed
6.	Chief Finance Officer	CPA George K. Aduda
7.	Principal – College of Health Sciences	Prof. Robert K. Tenge
8.	Senior Legal Officer	Petrolina Chepkwony

(e) Fiduciary Oversight Arrangements

The University Council provides fiduciary oversight on the financial operations of the University through the Finance, Administration and Strategy Committee and the Audit, Risk and Compliance Committee.

The Finance, Administration and Strategy Committee reviews the University Quarterly Financial Statements before they are submitted to the Ministry of Education and National Treasury by the 15th day after the end of every quarter.

The Audit, Risk and Compliance Committee provides oversight on the University's financial statements and through the Internal Audit Unit of the University provides oversight on the internal controls and the maintenance of proper accounting records.

The Office of the Auditor General conducts annual audit of the operations of the University. The reports of the Auditor General are submitted to the National Assembly through the Public Investments Committee (P.I.C), which provides the overall fiduciary oversight on the operations of the University.

Regular audit and financial and progress reports are provided to development partners who have provided funds to the University. This is to ensure financial probity on the utilization of funds in the University.

(f) University Headquarters

Moi University Main Campus
P.O. Box 3900-30100
Cheptiret – Kesses Road, Off Eldoret-Nairobi Road
Eldoret, KENYA

(g) University Contacts

Telephone: (254) 736 138770/771 336911
E-mail: info@mu.ac.ke
Website: www.mu.ac.ke

Rivatex East Africa Limited Contacts

Telephone: (254) 53 2030901
E-mail: info@rivatex.co.ke
Website: www.rivatex.co.ke

(h) University Bankers

- | | |
|---|--|
| 1. National Bank of Kenya
Moi University Branch
P.O. Box 22 - 30107
Moi University, Kenya | 2. Co-operative Bank of Kenya
Eldoret Branch
P.O Box 2948 - 30100
Eldoret, Kenya |
| 3. Kenya Commercial Bank
Eldoret Branch
P.O Box 560 - 30100
Eldoret, Kenya | 4. Equity Bank
Eldoret Branch
P.O Box 2210 - 30100
Eldoret, Kenya |
| 5. Standard Chartered Bank
Eldoret Branch
P.O Box 7 - 30100
Eldoret, Kenya | 6. Absa Bank of Kenya
Eldoret Branch
P.O Box 22 - 30100
Eldoret, Kenya |
| 7. Access Bank
Eldoret Branch
P.O Box 4308 - 30100
Eldoret, Kenya | |

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(i) Independent Auditors

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

(j) Principal Legal Adviser

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

2. MEMBERS OF THE UNIVERSITY COUNCIL

Name	Key qualifications
 <p>Dr. Dr. Humphrey Kimani Njuguna Chairman D.O.B - 18th July, 1961</p>	<p>PhD (Law) (UoN), PhD (Entrep.) (JKUAT), EMBA (JKUAT); LLM (Int. Trade & Invest. Law)UoN LL.B (Hons) UoN; B.A. Land Econ (Hons) Dip. K.S.L; Dip. I.S.K.; M.I.S.K.: F.I.S.K. MCIArb.; Lead Expert- EIA/EA; CPM (MTI-EA) Valuer; Estate Agent; Arbitrator; Mediator; Adv. of H.C. of Kenya</p> <p>Dr. Dr. Njuguna has sound knowledge in Law, Land Economics, Public Administration and Entrepreneurship, Conflict and Dispute Resolution Management and related Consultancy Practices in Kenya spanning to close to 32 years.</p> <p>He is the current Chairman of Former Parliamentarians Association of Kenya, Managing Director Metrocosmo Limited, Senior Partner – Njuguna Kimani Nduhiu & Company Advocates, Director, Beyuz Communication Ltd, former Member of Parliament for Gatanga. He was the Lead Consultant in the drafting of the Valuers Act, Republic of Tanzania, and a former chairman and member of Institutions of Surveyors of Kenya (I.S.K) Chairman (Valuers and Estate Agents) I.S.K, Examiner (Valuers Chapter) ISK.</p> <p>He is a part time lecturer at JKUAT and University of Nairobi (School of Law).</p>
 <p>Mr. Christopher Khaemba Independent Member D.O.B – 18th January, 1960</p>	<p>MBA, (Kenyatta University), Diploma in Science Education, Kenya Science Teachers College (Constituent College of the University of Nairobi)</p> <p>Mr. Khaemba is an educator, mentor and turnaround leader who thrives in challenging and new environments.</p> <p>He is the co-founder and Director of Nova Pioneer Academies and Chair of the Kenya Board. He has been the County Executive for Urban Planning and Lands, Nairobi County, County Executive in charge of Education, Youth Affairs, Sports, Children, Culture and Social Services, Nairobi County.</p> <p>He serves as a member of the Board of Housing Finance Foundation, was the Vice-Chairman of the Local</p>

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	<p>Organizing Committee of the 2017 IAAF World Athletics Youth Championships. He has been the head of the following institutions: Friends School Kamusinga (Kenya), the Alliance High School (Kenya) and the founding head, African Leadership Academy (South Africa).</p> <p>He has also been the Education Advisor in the Office of the Prime Minister, General Manager, Education Pillar, Equity Group Foundation where he helped to shape Wings to Fly Scholarship Programme and Deputy Director at the Teachers Service Commission focusing on teacher management.</p>
 <p>Prof. Clara Samiji M., Ph.D., EBS Independent Member D.O.B 15th September, 1954</p>	<p>PhD in Kiswahili Literary and Gender Studies (Kenyatta) M.A. in Kiswahili Studies (Kenyatta), B.Ed. (UoN)</p> <p>Prof. Samiji is a Professor of Kiswahili and currently is the Managing Partner, Africa Trans lingual Translators (ATT). A Fulbright Programme Alumni, she has served as a member of the Senate Postgraduate Committee, Catholic University of East Africa, Chairperson, Language, Literature and Communication Department (CUEA), Chairperson, University Faculty Programmes Committee (CUEA), member of the Administrative Board, School of Postgraduate Studies (CUEA), member of University Senate (CUEA), Chairperson Kiswahili Department (CUEA and KU), Internal Quality Assurance Committee Member (CUEA), member of steering Committee, Academic Management Systems (CUEA) and Board Member, Intellectual Property Rights, Kenyatta University.</p> <p>She has also been the National Secretary General of Chama Cha Kiswahili Cha Taifa (CHAKITA) and Coordinator Kiswahili Department Staff Seminars Committee (KU).</p>
 <p>Dr. Guyo Malicha Roba Independent Member D.O.B – 10th February, 1977</p>	<p>PhD, Agricultural Sciences (University of Kassel, Germany), MSc. Energy Policy (University of Dundee, UK), BSc. Environmental Planning and Management, (Kenyatta University)</p> <p>Dr. Guyo is a Natural Resource Management and Livestock Marketing expert with extensive experience in conceptualizing, managing and monitoring development programmes in Eastern and Southern Africa and the wider horn of Africa.</p> <p>He is the Country Technical Analyst at International Fund for Agricultural Development. He has also worked as Senior Programme Officer, Global Drylands Initiative</p>

	<p>at the International Union for Conservation of Nature, Senior Programme Officer, Drylands Programme IUCN, Policy Analyst, Infrastructure and Economic Service Division at the Kenya Institute of Public Policy Research and Analysis (KIPPRA) and Project Officer (Drought and Emergency) at the Community Initiative Facilitation and Assistance (CIFA) Marsabit, Kenya.</p>
 <p>Mr. David K. Ronoh Independent Member D.O.B - 31st December, 1959</p>	<p>Master of Science (UoN) Postgraduate Diploma in Actuarial Science (UoN) Graduate of Advanced Management Programme (Strathmore/Logos/IESE Spain), B.Ed (Science) (Kenyatta University)</p> <p>Mr. Rono has vast experience in financial management, leadership and change management. He is currently the Chief Executive Officer, Pioneer Assurance Limited.</p>
 <p>CPA Anne H. Muchunku Independent Member D.O.B – 31st October, 1976</p>	<p>Master of Business Administration (Finance), Bachelor of Science, Business Administration (Finance) (USIU), Certified Public Accountant – CPA (K) Strathmore College</p> <p>CPA Muchunku is a Finance and Accounting Professional with 20 years Progressive Corporate experience. She has been the Regional Finance and Administration Manager - Africa at Water for People, an International Not-for-profit Organization, Finance Manager at Kenya Private Sector Alliance (KEPSA), Senior Accountant, Financial Reporting at Deacons Kenya Ltd, Financial Accountant USIU – African and Member of the Kenya Revenue Authority (KRA) Tax Agents Committee.</p>
 <p>Prof. Isaac S. Kosgey, PhD Vice-Chancellor, Secretary to Council D.O.B 5th April, 1961</p>	<p>PhD (Animal Sciences),M.Sc. Animal Science (Wageningen), B.Sc Animal Production,Diploma in Animal Husbandry (Egerton), MBA (Kenyatta), Diploma in Law (MKU), LL.B (OUT)</p> <p>Professor Kosgey is a Professor of Animal Sciences (Animal Breeding and Genetics). He has extensive experience in public and university administration and management, having served in various capacities in Laikipia and Egerton Universities. Prior to being appointed the Vice-Chancellor of Moi University, he was the DVC–Administration, Finance and Development at Laikipia University. He has published widely and won several research grants. He is a peer reviewer in various refereed journals and has supervised several M.Sc. and PhD students. He is also a trained ISO 9001 auditor. He participates in several Government and</p>



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	community activities.
 <p>Dr. Julius Muia PS The National Treasury and Planning</p>	<p>PhD Finance (UoN) Masters in Finance (UoN), BCom (Hons) (Accounting) (UoN), CPA (K), CPS (K), Associate Kenya Institute of Bankers, Associate Chartered Institute of Arbitrators, Certified Coach.</p> <p>Dr. Muia is the Principal Secretary at The National Treasury. Prior to this, he was the Principal Secretary at the State Department for Planning - The National Treasury and Planning. Before his appointment as PS Planning, he was the Director General, Vision 2030 Delivery Secretariat, which operated under the Office of the President, Republic of Kenya, to facilitate the implementation of Vision 2030. This is Kenya's long-term policy framework that is premised on making Kenya a globally competitive, rapidly industrializing and upper middle income economy by 2030.</p>
 <p>Amb. Simon Nabukwesi PS State Department for University Education and Research</p>	<p>Amb. Simon Nabukwesi is a career diplomat credited with training many Kenyan envoys who are currently serving abroad.</p> <p>He served for many years as the Director, Foreign Service Academy at the Ministry of Foreign Affairs. He has also served as the Kenyan High Commissioner to Canada and as Principal, Friends School, Kamusinga, where he steered the School to achieve impressive academic results.</p>

3. MANAGEMENT TEAM

Name of Staff and Area of Responsibility		Qualifications
<p>Prof. Isaac S. Kosgey Vice-Chancellor</p>		<p>Ph.D. (Animal Sciences), M.Sc. Animal Science (Wageningen), B.Sc Animal Production, Diploma in Animal Husbandry (Egerton), MBA (Kenyatta), Dip. Law (MKU), LL.B (OUT)</p>
<p>Prof. Nathan O. Ogechi Deputy Vice-Chancellor, Students' Affairs & Ag. Deputy Vice-Chancellor, Administration, Planning & Development</p>		<p>B.Ed., M.Phil. (Moi), Ph.D (Hamburg)</p>
<p>Prof. Isaac N. Kimengi Deputy Vice-Chancellor, Academics, Research and Extension</p>		<p>B.Ed. (Sc.), M.A (Ed.) (Nairobi), Ph.D (Kenyatta)</p>
<p>Prof. Daniel K. Tarus Ag. Deputy Vice-Chancellor, Finance</p>		<p>B.Com. M.B.A (Allahabad), Ph.D. (Moi), CPA(K), CPS(K)</p>

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<p>Prof. Tenge Kuremu</p> <p>Ag. Principal, College of Health Sciences</p>		<p>MBChB, M.Med (Surg) (UoN), M.Med (Paediatric Surg) (Kwazulu Natal), FCS(ECSA)</p>
<p>CPA George K. Aduda</p> <p>Ag. Chief Finance Officer</p>		<p>B.Com (Accounting) (Nairobi), MBA (Finance), (Catholic –East Africa). CPA(K)</p>
<p>Petrolina C. Chepkwony</p> <p>Senior Legal Officer</p>		<p>LL.B. (Moi), Dip (Kenya School of Law), EMPA (Moi), LL.M. (Nairobi)</p>

4. CHAIRMAN'S STATEMENT

The financial year ended 30th June 2021 saw the gradual re-opening of the economy following the restrictions in movement and long closure of educational institutions in 2020 due to the Covid-19 pandemic. The economic and social disruptions caused by the coronavirus pandemic has created multiple challenges in the education sector and the economy as a whole leading to severe consequences on the University's financial and operational performance and general household jobs and income across the country.

These effects continued into this financial year, leading to reduction in the University's Appropriations in Aid. The University was therefore not able to meet its financial obligations due to the effects of the closures in 2020 and 2021. However, the University activities ran fairly smoothly after the re-opening in 2021.

Business Environment

The Kenyan economic performance in the year 2021 was affected by the adverse effects of the Covid-19 pandemic. The economy had been projected to grow by 6.1% based on strong revenue growth, reduction in non-core expenditures and a gradual decrease in the public debt. However, as a result, of the negative consequences of the coronavirus pandemic the economy experienced a lower than expected growth with weak consumer sentiments given the prevailing macro-economic conditions.

Over the past year, the University had made great strides in implementing turnaround strategies, and restructuring its governance processes to enable the University deliver on its mandate and achieve operational efficiency.

Our company, Rivatex East Africa Limited, continued to produce a new portfolio of new designs and fabric brands. The company is leveraging on newly installed machinery to produce superior textile products by expanding capacity and enhancing productivity initiatives to cut down on costs of production and increase efficiencies.

The operating environment towards the end of the year was very challenging mainly as a result of macro-economic headwinds created by the coronavirus pandemic. The University was not able to meet its revenue targets in generation of Appropriations-in-Aid , leading to an increase in pending bills at the end of the year.

The higher education sector is currently facing a myriad of challenges ranging from reduction in the number of students qualifying to join universities to inadequate funding. The University has not therefore been able to fill all its declared capacities.

The preferential access to regional and world markets under a number of agreements/arrangements creates a roadmap for future sustainable market for export for Rivatex East Africa Limited. The ten (10) year extension of African Growth and Opportunity Act (AGOA) in 2015 has further increased the opportunities that Rivatex East Africa Limited can exploit in order to grow and be profitable upon completion of the modernization that is being undertaken. We are therefore confident that Rivatex will be able to improve its performance in the coming years.

Future Outlook

We expect that the business environment will improve given the measures taken by the Government to contain the negative economic impacts of the coronavirus pandemic through vaccinations, relaxation of curfews and lockdowns. As a result, the economy is showing signs of recovery and therefore we expect a higher level of economic activities.

The University expects that there will be an improvement in the higher education sector and funding of public universities to enable the University meet its financial obligations and recover from the negative effects of the Covid-19 pandemic.

The University has put in place measures to achieve synergy and operational efficiencies in line with the Ministry of Education’s directive for public universities to rationalize and harmonize their academic programmes. The University started the Apple Farming Project, which is expected to have a huge impact in improving the University’s internally generated funds.

The University expects to reduce its operational expenses by leveraging on ICT in its administration, academic programmes and processes.

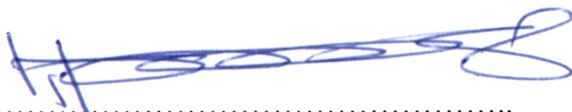
However, we request for additional funding from the Government for physical infrastructure, equipment and capacity development to match the number of Government Sponsored Students programme (GSSP) allocated to the University.

In addition, the University is requesting for additional funding in its recurrent budget to enable it settle the huge pending bills that arose as a result of the Covid-19 pandemic and to enable it at least meet its payroll costs, which are set to go up upon implementation of the 2017-2021 Collective Bargaining Agreements (CBAs) and payment of the enhanced Doctors’ and Medical Risk Allowances.

Appreciation

On behalf of the University Council I would like to thank the Government for continued support to the University and Rivatex East Africa Limited through recurrent and capital development grants as well as our development partners.

I appreciate the University Management, staff and students for their tireless efforts in enabling the University meet its core mandate of teaching, research and community outreach.



.....
DR.DR. HUMPHREY K. NJUGUNA
CHAIRMAN – MOI UNIVERSITY COUNCIL

5. REPORT OF THE VICE CHANCELLOR

It is with great pleasure that I present this report for the financial year ended 30th June 2021. This year was marked by the University making efforts to revitalize and stabilize its operations following the disruptions caused by the global Coronavirus pandemic, which disrupted the University's operations following the Presidential directive that all learning institutions close as part of the containment measures against the pandemic in 2020. This closure, which has extended well into the financial year 2020/2021, has severely negatively affected the financial operations of the University due to the fact that the University has not been able to generate internally generated revenue, which is an integral part of financing the budget of the University. This has led to an accumulation of pending bills.

The recurrent capitation that the University receives has not kept pace with the number of students at the University. This is straining the University in achieving its noble objective of offering quality teaching and research. We, therefore, request that the Government reviews the current funding model and allocate recurrent capitation that is in tandem with its requirements.

Review of the University's governing structures

The University has set up governance structures, processes and systems to ensure effectiveness and efficiency in decision-making. In this regard, during the year, the University reviewed its Statutes to align it to The Constitution of Kenya, and relevant laws and regulations, including review of its governance structures to enhance clarity in University structures, ease of decision-making, implementation and follow-up, and provide clarity in organizational operations.

The University recognizes the importance of policies in the running of day-to-day operations. Consequently, the University Management Board and Council in the last one (1) year has developed key policies and reviewed existing ones in line with The Constitution of Kenya and relevant laws and regulations of the Government.

Implementation of the Enterprise Resource Planning System (ERP)

To support the governance systems put in place, the University has automated its process by procuring and implementing an Enterprise Resource Planning (ERP) System to ensure effectiveness and efficiency in service delivery, including managing student results, course management, fee collection, generation of reports and general decision-making of the University.

Resource Mobilization

The University started the Apple Farming Project during the year with an initial area of 50 acres already planted. This is expected to be increased beyond 100 acres in the financial 2021/2022. This project is expected to generate revenue for the University and also achieve the University's efforts in empowering and assisting the neighbouring communities by giving them access to apple seedlings and improved technology and value addition in apple farming.

To increase the resource base of the University, efforts have been made on writing proposals for grants and projects. There are a raft of measures to improve the sustainability of Income Generating Units (IGUs) such as establishment of a Directorate of Resource Mobilization, Enterprise Development and Institutional Advancement (RMEDIA) to focus on IGUs and mobilization of resources for the University and establishment of an Advisory Committee to oversee their operations.

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Students' Welfare

The University has instituted measures to ensure the welfare of students. These include the setting up of the Office of Career Services, release of academic certificates shortly after graduation, annual release of academic transcripts to reduce incidences of missing marks, revision of the Moi University (MUSO) Constitution and Students Handbook, enhancing extra-curricular activities and boosting security on Campuses. For the latter, the University is working closely with the National and County security agencies. The University has depoliticized student Governing Council elections to ensure the process is free and fair. Further, the University is engaging with Alumni to explore possibilities of resource mobilization as well as seeking support for needy students in terms of scholarships. An Endowment Fund Management Policy is underway for approval by Council to form a framework for structured engagement with the University's Alumni.



Financial performance

The University's financial performance during the year was negatively affected by the Covid-19 pandemic, which saw the University realize less than the anticipated revenue. We expect going forward that when the University resumes normal operations that the measures we have put in place in terms of harmonization and rationalization of academic programmes and courses, turn-around and cost reduction strategies will begin to be realized in FY 2021/2022 and see the University return a positive performance.

Appreciation

The University appreciates the support of the Government in providing financial support in form of recurrent and capital grants. This support has gone a long way in helping the University in achieving its goals.

I would also like to appreciate the support and advice of the University Council as well as our dedicated staff and students.


 **PROF. ISAAC S. KOSGEY, Ph.D.**
VICE-CHANCELLOR

6. STATEMENT OF UNIVERSITY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

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

Moi University has nine strategic pillars and objectives within its Strategic Plan for the FY 2015/2016- 2020/2021. These strategic pillars are as follows:

Pillar 1: Deliver an outstanding and innovative educational experience and conduct outstanding research and creative work for the public good.

Pillar 2: Secure the resources to achieve our vision, while being responsible stewards of these resources.

Pillar 3: Design viable programmes and activities aimed at enhancing students' welfare

Pillar 4: Conduct and revamp the physical facilities and ICT infrastructure

Pillar 5: Sustain an appropriate Quality Assurance and Performance Management Systems

Pillar 6: Provide resources to ensure effective and efficient library and information services

Pillar 7: Enhance the University's health care programmes, security and safety

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Pillar 8: Strengthen and broaden governance, corporate image and corporate social responsibility

Pillar 9: Create an entrepreneurial services unit for financial growth and sustainability of the University

The University develops its annual work plans based on the above nine pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2020/2021 period for its nine strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	1. Develop innovative academic programmes for relevance, marketability and competitiveness 2. Strengthen research linkages and collaborations	-Number of academic programmes reviewed during the year -Increase in number of linkages and collaborations	-Review of academic programmes as per CUE requirements -Negotiate and conclude agreements with partners and collaborating institutions	Seven academic programmes were reviewed during the year The University achieved eight new linkages and collaborations during the year
Pillar 2	Efficient and prudent use of human and financial resources	Percentage absorption of allocated GoK funds	The University to absorb the funds allocated to it by GoK	The University absorbed 100% of the funds allocated by GoK
Pillar 3	To attract international students and promote exchange	Percentage increase in number of new international students	Improve/intensify messaging for prospective international students	The University achieved an increase of 18%. Other new students did not report due to the Covid-19 pandemic
Pillar 4	To acquire, develop and maintain quality facilities and equipment	Construction of tuition and residential facilities	Renovation of Hostel J at Main Campus Construction of Library at Annex Campus	The completion level was at 60% against a target of 85%. The achievement of the targets was affected by travel restrictions imposed as a result of Covid-19
Pillar 5	To continually implement, monitor and evaluate quality assurance and performance	Enhance implementation of QMS ISO 9001:2015 Institutionalize	Continued ISO 9001:2015 certification Signed and implemented	The University continued implementing the QMS ISO 9001:2015

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	management systems	performance contracting	Performance Contract for FY 2019/2020	Standards Performance Contract for FY 2019/2020 signed and implemented
Pillar 6	Create awareness and build the e-capacity of the University community	Increase in number of MU Scholar Profile for online presence and visibility	Increase the number of MU Scholar Profiles from 205 to 400	The number was increased to 277. The closure of the University in March 2020 affected the achievement of the set target
Pillar 7	To ensure all staff, students and University assets are safe and secure	Sensitization of staff and students on security and safety measures	Workshops/trainings to sensitize staff and students on security and safety	The University sensitized both staff and students on security and safety The University coordinated with the County Security Team to conduct security assessments at its campuses
Pillar 8	Sustain good governance for effective performance and service delivery	Reviewed University Statutes	Undertake review of the statutes and have them approved by the University Senate and Council	The Statutes were reviewed and approved during the year
Pillar 9	To encourage exploitation of potential business opportunities	Increase in MU revenue generated through business activities	Assembly of computer and IT related products	The University assembled devices used in the 2019 Census and for the Digital Literacy Programme

7. CORPORATE GOVERNANCE STATEMENT

Corporate governance comprises rules, procedures, regulations and processes through which the University is directed. The University is committed to the highest standards of corporate governance and ethics. Good corporate governance practices are therefore essential to the delivery of long term sustainability of the University.

Ownership

The University was established under the Moi University Act in 1984 as the second Public University in Kenya. The University is a body corporate established under the Moi University Charter 2013. It is headed by the Vice-Chancellor and Secretary to the University Council, who is responsible for implementation of the Council's policy decisions and day-to-day operations of the University.

Constitution, Appointment and Retirement of Members of Council

The Council consists on nine persons appointed by the Cabinet Secretary in charge of Education. The membership of the Council is as follows:

- (i) The Chairperson
- (ii) The Principal Secretary in charge of University Education
- (iii) The Principal Secretary in charge of The National Treasury
- (iv) Five persons appointed by the Cabinet Secretary through an open and competitive process
- (v) The Vice-Chancellor, who is an ex-officio member of the Council

Newly appointed members of Council are facilitated to undergo an induction process covering the business of the University by availing relevant information and also taking them through structured induction training.

The members of Council retire at the expiry of their term of appointment or when appointed to other offices that could bring a conflict of interest.

The University Charter and the Universities Act No 42 of 2012, Moi University has established the following organs of governance:-

- The Council
- The Senate
- Moi University Management Board

The University has continued to implement effective corporate governance by ensuring timely and relevant disclosures as provided in the Public Finance Management (PFM) Act 2012, ensuring strong audit procedures and audit independence, having clearly defined Council and Management duties and responsibilities and ensuring compliance with relevant laws and ensuring the highest levels of integrity at all levels in the University.

Council Charter

The Charter of the Council is crucial to the University's governance and defines the Council's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. The Charter provides guidance on the following:

- The separation of the roles, functions, responsibilities and powers of the Council and its individual members
- Nomination, appointment, induction, on-going training and performance evaluation of the Council and its committees

- Policies and practices of Council on corporate governance matters, Council members' declarations and conflict of interest, conduct of Council and Council committee meetings
- Powers delegated to Council committees as well as matters reserved for final decision making and approval by the Council

Council Size, Composition and Appointments

The constitution of Council is stipulated in the University Charter and the Universities Act No. 12 of 2012. The University Council is headed by the Chairman and is composed of Nine [9] members inclusive of the Vice-Chancellor who is the only executive member. The constitution of the Council takes into consideration requirements of the education sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the operations of the University.

Roles and Responsibilities of the Council

The roles and functions of the board are clearly defined and include giving the overall oversight of Management and giving the strategic direction of the University. The Council defines the University's strategies, objectives, values and ensures that procedures and practices are put in place to ensure effective control over strategic, financial, operational and compliance issues. The Council develops short and long term goals of the University, develops strategies to achieve those goals and monitors the performance of the University against the set goals. The Council also spearheads the preparation of financial statements and reports of the University, approves and reviews annual budgets and ensures that the University has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

While the Council sets the direction and general guidance on policy, the day to day running of the University has been delegated to the Vice Chancellor. However, the Council is responsible for the stewardship of the University and assumes responsibility for the effective control of the University.

The Council has unrestricted access to timely and relevant information as well as advice and services of the Corporation Secretary to discharge its duties effectively. The operates in compliance with the Mwongozo code of conduct that offers corporate governance framework for all state corporations and the Council members of Council have duly undergone training under this code.

Council Meetings

The Council prepares an annual almanac showing the schedule of their meetings planned for each year. During the year, the University Council held regular quarterly meetings, while special meetings were called when necessary.

Council Committees

The Council Members are appointed to various Council Committees, and hence, bring their diverse experiences in deliberations during Council meetings. The Council Committees have well defined terms of reference that are intended to facilitate efficient decision making by the Council in discharging its duties and responsibilities. The Council Committees and their functions are as indicated below.

The University has an Audit, Risk and Compliance Committee as required by law. The Council in appointing the members of this committee has ensured that at least one member of the committee has relevant qualifications and expertise in audit, financial management, or accounting with experience in

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public service and knowledge in risk management and is a member of a professional body in good standing.

Audit, Risk and Compliance Committee	Academic, Research, Extension and Students' Affairs Committee
Functions	Functions
To assist the Vice Chancellor in enhancing internal controls in order to improve efficiency, transparency and accountability.	To provide guidelines on University wide research activities
To review audit issues raised by both internal and external auditors.	To research set priorities and targets for research activities in the University
To resolve unsettled and unimplemented Public Investment Committee's (P.I.C) recommendations	To receive, consider and recommend to Council award of honorary degrees
To enhance communication between management, internal and external audit and to foster an effective audit function	To provide guidelines on University wide training

Finance, Administration and Strategy Committee	Human Resource and Governance Committee
Functions	Functions
To explore ways of raising funds for the University both internally and externally	To recommend to Council the appointment of suitable candidate(s) after considering all the requirements for the post or in case of there being no suitable candidates to recommend re-advertisement of the position.
To develop appropriate and conducive policies to guide and promote resource mobilization and income generation activities in the University.	To recommend to Council improvements in the job grading classifications as the Committee may consider appropriate.
To monitor and evaluate income generation and resource mobilization activities in the University.	To review and make recommendations to Council on Terms and Conditions of Service as and when necessary or when directed to do so by Council from time to time.
To develop policies on utilization of resources (Income Generation) for the development of the core business of the University.	To examine and make recommendations to Council on salaries, terms and conditions of service for all University employees.

Council Boards

Council Appeals Board

The mandate of this board is to consider appeals from members of staff and make recommendations to Council

Conflict of interest

Council Members are obligated to disclose to the Council any real or potential conflict of interest which comes to the Council Member's attention, whether direct or indirect. The Council has a conflict of interest register and at every meeting, members are required to declare any conflict of interest with regard to the matters under discussion.

Ethics and code of conduct

The Council members and employees of the University are expected to act with honesty, integrity and fairness in all their dealings with one another and with all stakeholders and to respect the diverse cultures of all people. The University has a code of conduct that binds every council member and employee.

Procurement policies

The University has in place procurement policies in line with the Public Procurement and Asset Disposal Act, 2015 that promote fair and transparent procurement processes.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The University's operational and financial performance

Impact of Global Outbreak of Corona Virus (COVID-19) Pandemic on University Operations

The global outbreak of the Coronavirus pandemic had a significant impact on University operations from March, 2020, following the Presidential Executive Order directing all learning institutions to close and send the students and staff home.

In the financial year 2020/2021, the University had remained closed from the third quarter and only minimal operational activities took place up to the end of the financial year. The internally generated revenue collection from tuition and related charges as well as from other income generating units significantly dropped as there were no academic activities after the date of the closure. There was a shorter closure in this financial year, which also had a negative effect on the University's operations.

The University instituted blended teaching and learning from the second quarter of FY 2020/2021 to allow students to learn remotely pending the resumption of face-to-face learning.

The University's calendar has been significantly affected because of the long period of closure. These changes have had a negative impact on the cash inflow to the University, reducing the ability to meet its obligations as and when they are due. This has led to an increase in outstanding obligations as at year-end. The University has had consultations with the parent ministry on financial assistance to ameliorate the negative consequences of Covid-19 on the financial and operational performance of the University.

The Covid-19 intervention and mitigation measures that have been put in place by the Government require that fewer cohorts of students will be in session in line with the requirement for proper social distancing in the University. We, therefore, expect to realise lower than anticipated revenue in the next financial year arising from the closure, while the University will have to incur additional expenditures to deal with and mitigate the effects of the COVID-19 pandemic.

Implementation of 2017-2021 Collective Bargaining Agreement

During the quarter, the University paid staff the negotiated salary arrears for the period July 2020 to February 2021 as per the Collective Bargaining Agreement (CBA) 2017-2021 using the horizontal approach. The final court ruling had determined that the CBA should be implemented on the vertical and horizontal approach. Applying this method required further funding from The National Treasury & Planning which has not been allocated to the University in the current year's budget. In addition the

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Government had indicated that it will appeal against the court ruling.

The University is in consultation with the Government for funding and guidance to ensure continued implementation of the CBA in FY 2021-2022.

In addition, the University paid Doctors/Lecturers Risk Allowances with effect from March 2021.

The University is in consultation with the Government for funding and guidance to ensure continued implementation of the CBA in FY 2021-2022.

Academic matters

The University held its 40th Graduation ceremony on 10th December 2020 where a total of 5,213 students graduated in the following Schools:

School	PhD	Clinical Fellowship	Masters	PGDs	Bachelors	Diploma	Total
Agriculture and Natural Resources	-	-	6	-	-	-	6
Arts and Social Sciences	10	-	14	-	1,421	53	1,498
Business & Economics	7	-	49	-	474	65	595
Dentistry	-	-	-	-	21	-	21
Education	7	-	14	2	1,832	96	1,951
Engineering	-	-	6	-	-	-	6
Information Sciences	9	-	16	-	302	6	333
Law	-	-	-	-	27	-	27
Medicine	4	2	42	-	129	-	177
Nursing	-	-	3	-	33	-	36
Public Health	-	-	22	-	-	-	22
Science and Aerospace Studies	4	-	3	-	294	-	301
Tourism, Hospitality & Events Management	-	-	1	-	45	55	101
Bomet University College	-	-	-	-	136	3	139
Total	41	2	176	2	4,714	278	5,213



Financial Performance

The University received recurrent capitation of Kes 3,388,187,000 during the year compared to Kes 4,241,751,370 made up of normal capitation (Kes 3,224,704,568), Doctors and Lecturers' Medical and Risk allowances arrears (Kes 306,194,400) and 2017-2020 CBA arrears (Kes 610,852,402) in the financial year 2019/2020.

The University's internally generated revenue significantly dropped as a result of the negative effects of the Covid-19 pandemic and decrease in the number of privately sponsored students joining the University. The decline in A-I_A is anticipated to continue until such time that the pandemic shall have stabilized to allow students to resume studies and the University to regain normalcy.

The recurrent capitation received by the University has decreased in real terms as a result of implementation of the Differentiated Unit Cost (DUC) funding model. The University has made representations to the Ministry of Education for a review of this funding model to enable the University operate optimally.

Financial Year	*Income (Kes'000)	Expenditure (Kes'000)
2020/2021	4,905,543	5,880,071
2019/2020	7,719,037	8,543,619
2018/2019	6,184,006	6,511,005
2017/2018	6,752,775	7,484,587
2016/2017	6,167,842	6,599,435

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*The breakdown of the incomes for the four years is shown below:

	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18
Recurrent Capitation	3,417,761	3,224,704	3,449,415	3,153,993
CBA arrears	-	917,047	-	1,042,916
A-I-A	1,487,782	3,477,286	2,734,591	2,555,866
Total Income	4,905,543	7,719,037	6,184,006	6,752,842

The University's net revenue during the year was Kes 4,905,503,000 against an expenditure of Kes 5,615,655, 000, thus, having a deficit of Kes 710,110,000. The reduction in the income from the privately sponsored students' programme and the reduction in the number of students qualifying to join Universities has led to deficits in the University's financial operations.

Key projects and investment decisions the entity is planning/implementing

Implementation Of Key Infrastructural Projects

The University is currently implementing the following key infrastructure projects that were approved in the Capital Development Budget for FY 2019/2020. The projects are expected to improve the learning atmosphere in the University and, therefore, improve the quality of teaching. The projects include:

- a) Construction of Library at Annex Campus
- b) Schools of Public Health, Dentistry and Nursing Building
- c) Completion of 2250 Students Hostel, Block M, Wing C. and Block N
- d) Completion of Stalled Sewerage Works
- e) Renovation of Hostels at Main Campus

Major risks facing the University

The University's activities are exposed to a number of risks that include credit risk, liquidity risk and market risks.

The credit risk emanating from trade receivables (students' fees) is managed by ensuring that students pay the requisite fees at the time of registration and signing of nominal rolls and also before sitting for their examinations. The University has procured an ERP system that will minimize risks.

Liquidity risk emanates from the University's challenges in meeting its obligations as and when there are due. The University is managing this risk by continuously reviewing its cash flow forecasts and agreeing on acceptable payment plans with creditors in order to meet the shortfall. The University is seeking financial support from the government to mitigate cash flow challenges as this has led to increased litigations and threatened executions.

The University is facing a risk from the reduction in the number of privately sponsored students admitted to the University. Decrease in the number of admissions has resulted in reduction in tuition fees, thus resulting in financial challenges. The University is dealing with this risk through vigorous marketing of PSSP programmes. There is renewed focus on admissions of post graduate students, whose numbers are not affected by the government policy on admission of new students.

In addition to the above risks, the University is also facing risks in its business continuity plan caused by changes in the operating environment and changes in policies affecting the higher education sector. These could lead to supply chain interruptions.

Material arrears in statutory/financial obligations

The University has arrears in Pension and Provident Fund contributions, SACCOs, Welfares and Bank loan deductions. The University has made Remedial arrangements to make payments towards reducing the Pension Scheme and Provident Fund outstanding arrears.

The University's financial probity and serious governance issues

There were no reported financial improbity issues by both internal and external parties. The University has put in place governance structures in place to ensure that any exposures are addressed promptly.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The University continues to focus on programmes that are of material importance to our students and various stakeholders, including the Government and industry. The University is committed to building a more sustainable future, despite the challenges and resource constraints that are currently being experienced by public universities.

In this report we indicate the strategic efforts that the University is engaging in to achieve sustainability in its operations and business model.

Sustainability strategy and profile

The year under review has been especially tough for the University following the onset of the global Covid-19 pandemic that saw the University close in March, 2020. The sustainability efforts of the University during the year were aimed at keeping the University afloat, despite the challenging operating environment. The University therefore focused on growing its revenue base, especially through the development and assembly of digital devices in its Assembly Plant in Eldoret. We are confident that these efforts will enable the University to continue delivering on its mandate.

The University has also incorporated blended teaching and learning to allow our students to learn virtually in their various remote locations. This model will allow the University to continue its academic programmes despite the restrictions currently in force due to the coronavirus pandemic. The ten year extension in 2015 of the African Growth and Opportunity Act (AGOA) has provided opportunities for our company, Rivatex E. A. Ltd., to exploit and be profitable following the modernization of the machines at the factory. Rivatex is strategically placed to be a strong textile industry player in the country and the region.

The University has instituted measures to ensure effectiveness and efficiency in service delivery and cost management strategies. We have harmonized and rationalized academic programmes, courses/units, departments, staff, facilities and other University operations.

The University has disbanded two Schools, namely, School of Human Resource Development and School of Aerospace Sciences, and merged several Departments within Schools, rationalized and re-aligned academic staff based on academic qualifications, and harmonized similar programmes. Additionally, the University is reviewing curricula to harmonize similar courses, realign course loadings, offer University-wide courses on blended on-line learning, and disband and merge Directorates with similar roles. The University has also set-up guidelines for appointment of Associate Deans and Deputy Directors, and terminated leased facilities to reduce on rental costs. To mitigate teaching space requirements, the University is developing requisite infrastructure, including laboratories to improve on quality delivery of academic programmes. The next phase is rationalization of non-teaching staff to ensure optimization of their numbers, skills and competencies.

Further, the University has set up governance structures, processes and systems to ensure effectiveness and efficiency in decision-making. In this regard, the University has revised its Statutes, and reviewed and formulated new policies. To support the governance systems put in place, the University has automated its process by procuring and implementing an Enterprise Resource Planning (ERP) System to ensure effectiveness and efficiency in service delivery, including managing student results, course management, fees collection, generation of reports and general

decision-making in the University.

To increase the resource base of the University, the University has started the Apple Farming Project, with 50 acres already planted. The acreage planted is expected to be increased beyond 100 acres in FY 2021/2022. The University has also made efforts in writing proposals for grants and projects. The University has secured a number of well-funded projects, including Africa Centre of Excellence in Phytochemicals, Textile and Energy - ACE-II, Africa Centre of Excellence in African Studies, Incubation Centre, Digital Literacy Programme (DLP) Phase I and II, HEPSSA Project, ASALI Project, among others. There are a raft of measures to improve the sustainability of Income Generating Units (IGUs) such as establishment of a Directorate of Resource Mobilization, Enterprise Development and Institutional Advancement (RMEDIA) to focus on IGUs and mobilization of resources for the University and establishment of an Advisory Committee to oversee their operations.

The University has also instituted measures to ensure the welfare of students. These include the setting up of the Office of Career Services, release of academic certificates shortly after graduation, annual release of academic transcripts to reduce incidences of missing marks, revision of the Moi University Students Organization (MUSO) Constitution and Students' Handbook, enhancing extra-curricular activities and boosting security on Campuses. For the latter, the University is working closely with the National and County security agencies. The University has tried to depoliticize student Governing Council elections to ensure the process is free and fair. Further, the University is engaging with Alumni to explore possibilities of resource mobilization as well as seeking support for needy students in terms of scholarships. An Endowment Fund Management Policy is underway for approval by Council to form a framework for structured engagement with the University's Alumni.

Environmental performance

The University embraces environmental safety in its operations and has in place policies for handling e-waste, managing other waste generated in the University and ensuring that all our operations conform to best practices to reduce any negative impacts on the environment. Rivatex E. A. Ltd., in consultation with global design houses in the Export Processing Zone, is in the process of modernizing the factory's effluent treatment plant to meet the standards required under the African Growth and Opportunity Act for textile exports to the United States market.

The company has adopted greener production processes that protect the environment and minimizes damage to the environment. The University believes that this will immensely contribute to and sustain our future success.

Employee Welfare

The University is an equal opportunity employer and is committed to hiring and retaining qualified and competent staff, who possess actual and future potential to effectively and efficiently perform their duties to achieve the University's vision, mission and strategic objectives.

The University does its recruitment competitively through an open and transparent process. Potential employees are expected to comply with the requirements of Chapter Six of the Constitution. The principles of affirmative action, gender and disabled persons and mainstreaming of National Values and Principles of Governance as espoused in Chapter Ten of the Constitution guide our hiring process.

The University measures employee performance through an appraisal/evaluation process that provides feedback, reviews progress, identifies and addresses potential for rewarding and advancement of employees.

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Market place practices

Rivatex East Africa Limited, through the Ministry of Industry, Trade and Co-operatives collaborates with other Government institutions like the Fibre Crops Directorate of the Agriculture and Food Authority (AFA), the Kenya Plant Health Inspectorate Service (KEPHIS), Kenya Agriculture and Livestock Research Organization (KALRO), farmers, ginners and spinners have signed tripartite agreements for the creation of public awareness (sensitization), sustainability and multi-sectorial rural industrialization. Through these linkages the farmers will be assured of a ready market for their produce and at competitive prices, leading to job/wealth creation and poverty alleviation.

Community Engagements

The University recognizes that for sustainable growth and profitability it must play its role in society as an ethical and compliant entity that respects communities, legal requirements and the environment. During the year, the University, through Rivatex E.A Limited, supported several projects and activities that impact positively on the lives of communities and the society at large. The company supported two students in secondary schools and donated fabrics to five children's homes.

10. REPORT OF THE UNIVERSITY COUNCIL

The Council Members submit their report together with the financial statements for the year ended June 30, 2021, which show the state of the University's affairs.

i) Principal activities

The principal activities of the University continue to be the provision University education through teaching, research and outreach.

ii) Results

The results of the entity for the year ended June 30, 2021, are set out on page 35

iii) Council Members

The members of the Council who served during the year are shown on page 7 to 10.


iv) Auditors

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

By Order of the Board

Prof. Isaac S. Kosgey, Ph.D.
Vice Chancellor/Secretary to the Board

Signature.....

Date:.....

11. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

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

The Council Members are 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, 2021. 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 Members 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), and in the manner required by the PFM Act, 2012 and the Universities Act, 2012. The Council Members are of the opinion that the University's financial statements give a true and fair view of the state of Moi University transactions during the financial year ended June 30, 2021, and of the University's financial position as at that date.

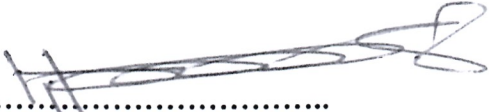
The Council Members further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.


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

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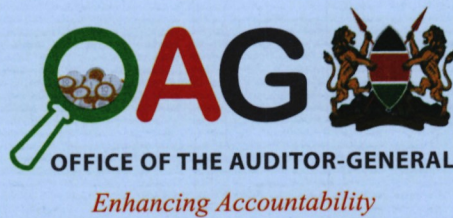
Approval of the financial statements

The University's financial statements were approved by the Board on 29/09 2021 and signed on its behalf by:

Signature: 
Dr. Dr. Humphrey Kimani Njuguna
Chairperson of the Council

Signature: 
Prof. Isaac S. Kosgey, Ph.D.
Vice Chancellor

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REPORT OF THE AUDITOR-GENERAL ON MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2021

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 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 Moi University set out on pages 35 to 83, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash

Report of the Auditor-General on Moi University for the year ended 30 June, 2021

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Moi University as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act, No.42 of 2012.

Basis for Qualified Opinion

Several balances reflected in the financial statements were not supported with sufficient and appropriate records, as explained in the following paragraphs:

1.0 Presentation of Financial Statements

1.1 Improperly Titled Financial Statements

The financial statements are titled as belonging to Moi University but include those of Rivatex East Africa Limited which is wholly owned by the University. In addition, although all the financial statements reflect balances for both entities, only the statement of financial performance is labeled 'consolidated' with the rest titled as relating to the University only. Further, no Notes have been provided to explain the method used to consolidate the financial statements of the two entities.

In view of these discrepancies, adherence of the statements to International Public Accounting Standard 36 – Consolidated Financial Statements could not be confirmed.

1.2 Misrepresented Sales Balance

The statement of financial performance denotes negative sales (loss) totalling Kshs.380,932,000 reportedly made by Rivatex East Africa Company Limited in the year under review. However, examination of the financial statements of the Company indicated that the balance denoted gross loss resulting from the Company's revenue totalling Kshs.301,893,478 and cost of sales totalling Kshs.682,825,692.

In the circumstance, the balance totalling Kshs.380,932,000 reflected in the statement of financial performance as sales of the Company in the year under review is incorrect.

2.0 Unconfirmed Balances

2.1 Use of Goods and Services

The statement of financial performance reflects use of goods and services expenditure totalling Kshs.590,320,000 comprised of numerous accounts as indicated in Note 10 to the financial statements. However, the balances computed from expenditure schedules provided in respect to the accounts differed with those in the financial statements, as indicated in the following table:

Description	Amount in Note 10 to Financial Statements (Kshs.)	Amount in Supporting Schedule (Kshs.)	Variance (Kshs.)
Stationery	9,588,000	27,110,500	(17,522,500)
DLP -MU Technologies Expenses	131,441,000	131,233,439.00	207,561
Elimu Expenses	2,544,000	2,424,926	119,074
Farm Expenses	10,500,000	7,431,096.50	3,068,903.50

No explanation or reconciliations were provided for the variances and as a result, the accuracy and validity of the use of goods and services balance totalling Kshs.590,320,000 could not be confirmed.

2.2 Employee Costs

The statement of financial performance reflects employee costs totalling Kshs.4,530,838,000, as further disclosed in Note 11 to the financial statements. However, the analysis provided for the balance reflected adjustments totalling 264,416,000 which were not adequately explained. In addition, the analysis reflected costs totalling Kshs.4,795,254,427 against Kshs.4,530,838,000 reflected in the financial statements in respect to the accounts resulting in an unexplained variance of Kshs.264,416,427.

In the circumstance, the accuracy, completeness and validity of employee costs totalling Kshs.4,530,838,000 could not be confirmed.

2.3 Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance totalling Kshs.1,007,104,000 held in sixty-five (65) bank accounts and two (2) pay point accounts. However, cash books and bank reconciliation statements in respect of three (3) bank accounts were not provided for audit review.

In the circumstance, the accuracy and completeness of cash and cash equivalents balance totalling Kshs.1,007,104,000 as at 30 June, 2021 could not be confirmed.

2.4 Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions totalling Kshs.1,250,658,000, as further disclosed in Note 18 to the financial statements. The balance includes trade and other receivables totalling Kshs.193,458,000. However, the supporting schedules reflected trade receivables totalling Kshs.194,258,000 resulting to an unexplained variance of Kshs.800,000.

In view of the anomaly, the accuracy and completeness of the receivables from exchange transactions totalling Kshs.1,250,658,000 could not be confirmed.

2.5 Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions totalling Kshs.5,402,789,000 as disclosed in Note 25 to the financial statements.

However, the following anomalies were noted in relation to the balance:

2.5.1 Variances in Payables Balances

The Enterprise Resource Planning (ERP) software suite reflected debts totalling, Kshs.561,777,000 as owed to ninety-five (95) vendors against Kshs.973,507,000 reflected in the supporting schedules provided for audit. No explanation or reconciliation was provided for the difference totalling Kshs.411,730,000 between the two sets of records.

2.5.2 Unremitted Payroll Deductions

Personnel records reflected unremitted payroll deductions totalling Kshs.4,052,296,803 owed to various institutions as at 30 June, 2021, as summarized below:

Description Unremitted Deductions		Amount (Kshs.)
1.	Higher Education Loans Board Loan Repayments	3,629,176
2.	Pension Arrears	3,299,130,521
3.	Staff SACCO Deductions	47,867,241
4.	Bank Loans Deductions	639,805,171
5.	Insurance Deductions	25,807,605
6.	Union Dues	36,057,089
7.	Welfare Deductions	137,921,733
Total		4,052,296,803

Management breached the regulations governing the deductions and in addition, interest and penalties may be payable on the outstanding amounts. As a result, the accuracy of the outstanding deductions balance totalling Kshs.4,052,296,803 could not be confirmed.

In view of these anomalies, the accuracy and completeness of the trade and other payables from exchange transactions balance totalling Kshs.5,421,275,000 could not be confirmed.

2.6 Government of Kenya Loan

The statement of financial position reflects Government of Kenya (GOK) loan totalling Kshs.231,250,000 as at 30 June, 2021, as further disclosed in Note 27 to the financial statements. Records on the loan indicated that the University received a loan of Kshs.250,000,000 from the Government on 11 June, 2008 to establish a new Campus at Karatina Town. The loan agreement dated 24 April, 2008, required Moi University to repay the loan in ten (10) years effective from July, 2010 at an annual interest rate of 2.5% on reducing balance method.

The University used the proceeds of the loan to buy Kagochi Training Institute from Kenya Tea Development Agency (KTDA) and establish Moi University Karatina Campus. The

Campus was later gazetted as an independent college, Karatina University College, vide Legal Notice No.163 of 1 October, 2010 and thereafter issued with a charter and renamed Karatina University.

The order establishing the College provided that all rights, liabilities and assets held by all persons on behalf of the College were to be fully transferred to the College.

Records provided for audit indicated that Moi University has sought the Government's consent to assign the loan to Karatina University. The records further indicated that The National Treasury in September, 2021 wrote to Moi University seeking confirmation of the outstanding loan balance as at 30 June, 2021. The University in its response indicated that the principal outstanding loan balance was Kshs.231,250,000 as at 30 June, 2021 shared between Moi University (Kshs.37,120,028) and Karatina University College (Kshs.194,129,972).

Management indicated that The National Treasury had approved reassignment of the loan between Moi University and Karatina University and a subsidiary loan agreement had been signed pursuant to which Moi University would repay the restructured loan in biannual instalments for ten years starting 15th December, 2022. However, records to confirm this assertion were not provided for audit and as a result, the actual amount outstanding on the loan as at 30 June, 2021 could not be confirmed.

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

Emphasis of Matter

Uncertainty on Sustainability of Services

The statement of financial position reflects current liabilities totalling Kshs.5,409,749,000 and current assets totalling Kshs.3,619,110,000 as at 30 June, 2021 resulting in a negative working capital of Kshs.1,790,639,000. Further, the University incurred an operating deficit totalling Kshs.219,180,000 in the year under review which increased its deficits balance to Kshs.1,536,564,000 as at 30 June, 2021.

The unfavorable performance and financial position has cast significant doubt on the University's ability to meet its financial obligations as they fall due. The University may, therefore, have to largely depend on financial support from the National Government and the goodwill of creditors to sustain its services.

My opinion on this matter is not qualified.

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totalling Kshs.7,237,462,000 and Kshs.5,323,913,000 respectively resulting to a shortfall of revenue totalling Kshs.1,913,549,000 or 26% of the budget. Similarly, the University expended Kshs.6,109,379,000 against an approved budget of Kshs.7,237,462,000 resulting to under-expenditure of Kshs.1,128,083,000 or 16% of the budget.

The shortfall of revenue and under-expenditure implied that some of the activities Management had planned to implement in the year under review were not done or completed.

2.0 Prior Year Issues

The audit report for the financial year ended 30 June, 2020 raised several issues related to the balances reflected in the financial statements, lawfulness and effectiveness in use of public resources, and effectiveness of internal control risk management and governance. In the report on follow-up of Auditor's recommendations attached to the financial statements for the year under review, Management has indicated that some of the issues had been resolved as at 30 June, 2021. The status of the issues will be confirmed after they are discussed by Parliament.

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

1.0 Irregularities in Personnel Management

1.1 Extended Stay of Casual Employees

Examination of records on employee costs indicated that wages totalling Kshs.125,516,663 were incurred in the year under review. The manual payroll indicated that 727 casual workers were engaged continually for more than three (3) months contrary to Section 371(b) of Employment Act, 2007. The law provides that where a casual employee works for a number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service for the casual employee shall be deemed to be one where wages are paid monthly. In the circumstance, Management retained the casual employees in breach of the law.

In addition, the criteria applied to determine the nature and number of vacancies and the skills and competencies required of the appointees, were not provided for audit review. As a result, economy and fairness and equity in the appointments and the suitability of the casuals to the jobs assigned to them, could not be confirmed.

1.2 Extended Acting Appointments

Audit review of the payroll indicated that contrary to Section 34 of the Public Service Commission Act, 2017 twenty-four (24) employees were as at 30 June, 2021 holding acting appointments for various periods exceeding six (6) months. The provisions prohibit Government officers from serving in acting appointments for more than six (6) months.

In the circumstance, the extended appointments were irregular.

1.3 Lack of Ethnic Diversity in Staffing

Review of the payroll indicated that the University had a staff establishment of 2,661 employees, out of whom 1,622 or approximately 61% were drawn from one community contrary to Section 7 (1) and Section 7(2) of the National Cohesion and Integration Act, 2008. The law provides that all public entities establishment shall seek to represent the diversity of the people of Kenya in the employment of staff and that no such entity shall have more than one third of its staff from the same ethnic community.

In the circumstance, the University was in breach of the law on promotion of ethnic diversity in employment.

1.4 Failure to Observe Law on Salary Deductions

Examination of the payroll indicated that contrary to Section 19 (3) of the Employment Act, 2007, net salaries for ninety (90) employees for the months of August, September, October and December, 2020 were less than one-third of their respective basic salaries. The provision prohibits employers from making deductions that exceed two-thirds of an employee's monthly wages.

In the circumstance, Management breached the law and may have exposed the employees to the risk of economic embarrassment.

2.0 Irregularities in Procurement of Goods and Services

2.1 Tender for Supply and Delivery of Furniture, Plant and Equipment

Examination of procurement records indicated that a tender for purchase of laboratory equipment was awarded to three firms at an aggregate cost of Kshs.8,425,433. However, the following anomalies were noted in relation to the tender:

- (i) Bids submitted by two of the tender winners for supply of laboratory equipment did not contain mandatory records on ownership of the firms. However, contrary to Section 79 (1) of the Public Procurement Assets and Disposal Act, 2015, the unresponsive tenders were not eliminated at the preliminary evaluation stage. The law provides that a bid should only be considered to be responsive if it conforms to all the eligibility and other mandatory requirements set for the tender .

- (ii) The firm awarded the tender for supply of furniture did not submit a declarations on upholding the integrity of the procurement process but were, contrary to the provisions of Section 79 (1) of the Public Procurement Assets and Disposal Act 2015, not eliminated from the bid. The law provides that to be considered as responsive, a bidder must conform to all requirements in the tender documents.

In the circumstance, Management acted in breach of procurement laws and value for money on the public funds spent on the contracts could not be confirmed.

2.2 Tender for Procurement and Installation of Enterprise Resource Planning System

The procurement records further indicated that a tender for provision of Enterprise Resource Planning (ERP) software solution was awarded to a software vendor at a contract sum of Kshs.26,591,959 in the 2019/20 financial year. In the year under review, the firm invoiced the University for supplies totalling Kshs.6,648,000 and received payments totalling Kshs.13,295,980.

However, the following anomalies were noted in regard to the award and execution of the contract:

- (i) Bidders were required to submit certified audited financial statements for three (3) consecutive years up to 2017. Bid documents indicated that the award winning firm was incorporated on 24 June, 2016 and therefore could not have submitted audited financial statements for 2017. However, contrary to the requirements of Section 79 (1) of the Public Procurement Assets and Disposal Act 2015, its bid was not disqualified. Two other bidders that did not submit their audited 2017 financial statements were disqualified.
- (ii) The contract agreement did not specify the contract period which, omission may have contributed in slowing down its implementation.
- (iii) The performance bond submitted by the tender winner expired on 11th April, 2019. There was no evidence that it was renewed and as a result, the payments totalling Kshs.13,295,980 were, contrary to Section 142 (1) of the Public Procurement and Asset Disposal Act, 2015, made after expiry of the performance bond. Therefore, the risk of loss to the University in the event the supplier failed to adhere to the requirements of the tender was high.
- (iv) Review of payments made after 30 June, 2021 indicated that the firm was paid Kshs.5,309,195 between July and December, 2021. Of this amount, the University paid Kshs.2,650,00 against Invoice No.SIV0176. However the invoice (No.SIV0176) had previously paid Kshs.2,612,543 on 27 October, 2020. Management did not provide any explanation for the anomaly.
- (v) Audit review of the installation of the ERP indicated that several modules including time tabling, administration and the human resource module for payroll processing, recruitment, promotions, salary increments, contract appointments, study leave, training, industrial attachment, document handling and quality management had not been implemented as at 30 June, 2021.

In the circumstances, Management may have acted in breach of procurement laws and the University may not obtain value for money on Kshs.26,591,959 expenditure expected to be incurred on the project.

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 governance were not effective.

Basis for Conclusion

1.0 Delayed Reconciliation of Cash Balances

Review of cash records indicated that there were unrepresented cheques totalling Kshs.2,206,265 that had, contrary to Paragraph 8.2.2 of the University's Financial Regulations and Procedures Manual (First Edition), 2019, been outstanding for more than three months as at 30 June, 2021. The provision requires all outstanding reconciling items to be identified and resolved within three months of their occurrence.

In the circumstance, Management did not adhere to the University's financial regulations.

2.0 Unintegrated Accounting and Banking Systems

During the year under review, tuition fees and related revenues were collected through; five accounts operated in local banks. However, only three of the five banks had their deposits information systems linked to the University's ERP system. For the two that were not linked, posting of fees deposits to the respective payee students' accounts was done manually

In the circumstance, the University lacked timely data and information on revenue receipts and outstanding fee balances related to the two bank accounts. As a result, flow of relevant management information for decision-making was not efficient and further, the risk of accumulation of tuition fee arrears was high.

3.0 Weak Human Resource Information System Controls

Audit review of the rights and roles in use of the human resource management electronic system indicated that four (4) users had excessive privileges and/or conflicting roles. They

were allowed to create, edit and delete records on the system. Further, audit logs indicated instances in which the System Administrator made changes to exam results tables. Authority to make such changes is assigned to the respective Chair of Department or Dean of School.

In view of these control weaknesses, the risk of irregular use of the system was high.

4.0 Failure to Review Use of Information Technology Systems

Review of both human resource and financial electronic systems used by the University indicated that there were no formal, regular reviews of activity reports on the systems.

In the absence of the reviews, irregular use of the systems may go undetected and result financial losses and other kinds of breaches.

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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the ability of the University to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the University or to cease operations.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal 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 University's 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 the Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 October, 2022

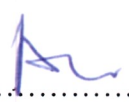


MOI UNIVERSITY
Annual Reports and Financial Statements
For the year ended June 30, 2021

13. CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Moi Univ Kes'000	Rivatex E.A. Ltd Kes'000	Consolidated 2020-2021 Kes'000	Consolidated 2019-2020 Kes'000
Revenue from non-exchange transactions					
Grants from National Government	6	3,388,187	29,574	3,417,761	4,241,751
Total Revenue from non-exchange transactions		3,388,187	29,574	3,417,761	4,241,751
Revenue from exchange transactions					
Rendering of Services	7	1,701,378	-	1,701,378	1,995,308
Sale of Goods	8	163,123	(380,932)	(217,809)	1,471,667
Rental Revenue from Facilities and Equipment	9	4,213	-	4,213	10,281
Total Revenue from exchange transactions		1,868,714	(380,932)	1,487,782	3,477,256
Total revenue		5,256,901	(351,358)	4,905,543	7,719,007
Expenses					
Use of Goods and Services	10	590,320	42,322	632,642	2,385,962
Employees Costs	11	4,530,838	69,009	4,599,847	5,771,084
Remuneration to Council	12	15,814	5,122	20,936	27,687
Depreciation and Amortization	13	83,503	9,350	92,853	66,758
Repairs and Maintenance	14	154,008	12,484	166,493	265,417
Contracted Services	15	101,597	1,287	102,884	26,711
Total expenses		5,476,081	139,574	5,615,655	8,543,619
Other gains/(losses)					
Gain on foreign exchange transactions	16	-	2	2	6
Deficit for the year		(219,180)	(490,930)	(710,110)	(824,606)

The notes set out on pages 35 to 89 form an integral part of these Financial Statements.


The Financial Statements set out on pages 35 to 89 were signed on behalf of the Council by:

		
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Vice Chancellor Prof. Isaac S. Kosgey Date: 22/08/2022	Head of Finance CPA George K. Aduda ICPAK M/No: 6788 Date:	Chairman of Council Dr. Dr. Humphrey K. Njuguna Date:


MOI UNIVERSITY
Annual Reports and Financial Statements
For the year ended June 30, 2021

14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

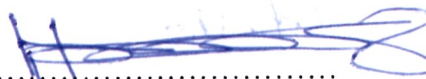
	Notes	2020-2021 Moi Univ	2020-2021 Rivatex E.A Ltd	2020-2021 Consolidated	2019-2020 Consolidated
		Kes '000	Kes '000	Kes'000	Kes'000
Assets					
Current assets	Notes				
Cash and cash equivalents	17	1,007,104	10,105	1,017,209	1,308,824
Receivables from exchange transactions	18	1,250,658	71,016	1,310,976	1,388,753
Receivables from non-exchange transactions	19	1,335,689	-	1,335,689	1,553,476
Inventories	20	24,745	617,909	642,654	947,761
Biological assets	21	914	-	914	1,911
		3,619,110	699,030	4,307,442	5,200,725
Non-current assets					
Property, plant and equipment	22	5,116,840	6,369,400	11,486,239	11,205,824
Investment	23	1,000	-	-	-
Intangible assets	24	15,955	-	15,955	9,307
Biological assets	21	16,300	-	16,300	7,534
		5,151,008	6,369,400	11,519,407	11,222,665
Total assets		8,770,204	7,049,086	15,825,935	16,423,390
Liabilities					
Current liabilities					
Trade and other payables from exchange transactions	25	5,402,789	147,232	5,553,558	5,666,543
Other liabilities and provisions	26	6,960	290	7,250	10,690
Bank account	17	-	19,343	19,343	-
		5,409,749	166,865	5,580,151	5,677,233
Non-current liabilities					
GoK loan	27	231,250	-	231,250	231,250
		231,250	-	231,250	231,250
Total liabilities		5,640,999	166,865	5,811,401	5,908,483
Net assets		3,128,205	6,901,565	10,014,536	10,514,907
Capital Reserves		4,664,769	9,128,452	13,860,198	13,650,459
Share Capital			1,000	-	
Revaluation Reserve		-	73,653	73,653	73,653
Revenue Reserve		(1,536,564)	(2,301,540)	(3,919,315)	(3,209,205)
Total net assets and liabilities		3,128,205	6,901,565	10,014,536	10,514,907



 Vice Chancellor
 Prof. Isaac S. Kosgey
 Date: 22/08/2022



 Head of Finance
 CPA George K. Aduda
 ICPAK M/No: 6788
 Date:



 Chairman of Council
 Dr. Dr. Humphrey K. Njuguna
 Date:

**15 CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	Capital reserve Kes'000	Revaluation reserve Kes'000	Retained earnings Kes'000	Total Kes'000
As at July 1, 2019		12,017,446	73,653	(2,384,599)	9,706,530
Deficit for the year		-	-	(824,606)	(824,606)
Capital/Development grants received during the year		1,131,215	-	-	1,131,215
Machines acquired by Rivatex through Exim Bank		602,611	-	-	602,611
Restatement of Rivatex reserves		(100,843)	-	-	(100,843)
As at June 30, 2020		13,650,429	73,653	(3,209,205)	10,514,907
As at July 1, 2020		13,650,429	73,653	(3,209,205)	10,514,907
Capital/Development grants received during the year		209,769	-	-	209,769
Deficit for the year		-	-	(710,110)	(710,110)
As at June 30, 2021		13,860,198	73,653	(3,919,315)	10,014,536

MOI UNIVERSITY

**Annual Reports and Financial Statements
For the year ended June 30, 2021**

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2020-2021	2019-2020
		Moi Univ	Consolidated	Consolidated
		Kes'000	Kes'000	Kes'000
Cash flows from operating activities				
Transfers from other governments entities	6	3,388,187	3,417,761	4,241,751
Rendering of services	7	1,701,378	1,701,378	1,995,308
Sale of goods	8	163,123	(217,809)	1,471,667
Rental revenue from facilities and equipment	9	4,213	4,213	10,281
Finance income		-	2	
Total Receipts		5,256,901	4,905,545	7,719,037
Payments				
Use of Goods and Services	10	590,320	632,642	2,385,962
Employees Costs	11	4,530,838	4,599,847	5,771,084
Remuneration of the Council	12	15,814	20,936	27,687
Depreciation and Amortization Expenses	13	83,503	92,853	66,758
Repairs and Maintenance	14	154,008	166,493	265,417
Contracted Services	15	101,597	102,884	26,711
Total Payments		5,476,081	5,615,655	8,543,619
Net cash flows from/(used in) operating activities		(219,180)	(710,110)	(824,606)
Adjustments for:-				
Depreciation	22	83,503	92,853	185,813
Provision for audit fees		3,730	4,020	4,020
(Decrease)/increase in provision for d. debts		420	4,374	99,383
Operating deficit before working capital changes		(131,537)	(608,863)	(535,390)
Changes in working capital				
Decrease in inventories		109	305,107	199,040
(Increase)/decrease in biological assets		(7,769)	(7,769)	102,310
Increase in trade and other payables		36,367	(3,344)	1,775,378
Provision for audit fees		(3,730)	(4,020)	(4,020)
Increase in doubtful debts provision		(420)	(4,347)	(99,383)
Increase in trade and other receivables		51,098	77,285	(1,012,513)
Decrease in deferred income		-	-	(268,009)
Total Changes in Working Capital		(26,541)	362,913	692,803
Cash flows from investing activities				
Purchase of property, plant, equipment and intangible assets	22	(135,591)	(255,433)	(1,487,470)
Net cash flows from investing activities		(135,591)	(255,433)	(1,487,470)
Net cash flows from financing activities				
Capital development grants from GoK	6	63,416	209,769	1,131,215
Capital assets from Exim Bank		-	-	602,611
Restatement of Rivatex capital grants		-	-	(100,843)
Net cash flows from financing activities		63,416	209,769	1,632,983

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Net (decrease)/increase in cash and cash equivalents		(230,243)	(291,614)	302,926
Cash and cash equivalents at 1 July	17	1,237,347	1,308,824	1,005,898
Cash and cash equivalents at 30 June	17	1,007,104	997,866	1,308,824

The Financial Statements set out on pages 35 to 89 were signed on behalf of the Council by:



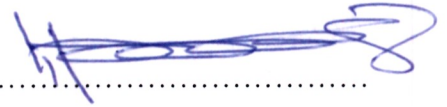
for Vice Chancellor
 Prof. Isaac S. Kosgey

Date: 22/08/2022



Head of Finance
 CPA George K. Aduda
 ICPAK M/No: 6788

Date:



Chairman of Council
 Dr. Dr. Humphrey K. Njuguna

Date:

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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2020-2021	2020-2021	2020-2021	2020-2021	2021-2021	
	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000	
Revenue						
Exchequer grants	3,239,116	-	3,239,116	3,289,116	50,000	102
Tuition and related charges	2,487,319	-	2,487,319	1,250,955	(1,236,364)	50 (i)
Students accommodation and catering fees	83,126	-	83,126	30,888	(52,238)	37
Students field trips/courses	163,717	-	163,717	61,861	(101,856)	38
Students activities	56,009	-	56,009	19,414	(36,595)	35
Research Funds	120,937	-	120,937	380,523	259,586	315 (ii)
Farm income	18,775	-	18,775	3,696	(15,079)	16
Rental income	3,609	-	3,609	4,213	604	117
MU Technologies income	919,470	-	919,470	127,077	(792,393)	14
Elimu Millers income	27,150	-	27,150	1,462	(25,688)	5
Other income	118,234	-	118,234	154,707	36,473	130
Total income	7,237,462	-	7,237,462	5,323,913	(1,913,549)	74
Expenses						
Personal emoluments						
Basic salaries	3,477,000	-	3,477,000	2,734,505	742,495	77
Gratuity and pensions contributions	386,718	-	386,718	351,846	34,872	91
House allowance	1,078,941	-	1,078,941	1,029,965	48,946	95
Other personal allowances	318,019	-	318,019	335,658	(17,639)	104
Commuting allowance	355,627	-	355,627	343,280	12,348	97
Passage and leave allowance	27,698	-	27,698	14,860	12,838	54
Sub-total	5,644,003	-	5,644,003	4,811,158	832,845	88(iii)
Operations and maintenance expenses						
Medical expenses	135,786	-	135,786	84,507	51,279	62
Transport operating expenses	5,734	200	5,934	3,403	2,531	57
Travelling and accommodation expenses	10,095	500	10,595	9,940	655	94
External travel and accommodation expenses	2,209	-	3,210	1,831	1,379	57
External examiners	11,147	-	11,147	7,161	3,896	68

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	423	463	(40)	109
Postal expenses	423	463	(40)	109
Telephone expenses	80	80	80	-
Internet expenses	38,047	38,047	15,476	59
Official entertainment	309	309	259	16
Deans committee and senate expenses	2,208	2,208	2,096	5
Conferences and seminars	3,003	3,003	2,576	14
Council expenses	28,803	28,303	12,489	56
Staff welfare support and funeral expenses	1,583	1,583	408	74
Graduation expenses	19,509	19,509	13,708	30
Open and cultural day expenses	200	200	200	-
Electricity, water and conservancy expenses	101,287	101,287	24,054	76
Teaching materials	56,709	56,709	56,073	-
Publishing and printing expenses	1,384	1,384	1,384	-
Purchase of uniforms and clothing	1,699	1,699	1,406	17
Library expenses	24,235	24,235	24,081	1
Purchase of stationery	18,792	18,792	9,204	51
Advertising and publicity	14,967	14,967	14,060	6
Audit fees and expenses	13,977	13,977	9,603	31
Payment of rent and rates	123,087	123,087	60,126	51
Computer expenses	4,117	4,117	4,069	1
Insurance expenses	49,119	49,119	(32,121)	141
Legal expenses	17,461	17,461	(2,895)	116
Cleaning materials and detergents	4,089	6,089	4,724	22
Farm expenses	13,142	13,142	(4,572)	135
Training expenses	4,633	4,633	4,208	9
Post graduate programme	770	770	770	-
University research programme	3,525	3,525	3,061	13
Purchase of motor vehicles	45,000	29,450	13,395	55
Purchase of plant and equipment	20,230	51,219	9,130	82
Purchase of medical equipment	1,388	1,388	1,388	-
Maintenance of buildings	20,509	20,509	11,585	44
Maintenance of computers	209	209	(266)	227

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Maintenance of catering and hostels facilities	18,314		18,314	3,661	14,653	20
Maintenance of water supplies	4,678		4,678	686	3,992	15
Maintenance of playgrounds	1,049		1,049	223	826	21
ICT infrastructure	3,000		3,000	2,613	387	96
ERP expenses	6,700		6,700	91	6,609	1
IODL expenses	6,120		6,120	-	6,120	-
Infrastructure development	148,000	(58,139)	89,861	77,522	70,478	52
Payment of outstanding debts	77,556		77,556	210,884	(133,328)	272
Programme accreditation costs	15,240		15,240	-	15,240	-
Contract services and subscriptions	19,276		19,276	7,911	11,365	43
PSSP disbursements and costs	60,336		60,336	106,634	(46,298)	177
Research funds disbursements	120,937		120,937	173,267	(52,330)	114
Students field trips/courses	133,717		133,717	16,025	117,692	12
MU Technologies expenses	33,840		33,840	131,441	(97,601)	388
Covid-19 intervention and mitigation costs	18,000		18,000	383	17,617	2
Students activities	52,737		52,737	11,530	41,207	22
Apple Farming Project	-	40,000	40,000	30,815	9,185	77
Contingent expenses	3,957		3,957	1,726	2,231	44
Satellite campuses expenses	1,986		1,986	2,308	(322)	116
ISO and ISO related expenses	7,900		7,900	7,401	499	94
Strategic plan implementation & monitoring	5,405		5,405	3,905	1,500	72
Performance contracting expenses	9,274		9,274	3,645	5,629	40
Revaluation of fixed assets	2,030		2,030	-	2,030	-
GoK loan repayment	12,816		12,816	-	12,816	-
Elimu Millers expenses	16,290		16,290	2,544	13,746	16
KUCCPS placement costs	6,635		6,635	4,899	1,736	74
Directorate of communication expenses	2,203		2,203	1,235	968	56
IPO and linkages expenses	4,010		4,010	-	4,010	-
Online teaching infrastructure	2,000		2,000	-	2,000	-
Sub-total	1,593,459		1,593,459	1,298,221	295,238	81
Total expenditure	7,237,462		7,237,462	6,109,379	1,128,083	86 (iv)
Surplus/(deficit) for the period	-		-	(785,466)	(785,466)	

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	Kes'000	Kes'000
Deficit as per actual on comparable basis		(785,466)
Add: Purchase of plant and equipment	42,089	
Payment of outstanding debts	210,884	
Purchase of motor vehicle	16,055	
Infrastructure development	77,522	346,550
		(438,916)
Less: Accruals	(128,183)	
Depreciation	83,503	
Provision for doubtful debts		(44,680)
Deficit as per statement of financial performance		(483,596)

Budget notes

1. The changes between the original and final budget was due to budget re-allocations
2. Budget variances:
 - i) Decrease in tuition and related charges due to decrease in the number of privately sponsored students joining the University and negative effects of Covid-19 pandemic
 - ii) Increase in attracted research funding for various projects
 - iii) Overall decrease in projected revenue was caused by the negative effects of the coronavirus and decrease in the number of PSSP students
 - iv) There was a decrease in budgeted expenditure due to the reduced level of activities and income from A-I-A as a result of Covid-19

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Moi University is established by and derives its authority and accountability from the Universities Act, 2012 and the Moi University Charter, 2013. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is the provision of University education through teaching, research and outreach

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the University.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <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

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Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. Early adoption of standards

The University did not early – adopt any new or amended standards in year 2020/2021.

4. Summary of Significant Accounting Policies

- a) Revenue recognition
- i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The University recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly on 27th July 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

The University's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the function of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

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

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

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

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

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

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

Summary of Significant Accounting Policies (Continued)

Sales tax

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the University. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The University also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the University will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The University determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the University has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Impairment of financial assets

The University assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The depreciation rates are as follows:

- i) Motor vehicle - 25%
- ii) Furniture, plant and equipment - 12.5%
- iii) Computers and related items - 33.3%

j) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

k) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

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

m) Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

n) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. The University's reserves and their purpose is indicated in the statement of changes in net assets.

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

The University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q) Foreign currency transactions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

s) Related parties

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

t) Service concession arrangements

The University analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the University recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

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

u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

the financial year. Short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are accounted for in accounts receivables.

v) Comparative figures

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

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

Useful lives and residual values

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

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

Provisions

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government Entities

Description	2020-2021 KShs	2019-2020 KShs
Unconditional grants		
Operational (Capitation) Grants	3,388,187	4,241,751
Other grants	-	-
Total Unconditional Grants	3,388,187	4,241,751

b). Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance Kes'000	Amount deferred under deferred income Kes'000	Amount recognised in capital fund. Kes'000	Total transfers 2020/21 Kes'000	Prior year 2019/2020 Kes'000
State Department for University Education and Research	3,388,187	-	81,416	3,469,603	4,322,966
Ministry of Industrialization and Enterprise Development	29,574	-	128,353	157,927	1,050,000
Total	3,417,761	-	209,769	3,727,530	5,372,966

7. Rendering of Services

Description	2020-2021 Kes'000	2019-2020 Kes'000
Tuition fees	1,114,185	1,281,414
Registration fees	9,372	8,102
Students' ID fees	2,735	2,393
Examination fees	20,757	20,326
Medical fees	22,524	22,877
Activity fees	19,415	21,151
Games and sports fees	9,893	11,874
Computer fees	24,857	26,563
Internet connectivity fees	13,072	23,821
Application fees	2,058	3,818
Workshop/attachment fees	61,861	46,467
Amenity fees	14,490	14,782
Sundry Income	386,159	511,720
Total Rendering of Services	1,701,378	1,995,308

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8. Other Services Rendered

Description	2020-2021	2019-2020
	Kes'000	Kes'000
Accommodation and catering services	30,888	52,360
Elimu Millers	1,462	7,659
Farming activities	3,696	6,722
MU Technologies income*	127,077	1,643,658
	163,123	1,710,399
Rivatex gross profit	(380,932)	(238,732)
Total Other Services Rendered	(217,809)	1,471,667

*The University won the tender to supply digital learning devices to Primary Schools in 26 Counties under the Digital Literacy Programme and Mobile Devices, Solar Chargers and Power Banks to the Kenya Bureau of Statistics for the Kenya Population and Housing Census (KPHC), 2019. This income relates to distribution and installation services and first line support to the schools and the digital devices for KPHC.

i). Elimu Milling

Description	2020-2021	2019-2020
	Kes'000	Kes'000
Sales	1,462	7,659
Opening stocks	116	312
Operating expenses	2,425	10,066
Closing stocks	(3)	(116)
Cost of sales	2,544	10,263
Deficit for the year	(1,082)	(2,604)

ii). Farm Revenue Account

	2020-2020	2018-2019
	Kes'000	Kes'000
Sales	3,696	6,722
Opening stocks	10,443	8,308
Operating expenses	5,175	3,123
Personnel costs	2,256	3,877
Closing stocks	(7,374)	(10,443)
Cost of sales	10,500	4,865
(Deficit)/surplus for the year	(6,804)	1,857

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iii). MU Technologies

Description	2020-2021	2019-2020
	Kes'000	Kes'000
Sales	127,077	1,643,658
Cost of sales		
Opening stocks	849	322,503
Operating expenses	131,467	1,475,670
Closing stocks	(875)	(849)
	131,441	1,797,324
Deficit for the year	(4,364)	(153,666)

iv). Rivatex Trading Account

Description	2020-2021	2019-2020
	Kes'000	Kes'000
Sales		
Product sales	302,508	253,646
Less Return Inwards	(615)	(374)
Total Sales	301,893	253,272
Cost of sales		
Direct costs		
Opening stocks	307,512	106,150
Purchases	47,063	330,104
Closing stocks	(130,444)	(307,512)
Cost of raw materials	224,131	128,742
Direct labour	108,911	73,162
Factory electricity	48,849	84,585
Factory water	12,462	13,386
	394,354	299,875
Indirect costs		
Firewood expenses	22,103	10,458
Salaries and wages	52,671	51,455
Packaging materials	582	498
Designs and screens	544	3,134
Lubricants and oils	11,422	9,739
Staff uniforms and consumables	1,976	1,523
Spares and consumables	3,337	1,911
Tailoring consumables	5,795	7,404
Depreciation	168,654	118,874
	267,084	204,995
	661,438	504,869
Add: Opening Work in progress	324,285	317,517
Less: Closing Work in progress	(309,621)	(324,385)
Cost of good manufactured	676,102	498,101
Add: Opening Finished goods	85,820	79,725
Less: Closing Finished goods	(79,097)	(85,820)

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Cost of Sales	682,826	492,006
Gross profit	(380,932)	(238,732)

NOTES TO THE FINANCIAL STATEMENTS (Continued)**9. Rental Revenue from Facilities and Equipment**

Description	2020-2021	2020-2021	2020-2021	2019-2019
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000			Kes'000
Rental income	4,213	-	4,213	10,086
Lease of motor vehicle	-	-	-	195
Total sundry income	4,213	-	4,213	10,281

10. Use of Goods and Services

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ.	Rivatex	Consolidated	Consolidated
	Kes'000			Kes'000
Teaching materials	6,337	-	6,337	21,921
Travelling and Accommodation expenses	9,959	12,196	22,296	38,687
Stationery	9,588	-	9,588	1,349
Staff development – academics	200	-	200	60
Research programme expenses	171,340	8,917	180,257	289,487
Field courses	16,025	-	16,025	73,126
CUE quality charges	4,899	-	4,899	3,087
Senate expenses	111	-	111	337
Advertisement & publicity	907	-	907	3,807
Office and computer expenses	20,380	1,196	21,576	3,643
Telephone	22,571	2,798	25,370	56,406
Purchase of uniforms	293	-	293	50
Passage and baggage	8	-	8	37
Leave allowance	14,852	-	14,852	14,878
Ceremonial and funeral expenses	1,175	-	1,175	629
Library books, periodicals & journals	294	-	294	33,963
ISO and ISO related expenses	9,944	-	9,944	5,150
Provision for audit fees	3,730	290	4,020	4,020
Increase in provision for doubtful debts	-	2,480	2,480	92,750
Postal and telegram	463	-	463	1,945
Graduation expenses	5,801	-	5,801	14,871
Student admission & examination expenses	145	-	145	7,800
Student welfare services	11,530	-	11,530	17,127
External examiners expenses	7,161	-	7,161	8,154
Staff development - non academic	25	-	25	42
External travel & accommodation	1,832	-	1,832	4,476
Conferences & seminars	427	-	427	857
Staff & student welfare	84,507	-	84,507	106,380
Recruitment expenses	600	-	600	200
Students accommodation & catering	28,317	-	28,317	45,312

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Miscellaneous expenses	12,416	14,445	26,860	142,349
MU Technologies expenses	131,441	-	131,441	1,475,670
Farm expenses	10,500	-	10,500	4,865
Elimu expenses	2,544	-	2,544	10,263
	590,320	42,322	632,642	2,385,962

11. Employee Costs

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000	Kes'000
Basic salary	2,470,089	67,599	2,537,688	3,310,092
House allowance	1,029,965	-	1,029,965	1,052,824
Gratuity and retirement benefits	351,846	1,410	353,256	422,228
Car and commuting allowances	343,280	-	343,280	349,086
Responsibility allowance	316,020	-	316,020	614,715
Entertainment allowance	19,638	-	19,638	22,139
Total Employee Costs	4,530,838	69,009	4,599,847	5,771,084

12. Remuneration to Council

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000	Kes'000
Honoraria to chairman	1,044	523	1,567	-
Council expenses	14,770	4,599	19,369	27,687
Total Remuneration to Council	15,814	5,122	20,936	27,687

13. Depreciation and Amortization

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000	Kes'000
Property, plant and equipment	83,063	8,599	91,662	63,318
Amortization	440	751	1,191	440
Total Depreciation and Amortization	83,503	9,350	92,853	66,758

14. Repairs and Maintenance

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000	Kes'000
Vehicle running expenses	4,429	5,642	10,071	14,187
Rent and rates	62,951	-	62,951	126,691
Electricity, water & conservancy	77,229	1,908	79,137	107,741
Maintenance of buildings	8,925	-	8,925	8,145
Maintenance of plant and equipment	475	4,934	5,409	8,653
Total Repairs and Maintenance	154,008	12,484	166,493	265,417

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Contracted Services

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000	Kes'000
Insurance expenses	20,357	767	21,124	22,689
Legal expenses	81,240	520	81,760	4,022
Total Contracted Services	101,597	1,287	102,884	26,711

16. Gain on Foreign Exchange

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000	Kes'000
Foreign Exchange Gain	-	2	2	-
Total Contracted Services	-	2	2	-

17. Cash and Cash Equivalents

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000	Kes'000
Current accounts	1,007,094	10,060	1,017,154	1,305,410
Mpesa/cash at hand	10	45	55	3,414
Cash and cash equivalents	1,007,104	10,105	1,017,209	1,308,824
Bank account (Overdraft)	-	(19,343)	(19,343)	-
Total Cash and cash equivalents	1,007,104	(9,238)	997,866	1,308,824

17 (a) Detailed analysis of cash and cash equivalents

Financial institution	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000	Kes'000
Current Account				
Absa Bank of Kenya	77,544	-	77,544	29,630
Co-operative Bank of Kenya	4,550	-	4,550	1,183
Equity Bank	882	10,060	10,942	13,701
Kenya Commercial Bank	513,856	(19,343)	494,512	571,811
National Bank of Kenya	395,730	-	395,730	682,441
Standard Chartered Bank	1,232	-	1,232	721
Access Bank	13,301	-	13,301	5,923
Sub- total	1,007,094	(9,283)	997,811	1,305,410
Mpesa/Cash at hand				
Mpesa	10	-	10	3,233
Cash at hand	-	45	45	181
Sub- total	10	45	55	3,414
Grand total (Annex. iv)	1,007,104	(9,238)	997,866	1,308,824

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18. Receivables from exchange transactions

	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000	Kes'000
Students' fees debtors	1,205,664		1,205,664	1,265,741
Bookshop/imprest/other debtors	47,943		47,943	40,048
Trade and other receivables	193,458	64,272	257,730	98,676
Other PSSP debtors	-		-	800
Other trade receivables	122,326	10,698	122,326	306,556
	1,570,192	74,970	1,634,463	1,711,821
Less: impairment allowance	(319,534)	(3,954)	(323,488)	(323,068)
Total	1,250,658	71,016	1,310,976	1,388,753

18(b) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment Allowance/ Provision	2020-2021	2019-2020
	Kes'000	Kes'000
At the beginning of the year	323,068	223,685
Additional provisions during the year	420	99,383
At the end of the year	323,488	323,068

18(c) Rivatex receivables

Description	2020-2021	2019-2020
	Kes'000	Kes'000
Current receivables		
Trade receivables	66,804	79,075
Prepayments	7,786	14,149
Utilities deposits	380	380
Other Receivables Rivatex	-	5,072
Total Rivatex receivables	74,970	98,676

The Receivable for Rivatex amounting to Ksh.10,698,000 relate to Moi University.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Receivables from non-exchange transactions

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ Kes'000	Rivatex Kes'000	Consolidated Kes'000	Consolidated Kes'000
CBA Unfunded Employer's contributions to Pension and Provident Fund due from the State Department for University Education	1,335,689	-	1,335,689	942,624
	-	-	-	610,852
Total	1,335,689	-	1,335,689	1,553,476

The employers' Pension and Provident Fund contributions relating to Collective Bargaining Agreements relating to the periods 2010-2013 and 2013-2017 have not been funded. The amounts above relate to the amounts due to be received as a result of the CBAs and interest charged by the Pension and Provident Fund.

19(b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2020-2021 Kes'000	2019-2020 Kes'000
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

20. Inventories

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ Kes'000	Rivatex Kes'000	Consolidated Kes'000	Consolidated Kes'000
Main	21,074	-	21,074	20,577
Catering	2,633	-	2,633	2,097
Rivatex inventories	-	617,909	617,909	923,125
Farm	160	-	160	977
Elimu Millers	3	-	3	116
MU Technologies	875	-	875	849
Total inventories at the lower of cost and net realizable value	24,745	617,909	642,654	947,761

*Inventories are valued at lower of cost and replacement cost.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Biological Assets

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ Kes'000	Rivatex Kes'000	Consolidated Kes'000	Consolidated Kes'000
Maize	914	-	914	1,911
	914	-	914	1,911
Livestock	6,300	-	6,300	7,534
Crops in the field	10,000	-	10,000	-
	16,300	-	16,300	
Total biological assets	17,214	-	17,214	9,445

Biological assets comprise of:

Bearer Biological Assets - Livestock	6,300	7,534
Consumable Biological Assets – Crops in the field	10,000	1,911
Consumable Biological Assets – Maize in the field	914	-
	17,214	9,445

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. Property, Plant and Equipment

a) Moi University

Cost	Land	Buildings	W.I.P	Furniture plant and Equipment	Computers	Motor vehicles & Aero planes	Total
	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000
At 1st July 2019	547,715	3,902,449	1,243,524	502,807	402,790	396,039	6,691,503,443
Additions	-	-	83,896	15,512	1,556	-	100,964,000
At 30 June 2020	547,715	3,902,449	1,327,420	518,319	404,346	396,039	6,792,467,443
At 1st July 2020	547,715	3,902,449	1,327,420	518,319	404,346	396,039	7,096,591
Additions	-	-	77,522	25,141	15,147	17,781	135,591
Disposals							
At 30 June 2021	547,715	3,902,449	1,404,941	543,460	419,493	413,820	7,232,782
Depreciation and Impairment							
At 1st July 2019	11,067	1,014,279	-	347,533	358,213	221,959	1,953,050
Depreciation	-	56,473	-	10,009	7,707	4,159	78,348
Amortization	440	-	-	-	-	-	440,000
At 30 June 2020	11,507	1,070,752	0	357,542	365,920	226,118	2,031,838
At 1st July 2021	11,507	1,070,752	0	357,542	365,920	226,118	2,031,838
Depreciation for the year	-	56,473	0	12,677	7,747	6,166	83,063
Amortization	440	0	0	0	0	0	440
At 30 June 2021	11,947	1,127,225	0	370,219	373,667	232,283	2,115,342
Net book values							
At 30 June 2021	535,768	2,775,224	1,404,941	173,240	45,826	181,537	5,116,840
At 30 June 2020	536,208	2,831,697	1,404,941	160,777	38,426	169,921	5,064,449

Included in property, plant and equipment are fully depreciated assets with a gross cost of Ksh.32,018,731. These assets are still in use in the University.

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b) Rivatex

Cost/Descriptions	Land	Buildings	Buildings (WIP)	Plant & Equipment	Plant & Equipment (WIP)	Furniture & Fittings	Computers & Accessories	Office Equipment	Motor Vehicles	Total
	Kes'000'	Kes'000'	Kes'000'	Kes'000'	Kes'000'	Kes'000'	Kes'000'	Kes'000'	Kes'000'	Kes'000'
As at 1 st July 2020	50,322	84,514	-	112,272	-	3,166	323	255	-	250,852
At 1st July 2020	50,322	129,474	459,077	4,625,469	1,474,337	4,244	6,359	2,114	48,243	6,799,639
Transfers		472,164	(472,164)	1,474,337	(1,474,337)	-	-	-	-	-
Exim Loan – Bank of India		-	-	-	-	-	-	-	-	-
Additions		-	93,709	-	16,100	272	380	30	9,352	119,842
Disposals		-	-	-	-	-	-	-	-	-
At 30 June 2021	50,322	601,638	80,622	6,099,806	16,100	4,515	6,739	2,144	57,595	6,919,481
Depreciations										
At 1st July 2021	9,764	34,008	-	280,109	-	2,065	3,650	1,546	40,937	372,078
Disposal/Obsolete		-	-	-	-	-	-	-	-	-
Charge for the year	751	14,290	-	152,495	-	564	1,685	268	7,199	177,252
As at 30 June 2021	10,515	49,049	-	432,604	-	2,629	5,334	1,814	48,137	550,081
Net book Values										
As at 30 June 2021	39,807	552,589	80,622	5,667,202	16,100	1,886	1,404	331	9,459	6,369,400

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As at 30 June 2020	40,527	95,466	459,077	4,345,361	1,474,337	2,179	2,709	569	7,306	6,427,561
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c) Consolidated (Moi and Rivatex)

	Land Kes'000	Buildings Kes'000	Capital W.I.P Kes'000	Furniture, plant and equipment Kes'000	Computers, printers and copiers Kes'000	Motor vehicles and aeroplanes Kes'000	Total Kes'000
As at 1 st July 2019	598,037	4,078,810	5,086,788	1,545,261	421,014	446,789	12,176,699
Additions – MU	-	-	83,896	15,512	1,556	-	100,964
Additions – Rivatex	-	5,766	759,976	891	2,933	14,329	783,895
Additions – Rivatex LMW Exim Machines	-	-	602,611	-	-	-	602,611
Transfers/adjustments	-	-	(236,649)	236,649	-	-	-
As at 30th June 2020	598,037	4,084,576	6,296,622	1,798,313	425,503	461,118	13,664,169
Additions – MU	-	-	77,522	25,140	15,147	17,781	135,591
Additions – Rivatex	-	-	109,809	302	380	9,352	119,842
Additions – Rivatex LMW Exim Machines	-	70,148	(88,659)	18,511	-	-	-
Transfer/adjustments	-	472,164	(186,427)	-	-	-	-
As at 30th June 2021	598,037	4,626,888	6,208,868	1,842,266	441,029	488,251	14,205,339
Depreciation and impairment							
At 1 st July 2019	(40,657)	(1,044,807)	-	(545,453)	(376,999)	(264,616)	(2,272,532)
Depreciation - MU	(440)	(36,420)	-	(9,608)	(7,820)	(4,055)	(58,343)
Depreciation - Rivatex	-	(3,237)	-	(116,349)	(1,854)	(6,030)	(127,470)
As at 30 June 2020	(41,097)	(1,084,464)	-	(671,410)	(386,673)	(274,701)	(2,458,345)
Depreciation - MU	(440)	(56,473)	-	(12,677)	(7,747)	(6,166)	(83,503)
Depreciation - Rivatex	(751)	(14,290)	-	(153,327)	(1,685)	(7,199)	(177,252)
As at 30 th June 2021	(42,288)	(1,155,207)	-	(837,414)	(396,105)	(288,066)	(2,719,100)
Net book values							
As at 30 th June 2021	556,500	3,470,910	6,208,868	1,004,852	44,924	200,185	11,486,239
As at 30 th June 2020	556,940	3,000,112	6,296,622	1,126,903	38,830	186,417	11,205,824

Included in property, plant and equipment are fully depreciated assets with a gross cost of Ksh. 32,018,731. These assets are still in use by the University.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Investment

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000	Kes'000
Shareholding Capital in Rivatex	1,000	-	-	-
Total	1,000	-	-	-

24. Intangible Assets

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000	Kes'000
Cost				
At beginning of the year	9,307	-	9,307	9,307
Additions	6,648	-	6,648	-
At end of the year	15,955	-	15,955	9,307

25. Trade and other payables from exchange transactions

Description	2020-2021	2020-2021	2020-2021	2019-2020
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000	Kes'000
Recurrent and capital payables	5,402,789	147,232	5,553,558	5,666,543
Total trade and other payables	5,402,789	147,232	5,553,558	5,666,543

26. Other Liabilities and Provisions

Description	2020-2021	2020-2021	2020-2021	2019-2020
	1	1	2020-2021	2019-2020
	Moi Univ	Rivatex	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000	Kes'000
Provision for audit fees	6,960	290	7,250	10,690
Total provisions	6,960	290	7,250	10,690

27. Borrowings – GoK Loan

Description	2020-2021	2020-2021	2019-2020
	Moi Univ	Consolidated	Consolidated
	Kes'000	Kes'000	Kes'000
Balance at beginning of the period	231,250	231,250	231,250
Repayments of borrowings during the period	-	-	-
Balance at end of the period	231,250	231,250	231,250

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Financial Risk Management

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 Kes'000	Fully performing Kes'000	Past due Kes'000	Impaired Kes'000
At 30 June, 2021				
Receivables from exchange transactions	1,570,265	985,572	671,252	323,068
Receivables from non-exchange transactions	1,335,689	-	1,335,689	-
Bank balances	997,866	995,662	-	-
Total	3,903,820	1,981,234	2,006,941	323,068
At 30 June 2020				
Receivables from exchange transactions	1,645,235	895,708	749,527	323,068
Receivables from non-exchange transactions	1,335,689	610,852	724,837	-
Bank balances	997,866	997,866	-	-
Total	3,988,790	2,514,426	1,474,364	323,068

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

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amounts that the University has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

ii) Liquidity risk management

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

iii) Market risk

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

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

The University's Risk Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

iv) Foreign currency risk

The University has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid when due and conversion at the time of payment is done using the prevailing exchange rate.

The University manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

v) 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 entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

Management of interest rate risk

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

i) Capital Risk Management

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

	2020-2021 Kes'000	2019-2020 Kes'000
Revaluation reserve	73,653	73,653
Retained earnings	(3,919,315)	(3,209,205)
Capital reserve	13,860,198	13,650,459
Total funds	10,014,536	10,514,907
Total payables	5,553,556	4,401,114
Less: cash and bank balances	(1,017,209)	(1,005,898)
Net debt	4,536,347	3,395,216
Gearing	51%	35%

29. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the University, holding 100% of the University's equity interest.

Other related parties include:

- i) The Parent Ministry
- ii) University Council Members
- iii) University Senior Management
- iv)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

v) Rivatex East Africa Limited

Relates Party Disclosures

- i) Key management;
- ii) Board of directors;

	2020-2021	2019-2020
	Kes'000	Kes'000
Transactions with related parties		
a) Grants from National Government		
Grants from National Government	3,417,761	5,472,966
Total	3,417,761	5,472,966
b) Transfers to related party		
Transfer of capital development grants to Rivatex E.A Ltd	18,000	30,000
c) Key management compensation		
Council members expenses	15,814	20,267
Compensation to key management	59,824	57,294
Total	74,638	77,561

30. Taxation

This note on taxation refers to the corporation tax position for Rivatex E.A Limited

	2020-2021	2019-2020
	Kes'000	Kes'000
At beginning of the year	(2,905,601)	(2,535,116)
Tax loss for the year	(321,425)	(370,485)
Income tax paid during the year	-	-
At end of the year	(3,227,026)	(2,905,601)

31. Events after the Reporting Period

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

32. Disclosure on Reporting Framework for Moi University and Rivatex E.A Limited

Moi University prepares its financial statements under IPSAS Accrual while Rivatex E.A Limited are prepared under IFRS.

33. Contingent liabilities

The University has contingent liabilities in respect of various litigations and claims. Although, there are no assurances, the University believes, based on the information currently available, that the

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ultimate resolution of these legal proceedings and claims is not likely to have a material adverse effect on the operations of the University. The cases are pending in court and it is not practicable to determine the timing and final amounts (if any). Due to the nature of the cases, detailed disclosure has not been made for each of the cases as this may be prejudicial to the position of the University.

34. Material Uncertainty on Going Concern

The financial statements have been prepared on a going concern basis. The University depends on funding from the Government in terms of capitation to finance its operations. The operations of the University are therefore dependent on continued Government financial support.

35. Ultimate And Holding Entity

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

36. Currency

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

19. APPENDICES

APPENDIX 1: 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.


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Presentation and disclosure of financial statements	The University has corrected and presented the financial statements by nature as per the National Treasury Circular. The variances have also been corrected	Resolved	N/A
2.	Revenue from exchange transactions	All the revenue from the Kenya National Population and Housing Census were recorded	Resolved	N/A
3.	Supporting documents for part-time lecturers claims	All the supporting documents for part-time lecturers' claims have been submitted to the auditors	Resolved	N/A
4.	Capital Work in Progress interim or completion certificates not availed	The University has availed all the supporting documents for capital work in progress (interim and completion certificates) and the aging analysis.	Resolved	N/A
5.	Undisclosed material uncertainty in relation to sustainability of services	This has now been disclosed in the financial statements for FY 2020/2021	Resolved	N/A
6.	Budgetary control and performance – underfunding and	The University is engaging the parent ministry and the National Treasury on the funding	Not Resolved	FY 2023/2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	under - performance	of the University in order to resolve the issue of underfunding and budget underperformance		
7.	Pending bills	The University still has a huge portfolio of pending bills as a result of underfunding, the negative effects of Covid-19 pandemic and the decrease in the number of privately sponsored students. The University is restructuring its operations and engaging the parent ministry and the National Treasury on a bail-out plan to settle the pending bills	Not Resolved	FY 2023/2024
8.	Irregular token allowance to teachers at Moi University Primary and Secondary Schools	The University was paying the tokens as part of corporate social responsibility to the teachers in the schools located in the University. The University Management approved the payments when the schools were established. The payments have since been stopped.	Resolved	N/A
9.	Engagement of casual employees	The casual employees have been decasualised and given contracts in line with the Employment Act, 2007.	Resolved	N/A
10.	Unremitted pension and other statutory	The University has signed a Remedial Action Plan with the	Not Resolved	FY 2024/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	deductions	trustees of the Pension Scheme and Provident Fund and the Retirement Benefits Authority (RBA) to remit the contribution arrears over a period of 72 months. The University is also pursuing funding from the Government in order to settle the other unremitted statutory deductions		


 Vice Chancellor
 Date.....24/8/22.....

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Government commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Construction of Library - Annex		GoK	June 2021	-	-	-
Construction of PDN-Phase II		GoK	Nov. 2024	-	-	-
Construction of 2250 Hostels- Wing C		GoK	Nov. 2022	-	-	-
Construction of Sewer Line		GoK	June 2022	26,302	-	Yes
Renovation of Hostel J		GoK	June 2024	-	-	-
Construction of School of Science		GoK	Dec. 2028	-	-	-

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APPENDIX III

Status of Projects completion

No	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of Library - Annex	300,000	134,270	100%	-	125,494	GoK
2	Construction of PDN-Phase II	600,000	66,194	60%	-	56,251	GoK
3	Construction of 2250 Hostels- Wing C	150,000	66,129	94%	-	58,686	GoK
4	Construction of Sewer Line	255,000	95,084	94%	26,302	85,576	GoK
5	Renovation of Hostel J	150,000	30,335	58%	-	15,610	GoK
6	Construction of School of Science	4,200,000	1,058	1%	-	1,058	GoK
7	500No. Lecture Hall	11,395	9,546	93%	-	9,546	A.I.A

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of University Education				
FY 2020/2021				
a.	Recurrent Grants			
	Bank Statement Date	Receipt Number	Amount (Kes)	FY to which the amounts relate
	12/08/2020	NB02-000935	269,926,315	2020/2021
	02/09/2020	NB02-000955	269,926,315	2020/2021
	06/10/2020	NB02-000992	269,926,313	2020/2021
	02/11/2020	NB02-001044	50,000,000	2020/2021
	02/11/2020	NB02-001042	269,926,315	2020/2021
	08/12/2020	NB02-001103	269,926,315	2020/2021
	05/01/2021	NB02-001147	269,926,314	2020/2021
	05/02/2021	NB02-001265	269,926,315	2020/2021
	10/03/2021	NB02-001337	269,926,315	2020/2021
	14/04/2021	NB02-001392	269,926,313	2020/2021
	10/05/2021	NB02-001413	269,926,315	2020/2021
	16/06/2021	NB02-001499	269,926,315	2020/2021
	26/06/2021	NB02-001522	269,926,315	2020/2021
	24/02/2021	KB17-000090	149,070,606	2020/2021
		Total	3,388,186,381	
b.	Development Grants			
	Bank Statement Date	Receipt Number	Amount (Kes)	FY to which the amounts relate
	22/09/2020	NB02-000974	31,416,182	2020/2021
	02/11/2020	NB02-001044	50,000,000	2020/2021
		Total	81,416,182	
c.	World Bank (ACEII) Project Donor Receipts			
	Bank Statement Date	Receipt Number	Amount (Kes)	FY to which the amounts relate
	01/12/2020	KB17-000080	284,628	2020/2021
		Total	284,628	

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

Chief Finance Officer

Head of Accounting Unit

Moi University

State Department for University Education and Research

Sign-----

Sign-----

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APPENDIX. IV

BANK NAME	Account No.	Title of Account	Amount
Absa Bank	003-1253799	Operations & Maintenance	4,162,522.65
	003-1083478	Income Generating Account	1,107,544.70
	003-1065674	Research Account	70,689,183.30
	2029728030	PIRE Account	553,476.35
	2029437117	Linkoping Account	1,031,302.10
			77,544,029.10
National Bank	1021027998400	Moi University Staff Housing Scheme	44,142.00
	1021027998900	Moi University Bookshop	322,570.73
	1021027999600	Moi University Deposit	57,116,796.00
	1021027999700	Moi University Payment	8,560,609.87
	1021027999800	Moi University Capital Development	185,452,847.07
	1020062998800	Moi University Eatery & Guest House	205,067.35
	2020062982100	Moi University Confucious (Dollar)	6,993,464.51
	1020098111000	Moi University Elimu Millers '(C)	5,431.58
	1282098111000	Moi University Elimu Millers (S)	194,803.09
	1020112066100	MU School of Nursing	465,256.15
	1020112084300	MU School of Law	152,622.65
	1020112084400	MU School of Agriculture & Natural Resources	259,208.85
	1020112084500	MU School of Education	818,328.60
	1020112084600	MU School of Biological and Physical Sciences	788,850.85
	1020112084700	MU School of Arts & Social Sciences	88,929.30
	1020112084800	MU School of Tourism, Hospitality & Events Management	117,003.90
	1020112084900	MU School of Human Resource Development	111,834.65
	1020112085000	MU School of Information Sciences	2,190,551.72
	1020112085200	MU School of Aerospace Sciences	140,847.70
	1020112085300	MU School of Engineering	422,359.75
	1020112085700	MU School of Business & Economics	487,967.15
	1020112085900	MU School of Medicine	384,008.70
	1020112086300	MU School of Dentistry	7,322.45
	1020112087700	MU School of Public Health	713,844.30
	1020014461200	Nairobi Campus	315,302.87
	1020098111000	Mombasa Campus	183,097.85
	1021029582000	Moi University GSSP	18,878,307.10
	1020062991100	Moi University PSSP Collection Account	9,603,257.95
	1020062992200	Moi University PSSP Payment Account	4,269,340.67
	1021027999200	Moi University Research	30,757,883.48
	1021028784800	Moi University VLIR	32,292,088.45
	3021028784800	Moi University VLIR/EURO	33,385,603.09
			395,729,550.38
Kenya Commercial Bank	1101692235	Moi University Endowment Fund	6,630,914.75
	1102483567	Moi University Farm Account Main	668,092.44
	1102485691	Moi University Main Account	1,673,422.85

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	1102486558	Moi University Students Accommodation	675,374.80
	1107753481	Moi University PSSP Payment A/C-Corporate	2,009,431.22
	1114591114	Kitale Campus	1,757,214.80
	1102488690	Moi University Evening Studies Pro.	1,679,369.61
	1107758580	Moi University PSSP	6,064,964.15
	1102490296	Moi University GSSP	614,563.95
	1202447163	Moi University - ACE II World Bank Project	203,259,801.00
	1280216247	Moi University-ACCE Project	7,959,959.70
	1197817662	Moi University DLP (KSH)	34,114,752.01
	1254915494	Moi University DLP (USD)	246,748,643.15
			513,856,504.43
Standard Chartered	102017899500	Moi University GSSP	355,947.45
	102017899600	Moi University PSSP	876,330.15
			1,232,277.60
Cooperative Bank	1129046897100	Moi University GSSP	1,675,377.33
	1129046897300	Moi University PSSP	2,874,218.59
	1134517252500	MU Odera Akang'o Campus	191.98
	1128046350701	Moi University Global Fund Malaria	-
	1128046350700	Moi University Global Fund TB	-
			4,549,787.90
Equity Bank	300291768839	Moi University GSSP	544,304.50
	300291768844	Moi University PSSP	337,806.29
			882,110.79
MPESA	883181	MU Accommodation Fees	-
	883182	MU GSSP Fees	-
	883183	MU Application Fees	9,500.00
	883184	MU Graduation Fees	-
	883185	MU PSSP Fees	-
	536046	MU Car Park	-
			9,500
ACCESS Bank	69080001	M.U. CERM-ERSA Project - EURO(S)	64,611.34
	69080002	M.U. CERM-ERSA Project - EURO - C	4,927,195.32
	69080003	M.U. CERM-ERSA Project - (KSHS)	4,916,247.50
	69151001	M.U. ASALI Project-Kshs. Account	1,264,780.32
	69151002	M.U. ASALI Project-EURO Account	2,127,703.08
			13,300,537.56
Grand Total			1,007,104,298

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development nt/Others	Total Amount - KES	Statement of Financial Performan ce	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
State Department for University Education and Research			3,469,603	3,388,187	81,416	-	-	-	3,469,603
Ministry of Industrialization and Enterprise Development			157,927	29,574	128,353	-	-	-	157,927
Total			3,727,530	3,417,761	209,659	-	-	-	3,727,530