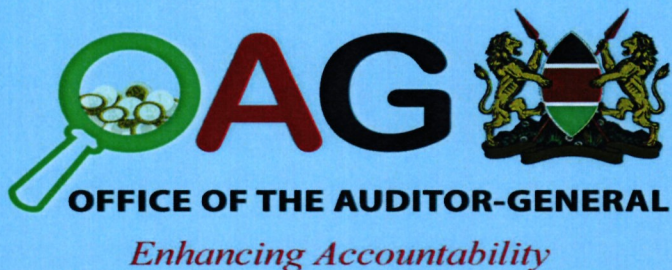


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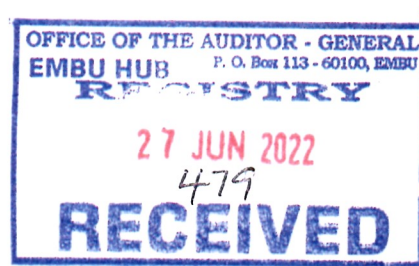
THE AUDITOR-GENERAL

ON

UNIVERSITY OF EMBU

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

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021



UNIVERSITY OF EMBU



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH
JUNE, 2021

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

UNIVERSITY OF EMBU
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Chancellor's procession during the University's fifth graduation ceremony, in December, 2020.



The University Chancellor Prof. Paul Musili Wamua (right), Council Chairman Dr. Kennedy Okong'o (left) and the Vice-Chancellor Prof. Daniel Mugendi Njiru, during a ceremony to celebrate attainment of position one in the financial year 2019/2020 Performance Contracting (PC), out of 223 Ministries / Departments / Agencies, State Corporations and Tertiary Institutions.

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FUNDAMENTAL STATEMENTS

Vision

A dynamic epicentre of excellence in training and research for service to humanity.

Mission

To generate, advance and disseminate knowledge through training, research, and innovation for the development of humanity.

Philosophy

Enhancing human capacity for societal development.

Core Values

Integrity,
Innovativeness,
Professionalism,
Teamwork
Customer focus

UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

(i) Establishment

The University of Embu (UoEm) was established as Embu University College, a constituent college of the University of Nairobi, vide Legal Notice No. 65 of 17th June, 2011. The College was elevated to its current University status on 7th October, 2016, when it was awarded its Charter by the President of the Republic of Kenya, His Excellency, Uhuru Kenyatta.

(ii) Commencement of operations

The University College did not start operations immediately after establishment, because at that time, budget for the financial year (FY) 2011/2012 had already been approved, and the College had not been allocated funds in that budget. Operations commenced, in the FY 2012/2013.

(iii) Student population

The first group of students was admitted in April, 2013 through Joint Admission Board. The pioneer group had only 120 students. Student population has grown over time, rising to 8435 students in the 2020/2021 financial year. This remarkable growth in numbers is attributed mainly to: quality student services, introduction of new academic and aggressive marketing of the University.

(b) Mandate of University of Embu

The Mandate of University of Embu, as contained in the Legal Notice No. 65 of the year 2011, includes:

- i. To provide directly, or in collaboration with other institutions of higher learning, facilities for university education, the integration of teaching, research and skill to the life, work and welfare of citizens of Kenya,
- ii. To participate in discovery, transmission, and preservation and enhancement of knowledge and to stimulate the intellectual participation of students in the economic, social, cultural, scientific and technological development of Kenya,
- iii. To provide and advance university education and training to appropriately qualified candidates, leading to conferment of degrees and award of diplomas and certificates and such other qualifications as Council and the Senate shall from time to time determine and in so doing contribute to manpower needs,
- iv. To conduct examinations for such academic awards as may be provided in the statutes pertaining to the University,
- v. To examine and make proposals for new faculties, schools, institutes, departments, resource and research centres, study courses and subjects of study.

c) University Management Board

University of Embu is run on day to day basis by the Management Board, which is headed by the Vice-Chancellor. The Management Board comprises of the Vice-Chancellor, two Deputy Vice-Chancellor, three Registrars and the Finance Officer.

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d) Fiduciary Management

The management personnel who held office during the financial year ended 30th June, 2021 are:

Designation	Name
1) Vice-Chancellor	Prof. Daniel Mugendi Njiru
2) Deputy Vice-Chancellor (Planning, Adm. & Finance)	Prof. Eucharika Unoma Kenya
3) Deputy Vice-Chancellor (ARE)	Prof. Kotut Kiplagat
4) Registrar (Vice-Chancellor's Office)	Mrs. Margaret Otolo
5) Registrar (Planning, Adm. & Finance)	Prof. Paul Nthakanio
6) Registrar (Academic Research & Extension)	Prof. Jackson Wachira
7) Head of Finance	Mr. Lawrence Kamonjo
8) Head of Human Resources	Ms. Gladys Atambo
9) Head of Procurement	Mrs. Purity Chege
10) Legal Officer	Ms. Ann Ndegwa

e) Fiduciary oversight arrangements

(i) Parliamentary Public Accounts Committee

The Committee oversees the expenditure of public funds by Ministries, State Departments and Corporations, Commissions and Independent Offices, to ensure value for money in spending, and adherence to the Government Financial Regulations and Procedures. The Committee executes its mandate on the basis of annual and special audit reports, that are prepared by the Office of the Auditor General. University of Embu being a public entity is overseen, by having its Financial Statements examined and discussed by the Committee to determine whether the affairs of the University are managed with sound financial principles and prudent practices.

(ii) Audit, Risk and Compliance Committee of the University Council

The University has Audit, Risk and Compliance Committee of the University Council. The committee plays an oversight role in the University operations by independently reviewing financial and non-financial operations of the University, and reports to the University Council on quarterly basis. The Committee executes its mandate on the basis of regular audits conducted by the Internal Auditor. On quarterly basis, the Internal Auditor tables a report to the Committee, giving in details the findings for audits conducted, recommendations made, and the actions taken by the Management to address risks that were identified during audits.

(iii) Finance, Resource Mobilization and General Purposes Committee

This is one of the committees of the University Council that provides financial analysis, advice and oversight of the University's budget. The mandate of the committee as provided in its charter, includes:

- i) To review, evaluate and recommend to Council for approval, the operating and financial results and to ensure effective, accurate, timely and transparent disclosure of pertinent
- ii) To mobilize resources to ensure availability, systematic allocation and application of the resources for the development and sustainability of the University.
- iii) To review, evaluate and recommend for approval by Council major resource allocation and capital investments by the University as may be found appropriate from time to time.
- iv) To review on a quarterly basis, the attainment of targets and objectives set out in the

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- v) To review and recommend for approval by the Council rules and procedures for control of expenditure and administration of financial matters.
- vi) To review, evaluate and recommend for approval by the Council procurement plans and expenditure; and disposal plans.

(iv) Ethics and Anti-Corruption Commission

The Commission is mandated to spearhead the fight against corruption, and promote sound ethical standards and practices in Kenya. In execution of the mandate, the Commission oversights the University systems to ensure that they are effective in preventing corruption and unethical practices in the University.

f) University Headquarters

University of Embu
Meru-Nairobi Highway
P. O. Box 6-60100
Embu, Kenya

g) University of Embu contacts

P.O. Box 6-60100 Embu, Kenya
Email: vc@embuni.ac.ke/info@embuni.ac.ke
Website: www.embuni.ac.ke
Tel: +25420244 4136/+254727933950/ +254788199505

h) Bankers

- | | | |
|-------------------------------|---|-------------|
| i. Barclays Bank of Kenya | - | Embu Branch |
| ii. KCB Bank Kenya Limited | - | Embu Branch |
| iii. Equity Bank | - | Embu Branch |
| iv. Cooperative Bank of Kenya | - | Embu Branch |
| v. National Bank of Kenya | - | Embu Branch |

i) Independent Auditors

The University being a public entity is audited by the Auditor General. The office of the Auditor General is an independent office whose roles and responsibilities are defined under the Constitution of Kenya. The postal address and the physical location of the office of the Auditor General is as follows:

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

j) Principal Legal Adviser

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

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UNIVERSITY COUNCIL

During the year under review, the University Council comprised of nine members including the Vice-Chancellor, who is the Chief Executive Officer. Summaries of their profiles are given below:

 Dr. Kennedy Okong'o – Council Chairperson	Date of Birth: 16th April, 1982 Holds a PhD in Information Systems, University of Cape Town, MSc in ICT Policy and a BSc in Geomatic Engineering and Geo Information Systems, JKUAT. He also holds an MBA in Information Systems, University of Nairobi and a Master of Arts in Diplomacy, Moi University. Previously, he served as a member of Council for Embu University College and South Eastern Kenya University. Dr. Okong'o is Policy Lead, Digital Impact at the United Nations Foundation.
 Mr. James Muchiri Ndung'u - Representative of the Principal Secretary, Ministry of Ed. - State Department for University Ed. & Research	Date of Birth: 1973 Holds a master degree in Education Planning, and a Bachelor Degree in Education. Has wide experience in the education management.
 Mr. Samuel Kiiru Representative of the Cabinet Secretary, National Treasury and Planning	Date of Birth: October 20, 1969 Holds a Master of Arts in Economics, from Carleton University, Canada and a Bachelor of Arts in Economics from University of Nairobi. He is currently serving as the Director of Planning and Head of Budget Policy, at The National Treasury. Has a wealth of experience in policy review, fiscal analysis, Macro level planning, program and performance budgeting, project appraisal, monitoring and evaluation and is a trainer on programme and performance budgeting.

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CPA James Njeru Kaburu

Chairperson Finance, Resource Mobilization and General Purposes Committee

Date of Birth: 2nd May, 1969

He holds a Master degree in Business Administration, Strategic Management, a Bachelor degree in Business Administration (Accounting), both from the United States International University (USIU), and a Global Diploma in Engagement and Productivity Coaching from CDI-Africa Coaching Group Limited. In addition, he is a member of the Institute of Certified Public Accountants of Kenya

He is currently serving as the Group Chief Risk Officer, Co-operative Bank of Kenya Limited.



Ms. Karen Basiye Itela

Chairperson - Human Resource Development and Academic Affairs Committee

Date of birth: 17th November, 1978

She holds a Joint Master of Environmental Science, Policy and Management degree from Lund University (Sweden), University of Manchester (UK), Central European University (Hungary) and University of the Aegean (Greece) and a Bachelor of Environment Science degree from Kenyatta University.

Currently at Safaricom, Karen leads the Sustainability agenda for the company. Karen is passionate about the interplay between People, Purpose and Profit. She has a wealth of experience in Environmental Management Systems and Policies.



Ms. Agnes Wanjuki Ndwiga, HSC, CDFA
Chairperson - Audit, Risk and Compliance Committee

Date of Birth: 4th September 1962

Holds a Master of Science Degree in Development Finance from Reading University, United Kingdom and a Bachelor of Commerce Degree in Business Administration from the University of Nairobi. She is currently pursuing a Doctorate Degree in Development Studies. She is a financial sector expert with over 20 years' experience. Agnes has been awarded the head of state commendation (HSC) by the President of the Republic of Kenya in recognition of her outstanding contribution in financing of SMEs through her work in the Finance industry and public sector board roles. She is currently serving as a General Manager, Corporate and Public sector banking, Equity Group.

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 Ms. Lilian Njeri Munene - Member	Date of Birth: 9th March, 1978 She holds a Master of Science in International Management from Oxford Brookes University, England and a Bachelor of Sciences (Hons) in Business Information Systems from North London University, England. Lilian is an international management professional with proven linkages skills and understanding of the research and innovation financing landscape. She has a wealth of experience in governance since 2005. Lilian is currently serving as an Executive Director at Ayenit Alolom Africa
 CPA Felix Nthenge Kilonzi - Member	Date of Birth: 10th October, 1977 Holds a Master degree in Tax and Customs Administration from Moi University, Master of Business Administration in Corporate Management and a Bachelor of Commerce degree in Finance both from KCA University. He is currently pursuing a Ph.D in accounting at Moi University, Eldoret. In addition, he is a Certified Public Accountant and a Certified Public Secretary. Mr. Felix Kilonzi is a member of Institute of Certified Public Accountants of Kenya (ICPAK) and member of Kenya Institute of Management (MKIM). He has a wealth of experience in accountancy and financial management since 2001. He is currently a consultant at IMA Associates, Certified Public Accountants and also serves as an Academic Supervisor at the Kenya School of Revenue Administration (KESRA).
 Prof. Daniel Mugendi Vice-Chancellor and Secretary to the Council.	Date of Birth: 8th September 1961 Holds a PhD in Agroforestry from University of Florida, Gainesville, Florida, USA; In addition, he has a Master of Science Degree in Crop Science from the University of Nairobi; and Bachelor of Science (BSc) Degree in Forestry from Moi University. Has vast experience spanning over 30 years in Administration, Academic & Research in Universities, and Research Institutions.

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UNIVERSITY MANAGEMENT BOARD

The following are the members who served in the University Management Board during the year under review:

 Prof. Daniel Mugendi	Vice-Chancellor Holds a PhD in Agroforestry from University of Florida, Gainesville, Florida, USA; In addition, he has a Master of Science Degree in Crop Science from the University of Nairobi; and Bachelor of Science (BSc) Degree in Forestry from Moi University.
 Prof. Eucharika U. Kenya	Deputy Vice-Chancellor (Planning Administration & Finance) Holds a PhD in Applied Entomology from River's State University of Science & Technology, Nigeria. In addition she has a Master Degree in Medical Parasitology and a Bachelor of Science in Zoology from University of Nigeria.
 Prof. Kiplagat Kotut	Deputy Vice-Chancellor (Academic Research & Extension) Holds a PhD in Phytoplankton Ecology, a Master of Science Degree in Plant Ecology, and a Bachelor of Education (Science)
 Mrs. Margaret Otolo	Registrar, Office of the Vice-chancellor Holds a Master of Business Administration Degree and B.Ed (Arts) Degree from Kenyatta University. Presently pursuing Doctorate studies in Entrepreneurship.

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 Prof. Jackson Wachira	Registrar – Academic Research & Extension Holds a PhD in Chemistry, a Master of Science Degree in Chemistry and Bachelor of Education (Science) Degree, all from Kenyatta University.
 Prof. Paul Njiruh Nthakanio	Registrar Planning, Administration and Finance Holds a PhD in Genetics and Plant Breeding from Zhejiang University, China. In addition, he has a Master of Science Degree in Genetics and Plant breeding, and a Bachelor Degree in Agronomy from Zhejiang Agricultural University.
 Mr. Lawrence Kamonjo	Head of Finance Holds a Master Degree in Finance, and a Bachelor of Education (Arts); both from Kenyatta University. In addition, he is a Certified Public Accountant of Kenya.

COUNCIL CHAIRMAN'S REPORT

University of Embu remains one of the fastest growing University in Kenya. The growth is attributed to prudent management of resources, coupled with our unique culture of meeting and exceeding expectations of our customers. Guided by our core values, the entire University fraternity is committed to maintaining high professional standards in service delivery. This has helped the University to realize sustained excellent performance over the years, underpinned by innovative, responsive and ethically driven business systems, processes and procedures.

The University remained focused in building its success legacy, through good governance, in the provision of a wide range of market oriented academic programs and courses, in a conducive environment that provides favourable learning experiences.

The year under review however presented a number of challenges, with various factors adversely affecting our operating environment, and overshadowing the planned business developments. Key among the challenges is the COVID-19 pandemic which not only affected the University, but the world at large.

Funding by the Government of Kenya

I am pleased to report that Government funded the University in form of grants to the tune of KES 674,115,975, as follows:

Recurrent	KES 599,320,308
Development	KES 74,795,667
Total funding	KES 674,115,975

This great support is greatly appreciated because without it, we could not have realized the great milestones that were achieved during the year.

Key activities during the financial year under review

The following are the key activities that took place at the University, during the FY 2020/2021:

- i. Appointment and swearing in of the second Council of the University.
- ii. Held a successful 5th Graduation ceremony, in the month of December, 2020.
- iii. Adopted online teaching following suspension of physical teaching and learning as a result of COVID-19 pandemic.
- iv. Participated in various humanitarian activities, aimed at assisting and encouraging the less fortunate. The University fraternity visited GK prisons and children's homes in Embu at different times, to present gifts and share moment of joy with the less fortunate.
- v. Partnered with our stakeholders in conserving the environment, by planting over 10000 tree seedlings.

Achievements

Despite the adverse effects on the global economy that were brought about by the COVID-19 pandemic, the University remained operational and recorded improved performance with a 18% growth in the internally generated revenues.

Other achievements realised during the year include:

- (i) Ranking as the best performing state corporation in the FY 2019/2020 cycle, out of 223 Ministries / Departments / Agencies, State Corporations and Tertiary Institutions.
- (ii) Improved webometric ranking from position 17 nationally, out of 123 higher education institutions, to position 10.
- (iii) Provision of requisite facilities to support training and research.
- (iv) Recorded 14.5% growth in student population, from 7362 students to 8435
- (v) Graduated 1134 students during the fifth graduation ceremony of the University. The number comprises of 11 Ph.Ds, 27 masters, 995 Bachelors, 78 diplomas and 23 certificates.

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- (vi) Implementation of ISO 9001:2015 Quality Management Systems and ISO 27001:2013 Information Security Management Systems. A Surveillance ISMS audit that was conducted by the Kenya Bureau of Standards in May, 2021 revealed that the University's management system is effective in attaining the specified objectives.

Key Challenges

The following are the main challenges that were faced by the University during the year:

- i. Reduction of development budget by 50%. The University had been allocated KES 149,591,334 in the initial budget, which was reduced during the Supplementary Budget I, to KES 74,795,667. The reduction will definitely necessitate extension of the project completion time.
- ii. Intense competition from other institutions, and especially the bigger, and more established institutions. The over the last few years, the higher education sector has become ultra-competitive, with the older and more endowed institutions enjoying a greater advantage.
- iii. Changes in the financial, social and technological environments which affected the university sector in general, with high capital requirements.
- iv. Escalating cost of operation that was brought about by increased cost of products.
- v. Difficulties in achieving projected student numbers, due to reduced national catchment that mainly depends on performance in the KCSE examinations. In addition, the university faced the challenge of continued reduction in enrolment of self-sponsored students. This is because, all the students who attained university grade were absorbed in the various universities under the sponsorship of the Government.
- vi. Disruption of operations and academic calendar due to closure of the University in the month of March, 2020 which lasted up to the month of October, 2020, as a result of the outbreak of COVID-19 Pandemic. The closure eroded some of the gains that we had realized before the outbreak.

I am confident that, the University has the intrinsic strength and adequate operational momentum towards full recovery from the effects of the Pandemic. The Council is privileged and committed to guiding the turnaround process, and restore the University to its rapid growth path. Looking ahead, we will continue implementing our key priorities, and finding new ways of dealing with new risks and challenges. We take cognizance of the need to put in place reliable mechanisms for successful realization of our vision, mission and strategic objectives.

Future outlook

The 2018 – 2028 Strategic Plan, clearly stipulates the aspirations of the University in the realization of Kenya Vision 2030, the Big Four Agenda and the internal growth potential. Implementation of the Strategic Plan will see the University achieve: financial stability, long term sustainability, enhanced infrastructure, governance, partnerships and increased collaborations. The Council is committed to strengthening the existing innovation capacity in building a responsive and dynamic business which embraces emerging technological advancements and socio-economic trends. We shall continue executing the existing expansion strategies, while aggressively mobilizing and efficiently managing resources, for improved quality service.

Appreciation

On behalf of the University Council, I wish to express my sincere appreciation to the Government of Kenya for the support accorded during the year under review. My deep gratitude goes to the current and the former members of the Council, the University Management and all members of staff, for dedication in service delivery, creativity, efficiency and invaluable ideas contributed towards driving our vision, and delivering great success.

Dr. Kennedy Okong'o
Chairman, University of Embu Council

Date: 22nd October, 2021

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REPORT OF THE VICE-CHANCELLOR

The University has over the years made remarkable progress in its core business of generating and disseminating knowledge, through quality training, research, and innovation. However, the year under review was truly difficult, with operational and financial challenges, which were aggravated by the COVID-19 Pandemic. The safety measures that were instituted nationally by the Government to contain the spread of the virus, including restriction of movements, and adoption of working from home system led to reduced operations and constrained business activities. On the other hand, the measures instituted internally by the University Management such as mounting of hand washing systems, provision of sanitizers, soap and water, had a huge implication on the University budget

As a mitigation, the University initiated a business turnaround and continuity strategies, to expeditiously improve financial and operational processes, while balancing employees' safety and sustainability.

NON – FINANCIAL INFORMATION

(a) Academic schools and programmes

During the year under review, University of Embu had six academic schools, namely: School of Pure and applied Sciences, School of Agriculture, School of Education and social sciences, School of Business and economics, School of Nursing, School of Law.

In the pipeline are eight new schools namely: School of Pharmacy, School of Public Health, School of Medicine, School of Engineering and Technology, School of Built Environment, School of Computing and Mathematics, School of Journalism and School of Humanities & Social Sciences. Establishing of the schools of Medicine and Engineering is at an advanced stage.

Student Enrolment

The national demand for university spaces has increased significantly as a result of population growth. The University has progressively increased enrolment to meet this additional demand. During the year under review, the University recorded a 14% growth in student population, from 7362 students to 8435. Due to inadequate hostel facilities, only 10% of the population resides at the University. However, the University is in partnership with neighboring community, who have invested in the construction of standard and adequate hostels to accommodate the non-resident students. To ensure that the welfare of the non-resident students is well taken care of, the student council has a position specifically for the non-residents. The incumbent reports to the University Management any issue that needs action. In addition, the Dean of Students makes regular surveillance visits to external residences to ensure that security and health standards of the occupants are well taken care of.

(b) Student welfare

University of Embu is widely recognized for its outstanding teaching, research and general student welfare services. The Management and members of staff strive to provide the best learning experience to our students, in a conducive environment. Students with financial challenges, receive support from the University in form of bursaries. The process of awarding bursaries is normally done competitively by the Student Welfare Committee of the University, using the approved criteria. During the year 2020/2021, bursaries worth KES 3.2 million were disbursed.

The University has a vibrant students Council (University of Embu Students Association) that looks into the welfare of students in general. The Council works closely with the University Management, to ensure that all issues appertaining to student welfare are addressed in a timely and satisfactory manner.

(c) Staff welfare

University of Embu has very hard working, professional and dedicated staff. We recognize our employees as the most valuable resource in the University. They have continued to demonstrate culture of innovation, ethics, and integrity which has created a unique value for our customers and stakeholders. Performance based training was offered during the year, to sharpen their skills and enhance their productivity. Skills gaps were identified through a well-structured training needs assessment process which involved all staff.

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

The Work environment is conducive, and staff interests adequately taken care of through collaborative effort between the University Management and the Staff Unions. We are committed to progressively invest sufficiently in the staff welfare in a bid to enhancing their morale.

(d) ISO certification

University of Embu is both ISO 9001:2015 and ISO 27001:2013 certified. During the year under review, the Management continued conducting the University business with close adherence to the ISO standards, policies and procedures. Reliable systems are in place, that adequately secure our information asset whether generated internally, or acquired through interactions with our stakeholders. A Surveillance ISMS audit that was conducted by the Kenya bureau of standards in May, 2021 revealed that the University's Information Management System in place is adequate and effective in attaining the specified objectives. In addition, an internal quality management audit that was conducted in the month of June, 2021 revealed that University has a Quality Management System that meets the requirements of ISO 9001:2015 Standard.

(e) Stakeholder relations

University of Embu actively engages our stakeholders by seeking their feedback as a way of sustaining and strengthening the existing relations. Our success as a University is to a very great extent attributed to dedicated support that we receive from our stakeholders. They have been of great help in shaping the general direction and expansion of the University. The University will continue engaging with them on need basis as a way of enhancing our relations, and maintaining a favourable operating environment.

(f) Financial sustainability

The last few years presented serious national economic hardships, that emanated from unfavourable global macro-economic factors. This adversely affected the University, through general increase in the cost of living, as a result of escalating commodity prices. In addition, the global outbreak of COVID-19 pandemic eroded some of the gains that we had realized previously. The pandemic, which was least expected, is a clear demonstration of why sustainability and preparedness for emerging risks should be a priority for us. During the year, the University conducted a comprehensive risk assessment and instituted necessary mitigation measures to address identified risks.

As a strategy for sustainability, University of Embu builds its customers' trust, by ethically promoting its business viability, and maintaining very high standards of quality. The University conducts its business in accordance with the applicable laws and regulations. We are committed to our core business of generating, advancing and disseminate knowledge through training, research and innovation for the development of humanity. Our effort towards this noble course is usually hampered by resources constraint, about by inadequate exchequer funding. The University is in the process of diversifying and expanding its internally generated sources to supplements the decreasing funding.

Our sustainability mechanisms generally entail sound management and timely coordination of environmental factors that affect continuity of our business. The University regularly reviews its sustainability strategies to ensure that they effectively respond to adverse circumstances that can threaten our business stability and continuity.

(g) Performance Contracting (PC)

University of Embu has consistently remained at excellent score in performance contracting since the financial year 2014/2015, as indicated below.

Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/2021 (Self-assessment)
Score	1.9826 (Excellent)	2.0334 (Excellent)	1.8762 (Excellent)	1.9965 (Excellent)	1.9198 (Excellent)	2.125 (Excellent)	1.8026 (Excellent)

Despite there being challenges by the COVID-19 Pandemic, the University managed to successfully implement the Performance Contract, and attain an excellent score of 2.125 in the year 2019/2021. According to the Report on Evaluation of the Performance of Ministries, State Corporations and Tertiary Institutions for the Financial Year 2019/2020, that was released by the Ministry of Public Service and Gender; Public Service Performance Management

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and Monitoring Unit, University of Embu was ranked as the best performing state corporation in the 2019/2020 cycle, out of 223 Ministries / Departments / Agencies, State Corporations and Tertiary Institutions.

Self-evaluation for the year 2020/2021 that was conducted internally by the Directorate of Performance Contracting and ISO placed the University at excellent score. The actual performance will be determined after the final evaluation by the Performance Management and Co-ordination Office.

(h) Supporting the Big Four Agenda

Big Four Agenda is a development initiative of the Government which focuses on providing resources, and expanding projects that directly impact on the lives of Kenyans. In support of the Big Four Agenda, the University's role shall be to provide quality and relevant education and training, to support manufacturing, healthcare, food security and housing sectors. Generation and dissemination of new knowledge by the University will accelerate realization of the Agenda, and present new prospects for growth of the national economy.

(i) Funding research

Guided by our vision, our focus is to be a dynamic epicenter of excellence in training and research for service to humanity. As a University, we believe that strong research funding is key to the University's innovation prominence. During the year under review, the University spent KES 56.2 million on research activities and infrastructure. This is 18.8% higher than expenditure for the year 2019/2020. Funding of research during the year was done through internally generated revenues, as well as through grants from various donors, such as National Research Fund, VLIR-UOS, Kirkhouse Trust, International Federation of Scientists, Association of Commonwealth Universities and Swedish Research Council. The University is committed to undertaking quality research, geared towards generating new knowledge that is needed to accelerate growth of the national economy.

(j) Future outlook

University of Embu is in its third year of implementing its ten years Strategic Plan (2018 – 2028). The Plan provides a clear roadmap that defines various priorities that will be pursued, and specific strategies that will be applied to achieve them. It inculcates innovativeness, professionalism, accountability, integrity, teamwork and customer focus as key hallmarks in achieving our mandate.

The following are the key focus areas that are stipulated in the Strategic Plan:

- i. Development & enhancement of Infrastructure and security, for effective service delivery.
- ii. Enhancement of human capital management through the integration of best practice in the recruitment, management and optimization of the workforce.
- iii. Promotion of effective Governance and leadership practices.
- iv. Expansion of capacity of University operations and services.
- v. Establishment and expansion of linkages, partnerships and collaborations with other institutions.
- vi. Achievement of financial stability and enhancement of long-term sustainability.

The University will adopt innovative approaches to mobilize resources, and ensure full implementation of the Plan. We remain optimistic that the economic environment will remain conducive for implementation of the Plan.

FINANCIAL INFORMATION

Business Performance

During the year under review, the University received a total of KES 674,115,975 from the Government. This presents a 19% reduction in funding during the year, compared to the year 2019/2020, as indicated below.

Type of grant	2020/2021	2019/2020	% increase/ (reduction)
Recurrent grant (KES)	599,320,308	668,820,733	(10.3)
Development grant (KES)	74,795,667	168,389,933	(55.5)
Total	674,115,975	837,210,666	(19)

Internally generated revenue increased by 18.5% from KES 345 million in the previous year, to KES 409 million. Expenditure for the year increased by 1.1 % from KES 967 million to KES 977 million. On overall, the surplus for the

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year increased by 9.2% from KES 57.6 million to KES 62.9 million. The growth is attributed increased amortization of development grants (KES 28 million) and increase in fee revenue, generated during the third semester. The increase is attributed to fee revenue that was received during trimester. In the year 2019/2020 the University held only the two regular semesters. The third semester could not be held due to lack of quorum in the various courses.

Growth in assets

During the year, total value of assets increased by 2%, from KES 3.18 billion to KES 3.24 billion. The growth was funded through the development grants worth KES 74.7 million that the University received from the Government of Kenya. The funds were utilized in construction of the on-going Tuition Block. Current assets decreased by 17% from KES 170.9 million to KES 141.1 million, while the non-current assets increased by 3% from KES 3.01 billion to KES 3.10 billion. During the year 2019/2020 current assets included a receivable of KES 88.6 million for payment of salary arrears for the 2017-2018 – 2019/2020 CBA. The amount was received during the year under review, and used to pay salary arrears. This resulted to the noted material drop in the current assets.

(ii) Financial challenge

The major challenge that University has been facing since its inception is that of insufficient financial resources to cater for her recurrent as well as development needs. This is mainly attributed to inadequate budgetary allocations, and sometimes to unexpected reduction of the budget by the Government. Some of the recent cases of budget cuts are:

- a) In the FY 2015/2016 the development budget was reduced by KES 116, 860,000, from the initial allocation of KES 313,720,000/= to KES 196,860,000.
- b) In the FY 2017/2018, development budget was reduced by 75% from the initial allocation of KES 237, 302,214 to 59,325,554.
- c) In the 2018/2019 financial year, the University received a Recurrent Budgetary allocation that underestimated the student population by 536; i.e. instead of the 3,872 student population, 3,336 students were used to determine our allocation for Recurrent Budget. As a result of this anomaly, the University was underfunded by approximately KES 76 million. Since the error was not corrected, the University remained underfunded during the year, in the recurrent vote. In the same year, the recurrent budget was reduced from KES 480,545,162 to KES 470,934,259 in the Supplementary Estimate number 2.
- d) During the year under review, development budget was reduced by 50%. The University had been allocated KES 149,591,334 in the initial budget, which was reduced during the Supplementary Budget I, to KES 74,795,667.

Over the last two years, the University faced serious and unprecedented disruptions to its core business, by the COVID-19 Pandemic. Some planned activities for the period could not commence on time. Actual revenues realized during the period were lower than our projections. Further, the University incurred costs on COVID-19 mitigations, which were not in our initial financial plan. These factors affected the operations at the University in an adverse way.

The University is in the process of diversifying and expanding on sources of revenue, to supplement the funding from the Government through exchequer. The University rolled out four new streams of internal revenues recently, to supplement funding from the Government. The four are: Water bottling, yoghurt processing, cleaning solutions and animal feeds processing. In addition, stringent budgetary measures were instituted to reduce cost of operation.

Appreciation

On behalf of the University Management, I wish to express my sincere and deep gratitude to the Ministry of Education, the National Treasury and Planning and the University Council for continued support, without which the achievement so far made would not have been possible. My special recognition and gratitude goes to the University Management and all members of staff, for their dedicated service, which led to exemplary performance in the academic, administrative and performance contracting.

To our valued students, esteemed customers and other stakeholders, we are grateful for your steadfast support and trust in us.



Prof. Daniel Mugendi Njiru, (Ph.D)
VICE-CHANCELLOR

Date: 22nd October, 2021

REVIEW OF UNIVERSITY'S PERFORMANCE FOR THE FINANCIAL YEAR 2020/2021

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the National Government entity's performance against predetermined objectives. University of Embu has 6 strategic pillars and objectives in her 2018-2028 Strategic Plan. The strategic pillars are as follows:

Pillar 1: Infrastructure

Pillar 2: Human Capital Management

Pillar 3: Leadership and Governance

Pillar 4: Operations and Services

Pillar 5: Collaborations and Partnerships

Pillar 6: Resources Mobilization and Sustainability

The University's annual work plans are normally prepared based on the above pillars. Assessment of the Council's performance in the implementation of annual work plans is done on a quarterly basis. The Council achieved its performance targets set for the financial year 2020/2021 period for all its strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	To develop and enhance infrastructure systems for effective service delivery.	1) Completion Certificate 2) Completion certificate 3) Completion Certificate	Construct and furnish Tuition Blocks Installation of Solar system in the New Administration Block, Office Block and in the Old Administration Block Installation of CCTV facilities phase 2	Construction of Tuition from 60% to 80% Installation of the solar systems done to completion. Completed CCTV installed in the University
Pillar 2	To enhance Human capital management through the integration of the best practice in the recruitment, management and optimization of the workforce.	Appointment letters Recommendation letters	Recruit qualified Staff Enhance Staff Motivation for improved performance	Recruited at least 13 staff during the year. 365 members of staff received commendation letters for exemplary performance.
Pillar 3	To promote effective Governance and leadership practices.	Approved Policies	Develop and operationalize enabling regulations.	Three (3) policies were developed during the year.

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Pillar 4	To expand the capacity of the University operations and services.	Approved list of teaching Units uploaded.	Implement integrated E-learning	1159 teaching units uploaded.
Pillar 5	To establish and expand linkages, partnerships and collaborations with other institutions.	Signed MoU with 12 institutions	Establish linkages	Twelve (12) MoUs were signed between the University and other entities.
Pillar 6	To achieve Financial Stability and enhance long term sustainability.	Approved budget	Received A-I-A and Government capitation	KES 409,337,627 generated internally while KES 674,115,975/= was received from the government. The entire amount was utilized in full.

The success so far realized in the Performance contract (PC) activities and in the implementation of the Strategic Plan (SP) is a product of participatory approach adopted by the Management in the process. The implementation is undertaken as part of the day to day business of the University, where activities are cascaded to the lowest possible level. There is a very close relationship between the SP and Performance contract (PC) as explained below:

- i) Part II of the PC entails the Vision, Mission and Strategic objectives of the University, all of which are drawn from the SP.
- ii) All the targets in the PC are drawn from the SP and seek to contribute towards the achievement of the stipulated objectives. For example, Section A of the PC is on Financial Stewardship & Discipline, which addresses the SP objective on achieving financial stability and enhancing long term sustainability.
- iii) Infrastructural projects in the PC seek to address the SP objective on developing and enhancing infrastructure systems for effective service delivery.
- iv) The objective on establishing and expanding linkages, partnerships and collaborations with other institutions is addressed by targets on the core mandate section of the PC which include establishment of industry linkages, research grants, community empowerment and attracting research grants among others.
- v) Similarly, the objective on enhancement of human capital management is a target in section G of the PC, which is on various cross cutting issues touching on staff and students including competence development.

Conclusion

The Strategic Plan and Performance Contract are closely related, in that, the former is implemented through annual performance contracts.

CORPORATE GOVERNANCE STATEMENT

Introduction

University of Embu recognizes the importance of applying high standards of corporate governance, as a key contributor to the its excellent performance, value and prosperity. All members of the Council are committed in their service, and uphold the core values of the University. The Council has established an effective governance framework through a combination of strong systems, processes and structures, underpinned by the right attitude, values and culture. The framework provides guidance to the Council, management and employees, in defining their roles and responsibilities.

Corporate Governance Statement

The University of Embu Council is at the forefront in inculcating the culture of good corporate governance, and is charged with the responsibility of entrenching the same in the University operations. Good corporate governance has helped the University to build trust with its stakeholders, and also in promoting its financial viability. It entails establishment and enhancement of sustainable value for the stakeholders, through adoption of ethically driven business structures, procedures and processes. The Council ensures that corporate governance guidelines and best practices are followed in the delivery of the University mandate, in addition to ensuring that University's affairs are managed transparently, and in compliance with the applicable Laws of the Republic of Kenya, and the *Mwongozo: Code of Governance for State Corporations*, which was established to provide guidance on effective leadership, governance and management of public resources.

Composition of the University Council

The *Mwongozo: Code of Governance for State Corporations* which the University ascribes to, requires a maximum of nine members in the Council. In light of this, the current Council has nine members, comprising of six independent non-executive members including the Chairman; two non-independent members representing Ministry of Education and The National Treasury and; and one executive member who is also the Vice-Chancellor.

(i) Roles and functions

The University Council is at the apex of good governance, and is charged with the responsibility of protecting long-term interests of all the stakeholders of the University. The Council provides leadership, oversight to management, good judgment in directing operations in the best interest of the stakeholders, and for continued viability and sustainability of the University's business. The Council is vested with powers and authority, by the relevant laws of Kenya, to discharge its mandate, and to effectively fulfill its corporate governance responsibility towards stakeholders. The University Council ensures adoption of corporate governance best practices in support of the university vision and to provide world-class services to customers, create value for money and meet stakeholders' expectations. Detailed responsibilities of the University Council are provided in the University of Embu Statutes and in the Council Charter.

(ii) Appointment

The Council that served at the University of Embu during the year under review was appointed by the Cabinet Secretary, Ministry of Education. Names of the Council were published in Kenya Gazette Vol. CXXII—No. 197, of 6th November, 2020.

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(iii) Induction and capacity building for Council members

University of Embu organizes at least one capacity building workshop per financial year, on corporate governance and other relevant fields for the entire Council, to equip the members with the knowledge and skills that are required to effectively discharge their responsibilities. Induction training for the new Council was undertaken between 18th and 20th January, 2021, by the Kenya School of Government to equip them with necessary skills in conducting University business.



Dr. Kennedy Okong'o, the University Council chairman in an induction workshop that was held at the Kenya School of Government (Mombasa campus) in January, 2021. In the background are other participants during the training.

(iv) Succession planning of the University Council

University of Embu Council has reliable mechanisms for developing skills of the Council members, to ensure seamless continuity of the University business in the event some members leave the University. All members are adequately prepared to assume different roles, to make them effective in various positions. University of Embu runs University business through committees. As part of succession planning, Council members are assigned more than one committees, to expose them to various operations of the University. In addition, induction and other Council trainings are designed to cover a wide range of fields, relevant to the University governance to help the members serve in different capacities within the Council.

(v) Meetings of the University Council

Dates for University Council meetings in the ensuing year are decided in advance and scheduled in an annual work plan. The Council holds its regular meetings on quarterly basis to transact planned business of the University. However, special meetings of the Council may be called when there is significant business to transact. During the FY 2020/2021, the Council held three regular.

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Members of the Council received adequate notices and detailed documents on issues to be discussed, in good time, to enable them prepare for the meetings. The table below gives a summary of the meetings held by the University Council and its committees:

S/No.	Committee	Members	Number of meetings held	Number of meetings attended
1)	Full Council	1. Dr. Kennedy Okong'o – Chairperson 2. Mr. Samuel Kiiru 3. Mr. James Muchiri 4. Mr. James Njeru Kaburu 5. Ms. Karen Basiye Itela 6. Ms. Agnes Wanjuki Ndwiga 7. Mr. Felix Nthenge Kilonzi 8. Ms. Lilian Njeri Munene 9. Prof. Daniel Mugendi – Secretary	3	3 3 3 3 3 3 3 3 3
2)	Finance, Resource Mobilization and General Purposes Committee	1. Mr. James Njeru Kaburu – Chairperson 2. Mr. Samuel Kiiru 3. Mr. James Muchiri 4. Ms. Karen Basiye Itela 5. Prof. Daniel Mugendi – Secretary	3	3 3 3 3 2
3)	Audit, Risk and Compliance Committee	1. Ms. Agnes Wanjuki Ndwiga – Chairperson 2. Mr. Samuel Kiiru 3. Mr. James Muchiri 4. Mr. Felix Nthenge Kilonzi 5. Mr. Francis Ngure – Secretary	2	2 2 2 2 2
4)	Human Resource Development and Academic Affairs Committee	1. Ms. Karen Basiye Itela – Chairperson 2. Mr. Samuel Kiiru 3. Mr. James Muchiri 4. Ms. Lilian Njeri Munene 5. Prof. Daniel Mugendi – Secretary	2	2 2 2 2 2

(vi) Conflict of interest

As a routine, "Conflict of interest" appears as an item in the agenda of each University Council meeting. The Council has a conflict of interest register for recording any declared conflict of interest. Each Council member indicates by signing, whether they are conflicted in any way. A conflicted member takes leave during deliberations of any issues that may lead to conflict of interest.

(vii) Remuneration of University of Embu Council

Council members are entitled to sitting allowance for every meeting attended. Each member also receives lunch allowance, accommodation allowance and mileage reimbursement where applicable, using the set rates for state corporations. In addition, the Chairman of the University Council is paid a monthly honorarium and telephone allowance, also at the rates approved for state corporations.

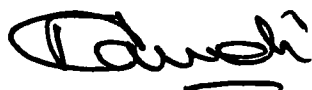
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(vii) Ethical standards

University of Embu has a strong governance system underpinned by ethically driven processes and procedures. The system facilitates realization of our mandate, and enables us to meet and exceed expectations of our stakeholders. In addition, it helps us to rapidly steer the University towards sustainability. The University collaborates with the Ministry of Education, Ethics and Anti-Corruption Commission and other relevant Government agencies, to entrench a culture of ethics and integrity in its operations.

Through Human Resources department and the Integrity Committee, regular staff sensitizations on integrity are conducted to promote ethical behaviour. In addition, corruption risk assessments and enforcement of corruption prevention measures is regularly done to curb the vice. The University has a robust mechanism for receiving and making necessary follow-ups on every allegations and reported cases of unethical conduct. Analysis of reported cases is normally done objectively, and appropriate action instituted.

We are committed to ensuring that University business is conducted transparently, professionalism and in compliance with the relevant statutory and regulatory requirements. Reliable systems are in place to ensure that all players are individually held accountable for their actions. We will continue to strengthen our internal controls and preserve our culture of handwork, for efficiency in achieving our strategic and financial objectives.



.....
Prof. Daniel Mugendi Njiru, (Ph.D)
VICE-CHANCELLOR

Date: 22nd October, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

2020/2021 was indeed a challenging year mainly due to the uncertainty that was brought about by the COVID-19 pandemic. The University continued to operate cautiously throughout the pandemic, providing blended teaching, assessing students, and conducting research. This section covers an analysis of performance for the year, in comparison to the last few years.

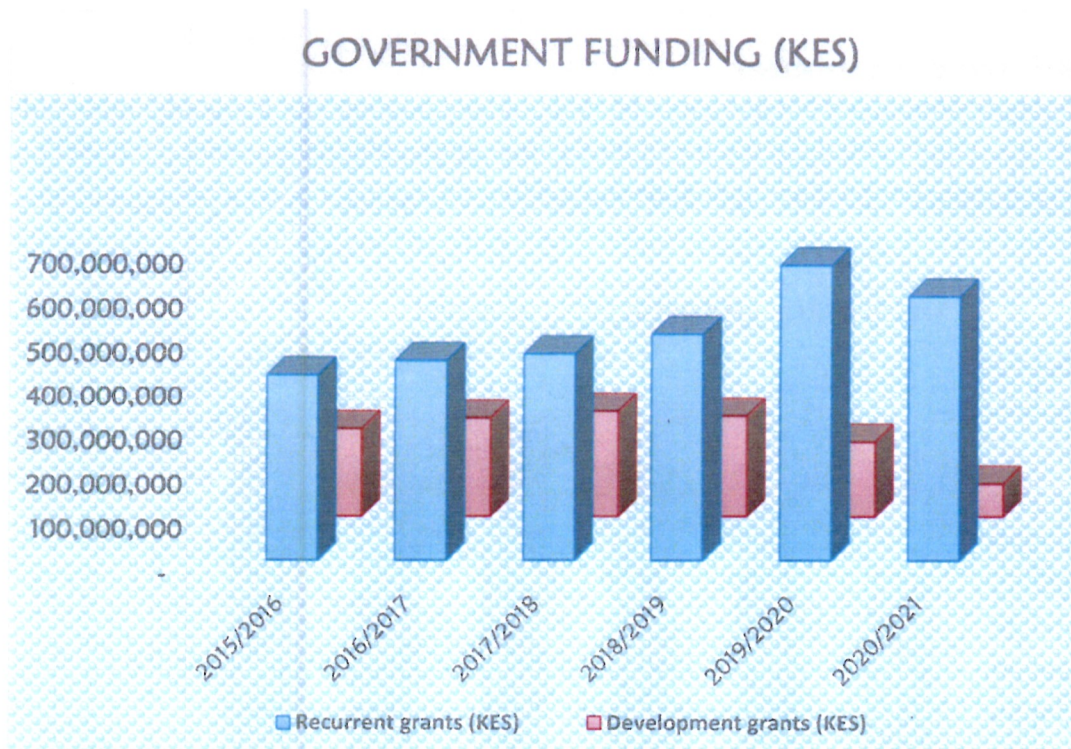
(a) Funding for the Government of Kenya (GoK)

The main source of University revenues is the grants that come from the Government of Kenya, in form of recurrent grants and development grants. To supplement the grants from the GoK, the University also generates revenues internally, from sources such as fees, hire of facilities, farm and catering sales. During the FY 2020/2021, the University received a total of **KES 674,115,975** from the Government of Kenya as shown in the table below:

Movement in the grants received from the GoK over the last six years is presented below.

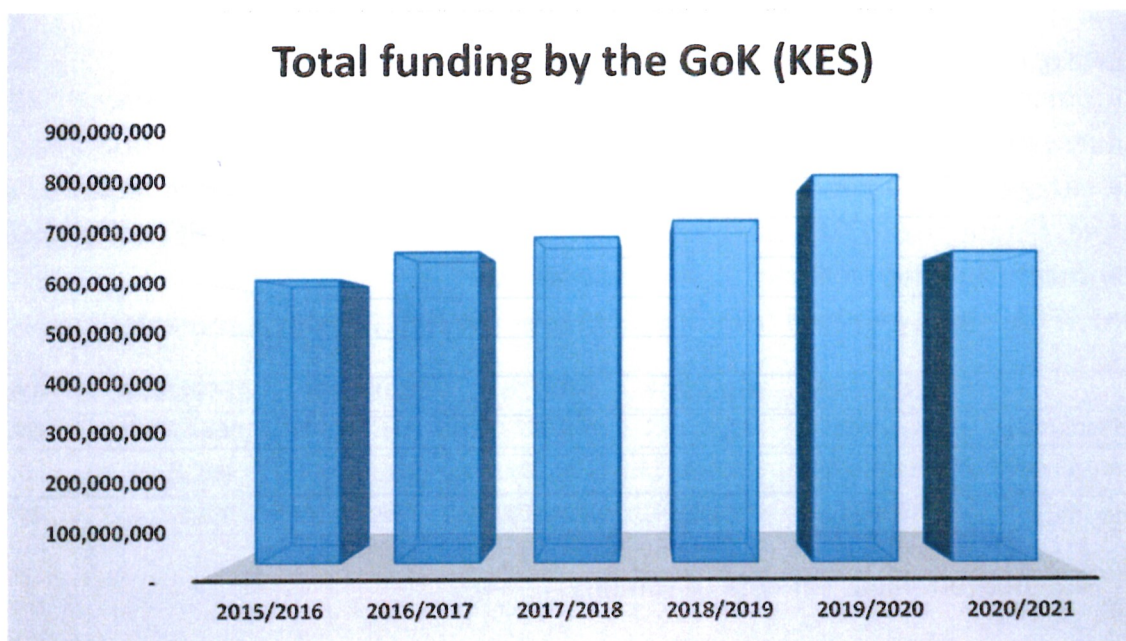
	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Recurrent grants (KES)	421,242,550	453,813,437	468,807,005	513,747,314	668,820,733	599,320,308
Development grants (KES)	196,860,000	221,480,155	237,302,214	226,360,000	168,389,933	74,795,667
Total funding (KES)	618,102,550	675,293,592	706,109,219	740,107,314	837,210,666	674,115,975

(i) Presentation based on type of funding



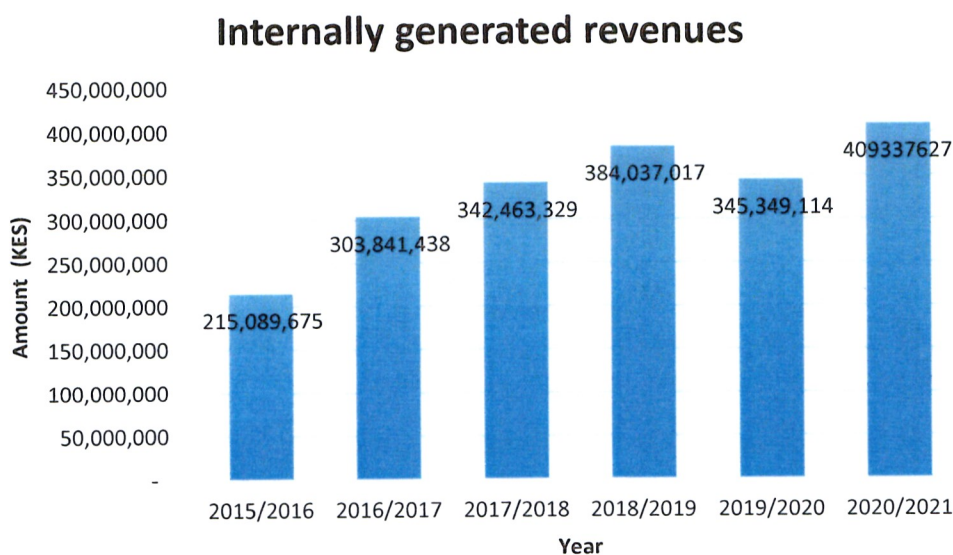
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(ii) Presentation based on total Funding



(b) Internally generated revenues

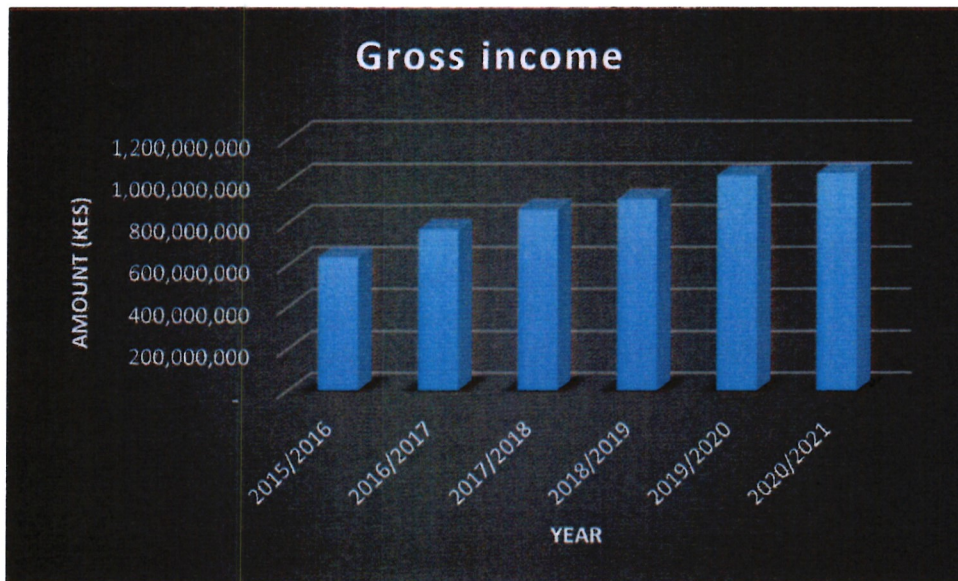
Internally generated revenues increased to KES 409 million during the, from KES 345 million that was realized in the year 2019/2020. The revenue was generated from various sources, such as: tuition fees, rental properties, farm, graduation fee, hire of facilities and catering services.



Total revenue

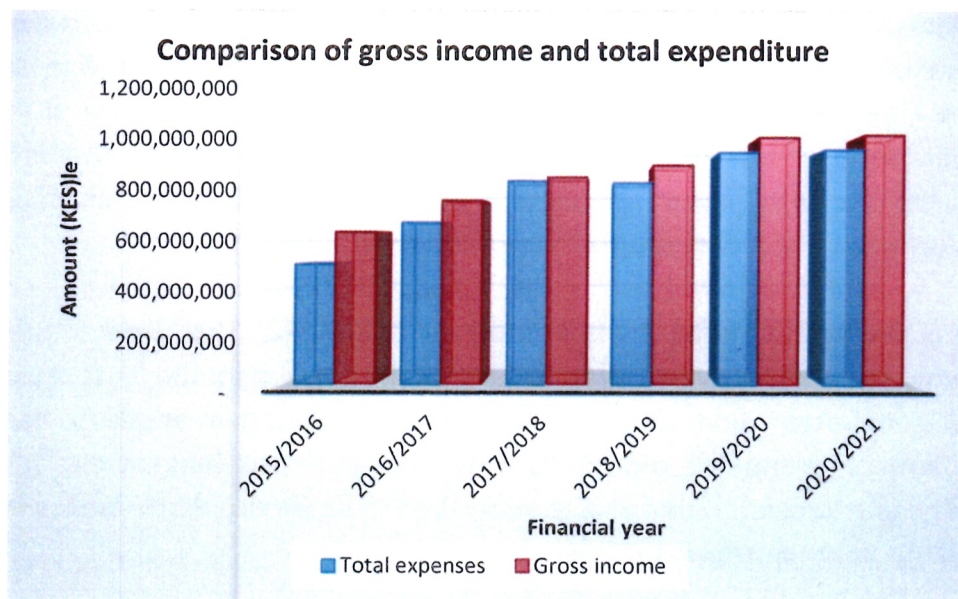
Total revenue for the year is the summation of the recurrent grants that were received from the Government of Kenya, and the revenue generated internally from various sources. Total revenue for the year increased by 10% from 1.027 billion to KES 1.037 billion. The increase is attributed to higher tuition fee that was received during the year.

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(c) Expenses for the year

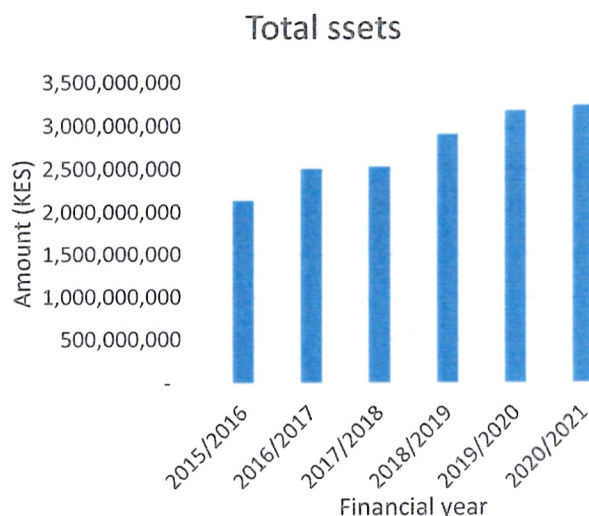
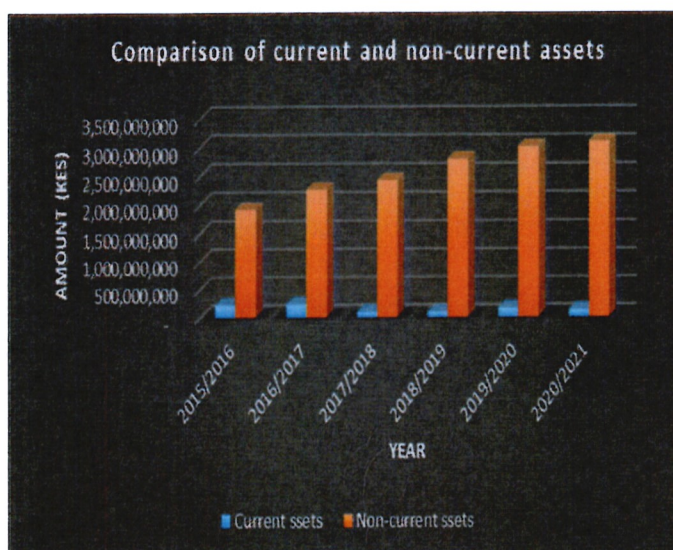
Expenditure for the year increased by 1.1%, from KES 967.2 million to KES 977.6 million. The increase is attributed to growth in University operations, as well as to the general increase in expenditure, as a result of adverse changes in prices of commodities.



(d) Changes in total assets

During the year, value of the total assets increased by 2% from KES 3.18 billion to KES 3.24 billion, due to the new assets that were acquired during the year, including the work in progress in the on-going Tuition Block.

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(e) Performance Contracting

University of Embu has over the years, recorded very impressive results in her performance contracting activities, ranging from “very good” to “excellent” score. According to the 2019/2020 Report on Evaluation of the Performance of Ministries, State Corporations and Tertiary Institutions for the Financial Year 2019/2020, that was released by the Ministry of Public Service and Gender; Public Service Performance Management and Monitoring Unit, University of Embu was ranked as the best performing state corporation in the 2019/2020 cycle, out of 223 Ministries / Departments / Agencies, State Corporations and Tertiary Institutions.

Despite there being challenges during the financial year 2020/2021, that were brought about by COVID-19 Pandemic, the University managed to successfully implement the Performance Contract for the year in full. A self-assessment for the year, that was conducted internally by the Directorate of Performance Contracting and ISO, placed the University at an excellent score of 1.8026. Actual evaluation for the year expected to be conducted by the Public Service Performance Management and Monitoring Unit, at an appropriate time.

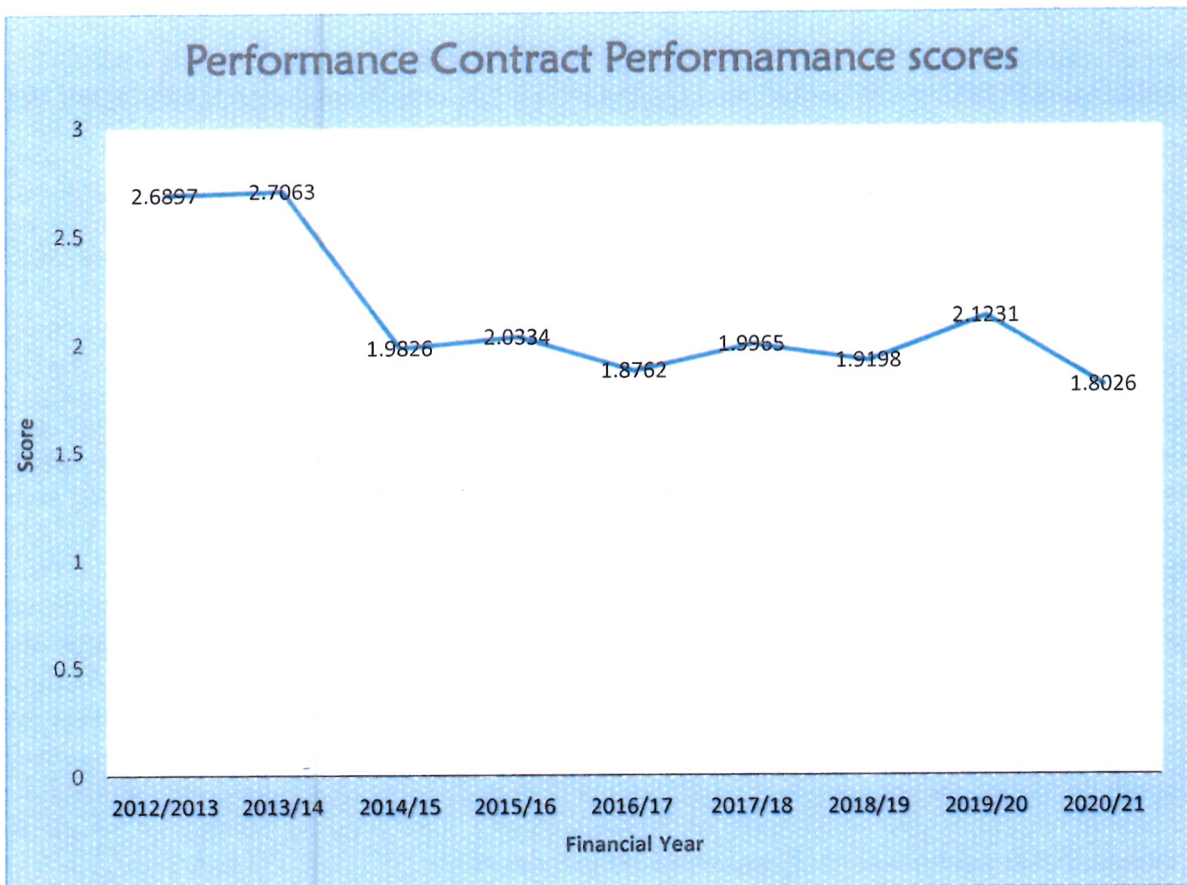
The table below shows the performance contracting rating for the University over the last eight years. According to the evaluation criteria, the lower the score, the better the performance.

Year	2013/14	2014/15	2015/ 16	2016/17	2017/18	2018/19	2019/20	2020/21 Self-assessment
Score	2.7063 Very good	1.9826 Excellent	2.0334 Excellent	1.8762 Excellent	1.9965 Excellent	1.9198 Excellent	2.125 Excellent	1.8026 Excellent

Note

The lower the score, the better the performance.

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ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

1) Sustainability strategy and profile

The outbreak of COVID-19 pandemic and its subsequent spread across the globe, brought about the need for organizational preparedness in response to adverse challenges that can threaten business continuity. The health and economic hardship brought about by the virus is evident. The pandemic generally is a clear demonstration that sustainability and readiness for any new threat should be at the fore of University's business. The University is prepared to respond adequately to emerging risks that may adversely affect its operations. Our sustainability strategy entails: managing information security, risk identification and mitigation, operational excellence, staff training and motivation, compliance with the applicable laws, stakeholder involvement and fiscal discipline.

(a) Operational excellence

University of Embu is both ISO 9001:2015 (Quality Management Systems) and ISO 27001:2013 (Information Security Management Systems) certified. A Surveillance information security audit that was conducted during the year by the Kenya Bureau of Standards revealed that the University's management system is effective in attaining the specified objectives. This shows our determination in pursuit of excellence. The University conducts its operations in accordance with the applicable laws, rules and regulations. Its operations are guided by ethical practices that seek to promote strong corporate governance and corporate social responsibility practices for effective and efficient service delivery. To improve on efficiency and effectiveness in service delivery, the University automated its operations by implementing an ERP system covering all operations of the University.

(b) Information security

The University recognizes information security as a key requirement for its business survival. Information that is generated internally and/or acquired through interactions with stakeholders is handled with care, and appropriately safeguarded. We have greatly leveraged on our ICT infrastructure for enhanced information security.

(c) Risk management

For long term sustainability, University of Embu established a sound framework of risk assessment, that enables us anticipate and minimize likelihood of occurrence of risks. It helps us to make informed decisions even under conditions of uncertainty. We have embedding risk management in our systems and processes, so that our risk response mechanism can remain relevant and effective. During the year under review, corporate risk assessment was carried out, where all potential risks were assessed, and necessary mitigation measures instituted.

(d) Fiscal discipline

As a practice, University of Embu allocates resources strictly to projects that are technically and financially feasible as well as environmentally and socially sustainable. This ensures that selected projects have the capacity to generate sufficient revenues to cover the relevant costs. In addition, the University prepares and adheres to its annual budget. Tight controls are in place to ensure availability of funds, before making any financial commitment.

2) Environmental performance

Environmental sustainability is becoming increasingly important globally. We recognize that, as a University we are key players in the process, and we can do a lot to enhance sustainability. The University continued making deliberate efforts towards ensuring that its operations are carried out in an environmentally sustainable manner. As key operations were being implemented at the University, we ensured that necessary mitigations against environmental degradation were instituted. This involved making decisions and taking actions to protect our waters and wet lands, control soil erosion, and maintain the natural beauty of the environment, with particular emphasis on preserving its capability to support life. The University obtains relevant approvals from the National Environment Management Authority, before commencement of every new project. During the year under review, we continued conducting our environmental conservation campaigns, around tree planting, responsible waste disposal and energy saving initiatives. Some of the key environmental initiatives that were undertaken include:

- a) The University in collaboration with Embu County government, Department of Environment hosted the Akurinu Religious Group, Embu County Chapter on **Friday, 7th May, 2021** to a tree planting ceremony to commemorate 100 years of existence of the Akurinu Faith and Heritage in Kenya. A total of **5800** trees were planted at the University, during the occasion.

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b) As a key stakeholder in Environmental conservation in Embu County, the University of Embu participated in the National Tree Planting Launch that was held on **Friday, 11th June, 2021** at **Jeremiah Nyaga Training Institute**. The National tree planting Launch was graced by the Cabinet Secretary, Ministry of Environment and Forestry, Hon. Keriako Tobiko, and the Cabinet Secretary, Ministry of Devolution and ASALs, Hon. Eugene Wamalwa. Over 2000 tree seedlings were planted as part of upscaling the tree cover in Embu County to attain the 10% forest cover by 2022.



University of Embu staff planting trees, during the National tree planting launch, held in Embu County at the Jeremiah Nyagah Technical Institute on 11th June, 2021.

c) In contributing to the community development on Environment and Water Conservation, the University facilitated the preparation of intake design, Bill of Quantities(BoQ), Hydrological and Environmental Impact Assessment (EIA) report for Kapingazi Water Resource Users Association (WRUA). Kapingazi WRUA is a community group in Embu that works to rehabilitate and conserve River Kapingazi catchment area, which is an initiative that aims to benefit the community and the University through the irrigation water sourced from River Kapingazi.

d) In marking the **2021 World Environment Day (WED)**, the University through its Environmental Club members joined the Nation and the World at large on **Saturday, 5th June, 2021** in marking the day by planting trees at the University.

3) Waste Management

Waste management is one of the most daunting challenges facing many nations. Every household, business and organization generates wastes, and how that waste is managed is critical. The massive amount of wastes created, poses a significant health challenge globally. Success in responsible management of wastes requires collaboration between leaders, individuals, households and a vast array of the public and private sector entities. The University maintains a clean environment, and exercises care in the management of wastes, to avoid exposing communities to health risks. We actively encourage staff and students to manage resources and waste efficiently, through campaigns around recycling and energy saving initiatives.

The University collaborates with the County Government of Embu and other specialized entities in waste management to ensure high levels of compliance with the recommended waste management practices. The University has the following mechanisms in place, for management of wastes:

- a) Setting litter bins in strategic locations across the University for collecting wastes.
- b) Partnering with the County Government of Embu in the management of infectious wastes.
- c) Recycling materials that can be reused.
- d) Adopted different ways of reducing the overall waste at the University.
- e) Contracted waste collectors for professional management of wastes.
- f) Has an incinerator for refuse combustion, until it is reduced to ash.

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4) Employee welfare

Recruitment

Guided by the human resource policies and procedures, the University hires competent staff to fill vacant positions. The policies provide a structured approach in management of the hiring process. The recruitment process strives to reach and attract as many applicants as possible. This is an effort to ensure compliance with the 1/3 rule on gender and ethnicity.

Capacity building

The University builds its internal capacity through requisite staff training in various aspects of business management. Through the performance management process, staff training needs/skills gaps were identified and relevant training offered. This has enabled our staff to continuously sharpen their skills and competencies, to enable them effectively deliver services. In addition to the structured training, the university also invested in employees' professional development by paying for their subscription to various professional bodies and continuous professional development. The university has necessary human resource policies to help in ensuring that human resource matters are handled in a consistent and equitable manner.

Employee retention

The University has a Scheme of Service that provides clear paths for growth and career advancement through promotion. Further, the University has in place promotion criteria that guides the promotion process. Reward and Sanctions Framework is in place, where members of staff are rewarded and sanctioned accordingly, after the annual performance appraisal process. The University is committed to ensuring a safe, healthy and conducive work environment for staff. Interests for staff with special needs are well taken care of. Towards this end, there is a policy on employee safety and welfare, which complies with the provisions of the Occupational Safety and Health Act 2007. These policies are reviewed regularly to reflect changes in the law, relevant regulations and University policies and procedures. The University values its employees' health and wellness of mind and body for their wellbeing, and optimum performance. A robust health scheme is in place for staff and their dependents. In addition, in-house counselling services are available for employee support whenever necessary. During the year under review, a wellness clinic was held, where staff members were offered free medical checks and counselling.

5) Market place practices

Competition in the higher education has recently become increasingly fierce, mainly because of the increase in the number of universities and other institutions of higher learning. Marginal increase in the number of KCSE graduates attaining the University entry grade has also contributed to the intensity of competition in the sector. University of Embu views competition positively, as a force that drives her innovation to enhance quality of service given to its customers. The University being a provider of education advertises its academic schools and programmes responsibly, in a bid to attract new students, with a greater focus on the self-sponsored category. The University engages in ethical marketing activities, and evaluates its decisions from both the business, as well as moral perspectives. This ensures fairness and respect to competitors.

Responsible supply chain and supplier relations

The University encourages fair competition through open advertisement of tender and inviting competitive requests for quotation. Further, to ensure transparency in the procurements process, all tenders are opened in the presence of bidders. Evaluation of all tenders is done objectively by strictly adhering to the evaluation criteria outlined in the bid documents. All awarded contracts are placed on the University website for information to the stakeholders. The University adheres to all provisions in its contract, and where amendments are necessary, the supplier is engaged for mutual agreement. To ensure that the University gets value for money, all goods delivered and works done are normally inspected to ensure adherence to the user specifications. All Suppliers and contractors are normally paid within 30 days after the acceptance of goods/works. The University has tight budgetary controls to ensure availability of funds, before making any financial commitment.

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CORPORATE SOCIAL RESPONSIBILITY / COMMUNITY ENGAGEMENTS

Our Corporate Social Responsibility activities are geared towards poverty eradication, climate change mitigations, community health and provision of education. The success that the University has realized over time, is attributed to our consistent culture of caring for the less fortunate, putting customer first, providing quality goods and services, conserving environment, and fostering good relations with our stake holders, including the community in which we operate.

The University believes in making a difference in her surroundings, and continues implementing a corporate social investment program, with a view to improving welfare, and empowering communities to improve their living standards. During the year under review, the University successfully undertook the following activities in the fulfilment of her corporate social responsibility objectives:

a) In appreciating the national commitment towards humanitarian action in fighting for children rights, the University, in collaboration with the Embu County Department of Children Services and other stakeholders from Embu County, hosted the Day of the African Child celebrations on **Wednesday, 16th June, 2021**.



Children from Carlo Liviero Children's Home reciting a poem during the Day of the African Child Celebrations that were held at the University on 16th June, 2021.

b) In the spirit of Corporate Social Investment, the University in collaboration with Embu County government, Department of Environment hosted the Akurinu Religious Group, Embu County Chapter on **Friday, 7th May, 2021** to a tree planting ceremony to commemorate 100 years of existence of the Akurinu Faith and Heritage in Kenya.

c) Donated two trophies during the ACK Diocese of Embu annual ACK Diocesan Education Day that was held on **Sunday, 6th June, 2021** at **St. Mark's Ena Day Secondary School**. The two trophies, were awarded to the Best Performing Secondary School and the Best Performing Primary School in the Diocese, respectively.

d) In contributing to education development and enhancing good relations with the community, the University donated 337 four (4) feet fluorescent tubes and 438 two (2) feet fluorescent tubes to various Institutions and Children's homes around Embu on **30th June, 2021** on a needs basis. The University also donated food stuffs and firewood to the Children's Homes and the Institutions for mentally/physically challenged children.

Other CSR initiatives

- a) Offered 40% fee waivers to employees of the UoEm studying at the University of Embu.
- b) Held a farmers' training where farmers from the neighboring communities were trained on modern farming technics.
- c) Participated in various activities such as prize giving and education forums for schools within Embu County.
- d) Gave financial aid to support education of the needy students at the University of Embu, in form of bursaries.
- e) Visited Embu GK prisons in Embu, and donated Christmas gifts to staff and prisoners.

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

REPORT OF THE COUNCIL MEMBERS

University of Embu Council submits its report together with the financial statements for the period ended 30th June, 2021 which show the state of affairs of the University.

PRINCIPAL ACTIVITIES

The principal activity of the University of Embu is to generate, advance and disseminate knowledge through training, research and innovation and offer extension services to communities within Embu County, other parts of Kenya, and across the world.

RESULTS

The results of the University of Embu for the period ended 30th June, 2021 are set out on pages 36 to 77

UNIVERSITY OF EMBU COUNCIL MEMBERS

The members of the Council who served during the year are shown on pages 7 to 8

AUDITORS

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

By Order of the University of Embu Council



Prof. Daniel Mugendi Njiru (Ph.D)
SECRETARY, UNIVERSITY COUNCIL

Date: 22nd October, 2021

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 47 of the Universities Act No. 42, of 2012, require the University of Embu Council to prepare financial statements in respect of University of Embu, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year/period. The University Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

The University Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on 30th June, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Universities Act No. 42, of 2012. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended 30th June, 2021, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements, as well as the adequacy of the systems of internal financial control.

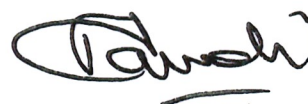
Nothing has come to the attention of the Council to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The University's financial statements were approved on 16th September, 2021, and signed on behalf of the Council by:



.....
Dr. Kennedy Okong'o
COUNCIL CHAIRMAN



.....
Prof. Daniel Mugendi Njiru
COUNCIL SECRETARY

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of University of Embu set out on pages 36 to 73, which comprise the statement of financial position as at

30 June, 2021, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the University of Embu as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unreconciled Variances Between Ledger and the Enterprise Resource Planning Balance

Review of the ledger balances against the Enterprise Resource Planning (ERP) system revealed the following variances. Eleven (11) ledgers extracted from the ERP system indicated total amounts of Kshs.40,650,879 while the ledgers provided for audit for the same components indicated total amounts of Kshs.43,976,738 resulting in unexplained and unreconciled variances of Kshs.3,325,859 as follows: -

Item	ERP System Balances	Ledgers Provided	Variation
Electricity	8,956,240	9,311,967	(355,727)
Exam Moderation & Supervision	4,676,842	5,389,342	(712,500)
Gas & Charcoal	636,100	596,600	39,500
ICT Expenses	618,221	593,327	24,894
Exhibitions	60	88,220	(88,160)
Other Office Expenses	1,999,226	2,173,340	(174,114)
Consultancy Services	1,159,426	1,153,708	5,718
Student Awards and Bursaries	3,646,744	2,500,000	1,146,744
Transport Operating	5,382,938	5,362,224	20,714
Protective Gear	346,603	326,372	20,231
Performance Management	40,000	3,293,159	(3,253,159)
TOTAL	40,650,879	43,976,738	(3,325,859)

As a result, the accuracy and validity of the ledger balances could not be confirmed.

2.0 Unsupported Student Awards and Bursaries

The statement of financial performance reflects general expenses amount of Kshs.176,982,331 and as disclosed in Note 21 to the financial statements. Included in

this amount is student awards and bursaries amount of Kshs.2,500,000 disbursed to various beneficiaries during the year under review. However, records on the award of the bursaries, including the names of the applicants and beneficiaries, award criteria and the Vetting Committee's minutes, were not provided for audit review.

As a result, the accuracy, completeness and validity of the awards could not be confirmed. Further, it was not possible to confirm whether the bursaries were awarded to the most deserving applicants and were utilized for the intended purpose.

3.0 Biological Assets

The statement of financial position reflects biological assets balance of Kshs.9,457,630, as disclosed in Note 28 to the financial statements. However, audit review of records on the balance revealed the following anomalies:

- i. The method applied in valuing the biological assets was not disclosed. As such, Management could not explain the increase in the value of biological assets by Kshs.2,287,455 during the year under review.
- ii. Three (3) heifers were reported to have been slaughtered during the year under review. However, Management did not provide records to confirm the quantity and value of meat realized from the carcasses.
- iii. A six-year-old cow was reported to have died on 26 January, 2021. Management did not provide for audit the death certificate indicating the cause of death.
- iv. The farm registers with records of acquisition, dates of birth, vaccinations and periodic weight measurements of livestock assets were not provided for audit.

In view of these anomalies, the accuracy, completeness, and valuation of the biological assets balance of Kshs.9,457,630 as at 30 June, 2021 could not be confirmed.

4.0 Unauthorised Expenditure on Procurement of Foodstuffs

The statement of financial performance reflects an amount of Kshs.176,982,331 in respect of general expenses. Included in the amount and as disclosed in Note 21 to the financial statements is Kshs.23,400,570 incurred on foodstuff. This exceeded the budget amount of Kshs.15,000,000 by an amount of Kshs.8,400,570. Management did not provide the Council approval for the over-expenditure or reallocation of funds.

In the circumstances, the validity of the over expenditure could not be confirmed.

5.0 Irregularly Overdrawn Cashbook

The statement of financial position and as disclosed in Note 31 to the financial statements reflects an overdrawn cashbook balance of Kshs.5,921,979. Management did not provide approval from the University Council or The National Treasury in support of the overdraw. This was contrary to Section 28(4) of the Public Finance Management Act, 2012 which provides that an Accounting Officer for a National Government entity shall not cause a

bank account of the entity to be overdrawn beyond the limit authorized by the National Treasury, or the Board of the entity.

Consequently, the Management was in breach of law and the overdrawing of the account was irregular.

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

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 other key audit matters to report in the year under review.

Other Matter

Prior Year Issues

The audit report for the previous year under the lawfulness and effectiveness in use of resources section raised one matter in regard to an overdrawn bank account. Management has indicated that efforts to resolve the matter are ongoing.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Delayed Implementation and Commissioning of Enterprise Resource Planning (ERP) System

The University entered into a contract for the supply, installation, testing, training, commissioning and maintenance of an enterprise resource program (ERP) Software in June, 2018 at a cost of Kshs.23,971,500 for a period of one year. The contract completion period was extended on three occasions on 19 June, 2019, 19 February, 2020 and 26 June, 2020. Management did not provide for audit documents and explanations in support of the contract extension.

Expenditure records indicated that Kshs.13,715,000 had been spent on procurement of the ERP software as at 30 June, 2021 which was reported under work-in-progress. However, at the time of the audit in September, 2020, the project had not been completed.

Consequently, the validity of the extension of the contract could not be ascertained and value for money has not been realised in the implementation of the ERP system.

2.0 Delayed Construction of Auditorium and Lecture Hall

Note 27 to the financial statements reflects Kshs.546,420,213 under capital work in progress, which includes Kshs.20,892,961 incurred on a proposed auditorium and lecture classroom. An addendum to the contract signed in June, 2018 indicated that the project was to be completed by 13 July, 2019 at cost of Kshs.40,405,020. However, at the time of the audit in October, 2021, the project had not been completed in spite of the expenditure of Kshs.20,892,961 incurred during the year. Further, the actual value of work done could not be confirmed as the respective works certificates were not provided for audit.

In addition, although the contract provided for liquidated damages totalling Kshs.60,000 for each week of delay in completing the project, there was no record of Management having asked to be compensated by the contractor.

In view of the delay, the project's expected benefits to the University and its students had not been realized.

3.0 Non-Rotation of Suppliers in Framework Contracting in the Supply of Foodstuff

The University advertised for the supply and delivery of dry foodstuffs and perishables, groceries, meat and meat products respectively using the framework agreement method of procurement. Three tenderers being the lowest bidders were recommended and awarded the tender in November, 2020.

However, the procurement unit continue to award the tenders to one of the suppliers despite the three bidders having been evaluated and recommended to supply the respective items they had bid for. Management did not provide reasons for giving preference to only one of the three bidders for all the supplies throughout the year.

In the circumstances, award of the tenders to one firm was irregular may have resulted in uneconomic use of public funds.

4.0 Irregular Procurement of Group Life Insurance

The University Management entered into a contract for provision of services on group life insurance through restricted tendering. This was contrary to Section 102 of the Public Procurement and Asset Disposal Act, 2015 which provides that an Accounting Officer of a procuring entity may use restricted tendering if the contract is of complex or specialised nature; the time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured; or

if there is evidence to the effect that there are only a few known suppliers of the whole market of the goods, works or services. Management did not provide evidence in support of procuring the services through restricted tendering method.

In view of above, Management was in breach of law and value for money may not have been realised on the contract.

5.0 Lack of Public Finance Management Standing Committee

During the year under review, the University did not have a Public Finance Management Standing Committee in place. This was contrary to Regulation 18(1) of the Public Finance Management (National Government) Regulations, 2015. The Regulation requires Management in every National Government entity to establish a committee to be known as the Public Finance Management Standing Committee to provide strategic guidance to the entity on public finance management matters.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Irregular Access to Software System by Outsiders

Review of the software system used by the University indicated that five (5) of the system's developers who were not employees of the University retained unhindered access to the system even after handing it over to the University. Therefore, the system's security may be compromised since the developers could log in and initiate transactional or other activities independently.

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 those Charged with Governance

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 governance.

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

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

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

The University Council is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 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 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 University of Embu 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue to sustain its services.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 July, 2022

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2021			
	Note	2020/2021	2019/2020
		(KES)	(KES)
Revenue from non-exchange transactions			
Recurrent grants	6	599,320,308	668,820,733
Amortization of grants	45	28,984,606	13,601,950
		628,304,914	682,422,683
Revenue from exchange transactions			
Rendering of services	7	323,318,936	272,550,708
Rental revenue	8	5,783,326	7,059,297
Farm income	9	14,003,299	9,067,497
Finance Income	10	5,336,061	2,249,505
Research income	11	49,327,534	48,421,675
Hire of Facilities	12	391,069	528,146
Graduation fee	13	3,490,000	4,156,000
Library services	14	535,300	491,336
Income Generating	15	4,122,229	-
Other income	16	3,029,873	824,949
		409,337,627	345,349,114
Total revenue		1,037,642,542	1,027,771,797
Expenses			
Employee costs	17	647,837,069	664,398,305
Remuneration of University Council	18	10,129,366	10,593,354
Depreciation and amortization expense	27	70,894,028	55,603,702
Repairs and maintenance	19	15,608,011	13,818,786
Research expenses	20	56,247,137	47,359,552
General expenses	21	176,982,331	175,392,142
Total expenses		977,697,942	967,165,841
Surplus/(Deficit) from operations		59,944,599	60,605,956
Other gains/(losses)	22	2,992,225	(2,957,015)
Surplus/(Deficit) for the period		62,936,824	57,648,941

The notes set out on pages 39 to 73 form an integral part of these Financial Statements.

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2021			
	Note	2020/2021	2019/2020
		(KES)	(KES)
ASSETS			
Current assets			
Cash and cash equivalents	23	85,867,916	36,310,821
Receivables from exchange transactions	24	33,574,280	23,310,173
Receivables from non-exchange transactions	25	8,607,643	100,972,330
Inventories	26	10,752,240	10,326,581
Biological assets	28(i)	2,336,830	-
Total Current Assets		141,138,910	170,919,905
Non-current assets			
Property, plant and equipment	27	3,082,227,859	2,989,213,916
Biological assets	28(ii)	7,120,800	7,170,175
Intangible Assets	29	13,715,500	17,341,960
Total Non - current assets		3,103,064,159	3,013,726,051
Total assets		3,244,203,069	3,184,645,957
LIABILITIES			
Current liabilities			
Overdrawn Cash Book	31	5,921,979	18,543,164
Trade and other payables from exchange transactions	32	41,462,803	89,004,421
Payables from non-exchange transactions	33	48,354,434	44,467,974
Refundable deposits	34	932,614	946,814
Provision for audit fee	35	1,044,000	1,044,000
Payment received in advance	36	1,536,964	6,002,606
Bursaries Fund	37	6,528,545	3,636,547
Total current liabilities		105,781,339	163,645,526
Non-current liabilities			
Caution money	38	18,726,000	15,764,000
Retention money	39	41,150,582	35,439,168
CBA refund	40	81,560,000	81,560,000
Deferred income	44	1,320,795,732	1,274,984,672
Total non-current liabilities		1,462,232,314	1,407,747,840
Total liabilities		1,568,013,653	1,571,393,366
Net Assets		1,676,189,416	1,613,252,591
Revaluation reserves	46	1,327,024,973	1,327,024,973
Revenue reserve	47	349,164,443	286,227,619
Total Reserves		1,676,189,416	1,613,252,592
Total net assets and liabilities		3,244,203,069	3,184,645,957

Dr. Kennedy Okong'o
COUNCIL CHAIRMAN

Date: 22nd October, 2021

Prof. Daniel Mugendi Njiru
SECRETARY

Date: 22nd October, 2021

Mr. Lawrence Kamonjo
HEAD OF FINANCE
ICPAK NUMBER: 7080

Date: 22nd October, 2021

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

STATEMENT OF CHANGE IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021			
	Revaluation reserve	Revenue reserves	Total
	(Ksh)	(Ksh)	(Ksh)
Balance as at 1st July 2019	1,327,024,973	228,578,678	1,555,603,651
Deficit/Surplus for the period	-	57,648,941	57,648,941
Revaluation adjustment	-	-	-
Balance as at 30th June , 2020	1,327,024,973	286,227,619	1,613,252,592
			-
Balance as at 1st July 2020	1,327,024,973	286,227,619	1,613,252,592
Prior year adjustment	-		-
Deficit/Surplus for the period	-	62,936,824	62,936,824
Balance as at 30th June , 2021	1,327,024,973	349,164,443	1,676,189,416

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

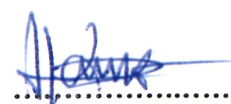
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021			
		2020/2021 (KES)	2019/2020 (KES)
Cash flows from operating activities	Note		
Receipts			
Transfer from other Government entities	6 & (i)	687,955,384	622,998,712
Rendering of services	7 (ii)	319,290,057	289,731,302
Rental income	8 & (iii)	5,769,126	7,155,797
Farm income	9 & (iv)	14,004,372	9,034,906
Finance income	10	5,336,061	2,249,505
Research income	11&(v)	40,600,040	47,425,173
Hire of Facilities	12	391,069	528,146
Graduation fee	13	3,490,000	4,156,000
Library services	14	535,300	491,336
Income Generating	15	4,122,229	-
Other income	16 & (vi)	11,717,126	824,949
		1,093,210,764	984,595,827
Payments			
Employees Costs	17 & (vii)	706,504,624	574,414,348
University Council expenses	18	10,129,366	10,593,354
Repairs & maintenance	19	15,608,011	13,818,786
Research expenses	20 & (viii)	48,693,730	47,359,552
General expenses	21 & (ix)	183,277,564	201,809,900
Trade creditors paid		310,714	2,384,438
Audit fee paid		522,000	-
		965,046,008	850,380,378
Net cash flows from operating activities		128,164,756	134,215,449
Cash flows from investing activities			
Property, plant, equipt and intangible assets	27 & (x)	153,403,328	274,917,939
Net cash flows used in investing activities		153,403,328	274,917,939
Cash flows from financing activities			
Government development grants	44	74,795,667	168,389,933
Net cash flows from financing activities		74,795,667	168,389,933
Net increase/(decrease) in cash & cash equivalents		49,557,095	27,687,442
Cash and cash equivalents at 1st July 2020		36,310,821	8,623,379
Cash and cash equivalent as at 30th June, 2021		85,867,916	36,310,821



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UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

CASHFLOW NOTES		2020/2021	2019/2020
(i) Government recurrent grants		(KES)	(KES)
Recurrent grants		599,320,308	668,820,733
Add: Receivable b/f		88,635,076	42,813,055
Less: Receivable c/f		-	(88,635,076)
		687,955,384	622,998,712
(ii) Rendering services		323,318,936	272,550,708
Add: Fees receivable b/f		21,868,526	27,247,198
Increase in caution money		2,962,000	1,822,000
Increase in students' union subscription		1,984,765	1,664,200
Deferred fees c/f		1,536,964	6,002,606
Unclaimed fees c/f		3,273,984	2,883,094
Endowment fund received		5,364,288	10,410,287
Less: Deferred fees b/f		(6,002,606)	(8,202,000)
Unclaimed fees b/f		(2,883,094)	(1,391,415)
Fees receivable c/f		(32,133,706)	(21,868,526)
Catering income receivable c/f		-	(1,386,850)
		319,290,057	289,731,302
(iii) Rental income		5,783,326	7,059,297
Increase/(decrease) in commercial rental deposit		(14,200)	96,500
		5,769,126	7,155,797
(iv) Farm income		14,003,299	9,067,497
Add: Farm income receivable b/f		54,797	22,206
Less: Farm income receivable c/f		(53,724)	(54,797)
		14,004,372	9,034,906
(v) Research income		49,327,534	48,421,675
Less: Deferred research grants b/f		(8,727,494)	(10,858,496)
Add: Deferred research grants c/f		-	8,727,494
		40,600,040	46,290,673
(vi) Other income		3,029,873	9,193,556
Add: Increase/(decrease): Alumni association		1,146,750	1,134,500
Compenastion for motor vehicle writeoff		3,500,000	-
Seized Performance bond		4,040,503	-
		11,717,126	10,328,056
(vii) Employee costs		647,837,069	664,398,305
Add :Provision for b/f		88,635,075	-
Less: Voluntary pay cut		(313,242)	(597,649)
Payroll deductions		(1,526,127)	(537,333)
Imprest recovery		(243,169)	(213,900)
Provision for salary arrears		(27,884,982)	(88,635,075)
		706,504,624	574,414,348

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

CASHFLOW NOTES (continued)

		2020/2021 (KES)	2019/2020 (KES)
(viii) Research expenses		56,247,137	-
Less: Surrenders for 2019/2020		(6,920,963)	-
		49,326,174	-
(ix) General expenses		176,982,331	175,392,142
Increase in inventory		425,659	954,944
Less: Provision for audit fee		(522,000)	(522,000)
Provision for bursaries		(2,500,000)	(2,000,000)
Decrease in staff imprests		(3,729,611)	(5,638,375)
Change in overdrawn account		12,621,184	33,623,189
		183,277,564	201,809,900
(x) Property, Plant and equipment		165,934,355	257,077,281
Add: Increase in intangible assets		6,530,500	7,683,698
Less: Increase in Retention		(5,542,338)	10,156,960
Outstanding tuition block certificate no 18		(13,519,189)	-
		153,403,328	274,917,939

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2021							
	Original budget 2020-2021	Adjustments 2020-2021	Final budget 2020-2021	Actual on comparable basis 2020- 2021	Performance difference 2020-2021	% of utilisation difference to final budget	Explanation of material variances (above 10%)
REVENUE							
Government recurrent grants	599,320,308	-	599,320,308	599,320,308	-	-	Variance not above 10%
Government devt grants	149,591,334	(74,795,667)	74,795,667	74,795,667	-	-	Variance not above 10%
Researcher's grants	39,396,800	9,930,200.00	49,327,000	49,327,534	534	0	Variance not above 10%
Endowment Fund	2,500,000	2,864,288.00	5,364,288	5,364,288	-	-	Variance not above 10%
Accommodation fee	4,100,000	105,000	4,205,000	4,204,045	(955)	(0)	Variance not above 10%
Tuition fee	274,178,185	28,070,200	302,248,385	302,287,996	39,611	0	Variance not above 10%
Catering	15,300,000	1,385,305	16,685,305	16,826,895	141,590	1	Variance not above 10%
Farm	13,000,000	1,003,000.00	14,003,000	14,003,299	299	0	Variance not above 10%
Rent	6,000,000	(217,000.00)	5,783,000	5,783,326	326	0	Variance not above 10%
Finance Income	2,200,000	3,136,000.00	5,336,000	5,336,061	61	0	Variance not above 10%
Hire of Facilities	700,000	(308,931.00)	391,069	391,069	-	-	Variance not above 10%
Graduation fee	4,657,200	(1,167,200.00)	3,490,000	3,490,000	-	-	Variance not above 10%
Library services	500,000	35,300.00	535,300	535,300	-	-	Variance not above 10%
Income Generating	3,000,000	1,122,229	4,122,229	4,122,229	-	-	Variance not above 10%
Other income	7,217,815	(4,195,700)	3,022,115	3,029,873	7,758	0	Variance not above 10%
Other income	1,121,661,642	(33,032,976)	1,088,628,666	1,088,817,890	189,224	1	
Expenses							
Employee costs	616,287,074	32,985,296	649,272,370	647,837,069	1,435,301	0	Variance not above 10%
Remuneration to the Council	16,883,000	(6,753,500)	10,129,500	10,129,366	134	0	Variance not above 10%
Repairs and maintenance	19,500,000	(4,223,900)	15,276,100	15,608,011	(331,911)	(2)	Variance not above 10%
Research expenses	25,254,000	31,993,100	57,247,100	56,247,137	999,963	2	Variance not above 10%
General expenses	200,205,178	-21,443,591	178,761,587	176,982,331	1,779,256	1	Variance not above 10%
Endowment fund	2,500,000	2,864,288	5,364,288	5,364,288	-	-	Variance not above 10%
Property, Plant & Equipment	58,315,737	1,837,189	60,152,926	60,463,462	(310,536)	(1)	Variance not above 10%
Minor works	12,000,000	(9,930,684)	2,069,316	2,069,261	55	0	Variance not above 10%
Development projects	170,716,653	(60,361,174)	110,355,479	112,001,393	(1,645,914)	(1)	Variance not above 10%
Total expenditure	1,121,661,642	-33,032,976	1,088,628,666	1,086,702,318	1,926,348	-1	
Surplus for the period	-	-	-	2,115,572	2,115,572	(0)	

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

University of Embu was established by and derives its authority and accountability from the Embu University College Legal Order of 17th June, 2011, under the University of Nairobi Act (Cap 210), legal notice No. 65 of 17th June 2011. The University is wholly owned by the Government of Kenya, and is domiciled in Kenya. The University's principal activity is to generate, advance and disseminate knowledge through training, research, and innovation for the development of humanity.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and Universities Act No. 42, of 2012. and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
Other Improvements to IPSAS	Applicable: 1st January 2021: a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. The above amendments do not have any impact on the Financial statements for the year under review.

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Standard	Effective date and impact:
	The standard is relevant to the University of Embu. once adopted, it will present enhanced information in terms of relevance, to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows The above amendments do not have any impact on the Financial statements for the year under review.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. The above amendments do not have any impact on the Financial statements for the year under review.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. The above amendments do not have any impact on the Financial statements for the year under review.

2) Early adoption of standards

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

(a) Recurrent grants

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. Recurrent grants are recognized in the statement of Financial Performance.

(b) Development grants

Development/capital grants are recognized in the Statement of Financial Position and realised in the Statement of Financial Performance over the useful life of the assets that has been acquired using such funds.

University of Embu recognizes development grants received as a deferred income statement of financial position. Upon completion and commissioning of the project funded through the grants, the grants relating to the project are amortized using the applicable depreciation rate, by reducing the carrying amount of the liability and recognizing an equal amount as an income, in the Statement of Financial Performance.

ii) Revenue from exchange transactions

Rendering of services

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

Rental income

Rental income arising from operating leases on rental property is recognized on occupancy of the property and included in revenue.

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

b) Budget information

The original budget for the FY 2020-2021 was approved by the National Assembly on 11th June, 2019. Subsequent revisions were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University upon receiving the respective approvals in order to conclude the final budget. Accordingly, the University recorded decreased appropriations of KES. 74,795,667 on the 2020-2021 budget following the governing body's approval.

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented in the financial statements.

c) Investment property

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

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

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

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. The depreciation is calculated on the

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

reducing balance to write down the cost of each asset to its residual value over its estimated useful life using the following rates:

<i>Land</i>	<i>0%</i>
<i>Buildings</i>	<i>2.5%</i>
<i>Motor Vehicles</i>	<i>25%</i>
<i>Furniture & Fittings</i>	<i>12.5%</i>
<i>Computer & Printers</i>	<i>30%</i>
<i>Plant & Equipment</i>	<i>12.5%</i>
<i>Library books</i>	<i>20%</i>
<i>Bearer plants</i>	<i>10%</i>

e) Intangible assets

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

f) Research and development costs

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

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

Following initial recognition of an asset, it 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

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment.

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

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

Impairment of financial assets

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

- a) The debtors or entity of debtors are experiencing significant financial difficulty
- b) Default or delinquency in interest or principal payments
- c) The probability that debtors will enter bankruptcy or other financial reorganization
- d) 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 University determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

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:

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

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

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

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

i) Provisions

Provisions are recognized when the University of Embu 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.

j) Contingent liabilities

University of Embu 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.

k) 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.

l) Nature and purpose of reserves

University of Embu maintains the following the following reserves in terms of specific requirements.

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(i) Revenue reserves

The revenue reserve is created out of the surpluses generated by the University from its operating activities, and retained for the purpose of expanding business or to meet contingencies in the future.

(ii) Revaluation reserves

The revaluation reserve arose from revaluation of property plant, and equipment. When revalued property and equipment are sold, the portion of the revaluation reserve that relates to that asset, and is effectively realized, is transferred directly to the Accumulated Surplus.

m) Changes in accounting policies and estimates

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

n) Employee retirement benefits

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

o) Foreign currency transactions

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

p) Borrowing costs

University of Embu has never taken any loan from a financial institution.

q) Related parties

University of Embu 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 of the Chancellor, Council members, the Vice-Chancellor and senior managers.

r) Service concession arrangements

University of Embu didn't have any concession arrangements with another entity or individual.

s) 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 petty cash floats given to authorized public officers/offices which had not been surrendered or accounted for at the end of the financial year.

t) Comparative figures

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The University based its assumptions and estimates on parameters available when the 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 University of Embu. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

(i) Useful lives and residual values

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

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

(ii) Provisions

Provisions were raised and the Management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Notes 27 and 32

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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. University of Embu made the following three provisions, which have been include in the financial statements for the year:

a) Provision for depreciation

This caters for reduction in the value of an asset with the passage of time, due to wear and tear. University of Embu uses reducing balance method to depreciate its assets. The applicable rates of depreciation are given in note 4(c) of this financial statements.

b) Provision for audit fee

Provision for audit fee is based on the invoice for the last financial year. The actual charge for audit services will be determined after the actual audit by the Auditor General.

c) Provision for bursaries.

This is a transfer to the bursaries kitty based on the amount provided in the budget. Actual expenditure is determined after the actual disbursement of bursaries.

(iii) 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, 2020.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30TH JUNE, 2021		
	2020/2021	2019/2020
	(KES)	(KES)
Note 6: Transfer from Ministry of Education		
Unconditional (Recurrent) grants	599,320,308	668,820,733
Conditional (Capital) grants	74,795,667	168,389,933
Total	674,115,975	837,210,666
Note 7: Rendering of services		
Tuition fees	302,287,996	246,040,967
Accommodation Fees	4,204,045	8,819,000
	306,492,041	254,859,967
Catering	16,826,895	17,690,741
Total	323,318,936	272,550,708
Note 8: Rental revenue		
Residential and commercial	5,767,326	6,931,082
Guest House	16,000	128,215
Total	5,783,326	7,059,297
Note 9: Farm revenue	14,003,299	9,067,497
Note 10: Finance income		
Interest from call deposits	5,336,061	2,249,505
	5,336,061	2,249,505
Note 11: Research income		
Research income	48,264,329	47,359,552
Add: Administrative fee - research grants	1,063,205	1,062,123
	49,327,534	48,421,675
Note 12: Hire of Facilities		
Hire of Facilities	391,069	528,146
Note 13: Graduation fee	3,490,000	4,156,000
Note 14: Library Income		
Library services	535,300	491,336
Note 15: Income generating Units		
Income Generating	4,122,229	-
	4,122,229	-

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Notes to the Financial Statements (continued)

	2020/2021	2019/2020
	(KES)	(KES)
Note 16: Other income		
Miscellaneous income	1,405,497	769,349
Disposal of obsolete items	150,760	50,000
Gain on disposal of motor vehicle	1,473,616	-
Supplimentary examination fee	-	5,600
Total	3,029,873	824,949
Note 17: Employee costs		
Salaries and wages	308,751,892	269,809,039
Responsibility allowance	37,504,415	35,161,466
House to office (Commuting All.)	43,649,508	41,539,897
Leave Travelling	4,875,653	3,597,182
House allowance	144,856,718	135,031,281
Part time teaching	50,463,725	30,901,510
Pension	47,482,370	47,738,220
NSSF	5,095,262	4,878,360
Interns honoraria	4,872,326	5,573,658
National Ind' Training Authority	285,200	235,400
Provision for salary arrears	-	88,635,075
Total	647,837,069	663,101,088
Note 18: Remuneration of Council		
Chancellor's honoraria	1,200,000	1,200,000
Chairman's honoraria	696,000	1,044,000
Council Capacity buiding	1,547,177	1,577,888
Council Insurance	819,160	1,188,529
University Council's emoluments	5,867,029	5,582,937
Total	10,129,366	10,593,354
Note 19: Repairs and maintenance		
Maintenance of buildings	8,757,928	8,735,113
Maintenance of equipment	3,330,739	2,964,016
Maintenance of grounds	3,519,344	2,119,657
Total	15,608,011	13,818,786
Note 20: Research expenses		
Research grant expenses	56,247,137	47,359,552
Total	56,247,137	47,359,552

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Notes to the Financial Statements (continued)

	2020/2021	2019/2020
Note 21: General expenses	(KES)	(KES)
Academic board and Senate	-	1,408
Advertisement and publicity	594,849	1,451,172
Audit fees	522,000	522,000
Bank charges	330,032	644,855
Celebration & ceremonies	1,299,462	4,643,278
Cleaning materials	813,003	-
Cleaning & sanitary	6,243,559	7,209,684
Customer Relations	34,470	-
Conferences & seminars	156,400	281,805
Cultural festival (CULFEST)	-	1,448,125
Electricity	9,311,967	9,342,216
Exam Moderation and Supervision	5,389,342	1,297,217
Ex-gratia	416,659	-
Farm Enterprise	15,236,396	6,328,187
Agricultural Teaching & Research	52,800	54,900
Field course	61,300	612,300
Food stuff & kitchen supplies	23,400,570	26,383,442
Gas & Charcoal	596,600	965,310
Staff Welfare	53,000	15,000
Games & sports	546,030	2,696,284
Security	6,323,403	6,436,191
Anti-HIV expenses and Health Ed.	127,050	117,911
ICT expenses	593,327	739,566
Income generating units	5,797,928	-
Insurance expenses	5,417,624	3,486,472
Maintenance of Internal road	70,737	1,204,200
Internet expenses	9,412,677	5,792,742
ISO expenses	850,332	824,129
Kitchenware/cutlery	252,824	156,620
Legal expenses	423,120	444,487
Library expenses	1,181,630	994,474
Exhibitions	88,220	324,623
Management board	897,185	565,853
Medical expenses	24,179,760	18,786,183
Membership subscription	186,344	164,797
Non-pharmaceuticals	1,553,260	1,071,207
Other office expenses	2,173,340	1,115,072
Pharmaceuticals	4,016,443	2,680,670
Postage	55,085	81,090
Printing, photocopying & publishing	953,451	1,196,636

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Notes to the Financial Statements (continued)

	2020/2021	2019/2020
	(KES)	(KES)
Gowns	-	4,000,500
Consultancy Services	1,153,708	1,377,555
Staff uniform	77,813	719,821
Stationery expenses	6,394,775	5,694,967
Statutory payment	2,369,000	5,093,418
Student awards & bursaries	2,500,000	2,000,000
School of Law Expenses	249,896	577,775
Student welfare & mentorship	554,650	2,270,396
Teaching materials	2,009,570	1,586,045
Teaching Practice & Practicum	7,811,882	4,688,014
Telephone	388,799	410,899
Transport operating	5,362,224	8,078,030
Water & conservancy	4,627,365	4,122,058
Programme & facilities accreditation	-	2,502,150
Schools and programme devt costs	520,600	702,382
Protective gear	326,372	168,731
Public relations	665,598	502,230
Staff training , Development & Scholarship	1,063,653	6,103,848
Local travel & subsistence	4,802,073	7,192,703
International travel expenses	-	1,412,316
Quality assurance	15,082	41,296
Detergent-making materials	-	224,820
Direct marketing	-	1,320,176
Exam Stationery & related materials	3,183,933	2,993,823
Performance management	3,293,159	2,825,300
Total general expenses	176,982,331	176,689,359
Note 22: Other gain/(loss)	2,992,225	(2,957,015)
This represents the difference between the value of the biological assets at the beginning and at the end of the financial year.		

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Notes to the Financial Statements (continued)

	2020/2021	2019/2020
Note 23: Cash and cash equivalents	(KES)	(KES)
Current accounts	85,185,286	36,169,555
Student Paybill - A/C 418888	169,314	40,886
Cash in hand	-	21,500
Farm Paybill 414444	6,832	16,449
Library buy Goods	92,176	20,127
Endowment Paybill 233320	18,000	7,000
Staff Cafeteria Buy goods	265,239	35,305
Bottled Water buy goods	4,137	-
Cleaning Solutions buy goods	3,483	-
Animal Feeds Buy Goods number 245296	1,677	-
Yoghurt Processing	37,258	-
Alumni Paybill 4037347	21,250	-
Commercial Rent paybill	63,265	-
Total	85,867,916	36,310,821
Detailed analysis of cash and cash equivalents		
a) Current accounts		
Financial institution		
KCB Fees - A/C 1140846019	217,179	2,303,517
KCB Dollar - A/C 1146975716	3,444,181	5,732,560
KCB Salary - A/C 1141890933	-	-
Equity Fees - A/C 0190260737294	172,705	147,708
Absa Fees A/C 2027527410	161,641	30,482
NBK Fees - A/C 01001081259300	86,345	167,586
Co-op Fees - A/C 01129408325000	27,022	54,510
KCB - EURO A/c	3,888,804	2,318,038
Equity Endowment A/C	29,493,952	25,415,153
Equity Bank Farm A/c	2,685,570	-
Equity Bank Research	1,345,685	-
Equity Bank Retention	41,705,268	-
On-Call deposits	1,956,934	-
Sub- total	85,185,286	36,169,555
b) Others		
Student Paybill number 418888	169,314	40,886
Cash in Hand	-	21,500
Farm Paybill number 414444	6,832	16,449
Endowment Fund Paybill number 233320	18,000	7,000
Library Buy Goods number 271941	92,176	20,127
Staff Cafeteria Buy Goods number 245292	265,239	35,305
Cleaning Solutions Buy Goods number 245299	3,483	-
Animal Feeds Buy Goods number 245296	1,677	-
Bottled Water 888032	4,137	-
Yoghurt Buy Goods number 245294	37,258	-
Alumni Paybill 4037347	21,250	-
Commercial Rent paybill	63,265	-
Sub- total	682,630	141,267
GRAND TOTAL	85,867,916	36,310,821

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Notes to the Financial Statements (continued)

	2020/2021	2019/2020
	(KES)	(KES)
Note 24: Receivables from exchange transactions		
Fees receivable	32,133,706	21,868,526
Farm income receivable	53,724	54,797
Catering income receivable	1,386,850	1,386,850
	33,574,280	23,310,173
Note 25: Receivables from non-exchange transactions		
Government recurrent grant	-	88,635,076
Staff debtors (temporary imprests)	1,428,028	1,722,847
Staff debtors (Research imprest)	7,179,615	10,614,407
Total receivables from non-exchange transactions	8,607,643	100,972,330
Note 26: Inventories		
Stationery	1,175,077	3,003,604
Hardware	1,072,102	1,663,620
Farm	822,815	293,578
Food store	475,460	282,783
Health Unit	2,977,489	1,604,863
Accommodation	417,291	177,238
Laboratory	2,960,208	2,989,003
Water Bottling	57,337	36,871
Yoghurt processing	279,811	
Cleaning solutions	514,650	275,021
Total	10,752,240	10,326,581

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Notes to the Financial Statements (continued)

Note 27: Property, plant and equipment										
	Land	Building	Motor Vehicle	Furniture & Fittings	Computer & hardware	Library books	Plant and Equipment	Bearer plants	Capital In Progress	TOTAL
Cost		(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)	(Ksh)
At 1st July, 2019	1,200,000,000	525,000,000	91,938,136	62,204,082	76,509,255	59,063,111	88,117,229	881,550	901,135,951	3,004,849,314
Additions	-	-	6,800,000	15,210,974	10,066,619	6,485,526	28,644,583	-	189,869,579	257,077,281
Disposal	-	-	-	-	-	-	-	(197,500)	-	(197,500)
At 30th June 2020	1,200,000,000	525,000,000	98,738,136	77,415,056	86,575,874	65,548,637	116,761,812	684,050	1,091,005,530	3,261,729,095
Additions	-	-	9,220,000	13,641,664	2,491,869	508,367	27,366,292	704,770	112,001,393	165,934,355
Disposal	-	-	(4,803,280)	-	-	-	-	-	-	(4,803,280)
Transfer to buildings	-	656,586,711	-	-	-	-	-	-	(656,586,711)	-
At at June, 2021	1,200,000,000	1,181,586,711	103,154,856	91,056,720	89,067,743	66,057,004	144,128,104	1,388,820	546,420,213	3,422,860,171
Depreciation rate	0%	2.50%	25.00%	12.50%	30.00%	20.00%	12.50%	10.00%	-	-
At July 2019	-	13,125,000	59,771,900	24,278,651	55,735,363	34,725,711	29,186,697	88,155	-	216,911,477
Depreciation charge	-	12,796,875	9,741,559	6,642,051	9,252,153	6,164,585	10,946,889	59,590	-	55,603,702
Depreciation on disposal	-	-	(2,776,896)	-	-	-	-	-	-	(2,776,896)
At 30th June, 2020	-	25,921,875	66,736,563	30,920,701	64,987,517	40,890,296	40,133,587	147,745	-	269,738,283
Depreciation charge	-	28,891,621	9,104,573	7,517,002	7,224,068	5,033,342	12,999,315	124,108	-	70,894,028
As at 30th June, 2021	-	54,813,496	75,841,136	38,437,704	72,211,585	45,923,638	53,132,901	271,852	-	340,632,311
Net book values										
As at 30th June, 2021	1,200,000,000	1,126,773,215	27,313,720	52,619,016	16,856,158	20,133,366	90,995,203	1,116,968	546,420,213	3,082,227,859
As at 30th June, 2020	1,200,000,000	499,078,125	29,224,677	46,494,355	21,588,357	24,658,341	76,628,225	536,306	1,091,005,530	2,989,213,916

Note: 1) KES 546,420,213 Capital Work in Progress is the cost of the on-going capital projects as follow:

Tuition Block – KES 506,153,788
Animal House – KES 4,720,829
Auditorium – KES 20,892,961
Minor works – KES 14,652,635
Total – KES 546,420,213

2) KES 656,586,711 Transfer to buildings: this is transfer (capitalization) of the completed projects from the Work in Progress to completed projects as follows:

Administration Block – KES 616,879,005
Classroom Block – KES 19,694,258
Minor works – KES 20,013,448
Total – KES 656,586,711

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Notes to the Financial Statements (continued)

	Quantities	2020/2021	2019/2020
		(KES)	(KES)
Note 28 (i): Biological assets (current)			
Chicken	1,900	585,000	-
Pigs	53	144,000	-
Ensiled Maize	10 tonnes	120,000	150,000
Silage maize	13 acres	585,000	-
Vegetable Seedlings (Assorted)	5,000	10,000	-
Capsicum	1 green house	24,000	-
Carrots	1 green house	10,000	-
Tomatoes	1 green house	80,000	-
Sweet potatoes	1/16th acre	12,500	-
Kales	1/8th acre	10,000	37,500
Cabbages	1,000	20,000	64,475
Managu	1/8th acre	20,000	-
Garden peas	1/8th acre	12,000	-
Black night shade	-	-	45,000
Spinach	1/8th acre	48,000	-
Fish	5,537	656,330	15,000
Sub-total		2,336,830	311,975
Note 28 (ii): Biological assets (Non-current)			
Cows	31	3,700,000	3,421,000
Chicken (layers)	1,812	1,199,600	452,500
Goats	12	224,000	140,000
Pigs	25	1,510,000	2,367,500
Bananas	822	246,600	382,200
Napier grass	3 acres	150,000	65,000
Boma Rhodes	4 acres	90,600	30,000
		7,120,800	6,858,200
		9,457,630	7,170,175
(iii) Bearer plants			
Avocados	27 trees	270,000	324,000
Mangoes	33 trees	165,000	66,000
Macadamia	5 trees	50,000	50,000
Coffee stumps	3285 stumps	903,770	244,000
Sub-total		1,388,770	684,000
Notes:	1 Bearer plants are living plants used in the supply of agricultural produce and are expected to produce for more than one financial year, and has a remote likelihood of being sold as agricultural produce. Bearer plants are accounted for as Property, Plant and Equipment and depreciated at the rate of 10%.		

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Notes to the Financial Statements (continued)

Note 29: Intangible Assets - ERP System			
	ERP work in progress	Total	2019/2020
Description	(KES)	(KES)	(KES)
Cost			
At beginning of the year	17,341,960	17,341,960	7,185,000.00
Additions	6,530,500	6,530,500	10,156,960.00
At end of the year	23,872,460	23,872,460	17,341,960.00
Additions–internal development	-	-	-
Cheque Reversal	(10,156,960)	(10,156,960)	-
At end of the year	13,715,500	13,715,500	17,341,960
Amortization and impairment	33%		33%
At beginning of the year	-	-	-
Amortization	-	-	-
At end of the year	-	-	-
	-	-	-
At end of the year	-	-	-
Net Book Value	13,715,500	13,715,500	17,341,960.00

UNIVERSITY OF EMBU
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Notes to the Financial Statements (continued)

	2020/2021	2019/2020
	(KES)	(KES)
Note 30: Investments		
As at the end of FY under review, the University did not have any investments in treasury bills/bonds, investments in any bank or any equity investment.		
Note 31: Overdrawn CashBook		
KCB Salary - A/C 1141890933	5,921,979	18,543,163
Note 32: Trade and other payables from exchange transactions		
Trade payables	13,577,821	369,346
Provision for salary arrears	27,884,982	88,635,075
	41,462,803	89,004,421
Note 33: Payables from non-exchange transactions		
Deffered donor research grants	-	8,727,494
Vice-Chancellor's Fund	446,448	759,690
Student Union subscription - UESA	4,862,040	2,877,275
Students' clubs	19,060	19,060
Unclaimed deposits	3,273,984	2,883,094
Alumni Association	3,152,250	2,005,500
Endowment Fund	32,560,149	27,195,861
Seized Performannce bond	4,040,503	-
Total	48,354,434	44,467,974

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Notes to the Financial Statements (continued)

	2020/2021	2019/2020
Note 34: Refundable deposits from customers	(KES)	(KES)
Rental deposits	932,614	946,814
Note 35: Provision for audit fee		
Balance b/f	1,044,000	522,000
Add: Provision for the year	522,000	522,000
Less: Payments during the year	(522,000)	-
	1,044,000	1,044,000
Note 36: Payment received in advance		
Deferred fees	1,536,964	6,002,606
Note 37: Bursary fund	6,528,545	3,636,547
This is a fund that was created by the University from which bursaries to the needy students are drawn.		
Note 38: Caution Money	18,726,000	15,764,000
These are refundable funds paid by all new students to cushion the University against any loss/damage by the students to property. The amount is refunded after the student clears from the University.		
Note 39: Retention money	41,150,582	35,439,168
This comprises of money deducted from payments to contractors to cater for any defects on the construction work undertaken.		
Note 40: CBA Refund	81,560,000	81,560,000
CBA refund represents the balance of Ksh 106 million received in the FYs 2012/2013 and 2013/2014 for CBA implementation. At that time the University was new and did not have CBA arrears to pay. The amount was reallocated to other University votes, and spent. The Ministry of Ed. later directed that the money be refunded to other Universities. Ksh 24.44 million was refunded, leaving the above balance.		

Note 41: Employee benefit obligations					
	Defined benefit plan	Post-employment medical benefits	Other Provisions	2020/2021	2019/2020
	(KES)	(KES)	(KES)	(KES)	(KES)
Current obligation	Nil	Nil	Nil	Nil	Nil
Non-current benefit obligation	Nil	Nil	Nil	Nil	Nil
Total employees obligations	Nil	Nil	Nil	Nil	Nil

UNIVERSITY OF EMBU
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Notes to the Financial Statements (continued)

	2020/2021	2019/2020
	(KES)	(KES)
Note 42: Borrowings		
The University did not have any borrowing during the financial year.		
Note 43: Cash generated from operations		
Surplus/(deficit) for the year before tax	62,936,824	57,648,941
Less: Provision for salary arrears	(27,884,982)	(88,635,075)
Gain on valuation of biological assets	(2,992,225)	-
	32,059,617	(30,986,134)
Adjusted for:		
Depreciation	70,894,028	55,603,702
Provision for bursary	2,500,000	2,000,000
Provision for audit fee	522,000	522,000
Amortized grant	(28,984,606)	(13,601,950)
Provision for salary arrears	27,884,982	88,635,075
Audit fee paid	(522,000)	-
	72,294,404	133,158,827
Adjusted surplus	104,354,021	102,172,693
Working Capital adjustments:		
(Increase)/decrease in biological assets	-	2,759,515
(Increase)/decrease in inventory	(425,659)	(954,944)
Decrease/(increase) in receivables	82,100,580	(36,224,415)
Increase/(decrease) in deferred fee income	(4,465,642)	(2,199,394)
Increase/(decrease) in bursary fund	2,891,998	2,144,031
Increase in caution money	-	1,822,000
Increase(decrease) in payables	(43,655,158)	98,222,652
Increase/(decrease) in refundable deposits	(14,200)	96,500
Increase/(decrease) in overdrawn account	(12,621,184)	(33,623,189)
	23,810,735	32,042,756
Net cash flow from operating activities	128,164,756	134,215,449

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Notes to the Financial Statements (continued)

Note 44: Deferred Income				
	Development grants from the GoK	Other Grants		Total
		Equipment	Library books	
	(KES)	(KES)	(KES)	(KES)
Balance as at 1st July, 2020	1,254,425,680	7,042,192	13,516,800	1,274,984,672
Additions	74,795,667	-	-	74,795,667
Amortization for the period	(25,400,973)	(880,274)	(2,703,360)	(28,984,606)
Balance as at 30th June, 2021	1,303,820,374		10,813,440	1,320,795,732
Note 45: Amortization of deferred grants (Completed projects)				
Description	Development grants from the GoK	Other Grants		TOTAL
		Equipment	Library books	
Cost	(Ksh)	(Ksh)	(Ksh)	(Ksh)
As at 1st July, 2020	381,290,334	12,013,667	33,000,000	426,304,001
Additions	-	-	-	-
	381,290,334	12,013,667	33,000,000	426,304,001
Transfer from WIP	656,586,711	-	-	656,586,711
As at 30th June, 2021	1,037,877,045	12,013,667	33,000,000	1,082,890,712
Amortization rate	2.50%	12.50%	20%	
As at 1st July, 2020	21,838,140	4,971,476	19,483,200	46,292,816
As at 30th June, 2021	21,838,140	4,971,476	19,483,200	46,292,816
Add: Amortization for the period	25,400,973	880,274	2,703,360	28,984,606
As at 30th June, 2021	47,239,113	5,851,750	22,186,560	75,277,423
Balance as at 30th June, 2021	990,637,932	6,161,917	10,813,440	1,007,613,289
Balance as at 30th June, 2020	359,452,194	7,042,191	13,516,800	380,011,185

Note 46: Revaluation Reserve		
Balance b/f	1,327,024,973	1,327,024,973
Note 47: Revenue reserves		
Balance b/f	286,227,619	228,578,678
Current surplus	62,936,824	57,648,941
Balance c/f	349,164,444	286,227,619

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Notes to the Financial Statements (continued)

Note 48: Contingent Liability

The table below contains cases that were ongoing in Court during the period under review, and which the University may have a contingent liability on. Actual liability for each case will be determined after the case is heard and finally determined.

S/No.	Parties	Estimated contingent liability
1.	University of Embu vs. Lillian Wanyaga Njagi	Will be determined after the appeal is heard and finally determined.
2.	Kelvin Osore Osiko vs. University of Embu	Will be determined after the case is heard and finally determined.
3.	Philip Wafula Mayeku vs. University of Embu	Will be determined once the case is heard and finally determined.
4.	County Government of Embu vs. University of Embu	Will be determined once the case is heard and finally determined.
5.	KUDHEIHA Workers Union vs. Council- University of Embu	Will be determined once the case is heard and finally determined.

(i) Mrs. Lilian Njagi sued University of Embu seeking damages for alleged wrongful termination of employment. The University has appealed to the Court of Appeal against the decision of the High Court.

(ii) Kelvin Osore Osiko sued the University seeking damages for alleged unfair and unlawful termination of employment. The matter is in the Embu Chief Magistrates Court.

(iii) Philip Wafula Mayeku sued the University seeking damages for alleged unlawful termination of employment. The matter is in the Employment at Labour Relations Court in Nairobi.

(iv) The County Government of Embu sued the University seeking an order for excision of fifty (50) acres from the University's land. The matter is in the Environment and Land Court at Embu.

(v) KUDHEIHA Workers Union sued the University for alleged refusal to sign the 2013/2017 Collective Bargaining Agreement. The matter is in the Employment and Labour Relations Court in Nairobi.

In addition to the above cases, a contract between the University M/S Supreme Developers Limited for construction of the proposed auditorium and lecture classroom at cost of Kshs. 40,405,020 was terminated in the month of February, 2021 due to unsatisfactory performance by the Contractor. M/S Supreme Developers Limited referred the matter to an arbitrator. Any liability to the University shall be determined by the arbitrator.

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(vi) was terminated due to unsatisfactory performance by the M/S Supreme Developers Limited for the construction of the proposed auditorium and lecture classroom was signed in June 2018 to deliver the project by 13th July, 2019 at cost of Kshs. 40,405,020.

Note 49: Financial Risk management

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

In management of risks, University of Embu Management has put in place an internal audit function to assist it in assessing risks faced by the University on an ongoing basis, and also in evaluating and testing the design and effectiveness of existing internal accounting and operational controls. The University's financial risk management objectives and policies are detailed below:

(i) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations when due, resulting to financial loss to the University. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables, and; available for sale financial investments.

University's credit risk is primarily attributable to its fee revenue receivable. The amount presented in the Statement of Financial Position is gross amount expected from students. No provision has been made for doubtful debts. This is mainly because the Higher Education Loans Board (HELB) has been financing majority of our student through loans, with tuition component of the loans being remitted directly to the University bank account, resulting to no bad debts. The credit risk on liquid funds with financial institutions is low, because UoEm banks its monies with reputable banks.

The carrying amount of financial assets recorded in the financial statements representing the University's maximum exposure to credit risk is made up of the following:

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Credit risk management				
	Fully performing (KES)	Past due (KES)	Impaired (KES)	Total ammount (KES)
As at 30th June, 2020				
Receivable from exchange transactions	23,310,173	-	-	23,310,173
Receivable from non -exchange transactions	100,972,330	-	-	100,972,330
Bank balances	36,310,821	-	-	36,310,821
Total	160,593,324	-	-	160,593,324
As at 30th June, 2021				
Receivable from exchange transactions	33,574,280	-	-	33,574,280
Receivable from non -exchange transactions	8,607,643	-	-	8,607,643
Bank balances	85,867,916	-	-	85,867,916
Total	128,049,839	-	-	128,049,839

University's fee payment policy requires payment of fees within the first three weeks of a semester. Where the student is not able to pay fee within the first three weeks of the semester, they are required to either call off the semester, or apply for phased fee payment, where fee is paid in three instalments. No student is allowed to sit for examination with a fee balance, unless with a written commitment to pay by a specified date. Consequently, students' receivables are categorized as past due. Past due amounts are those beyond the maximum established credit period and represent slow, but paying students.

(ii) Concentration risk

The reported receivables from fees wholly relate to balances due from the students who are unrelated, thus there is no concentration risk.

(iii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University Management, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding, and liquidity management requirements. University of Embu manages liquidity risk by maintaining banking facilities and through continuous forecasts and monitoring of actual cash flows. Prudent liquidity risk management includes maintaining sufficient cash to meet the University's obligations. University of Embu management reviews its cash forecasts regularly and determines the University's cash requirement. However, the University as a government funded institution, faces the risk of inadequate and/or delayed funding by the National Treasury. This implies that sometimes the University operates with insufficient cash to cater for operational costs and obligations, on timely basis.

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The table below analyses the University's financial liabilities, into relevant maturity groupings, based on the remaining period at the end of the financial year to the contractual maturity. The reported balances equal their carrying amounts, as the impact of discounting is not significant.

Note 50: Liquidity risk management				
The table below analyses the University's financial liabilities into relevant maturity groupings, as at 30th June, 2021				
As at 30th June 2020	Less than 1 month	Between 1-3 months	Over 3 months	Total
Trade payables	369,346	-	-	369,346
Provision for salary arrears	88,635,075	-	-	88,635,075
Deferred Research grants	-	-	8,727,494	8,727,494
Vice-Chancellor's Fund	-	-	759,690	759,690
UESA Subscription	-	-	2,877,275	2,877,275
Students' clubs	19,060	-	-	19,060
Unclaimed deposit	-	-	2,883,094	2,883,094
Allumni association	-	-	2,005,500	2,005,500
Endowment fund	-	-	27,195,861	27,195,861
Rental deposits	-	-	946,814	946,814
Provision for audit fees	-	-	1,044,000	1,044,000
Deferred fee income	-	-	6,002,606	6,002,606
Students' bursary fund	-	-	3,636,547	3,636,547
Caution Money	-	-	15,764,000	15,764,000
CBA refund	-	-	81,560,000	81,560,000
Retention on constructions	-	-	35,439,168	35,439,168
Deferred income	-	-	1,274,984,672	1,274,984,672
Total	89,023,481	-	1,463,826,721	1,552,850,202
As at 30th June 2020	Less than 1 month	Between 1-3 months	Over 3 months	Total
Trade payables	13,577,821	-	-	13,577,821
Provision for salary arrears	27,884,982	-	-	27,884,982
Deferred Research grants	-	-	-	0
Vice-Chancellor's Fund	-	-	446,448	446,448
UESA Subscription	-	-	4,862,040	4,862,040
Students' clubs	19,060	-	-	19,060
Unclaimed deposit	-	-	3,273,984	3,273,984
Allumni association	-	-	3,152,250	3,152,250
Endowment fund	-	-	32,560,149	32,560,149
Seized Performannce bond	-	4,040,503	-	4,040,503
Rental deposits	-	-	932,614	932,614
Provision for audit fees	-	-	1,044,000	1,044,000
Deferred fee income	-	-	1,536,964	1,536,964
Students' bursary fund	-	-	6,528,545	6,528,545
Caution Money	-	-	18,726,000	18,726,000
CBA refund	-	-	81,560,000	81,560,000
Retention on constructions	-	-	41,150,582	41,150,582
Deferred income	-	-	1,320,795,732	1,320,795,732
Total	41,481,863	4,040,503	1,516,569,308	1,562,091,674

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(iv) Market risk

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

Foreign exchange risk

University of Embu has transactional currency exposures. Such exposures arise through purchase of goods and services that are done in foreign currencies. Invoices denominated in foreign currencies are paid within 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the University's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Other currencies		Total
		Dollars (USD)	Euros	(KES)
At 30 June, 2021				
Financial assets (cash)		3,444,181	3,888,804	7,332,985
Net foreign currency asset/ (liability)		Nil		Nil

Price risk

Embu University does not holds quoted shares that would be subjected to price risk.

Interest rate risk

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

Management of interest rate risk

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

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Capital risk management

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

	2020/2021	2019/2020
	(KES)	(KES)
Revaluation reserve	1,327,024,973	1,327,024,973
Revenue reserves	349,164,444	286,227,619
Total funds	1,676,189,416	1,613,252,592
Total borrowings	Nil	Nil
Less: Cash and bank balances	85,867,916	36,310,821
Net debt/(excess cash and cash equivalents)	85,867,916	36,310,821
Gearing	Nil	Nil

Note 51: Related party disclosures

Entities and other parties related to the University include parties who have ability to exercise control or significant influence over University's operating and financial decisions. The following are the related parties that UoEm dealt with during the year under review:

- 1) Government of Kenya
- 2) University Chancellor
- 3) University Council
- 4) University Management

Related party transactions

(i) Government of Kenya

Transaction with the Government of Kenya

Nature of transaction	Amount in 2020/2021	Amount in 2019/2020
Transfer from the GoK	674,115,975	837,210,669
Transfer to the GoK	Nil	Nil

(ii) University Council.

During the year under review, the University Chancellor and the Council Chairperson, received remuneration on full-time equivalent basis. Details of their remuneration are displayed below:

S/no.	Category	Number of people	2020/2021 (KES)	2019/2020 (KES)
1.	University Chancellor	1	1,200,000	1,200,000
2.	University Council expenses	9	8,233,366	8,349,354
3.	Chairman - on full time equivalent	1	696,000	1,044,000
	TOTAL		10,129,366	10,593,354

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(iii) Due from related parties

Nature of transaction	Amount in 2020/2021 (KES)	Amount in 2019/2020 (KES)
Due from the Ministry of Education	Nil	88,635,076

(iv) Dues to related party

Nature of transaction	Amount in 2020/2021 (KES)	Amount in 2019/2020 (KES)
Salary arrears	27,884,982	88,635,075

Note 52: Segment reporting

University of Embu does not have operations in different geographical regions. All operations are conducted in the registered office.

Note 53: Capital commitments

The University did not have any commitments at the end of the year under review, which were carried forward to the next financial year.

Note 54: Ultimate and Holding entity

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

Note 55: Currency

The financial statements are presented in Kenya Shilling (KES).

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS

The following issues were raised by the Auditor General in the report for the financial year 2019/2020, and were all addressed:

S/No.	Issues	Action taken	Status
	Issues not known since certificate of audit for the year 2019/2020 had not been received by the time of concluding the audit for the year under review.	No action taken since the issues are not known.	No action taken since the issues are not known.



Dr. Kennedy Okong'o
COUNCIL CHAIRMAN



Prof. Daniel Mugendi Njiru
SECRETARY

UNIVERSITY OF EMBU
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APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY OF EMBU

(i) Projects implemented by the University of Embu funded by the development partners

University of Embu does not have any project that is funded by the development partners. All its projects are funded by the GoK through exchequer.

(ii) Status of projects completion

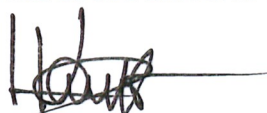
S/No.	Project	Total project Cost (KES)	Total expended to date (KES)	Completion % to date	Budget (KES)	Actual (KES)	Source(s)
1.	Tuition block	899,035,682	452,512,952	80%	74,795,667	74,795,667	GoK

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Appendix III: Inter-entity transfers

Name of the entity: University of Embu				
Break down of Transfers from the State Department of University Education and Research for the financial year 2020/2021				
a.	Recurrent Grants			
	Bank statement date	Grant	Amount (KES)	Financial year
	07/08/2020	Recurrent	49,943,359	2020/2021
	30/08/2020	Recurrent	49,943,359	2020/2021
	01/10/2020	Recurrent	49,943,359	2020/2021
	30/10/2020	Recurrent	49,943,359	2020/2021
	07/12/2020	Recurrent	49,943,359	2020/2021
	25/01/2021	Recurrent	49,943,359	2020/2021
	04/02/2021	Recurrent	49,943,359	2020/2021
	10/03/2021	Recurrent	49,943,359	2020/2021
	09/04/2021	Recurrent	49,943,359	2020/2021
	11/05/2021	Recurrent	49,943,359	2020/2021
	16/06/2021	Recurrent	49,943,359	2020/2021
	25/06/2021	Recurrent	49,943,359	2020/2021
		Total	599,320,308	
b.	Development Grants			
	Bank statement date	Grant	Amount (KES)	Financial year
	14/09/2021	Development	74,795,667	2020/2021
		Total	74,795,667	
c.	Direct Payments			
		Bank statement date	Amount (KES)	Financial year
		N/A	N/A	N/A
d.	Donor Receipts			
		Bank statement date	Amount (KES)	Financial year
		N/A	N/A	N/A

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



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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	07/08/2020	Recurrent	49,943,359	✓					49,943,359
	30/08/2020	Recurrent	49,943,359	✓					49,943,359
	14/09/2020	Development	74,795,667			✓			74,795,667
	01/10/2020	Recurrent	49,943,359	✓					49,943,359
	30/10/2020	Recurrent	49,943,359	✓					49,943,359
	07/12/2020	Recurrent	49,943,359	✓					49,943,359
	25/01/2021	Recurrent	49,943,359	✓					49,943,359
	04/02/2021	Recurrent	49,943,359	✓					49,943,359
	10/03/2021	Recurrent	49,943,359	✓					49,943,359
	09/04/2021	Recurrent	49,943,359	✓					49,943,359
	11/05/2021	Recurrent	49,943,359	✓					49,943,359
	16/06/2021	Recurrent	49,943,359	✓					49,943,359
Total			674,115,975						674,115,975