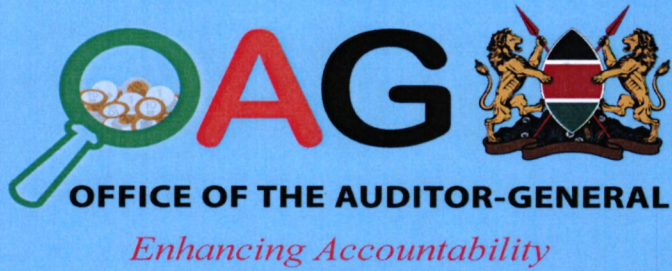


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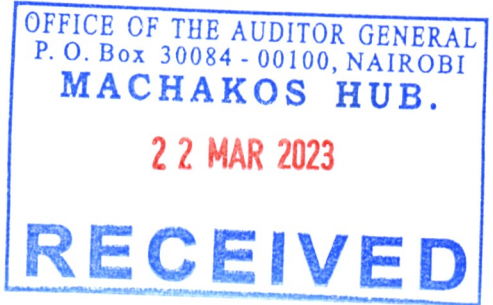
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THE AUDITOR-GENERAL

ON

SOUTH EASTERN KENYA UNIVERSITY

**FOR THE YEAR ENDED
30 JUNE, 2022**



SOUTH EASTERN KENYA UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2022

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

ARID TO GREEN



ISO 9001: 2015 CERTIFIED



**SOUTH EASTERN KENYA UNIVERSITY
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ACRONYMS

A/C:	Account
ASDSP:	Agricultural Sector Development Support Programme
BBK:	Barclays Bank of Kenya
CO-OP:	Co-operative Bank of Kenya
GCFSI:	Global Centre for Food Systems Innovations
ICRAF:	International Centre for Research in Agroforestry
IGADINWRM:	Intergovernmental Authority for Development Inland Water Resources Management Programme
IGU:	Income Generating Units
IPSASB:	International Public Sector Accounting Standards Board
JKUAT:	Jomo Kenyatta University of Agriculture and Technology
KCB:	Kenya Commercial Bank
MORTEC:	Moringa Technology
NACOSTI:	National Commission for Science Technology and Innovation
NBK:	National Bank of Kenya
NRF:	National Research Fund
RUFORUM:	Regional Universities Forum for Capacity Building
SEKU:	South Eastern Kenya University
TARC:	Trans disciplinary Applied Research Centre



I. UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information

South Eastern Kenya University was established on 1st March, 2013 as a successor to South Eastern University College (SEUCO), which was established on 15th July, 2008 as a successor to Ukamba Agricultural Institute (UKAI). South Eastern Kenya University is domicile in Kenya and has two campuses namely Kitui Town Campus and Wote Campus.

At Cabinet level, the University is represented by the Cabinet Secretary for Education, who is responsible for the general policy and strategic direction of the University.

(b) Principal Activities

The mandate of the University is teaching and learning, research and innovation, outreach and community service. To guide in carrying out these activities, the University has developed clear vision and mission statements.

The Vision of the University is to be a globally competitive center of excellence in teaching, research and innovation for purposes of transforming human lives.

The Mission is to provide quality and transformative education through teaching, learning, research, extension, innovation and entrepreneurship with emphasis on dry land agriculture, natural resources and environmental management.

In order to achieve the vision and mission, the University is guided by the following core values:

- (i) **Professionalism:** In all actions and interactions, we maintain ethical behavior, courtesy and professional etiquette.
- (ii) **Innovation:** Innovativeness is the hallmark of our business activities through fostering pro-activeness, creativity, and adaptability to change.
- (iii) **Integrity:** Transactions are done in honest, transparent and accountable ways.
- (iv) **Freedom of thought:** We promote and defend academic freedom.
- (v) **Teamwork:** We maintain a sense of unity and of common interests and responsibilities.
- (vi) **Respect for and conservation of the environment:** We strive to respect and protect the natural and working environment.



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(c) Key Management

The management of the University is undertaken by the following organs:

- (a) The University Council
- (b) The Senate
- (c) The South Eastern Kenya University Management Board

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Vice Chancellor	Prof. Geoffrey M. Muluvi, Ph.D
2.	Deputy Vice Chancellor (Finance, Planning and Development)	Prof. Reuben M. Muasya, Ph.D
3.	Deputy Vice Chancellor (Academic, Research and Students Affairs)	Prof. Zipporah Ng'ang'a, Ph.D
4.	Deputy Vice Chancellor (Administration and Human Resources)	Prof. Francis N. Wachira, Ph. D
5.	Registrar (Administration, Planning and Development)	Dr. David Namasaka, Ph.D
6.	Registrar (Academic and Students Affairs)	Dr. John F. Koga, Ph.D
7.	Finance Officer	CPA Ferguson Muthui.

(e) Fiduciary Oversight Arrangements

- (i) Finance and General-Purpose Committee
- (ii) Building and Physical Development Committee
- (iii) Staff Terms and Conditions of Service Committee
- (iv) Audit Committee
- (v) Appeals Committee
- (vi) Appointments Committee
- (vii) Graduation and Sealing Committee

(f) Headquarters

South Eastern Kenya University
Main Campus
P.O. Box 170 – 90200
Kitui, Kenya



(g) Contacts

Telephone: 0748605996/0748605997

E-mail: info@seku.ac.ke

Website: www.seku.ac.ke

(h) Bankers

1. National Bank of Kenya Ltd. (SEKU Branch)
P.O Box 1656-90200
KITUI
2. Equity Bank of Kenya Ltd. (Kitui Branch)
P.O Box 1453-90200
KITUI
3. The Co-operative Bank of Kenya Ltd. (Kitui Branch)
P.O Box 1432-90200
KITUI
4. Barclays Bank of Kenya Ltd. (Kitui Branch)
P.O Box 1206-90200
KITUI
5. Kenya Commercial Bank Ltd. (Kitui Branch)
P.O Box 683-00200
KITUI
6. Family Bank (K) Ltd. (Kitui Branch)
P.O Box 74145-00200
NAIROBI

(i) Independent Auditors

Auditor General
Kenya National Audit Office
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 40112-00200 City Square
Nairobi, Kenya



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II. THE UNIVERSITY COUNCIL



1. Dr. Swabah A. Omar Ph.D
(Chairman of the Council)

Date of Birth: 13th September 1966

Key Qualifications:

- i) 2002: London School of Hygiene & Tropic Medicine, Ph.D
- ii) 1995: University of Nairobi, M.Sc Biochemistry
- iii) 1990: University of Nairobi, B.Sc. Chemistry, Zoology

Work Experience:

- i) 2013-2015: County Executive Member (CEC in-charge of Health- Kilifi County.
- ii) 2011-2013: Director of Centre for Geographics in KEMRI- Kilifi County
- iii) 2009-2013: Principal Research Officer /Head of Malaria Research Lab in KEMRI.
- iv) 2002-2009: Senior Research Officer in KEMRI



2. Mr. Paul Maina Mwangi
(Member, Representing State
Department for University Education
and Research)

Date of Birth: 19th May, 1970

Key Qualifications:

- i) 2011 Kenyatta University, Master of Science (Pure Mathematics)
- ii) 1996 Egerton University, Bachelor of Education (Science).
- iii) 2014 Kenya School of Government, Strategic Leadership Development Programme (SLDP).
- iv) 2015 Centre for Corporate Governance, Corporate Governance

Work Experience:

- i) 2017 to date Assistant Director of Education, MOE.
- ii) 2013-2017: Principal Education Officer, MOE.
- iii) 2007-2012: Senior Quality Assurance and Standards Officer, MOE.
- iv) 2019 to present: South Eastern Kenya University Council Membership



3. Amb. Prof. David K. A. Kikaya
(Member)

Date of Birth: 1st October 1947

Key Qualifications:

- i) 1994: Doctor of Philosophy, University of Bradford, UK-International Relations - (*East-West Relations and the Politics of Strategic Resources-Conflict in Central and Southern Africa*)
- ii) 1980: Master of Arts, University of Bradford, UK-International Relations-*Peace Studies and Conflict Resolution Strategies*
- iii) 1975: Bachelor of Arts, University of Nairobi, Kenya Economics & Sociology

Work Experience:

- i) 2011: Founder Director – Research Institute for Peace, Policy and International Affairs (RIPPIA)
- ii) 2003: Professor and Founder; Co-coordinator, International Relations programme, United States International University- *Africa*
Visiting Universities Lecturer: Masinde Muliro, Kisii and Pioneer
- iii) 2001 - 2003: Ambassador/Permanent Representative, Head of Mission Kenya Mission to U.N. Habitat
- iv) 1999- 2000: Head of Europe and Commonwealth, Ministry of Foreign Affairs, Kenya
- v) 4th November, 2020 to date: South Eastern Kenya University Council.



4. Harriette Igonanga Chiggai
(Member)

Date of Birth: 19th April, 1981

Key Qualifications:

- i) Master of Business Administration (UoN)
- ii) Bachelor of Laws degree (LLB) (UoN), University of Nairobi
- iii) Diploma Kenya School of Law

Work Experience:

- i) 2019 to present: Senior Managing Partner, CALO Law LLP
- ii) 2011: Manager, Legal Services, ICPAK
- iii) 2010-2011: Associate Lawyer, Mbaluka & Co. Advocates
- iv) 2008- 2009 Legal Officer, Zahra Sign Ltd
- v) 1st August, 2020 to present: South Eastern Kenya University Council Member

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5. Mr. Thuita Isaac Gitahi
(Member)

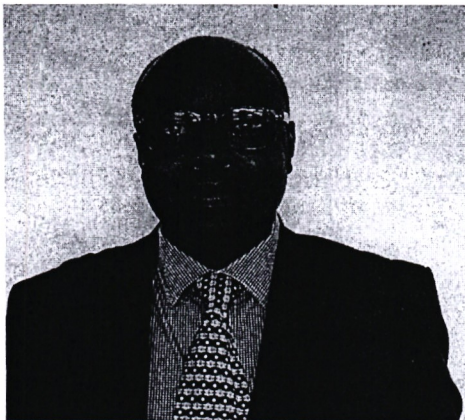
Date of Birth: 9th October, 1959

Key Qualifications:

- i) 2007 - Masters in Education. (Kenyatta University)
- ii) 1984 – Bachelors of education (Arts) University of Nairobi

Work Experience:

- i) 2016: Deputy Director University Education
- ii) 2014: Acting Senior Deputy Director of Education, Primary Education
- iii) 2011: National Coordinator, ECD and school meals programme (MOEST)
- iv) 2010: Strategic Leadership Development Program (KIA)
- v) 2008: Team Leader and National Coordinator, ECD Investment Prog. (MOEST)
- vi) 2006: Senior Assistant Director of Education.
- vii) 2003: Assistant Director of Quality Assurance and Standards
- viii) 4th November, 2020 to date: South Eastern Kenya University Council Membership



6. Michael Nal Kipkirui
(Member)

Date of Birth: 21st November, 1964

Key Qualifications:

- i) 2015: Masters in Project Planning and Management University of Nairobi
- ii) 2011 Bachelor of Commerce (Financial management) University of South Africa

Work Experience:

- i) 2014 University of Nairobi and University of Kabianga, Part-time Lecturer
- ii) 1995 -2002: Section Head: Barclays Bank (K) Ltd.
- iii) 1987 -1995: Clerical officer: Barclays Bank (K) Ltd.
- iv) 1st August, 2020 to present: South Eastern Kenya University Council Membership



7. Ms. Lydia Mwikali Kaleli
(Member)

Date of Birth: 19th July 1979

Key Qualifications:

- i) 2016 Uganda Christian University, Master of Public Health Leadership.
2004 Kenyatta University, Bachelor of Education.
- ii) 2014 Kenya Institute of Management
Higher Diploma in Human Resource Management

Work Experience:

- i) 2011-To Present: Human Resource Officer, Bible Translation and Literacy E.A.
- ii) 2015-2011: Teacher NPC Senior School.
- iii) 1stAugust, 2017 To Present: South Eastern Kenya University Council Membership



8. Prof. Geoffrey M. Muluvi, Ph.D
(Vice Chancellor and Secretary to the Council)

Date of Birth: 6th June, 1963

Key Qualifications:



- i) 2012 Eastern and Southern Africa Management Institute, Arusha Tanzania. Master of Business Administration.
- ii) 1998 University of Dundee, U.K.
Doctor of Philosophy (Plant Molecular Genetics), Department of Biological Sciences,
- iii) 1988 Moi University, Eldoret.
Bachelor of Science, Second Class Honours (Upper Division),

Work Experience:

- (i) 20th May, 2013- to present: Vice Chancellor, South Eastern Kenya University.
- (ii) 1st March, 2013 up to 19th May 2013: Ag. Vice-Chancellor South Eastern Kenya University.
- (iii) 15th March 2010 to 29th February 2013: Principal South Eastern University College (SEUCO) a Constituent College of the University of Nairobi.
- (iv) 2007-2010 Deputy Vice Chancellor, Kenyatta University.

**SOUTH EASTERN KENYA UNIVERSITY
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III. MANAGEMENT TEAM

<p>1. Prof. Geoffrey M. Muluvi, Ph.D (Vice Chancellor)</p>	<p>Refer to page (x)</p>
<div style="text-align: center;">  </div> <p>2. Prof. Reuben M. Muasya, Ph.D Deputy Vice-Chancellor (Finance, Planning and Development)</p>	<p><i>Date of Birth:</i> 12th September 1960</p> <p><i>Key Qualifications:</i></p> <ul style="list-style-type: none"> (i) 2001 Wageningen Agricultural University, Netherlands. Doctor of Philosophy (ii) 1996 Moi University, Eldoret. Master of Philosophy, (iii) 1992 University of Eastern Africa Baraton, Bachelor of Science in Agriculture. <p><i>Work Experience:</i></p> <ul style="list-style-type: none"> (i) November 2013 to present: Deputy Vice Chancellor, Finance Planning and Development South Eastern Kenya University. (ii) 14th July 2011 up to October 2013: Director, Kitui Town Campus, SEKU.
<div style="text-align: center;">  </div> <p>3. Prof. Zipporah Ng'ang'a, Ph.D Deputy Vice Chancellor (Academic, Research and Students Affairs)</p>	<p><i>Date of Birth:</i> 3rd February 1960</p> <p><i>Key Qualifications:</i></p> <ul style="list-style-type: none"> (i) 2012 JKUAT, Executive Master of Business Administration. (ii) 1998 Kenyatta University Doctor of Philosophy. (iii) 1988 University of Nairobi, Master of Science in Parasitology. (iv) 1984 University of Nairobi, Bachelor of Science, Second Class Honors (Upper Division) <p><i>Work Experience:</i></p> <ul style="list-style-type: none"> (i) 2nd December 2013 to present, Deputy Vice Chancellor, Academic, Research and Student Affairs South Eastern Kenya University



4. Prof. Francis N. Wachira, Ph.D
Deputy Vice Chancellor (Administration
and Human Resources Management)

Date of Birth: 20th March 1963

Key qualification:

- (i) 1996 Dundee University, the United Kingdom, Doctor of Philosophy degree.
- (ii) 1990 Kenyatta University, Kenya Master of Science.
- (iii) 1986 Kenyatta University, Bachelor of Education (Science)

Work Experience

- (ii) January 2017 – present: Deputy Vice-Chancellor, Administration & Human Resources Management South Eastern Kenya University
- (i) February 2015-December 2016: Executive Secretary, ASARECA, Uganda
- (ii) August 2012 – February 2015: Deputy Executive Director, ASARECA, Uganda
- (iii) November 2009-July 2012: Director, CEO Tea Research Foundation of Kenya

Membership:

- (i) February 2015-December 2016: Member of Board of Directors, Forum for Agricultural Research in Africa (FARA), Ghana
- (ii) May 2014-December 2016; Member, Independent Advisory Committee, ICRISAT (International Crops Research Institute for the Semi-Arid Tropics), India
- (iii) April 2014-December 2016; Member, Steering Committee, Pan African Research Alliance (PASIRA), Uganda
- (iv) March 2011-September 2012: Member, Kenya Highlands Evangelical University Council, Kenya

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5. Dr. David B. Namasaka, Ph.D
Registrar (Administration, Planning and
Development)

Date of Birth: 25th May, 1971

Key Qualifications:



- (i) 2020: Jaramogi Oginga Odinga University of Science and Technology (JOOUST), Doctor of Philosophy in Human Resource Management.
- (ii) 2016: Kibabii University (KIBU), Master of Science in Human Resource Management.
- (iii) 2012: Masinde Muliro University of Science and Technology (MMUST), Master of Science in Disaster Management and Humanitarian Assistance.
- (iv) 2012: Kenya Institute of Management (KIM), Diploma in Human Resource Management.
- (v) 1996: University of Nairobi, Bachelor of Education (Arts)

Work Experience:

- (i) 9th June, 2021 to date: Registrar, Administration, Planning and Development, South Eastern Kenya University (SEKU)
- (ii) 1st April, 2019 to 8th June, 2021, Deputy Registrar (Planning, Partnerships, Research and Innovation), (KIBU).
- (iii) 23rd November, 2014 to 31st March, 2019, (KIBU)
- (iv) 1st July, 2013 to 22nd November, 2014: Senior Assistant Registrar Administration (Central Services and Human Resource) (MMUST).
- (v) 1st November, 2011 to 30th June, 2013 : Assistant Registrar Administration (Central Services and Human Resource), (MMUST)
- (vi) 22nd November, 2007: Senior Administrative Assist. Administration (Central Services and Human Resource), (MMUST)

Membership:

- (i) Institute of Human Resource Management – Practicing Member Number
- (ii) Kenya Institute of Management - Member Number
- (iii) The Kenya Red Cross

 <p>6. Dr. John F. Koga, Ph.D Registrar (Academic and Students Affairs)</p>	<p><i>Date of Birth:</i> 1st October, 1960</p> <p><i>Key Qualifications:</i></p> <ul style="list-style-type: none"> (i) 1994 The University of Leeds, Doctor of Philosophy degree. (ii) 1988 Kenyatta University, Master of Science. (iii) 1985 University of Nairobi, Bachelor of Education, Second Class Honours (Upper Division) (iv) 1981 Kenya Science Teachers College, Certificate of Teacher Education (S1) <p><i>Work Experience:</i></p> <ul style="list-style-type: none"> (i) 1st November, 2010 to present: Registrar, Academics and Students Affairs, South Eastern Kenya University
 <p>7. CPA Fergusson Muthui. Finance Officer</p>	<p><i>Date of Birth:</i> 3rd June 1979</p> <p><i>Key Qualifications:</i></p> <ul style="list-style-type: none"> (i) 2017: Kenyatta University, Master of Business Administration (Finance). (ii) 2005: Maseno University, Bachelor of Business Administration (Accounting Option) (iii) 2009: CPA(K) <p><i>Work Experience:</i></p> <ul style="list-style-type: none"> (i) January, 2022 to present, Finance Officer- South Eastern Kenya University (ii) 2014-2021, Finance Officer-County Government of Kitui. (iii) 2010-2014 Accountant-Kitui County referral Hospital. (iv) 2006-2010, Accounts officer Kenya Commercial Bank <p><i>Membership:</i></p> <ul style="list-style-type: none"> (i) Member, Institute of Certified Public Accountants of Kenya (ICPAK)

**SOUTH EASTERN KENYA UNIVERSITY
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IV. CHAIRMAN'S STATEMENT

On behalf of the Council, I am pleased to present the South Eastern Kenya University Annual Report and Financial Statements for the financial year ended 30th June 2022. The period under review was post COVID-19 and challenging as the University was recovering from the effects of the pandemic on normal operations. Despite these challenges, I am pleased to report that the University continued to deliver on its key mandate of teaching and learning, research and innovation, outreach and community service. The council is indeed pleased with the actions taken by the University to ensure quick recovery of university operations in line with government guidelines.

During the period under review, the University realized significant achievements, notwithstanding the financial and operational challenges experienced during the recovery phase of Covid-19. These included making resumption of physical learning and resumption of operations. Another key milestone achieved during the year was the completion of the modern infrastructure facilities at our newly constructed campuses in Wote and Kitui town and the College of humanities in line with the University's 2019-2023 Strategic Plan.

As the university continues to initiate recovery measures it will continue to innovate in the core areas of teaching, learning and research as we focus on expansion of ICT infrastructure in order to ensure we deliver quality education and service to our students and other stakeholders.

I take this opportunity to reaffirm the commitment of the Council in providing effective and visionary leadership for the growth of the University. In this regard, the Council will continue to maintain a policy direction which facilitates management and staff to work together and engage stakeholders in accordance with the spirit of participation as enshrined in our Constitution.

In conclusion, I would like to express my sincere gratitude to the Government of Kenya for its invaluable support to the University as it continues to deliver on its mandate. I also wish to commend the management and staff for their exceptional efforts to ensure we achieve the level of growth that we witnessed during the year and the community and other stake holders for their continuous contribution and support in various ways. I also thank my fellow Council members for their insightful support and timely inputs during the year.



.....
Ms. Lydia M. Kaleli
For- Chairperson of Council



V. REPORT OF THE VICE-CHANCELLOR

I am delighted to present the Annual Report and Financial Statements of the South Eastern Kenya University for the year ended 30th June 2022. The financial year under review begun on slow recovery pace from the effects of the COVID 19 pandemic which had adversely affected the university operations. This prompted the university to innovate ways to respond to this challenge and continued to maintain its operations during the period. I am pleased to report that the university fraternity has continued to observe COVID 19 protocols and also partnered with the ministry of health to have all its employees inoculated for booster vaccines.

Despite the economic slowdown due to Covid-19 pandemic, the university realised a total of Kshs.1.199 billion in recurrent revenue composed of Appropriation in Aid (AIA) of Kshs.257.4 million which translates to 21.4% and recurrent grants of Kshs.939.18 million which translates to 78.3%. The University received a total of Kshs.110 million from the Government as capital grants to finance the ongoing infrastructure projects.

As part of its strategy to achieve operational sustainability, the University continued to rationalize and manage costs through restructuring and review of existing policies to cut on operating cost. The total recurrent expenditure, inclusive of assets impairment and amortization, amounted to Kshs.1.23 billion with employee costs accounting for Kshs.943.7 million which is 76.7% of the total operational cost.

Through capital grants received from the Government, the University continued to implement key infrastructure projects included in the university Strategic Plan 2019-2023 namely: College of Humanities, Wote and Kitui campuses. Further, the University continued to invest in capital assets financed from internally generated funds and capital grants from the government. The university focused on enhancing capacity to deliver services by procuring furniture and ICT infrastructure for both students and staff. As a result, the total asset base stood at Kshs.3.51 billion as at the end of the financial year under review.

In conclusion, I wish to express my sincere gratitude to the Council whose unwavering and insightful support was critical in making sure that the University achieves its goals and objectives during the year. I also wish to recognize the great contribution of our staff and industry stakeholders for their effort in making the year a success.

I sincerely thank all of them and look forward to their continued support.



.....
Prof. Geoffrey M. Muluvi, Ph.D
Vice-Chancellor



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VI. REVIEW OF UNIVERSITY'S PERFORMANCE FOR FY 2021/2022

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 University's performance against predetermined objectives.

South Eastern Kenya University has five strategic pillars and objectives within its Strategic Plan for the 2019- 2023. These strategic pillars are as follows:

Pillar 1: Provide Quality University Education and Training

Pillar 2: Enhance Research, Consultancy and Community Service

Pillar 3: Enhance Physical Infrastructure

Pillar 4: Promote Governance and University Image

Pillar 5: Promote partnerships and enhance resource mobilization

South Eastern Kenya University develops its annual work plans based on the above five pillars. Assessment of the University's performance against its annual work plan is done on a quarterly basis. South Eastern Kenya University achieved its performance targets set for the 2021/2022 financial period under its five strategic pillars, as indicated in the matrix below:

Strategic Pillar	Strategic Objectives (SO)	Activities	Key Performance indicators	Achievement	
Pillar 1: Provide Quality University Education and Training	SO1: To produce well educated, skilled, and competent manpower.	1. Develop market driven undergraduate and postgraduate programmes.	Number of senate approved programmes	New programmes developed in Engineering and health science	
		2. Mainstream ethics in academic programmes.	Number of programmes mainstreamed	University programmes mainstreamed	
		3. Use ICT in teaching and learning	Number of programmes digitised	All programmes digitised	
	SO2: To attract, develop, motivate and retain well qualified and competent staff	1. Expand and improve health care services for staff	Number of staff on health care services	All members of staff covered in medical scheme	
		2. Develop and implement a performance management System	Performance management system developed	Staff appraisal conducted	
	SO3: To increase access and equity quality education	1. Develop a marketing strategy for academic programmes.	Increased enrolment	Increased enrolment during the year	
		2. Promote gender and minority groups parity in all academic programmes.	Proportional representation of gender and minority groups	30% of women and 10% of the minority groups adhered	
	Pillar 2: Enhance Research, Consultancy and Community Service	SO4: Enhance research output and dissemination results	1. Increase research programmes	Number of funded research projects	New research projects funded
			2. Establish partnerships with industry, universities and research organisations	Number of partnerships established	MOU's established
3. Disseminate research findings			Number of publications, workshops and seminars	140 publications in the year/ held 2 workshops/ seminars	
4. Implement University Research and Innovation Policy			Developed and implemented	University Research and Innovation policy	

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Strategic Pillar	Strategic Objectives (SO)	Activities	Key Performance indicators	Achievement
				implemented
		5. Train staff on competitive grant writing	Number of staff trained	Research grants funded during the year
	SO6: Enhance consultancy services	1. Mainstream consultancy services	Number of consultancy services awarded	Two consultancies awarded
	SO7: Engage in community outreach and extension services	1. Develop programmes for community outreach	Number of developed programmes	Programmes developed
Pillar 3: Enhance Physical Infrastructure	SO8: Develop ICT infrastructure to support teaching, learning and outreach.	1. Increase the bandwidth	Increased bandwidth	Bandwidth increased by 15 MB
		2. Enhance campus connectivity	Number of buildings having fibre optic connection	All buildings connected to fibre optic
		3. Increase internet hotspots	Number of hot spots on campus	5 hot spots during the year
	SO9: Expand physical facilities for teaching, research, learning and student welfare	1. Develop lecture hall, laboratories and offices	Number of new lecture halls, laboratories and offices built	College of Humanities, Wote and Kitui campus under construction
		2. Develop and expand tree nursery, botanical garden and woodlots	Number of tree species introduced and the acreage of woodlot established	5 acres of woodlot established in the year
	Pillar 4: Promote Governance and University Image	SO10: To promote the University image for enhanced visibility.	1. Join and participate in national, regional and international associations	Number of associations joined
2. Continuously update the University repository			Number of materials posted on the repository	Increased number of materials posted
3. Disseminate research information			Number of public lectures by staff	Public lectures held
4. Continuous engagement of staff and students to guarantee harmony			Number of staff and students' engagements per year	one joint event held
SO11: To promote integrity and ethical behaviour in university governance		1. Institutionalise prudent use of university resources	Compliance with statutory requirements	All statutory and legal requirements complied
		2. Sensitise staff on integrity and ethical behaviour	Number of workshops/seminars held	Staff sensitised on integrity and ethical behaviour
		3. Develop and implement anti-corruption policy	Anti-corruption policy developed and implemented	Zero tolerance to corruption
SO12: To institutionalise quality systems		1. Develop and implement ISO QMS 9001-2015	QMS developed	ISO-Certification awarded and retained
		2. Develop and implement ISMS	ISMS Developed	ISMS implemented
		3. Develop and implement environmental QMS	QMS developed	ISO Re-certification awarded
		4. Ensure that programmes are accredited by professional bodies and benchmarking with other internationally accredited institutions.	Number of programmes accredited	All programmes approved by Senate and requiring accreditation by professional bodies done
		5. Implement CUE standards and guidelines	CUE standards and guidelines implemented	All CUE standards and guidelines implemented
SO13: Enhance Human Resource Development		1. Implement national cohesion and integration principles.	National cohesion and integration principles implemented	Implemented and observed
		2. Develop and implement induction programme for staff	induction policy developed and implemented	Policy Implemented
Pillar 5: Promote		SO14: To mobilize adequate resources	1. Utilize SEKU lands and other properties to generate income	Number of acres utilized



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Strategic Pillar	Strategic Objectives (SO)	Activities	Key Performance indicators	Achievement
partnerships and enhance resource mobilization	to sustain and advance university activities		Number of livestock increased	SEKU land
		2. Commercialize the farm	Number of farm enterprises commercialized	Commercialize on going
		3. Implement resource mobilization policy	Non-conventional sources of funds identified	Implementing resource mobilization policy
		4. Develop and implement short courses	Curricula for short courses developed	Short courses established
		5. Establish partnerships and Linkages for resource mobilisation	No of linkages and partnerships established	Partnerships and Linkages established
		6. Develop and implement a marketing plan	Marketing plan developed	Marketing plan developed



VII. CORPORATE GOVERNANCE STATEMENT

The University derives its authority and accountability from the Universities Act of 2012, the South Eastern Kenya University Charter and the South Eastern Kenya University Statutes which outline the commitment required of members of the Council to discharge their mandate.

These instruments guarantee effectiveness of each member contribution in the governance of the University by ensuring there is independent judgment, where professional competence and ethical standards are highly observed in decision making.

The University is also guided by its core values namely: professionalism, innovation, integrity, freedom of thought, teamwork and respect for and conservation of the environment which, serve as a basis for sound decision making.

The University is in compliance with MWONGOZO Code of Governance for State Corporations and underlying principles of good governance. In addition, the University is fully compliant with provisions of, inter alia, the following Acts and regulations; Public Procurement and Disposal Act 2015 and Regulations 2020, Public Finance Management Act 2012 and Regulations 2015. Further, the University attained ISO 9001-2015 Quality Management System certification.

1. Chancellor

Section 12 of the Charter provides that there shall be a University Chancellor who is appointed by the President.

2. Council

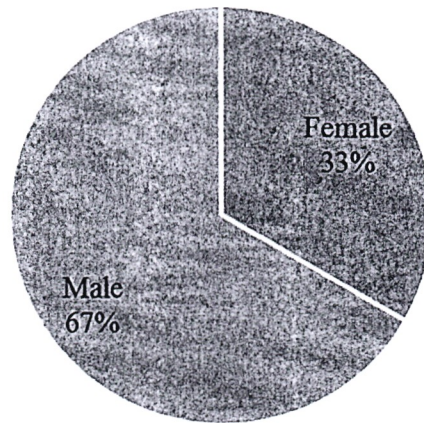
Section 18 of the Charter provides that there shall be a University Council. During the period under review the Council consisted of (9) members led by a non-executive and independent chairman, an executive Vice Chancellor and Secretary to the Council, the Principal Secretary National Treasury, Principal Secretary Ministry of Education and five independent and non-executive members.

All the non-executive Council members were independent of management and free from any business or other relationships which could interfere with the exercise of their independent judgment. Members of the University Council are appointed by the Cabinet Secretary for Education.

The tenure of the current Council begun on 4th November, 2020.



Council Diversity



In compliance with the Constitution, the Council composition in terms of male and female Council members was 67% and 33% respectively.

The independence of the Council from the University Management was ensured by separation of the functions of the Chairman and Vice Chancellor and a clear definition of their responsibilities. This helped the University in achieving an appropriate balance of power, increased accountability and improved decision making.

3. Responsibilities of the Council

The responsibilities of members of the Council are clearly spelt out in both the University's Act and the Statutes. These include:

- (i) Determining the University's vision, mission and core values
- (ii) Deciding its strategic objectives
- (iii) Ensuring establishment of an organizational structure and procedures to achieve the objectives.

The Council sets out objectives and ensures that procedures and practices are in place to protect the University's assets and reputation. It also reviews the strategic direction of business plans presented by the Management, reviews processes for the identification and management of business risks and compliance with key regulatory and legal issues. It also provides oversight of performance against targets and objectives.

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It ensures ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, corporate policies and procedures and the Code of Ethics, as well as benchmarks performance against best international practices.

In accordance with the principles of good corporate governance, each member of the Council undertakes to act in the best interest of the University and exercise his/her power in the execution of duties in good faith and act with care and prudence by subscribing to the University's core values.

4. Council Meetings

The Council meets once every three months and has a formal schedule of agenda items for deliberations. Members of the Council are given appropriate and timely information to maintain full and effective control over strategic, financial and operational issues of the University. The Council is not involved in the conduct of day-to-day business as this is a responsibility given to the Vice-Chancellor. It, however, retains responsibility for determining the direction of the University.

5. Council Attendance

The Council held various regular and special meetings in the year under review. Attendance to the Council meetings was as follows:

No.	Name	Designation	Regular	Special	Total
1	Dr. Swabah Ahmed Omar	Chairperson(until April 2022)	3	1	4
2	Amb. Prof. David Kikaya	Member	10	2	12
3	Mr. Isaac Thuita	Member	8	2	10
4	Mrs. Lydia Kaleli	Member	10	2	12
5	Mr. John Mose	Rep. PS National Treasury	14	4	18
6	Ms. Harriette Chiggai	Member	10	2	12
7	Mr. Michael Nal Kipkirui	Member	10	4	14
8	Mr. Paul Mwangi	Rep. PS SDUER	14	3	17
9	Prof. Geoffrey Muluvi	CEO/Secretary	24	5	29

6. Council Remuneration

In accordance with guidelines provided by the State Corporations Advisory Committee, members of the Council are paid taxable sitting allowance for every meeting attended as well as travel and accommodation allowance while on University duty. The Chancellor and the Chairman are also paid monthly honorarium.

Total Council expense for the year was Kshs 8,635,686.00. The University neither grants personal loans nor gives guarantees to members of the Council.



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7. Conflict of Interest and Declaration of Interest

Members of the Council have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the University. Business transactions with all parties, members or their related parties are carried out at arm's length.

Each member is obligated to fully disclose to the Council any real or potential conflict of interest, which comes to his/her attention, whether directly or indirectly.

In every meeting of the Council, an agenda item exists requiring members to make a declaration of any interest they may have in the business to be discussed.

8. Council Committees

The Council conducts its business through committees. The committees and their terms of reference are: -

(i) Finance and General Purposes Committee

(a) To consider and make recommendations to the Council on financial matters

(b) To consider and recommend to the Council matters of general nature

The committee meets on a quarterly basis and as necessary.

(ii) Audit Committee

(a) To review internal and external audit findings, recommendations and propose corrective and preventive action where necessary.

(b) Assist the accounting officer in enhancing internal controls in order to improve efficiency and accountability

The committee meets on a quarterly basis and as necessary.

(iii) Staff Terms and Conditions of Service Committee

(a) To review and make recommendations to the Council on staff Terms and Conditions of Service.

(b) To examine and recommend career structures within the University

(c) To establish and generally oversee Staff Retirement Benefits Pension Scheme.

The Committee meets on a quarterly basis and as necessary.

(iv) Building and Physical Development Committee

(a) To consider and recommend to the Council priority development projects

(b) To receive reports and recommendations of Management on the progress of physical development of the University.

(c) To report to the Council on the progress of physical infrastructure development of the University.

The Committee meets on a quarterly basis and as necessary.



(v) Graduation and Sealing Committee

- (a) To approve University certificates
- (b) To approve the list of graduands to be issued with certificates
- (c) To approve sealing of certificates.

The Committee meets once in a year and as necessary.

(vi) Appeals Committee

Its terms of reference are to hear and determine appeals made to it by staff from decisions of the senior and junior Disciplinary Committees. The Committee meets as and when necessary.

(vii) Appointments Committee

The terms of reference for the Appointments Committee are to consider appointments for teaching and non-teaching staff in Grades 14 and 15. The Committee meets as and when necessary.

9. Management Structure

The University Management Board is made up of the Vice Chancellor, Deputy Vice Chancellors, Registrars and the Finance Officer. The Board meets weekly to review the overall performance of the University.

There are various other management committees which advise the Vice Chancellor on specific issues in order to enable him to discharge his responsibilities as the Chief Executive of the University.

10. Internal Controls

The Management of the University has put in place a series of internal control mechanisms to ensure reporting of complete and accurate accounting information. Procurement of goods and services is strictly done in accordance with the Public Procurement and Disposal Act, 2015.

11. Authorizations

Expenditure of the University is authorized in accordance with set policies and procedures. There is a budget and a procurement plan which are approved by the Council. The Council receives regular management accounts comparing actual outcomes against budget as a means of monitoring actual financial performance.

12. Internal Audit

The internal audit function is performed by internal audit department, which is also responsible for monitoring and providing advice on the University's risk management



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framework. All reports of the internal audit are presented to the Audit Committee of the Council.

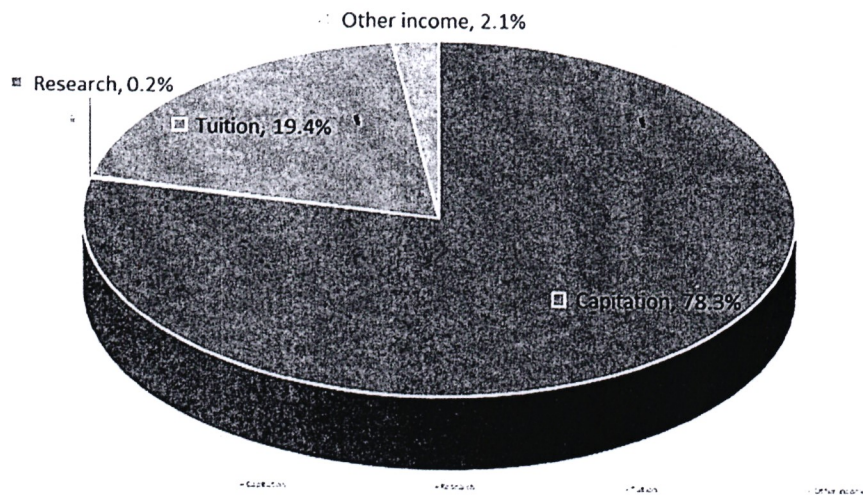
VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Operational and financial performance of the University

The University recurrent and development expenditure is funded by both government support and internally generated funds. In the period under consideration, the financial performance of the University was adversely affected as a result of recovery measures put in place by the university post COVID-19. Further, the university operational expenses increased as a result of implementation of the 2017-2021 CBA.

Consequently, revenue from exchange transactions comprising of tuition fees and related charges, rental and other incomes decreased by 10.0% as compared to 2021/2022 financial year. The composition of the various sources of revenue during the year is presented in the diagram below.

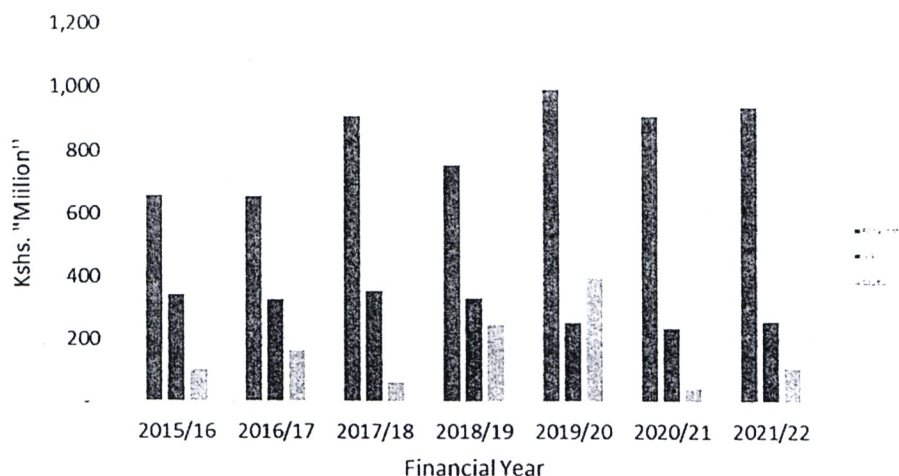
Recurrent Revenue Composition 2021/2022



The university receives government funding to finance both recurrent and development expenditure. Over the years, the government funding has been low and has hindered the growth of the University given that the university is relatively young.



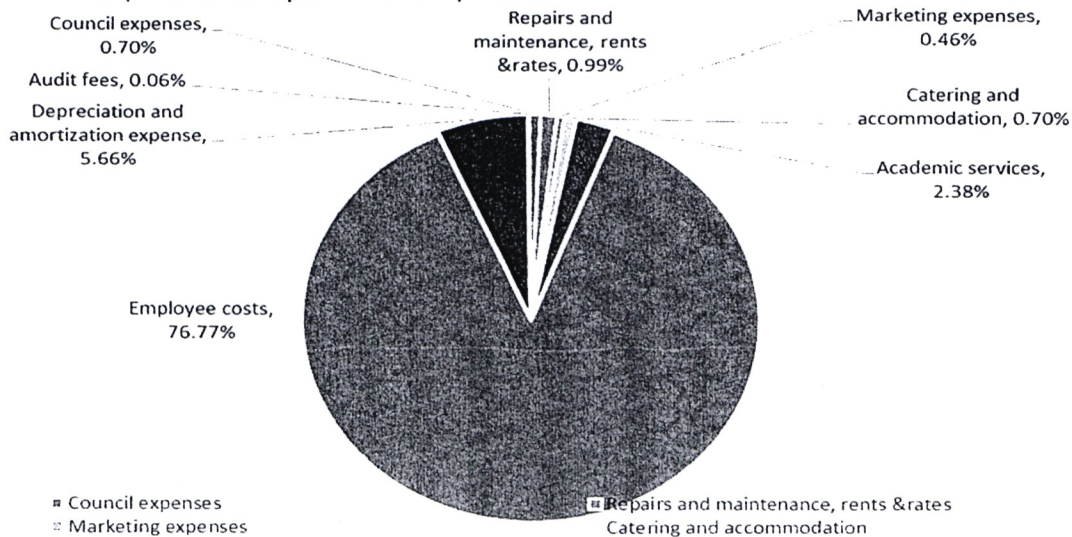
2015/16 - 2021/22 Funding Levels



It is worth noting that trade and other payables from exchange transactions reduced by 14%. This is primarily attributed to the deliberate effort and financial prudence applied by the University to clear all the pending bills as well as contain expenditure at manageable levels.

During the period under review, the operational costs increased by 8.0%. The increase is mainly attributed resumption of normal operations the disruption of the academic activities due to the COVID-19 impacted on the expenditure items related to academic services. Employee costs is the major expenditure item accounting for 76.7% of the total operational expenses.

Recurrent Expenses compisition 2021/2022




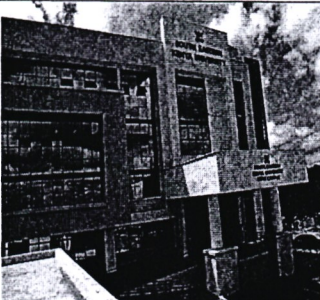
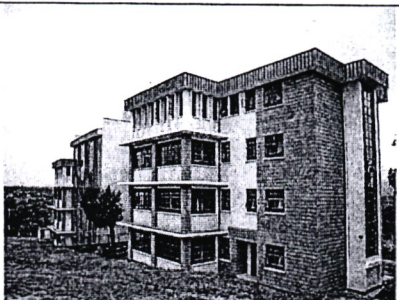
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University's key projects or investments decision implemented during the year

Through government support, the University was able to complete three key projects namely: College of Humanities and Social Sciences, Wote and Kitui campuses. The university made significant progress during the financial year in terms of infrastructure development.

The University Council is indeed grateful for the financial support received during the year for funding the infrastructural development that has transformed and enhanced the corporate image of the University.

Below are the ongoing key projects that the University undertook during the year.

		
<p>College of Humanities and Social Sciences</p>	<p>Tuition and Office Block Kitui Campus</p>	<p>Tuition and Office Block-Wote Campus</p>

University's compliance with statutory requirements and other financial obligations

The University is in compliance with all the statutory requirements and no foreseeable potential contingent liabilities exist. The University complied with statutory requirements by remitting PAYE, NSSF, NHIF, Pension deductions, HELB and other statutory deductions within the prescribed timelines.

Major risks facing the University

The major risk facing the University is inadequate funding by the Government which may result to inability to support various projected expenditures. This may negatively affect the delivery of the planned university programmes. Underfunding of the key projects implemented by the University may lead to delay in completion of projects which may thus escalate the project costs.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

South Eastern Kenya University exists to develop and expand opportunities for higher education and research, with emphasis on agriculture, forestry, mining, energy, water, environmental sciences, health and engineering. This is guided by the University's strategic plan, which is founded on five pillars namely:

- (i) Pillar 1: Provide quality university education and training,
- (ii) Pillar 2: Enhance research, consultancy and community service,
- (iii) Pillar 3: Enhance physical infrastructure,
- (iv) Pillar 4: Promote good governance and university image,
- (v) Pillar 5: Promote partnerships and enhance resource mobilization.

Below is a brief highlight of University's achievements during the period under review.

1. Sustainability strategy and profile

South Eastern Kenya University sustainability strategies and profile are informed and anchored on the University's Strategic Plan and policies implemented by the University. The strategies take into account the emerging issues in the operating environment as well as the changing stakeholder needs which inform our sustainability strategy. The university will keep reinventing its processes and systems in order to ensure we adapt to the changing operating environment and implement measures that will ensure continuity of our operations and responsive to the needs of our stakeholders.

2. Environmental performance

Environmental performance is anchored in South Eastern Kenya University's mission statement, to provide quality education through teaching, research, extension, innovation and entrepreneurship with emphasis on agriculture, natural resources and environmental management. The University seeks to achieve this mission under the established School of Environment, Water and Natural Resources (SEWNR). The SEWNR has continued to offer a professional course on Environmental Impact Assessment and Audit (EIA&A) which is accredited by National Environmental Management Authority (NEMA). Further, all development projects undertaken by South Eastern Kenya University are subjected to the mandatory EIA&A study as required by Environmental Management and Coordination Act 1999.

In the Performance Contract cycle FY 2021/2022, the University had two of the performance criteria within the Big Four Initiatives, a core mandate for (1) development for climate smart technologies and (2) community outreach programs in public health by participating in cleaning local markets and environmental conservation by raising at least one thousand (1000) tree seedlings in the University



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Tree nursery for planting within South Eastern Kenya University and in at least 2 (two) public institutions.

During the 2021/22 financial year, the University donated tree and flower seedlings to neighboring public schools.

South Eastern Kenya University is in the process of developing an environmental policy to guide the institution in management of biodiversity, waste management and reducing environmental impact of its activities, programs, projects and plans. However, one of its core mandates is to play a leading role in the development and expansion of opportunities for learning and research in Agriculture, Forestry, Mining, Energy, Water and Environmental Sciences in arid and semi-arid lands.

To this end, the University has continued to offer academic programmes in these topical areas. In addition, South ECU in its performance indicators 2021/2022 under the core mandate managed to do the following:

(a) Promotion of Moringa Tree Products for Improved Health and Nutrition

During the year, the University promoted Moringa tree products for improved health and nutrition by identifying a suitable site, prepared and planted moringa seeds. Further, it carried out water purification tests using moringa seeds.

(b) Development of Centre for Climate Smart Technologies

During the year, the University established a Centre for Climate Smart Technologies.

(c) Community Service Programs Carried out

During the year, the University held four (4) community service events. They include cleaning of neighboring market, tree planting, donating tree seedlings and demonstrating effective dryland tree planting techniques.

3. Employee welfare

The University values its staff members and cares about their social welfare and their future. The University has put in place programmes/modalities that ensure the social welfare of employees are taken care of. Accordingly, the University has established social welfare initiatives that ensure the wellbeing of employees.

The policies guiding the hiring process consider gender ratio, stakeholder engagement and are reviewed regularly. The University has Statutes that provide guidelines for recruitment and selection of staff at the University. Also, it has developed terms and conditions of service policy which has included guidelines and procedure on recruitment and selection process. The guidelines provided for in recruitment and



selection of staff at the University have provisions for considering, gender, disability and ethnicity to ensure equal opportunity for all applicants. The policies are reviewed from time to time and as when need arises.

In its efforts to improve skills and manage careers, the University has developed a Scheme of service that provides guidelines on career progression of staff in the University. Besides, the terms and conditions of service provide for paid and unpaid leave for staff who wish to advance in their studies. Based on performance appraisal reports and recommendations of heads of sections, the University prepares a training programme and facilitates staff to attend prioritized training considering the amount of funds allocated for training.

Further, the University is committed to ensuring that it conducts its activities in a healthy and safe environment. The University continues to comply with the provisions of the Constitution of Kenya, Occupational Safety and Health Act, 2007 (OSHA, 2007), the Employment Act, 2007 and the Work Injury Benefits Act, 2007 (WIBA) and related legal notices from time to time.

4. Market-place practices

The University has adopted the best business practice are applied in all our dealings.

(i) Responsible competition practices

The University's main business is training research and community service. The main competition is therefore to get students, and funding for research, innovation and community service.

The University relies on Kenya Universities and Colleges Central Placement Services (KUCCPS) for government-sponsored students. For the privately sponsored, the main methods used to attract students are media advertising, shows and exhibition, and other marketing and publicity methods.

- (i) The University ensures adherence to ethical standards by only putting on offer those programmes in which the University has competence in offering both in terms of staffing and facilities.
- (ii) SEKU adheres to bid procedures when seeking research funding for the National Research Fund and other internal and international funding agencies.
- (iii) The University has an Anti-Corruption Policy that guide the day-to-day practices.

(ii) Good business practices

Every financial year, SEKU invites, through nationwide advertisement, those willing to do business with it in various areas. Successful suppliers are then selected for all



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goods and services that the University consumes. Subsequently, all suppliers are given fair chances through invitation of quotations or tenders for goods and services in newspapers, websites, or direct invitation. Tender opening sessions are transparent and bidders are invited to participate.

Payments to our creditors are done within 90 days or earlier as stipulated in the University's Customers Service Delivery Charter. The suppliers have redress mechanisms through the University's Public Complaints Office

(iii) Responsible marketing and advertisement

South Eastern Kenya University ensures that its marketing and advertising activities are within the ethical parameters by among other steps only putting on offer though advertising and marketing products that it can competently offer. These are mainly academic programmes and consultancy services.

The University uses print and electronic channels to advertise while marketing is done through shows, exhibitions and other outdoor/public channels. We make sure that our advisements reach as many prospective consumers as possible.

(iv) Product stewardship

The rights of our consumers are safeguarded through subjecting the products to rigorous review during the development and during its life. To ensure quality in its programmes, the University has the following policies

- (i) Curriculum Development Policy
- (ii) Academic Quality Assurance Policy
- (iii) Academic Integrity Policy
- (iv) ISO 9001:2015 Quality Management Standards Manual

Moreover, curriculum development goes through the following stages/committees

- (i) Departmental committees
- (ii) School committee
- (iii) Deans' Committee
- (iv) Senate
- (v) External reviewers
- (vi) Commission for University Education

5. Corporate Social Responsibility/Community Engagements

To guide its corporate social responsibility initiatives, South Eastern Kenya University has put in place a policy framework focusing on:

- (a) Promotion of educational standards particularly in the area it operates.



- (b) Access to water to the immediate neighborhood.
- (c) Access to health care to the community living near or around the University.
- (d) Conservation of environment in the location it operates.

The University further committed to make annual budgetary allocations in support of the corporate social responsibility initiatives. It is expected that this move will enable the University achieve the following critical objectives: -

- (a) Encourage peaceful co-existence with the immediate community,
- (b) Enhance University corporate image and visibility, and
- (c) Expand linkages with other institutions, which will contribute towards attainment of the University mandate.

In its Performance Contract cycle FY 2021/2022, the University had two of the performance criteria within the Big Four Initiatives, a core mandate for (1) development for climate smart technologies and (2) community outreach programs in public health by participating in cleaning local markets and environmental conservation by raising at least one thousand (1000) tree seedlings in the University Tree nursery for planting within SEKU and at least 2 (two) public institutions.

To improve on environment, the University participated in various environmental programmes which include tree planting days in the University and also participating in county and international days. The University also participated in cleaning of Kitui Town by students in support of public health. The University set aside a budget for corporate and social responsibility activities. Among activities implemented during the year, the University distributed tree and flower seedlings to neighbouring schools. The University further, trained the local schools on effective dryland tree planting and also donated seedlings.

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X. REPORT OF THE UNIVERSITY COUNCIL

The South Eastern Kenya University Council submits its report together with the un-audited financial statements for the year ended June 30, 2022.

Principal activities

The functions of the University are spelt out in Section 6(1) of the Charter as follows:

- (a) To provide directly, or in collaboration with other institutions of higher learning, facilities for University education including technological, scientific and professional education, the integration of teaching, research and effective application of knowledge and skills to life, work and welfare of the citizens of Kenya.
- (b) To participate in the discovery, transmission and preservation and enhancement of knowledge and to stimulate the intellect participation of students in economic, social, cultural, scientific and technological development of Kenya.
- (c) To provide and advance University education and training to appropriately qualified candidates, leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing, contribute to manpower development in the Country.
- (d) To conduct examinations for such academic awards as may be provided in the Charter pertaining to the University.
- (e) To examine and make proposals for new faculties, schools, institutes, departments, resource and research Centre degree courses and subjects of study.
- (f) To play a leading role in the development and expansion of the opportunities for higher education and research in agriculture, forestry, mining, energy, water and environmental sciences on arid and semi-arid lands.
- (g) To contribute to industrial and technological development through innovations and technology transfer.
- (h) To develop as an institution of excellence in teaching, training, scholarship, entrepreneurship, innovation, research, consultancy and extension services with emphasis on dry land agriculture and farming systems and their impact and application within and outside Kenya.
- (i) To participate in commercial ventures and other activities to the benefit of the University, the community and stakeholders.
- (j) To contribute to agricultural, industrial and technological development of Kenya in collaboration with industry and other institutions through transfer of appropriate technology.



Results

The results of the University for the Financial Year ended June 30, 2022 are set out on page 1 to pages 36

University Council

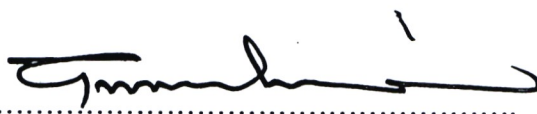
The members of the University Council who served during the year are shown on pages vii to xi in accordance with Regulation (12) of the University Charter. The tenure of the serving Council begun on 4th November, 2020.

Auditors

The Auditor General is responsible for statutory audit of the University in accordance with Article 229 of the Constitution of Kenya, 2010 and the Public Audit Act 2015.

Auditor-General is mandated to audit the Annual Report and Financial Statements of the University in conformity with guidelines and regulations provided under Article 229 of the Constitution of Kenya and provisions of the Public Audit Act 2015.

In carrying out the audit, the Auditor General is to confirm whether or not public money has been applied lawfully and in an effective way, give assurance on the effectiveness of internal controls, risk management and overall governance as well as satisfy himself that public money has been used and applied towards the purposes intended.



.....
Prof. Geoffrey M. Muluvi, Ph.D
Vice-Chancellor/Secretary to Council

Date: 21.3.22



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XI. STATEMENT OF UNIVERSITY COUNCIL RESPONSIBILITIES

Section 68 of the Public Finance Management (PFM) Act, 2012 requires the University Council to prepare financial statements in respect of South Eastern Kenya University, which give a true and fair view of the state of affairs and the operating results of the University at the end of the financial year. 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. Further, the Council is also responsible for safeguarding the assets of the University.

Pursuant to the requirement of the law, the Council is responsible for the preparation and presentation of the University 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 30th June 2022. 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) Safe-guarding the assets of the University.
- (v) Selecting and applying appropriate accounting policies and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The University Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Financial Management Act and the University Act. The Council is of the opinion that South Eastern Kenya University financial statements give a true and fair view of the state of University transactions during the financial year ended June 30, 2022 and financial position as at that date. The Council further confirms the completeness of the accounting records maintained by the University, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial controls.

Nothing has come to the attention of the University Council to indicate that South Eastern Kenya 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 South Eastern Kenya University's financial statements were approved by the University Council on 28th August 2022 and signed on its behalf by:



.....
Ms. Lydia M. Kaleli
For- Chairperson of Council



.....
Prof. Geoffrey M. Muluvi, Ph. D
Vice-Chancellor



REPUBLIC OF KENYA



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON SOUTH EASTERN KENYA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of South Eastern Kenya University set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the South Eastern Kenya University as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), the Public Finance Management Act, 2012, and South Eastern Kenya University Charter and statutes.

Basis for Qualified Opinion

1. Employee Costs

The statement of financial performance reflects employee costs of Kshs.943,746,290 and as disclosed under Note 14 to the financial statements. The following anomalies were however noted: -

1.1 Overstated Claims for Part Time Lecturers

Included in the costs are teaching claims for part time lecturers amounting to Kshs.34,595,155. The teaching claims included claims for prior periods of Kshs.32,245,455, thereby, overstating the current years expenditure.

1.2 Misstatement of Employees Costs

Included in the trade and other payables from exchange transaction balance of Kshs.177,610,541 and as disclosed in Note 22 are provision for part time claims of Kshs.64,933,257. Out of the amount Kshs.11,596,323 relates to claims for the financial year 2021/2022. The amount was however, not fully expensed during year under review as the ledger only includes part time teaching claims of Kshs.2,349,700.

In the circumstances, the validity and accuracy of the employee costs of Kshs.943,746,290 for year ended 30 June, 2022 could not be confirmed.

2. Overstatement of Revenue from Exchange Transactions

The statement of financial performance reflects tuition and other related fees amount of Kshs.232,242,856 which includes tuition fees of Kshs.122,837,550 as disclosed in Note 5 to the financial statements. However, a review of registered students and fees payable for the various course records, revealed an amount of Kshs.91,025,250 as the tuition fees for the period under review instead of the reported amount.

In the circumstances, the validity and accuracy of the tuition and other related fees amount of Kshs. 232,242,856 could not be confirmed.

3. Non-Current assets

Review of the assets' records revealed the anomalies:

- (a) Note 15(b) reflects Kshs.3,329,727,728 in respect of plant, property and equipment which include Kshs.1,046,550,000 in respect of Land. However, three (3) parcels of land in Nairobi, Kitui and Emali have not been registered in the name of the University due to land disputes. Further, the title deed for the parcel in Nairobi is not in the custody of the University.
- (b) The parcels of land detailed below have not been valued and were not included in the property, plant and equipment balance of Kshs.3,329,727,728. The parcels of land have also, not been registered in the name of the University.

Details	Measurement	Location
Hived from Adjudication Survey	Approx. 30 Acres	Mwingi, Ngoo Area
Approved Kitui Part Development Plan	Approx. 0.845 Hectares	Kitui Town
Approved Wote Part Development Plan	Approx. 30 Acres	Wote Town, Makueni County
Plot in Mtito Andei	20 Acres	Mangelete Settlement Scheme, Mtito Andei

- (c) The University constructed two office and tuition blocks in Kitui campus and Wote Campus at a cost of Kshs.249,439,800 and Kshs.360,783,904 respectively. However, the parcels of land in which the two blocks are situated are not registered in the name of the University and are also not valued nor included in the plant, property and equipment balance.

In the circumstances, the accuracy and fair statement of property, plant and equipment balance of Kshs.3,329,727,728 as at 30 June, 2022 could not be confirmed.

4. Unsupported and irregular Prior Year Adjustments

The statement of changes in net assets reflects various prior year adjustments as shown below:

Description	Amount (Kshs.)
Adjustment on Previous Years	(5,691,848.00)
Prior Year Adjustments - Expenses	(21,548,611.00)
Prior Year Adjustments	19,499,346.00

The adjustments arose from various amendments on previous years' financial statements. However, the restatement of the financial statements was not done on the specific items affected and the adjusted (restated) accumulated revenue reserve was not reflected in the statement of changes in net assets for the year 2021/2022. Further, the adjustments are unsupported.

In the circumstances, the accuracy and validity of the prior year adjustment to the financial statements could not be confirmed.

5. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.70,683,596 which includes general debtors of Kshs.14,756,496 as disclosed in Note 18 to the financial statements. The general debtors include amounts owed by the County Government of Kitui of Kshs.14,000,000 for services rendered which has been outstanding for a long period and the University may not recover the debt.

In the circumstances, the accuracy and fair statement of receivables from exchange transactions balance of Kshs.70,683,596 as at 30 June, 2022 could not be confirmed.

6. Irregular Payment of Professional Fees

The university entered into contract with a consultancy firm on 10 October, 2016 for provision of consultancy services as a consortium for the proposed construction of Wote Town Campus in Makueni County at contract sum of Kshs.40,199,847. Review of the professional fees records indicate that the University paid the Consortium an amount of Kshs.36,048,252.99, out of which Kshs.5,748,000 related to travelling time on hourly basis instead of reasonable hotel and subsistence that is consistent with seniority of consultant's staff. This contravened clauses 207.03.01 and 207.07.01 of Conditions of engagement and scales of fees for professional services for building and civil engineering works (1987 first edition) and the subject contract.

In the circumstances, the validity of expenditure of Kshs.5,748,000 paid to the consultant based on hourly travel time could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Acting Allowances

The University appointed a finance officer in acting capacity for a period of 6 months with effect from 01 September, 2020 to 28 February, 2021. The employee however continued to serve in acting capacity and drawing allowances up to December, 2021, for an additional ten (10) months, without a formal extension of the appointment contrary to Human Resource Policy Manual on duration one can be engaged in acting capacity (of six months).

In the circumstances, the allowances were paid irregularly, and the Management was in breach of Human Resource Policy Manual.

2. Failure to Comply with the Approved Staff Establishment

A review of the employees' records revealed that the University had an approved staff establishment of 520 employees whereas the actual number in position was 475, resulting to under-establishment of 45 employees. Further, five (5) categories in the establishment were over-established.

In the circumstances, the under-establishment impacted negatively on service delivery while over-establishment is a breach of the policy on employment and lead to idle work force.

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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Incomplete Assets Register

Review of the University's assets register provided in support of property, plant and equipment balance revealed failure to include the following pertinent information:

- a) The rate of depreciation for each category of assets,
- b) The depreciation charge for the current financial year for each asset,

- c) Accumulated depreciation for each asset,
- d) The carrying value of each asset,
- e) The revaluation date of the assets subjected to revaluation,
- f) The revalued balance of such fixed assets, and
- g) Impairment losses incurred during the financial year (and the reversal of such losses where applicable), on revaluation and/or disposal of assets.

Further, the logbook for motor vehicle registration number KDA 713P procured during the year 2020/2021 at a cost of Kshs.15,324,812 was not provided for audit review.

In the circumstances, the asset management controls in place could not be confirmed.

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

Responsibilities of Management and the University Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the University or to cease operations.

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

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

The University Council is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 April, 2023

*SOUTH EASTERN KENYA UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022*

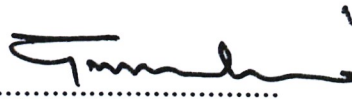
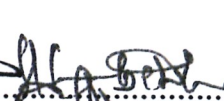

XIII. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30th June 2022

	Notes	2021-2022 Kshs	2020-2021 Kshs
Revenue from non-exchange transactions			
Recurrent grants	3	939,189,868	909,740,826
Research grants	4	2,478,795	18,430,955
Total revenue from non-exchange transactions		941,668,663	928,171,781
Revenue from exchange transactions			
Tuition and other related fees	5	232,242,856	194,033,763
Rental revenue income and other sources	6	18,438,131	20,271,687
Other incomes	7	6,723,094	2,854,145
Total revenue from exchange transactions		257,404,081	217,159,595
Total revenue		1,199,072,744	1,145,331,376
Expenses			
Administration expenses	8	150,913,546	123,704,422
Council expenses	9	8,635,686	3,231,723
Repairs and maintenance, rents & rates	10	12,189,122	17,503,182
Marketing expenses	11	5,674,529	6,954,728
Catering and accommodation	12	8,608,776	4,321,874
Academic services	13	29,269,049	26,889,010
Employee costs	14	943,746,290	909,659,113
Depreciation and amortization expense	15	69,515,194	58,583,805
Audit fees	16	696,000	696,000
Total expenses		1,229,248,193	1,151,543,857
Surplus/Deficit for the period		(30,175,449)	(6,212,480)

The notes set out on pages 6 to 36 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 36 were signed on behalf of the Council by:

		
Prof. Geoffrey Muluvi, PhD Vice-Chancellor	CPA Ferguson Muthui Finance Officer ICPAK M/No: 12629	Ms. Lydia M. Kaleli For- Chairperson of the Council
Date: 21.3.2023	Date: 21/02/2023	Date: 21/03/2023





SOUTH EASTERN KENYA UNIVERSITY
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XIV. STATEMENT OF FINANCIAL POSITION
As at 30th June 2022

		2021-2022 Kshs	2020-2021 Kshs
Assets	Notes		
Current assets			
Cash and cash equivalents	17	93,699,340	113,866,952
Receivables from exchange transactions	18	70,683,596	71,176,446
Inventories	20	5,991,059	8,306,046
Total current assets		170,373,995	193,349,443
Non-current assets			
Biological assets	21	8,456,860	8,714,310
Intangible assets	15a	8,971,554	11,962,073
Property, plant and equipment	15b	3,329,727,728	3,273,788,819
Total assets		3,517,530,137	3,487,814,645
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	177,610,541	211,669,319
Unexpended research grants	23	26,110,553	36,719,311
Refundable deposits from students-caution money	24	26,905,315	24,605,725
Contingent liabilities	25	3,454,154	3,454,154
Total current liabilities		234,080,563	276,448,509
Net assets			
Revenue reserves	26	(201,736,464)	(163,819,902)
Capital fund	27	2,920,163,352	2,810,163,352
Revaluation reserve	28	565,022,686	565,022,686
Total net assets		3,283,449,573	3,211,366,136
Total net assets and liabilities		3,517,530,137	3,487,814,645

The Financial Statements set out on pages 1 to 36 were signed on behalf of the Council by:

Prof. Geoffrey Muluvi, PhD
 Vice-Chancellor

CPA Ferguson Muthui
 Finance Officer
 ICPAK M/No: 12629



Ms. Lydia M. Kaleli
 For- Chairperson of the Council

Date: 21.3.2023

Date: 23/03/2023

Date: 21/03/2023...



SOUTH EASTERN KENYA UNIVERSITY
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XV. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30th June 2022

	Capital fund Kshs	Revenue Reserves Kshs	Revaluation reserve Kshs	Total Kshs
Balance as at 30 June 2020	2,765,367,685	(157,421,324)	521,832,705	3,129,779,065
Surplus/Deficit for the period	-	(6,212,480)	-	(6,212,480)
Adjustment on previous years student balances	-	(5,228,887)	-	(5,228,887)
Adjustment on previous years invoices reversed	-	5,042,790	-	5,042,790
Valuation of Land & Building at Mwingi	-	-	43,189,981	43,189,981
Capital grants received in the year	44,795,667	-	-	44,795,667
Balance as at 30 June 2021	2,810,163,352	(163,819,902)	565,022,686	3,211,366,136
Surplus/Deficit for the period	-	(30,175,449)	-	(30,175,449)
Adjustment on previous years	-	(5,691,848)	-	(5,691,848)
Prior year adjustments- Expenses	-	(21,548,611)	-	(21,548,612)
Prior year adjustments- Depreciation	-	19,499,346	-	19,499,346
Capital grants received in the year	110,000,000	-	-	110,000,000
Balance as at 30 June 2022	2,920,163,352	(201,736,464)	565,022,686	3,283,449,573

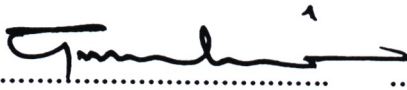


SOUTH EASTERN KENYA UNIVERSITY
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XVI. STATEMENT OF CASH FLOWS

For the year ended 30th June 2022


	Notes	2021-2022 Kshs	2020-2021 Kshs
Cash flows from operating activities			
Surplus/Deficit for the year	1	(30,175,449)	(6,212,480)
Increase/Decrease in net worth of biological assets	7	257,450	(586,565)
Proceeds from insurance claim	6	-	(1,353,250)
Adjust. for depreciation	15	69,515,194	58,583,805
Operating surplus/deficit before working capital		39,597,195	50,431,510
Decrease/increase in trade and other receivables	18	492,850	1,688,580
Decrease/Increase from non-exchange transactions	19	-	88,347,122
Increase/Decrease in inventories	20	2,314,987	(1,906,413)
Decrease in trade and other payables	22	(34,058,778)	(82,975,546)
Increase/Decrease in refundable caution money	24	2,299,590	1,848,480
Increase/decrease in unexpended research grants	23	(10,608,758)	2,340,068
Net cash in/outflow from operating activities		37,086	59,773,801
Cash flow from investing activities			
Purchase of Non-current assets	15	(10,572,627)	(19,730,169)
Proceeds from insurance claim	6	-	1,353,250
Work in progress	15	(92,391,612)	(196,191,577)
Net cash flow from investing activities		(102,964,239)	(214,568,496)
Cash flow from financing activities			
Increase/(Decrease) in revenue reserves	27	(27,240,459)	(186,097)
Capital grants received from Government	3b	110,000,000	44,795,667
Net cash flow from financing activities		82,759,541	44,609,570
Increase/(Decrease) in cash and cash equivalents		(20,167,612)	(110,185,125)
Cash and cash equivalents bal. b/f	17	113,866,952	224,052,077
Cash and cash equivalents bal. c/f	17	93,699,340	113,866,952



 Prof. Geoffrey Muluvi, PhD
 Vice-Chancellor



 CPA Ferguson Muthui
 Finance Officer
 ICPAK M/No:12629



 Ms. Lydia M. Kaleli
 For- Chairperson of the Council

Date:.....21.3.2023

Date:.....21/03/2023

Date:....21/03/2023...



**SOUTH EASTERN KENYA UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022**

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 30th June 2022

	Original budget FY 2021-2022 Kshs	Adjustment Kshs	Final Budget FY 2020-2021 Kshs	Actual on comparable basis Kshs	Performance difference Kshs	% of utilization
Revenue						
Non-exchange transactions						
Recurrent Grants (GoK Capitation)	936,512,682	2,677,186	939,189,868	939,189,868	-	100%
Research Grants	17,999,980	(12,999,980)	5,000,000	2,478,795	(2,521,205)	50%
Exchange transactions						
Tuition and other related fees	215,736,766	29,321,514	245,058,280	232,242,856	(12,815,424)	95%
Other Internally Generated	22,699,976	(2,799,976)	19,900,000	25,161,225	5,285,761	127%
Total revenue	1,192,949,404	16,198,744	1,209,148,148	1,199,072,744	(10,050,868)	99%
Expenses						
Administration expenses	166,664,881	2,391,386	169,056,267	150,913,546	18,142,721	89%
Council expenses	8,000,000	945,000	8,945,000	8,635,686	309,314	97%
Repairs and maintenance, rents & rates	12,500,000	246,000	12,746,000	12,189,122	556,878	96%
Marketing, publicity and advertisement	5,000,000	1,100,000	6,100,000	5,674,529	425,471	93%
Catering and accommodation	6,500,000	2,150,000	8,650,000	8,608,776	41,224	100%
Academic services	38,650,000	(1,635,000)	37,015,000	29,269,049	7,745,951	79%
Employee and part-time lecturers	954,938,523	11,001,358	965,939,881	943,746,290	22,193,591	98%
Depreciation and amortization*	-	-	-	69,515,194	-	-
Audit fees	696,000	-	696,000	696,000	-	100%
Total expenditure	1,192,949,404	16,198,744	1,209,148,148	1,229,248,193	49,415,149	102%
Surplus/Deficit for the period	-	-	-	(30,175,449)	-	-

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. General information

South Eastern Kenya University is established by and derives its authority and accountability from Universities Act, 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The university's principal activity is teaching and learning, research and innovation, outreach and community service.

2. Statement of compliance and basis of preparation – IPSAS 1

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 notes of these financial statements.

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the University.

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

3. Summary of significant accounting policies

a) Revenue recognition

Revenue measurement, recognition and disclosure has been made as follows:

i) Revenue from non-exchange transactions – IPSAS 23

Revenue

The University recognizes revenues when the event occurs and the asset recognition criteria is met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

Transfers from other government entities

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

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the University and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable. Tuition fee income is recognized when students admitted by the University report and not when they pay.

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 other party.

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Rental income

Rental income arising from operating leases on investment properties is recognized based on signed agreements with specific periods of leases, where upon rent is due in advance in every month of the lease.

b) Budget information – IPSAS 24

The original budget for 2021-2022 financial year was approved by the Council on 11th June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

Statement of comparison of budget and actual amounts:

Recurrent Grants

The Government allocated the University Kshs. 939,189,868.00 This amount was duly received in the financial year.

Tuition and other related fees

The University initially projected to collect Kshs. 245,058,280.00 in the financial year. However, the trimester programmes did not take place as planned which caused a decline of the forecasted amount to Kshs. 232,242,856.00

Administration expenses

The University management continued to rationalize and manage costs. Greater focus was put on information and communication technology to enhance capacity to deliver on the University mandate. Cost associated with information technology, therefore, went up substantially.

Employee costs

The Management continued to recruit key members of staff guided by approved staff establishment.

Revision of the budget

Unexpected decrease or increase in some of the budget line items necessitated a realignment of the expenditure. This was approved by the University Council on 25th June, 2022.

c) Biological assets – IPSAS 27

- (i) The University biological assets portfolio included cattle, pigs, poultry, goats and a donkey. These were measured, on initial recognition, at purchase price and at subsequent reporting dates at fair values less costs to sell with adjustments being made for purchases and disposal made in the years.
- (ii) Gain or loss that arose on initial recognition of biological assets and from subsequent changes in fair values during the period, were reported in the Statement of Financial Performance.
- (iii) Biological assets have been classified as non-current assets because they are held for business purposes as an income generating activity.

Movement to changes in fair values of the biological assets is as shown below:

Biological assets

Category	Balance as at 30th June			Total	Revaluation gain/loss	Balance as at 30th June 2022
	2021	Addition	Disposal			
	Kshs	Kshs	Kshs		Kshs	Kshs
Cattle	2,867,040	-	(391,580)	2,475,460	963,260	3,438,720
Poultry	172,550	-	(91,800)	80,750	112,150	192,900
Goats	5,254,480	-	(1,028,040)	4,226,440	155,040	4,381,480
Pigs	408,240	-	-	408,240	23,520	431,760
Donkey	12,000	-	-	12,000	-	12,000
Total	8,714,310	-	(1,511,420)	7,202,890	1,253,970	8,456,860

Revaluation of biological assets is based on the following assumptions:

- (a) Live weight of biological assets determined by chest/heart girth measurement increased in the course of the year. The selling weight is calculated as 60% of the live weight of the livestock. The selling price of poultry was valued at the prevailing market price.
- (b) Prevailing market rates per asset had increased by end of the year.



d) Property, plant and equipment – IPSAS 17

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

Property, plant and equipment under construction has been valued on the basis of expenditure incurred and certified work certificates up to 30th June, 2022. Work in Progress is not depreciated. The total cost of a project will be transferred to the relevant asset class on completion and then depreciated.

Land improvements - include fencing, landscaping, parking lots, walkways and internal roads. These facilities are estimated to have a lifespan of twenty (20) years

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value.

Depreciation is provided for at annual rates estimated to write off the assets over their expected useful lives. The annual rates are as follows:

Category	Rate	Basis
Furniture & Equipment	15%	straight line basis
Motor vehicles	25%	straight line basis
Buildings	2%	straight line basis
Computers & Accessories	25%	straight line basis
Land improvements	5%	straight line basis
ICT Infrastructure	15%	straight line basis

Software amortization

Amortization: Costs are to be amortized over the expected useful life of the system. The University typically uses five (5) years for major system implementation

The purpose of amortization is to allocate the costs of the system to the periods for which benefits from the system's service is derived. Amortization is to begin when the software is ready for its intended use and placed in-service (system of record), which is after signing off and commissioning.

Land ownership

The ownership of land- parcels reference L.R. No. 209/10350 (Nairobi), L.R No. 13529 (Kitui) and L.R. No. 12970 (Emali) which is the land amounting to Kshs. 1,036,600,000 included in the Plant, Property and Equipment schedule have not been registered in the name of the University as a result of land disputes.

There are several cases pending in court with both the University Management and lawyers making efforts to have them registered in the name of the University.

The University also has interest in other parcels of land which, will be recognized and disclosed in financial statements after processing ownership documents and valuation. These include:

(i) Land in Mwingi/Nzeluni/1970 and Mwingi/Mwingi/5713

The University has physical possession and title deeds over the land which was received as a donation on 13th July, 2015 and 22nd September, 2015 respectively. These parcels of land are valued at Kshs. 3,200,000 and Kshs. 6,750,000 respectively. The valuation of the building in Mwingi/Nzeluni/1970 is valued at Kshs.39,000,000.00

(ii) Land in Kitui

This land was awarded to the University by the then Municipal Council of Kitui through the Town Planning Committee in a meeting held on 2nd March, 2011. Ownership documents have been forwarded to the Director of Physical Planning for verification and approval of allotment which will pave way for processing of title deed.

(iii) Land in Wote town

The University received 30 acres of land via a letter dated 27th July, 2016 from the County Government of Makueni. The National Land Commission has directed the Director of Land Administration to process title in favour of the University.

(iv) Land in Mtito-Andei

The University has a certificate of ownership for plot number 3756 Mangelete Settlement Scheme measuring 20 acres from the District Land Adjudication & Settlement Officer, Ministry of Lands, Kibwezi District dated 29th July, 2013. It is currently processing ownership documents of the land.

Fully depreciated assets

Included in the net book value of motor vehicles is revaluation resulting from vehicles which had been depreciated to zero. The net carrying amount as at 30th June 2021 was Kshs. 32,973,812.00 after depreciation on revaluation by Automobile Association of Kenya. This



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form part of motor vehicles carrying cost and was depreciated at 25% p.a. on straight line basis.

No depreciation was charged for motor vehicle Registration No. KDG 585C valued at Kshs. 3,030,000.00 purchased in the period under review but delivered after closure of the financial year.

Financial instruments

Financial assets and liabilities are initially measured at fair value plus transaction costs.

Foreign currency transactions are translated into the local currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

e) Research and development costs

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

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

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

Unexpended research grants

This represents unspent external grants and donations for sponsored research and other restricted purposes. The balance has decreased from the previous year due to the timing of research expenditures. This amounted to Kshs.26,110,553.00 which is recognized as unexpended research grants.

Expenditure on research initiatives is recognized as an expense through the statement of financial performance through the unexpended research grants.

A corresponding amount is recognized as revenue in the statement of financial performance through the unexpended research grants.

f) Inventories – IPSAS 12

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 condition is accounted for, as follows:

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

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

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

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

g) Provisions – IPSAS 19

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

Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision was presented in the statement of financial position net of any reimbursement.

h) Contingent liabilities

The University had a potential liability relating to penalty and interest due to delayed payment of tax expense (PAYE) lost through fraud for the month of June 2015. This amount of Kshs.3,454,154.00 is recognized as a contingent liability in the statement of financial position pending determination of a petition written to Kenya Revenue Authority for its write off.

i) 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. No such contingent assets existed in the year under review.

j) Changes in accounting policies and estimates – IPSAS 3

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

k) Employee benefits

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

l) Foreign currency transactions – IPSAS 4

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 in 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. During the year under review, some transactions were done through euros and dollars and were treated as aforementioned.

m) Cash and cash equivalents

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

n) Deferred Income tax

Pursuant to section 26 of the Income Tax Act CAP. 470. the University is exempted from paying income tax. However, income from employment or from services rendered to the University and paid to the individuals is subjected to Pay as You Earn and remitted to the Government. Similarly, no deferred tax arises from University operations.

o) Comparative figures

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

p) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the University 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, there was no uncertainty about these assumptions and estimates that could result in outcomes that require a material adjustment to the carrying amount of any asset or liability likely to be affected in future periods.

q) 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:

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- (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

r) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

s) Related party disclosures– IPSAS 20

The University is wholly owned by the Government of Kenya. Members of key management are regarded as related parties and comprise the Council, the Vice-chancellor and senior managers.

Related party transactions: -

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the university, or vice versa in making financial and operating decisions or if the related party organization and another are subject to common control.

During the year the following transactions were carried out with related parties:

- (i) Members of the University Management Board

Members of the University Management Board include the Vice-chancellor, the Deputy Vice Chancellors, Registrars and the Finance Officer. During the year under review, members of the University Management Board were paid salaries which were included in the employee cost.

- (ii) The Council

The Chancellor and the Chairman of the University Council are paid monthly honoraria as per Government guidelines. Except for the Vice-Chancellor, members of the Council are

paid sitting allowance for every meeting attended. – Council member’s emoluments in the year were as follows:

Council expenses	2021-2022	2020-2021
Sitting allowance	3,500,000	1,355,000
Travelling and accommodation allowances	4,347,353	916,723
Training Expenses		-
Honorarium	788,333	960,000
Total council expenses	8,635,686	3,231,723

t) Financial risk management objectives and policies- IPSAS 30

Exposure to credit, rate and currency risk arise in the normal course of University business. The main aim of financial risk management is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the University financial performance. The University risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and at the same time ensuring adherence to laid down limits.

Risk management is carried out by the University Management Board under the supervision of the University Council. Management in conjunction with the Council Audit Committee then identifies, evaluates and addresses risks accordingly abiding to policies approved by the Council. They also review market trends and information available to evaluate the potential exposures and then arrive at strategies to mitigate against market risks.

In addition, the University has an independent internal audit department which reports directly to the Council Audit Committee. This department is responsible for the independent review of risk management and the control environment.

The University generates income from fees billed to students, budgetary support from the Government of Kenya, donations from donors and development partners and returns from various income generating activities. These activities expose the University to a variety of financial risks, including credit risk and foreign currency risks.

Currency risk

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Foreign currency exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the University functional currency.

The functional currency of the University is Kenya shillings. The University had bank accounts denominated in euros and dollars and some transactions were done through these currencies. Foreign exchange differences arising from settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, were recognized as income or expenses in the period.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the University. The University has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The University also operates prepaid refundable deposits to further minimize credit risk. The University uses publicly available information and its own records to rate its major customers. The credit risk exposure to the University is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counter parties.

Financial assets, which potentially subject the University to concentrations of credit risk, consist principally of cash, short-term deposits and trade receivables. The University cash and cash equivalents are placed with high credit quality financial institutions. Trade receivables are presented net of an allowance for doubtful receivables.

The University's largest customers were students. There were, however, no significant concentrations of credit risk as at the end of the reporting period.

There has been no significant change during the financial year, or since the end of the reporting period, to the University's exposure to credit risk in the approach to the measurement or the objectives, policies and processes for managing this risk.

The maximum exposure to credit risk represents a worst-case scenario of credit risk exposure to the University at the comparative period end dates, without taking account of any collateral held or other credit enhancements attached. For assets in the statement of financial position, this exposure is based on net carrying amounts as reported.

Classification of credit risk bearing assets

The table below shows the ageing profile of trade receivables:

The credit risk exposures are classified in three categories as follows:

- (1) Fully performing

- (2) Past due
(3) Impaired

Credit risk

Credit risk			
As at 30 June 2022	Fully performing Kshs	Past due Kshs	Impaired Kshs
Students debtors	55,120,750	-	-
General debtors	756,496	14,000,000	-
Internal debtors	327,400	-	-
Bank balances	93,699,340	-	-
Total	149,903,986	14,000,000	-
As at 30 June 2021	Fully performing Kshs	Past due Kshs	Impaired Kshs
Students debtors	55,485,919	-	-
General debtors	1,110,927	14,000,000	-
Internal debtors	258,600	-	-
Bank balances	113,866,952	-	-
Total	170,722,398	14,000,000	-

The parties under the fully performing category are paying their debts as and when they fall due. Past due amounts are those beyond the maximum established credit period and represents slow but paying customers. The receivable balance continues to be serviced even though this is not done on the contractual dates. The finance department is actively following up on these receivables. The amounts that are impaired have been fully provided for. All the financial assets, as analyzed here above, were fully performing as at the end of the reporting period.

Liquidity risk

Liquidity risk is the risk that the University will encounter difficulties in meeting its maturing obligations attributable to financial liabilities. The University's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation.

The ultimate responsibility for the liquidity risk management rests with the University Council, which has established an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements.



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The University manages liquidity risk through continuous monitoring of forecast and actual cash flows. The University also maintains a balanced budget and produces quarterly management accounts to monitor performance. An annual procurement plan is drawn at the beginning of every financial year to guide on commitments to be made in the year taking into account the resources envelop.

The University ensures that it has sufficient funds on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The table below provides a contractual maturity analysis of the University's financial liabilities:

Liquidity risk

As at 30 June 2022	6 months Kshs	6-12 months Kshs	1 > years Kshs	Total Kshs
Capital Creditors	408,074	-	-	408,074
Recurrent creditors suppliers	2,677,379	-	-	2,677,379
Contractor's retention	10,971,025	-	-	10,971,025
Commissioner of domestic taxes (Withholding tax)	36,290	-	-	36,290
Withholding tax (VAT)	1,921,576	-	-	1,921,576
Refundable customer deposits	80,788	-	-	80,788
Total	16,095,132	-	-	16,095,132

As at 30 June 2021	6 months Kshs	6-12 months Kshs	1 > years Kshs	Total Kshs
Capital Creditors	760,196	-	-	760,196
Recurrent creditors suppliers	15,824,135	-	-	15,824,135
Contractor's retention	38,844,559	3,754,840	-	42,599,399
Commissioner of domestic taxes (Withholding tax)	36,290	-	-	36,290
Withholding tax (VAT)	2,167,139	-	-	2,167,139
Refundable customer deposits	80,788	-	-	80,788
Total	57,713,106	3,754,840	-	61,467,946

u) Disclosure of new and amended standards and interpretations not yet adopted.

IPSAS 33 provides transitional exemptions to organizations that are adopting accruals basis IPSASs for the first time. The aim of the standard is to provide relief to entities where the cost of complying with IPSASs would likely exceed the benefits to users of financial

statements. The standard also enables first-time adopters to report their transition to accrual basis IPSASs transparently.

It provides participants with a thorough understanding of the requirements, covering all the transitional arrangements and disclosure requirements relating to the first-time adoption of accruals basis IPSASs.

The transitional exemption did not affect the fair presentation of the financial statement neither the ability to assert compliance with accrual basis International Public Sector Accounting standards.

IPSAS 34 Prescribes the accounting and disclosure requirements for investment in controlled entity, joint venture and associate when it elects, or is required to prepare separate financial statements.

IPSAS 35 Consolidated financial statements-The standard requires that control be assessed having regard to benefits and power. Definition of control focuses on an entity's ability to influence the nature and amount of benefits through its power over another entity.

To reduce unnecessary differences between IPSASs and Government Finance Statistics reporting guidelines, the IPSASB has aligned the principles in IPSAS 35 with the Government Finance Statistics Manual 2014.

IPSAS 36 explains the application of the equity method of accounting, which is used to account for investments in associates and joint ventures. Equity accounting must now be used when accounting for joint venture and does not permit a different accounting treatment for temporary investments.

IPSAS 37 Establishes requirements for classifying joint arrangements and accounting for those different types of joint arrangements. Joint arrangements are classified as either joint operations or joint ventures. In a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. In a joint venture, the parties to the arrangement have rights to the net assets of the arrangement.

It requires that an entity account for its interest in a joint operation by recognizing its share of the assets, liabilities, revenue, and expenses of the joint arrangement and that joint ventures be accounted for using the equity method.

IPSAS 38 Introduces new disclosure requirements, including those related to structured entities that are not consolidated and controlling interests acquired with the intention of disposal.



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IPSAS 39 replaced IPSAS 25 Employee Benefits.

Changes include:

- 1) Removing an option that allows an entity to defer the recognition of changes in the net defined benefit liability
- 2) Introducing the net interest approach for defined benefit plans
- 3) Amending certain disclosure requirements for defined benefit plans and multi-employer plans.
- 4) Simplifying the requirements for contributions from employees or third parties to a defined benefit plan when those contributions are applied to a simple contributory plan that is linked to service and removing requirements for composite social security programmes.

IPSAS 40 specifically addresses the needs of the public sector when accounting for combinations of entities and operations by providing two types of public sector combinations as amalgamations and acquisitions.

For amalgamations, the standard requires use of the “modified pooling of interests” method of accounting in which the amalgamation is recognized on the date it takes place.

Use of the “acquisition” method of accounting is recommended for acquisitions which is supplemented with additional guidance for public sector specific situations.

Other Improvements to IPSAS

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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.



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:

- (i) 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;
- (ii) Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- (iii) 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.

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:

- (i) The nature of such social benefits provided by the entity;
- (ii) The key features of the operation of those social benefit schemes; and
- (iii) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments Applicable: 1st January 2023:

- (i) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.
- (ii) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.
- (iii) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

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(iv) 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.

Early adoption of standards

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

v) Subsequent events – IPSAS 14

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



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3 Transfer from Ministries, Departments and Agencies

(a) Recurrent grants	2021-2022	2020-2021
Bank statement date	Kshs	Kshs
03/08/2021	78,042,723	75,811,735
01/09/2021	78,042,723	75,811,735
29/09/2021	78,042,723	75,811,736
04/11/2021	78,042,723	75,811,735
26/11/2021	78,042,723	75,811,736
28/12/2021	78,042,723	75,811,736
29/01/2022	78,042,723	75,811,735
02/03/2022	78,042,723	75,811,735
09/04/2022	78,042,723	75,811,736
28/04/2022	78,042,723	75,811,736
06/06/2022	79,381,316	75,811,736
28/06/2022	79,381,322	75,811,735

Total recurrent grants

939,189,868 909,740,826

These are non-conditional funds received from the Government to support recurrent expenditure of the University.

(b) Capital grants

12/8/2021	55,000,000	44,795,667
16/03/2022	55,000,000	-

Total capital grants

110,000,000 44,795,667

These are conditional funds received from the Government to support development expenditure of the University.

4 Research grants

NABWIG	1,118,348	
ISAAA AFRICENTRE	300,000	
KCSAP SEKU-KALRO Climate Smart Bee Keeping Project	1,060,447	1,397,677
NRF-CASSAVA PROJECT		9,794,100
MORTEC Project		868,847
PBL-BIO AFRICA PROJECT- HAMK		6,370,332
Total research grants	2,478,795	18,430,955



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	2021-2022	2020-2021
	Kshs	Kshs
5 Tuition and other related fees		
Tuition fees	122,837,550	108,727,752
Application fees	308,290	212,000
Registration fees	6,668,000	5,596,500
Student identification card fees	19,500	4,000
Activity fees	6,042,500	5,492,000
Student medical fees	12,722,340	11,377,000
Examination fees	18,788,000	16,936,225
Library fees	11,451,750	10,617,875
Supervision fees	66,000	108,000
Field trips/attachment fees	686,500	374,000
Thesis fees	165,150	103,000
Project fees	218,000	606,000
Computer fees	18,169,901	16,524,000
Teaching practice fees	9,162,862	424,500
Accommodation fees	18,862,863	16,930,911
Clinical Placement Fee	1,874,250	-
Smartcard Fee	152,000	-
Material Development Fee	528,900	-
Insurance Fee	193,000	-
Field/Industrial/Workshop/Internal Attachment	1,664,000	-
Laboratoy/Workshop Fee	116,500	-
Tests & Vaccination Fee	50,000	-
Practical/Research Seminars Fee	19,000	-
Clerkship/Clinical Attachment Fee	20,000	-
Hospital Consumables Fee	66,000	-
Workshop Fee	1,390,000	-
Total tuition and other related fees	232,242,856	194,033,763

Students' union and subscription fees were accounted for as a liability since this belongs to South Eastern Kenya University Students Association. The University only offers facilitation in collecting these dues as part of fees.

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	2021-2022 Kshs	2020-2021 Kshs
6 Rental income and other sources		
Library fine	6,716	7,540
Graduation fees	5,516,500	5,160,300
Hire of academic gowns	1,072,050	478,650
Tender fees	-	6,500
General fines-keys and others	2,228,347	1,512,663
Miscellaneous income	491,523	2,099,172
Gain on foreign exchange	15,591	725,746
Rent income	1,745,216	1,015,123
Milk and dairy products	-	3,600
Accommodation receipts guest house	2,038,062	1,494,910
Food sales- income generating activities	3,937,873	3,748,382
Farm proceeds	1,012,400	2,068,741
Insurance Claim	-	1,353,250
Sale of Masks	9,540	21,810
Sale of Sanitizers	168,300	575,300
Catering & Accommodation Related Fines	190,013	-
Sale of Honey	6,000	-
Total rental income and other sources	18,438,131	20,271,687

	2021-2022 Kshs	2020-2021 Kshs
7 Other incomes		
Increase in net worth of biological assets	-	586,565
Students mess sales-Pay as you eat	6,723,094	2,267,580
Total other incomes	6,723,094	2,854,145



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	2021-2022 Kshs	2020-2021 Kshs
8 Administration expenses		
Student bursaries	399,998	18,000
Guest house and Cafeteria	4,301,566	2,051,351
Staff travelling and subsistence	10,218,811	7,121,541
External travel and accommodation	1,341,744	-
Staff training and development	714,954	253,124
Staff and dependent fees waiver	-	328,500
Medical insurance cover and staff hospitalization expenses	41,450,926	38,120,848
Staff performance appraisal and reviews	18,000	-
Postage and courier services	36,265	50,159
Electricity expenses	16,948,055	12,325,967
Water expenses	11,599,295	9,125,971
General insurances - properties and others	6,463,199	5,157,557
Professional, Legal and other fees	2,894,591	6,417,542
Official entertainment	170,206	526,250
Conference and seminars	1,159,405	-
Internet and ICT infrastructure	18,025,049	12,861,817
Office running	6,003,655	1,482,888
Management, Senate and other internal committee	2,283,507	2,196,305
Cleaning and Sanitary Services	9,087,998	8,634,617
Performance contracting	-	406,159
Telephone	131,519	45,731
Farm	967,944	1,446,644
Transport operating	7,352,741	5,938,092
Security services	8,337,520	7,475,969
Loss on foreign exchange	189,382	480,705
AS&DA, HIV/AIDS Control unit	75,556	26,838
Production of face masks		325,002
Materials for sanitizer production		504,923
Decrease in net worth of biological assets	257,450	-
Bank charges, commissions and errors	484,210	381,922
Total administration expenses	150,913,546	123,704,422
	2021-2022	2020-2021
	Kshs	Kshs
9 Council expenses		
Sitting allowance	3,500,000	1,355,000
Travelling and accommodation allowances	4,347,353	916,723
Training Expenses	-	-
Honorarium	788,333	960,000
Total council expenses	8,635,686	3,231,723



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	2021-2022 Kshs	2020-2021 Kshs
11 Marketing Expenses		
Printing and publishing	244,000	274,800
Marketing, Publicity & advertising	5,430,529	6,679,928
Shows and exhibitions		-
Total marketing expenses	5,674,529	6,954,728
12 Catering and accommodation		
Catering and accommodation	8,608,776	4,321,874
This is expenditure incurred to purchase food stuff for students at the University.		
13 Academic services		
Teaching materials expenses	4,885,661	3,455,184
Graduation expenses	1,944,694	2,089,064
Sports expenses	736,919	1,980
Teaching practice & field attachment	4,684,948	22,750
Academic field trips	678,670	540,534
Research expenses	13,087,553	16,090,887
External examiners exp/subsistence allowance	960,000	846,790
Student activities	355,576	421,132
Library expenses	889,028	453,189
Academic Quality Control	960,000	2,786,500
TVET Expenses	86,000	181,000
Internally funded research		-
Total academic services	29,269,049	26,889,010



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	2021-2022 Kshs	2020-2021 Kshs
14 Employee costs		
Basic pay	435,609,723	421,895,900
House allowance	179,934,441	177,596,897
Commuting allowance	64,997,057	64,184,075
Entertainment allowance	9,564,936	8,863,596
Hardship allowance	47,479,942	50,448,025
Professorial allowance	400,000	419,067
NSSF-employer contribution	236,000	304,200
Pension-employer contribution	79,834,881	81,162,549
Acting allowance	133,838	71,487
Leave travelling allowance	2,098,061	2,101,005
Responsibility allowances	15,760,506	14,719,511
Allowances arrears	1,461,952	1,908,654
Uniform expense	117,000	29,123
Book Journal/ICT allowance	1,842,500	1,777,500
Gratuity and pensions contributions	12,454,410	12,267,151
Passage, baggage and leave days	213,628	48,060
Teaching claims - part time lecturers	34,595,155	27,402,128
Casual labour expenses	13,427,837	10,718,372
Telephone allowances	5,889,322	5,289,474
Time tabling allowances	255,000	290,000
Facilitation allowance	372,000	306,000
Extraneous allowances	8,087,690	5,643,339
Security guard allowances	2,064,000	2,064,000
Water and electricity allowances	2,465,129	2,354,667
Risk allowances	760,541	458,352
Other employee allowances	23,690,741	17,335,982
Salary Arrears (2017-2021 CBA)		-
Total employee costs	943,746,290	909,659,113

	2021-2022 Kshs	2020-2021 Kshs
15 Depreciation and amortization expense	69,515,194	58,583,805

Depreciation is only charged on completed projects based on applicable depreciation rates. No depreciation charge is made on work in progress.

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15a Intangible Assets Amortization Schedule

Description	Soft ware	Total
Cost	Kshs	Kshs
As at 30 June 2020	14,952,590	14,952,590
Additions	-	-
Disposal	-	-
Adjustment on Revaluation	-	-
As at 30 June 2021	14,952,590	14,952,590
Additions	-	-
Disposal	-	-
Adjustment on Revaluation	-	-
As at 30 June 2022	14,952,590	14,952,590
	Impairment/ Amortization	
As at 30 June 2020	-	-
Amortization	(2,990,518)	(2,990,518)
As at 30 June 2021	(2,990,518)	(2,990,518)
Amortization	(2,990,518)	(2,990,518)
Accum. Amortization	-	-
As at 30 June 2022	(5,981,036)	(5,981,036)
Net book values		
As at 30 June 2022	8,971,554	8,971,554
As at 30 June 2021	11,962,073	11,962,073



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15b Property, Plant and Equipment Description	Land		Land improvements		Buildings		Furniture, plant & equipment		Motor vehicles		Computers		Work in Progress		Total	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost																
As at 30 June 2020	1,036,600,000	224,728,961	931,337,194	184,887,048	65,596,000	44,343,243	956,452,480	3,443,944,926								
Additions	9,950,000	450,000	-	2,874,435	15,324,812	1,080,923	196,191,577	225,871,747								
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalization	-	-	9,959,029	-	-	-	(9,959,029)	-	-	-	-	-	-	-	-	-
Adjustment on Revaluation	-	-	33,239,981	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30 June 2021	1,046,550,000	225,178,961	974,536,204	187,761,482	80,920,812	45,424,166	1,142,685,027	3,703,056,652								
Additions	-	-	-	3,292,392	3,030,000	4,250,235	92,391,612	102,964,239								
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment on Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30 June 2022	1,046,550,000	225,178,961	974,536,204	191,053,874	83,950,812	49,674,401	1,235,076,639	3,806,020,891								
				Depreciation & Impairment/ Amortization												
As at 30 June 2020	-	(44,297,390)	(90,280,165)	(163,764,123)	(31,548,000)	(43,784,868)	-	(373,674,546)								
Depreciation	-	(11,258,948)	(19,490,724)	(7,856,209)	(16,399,000)	(588,406)	-	(58,583,805)								
Accum Depr. Disposal M/V	-	-	-	-	-	-	-	-								
Depr. Adj. on Revalued M/V	-	-	-	-	-	-	-	-								
As at 30 June 2021	-	(55,556,338)	(109,770,889)	(171,620,332)	(47,947,000)	(44,373,274)	-	(429,267,833)								
Depreciation	-	(11,258,948)	(19,490,724)	(14,091,912)	(20,230,203)	(1,452,889)	-	(66,524,676)								
Prior year Depr. Adjustment	-	-	19,499,346	-	-	-	-	19,499,346								
Accum Depr. Disposal M/V	-	-	-	-	-	-	-	-								
As at 30 June 2022	-	(66,815,286)	(129,261,613)	(166,212,898)	(68,177,203)	(45,826,163)	-	(476,293,163)								
Net book values																
As at 30 June 2022	1,046,550,000	158,363,675	845,274,591	24,840,976	15,773,609	3,848,238	1,235,076,639	3,329,727,728								
As at 30 June 2021	1,046,550,000	169,622,623	864,765,315	16,141,150	32,973,812	1,050,892	1,142,685,027	3,273,788,819								

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	2021-2022 Kshs	2020-2021 Kshs
16 Audit fees	696,000	696,000
This is fee paid to the Office of the Auditor General for services rendered of auditing the University annual report and financial statements.		
17 Cash and cash equivalents		
(i) Current accounts		
NBK Fees collection A/C No.01021052862000	1,372,419	24,625,527
NBK Development A/C No.01021053129200	42,588,580	20,740,215
NBK Income generating units A/C No.01021053129100	2,326,181	3,205,581
NBK Research A/C No.01021053302500	31,041,621	40,822,816
NBK Dollar A/C No.02020052862000	433,317	417,727
NBK Euro A/C No.03020052862000	4,203,894	5,154,031
NBK Payment A/C No.01020088710300	83,444	3,810,061
NBK Catering and accom. A/C No.01020088710400	1,488,758	143,769
NBK Caution money A/C No.01020017462300	2,804,990	1,570,658
KCB Fees collection A/C No.1127693166	2,329,679	567,989
Co-op. Bank Fees collect. A/C No.01129300544600	192,901	8,788,267
Equity Bank Fees collect. A/C No.0720295920757	693,314	2,066,591
ABSA Bank Fees collect. A/C No.2021558152	1,778,462	1,090,157
Family Bank Fees collect. A/C No.072000038445	105,831	1,469
Total of current accounts	91,443,391	113,004,858
(ii) Others		
M-PESA Fees payment account	2,252,964	784,671
M-PESA IGU payment account	2,985	77,424
Total of others	2,255,949	862,095
Total cash and cash equivalents	93,699,340	113,866,952
	2021-2022	2020-2021
	Kshs	Kshs
18 Receivables from exchange transactions		
Students debtors	55,120,750	55,485,919
General debtors	14,756,496	15,110,927
Internal debtors	327,400	258,600
Other current assets		
BOC cylinders deposits	211,000	211,000
KPLC co ltd. deposits	267,950	110,000
Total receivables from exchange transactions	70,683,596	71,176,446

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	2021-2022 Kshs	2020-2021 Kshs
19 Receivables from non-exchange transactions	-	-
Total receivables	70,683,596	71,176,446
<p>This denotes a commitment from the Government on account of recurrent grants due in the quarter of which were received after the quarter end on 1st April 2021.</p>		
20 Inventories		
Central store inventory	4,918,506	6,612,490
Cleaning materials	74,704	96,411
Food stuffs inventory	365,012	619,357
Medical drugs	119,742	242,646
Farm inventory	513,095	735,142
Total inventories	5,991,059	8,306,046
21 Biological assets		
Cattle	3,438,720	2,867,040
Poultry	192,900	172,550
Goats	4,381,480	5,254,480
Pigs	431,760	408,240
Donkey	12,000	12,000
Total biological assets	8,456,860	8,714,310



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	2021-2022 Kshs	2020-2021 Kshs
22 Trade and other payables from exchange transactions		
Unpaid contractors certificates	408,074	760,196
Recurrent creditors suppliers	2,677,379	15,824,135
Retention-contractors	10,971,025	42,599,399
Commissioner of domestic taxes (Withholding tax)	36,290	36,290
Withholding VAT	1,921,576	2,167,139
Customer deposits (refundable)	80,788	80,788
Customer prepayment	-	11,000
Insurance and investments	159,528	127,266
Net outstanding salaries	2,264,355	1,767,312
SEKU pension scheme	680,123	798,871
Kenya Univ. and Colleges Placement Services fee	181,600	345,100
Kenya Universities Staff Union	-	2,312,993
Student pre-paid fees	70,568,162	63,643,009
Provision for part-time claims	64,933,257	56,035,550
Provision for audit fees	696,000	1,392,000
HELB-Loan	4,636,143	9,381,131
CDF- Constituency Development Fund	5,847,844	4,554,244
Imprest recoveries refund	289,893	289,893
SEKU-general recoveries	2,430,595	2,191,353
Payroll fees payment	-	523,989
Other sponsors	1,220,905	1,063,005
Un-identified direct banking	1,977,430	1,265,934
Students Union membership and subscription fees	5,360,073	4,488,722
Quality Assurance Fee	155,000	10,000
Quality Audit Fee (KMLTTB)	61,000	-
Accreditation Fee (KMLTTB)	35,200	-
Indexing Fee (KMLTTB)	18,300	-
Total	177,610,541	211,669,319

	2021-2022 Kshs	2020-2021 Kshs
23 Unexpended research grants		
Balance at the beginning	36,719,311	34,379,243
Research grants received during the year (2021/2022)	2,478,795	18,430,955
Research grants paid during the year (2021/2022)	(13,087,553)	(16,090,887)
Balance at the end	26,110,553	36,719,311

This constitutes the unspent money on account of funds received for various research projects



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	2021-2022	2020-2021
	Kshs	Kshs
24 Refundable deposits from students-caution money		
Balance at the beginning	24,605,725	22,757,245
Caution money collected in financial year 2021/2022	4,281,960	4,100,440
Caution money paid and reversed in 2021/2022	-1,982,370	-2,251,960
Balance at the end	26,905,315	24,605,725

This a provision in recognition of money paid by students on account of caution money which is refundable on upon completion of studies or transfer to other institutions.

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25 Contingent liabilities

Tax penalty and interest

3,454,154

3,454,154

The penalty arose as a result of payment of PAYE in 2015/2016 financial year. Kenya Revenue Authority has been petitioned to write it off.

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26 Revenue reserve

This constitutes the accumulated surplus and deficits over the period the University has been in existence

The figures are made up as follows:

Balance at the beginning	(163,819,902)	(157,421,324)
Prior Year Adjustments-Expenses	(3,456,089)	
Prior Year Adjustments Part-time Claims	(18,092,522)	
Prior Year Adjustments -Depreciation	19,499,346	
Deficit/Surplus for the Quarter	(30,175,449)	(6,212,480)
Adjustment on previous years invoices overcharge reversed	-	5,042,790
Adjustment on previous years student balances	(5,691,848)	(5,228,887)
Balance at the end	(201,736,464)	(163,819,902)

	2021-2022 Kshs	2020-2021 Kshs
27 Capital fund		
Balance at the beginning	2,810,163,352	2,765,367,685
Capital grants received in the Quarter	110,000,000	44,795,667
Balance at the end	2,920,163,352	2,810,163,352
28 Revaluation reserves		
Balance at the beginning	565,022,686	521,832,705
Valuation of land at Mwingi		43,189,981
Balance at the end	565,022,686	565,022,686

These reserves relate to recognition of carrying amounts of items either donated to the University or whose future economic benefits have been re-determined based on their probable extended economic lifespans. Subsequent depreciation on re-valued amount is charged against the reserves and an entry is passed to the revenue reserves.

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29. Events after the reporting period

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

30. Ultimate and holding entity

The entity is a chartered public University under the Ministry of Education. Its ultimate parent is the Government of Kenya.

31. Currency

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




SOUTH EASTERN KENYA UNIVERSITY
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FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of the issues raised by the external auditor and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe
	Receivables from Kitui County government	The university is in the process of instituting legal action to recover the amount owed.	Prof. G. Muluvi, PhD Vice-chancellor	In progress	Continuous

Sign.....

Prof. Geoffrey M. Muluvi, Ph.D
Vice-Chancellor

Date.....**21.3.2023**.....



APPENDIX II: PROJECTS IMPLEMENTED BY UNIVERSITY

Projects

Projects Implemented by the University funded by the Government (GoK)

	Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Construction of Wote Campus		GoK	4 Years	304,251,760	N/A	Yes
2	Construction of Kitui Campus		GoK	4 Years	292,924,686	N/A	Yes
3	Construction of College of Humanities and Social Sciences.		GoK	4 Years	442,343,411	N/A	Yes

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
Construction of Wote Campus	304,251,760	266,810,339.42	100%	37,885,469	-	GoK
Construction of Kitui Campus	292,924,686	270,495,948.54	100%	26,527,256	-	GoK
Construction of College of Humanities and Social Sciences.	442,349,411	408,608,767.00	100%	110,000,000	88,221,023	GoK



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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY South Eastern Kenya University

NAME:

Break down of Transfers from State Department for University Education and Research

FY 2020/2021

a Recurrent Grants

Bank Statement date	Amount (Kshs.)	Financial Year the amount relate
03/08/2021	78,042,723	2021/2022
01/09/2021	78,042,723	2021/2022
29/09/2021	78,042,723	2021/2022
04/11/2021	78,042,723	2021/2022
26/11/2021	78,042,723	2021/2022
28/12/2021	78,042,723	2021/2022
29/01/2022	78,042,723	2021/2022
02/03/2022	78,042,723	2021/2022
09/04/2022	78,042,723	2021/2022
28/04/2022	78,042,723	2021/2022
06/06/2022	79,381,316	2021/2022
28/06/2022	79,381,322	2021/2022
Total	939,189,868	

b Development Grants

Bank Statement date	Amount (Kshs.)	Financial Year the amount relate
12/8/2021	55,000,000	2021/2022
16/03/2022	55,000,000	2021/2022
Total	110,000,000	

**CPA Ferguson Muthui
Finance Officer**

**Head of Accounting Unit
Ministry of Education**

Sign.....

Sign.....



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APPENDIX V- INTER-ENTITY CONFIRMATION

Confirmation of amounts received by South Eastern Kenya University as at 30th June 2022

Reference Number	Date Disbursed	Amounts Disbursed by MOE-SDUER (Kshs) as at 30th June 2022				Amount Received by SEKU	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)	(Kshs) as at 30th June 2021 (E)	
	03/08/2021	78,042,723	-	-	78,042,723	78,042,723	-
	12/8/2021	-	55,000,000	-	55,000,000	55,000,000	-
	01/09/2021	78,042,723	-	-	78,042,723	78,042,723	-
	29/09/2021	78,042,723	-	-	78,042,723	78,042,723	-
	04/11/2021	78,042,723	-	-	78,042,723	78,042,723	-
	26/11/2021	78,042,723	-	-	78,042,723	78,042,723	-
	28/12/2021	78,042,723	-	-	78,042,723	78,042,723	-
	29/01/2022	78,042,723	-	-	78,042,723	78,042,723	-
	02/03/2022	78,042,723	-	-	78,042,723	78,042,723	-
	16/03/2022	-	55,000,000	-	55,000,000	55,000,000	-
	09/04/2022	78,042,723	-	-	78,042,723	78,042,723	-
	28/04/2022	78,042,723	-	-	78,042,723	78,042,723	-
	06/06/2022	79,381,316	-	-	79,381,316	79,381,316	-
	28/06/2022	79,381,322	-	-	79,381,322	79,381,322	-
Total		939,189,868	110,000,000	-	1,049,189,868	1,049,189,868	-

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

Head of Finance department of beneficiary Entity:

Name: CPA Ferguson Muthui

Sign 

Date 22/07/2022



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APPENDIX IV: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/ Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of Education	03/08/2021	Recurrent	78,042,723	78,042,723	-	-	-	78,042,723
	12/8/2021	Development	55,000,000	-	55,000,000	-	-	55,000,000
	01/09/2021	Recurrent	78,042,723	78,042,723	-	-	-	78,042,723
	29/09/2021	Recurrent	78,042,723	78,042,723	-	-	-	78,042,723
	04/11/2021	Recurrent	78,042,723	78,042,723	-	-	-	78,042,723
	26/11/2021	Recurrent	78,042,723	78,042,723	-	-	-	78,042,723
	28/12/2021	Recurrent	78,042,723	78,042,723	-	-	-	78,042,723
	29/01/2022	Recurrent	78,042,723	78,042,723	-	-	-	78,042,723
	02/03/2022	Recurrent	78,042,723	78,042,723	-	-	-	78,042,723
	16/03/2022	Development	55,000,000	-	55,000,000	-	-	55,000,000
	09/04/2022	Recurrent	78,042,723	78,042,723	-	-	-	78,042,723
	28/04/2022	Recurrent	78,042,723	78,042,723	-	-	-	78,042,723
	06/06/2022	Recurrent	79,381,316	79,381,316	-	-	-	79,381,316
28/06/2022	Recurrent	79,381,322	79,381,322	-	-	-	79,381,322	
Total			1,049,189,868	939,189,868	110,000,000	-	-	1,049,189,868