

REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 12 AUG 2021

DAY:

Thurs

TABLED  
BY:

D/majority whip

Hon. Maoka Maone

OFFICER-AT  
THE-TABLE:

Halima Ahmed

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**


**GARISSA UNIVERSITY**

**FOR THE YEAR ENDED  
30 JUNE, 2019**





**GARISSA UNIVERSITY**

 <b>THE NATIONAL ASSEMBLY</b> RESOLUTIONS LAID	
<b>DATE:</b> 12 AUG 2021	
<b>DAY:</b> Thurs	
<b>TABLED BY:</b>	D/majority whip Hon. Madoka Madoke
<b>CLERK-AT THE-TABLE:</b>	Halima Ahmed

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019**

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

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## KEY UNIVERSITY INFORMATION AND MANAGEMENT

### (a) Background Information

The Garissa University was established as a constituent college of Moi University on 12<sup>th</sup> August, 2011 through Legal Notice No. 116, the Moi University Act (Cap. 210A), and the Garissa University College Order 2011. The University become a fully pledged public University on 23<sup>rd</sup> October, 2017. At cabinet level, Garissa University is represented by the Cabinet Secretary for Ministry of Education (MOE), who is responsible for the general policy and strategic direction of the University.

Garissa University continues to discharge its three core mandates; teaching/training, research and community outreach. The current student population stands at 1438 majority been self-sponsored students. The students are spread into three major schools which offer Postgraduate and Bachelor degree programs in Pure & Applied Sciences, Business & Economics, Education, Arts & Social Sciences and Dry Land Environment and Natural Resources. The University has limited physical infrastructure and inadequate academic staffing level to train students in these fields but optimistic to grow if funded well by the government and donor funds.

### (b) Principal Activities

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

### (c) Key Management

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

1. Vice-Chancellor's Office
2. Deputy Vice-Chancellor (Academic and Students' Affairs Division)
3. Deputy Vice-Chancellor (Finance, Administration and Planning Division)

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June, 2019 and who had direct fiduciary responsibility were:

S.No.	Designation	Name	Role
1.	Ag. Vice-Chancellor	Prof. Ahmed Abdikadir Osman	The Accounting Officer and the overall executive head of the University.
2.	Ag. Deputy Vice Chancellor (Academic & Students' Affairs)	Prof. Hussein Golicha Adams	The head of academic division and responsible for academic, research and student affairs of the University.
3.	Ag. Deputy Vice-Chancellor (Finance, Administrative & Planning)	Prof. Stephen Irura Ng'ang'a	The head of finance, administration and planning division and responsible for financial, human resources, administration, development & infrastructural matters of the University.

## KEY UNIVERSITY INFORMATION AND MANAGEMENT (Continued)

### (e) Fiduciary Oversight Arrangements

The University has a Council which provides the overall oversight responsibility on the management of the University which includes:- recruitment of staff, approval of statutes of the University and cause them to be published in the Kenya gazette, approval of policies, approval of the budget, manage, supervise and administer the University assets; determine the provisions to be made for capital and recurrent expenditure and for reserves; receive any grants, donations or endowments on behalf of the University; enter into association, collaboration, partnership or linkages with other entities. The University governing Council exercises its governing and operational functions through its established standing committees with clear Terms of Reference. These committees are: Audit, Risk and compliance (ARC), Academic, Research and Community Outreach (ARCO), Governance, Human Resource and Students Welfare (GHRSW) and Finance, Development and General Purpose (FDGP).

### (f) Registered Place of Business

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

### (g) Contacts

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

### (h) University Bankers

1. Kenya Commercial Bank  
Garissa Main Branch  
P.O Box 560 – 70100  
Garissa, Kenya.
2. Equity Bank  
Garissa Branch  
P.O. Box 700 – 70100  
Garissa, Kenya.

### (i) Independent Auditors

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

### (j) Principal Legal Adviser

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

**THE UNIVERSITY COUNCIL**



**Dr. Christopher G. Gakahu**  
Chairman of Council

Christopher Gatama Gakahu is currently a principal consultant with Oikos Africa Environment Services Ltd. a firm and a center of excellence dedicated to offering professional services in sustainable development, policy advocacy and programming in areas of energy, environment and natural resources and in climate change mitigation and adaptation.

Prior to that he was the Assistant Country Director in charge of programmes in United Nations Development Programme (UNDP) in Kenya where he doubled as the Energy, Environment and Natural Resources advisor and Team Leader for 15 years. While there he played lead role in the review and establishment of national policies, laws and institutions including Ecotourism Kenya, the National Environment Management Authority, Kenya National Cleaner Production Centre, and the Kenya Centre for Energy Efficiency and Conservation among others.

Before joining the UNDP Dr. Gakahu worked as researcher and biodiversity advisor at Wildlife Conservation International (WCI) - now African Conservation Centre (ACC) and the International Union for Conservation of Nature (IUCN).

Prior to that, he had a ten years academic tenure at University of Nairobi and Moi University in Kenya.

He holds a BSc (Hons) and PhD in Zoology - Biology of Conservation from the University of Nairobi. He has also undertaken post-doctoral studies and research at the Aberdeen University in UK, at Griffith University, Brisbane Australia and at San Diego State University - California.

He is a GEF and EIA trainer and practioner, expert and a certified in PRINCE2. He has published widely and also edited several books.

He chairs the University Council



**Dr. Bertha K. Kaimenyi**  
Member


Dr. Bertha Kaimenyi has been working for a period of more than 20 years within the education sector in Kenya in different capacities. She is an entrepreneurship expert and prides herself in starting the first Masters programme on entrepreneurship in Jomo Kenyatta University in 1993.





She has held several senior Administrative positions in different institutions of learning.

She currently serves as a Director at Kenya Tea Development Agency and a Council Member in the Meru County.




Dr. Kaimenyi holds a Doctorate of Education, an Education Specialist and a Master of Arts from Andrews University, Berrien Springs. She holds a Bachelor of Business Administration (Management) from the University of Eastern Africa, Eldoret, Kenya.





She chairs the Academic, Research & Community Outreach Committee of Council



 <p><b>Mr. Jacktone Akelo</b> Member</p>	<p>Mr. Akelo holds Master of Arts (M.A.) in Organization Leadership, Eastern University-USA; a Master of Science (M. Sc.) in Development Planning and Management, jointly from Kwame Nkrumah University of Science and Technology-Ghana and Technische Universitat Dortmund-Germany and a Bachelor of Science (B. Sc.) in Natural Resources Management – Wildlife Option, Egerton University-Kenya</p> <p>Mr. Akelo currently serves as Managing Partner for the Pace Setters Enterprises Ltd and Training Consulting Firm. Prior to that, he served as the Kenya Country Director, Living Water International for eight years.</p> <p>He chairs the Governance, Human Resource and Students Welfare Committee of Council</p>
 <p><b>Eng. Mohamed Ali Farah</b> Member</p>	<p>A graduate technical engineer by profession, Mr. Farah brings on board vast experience from different backgrounds. He holds a master’s Degree in community Health &amp; Development from Great Lakes University of Kisumu.</p> <p>Mr. Farah is a member of the Environmental Institute of Kenya; the International Water Association (Hague, Netherlands); a Lead Expert National Environmental Management Authority(NEMA) and last but not least, a member of the Engineers Registration Board (ERB) Kenya. Mr. Farah has also served as a Council Member in Moi University, The Great Lakes University of Kisumu and the University of Embu.</p> <p>He chairs the Finance, Development and General Purpose Committee of Council</p>
 <p><b>Mr. William O. Motari</b> Member</p>	<p>Mr Ogwagwa holds a Bachelor of Arts degree in Economics and Statistics (Egerton University), a Master of Business Administration (MBA) in Operations Management (University of Nairobi). Has consulted in both public and private sector in Strategic Management &amp; planning, Human Resources Management, Business Plans, Performance Contracting Areas, Feasibility Studies, Specialist (Technical) Management Disciplines, Public Service Management Administration and Reforms, Management of HIV/AIDS &amp; Alcohol, Drug and Substance Abuse Programmes, Research and Development (R &amp; D), Workplace Policies and Baseline Surveys, Environmental and Social Impact Assessments (ESIAs) with an experience of over 10(ten) years.</p> <p>He Chairs the Audit, Risk and Compliance Committee of Council</p>
 <p><b>Mr Bonface K. Ngigi</b> Rep. PS National Treasury</p>	<p>Mr Ngigi Holds a Master’s Degree in Project Planning Management from The University of Nairobi and a Bachelors of Science in Mathematics (Statistics) form The Catholic University of Eastern Africa.</p> <p>He has vast experience in negotiation of Agreements, Investments, Regional Integration, National Budget preparation, Economic Policy formulation and analysis in areas related to Environment and Natural Resource Governance; Low Carbon, Sustainable Development, Climate Financing, as well as Disaster Risk Financing. Over 12 years in Planning and Budgeting</p> <p>He is the Representative of PS- National Treasury.</p>

 <p><b>Mr. Evans Mugoya Atambo</b> Rep. PS University Education and Research</p>	<p>PhD candidate (CUEA), M.Phil. in Curriculum Development (Moi), B.Ed. English and Literature (Moi).</p> <p>Over 20 years of working experience in Education Management.</p> <p>He is the Representative of PS- University Education and Research</p>
 <p><b>Eng. Emma Kiilu</b> Member</p>	<p>Eng. Emma Kiilu is a Director of Nemel Kenya Ltd, an energy consulting firm. She is the immediate past Chairperson of the Energy Regulatory Commission (ERC), previously Board member of the Rural Electrification Authority. She joined Ministry of Public Works in 1980 as a graduate trainee, rose through the ranks to become District Works Officer in various stations. She left Government in 1994 to establish her own private practice. Eng. Emma Kiilu holds a Bachelor of Science Degree in Electrical Engineering and a Masters in Business Administration both from the University of Nairobi. She is a registered Consulting Engineer, a member of the Institution of Engineers of Kenya and also a Registered Class A1 Contractor.</p>
 <p><b>Mr. John Kahugu Munge</b> Rep. CS National Treasury &amp; Planning</p>	<p>CPA-Experience in Finance, Accounting and Investment</p> <p>Over 20 years of working experience in Public Management, Debt, Investments and Finances.</p> <p>He is the Representative of CS-The National Treasury &amp; Planning</p>
 <p><b>Prof. Ahmed A. Warfa</b> Ag. Vice Chancellor/Council Secretary</p>	<p>PhD (Curriculum and Instruction; Supervision of Instruction, Ohio University; M.Ed (Secondary Education, Ohio University; MA (International Studies, Ohio University; BA (English &amp; History, Ohio); Dip Ed (English Language &amp; Literature, Siriba Teachers College)</p> <p>Has over 30 years of work experience. Currently the acting Vice Chancellor, Garissa University and Secretary to the Council</p>

**MANAGEMENT TEAM**

Name	Key Professional/Academic Qualification	Area of Responsibility
 <p><b>Prof. Ahmed A. Warfa</b></p>	<p>PhD (Curriculum and Instruction; Supervision of Instruction, Ohio University); M.Ed. (Secondary Education, Ohio University); MA (International Studies, Ohio University); BA (English &amp; History, Ohio);</p> <p>School Administration and Supervision of Instruction, Curriculum planning and Development. Over 30 years of experience in Education.</p> <p>Currently the acting Vice Chancellor, Garissa University and Secretary to the Council</p>	<p><b>Ag. Vice-Chancellor</b></p>
 <p><b>Prof. Hussein Sheikh Adams Golicha</b></p>	<p>PhD (Physics) - Egerton University (1999); MSc (Polymer Physics) – Kenyatta University (1990); Bed (Science) Physics/Maths – University of Nairobi (1984).</p> <p>Over 30 years of experience in teaching/ administration</p>	<p><b>Ag. Deputy Vice Chancellor- Academic and Students' Affairs</b></p>
 <p><b>Prof. Stephen Irura Ng'ang'a</b></p>	<p>Doctor of Philosophy in <b>Planning</b> - Maseno University (2011), Master of Philosophy in <b>Entrepreneurship</b> - Moi University (2003), National Diploma in <b>Business Management</b> - The Kenya Institute of Management (1996), Master of Science in <b>Forest Industries Technology</b> - University College North Wales (1993), Graduate Diploma in <b>Timber Technology</b>- Bucks College in United Kingdom (UK) (1990). <b>Diploma in Industrial Education</b>- Kenya Technical Teachers College (1986). Over 30 years' experience in Teaching/Administration</p>	<p><b>Ag. Deputy Vice-Chancellor-Finance, Administration and Planning</b></p>

	<p>Dr. Stephen Kipkorir Rotich is the Registrar- Academics and students' Affairs (ASA) Division. He has been a senior Lecturer in Research Methods and Education Management, holder of PhD (Education Administration), Moi University, 2014). He has been teaching in University since 2010 and has been a secondary school teacher, principal, trainer of head teachers under KEMI and trainer of secondary teachers under SMASSE.</p>	<p><b>The Registrar</b> (Academic &amp; Students' Affairs)</p>
	<p>PhD (Candidate), Garissa University, MSc Educational Studies: Teacher Education &amp; Development - The University of Oxford UK. Bachelor of Educational Studies (Hons) University of Stirling, Scotland UK.</p> <p>Over 35 years of experience in the field of education both in Kenya and UK, from Classroom Teacher, Deputy Head teacher, Head teacher, Principal, Field Inspector/Education officer, ECD Assistant lecturer, College Tutor/Lecturer and finally County Cabinet Secretary for Education.</p>	<p><b>Head of Administration and Planning</b></p>
	<p>D.Phil. in LIS (Moi University), Library and Information Studies. M.Phil. in LIS (Moi), B.Sc. in IS (Moi). Library and Information Studies</p> <p>17 years working experience in Library and Information related sectors both in institutions of higher learning and the civil society.</p> <p>Professional training in Information Science (IT, Media, Publishing and Records Management) with specialization in Library and Information services.</p>	<p><b>The University Librarian</b></p>
	<p>MBA (Finance)- Kenyatta University, BCom-KCA University, CPA (K)</p> <p>Professional Accountant with over 8 years' experience in auditing and assurance, Accounting and Finance in both Public and Private Sector.</p>	<p><b>Senior Accountant</b></p>

 <p><b>Mr. Abdulrahman Hamo Mohamed</b></p>	<p>PhD (Candidate), Garissa University, Masters in Education (MKU), B.Ed Science (KU), Dip. In Science Education (Kenya Science Teachers College).</p> <p>An accomplished Maths &amp; Chemistry Teacher with an excess of 18 years in Teaching and directing students</p>	<p><b>Ag. Registrar Research, Innovation &amp; Linkage</b></p>
 <p><b>Ms. Khadija Ahmed Mohamed</b></p>	<p>Masters of Arts in Counseling Psychology (MKU) Bachelor of Science in Guiding and Counseling Kampla International University (KIU), Diploma in Community Health (KISWCD).</p> <p>Over 20 years of experience in the field of counseling. Worked as a program Officer in Psychological counsellor in international organization for migration and also a former Senior College Counsellor in NEP College of health.</p>	<p><b>Ag. Head of Student Affairs</b></p>
 <p><b>Dr. Njoka Muriithi Stephen</b></p>	<p>PhD - Education Management, University of South Africa (UNISA - 2015), ICT in Education Management, Master of Education (Kenyatta University - 2008), Administration and planning, B Ed Arts, (Moi University 1994), Diploma in Education management-Kenya Education Management Institute (KEMI -2013), Senior Management ( Kenya School of Government , Embu - 2011), Education management for principals of secondary schools (KESI - 2009).</p> <p>With twenty four years experience of high school teaching, administration (Principal), and supervision of National Programs (Senior Supervisor / Presiding Officer in the National Census / General Elections respectively).</p>	<p><b>Head of Planning &amp; Development</b></p>

## **CHAIRMAN'S STATEMENT**

On behalf of Council, I am pleased to present the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2019.

With unique social, cultural, economic and environmental conditions, GaU has not only shown its resilience and will power to overcome adversity, but has also served as a source of rededication, patriotism and hope for our motherland by holding a successful inaugural graduation ceremony on 27<sup>th</sup> July, 2019 with 346 graduands conferred with various degrees and awarded diplomas.

In line with its strategic objectives of teaching and learning, research and innovation, community service and extension through offering education and training focused on application of technological knowledge and skills the University Council launched GaU 2018-2022 Strategic Plan, during the inaugural Graduation Ceremony.

The Strategic Plan is anchored on six strategic objectives: improving policy and corporate governance (enhancing accountability and decision making); expanding the University's resource base & improving financial sustainability; achieving access to quality, relevance and equality in education; attracting, developing, motivating and retaining efficient staff; providing adequate facilities and infrastructure and improving university community collaborations. Council is committed to providing required overall strategy policy guidance and mobilizing resources through oversight and strategic partnerships with all stakeholders and development partners globally.

During the year, the Council approved the Revised University Statutes and five Governance and eleven Academic Policies. Council will continue reviewing and approving various policies during the 2019/2020 financial year to streamline university governance for effective and efficient resource utilization. Despite financial constraints, Council achieved in enhancing and focusing on quality assurance by:

- i. Negotiating, vetting and signing the 2018/2019 financial year Performance Contract (PC) with the Ministry of Education and closely monitoring its implementation which focused on several key result areas such as Financial Stewardship & Fiscal Discipline and the "Big Four" government agenda
- ii. Initiating the process of attaining ISO certification.

Amidst dwindling financial allocation to university education and on-going reforms in the education sector in Kenya, the University commits to rationalize its operations to ensure sustainability. Among key areas of focus in the rationalization is restructuring current workforce to achieve the desired academic to non-academic staff ratio in line with the Ministry of Education (MoE) and Commission of University Education (70:30) directives, reviewing the current academic programmes and developing new ones relevant to the government objectives and create niche for the University.

The University has already adopted a strategy of developing new innovative programmes while phasing out some of the current programmes. By identifying the current and future comparative advantages the university has formed academic teams to formulate programmes in dryland management and agriculture, livestock improvement with the focus on the camel husbandry, climate

change adaptation and resilience, gender and pastoral women empowerment, capacity building for devolution, Islamic studies and conflict/peace studies among others. These efforts are in line with GaU 2018/2022 Strategic Plan

Two major projects: the Students Hostel and the Perimeter stone fence, financed by the MoE, are about to be completed and will go a long way improving the University's ability to provide hostel services and Security for the students. By the end of the year, the 750 Students Hostel Project was 80% complete while the Perimeter Wall Fence Project was over 90% complete. Proposals for other development projects are on-going and awaiting the completion of the above projects, namely: Ultra-Modern Library, Tuition Block, ICT and Innovation Hub and Administration Block.

The role of the Commission for University Education (CUE) in its guidance and oversight in improving the quality of our programs cannot be gain said. Garissa University will continue seeking and partnering with CUE and other like-minded organizations.

I thank the Government for its financial support so far that has made it possible to implement academic programmes and infrastructural development projects. Specifically, the Government has allocated an affirmative fund to pay all the accrued pending debts in the 2019/2020 financial year. Council on its hand will strive to ensure government resources are prudently managed and to the core business of the university. However, I would like to make special appeal for more funding to enable the University establish the necessary infrastructure considering it is still at its infancy stage requiring enormous resourcing to take off.

Finally, I wish to thank the management, staff, parents/guardians, students, the community, our clients/suppliers and all stakeholders for their continued support and dedication. We hope that all stakeholders will continue with the zeal to assist Garissa University in its endeavour to achieve greater heights of academic excellence.

Thank you.



**Dr. Christopher Gatama Gakahu PhD**  
**CHAIRMAN OF COUNCIL**

## **REPORT OF THE VICE CHANCELLOR**

It is my greatest fulfilment and honour to present the Annual Report and Financial Statements of Garissa University (GaU) for the year ended 30th June, 2019 as required by the Universities Act of 2012 and Public Financial Management (PFM) Act, 2012. It has been an eventful year where GaU hosted the first graduation ceremony on 27<sup>th</sup> June 2019 where over 346 Undergraduate students with two Master students conferred their degrees and award of diplomas. Outstandingly, the ceremony demonstrated the tussles and scuffles that GaU has endured to realize its inevitable vision of being a world class University of Technological processes and development.

During the year under review, the University raised Kshs 127 million from students' fees; services rendered and rent collection which was majorly used to finance operations of the institution. The Government contributed Kshs 605 million to support capital development and Kshs. 220 million for recurrent expenditure. The total number of staff as at 30<sup>th</sup> June, 2019 stood at 254 with an additional 77 Casual workers. Significantly, the University has 27 Police Officers who provides the University with security and are paid allowances. Consequently, with the envisaged growth of the University and anticipated rise in staff population, GaU intends to retain, capacity build and motivate the current staff through well enacted and effected staff development programme. Additionally, plans to recruit more staff especially in the academia and functional departments like ICT are set to be implemented to meet the growing demand for more staff at GaU.

Garissa University continues to discharge its three core mandates; teaching/training, research and community outreach. The current student population stands at 1526 majority are self-sponsored students. The student population is expected to increase by the end of financial year 2019/2020. The students are spread into three major schools offering a wide range of programmes. The Schools include: School of Pure & Applied Sciences, School of Business & Economics, School of Education, Arts & Social Sciences. Currently, GaU is running post-graduate programmes as higher as Doctorate programmes in the faculty of Education.

In this year under review, GaU managed to launch its strategic plan (duration) where it intends to map its activities within its content. Part of its ambitious objectives is fostering partnerships with reputable organizations. In this accord, GaU continues to harness its training collaboration with the Kijabe Mission hospital which has been offering biannual training on community health to GaU students and staff as well as members of the community. A number of MOUs to foster those partnerships in various project themes have been further endorsed with creditable institutions like Kenya Institute of Public Policy Research and Analysis (KIPPRA), I Choose Life, Massachusetts Institute of Technology (MIT), County Government of Garissa and several others.

Since its Gazettement on 26<sup>th</sup>, January, 2018, Garissa University Council has been on board working in tandem with the University Management to realize its mission. Its existence reasonably enhanced the oversight role in the financial year 2018/2019. Worth mentioning, major capital projects like the 750 hostel project and the perimeter wall are almost completed. In fact, GaU is already proposing for more capital projects to meet the sky rocketing need for more infrastructure in the financial year 2019/2020.

Significantly, being aware of various development processes and initiatives undertaken by Kenyan government nationally and at county level, GaU has already identified strategic locations relevant for its expansion. GaU continues to follow up on its request to acquire parcels of land both in Lamu county and Garissa County. Similar inertia will be applied in other counties where necessary.

Moreover, the University has been at the centre stage of growing and developing competencies of its staff in their relevant departments to improve efficiency and effectiveness in service delivery. Most of these documented trainings, workshops and conferences has promoted achievement of 100% of

University's Performance Contracting (PC) commitment awaiting evaluation within stipulated timelines, and effective operationalization of Enterprise Resource Planning system (ERP) which has automated various sections of the university. Despite these strides made, the University has been faced with the major challenge of insufficient funds for recurrent and development expenditure which has immensely affected its financial operations statements negatively.

On behalf of Garissa University management and staff, I would like to thank the government, our development partners and all the stakeholders for their continued support. I wish to also express my sincere gratitude to the newly appointed University Council for providing policy and strategic guidance with the expected zeal and objectivity; the staff and students who worked tirelessly to ensure smooth and successful operations of the University.

Thank you.



**Prof. Ahmed A. Osman, PhD**  
**AG. VICE CHANCELLOR**

## **CORPORATE GOVERNANCE STATEMENT**

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

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

### **Corporate Governance Principles**

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

In our view Governance in the University is not a matter of Council; good governance culture must be permeated through the University system. The current social-economic business and political environment that the University operates underscores the need for continued high standards of corporate governance and accountability. The emerging realities unmasked by the implementation of the constitution and enlarged space for more enlightened clientele calls for diligence in governance.

### **Appointment of Council**

The current University Council members were gazetted and appointed on 26<sup>th</sup> January, 2018 vide gazette notice no. 924 and 926 and sworn into office on 26<sup>th</sup> March, 2018 to assume their oversight role as per the University Act of 2012.

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

Garissa University Council consists of a chairperson and eight (8) members who possess extensive experience in various disciplines all which are applicable in the overall governance of the University. The Council has the right balance of skills and experience appropriate for the University where they all participate in decision making.

## Induction and Evaluation

The University was not able to induct the new Council and conduct a SCAC evaluation of the Council in line with the Executive Order no. 7 of 25<sup>th</sup> March 2015 due to various challenges and efforts will be made to ensure this happens in the financial year 2018/2019.

## Council Meetings

The University Council meets at least once in a quarter unless urgent matters call for special meeting. These regular meetings are intended to receive reports from the committees of Council that will have considered the matters in detail. Members receive adequate notice and board papers in advance to enable them review and prepare for the meeting. In all the meetings, the agenda included an item on declaration of conflict of interest and none was declared during the reporting period.

During the FY 2018/2019, the University Council had three (3) full council meetings; Audit, Risk and compliance (ARC) two (2) meetings, Academic, Research Community Outreach (ARCO) two (2) meetings, Finance, Development and General Purpose (FDGP) three (3) meetings while Governance, Human Resource and Students Welfare (GHRSW) had two (2) meetings. Individual attendance is as tabulated below.

## Full Council meeting attendance

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

S.NO	NAME	REGULAR MEETINGS	SPECIAL MEETINGS	MISSED MEETINGS	TOTAL
1.	Dr. Christopher Gatama Gakahu (Chairperson)	3	0	0	3
2.	Dr. Bertha Kaimenyi	3	0	0	3
3.	Eng. Mohamed Ali Farah	3	0	0	3
4.	Mr. Jacktone Akelo	3	0	0	3
5.	Mr. Evans M. Atambo	2	0	1	3
6.	Mr. John K. Munge	2	0	1	3
7.	Eng. Emma Kiilu	2	0	1	3
8.	Mr. William Ogwagwa Motari	3	0	0	3
9.	Mr. Boniface Kamau Ngigi	1	0	2	3
10.	Prof. Ahmed A. Osman (Ag. Vice Chancellor/ Secretary)	3	0	0	3

Note:

1. Mr. Evans M. Atambo who is a representative of PS state department of university education & research appointment was delayed
2. Eng. Emma Kiilu has resigned with effect from 26<sup>th</sup> Feb, 2019.
3. Mr. John K. Munge who is a representative of CS National Treasury was replaced by Mr. Boniface Kamau

## Council Committees

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

### **Audit, Risk and compliance (ARC) Committee**

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

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

The ARC committee plays a key role with respect to the integrity of the entity's financial information, its system of governance, risk and internal controls, and the legal and ethical conduct of management and employees. The committee is required to review and report to the Council on the comprehensiveness, reliability and integrity of internal controls measures; quality assurance and standards required providing effective monitoring of processes, management of risk, recommend to the Council policies in respect to management and control systems on internal business processes including accounting policies, anti-fraud and whistle blowing consider an approved annual audit plan and advice the University Council on matters relating to the security of the University, staff and students and review and advice Council on all matters relating to the risk management framework and internal audit functions of the University.

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

S.NO	NAME	REGULAR MEETINGS	SPECIAL MEETINGS	MISSED MEETINGS	TOTAL
1.	Mr. William Ogwagwa Motari (Chairperson)	2	0	0	2
2.	Mr. Jacktone Akelo	2	0	0	2
3.	Mr. John K. Munge	1	0	1	2
4.	Eng. Emma Kiilu	1	0	1	2
5.	Mr. Evans M. Atambo	1	0	1	2
6.	Mr. Boniface Kamau Ngigi	1	0	1	2
7.	Prof. Ahmed A. Osman (Ag. Vice Chancellor/ Secretary)	2	0	0	2

Note:

1. Mr. Evans M. Atambo who is a representative of PS state department of university education & research appointment was delayed
2. Eng. Emma Kiilu has resigned with effect from 26<sup>th</sup> Feb, 2019.
3. Mr. John K. Munge who is a representative of CS National Treasury was replaced by Mr. Boniface Kamau

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

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

Council; Reviewing the University's financial regulations from time to time and recommending any necessary changes in those regulations to the Council.

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

S.NO	NAME	REGULAR MEETINGS	SPECIAL MEETINGS	MISSED MEETINGS	TOTAL
1.	Eng. Mohamed Ali Farah (Chairperson)	3	0	0	3
2.	Dr. Bertha Kaimenyi	3	0	0	3
3.	Mr. John K. Munge	2	0	1	3
4.	Eng. Emma Kiilu	2	0	1	3
5.	Mr. Evans M. Atambo	1	0	2	3
6.	Mr. Boniface Kamau Ngigi	2	0	1	3
7.	Prof. Ahmed A. Osman (Ag. Vice Chancellor/ Secretary)	3	0	0	3

Note:

1. Mr. Evans M. Atambo who is a representative of PS state department of university education & research appointment was delayed
2. Eng. Emma Kiilu has resigned with effect from 26<sup>th</sup> Feb, 2019.
3. Mr. John K. Munge who is a representative of CS National Treasury was replaced by Mr. Boniface Kamau

#### **Academic, Research Community Outreach (ARCO) Committee**

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

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

S.NO	NAME	REGULAR MEETINGS	SPECIAL MEETINGS	MISSED MEETINGS	TOTAL
1.	Dr. Bertha Kaimenyi (Chairperson)	2	0	0	2
2.	Mr. Evans M. Atambo	1	0	1	2
3.	Mr. William O. Motari	2	0	0	2
4.	Mr. John K. Munge	1	0	1	2
5.	Mr. Boniface Kamau Ngigi	0	0	2	2
6.	Mr. Jacktone Akelo	2	0	0	2
7.	Prof. Ahmed A. Osman (Ag. Vice Chancellor/ Secretary)	0	0	0	0

Note:

1. Mr. Evans M. Atambo who is a representative of PS state department of university education & research appointment was delayed
2. Mr. John K. Munge who is a representative of CS Treasury was replaced by Mr. Boniface Kamau

**Governance, Human Resource & Students Welfare Committee**

The Committee oversees the formulation and subsequent monitoring and review of policies and strategies on employment of all University staff, including policies on recruitment and selection of, staff development and training, performance management schemes and salaries and other conditions of service; Monitoring key performance indicators as agreed by the Council; Receiving and considering proposals on strategy and policy in all matters relating to the recruitment, reward, retention, motivation and development of the University’s staff ,and making recommendations to the University Council; Receiving reports from the Management Board relating to promotion, re-grading, the award of additional salary increments and contribution payments to salaried staff; Receiving and considering reports from the Management Board concerning the terms and conditions of service of employees of the University, and making recommendations to the University Council.

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

S.NO	NAME	REGULAR MEETINGS	SPECIAL MEETINGS	MISSED MEETINGS	TOTAL
1.	Mr. Jacktone Akelo (Chairperson)	2	0	0	2
2.	Dr. Bertha Kaimenyi	2	0	0	2
3.	Eng. Mohamed Ali Farah	2	0	0	2
4.	Mr. William Ogwagwa Motari	2	0	0	2
5.	Mr. Evans M. Atambo	1	0	1	2
6.	Mr. John K. Munge	1	0	1	2
7.	Mr. Boniface Kamau Ngigi	1	0	1	2
8.	Eng. Emma Kiilu	2	0	0	2
9.	Prof. Ahmed A. Osman (Ag. Vice Chancellor/ Secretary)	2	0	0	2

Note:

1. Mr. Evans M. Atambo who is a representative of PS state department of university education & research appointment was delayed
2. Eng. Emma Kiilu has resigned with effect from 26<sup>th</sup> Feb, 2019.
3. Mr. John K. Munge who is a representative of CS National Treasury was replaced by Mr. Boniface Kamau

During the FY 2018/2019 Council approved among other things the budget and its accompanying procurement plan and the respective quarterly financial statements that were submitted to National Treasury on time.

The Council acknowledges the need for strategic partnerships and encourages the participation of the private sectors in our financial matrix. The pressing needs for more financing and the clear needs for transparency makes engagement with and reporting to the government and other stakeholders more important. The increasing requirement for prudent financial management has heightened the level of interest in the university’s approach to risk management and assurance.

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

Garissa University incurred a total expenditure of **Kshs. 10,823,649** in facilitating the council to attend meetings which includes a monthly allowance of **Kshs 87,000** (Gross) for the chairman and **Kshs 100,000** for the Chancellor.

**Table 6: The council gross expenditure:**

S/No.	Name	Position	QT1	QT2	QT3	QT4	GROSS AMOUNT
1	Prof. Hellen Sambili	Chancellor	480,937	682,544	480,191	459,797	<b>2,103,469</b>
2	Dr. Christopher G. Gakahu	Chairman	706,278	339,943	511,754	729,012	<b>2,286,986</b>
3	Mr. John K. Munge	Rep. PS Treasury	635,995	-	-	-	<b>635,995</b>
4	Mr. Evans M. Atambo	Rep. PS MOE	79,945	-	228,094	248,460	<b>556,498</b>
5	Dr. Bertha Kaimenyi	Member	458,407	-	280,340	179,000	<b>917,747</b>
6	Eng. Mohamed Ali Farah	Member	395,413	-	354,119	167,000	<b>916,532</b>
7	Mr. Jacktone Akelo	Member	651,234	-	256,324	243,322	<b>1,150,880</b>
8	Eng. Emma Kiilu	Member	353,573	-	163,070	-	<b>516,643</b>
9	Mr. William Ogwagwa Motari	Member	669,870	99,044	301,160	209,484	<b>1,279,557</b>
10	Mr. Boniface Ngigi	Rep. PS Treasury	-	-	280,340	110,600	<b>390,940</b>
11	Hesbon N Otinga	Rep. PS Treasury	-	-	-	68,400	<b>68,400</b>
	<b>Total</b>		<b>4,431,651</b>	<b>1,121,530</b>	<b>2,855,393</b>	<b>2,415,075</b>	<b>10,823,649</b>

## MANAGEMENT DISCUSSIONS AND ANALYSIS

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

During the period under review, Garissa University held its 1<sup>st</sup> Graduation ceremony with a total of 346 students being conferred with degrees and awarded Diplomas. The University also launched the 2018-2022 Strategic Plan and had its statutes approved by Council ready for Gazettement. Financially, the period was very stressing and we are closing the year with a pending bill amounting to **Kshs. 191,610,470** that will form a first charge into the 2019-2020 FY budget. The University has appealed to be considered for additional recurrent budgetary allocation during the supplementary budgeting period and is still hopeful.

Despite the financial constraints faced the University admitted a total of 123 KUCCPS placed students and 119 Private sponsored students with 1 student who had differed, increasing the student population from 1195 in the previous period to 1,438 students including diploma and certificates thus meeting its key mandate of expanding access to higher education. To cater for the increased student population, the University has started utilizing space in the Library and the former garage building to put up additional offices and teaching space.

During the period under review the university has enrolled students in the Big 4 Agenda related programs in the field of Masters of Science in Dry Land Environment and Natural Resources as indicated in table 1 below.

**Table 7: Big Four related Programs enrolment**

S.No.	Course	Y1	Y2
1	Masters of Science in Dry Land Environment and Natural Resources	9	0
	<b>Total</b>	<b>1</b>	<b>0</b>

The University remains focused on achieving its strategic goals and managing the challenges of constrained accommodation and teaching facilities by pursuing open and distance e-learning (ODEL) mode of teaching and learning focusing on ICT based approaches to support innovative teaching, learning and research.

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

During the year under review, the University complied with most of its statutory obligations including compliance to public procurement regulations, remittance of NHIF, NSSF, and HELB within the stipulated deadlines; however, remittance of P.A.Y.E and Pension wasn't done as required due to financial constraints and delayed funding. During the period, we entered into a payment plan with KRA to ensure that we comply with PAYE remittance.

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

The University has the following on-going projects:

### 1. **Construction of 750 capacity Students' Hostel: -**

The project is funded by the Government of Kenya with an initial cost of **Kshs. 427,103,221.60**. Upon variation the project costs **Kshs. 531,412,385.92**. Currently **Kshs. 505,969,635.04** has been paid.

In the 2018/19 financial year the project was allocated **Kshs. 485, 044, 013**. We have received **Kshs. 255,019,917** this far. The slab for the fourth floor is half complete. The following works among others are on-going; construction of pump house, fixing of window frames pending fixing of glasses, paint works, fixing of doors and tiles. The project is expected to be ready and handed over for use by October 2019.

### 2. **Construction of Perimeter wall (Fence): -**

The project initial cost was **Kshs. 123,265,532**. This has since been varied to **Kshs. 147M**. It is currently over **90%** complete and a sum of **Kshs. 135,481,061.64** has been paid to the contractor. This project was allocated **Kshs. 164,060,000** by the Government of Kenya in the 2018/19 financial year, but **Ksh. 41,779,599** has been received so far. However, The Wall construction has already been completed up to the designated area for the new gate with razor wire having been installed all round. Cabro works have already been completed from the gate to the new administration main entry from the main road to the staff quarters.

### 3. **Enterprise Resource Planning (ERP) Project: -**

The ERP project was awarded at a cost of **Kshs. 16,894,603** in 2016/17 financial year. It's currently at its final implementation stage. This project will go a long way into synchronizing University Processes and Operations thereby enhancing efficiency and increasing productivity among members of staff. The University so far has paid a sum of **Kshs. 15,205,142.69** towards the project representing **90%** of the estimated cost of the project. The outstanding balance is **Kshs. 1,689,460.30**.

Various modules are working and are currently operationalized as the University await the commissioning of the project. Annual subscription and maintenance contract is yet to be signed by the committee in charge as the project comes to an end.

### 4. **Construction of the borehole: -** This project is funded by the Ministry of Water and Irrigation, through the Northern Water Board, drilled a borehole within the university premises during the financial year 2016/2017 and installed a solar power water pumping system. The project is intended to ensure access to improved safe drinking water and sanitation that are available and accessible to all students and staff but faces a challenge of high water salinity levels. The water requires desalination in order to provide the desired quantity and quality of water. So far the project has had siltation challenges that have led to frequent pump failures. This is currently being addressed by the Northern Water Board hence the project has not been officially handed over to the University.

## **5. Priority Development Projects**

The following are GaU's development projects that have been approved by the University Management (UMB) in order of priority.

- i) Tuition Block with an Auditorium
- ii) Ultra -Modern Library complex housing the school of Information sciences
- iii) Medical Laboratory

These proposed projects are yet to receive funding by the government through the Ministry of Education as they have already been factored in, in the 2019/20 financial year budget. Site Appraisal for these three proposed projects has been done with the views of the end user departmental heads having been put into consideration. A preliminary report to the management has already been done on a similar note. Preparation for Drawings and Tender documents for the three key proposed development projects is currently on going.

## **Section D: Major risks facing the University**

The following are some risks that the University faced during the Reporting period:

- 1) **Budgetary Provisions-** Following the award of charter, financial need of the university increased however the availability and allocation of resource from the government has moved from bad to worse, hence increasing the liquidity risk exposure, compound by this, is the fact that the university has low stream of internally generated revenue that is, it only relies on tuition and accommodation charges from students.
- 2) **Civil action-** There are employees in university who have been on casual terms for more than three years and may take action to seek redress.
- 3) **Legal risk:** The University faces this risk and may suffer damage or any loss due to negligence in compliance with laws and regulations related to its operations.
- 4) **Technological risk-** The University faces a challenge and risks in the network and system administration. There are vulnerabilities that might exist that threaten the confidentiality, integrity, and availability of data and IT resources. With the current technological environment cyber-attack is also a major threat.
- 5) **Fraud and Errors Risk-** Due to the human aspect in the operations there are possibilities of errors and fraud occurring. The University is faced with a risk of assets misappropriation, accounting frauds, bribery and corruption.
- 6) **Strategic risk** –The University faces strategic risk with the significant pressure to stay competitive considering the financial position of the entity including need for funds for major research and development or capital expenditures
- 7) **Security risk-** Like any other part of the country, the University faces the risk of terror related attacks. This aggravated by its proximity to the Somali border. As a measure to curb this risk a perimeter wall construction has been completed awaiting the installation of CCTV cameras and other accessories. A police post has also been established and located within the compound and is fully operational and manned by armed administration police officers.

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

During the period under review, due to non-remittance of PAYE and pensions we had an outstanding tax amounting to **Kshs. 54,374,221** and pensions of **Kshs. 10,706,517**; further pending bills of **Kshs. 126,529,732** owed to suppliers, service providers and personal claims which had been attributed to unrealized internally generated income and the reduction of operation capitation.

In addition, there was an outstanding amount of **Kshs. 3,268,249** that relates to employer pension contributions for the period July 2013-June 2017, which arose from the CBA negotiations by the trade unions in 2017 and that remains unpaid since the ministry is yet to disburse the funds to Universities.

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

In the FY 2018-2019, Garissa University strictly adhered to the code of ethics especially being honest in all financial matters including those relating to research and its funding. Further, there has been no serious governance issue during the period.

**REPORT OF THE UNIVERSITY GOVERNING COUNCIL**

The University Governing Council submits their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Garissa University's affairs.

**Principal activities**

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

**Results**

The results of the Financial Performance of the University for the Year ended June 30, 2019 are set out on page 1

**Council Members**

The members of the University Governing Council who served during the year are shown from page iv to vi.

**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 University Governing Council



Prof. Ahmed A. Osman, PhD  
**AG. VICE CHANCELLOR**

Date: 30/10/2019

## STATEMENT OF COUNCIL MEMBER'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Sections 14, 15 (1) & 33 of the State Corporations Act, require the University Governing Council to prepare financial statements in respect of that Garissa University, which give a true and fair view of the state of affairs of the University at the end of the financial period and the operating results of the University for that period. The 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.

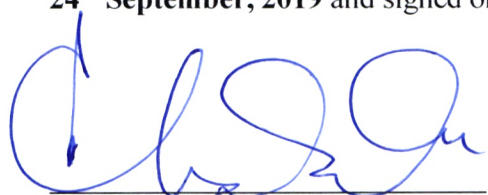
The Council Members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University as at the end of the financial year period ended on June 30, 2019. This responsibility includes: (i) maintaining 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 State Corporations Act). The Council members are of the opinion that the University's financial statements give a true and fair view of the state of Garissa University's transactions during the financial year ended June 30, 2019, 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 Garissa University's financial statements as well as the adequacy of the systems of internal financial control.

Garissa University requires additional recurrent capitation. However, nothing has come to the attention of the Council Members to indicate that Garissa University will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

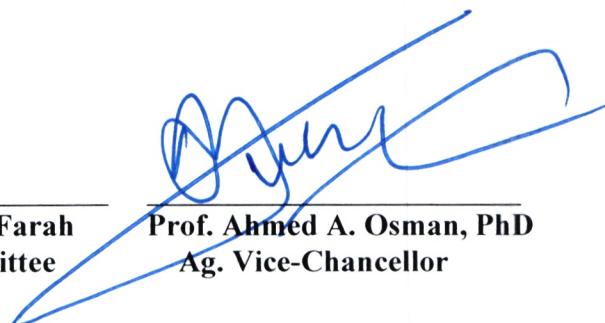
The Garissa University financial statements were approved by the University Council on **24<sup>th</sup> September, 2019** and signed on its behalf by:



**Dr. Christopher G. Gakahu, PhD**  
Chairman of Council



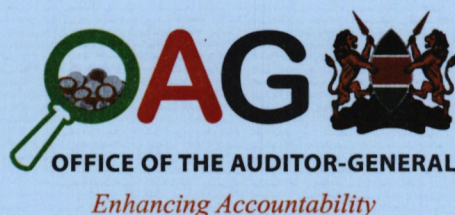
**Eng. Mohamed Ali Farah**  
Chair, FDG Committee



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

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON GARISSA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Garissa University set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Garissa University as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1.0 Undisclosed Material Threat to Going Concern

The statement of financial position reflects current liabilities balance of Kshs.195,594,000 and current assets balance of Kshs.119,476,000 resulting to a negative working capital of Kshs.76,118,000. The University is not likely to meet its financial obligations and was unable to remit PAYE, pensions and pending bills amounting to Kshs.54,374,221, Kshs.10,706,517 and Kshs.126,529,732 respectively to the respective beneficiaries thereby risking fines and penalties. The University is therefore, experiencing financial difficulties.

As a result, the University's ability to continue as going concern is dependent on Government and creditors support.

##### 2.0 Unsupported Trade and Other Receivables

As disclosed under Note 16 to the financial statements, the statement of financial position reflects trade and other receivables balance of Kshs.26,087,000 which includes student

outstanding fees and outstanding imprest of Kshs.26,043,000 and Kshs.45,000 respectively. However, the schedule provided for audit review did not indicate the ageing analysis. It was therefore not possible to ascertain how long the payables have been outstanding. An analysis of the outstanding students fee balance of Kshs.26,043,000 revealed that there are huge balances for individual students equivalent to four (4) semesters fee, an indication that students are taking exams without clearing outstanding fees contrary to the University Fees Payment Policy. Further, the outstanding imprest of Kshs.45,000 was not reflected in any of the University's books of accounts.

In the circumstances, it has not been possible to confirm the accuracy, completeness and validity of trade and other receivables from non-exchange transactions balance of Kshs.26,087,000 reflected in the statement of financial position as at 30 June, 2019.

### **3.0 Lack of Ownership Documents**

As reported in the previous report of 2017/2018, included in the property, plant and equipment balance of Kshs.1,051,681,000 is Kshs.35,000,000 relating to the land on which the University is situated. However, the land has no title deed but only allotment letters as evidence of ownership.

In the circumstances, the ownership of the property, plant and equipment balance of Kshs.35,000,000 could not be confirmed.

### **4.0 Unsupported Balances**

As disclosed under Notes 19 and 20 to the financial statements, the statement of financial position reflects total current liabilities balance of Kshs.195,594,000. The balance includes trade and other payables from exchange transactions and refundable deposits balance of Kshs.191,610,000 and Kshs.3,984,000, respectively. However, the Management did not provide a comprehensive creditor's ledger, supporting documents like invoices and creditors statements for audit review.

Further, the balance includes an amount of Kshs.3,984,000 relating to refundable deposits from customers made up of Kshs.372,000, Kshs.1,096,000 and Kshs.2,516,000 for caution, retention and prepaid fees respectively. A review of the records revealed that the University has no separate bank account for retention and caution monies owed while there were no ledgers for retentions and recoveries, to confirm the authenticity of the retention balance of Kshs.1,096,000.

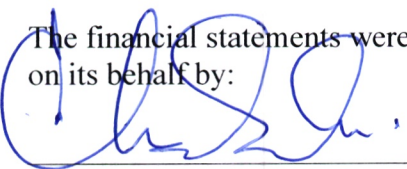
In addition, the University paid a firm Kshs.3,201,503 as retention money without the requisite documents to support the processing of the payments.

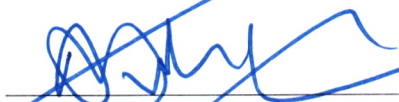
Under the circumstances, the accuracy, completeness and validity of liabilities balance of Kshs.195,594,000 reflected in the statement of financial position as at 30 June, 2019 could not be ascertained.

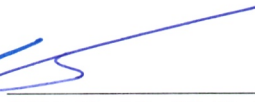
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Notes	2018-2019 Kshs'000'	2017-2018 Kshs'000'
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	15	81,042	27,688
Trade & Other Receivables	16	26,087	26,798
Inventories	17	12,447	8,458
<b>Total Current Assets</b>		<b>119,576</b>	<b>62,943</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	18	1,051,681	845,388
<b>Total Non-Current Assets</b>		<b>1,051,681</b>	<b>845,388</b>
<b>Total Assets</b>		<b>1,171,257</b>	<b>908,330</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other Payables from exchange transactions	19	191,610	78,914
Refundable Deposits from customers	20	3,984	48,283
<b>Total Current Liabilities</b>		<b>195,594</b>	<b>127,197</b>
<b>Non-Current Liabilities</b>			
Non-current employee benefit obligation		-	-
Deferred tax liabilities		-	-
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>195,594</b>	<b>127,197</b>
<b>RESERVES</b>			
Revenue Reserve		2,629	(64,755)
Capital Reserves		697,034	545,887
Revaluation Reserves		276,000	300,000
<b>Total Net Assets</b>		<b>975,663</b>	<b>781,133</b>
<b>TOTAL RESERVES &amp; LIABILITIES</b>		<b>1,171,257</b>	<b>908,330</b>

The financial statements were approved by the University Council on 24<sup>th</sup> September, 2019 and signed on its behalf by:

  
Dr. Christopher G. Gakahu, PhD  
Chairman

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

  
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Senior Accountant  
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**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2019**

	Capital Reserves Kshs ' Restated	Revaluation Reserves Kshs ' Restated	Revenue Reserves Kshs ' Restated	Total Reserves Kshs ' Restated
	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'
<b>As at 1 July 2017</b>	<b>647,492</b>	<b>274,679</b>	<b>(48,880)</b>	<b>873,291</b>
Surplus/(deficit) for the period	-	-	(64,755)	(64,755)
Transfers to/from accumulated reserves	(48,880)	-	48,880	-
Transfer of excess depreciation on revaluation	-	-	-	-
Grants received during the year	57,585	-	-	57,585
Prior years adjustments	(110,309)	25,321	-	(84,988)
<b>As at 30 June, 2018</b>	<b>545,887</b>	<b>300,000</b>	<b>(64,755)</b>	<b>781,133</b>
<b>As at 1 July 2018</b>	<b>545,887</b>	<b>300,000</b>	<b>(64,755)</b>	<b>781,133</b>
Surplus/(deficit) for the period	-	-	2,629	2,629
Transfers from Revenue Reserves	(64,755)	-	64,755	-
Transfers from Capital Reserves	(64,143)	-	-	(64,143)
Transfer of excess depreciation on revaluation	-	(6,000)	-	(6,000)
Grants received during the year	303,557	-	-	303,557
Prior years adjustments	(23,513)	(18,000)	-	(41,513)
<b>As at 30 June, 2019</b>	<b>697,034</b>	<b>276,000</b>	<b>2,629</b>	<b>975,663</b>

**Note:**

**a) Capital reserve**

This represents the net worth of the University for the period ended 30<sup>th</sup> June, 2019 and forms the net assets of the institution.

transfer from Capital Reserve of **Kshs. 64,143,000** represents the retention and other development money utilised internally to finance current operations

year adjustments under capital reserve of **Kshs. 23,513,000** presents an amount reported under revaluation reserve transferred to capital reserve and reported in the previous year's financial statements.

**Revaluation Reserve**

University carried out valuation of its buildings in the year 2015 and **Kshs. 300,000,000** represents the revaluation of buildings over and above the value before the valuation and hence forms the net asset of the institution.

adjustments under revaluation reserve of **Kshs. 18,000,000** represents depreciation that was never reported in the financial statements since 2015.

## 5.0 Unsupported Prior Year Adjustment

The statement of changes in net assets indicated an amount of Kshs.697,034,000. Included in the balance is prior year adjustments of Kshs.23,513,000 which had reduced the capital reserve. However, the same was not reflected in the 2017/2018 financial statements and was not supported with journal entries.

Under the circumstances, the accuracy, validity and completeness of the capital reserve balance of Kshs.697,034,000 reflected in the statement of changes in net assets for the year ended 30 June, 2019 could not be ascertained.

## 6.0 Compensation of Employees

As disclosed under Note 10 to the financial statements, the statement of financial performance reflects employee cost balance of Kshs.298,487,000. The following observations were made:

### 6.1 Misstatement of Employee Costs

The balance includes payment of several allowances amounting to Kshs.116,017,000. However, the supporting payroll data for the same revealed a balance of Kshs.102,425,770 resulting to an unexplained and unreconciled variance of Kshs.14,098,230 as detailed in the table below: -

<b>Employee Cost</b>	<b>Financial Statement Balance Kshs.</b>	<b>Payroll System Kshs.</b>	<b>Variance Kshs.</b>
House Allowance	64,431,000	64,083,967	347,033
Car and Commuter Allowance	20,336,000	6,942,000	13,394,000
Responsibility Allowance	5,524,000	5,359,139	164,861
Hardship Allowance	26,233,000	26,040,664	192,336
<b>Total</b>	<b>116,524,000</b>	<b>102,425,770</b>	<b>14,098,230</b>

Consequently, the accuracy and completeness of employee costs amounting to Kshs.116,524,000 for the year ended 30 June, 2019 could not be confirmed.

### 6.2 Unsupported Basic Salary

The balance includes basic salary of Kshs.122,820,000. However, an analysis of the payroll extracts availed for audit review revealed that the actual amount spent on basic pay was Kshs.121,936,605.81 resulting to an unexplained and unreconciled variance of Kshs.883,395. Further, the University employed fifteen (15) employees on various capacities including tutorial fellows, assistant lecturers, senior accountant assistants, a cook, a gardener and a plumber. However, the Management did not avail supporting

documents such as advertisement, confirmation of the employees under probation, and certified copies of personal documents for audit review.

Consequently, the accuracy and completeness of basic salary amounting to Kshs.122,820,000 for the year ended 30 June, 2019 could not be ascertained.

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit 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 of Kshs.1,094,363,171 and Kshs.736,215,000 respectively resulting to an under-funding of Kshs.358,148,171 or 33% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.1,100,713,000 and Kshs.745,344,000 respectively, resulting to an under-absorption of Kshs.455,370,000 or 41% of the budget. Further, the statement reflects an expenditure balance of Kshs.109,786,000 on operational, academic and administrative costs which differ with the statement of financial performance balance of Kshs.116,056,000 resulting to an unreconciled variance of Kshs.6,270,000.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/12/1/44 of 25 June, 2019.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness 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**

#### **Non-Remittance of Statutory Deductions**

Audit review of the expenditure and other supporting documents relating to PAYE revealed that, during the financial year under review, the University made statutory deductions relating to PAYE amounting to Kshs.67,256,036 from the staff members. However, the same was not remitted to KRA within the statutory timeline hence a penalty of Kshs.2,758,163 was levied pursuant to Section 37 of Income Tax Act, Cap 470. Further, the University had not also remitted pension amounting to Kshs.10,706,517.

In view of the foregoing, the University continued to incur additional liabilities which are avoidable leading to wastefulness in the use of public resources.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit so as 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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1.0 Weak Internal Controls**

Audit review of the expenditure for the University revealed weaknesses in enforcement of internal controls designed for ensuring effective administration of public funds. The

University lacked strong internal controls for reporting and sound financial management. In addition, proper ledgers that comprise of general ledger, payables ledger and receivables ledger were not kept either in manual or electronic form despite having installed an ERP system at a cost of Kshs.16,894,603.

In the absence primary records such as the ledgers, the internal control is weak in ensuring sound financial management.

## **2.0 Late Approval of the Budget**

A review of the budget process of the University revealed that the University carried out three revisions to its original budget in the months of August, 2018, January, 2019 and June, 2019 which were all approved on the same day by the University Council, on 17 July, 2019. No reason was provided why the University Council had not approved the supplementary budget in good time.

In view of the foregoing, the University was therefore in breach of the Law

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 University Council**

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

In preparing the financial statements, Management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of intention to liquidate the University or to cease operations.

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

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

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

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

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

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

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern 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 as a going concern. 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 as a going concern or to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

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

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**21 July, 2021**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE, 2019**

	Notes	2018-2019 Kshs'000'	2017-2018 Kshs'000'
<b>Revenue from non exchange transactions</b>			
Government Grants & Capitation	6(a)	240,142	275,374
Internal Borrowings	6(c)	68,702	-
<b>Sub-Total</b>		<b>308,844</b>	<b>275,374</b>
<b>Revenue from exchange transactions</b>			
Tuition & Related Charges	7	114,206	101,943
Rental Revenue from facilities and equipment	8	3,050	4,717
Sundry Income	9	6,558	6,722
<b>Sub-Total</b>		<b>123,813</b>	<b>113,381</b>
<b>Total revenue</b>		<b>432,657</b>	<b>388,755</b>
<b>Expenses</b>			
Employee costs	10	298,487	305,575
Board Expenses	11	13,425	10,254
Depreciation and Amortization Expense	12	15,272	15,292
Repairs and Maintenance	13	2,080	1,661
General Expenses	14	100,764	120,728
<b>Total expenses</b>		<b>430,028</b>	<b>453,510</b>
Surplus before Tax		2,629	(64,755)
Taxation		-	-
<b>Surplus for the period</b>		<b>2,629</b>	<b>(64,755)</b>

The notes set out on pages 6 to 26 form an integral part of these Financial Statements

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

		2018-2019	2017-2018
		Kshs'000'	Kshs'000'
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government grants and Capitation	21(a)	220,364	275,374
Tuition fees & Related Charges	21(b)	91,729	101,943
Rental revenue from facilities and equipment	8	3,050	4,717
Sundry Income	9	6,558	6,722
Internal Borrowings	6(c)	68,702	-
<b>Total Receipts</b>		<b>390,403</b>	<b>388,755</b>
<b>Payments</b>			
Employees Costs	22(a)	230,990	305,575
Board Expenses	22(b)	12,692	10,254
Repairs and Maintenance	22(c)	1,714	1,661
General Expenses	22(d)	60,643	120,728
<b>Total Payments</b>		<b>306,039</b>	<b>438,218</b>
<b>Net cash flows from operating activities</b>		<b>84,363</b>	<b>(49,462)</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, Plant, Equipment and Intangible assets	18	-	(32,498)
Increase in Capital-Work in Progress (WIP)	18	(221,565)	(60,461)
(Decrease)/Increase in Refundable Deposits	20	(44,299)	10,060
<b>Net cash flows used in investing activities</b>		<b>(265,864)</b>	<b>(82,898)</b>
<b>Cash flows from financing activities</b>			
Capital Grants	6(b)	303,557	57,585
Internal Borrowings	6(c)	(68,702)	-
<b>Net cash flows used in financing activities</b>		<b>234,855</b>	<b>57,585</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>53,354</b>	<b>(74,775)</b>
Cash and cash equivalents at 1st July, 2018	15	27,688	102,463
<b>Cash and cash equivalents at 30th June, 2019</b>	15	<b>81,042</b>	<b>27,688</b>

**Note:**

The cash flow statement captured actual receipt and actual payment. The amount reported are exclusive of accrued income and accrued expenses.

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE 2019**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
<b>Revenue</b>					
Recurrent Capitations	224,861	(4,497)	240,142	240,142	-
Development Capitation	649,104	-	649,104	303,557	345,547 (a)
Tuition & related charges	128,226	(1,284)	126,942	114,206	12,736 (b)
Other Income	17,346	(5,611)	11,823	9,608	2,215
Internal borrowings	-	66,353	66,353	68,702	(2,350)
<b>Total income</b>	<b>1,019,538</b>	<b>54,960</b>	<b>1,094,363</b>	<b>736,215</b>	<b>358,148</b>
<b>Expenses</b>					
Employee Costs	309,110	(16,973)	298,487	298,487	0
Operational, Academic & Administrative Costs	45,319	87,941	133,260	109,786	23,474 (c)
Repairs & Maintenance Cost	1,036	1,628	2,664	2,080	584
Board Expenses	14,968	2,230	17,198	13,425	3,773
Capital Expenditure	649,104	-	649,104	221,565	427,539 (d)
<b>Total expenditure</b>	<b>1,019,538</b>	<b>74,826</b>	<b>1,100,713</b>	<b>645,344</b>	<b>455,370</b>
<b>Surplus for the period</b>	<b>-</b>	<b>(19,866)</b>	<b>(6,350)</b>	<b>90,871</b>	<b>(97,221)</b>

**Explanation of material variance**

- a) Development fund – We were allocated more funds based on the Contract sum of the ongoing projects and we could not re-allocate the extra funds to new projects midway, despite our request to the Ministry on the same.
- b) GaU has a weak stream of Internally Generated income, mainly from tuition fees & other incomes. This is attributable to low student enrolment that was caused by the stigma from the terror attack of April 2015. The University had been allocated 771 students by KUCCPS for the 2018-19 academic year but only received and admitted a paltry 141 students, which was far below the planned admission and hence the failure to attain the desired level tuition fees.
- c) The University carried forward Kshs. 83.2 million from 2017-18 FY in pending bills, which became first charge in 2018-19 FY. Failure to attract sufficient number of students both publicly and privately sponsored programmes worsened the situation. However, some expenditure vote heads-catering & accommodation, water & electricity, motor vehicle insurance & fuel, cleaning, among others are key to the university and halting them would mean closing down the university. This forced the university to source for goods and services on credit terms necessitating a pending bill of a similar amount, hence the adverse variance.
- d) Development expenditure– We were allocated more funds based on the Contract sum of the ongoing projects and we could not re-allocate the extra funds to new projects midway, despite our request to the Ministry on the same.

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

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

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

Garissa University’s financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired 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 financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Garissa University.

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

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

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

Standard	Impact
<p><b>IPSAS 33:</b> First time adoption of Accrual Basis IPSAS</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period. <i>The University adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the University.</i></p>
<p><b>IPSAS 38:</b> Disclosure of Interests in Other Entities</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires a University to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows. <i>The University does not have interests in other entities and therefore the standard does not apply.</i></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 2019**

Standard	Effective date and impact:
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2018</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.  <i>The University does not have employees in defined pension schemes and therefore the standard does not apply.</i>
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.  <i>The University does not engage in Exchange transactions and therefore the standard does not apply.</i>

**iii. Early adoption of standards**

The University did not early – adopt any new or amended standards in year 2019.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

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

**Fees, taxes and fines**

The University recognizes revenues from student fees, government capitation 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 University and the fair value of the asset can be measured reliably.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University and can be measured reliably.

### **ii) Revenue from exchange transactions**

#### ***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.

#### ***Sale of goods***

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

#### ***Interest income***

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

#### ***Dividends***

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

#### ***Rental income***

The University does not have operating lease on investment properties during the reporting period.

### **b) Budget information**

The original budget for FY 2018-2019 was approved by the University Governing Council in July, 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University upon receiving the respective approvals in order to conclude the final budget. 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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

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

### c) Taxes

The University is exempted from paying corporation tax by the Kenyan Government since its non-profit making entity.

#### *Sales tax*

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

- 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
- 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) Property, plant and equipment

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

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

The annual depreciation rates in use are:

Buildings	2%
Furniture, plant and equipment	12.5%
Motor vehicles	25%
Computers	33 <sup>1</sup> / <sub>3</sub> %

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

### **Work in progress**

Work in progress represents properties (buildings), Perimeter wall construction and Intangible ERP (Enterprise Resource Planning) projects. It is carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use on the same basis as other buildings.

### **e) Intangible assets**

During the year under review, The University did not own intangible assets. However, an ICT infrastructure and ERP projects were commission and were not fully operational by the end the year. The costs incurred on them has been classified under Work-in Progress and fully disclosed in the financial statements.

Once certificate of completion is issued to the University, the intangible assets will then be initially recognized at cost in the financial statements. Subsequently, these will be 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.

### **f) Research and development costs**

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

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

Following initial recognition of an asset, 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.

### **g) Financial instruments**

The University did not have investments in financial instruments during the period under review.

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

### ***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 Entity 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 Entity 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.

#### ***Impairment of financial assets***

The Entity 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 a 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:

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

### ***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 Entity 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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### ***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.

### **h) 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:

- Raw materials: purchase cost using the weighted average cost method
- 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. Costs of issues are calculated using 'First in First Out' (FIFO) method.

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.

### **i) Provisions**

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

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

### ***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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### **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.

### **j) Nature and purpose of reserves**

The University has a capital reserve which represents the government interest in the net assets/equity of the University and is a combination of contributed capital by the government and the aggregate of the University's accumulated surpluses or deficit and reserves that reflect the net assets/equity attributable to the University operations.

### **k) 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.

### **l) Employee benefits**

#### **1) Retirement benefit plans**

The University provides retirement benefits for its employees by way of making pension contributions to Moi University Pension Fund. The University does not have a defined contribution plan. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

#### **m) Foreign currency transactions**

The University did not engage in foreign currency transactions during the year under review.

#### **n) Borrowing costs**

The University did not have any borrowings during the period under review.

#### **o) Related parties**

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

#### **p) Service concession arrangements**

The University did not have any service concession arrangements during the year under discussion.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### q) 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash Imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

### r) Comparative figures

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

### s) 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, 2019.

## 5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparation of the University's financial statements in conformity with IPSAS, management made judgments, estimates and assumptions that affected the reported amounts of revenues, expenses, assets and liabilities, and are expected to disclose contingent liabilities, at the end of the reporting period, if any.

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

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.

### a) Property and equipment

Critical estimates are made by the University Council in determining the depreciation rates for property and equipment.

### b) Useful lives and residual values of Assets & Liabilities

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

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

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

**c) Provisions**

Provisions on audit fees were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 20. 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.

**6. GOVERNMENT GRANTS AND CAPITATION**

**a) UNCONDITIONAL GRANTS**

<b>Month</b>	<b>Description</b>	<b>2018-2019 Kshs'000'</b>	<b>2017-2018 Kshs'000'</b>
Jul-18	CBA Arrears	-	17,870
Jul-18	Monthly Capitation	18,738	19,554
Aug-18	Monthly Capitation	18,738	18,153
Sep-18	Monthly Capitation	18,738	18,153
Oct-18	Monthly Capitation	18,733	18,153
Nov-18	Monthly Capitation	17,617	18,153
Dec-18	Monthly Capitation	16,492	8,381
Dec-18	Monthly Capitation	-	18,153
Jan-19	Monthly Capitation	-	1,676
Jan-19	Monthly Capitation	-	18,153
Feb-19	Monthly Capitation	18,738	19,829
Mar-19	Monthly Capitation	36,353	19,829
Mar-19	Monthly Capitation	-	19,829
Apr-19	Monthly Capitation	18,738	19,829
May-19	Monthly Capitation	18,738	19,829
Jun-19	Monthly Capitation	18,738	19,829
Jul-19	Supplementary	19,778	-
<b>Total</b>		<b>240,142</b>	<b>275,374</b>

**b) CONDITIONAL GRANTS**

<b>S/No.</b>	<b>Month Received</b>	<b>Description</b>	<b>2018-2019 Kshs'000'</b>	<b>2017-2018 Kshs'000'</b>
1	Sep-17	Development Grants	-	-
2	Oct-17	Development Grants	-	34,167
3	Feb-18	Development Grants	-	-
4	May-18	Development Grants	-	23,418
5	Nov-18	Development Grants	136,625	-
6	Feb-19	Development Grants	39,258	-
7	Jun-19	Development Grants	127,675	-
<b>Total</b>			<b>303,557</b>	<b>57,585</b>

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

**(c) INTERNAL TRANSFERS**

<b>Item</b>	<b>Description</b>	<b>2018-2019 Kshs '000'</b>	<b>2017-2018 Kshs '000'</b>
1	Retention Funds	61,302	-
2	Caution Money	4,559	-
3	Development Fund	2,841	-
	<b>Total</b>	<b>68,702</b>	<b>-</b>

**7. TUITION & RELATED CHARGES**

<b>Description</b>	<b>2018-2019 Kshs '000'</b>	<b>2017-2018 Kshs '000'</b>
Tuition Fees	81,479	81,908
Registration Fees	2,944	1,270
Application Fees	592	706
Students' Id	1,472	635
Examination Fees	2,944	1,524
Medical Fees	3,533	1,270
Activity Fees	2,944	1,270
Quality Assurance	2,944	1,270
Ammenity Fees	5,889	1,270
Computer Fees	2,944	5,080
Gusco Fees	1,472	1,270
Gusco Annual Sub	294	1,270
Caution Money	243	659
Library	2,944	2,540
Graduation Fees	1,566	-
<b>Total</b>	<b>114,206</b>	<b>101,943</b>

**8. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT**

<b>Description</b>	<b>2018-2019 Kshs '000'</b>	<b>2017-2018 Kshs '000'</b>
Hire of University facilities	553	2,642
Staff House Rentals	2,497	2,075
Others	-	-
<b>Total</b>	<b>3,050</b>	<b>4,717</b>

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

**9. SUNDRY INCOME**

<b>Description</b>	<b>2018-2019 Kshs '000'</b>	<b>2017-2018 Kshs '000'</b>
Accommodation	2,236	2,186
Catering	3,718	3,617
Research Grants	554	918
Others (Specify)	50	-
<b>Total</b>	<b>6,558</b>	<b>6,722</b>

**10. EMPLOYEE COSTS**

<b>Description</b>	<b>2018-2019 Kshs '000'</b>	<b>2017-2018 Kshs '000'</b>
Basic Salary	122,820	149,723
Employer Pensions & Provident Contributions	18,010	13,730
House Allowance	64,431	61,151
Car & Comm	20,336	19,458
Hardship Allowance	26,233	24,852
Responsibility Allowance	5,524	4,318
Entertainment Allowance	5,440	4,202
Telephone Allowance	3,302	2,571
Leave Travelling Allowance	806	445
Book & Journal	636	545
Acting Allowance	4,735	6
Professorial Allowance	252	252
Risk Allowance	209	221
Passage & Baggage	-	19
Research Allowance	300	-
Overtime Allowance	50	-
Casual Wages	17,239	15,560
Police Allowances	6,094	6,368
Extraneous Allowance	2,070	2,154
<b>Total</b>	<b>298,487</b>	<b>305,575</b>

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

**11. BOARD EXPENSES**

<b>Description</b>	<b>2018-2019 Kshs '000'</b>	<b>2017-2018 Kshs '000'</b>
Council Expense	11,181	4,330
Council Remuneration	2,244	1,292
Other Board Expenses	-	-
<b>Total Council Expenses</b>	<b>13,425</b>	<b>5,622</b>
Senate & Deans' committee Expenses	-	4,632
University Committees	-	-
<b>Total Committee Expenses</b>	<b>-</b>	<b>4,632</b>
<b>Total Board Expenses</b>	<b>13,425</b>	<b>10,254</b>

**12. DEPRECIATIONS AND AMORTIZATION EXPENSES**

<b>Description</b>	<b>2018-2019 Kshs '000'</b>	<b>2017-2018 Kshs '000'</b>
Property, plant and equipment	15,292	15,292
Intangible assets	-	-
<b>Total</b>	<b>15,292</b>	<b>15,292</b>

**13. REPAIR AND MAINTENANCE EXPENSES**

<b>Description</b>	<b>2018-2019 Kshs '000'</b>	<b>2017-2018 Kshs '000'</b>
University Vehicles	1,093	712
Buildings and Stations	115	77
Generator fuel & Maintenance	-	27
General Refurbishment	872	844
<b>Total</b>	<b>2,080</b>	<b>1,661</b>

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

**14. GENERAL EXPENSES**

<b>Description</b>	<b>2018-2019 Kshs '000'</b>	<b>2017-2018 Kshs '000'</b>
Insurance	4,316	2,046
Postage & Telegram Expenses	40	165
Office Expenses	20	39
News papers & Periodicals	143	162
Electricity Expenses	3,109	4,392
Water & Concervancy	4,589	6,384
Advertising & Publicity	3,494	1,646
Legal expenses	172	25
Open Day & Cultural Expenses	-	907
Staff Medical Care	14,638	17,561
Medical Expenses-Drugs purchase	913	747
Audit fees	-	3,480
Rent & Rates	-	238
Computer Expenses & software	776	15
Internet services & communication Exps	1,395	2,249
ICT Infrastructure & ERP Expenses	1,003	-
Bank Charges	153	239
Corporate Social Responsibility (CSR)	118	30
Subsistence & Travelling Costs	10,705	9,463
Telecommunication Expenses	-	70
Cleaning Materials & Detergents	1,167	1,578
Security Services, System & Equipment	662	-
Catering Expenses-(Food )	12,513	15,663
Catering Expenses-(Fuel)	-	2,880
Vehicle Fuel and oil	771	879
ISO certification Expenses	512	690
Stationeries	1,797	1,709
Purchase of Catering Equipment	40	-

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

**14. GENERAL EXPENSES (Continued)**

Purchase of Hostel Material	36	-
Purchase of Sports Equipment	-	233
Printing and Publishing	-	40
Graduation Expenses	4,736	74
GUSO Welfare	2,176	748
Conferences & Seminars	1,287	274
Research Programme Expenses	379	456
External Examiners	1,381	1,241
Development of academic Programmes	9	-
Subscriptions to Professional bodies	85	11
Performance Contracting	471	945
Teaching Materials	187	-
KUCCPS Charges	185	407
Commission for Universty Education expense (CUE)	1,326	1,094
Library Books & Journals	310	2,112
Library Subscription	96	-
Training & capacity building	723	758
Examination Materials & Expenses	1,536	496
Teaching practise	1,626	216
Field courses	417	458
Industrial Attachment	767	96
Purchase of lab equipment	-	722
Part-Time Lecturers	18,390	36,055
Sports & Recreational Activities	523	945
Student fees Refund	438	91
Feasibilty study, Project preparation & Design and Environment Impact Assessment	633	-
<b>Total</b>	<b>100,764</b>	<b>120,728</b>

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

**15. CASH AND CASH EQUIVALENTS**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
<b>(a) Cash and cash equivalents</b>		
Current accounts	81,042	27,688
<b>Total</b>	<b>81,042</b>	<b>27,688</b>

<b>(b) Current account</b>		<b>2018-2019</b>	<b>2017-2018</b>
<b>Financial institution</b>		<b>Kshs</b>	<b>Kshs</b>
<b>Bank Details</b>	<b>Account No.</b>		
KCB-Payment Account-	1136134727	6,425	950
KCB- Deposit A/c-	1136134816	54,599	635
KCB- Collection Account-	1136134514	7,519	(2)
Equity-GSSP Collection A/c-	0580261358416	29	4,159
Equity-PSSP Collection A/c-	0580261358406	8,871	20,356
Equity- Catering & Acc A/c-	0580261526380	3,599	1,590
<b>Sub- total</b>		<b>81,042</b>	<b>27,688</b>
<b>Grand total</b>		<b>81,042</b>	<b>27,688</b>

**16. TRADE & OTHER RECEIVABLES**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Student Receivables-Outstanding Fees	26,043	26,798
Staff Receivables- Imprest Debtors	45	-
Others(Specify)	-	-
<b>Totals</b>	<b>26,087</b>	<b>26,798</b>

**17. INVENTORIES**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Central-stores	547	1,110
Consumable stores	1,621	1,662
Medical supplies-Clinic store	3,680	1,072
Catering store	3,754	3,774
Hostel stores	2,843	839
<b>Total</b>	<b>12,447</b>	<b>8,458</b>

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

**18. PROPERTY, PLANT AND EQUIPMENT**

COST/VALUATION	Land	Buildings	Motor vehicles	Furniture, Plant	Computers,	Capital-Work in	Total
	Kshs '000'	Kshs '000'	Kshs '000'	& Equipment Kshs '000'	Copiers & Printers Kshs '000'	Progress (W.I.P) Kshs '000'	Kshs '000'
At 1 July 2017	35,000	324,475	25,824	37,763	11,753	371,065	805,881
Disposals/Capitalization	-	-	-	-	-	(32,498)	(32,498)
Additions	-	-	-	32,498	-	119,977	152,474
<b>At 30 June 2018</b>	<b>35,000</b>	<b>324,475</b>	<b>25,824</b>	<b>70,261</b>	<b>11,753</b>	<b>458,544</b>	<b>925,857</b>
At 1 July 2018	35,000	324,475	25,824	70,261	11,753	458,544	925,857
Disposals/Capitalization	-	-	-	-	-	-	-
Additions	-	-	-	-	-	221,565	221,565
<b>At 30 June 2019</b>	<b>35,000</b>	<b>324,475</b>	<b>25,824</b>	<b>70,261</b>	<b>11,753</b>	<b>680,110</b>	<b>1,147,423</b>
<b>DEPRECIATION/AMORTIZATION</b>							
At 1 July 2017	-	18,352	19,778	11,084	11,753	-	60,967
Disposals	-	-	-	-	-	-	-
Charge for the year	-	6,490	2,051	6,751	-	-	15,292
Amortization for the year	-	-	-	-	-	-	-
<b>At 30 June 2018</b>	<b>-</b>	<b>24,842</b>	<b>21,829</b>	<b>17,836</b>	<b>11,753</b>	<b>-</b>	<b>76,260</b>
At 1 July 2018	-	24,842	21,829	17,836	11,753	-	76,260
Disposals	-	-	-	-	-	-	-
Charge for the year	-	6,490	-	8,783	-	-	15,272
Amortization for the year	-	-	-	-	-	-	-
Transfers/Adjustments	-	48	-	167	-	-	215
<b>At 30 June 2019</b>	<b>-</b>	<b>31,379</b>	<b>21,829</b>	<b>26,786</b>	<b>11,753</b>	<b>-</b>	<b>91,747</b>
<b>NET BOOK VALUE</b>							
As At 30 June,2019	35,000	293,096	-	43,475	-	680,110	1,051,681
As At 30 June 2018	35,000	299,634	3,995	52,425	-	458,544	845,388

Note:

The land on which the University operates does not have a title deed yet. However, the University has received an allotment letter from the Commission of Lands and the process of title acquisition is currently at an advanced stage.

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

**19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Trade Payables	46,869	50,832
Unpaid Personal Claims	2,545	506
Accrued audit fee	3,480	3,480
Other Creditors	138,716	24,096
<b>Total</b>	<b>191,610</b>	<b>78,914</b>

**Note:**

1. Trade Payables represent supplier and service providers invoices not paid as at close of the reporting period.
2. Unpaid audit fee that has accrued since 2013.
3. Other Creditors represent monies borrowed from retention & development fund to pay taxes, graduation & other operational expenses.

**20. REFUNDABLE DEPOSITS FROM CUSTOMERS**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Caution Money	372	2,716
Retention fund	1,096	44,073
Prepaid fees	2,516	1,494
<b>Total deposits</b>	<b>3,984</b>	<b>48,283</b>

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

**21. CASHFLOW RECEIPTS NOTES**

**a) Government grants and Capitation**

Month	Description	2018-2019 Kshs'000'	2017-2018 Kshs'000'
Jul/18	CBA Arrears	-	17,870
Jul/18	Monthly Capitation	18,738	19,554
Aug/18	Monthly Capitation	18,738	18,153
Sep/18	Monthly Capitation	18,738	18,153
Oct/18	Monthly Capitation	18,733	18,153
Nov/18	Monthly Capitation	17,617	18,153
Dec/18	Monthly Capitation	16,492	8,381
Dec/18	Monthly Capitation	-	18,153
Jan/19	Monthly Capitation	-	1,676
Jan/19	Monthly Capitation	-	18,153
Feb/19	Monthly Capitation	18,738	19,829
Mar/19	Monthly Capitation	36,353	19,829
Mar/19	Monthly Capitation	-	19,829
Apr/19	Monthly Capitation	18,738	19,829
May/19	Monthly Capitation	18,738	19,829
Jun/19	Monthly Capitation	18,738	19,829
	<b>Total</b>	<b>220,364</b>	<b>275,374</b>

**b) Tuition fees & Related Charges**

Description	Kshs '000'	Kshs '000'
Tuition Fees	65,708	81,908
Registration Fees	2,341	1,270
Application Fees	471	706
Students' Id	1,170	635
Examination Fees	2,341	1,524
Medical Fees	2,809	1,270
Activity Fees	2,341	1,270
Quality Assurance	2,341	1,270
Ammenity Fees	4,682	1,270
Computer Fees	2,341	5,080
Gusco Fees	1,171	1,270
Gusco Annual Sub	234	1,270
Caution Money	193	659
Library	2,341	2,540
Graduation Fees	1,245	-
<b>Total</b>	<b>91,729</b>	<b>101,943</b>

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

**22. CASHFLOW PAYMENT NOTES**

**a) Employee cost**

<b>Description</b>	<b>2018-2019 Kshs '000'</b>	<b>2017-2018 Kshs '000'</b>
Basic Salary	93,994	149,723
Employer Pensions & Provident Contributions	13,723	13,730
House Allowance	48,934	61,151
Car & Comm	15,382	19,458
Hardship Allowance	19,879	24,852
Responsibility Allowance	4,209	4,318
Entertainment Allowance	4,145	4,202
Telephone Allowance	2,516	2,571
Leave Travelling Allowance	615	445
Book & Journal	485	545
Acting Allowance	3,608	6
Professorial Allowance	192	252
Risk Allowance	159	221
Passage & Baggage	-	19
Research Allowance	229	-
Casual Wages	16,661	15,560
Police Allowances	4,682	6,368
Extraneous Allowance	1,577	2,154
<b>Total</b>	<b>230,990</b>	<b>305,575</b>

**b) Board expense**

<b>Description</b>	<b>2018-2019 Kshs '000'</b>	<b>2017-2018 Kshs '000'</b>
Council Expense	10,948	4,330
Council Remuneration	1,745	1,292
Other Board Expenses	-	-
<b>Total Council Expenses</b>	<b>12,692</b>	<b>5,622</b>
Senate & Deans' committee Expenses	-	4,632
University Committees	-	-
<b>Total Committee Expenses</b>	<b>-</b>	<b>4,632</b>
<b>Total Board Expenses</b>	<b>12,692</b>	<b>10,254</b>

**c) Repairs and Maintenance**

<b>Description</b>	<b>2018-2019 Kshs '000'</b>	<b>2017-2018 Kshs '000'</b>
University Vehicles	815	712
Buildings and Stations	115	77
Generator fuel & Maintenance	-	28
General Refurbishment	784	844
<b>Total</b>	<b>1,714</b>	<b>1,661</b>

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

**d) General Expenses**

<b>Description</b>	<b>2018-2019 Kshs '000'</b>	<b>2017-2018 Kshs '000'</b>
Insurance	978	2,046
Postage & Telegram Expenses	40	165
Office Expenses	20	39
News papers & Periodicals	143	162
Electricity Expenses	3,109	4,392
Water & Concervancy	3,841	6,384
Advertising & Publicity	2,063	1,646
Legal expenses	22	25
Open Day & Cultural Expenses	-	907
Staff Medical Care	11,145	17,561
Medical Expenses-Drugs purchase	570	747
Audit fees	-	3,480
Rent & Rates	-	238
Computer Expenses & software	776	15
Internet services & communication Exps	1,395	2,249
ICT Infrastructure & ERP Expenses	846	-
Bank Charges	153	239
Corporate Social Responsibility (CSR)	88	30
Subsistence & Travelling Costs	10,631	9,463
Telecommunication Expenses	-	70
Cleaning Materials & Detergents	776	1,578
Security Services, System & Equipment	546	-
Catering Expenses-(Food )	7,512	15,663
Catering Expenses-(Fuel)	-	2,880
Vehicle Fuel and oil	771	879
ISO certification Expenses	512	690
Stationeries	1,088	1,709
Purchase of Catering Equipment	40	-
Purchase of Sports Equipment	-	233
Printing and Publishing	-	40
Graduation Expenses	2,755	74
GUSO Welfare	2,169	748
Conferences & Seminars	1,068	274
Research Programme Expenses	379	456
External Examiners	958	1,241
Development of academic Programmes	9	-
Subscriptions to Professional bodies	85	11
Performance Contracting	441	945
Teaching Materials	20	-
KUCCPS Charges	185	407
Commission for Universty Education expense (CUE)	1,326	1,094

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

Library Books & Journals	310	2,112
Library Subscription	96	-
Training & capacity building	598	758
Examination Materials & Expenses	1,109	496
Teaching practise	732	216
Field courses	417	458
Industrial Attachment	228	96
Purchase of lab equipment	-	722
Part-Time Lecturers	-	36,055
Sports & Recreational Activities	282	945
Student fees Refund	413	91
<b>Total</b>	<b>60,643</b>	<b>120,728</b>

**23. Financial Risk Management**

The University's activities expose it to a variety of financial risks including credit and liquidity risks. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University does not hedge any risks and has in place policies to ensure that these risks are minimised.

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

**i) Credit risk**

The University has exposure to credit risk, which is primarily attributable to receivables since some students are unable to pay fees in full when due. Credit risk arises from cash and cash equivalents.

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

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

	<b>Total amount</b> Kshs.'000'	<b>Fully performing</b> Kshs.'000'	<b>Past due</b> Kshs.'000'	<b>Impaired</b> Kshs.'000'
<b>At 30 June 2019</b>				
Receivables from exchange transactions	137,020	137,020	-	-
Receivables from non-exchange transactio	220,364	220,364	-	-
Bank balances	81,042	81,042	-	-
<b>Total</b>	<b>438,425</b>	<b>438,425</b>	-	-
<b>At 30 June 2018</b>				
Receivables from exchange transactions	113,381	113,381	-	-
Receivables from non-exchange transactio	275,374	275,374	-	-
Bank balances	27,688	27,688	-	-
<b>Total</b>	<b>416,443</b>	<b>416,443</b>	-	-

The credit risk associated with receivables under the fully performing category is minimal and the allowance for uncollectible amounts that the University has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The University Management board have set fees policy to ensure that all students pay their fees and on time as a measure to credit risk management.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the University's council members who have built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The University prepares annual budgets and expenditures are incurred based on availability of funds.

	<b>Less than 1</b> <b>month</b> Kshs.'000'	<b>Between 1-5</b> <b>months</b> Kshs.'000'	<b>Over 5</b> <b>months</b> Kshs.'000'	<b>Total</b> Kshs.'000'
<b>At 30 June 2019</b>				
Trade payables	-	191,610	-	<b>191,610</b>
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	<b>191,610</b>	-	<b>191,610</b>
<b>At 30 June 2018</b>				
Trade payables	32,238	29,001	17,675	<b>78,914</b>
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>32,238</b>	<b>29,001</b>	<b>17,675</b>	<b>78,914</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or its purchasing power. 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 Internal Audit 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 does not engage in foreign currency transactions and therefore no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency.

### 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. Its interest rate risk arises from bank deposits. This exposes the University to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the University's deposits.

#### *Management of interest rate risk*

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

## Fair value of financial assets and liabilities

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

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The entity considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 Kshs'000'	Level 2 Kshs'000'	Level 3 Kshs'000'	Total Kshs'000'
<b>At 30 June 2019</b>				
Financial Assets	-	-	-	-
Quoted equity investments	-	-	-	-
Non- financial Assets	-	-	-	-
Investment property	-	-	-	-
Land and buildings	-	328,096	-	328,096
<b>Total</b>	-	<b>328,096</b>	-	<b>328,096</b>
<b>At 30 June 2018</b>				
Financial Assets	-	-	-	-
Quoted equity investments	-	-	-	-
Non- financial Assets	-	-	-	-
Investment property	-	-	-	-
Land and buildings	-	334,586	-	334,586
<b>Total</b>	-	<b>334,586</b>	-	<b>334,586</b>

There were no transfers between levels 1, 2 and 3 during the year.

**iv) Capital Risk Management**

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

	2018-2019 Kshs'000'	2017-2018 Kshs'000'
Revaluation reserve	276,000	300,000
Retained earnings	-	-
Capital reserve	697,034	545,887
<b>Total funds</b>	<b>973,034</b>	<b>845,887</b>
Total borrowings	0	0
Less: cash and bank balances	81,042	27,688
Net debt/(excess cash and cash equivalents)	(81,042)	(27,688)
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

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

**24. Related Party Transactions (Balances)**

**a) Nature of related party relationships**

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

The University is related to

- i) The National Government;
- ii) The Parent Ministry; Ministry of Education
- iii) Council Members
- iv) Top Management: The Vice Chancellor, The Deputy Vice Chancellor-ASA and the Deputy Vice Chancellor-FAP, who are the key management Member

**b) Related party transfers**

There were no transfers made to/and from the top management staff.

**c) Key management remuneration**

GaU incurred a total expenditure of **Kshs. 39,867,006** in payment of salaries, allowances and honorarium to the Chancellor, Chairperson, Council members and key management staff as tabulated below:

S/No.	Name	Position	QT1	QT2	QT3	QT4	GROSS AMOUNT
1	Prof. Hellen Sambili	Chancellor	480,937	682,544	480,191	459,797	2,103,469
2	Dr. Christopher G. Gakahu	Chairman	706,278	339,943	511,754	729,012	2,286,986
3	Mr. John K. Munge	Rep. PS Treasury	635,995	-	-	-	635,995
4	Mr. Evans M. Atambo	Rep. PS MOE	79,945	-	228,094	248,460	556,498
5	Dr. Bertha Kaimenyi	Member	458,407	-	280,340	179,000	917,747
6	Eng. Mohamed A. Farah	Member	395,413	-	354,119	167,000	916,532
7	Mr. Jacktone Akelo	Member	651,234	-	256,324	243,322	1,150,880
8	Eng. Emma Kiilu	Member	353,573	-	163,070	-	516,643
9	Mr. William O. Motari	Member	669,870	99,044	301,160	209,484	1,279,557
10	Mr. Boniface Ngigi	Rep. PS Treasury	-	-	280,340	110,600	390,940
11	Hesbon N Otinga	Rep. PS Treasury	-	-	-	68,400	68,400
12	Prof. Ahmed A. Osman	Ag. VC	2,149,116	2,058,648	2,764,756	2,655,509	9,628,029
13	Prof. Stephen I. Ng'ang'a	Ag. DVC (FAP)	2,163,330	2,158,060	2,788,803	2,822,223	9,932,416
14	Prof. Hussein S.A. Golicha	Ag. DVC (ASA)	1,980,555	2,120,915	2,744,011	2,637,431	9,482,912
	<b>Total</b>		<b>10,724,652</b>	<b>7,459,153</b>	<b>11,152,963</b>	<b>10,530,238</b>	<b>39,867,006</b>

**d) Due from related parties**

There were no dues from the top management or from the council members during the year under review.

**e) Due to related parties**

There were no dues to and from ministries or other departments during the period under review.

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

**25. Segment information**

The University operates with Garissa County and specifically in the proximity of Garissa Township and does not have campuses in other places. Hence IPSAS 18 on segment reporting is not applicable

**26. Contingent assets and contingent liabilities**

At the close of business on June 30<sup>th</sup> 2019, the University did not have any contingent asset or liability.

**27. Capital Commitments**

At the close of business on June 30<sup>th</sup> 2019, the University did not have any capital commitments

**28. Events after the reporting period**

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

**29. Ultimate and Holding University**

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

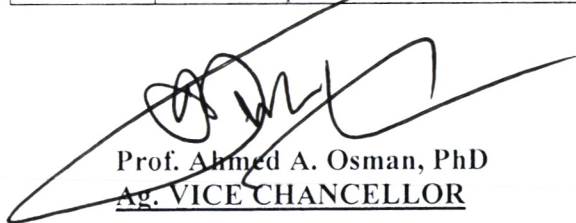
**30. The Reporting Currency**

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

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

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

Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
1.	<b>FY 2017/2018 Financial Performance-</b> The current liabilities are more than the current assets resulting to negative working capital	Management will make assessment to continue as a going concern and make a disclosure. Also seek additional funds from the National Treasury; which a request for additional funds has already been made	Prof. Ahmed O. Warfa Ag. VC	Not Resolved	FY 2019/20
2.	<b>Trade and other payables from exchange transactions-</b> Schedules of trade payables presented for audit did not indicate the ageing list	Management will ensure that trade payables schedules are attached	Prof. Ahmed O. Warfa Ag. VC	Not Resolved	FY 2019/20
3.	<b>Property, Plant &amp; Equipment-</b> The University land has no title deed as evidence of ownership	The University Title Deed acquisition process is currently in final stages at the Ministry of lands & housing Head Quarters in Nairobi	Prof. Ahmed O. Warfa Ag. VC	Not Resolved	FY 2019/20
4.	<b>Irregular payments of subsistence allowance-</b> Relevant support documents for the expenditures were not attached	Management provided the audit team with the evidence which were verified physically	Prof. Ahmed O. Warfa Ag. VC	Not Resolved	FY 2019/20

  
 Prof. Ahmed A. Osman, PhD  
 Ag. VICE CHANCELLOR

Date: \_\_\_\_\_



## APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY

The projects which the University undertook during the year under review were fully funded by the Government of Kenya, through the Ministry of Education.

### I) PROJECT DETAILS

S/No.	Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required	Consolidat ed in these financial statements
1	750 Capacity Students Hostel		GoK	2014-Date	653,312	No	yes
2	Perimeter wall		GoK	2016-Date	146,266	No	yes
3	ERP System		GoK	2016-Date	16,895	No	yes

### II) STATUS OF PROJECTS COMPLETIONS

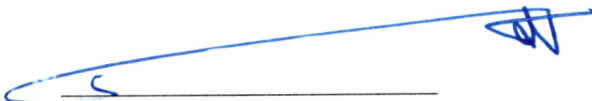
S/No.	Project title	Total project Cost	Total expended to date	Completi on % to date	Budget	Actual	Sources
		Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
1	750 Capacity Students Hostel	653,312	527,360	57%	485,044	188,778	GoK
2	Perimeter wall	146,266	135,481	85%	164,060	108,022	GoK
3	ERP System	16,895	15,205	90%	6,758	6,758	GoK
<b>Total</b>		<b>816,472</b>	<b>678,046</b>	<b>-</b>	<b>655,862</b>	<b>303,558</b>	

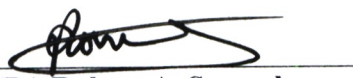
**APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

The transfers which the University received during the year under review were all from the National Treasury, through the Ministry of Education.

Recurrent	Bank statement Date	Amount Kshs. '000'								2018-2019	2017-2018
		1st Quarter	Bank statement Date	2nd Quarter	Bank statement Date	3rd Quarter	Bank statement Date	4th Quarter			
	Jul-18	18,738	Oct-18	18,733	Jan-19	-	Apr-19		18,738	56,210	
	Aug-18	18,738	Nov-18	17,617	Feb-19	18,738	May-19		18,738	73,832	
	Sep-18	18,738	Dec-18	16,492	Mar-19	36,353	Jun-19		18,738	90,322	
							Jul-19	Supplementary	19,778	19,778	
	<b>Total</b>	<b>56,215</b>		<b>52,842</b>		<b>55,091</b>			<b>75,993</b>	<b>240,142</b>	<b>275,374</b>
Development	Amount Kshs. '000'								303,558		
		Nov-18	136,625	Feb-19	39,258	Jun-19		127,675			
	<b>Total</b>	<b>-</b>	<b>136,625</b>		<b>39,258</b>			<b>127,675</b>	<b>303,558</b>	<b>57,585</b>	
Direct Payments											
Donor Receipts											
	<b>Grand Total</b>	<b>56,215</b>		<b>189,467</b>		<b>94,349</b>			<b>203,668</b>	<b>543,699</b>	<b>332,959</b>

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

  
**CPA Teddy K. Bett**  
 Head of Finance  
 Garissa University

  
**CPA Robert A. Samuel**  
 Head of Accounting Unit  
 MOE-State Department of University  
 Education & Research