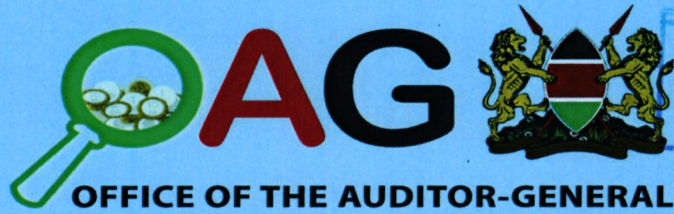



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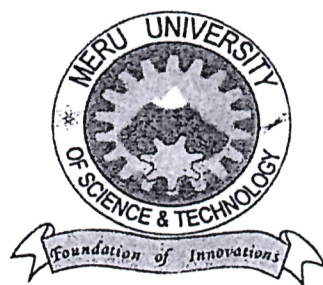
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THE AUDITOR-GENERAL

ON

**MERU UNIVERSITY OF SCIENCE
AND TECHNOLOGY**

**FOR THE YEAR ENDED
30 JUNE, 2020**



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MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

TABLE OF CONTENTS

	Page
Table of Contents	i
Part One: Annual Report	i
Key Entity Information AND Management	ii
The University Council	v
Management Team	xiv
Chairman’s Statement	xvi
Report of the Vice Chancellor	xviii
Review of Meru University of Science and Technology’s Performance for FY2019/20	xx
Corporate Governance Statement	xxiv
Management Discussion and Analysis	xxviii
Corporate Social Responsibility Statement/ Sustainability Reporting	xxxiv
Report of the Council	xxxvi
Statement of Council’s Responsibilities	xxxvii
Report of the Auditor General	xxxviii
Part Two: Financial Statements	1
Statement of Financial Performance	1
statement of financial position	2
statement of changes in net assets	3
statement of cash flows	4
Statement of Comparison of Budget and Actual Amounts	5
Notes to the Financial Statements	6
Appendix I: Progress on Follow up of Auditor Recommendations	32
Appendix II: Projects Implemented by the Entity	33
Appendix III: Inter-Entity Transfers	34
Appendix IV: Recording of Transfers from other Government Entities	35

**PART ONE:
ANNUAL
REPORT**

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Through the Legal Notice No.103 of July 18, 2008, the then Meru College of Technology was upgraded to a constituent college of Jomo Kenyatta University of Agriculture and Technology and renamed Meru University College of Science and Technology. On March 1, 2013, the University College acquired fully fledged university status and became Meru University of Science and Technology. The University is located 16 km from Meru town along Meru-Maua road in Meru County, Tigania West Constituency.



(b) Principal Activities

The principal activities of the University are to:

- a) 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 labour market needs;
- b) Play a leading role in the development and expansion of opportunities for higher education and research in agriculture, forestry, mining, energy, water and environmental sciences on arid and semi-arid lands;
- c) Contribute to industrial and technological development through innovations and technology transfer;
- d) Contribute to agricultural, industrial and technological development of Kenya in collaboration with industry and other institutions through transfer of appropriate technology.

(c) Key Management

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

- University Senate
- University Management Board

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

(d) Fiduciary Management

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

No.	Designation	Name	Remarks
1.	Vice Chancellor	Prof. Romanus Odhiambo	1 July 2019 to 30 June 2020
2.	Deputy Vice Chancellor (Administration, Finance and Planning)	Prof. Charity W. Gichuki	DVC (AFP) From 20 March 2020 to 30 June 2020
3.	Ag. Deputy Vice Chancellor (Administration, Finance and Planning)	Dr Eunice Marete	Acted as DVC from 1 July 2019 to 30 September 2019
4.	Ag. Deputy Vice Chancellor (Administration, Finance and Planning)	Dr. Eustace Mwenda	Acted as DVC from 1 October 2019 to 19 March 2020
5.	Ag. Deputy Vice Chancellor (Academic, Research and Students' Affairs)	Prof. Simon Thurania	Acted as DVC from 1 July 2019 to 30 June 2020
6.	Registrar (Administration and Planning)	Dr. Elijah Walubuka	1 July 2019 to 30 June 2020
7.	Ag. Registrar (Academic and Students' Affairs)	Dr. Stephen Karanja	Acted as Registrar from 1 July 2019 to 30 June 2020
8.	Finance Officer	CPA Nephath Njeru	1 July 2019 to 30 June 2020

(e) Fiduciary Oversight Arrangements

Audit Committee of the Council activities

The Audit Committee of the Council assists the Council in fulfilling its responsibilities with respect to accounting and management control, and also financial reporting. Specifically, the Audit Committee is responsible for overseeing:

- The internal audit function and the work of external auditor,
- That the system of the management control in the University is robust and effective and protects the assets of the University on a reasonable and economic basis,
- Ensures that financial information is reliable and accurate,
- Monitors compliance with laws and regulations,
- Provides for proper authorization and recording of transactions.

(f) The University Headquarters

Meru University of Science and Technology
 Physical Address: Meru-Maua Road, 16 kilometres from Meru Town
 P.O Box 972 – 60200, MERU

(g) The University Contacts

Telephone: (254) 0704 508 454

E-mail: finance@must.ac.ke, vc@must.ac.ke

Website: www.must.ac.ke

P.O Box 972 – 60200, Meru –Kenya

(h) The University Bankers

1. National Bank of Kenya – Meru Branch
P.O Box 1774 – 60200, **MERU**
2. Kenya Commercial Bank Ltd- Meru Branch
P.O Box – 178 – 60200, **MERU**
3. Equity Bank –Makutano Branch
P.O. Box 3137 -60200, **MERU**
4. Cooperative Bank- Makutano Branch
P.O. Box 1328-60200, **MERU**

(i) Independent Auditors

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

(j) Principal Legal Adviser

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



Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

THE UNIVERSITY COUNCIL

Council is the University's highest governing body, responsible for setting the general strategic direction of the University, for ensuring proper accountability, and for the management of its finances, property and investments and the general business of the University. It approves the University's key policies and plans pertinent to its three core functions: teaching, research and public service. In that connection, the Council makes sure that the University always maintains high standards in the three core areas just mentioned. To ensure that MUST really does this, the Council reviews its performance from time to time. It also appoints persons to various leadership positions in the University.

The Council conduct of business is guided by University Act No. 42 of 2012, Mwongozo Code of Conduct 2015, Commission for University Education Regulations and Standards 2014 and MUST Charter.

The University Council is composed of a Chairperson, the Vice Chancellor and seven other members. All the members other than the Vice Chancellor are drawn from outside the University. The following are the Council members who served during the period:

<p>PROF. DULACHA GALGALO BARAKO</p> 	<p>CHAIRMAN OF COUNCIL Prof Barako completed Bachelor of Commerce (1993) and Master of Business Administration (1996) degrees at the University of Nairobi. He completed his PhD at the University of Western Australia. He has published widely in accounting and finance.</p> <p>Prof. Barako served as Treasurer to the Council of Moi University (2009 – 2012), and Chairman of Council of Dedan Kimathi University of Technology (2013 – 2017). He was appointed Chairman of Council of Meru University of Science and Technology in March 2017. He is a Fellow of the <i>Institute of Public Accountants, Australia</i> and a member of the <i>Accounting and Finance Association of Australia and New Zealand (AFAANZ)</i>. He is also a member of the Institute of Certified Investment and Financial Analysts, Kenya (ICIFA – K) as well as member Kenya Institute of Management (KIM).</p> <p>His three-year term as chairman of Council ended on 10th March 2020</p>
<p>MS FELICITY NKIROTE BIRIRI</p> 	<p>COUNCIL MEMBER Ms. Biriri holds a Bachelor of Arts degree in Human Resource Management and a Master's degree in Conflict Resolution and Peace Management from Kenyatta University. Ms. Biriri has also undergone professional trainings on Corporate Governance, Enterprise Risk Management, Performance Management, Project and Contract Compliance and the Mwongozo Code of Ethics among others.</p> <p>Ms. Biriri is a Human Resource professional with more than 18 years' experience in various sectors including banking, advertising and manufacturing. Ms. Biriri has sat in several Boards such as Geothermal Development Company, Kenya Private Sector Alliance (KEPSA) and is a trustee of the KEPSA Foundation, COMESA-FEMCOM, Moi University Council, the National Environmental Ombudsman NECC and The Kenya Pipeline Company. She is the current Chairperson of the Kenya Pipeline Company Retirement Benefits Scheme.</p> <p>Her three-year term as a member of the Council ended on 10th March 2020</p>

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

MS. MARY W MUGO



COUNCIL MEMBER

Ms Mary W Mugo holds a Bachelor of Education (Business Studies and Economics) degree from University of Nairobi and a Master of Arts (Counselling Psychology) from Kenyatta University.

Ms Mugo is a long-serving education specialist having worked in the Government of Kenya as a Civil Servant for over 20 years and over 5 years in Non-Government Organizations. She has worked in the education sector at different capacities including leadership and management, policy development, education programming, engagement and partnership. She taught at Tala High School, Machakos. She then moved to the Ministry of Education headquarters as the Peace Education National Coordinator. She also served in the Office of the President as the Chief Government Counsellor and later joined Teachers Service Commission as the Senior Principal Administration officer. She joined World Vision Kenya and served as an Associate Director of Education and Protection. She has served as the Country Director, Build Africa Kenya Country Office. Currently she is the Country Director of EDUKANS Kenya overseeing Education and Skills Development Programmes in Uganda, South Sudan among others

Ms Mugo has served as a Board Member of Christ Compassion Rehabilitation Centre.

Her three-year term as a member of the Council ended on 10th March 2020

MRS. MARGARET M MUKOBA



COUNCIL MEMBER




Margaret M. Mukoba holds a Master degree in Business Administration from the United States International University USIU (Strategic Management and IT management). She is a graduate electrical engineer from Moi University, Eldoret and has a certificate in Financial Markets from the Securities Institute of Australia. She is an ISACA certified professional in IT Governance and Information Security Management.

Margaret has over 25 years' experience in business technology spanning ICT services, News & Information, Agriculture and Manufacturing industries. She has held senior management roles in planning and implementing corporate and IT strategy, leading corporate teams in dealing effectively with technology related risks and deriving maximum value from data and technology enabled business processes; identifying, assessing and advising on IT risks and controls, and relating them to the wider business environment.




She has led, planned and implemented strategies and business technology solutions within 14 countries in the East African region and the Indian Ocean islands, and worked with different teams in multi-cultural and multi-skilled environments in Africa, Asia and Europe.

Her three-year term as a member of the Council ended on 10th March 2020

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

<p>MR. OMAR KASSIM ABIKAR</p> 	<p>COUNCIL MEMBER</p> <p>Mr. Omar Kassim holds a Master of Business Administration (Strategic Management) from Moi University and Higher Diploma in Water Engineering. He is a registered Tech. Engineer with Engineers Registration Board.</p> <p>Currently, he is the Executive Director of Kenya Muslims Charitable Trust, an NGO working in the areas of Development, Health, Education, Humanitarian, Culture and Environmental programs among others. He has previously worked with Ministry of Water Development, National Water Conservation & Pipeline Corporation and Telkom Kenya in various capacities. He has undertaken various Consultancies, Evaluations and Research studies in Project Management with a blend of Engineering, Administration and Management skills in public, private and non-governmental sectors of society.</p> <p>His three-year term as a member of the Council ended on 10 March 2020.</p>
<p>MR. ROBERT KIPKIRUI MUTAI</p> 	<p>COUNCIL MEMBER</p> <p>Mr. Mutai holds a Master in Business Administration degree (JKUAT) and an Electrical & Electronics Engineering degree (JKUAT). He is also an advance management graduate of Strathmore/IEESE Business School.</p> <p>Mr. Mutai is a telecommunications Leader with over 15 years' experience in ICT sector. Currently, he serves as head of Technology Strategy, Assurance & Governance at Safaricom.</p> <p>His three-year term as a member of the Council ended on 10 March 2020</p>
<p>CPA ISABELLA KOGEI</p> 	<p>COUNCIL MEMBER</p> <p>CPA Isabella Koge is a qualified Certified Public Accountant of Kenya.</p> <p>CPA Isabella has vast experience in finance and accounting in both public and private sectors. She has worked in senior roles in finance and administration and contributed to organizational resource planning, financial reporting and management at strategic level. CPA Isabella is a member of the Secretariat to Intergovernmental Budget and Economic Council (IBEC) and the Institute and Certified Public Accountants of Kenya (ICPAK). She is also Senior Finance Officer at the National Treasury and the Parliamentary Liaison Officer who links National Treasury and both Houses of Parliament in all parliamentary businesses.</p> <p>CPA Isabella represented the Principal Secretary, The National Treasury, in the Council from 1 July 2019 to 31 December 2019</p>

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

<p>MS. EUNICE KIGEN</p> 	<p>COUNCIL MEMBER</p> <p>Ms. Kigen was born in 1973. She holds an Executive Masters of Business Administration from Jomo Kenyatta University of Science and Technology and a Bachelor of Commerce Degree (Accounting Option) from the University of Nairobi. She is also a Certified Public Accountant CPA (K).</p> <p>Eunice has wide experience in Public Sector Financial Management, having worked in the Government in senior positions in that field for the past 18 years. Currently, she is the Senior Deputy Director of Budget at the National Treasury. She is also the Alternate Director representing the Cabinet Secretary National Treasury at the Board of Kenya Airports Authority.</p> <p>Ms. Kigen represented the Ps. National Treasury from 1 January 2020 to 22 April 2020</p>
<p>MS MARGARET IYASI LESUUDA</p> 	<p>COUNCIL MEMBER</p> <p>Ms Margaret Iyasi Lesuuda holds a Master of Arts - Peace-building from Coventry University. She also holds a Master of Ed. Administration from the University of Nairobi and a Bachelor of Education from Kenyatta University. Currently she is pursuing PhD in Higher education management at the University of Bath, UK.</p> <p>Ms. Lesuuda is the Regional Coordinator of Education in the Central Kenya region. She represents the Principal Secretary, Department of University Education in the Council.</p> <p>Her term ended on 3 June 2020.</p>
<p>PROF. ROMANUS ODHIAMBO OTIENO</p> 	<p>VICE CHANCELLOR</p> <p>Prof. Odhiambo holds a PhD in Statistics from Kenyatta University, MSc in Statistics Kenyatta University. He also holds Executive Master of Science in Organisational Development form USIU and a Bachelor of Education (Double Mathematics) from Kenyatta University.</p> <p>Prof. Odhiambo is a professor of Statistics with over 26 years' experience in academics and research. He has served in a number of administrative leadership positions at JKUAT over the years as: chairman of an academic department for two successive terms, dean of a faculty for two successive terms, and Deputy Vice-Chancellor (Academic Affairs) for 10 years. He has distinguished himself in organizational development and management aspects such as resource mobilization, projects management and leading change. He has also supervised a number of students at Masters and Doctoral level. He is a member of International Biometric Society (IBS), Institute of Mathematical Statistics (IMS) and Kenya Inter-University Association of Mathematicians and Computer Science.</p> <p>He has served as Vice-Chancellor since 6th August 2018.</p>

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

MS. MOURINE NTINYARI



COUNCIL SECRETARY

Miss Mourine Ntinyari is an Advocate of the High Court of Kenya. She holds a Bachelor of Laws degree (LL. B) from the University of Nairobi. She's also a holder of a Master of Laws (LL.M – Governance and Democracy) degree from the same University.

She started her career in private practice and consultancy before joining the Meru University of Science and Technology. She currently serves as the Legal Officer of the University as well as the secretary to the University Council.

Mourine has institutional affiliations to the Law Society of Kenya (LSK), Institute of Certified Secretaries (ICS), and is a non-practicing Certified Public Accountant (CPA). Her interests are in public law, governance and public interest litigation, among others

CURRENT COUNCIL MEMBERS

DR. ANDREW MOKAYA MAUBI - CHAIRMAN OF COUNCIL



Dr. Maubi was born in 1984. He holds a PhD in Finance and Master of Science in Finance both from Kenyatta University. His Undergraduate studies were also in Accounting and Finance. Dr. Maubi is both a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Kenya Institute of Management.

to runs various mentorship programs to help the upcoming finance and Accounting professionals face the ever evolving needs of the job market. Dr. Maubi has worked as a senior consultant at Nyanchoga & Associates CPA(K) and served at the board of Kenya Meat Commission as a Director.

His three-year term as the Chairman of Council started on 10 March 2020.

MURIIRA M'MBWIRIA - COUNCIL MEMBER



Engineer M'Mbwiria Born in 1 946. He holds (the equivalent of) a Master's degree in Electrical Engineering (Power option) from Giessen - Friedberg University of Technology, Germany. He is a registered engineer by Engineers' Registration Board.

He taught at a national polytechnic before joining the private sector from where he gained over thirty years' experience in engineering and management. He is also involved in private consultancy in the field of metrology equipment and systems.

Engineer M'Mbwiria chaired the Human Resources Committee. His three-year term as a member of the Council started on 10 March 2020.

STEPHEN KIMANI GATAMA - COUNCIL MEMBER



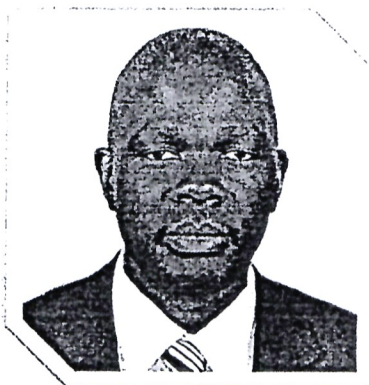
Mr. Stephen Gatama is an Advocate of the High Court of Kenya. He holds a Master of Laws (International Commercial Law) degree from the University of Cape Town and a Bachelor of Laws Degree from the Nelson Mandela Metropolitan University, South Africa as well as a Postgraduate Diploma in Law from the Kenya School of Law.

Mr. Gatama has over ten years' experience practicing law in a wide array of organizations including a law firm, in a corporate set up and in a development finance institution. He has advised clients both in the public and private sector on matters including but not limited to commercial law, cross-border transactions, energy, PPPs, infrastructure, mining and extractives, competition law, property and real estate. He is a member of the Law Society of Kenya, East African Law Society, Institute of Directors of Kenya and International Bar

Association amongst other professional bodies. He is presently a partner in a leading law firm in Nairobi where he heads the Corporate/Commercial Practice Group in addition to providing consultancy services to various organizations.

His three-year term as a member of the Council started on 10 March 2020.

DICK WASWA WEKESA - COUNCIL MEMBER



Mr. Waswa holds a Masters of Business Administration from United States International University –USIU-A (Marketing and Finance) in addition to a Bachelor of Science degree (Biochemistry) from University of Nairobi.

He is currently a Management Consultant with expertise in Marketing, Communication and Corporate Finance acquired through 20 years' experience in Commercial sector (Fast Moving Consumer Goods, Pharmaceuticals, ICT and International Standards) and the International NGO development space. He has held top leadership roles at World Bicycle Relief (US NFP) as Country Director and GSI Kenya Limited. Prior to these, he held senior Marketing roles at Sameer Africa limited and Kenya Network information Centre (KeNIC. Ke Registry).

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

He is a member of the Marketing Society of Kenya (MSK). He has contributed to development of Kenya Tea Branding and Packaging strategy and adoption of technology in driving uptake of Teas amongst Millennials and Global competitiveness under the Agricultural Food Authority (AFA). He has been involved as a key marketing resource person and speaker during regional conferences by EATTA in Nairobi (2018) and Kampala (2019) themed on enhancing tea uptake amongst Millennials and 21st Century customer marketing strategy. He was also instrumental to empowerment of students through programs implemented by World Bicycle Relief, Ministry of Education and International Development Partners where thousands of school going students benefitted to overcome challenge of distance.

Mr. Waswa's three-year term as a member of the Council started on 10 March 2020. He was the chairman of the Finance Committee of the Council.

PAULINE JERUTO KURGAT- COUNCIL MEMBER



Ms. Kurgat holds a Master of Arts in Project Planning and Management from the University of Nairobi and a Bachelor of Arts with a linguistic concentration from MOI University.

She has over Sixteen years of proven track record of front line experience in Policy Execution at the Operations and Marketing Division of National Hospital Insurance Fund where she was a champion of Performance Contracting, ISO and OHASAS. She also has over three years' experience in Customer Relations whilst dealing with people from diverse cultural backgrounds and direct sales for advertising television airtime and consumer goods at Nation Media Group. She is an

associate member of the Marketing Society of Kenya and a Certified Computerized Secretary.

She is currently a board member of the Elgeyo-Marakwet County Public Service Board and previously served in the same county as member of the Public Service Board in the County Assembly. She has served in the boards of Tambach Teachers College and St. Alphonsius Mutei Girls High School.

Her three-year term as a member of the Council started on 10 March 2020. She chaired the Audit committee of the Council.

DR. NAOMI KIPURI – COUNCIL MEMBER



Dr. Kipuri was born in 1952. She holds a Ph.D. in Anthropology. Kenyan, speaks Maa (Maasai language) Kiswahili, English, French (reading knowledge). She attended University of Nairobi, B. Ed. Education, Literature and Linguistics (1975). Temple University, Philadelphia, USA, MA & Ph.D. Anthropology (1989).

She worked as teacher at Narok Secondary school (1975 -1976), Kenya National Archives, Head, Oral Traditions Division (1976-1979); University of Nairobi, Research Fellow/Lecturer, Institute of African Studies (1979-1990); Coordinator, Arid Lands Resource Management (ALARM), a network for Eastern Africa; Executive Director, Arid Lands Institute, an NGO working on Policy and Pastoralist development concerns 1990 to 2016. Also she did some consultancy in development issues in Kenya & in East

Africa and also played advisory role and member of various Working Groups including for African Commission on Human & Peoples' Rights (ACHPR). Presently she is involved in County/community issues relating to documentation of historical and cultural concerns including establishment of a museum and cultural centre for the County Government of Kajiado.

Her three-year term as a member of the Council started on 10 March 2020. She chaired the Academic committee of the Council.

CPA FA SOLOMON T. NGAHU, MCISI



CPA FA Solomon Ngahu holds B. Com (Hon), MSc Public Financial Management (University of London), MBA Finance (JKUAT) and is currently a PhD (Finance) candidate. He is a member of good standing for various professional bodies including Institute of Certified Public Accountant (CPA) Kenya, Institute of Certified Financial Analyst (CIFA) Kenya, Kenya Institute of Management (KIM) and Member Chartered Institute for Security & Investments (MCSI)-UK, He is currently *Certified International Investment Analyst (CIIA)* candidate academic year 2020.

CPA FA Ngahu, has been in Public Service for over ten years as an accountant, Financial Analyst and is currently head of Financial Reporting Unit National Government at the Directorate of Accounting Services, National Treasury. He also serves as Alternate Director for Cabinet Secretary & Principal Secretary - National Treasury in School Equipment Production Unit, Turkana University College. He also serves at Legislative committee of ICPAK, Membership Committee of ICIFA and Professional Development Committee for APSEA.

CPA FA Ngahu was appointed as the PS- the National Treasury representative in the Council on 22 April 2020.

AMBASSADOR SIMON NABUKWESI



Amb. Simon Nabukwesi has a B.Ed, M. Ed. in Education Planning and Management and MA in International Project Management. He is a Ph.D. Candidate in International Project Management. In addition to this, he has a Diploma Level training in Institutional Management at Hiroshima University, Japan and a Pre-University Training at the National Youth Service (1986).

With this training, Amb. Simon has had a successful career as a High School Teacher, as a Deputy Principal and Principal in a span of twenty years (1989-2009). He has also served as Kenya's High Commissioner to Canada and Ambassador Plenipotentiary to Cuba.

Amb. Nabukwesi was appointed to the position of Principal Secretary, State Department of University Education and Research with effect from 28th February, 2020.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

MR. PAUL P MUNGAI







Mr. Mungai is the alternate to the Principal Secretary, State Department of University Education and Research.

Mr. Mungai holds a Master degree in Educational Administration and Planning from University of Nairobi and a Bachelor's degree in Education (Arts) from Kenyatta University.

He is an educationist with a wealth of experience in education administration spanning over 25 years. He is currently a Deputy Director in charge of International University Education in the State Department. He has also served as alternate to the Principal Secretary in a number of other boards. He was appointed as alternate to Principal Secretary, State Department of University Education and Research in Meru University Council with effect from 4th June 2020.

MANAGEMENT TEAM

Management team that served during financial year 2019/20

	<p>The Vice Chancellor</p> <p>PROF. ROMANUS ODHIAMBO</p> <p>B.Ed.(KU), M.Sc.(KU), EMOD (USIU), Ph.D. (KU)</p>
	<p>Deputy Vice Chancellor (Administration, Finance and Planning)</p> <p>PROF. CHARITY W. GICHUKI</p> <p>BVM. (UoN), Ph.D. (Glasgow)</p> <p><i>DVC (AFP) from 20 March 2020 to 30 June 2020</i></p>
	<p>Ag Deputy Vice Chancellor (Administration, Finance and Planning)</p> <p>DR. EUNICE N. MARETE</p> <p>B.Sc. (JKUAT), M.Sc. (JKUAT) Ph.D. (University College Dublin)</p> <p><i>Acting DVC(AFP) from 1 July 2020 to 30 September 2019</i></p>
	<p>Ag. Deputy Vice-Chancellor (Administration, Finance and Planning)</p> <p>DR. EUSTACE MWENDA KIRIMA</p> <p>B.Sc. (Egerton), M.Sc. (JKUAT) Ph.D. (JKUAT)</p> <p><i>From 1 October, 2019 to 19 March, 2020</i></p>

Ag. Deputy Vice Chancellor (Academic, Research and Students' Affairs)



PROF. SIMON THURANIRA

B.Ed. (KU), M.Ed. (KU), Ph.D. (University of Maryland-USA)

From 1 July 2019 to 30 June 2020

Ag. Registrar (Academic, Research and Students Affairs)



DR. STEPHEN KARANJA

B.Ed. (KU), M.Sc. (KU) Ph.D. (JKUAT)

From 1 July 2019 to 30 June 2020

Registrar (Administration and Planning)



DR. ELIJAH WALUBUKA

MHRM, BA (Daystar), MBA (Egerton), Ph.D. (Kabarak)

Finance Officer

CPA NEPHAT NJERU

B. Com (KU), MBA(JKUAT), CPA(K)



CHAIRMAN'S STATEMENT

This annual report reveals the great efforts the University made in the process of performing its core functions: training, research and public service in the Financial Year 2019/2020. The Council has continued to provide strategic oversight aligned to the University Vision - To be a world class university of excellence in science and technology. We are aware that it is the quality of research and student experience that will allow us to achieve our vision as a world class university. What underpins all of this, is the quality and commitment of our staff. It is imperative that we continue to celebrate their success and to make the University a great place not only to study but to work. The University provides an environment that enables employees and students realize their full potential.

During the financial year, the University started implementing the Strategic Plan covering the period 2020-2024. The Strategic Plan had been developed for the purpose of optimizing use of resources and making service delivery systems efficient. We continued to develop and maintain infrastructure and facilities for university education. The process will continue during the strategic plan period until the university acquires adequate infrastructure. The University was able to attract and retain productive human capital. In order to provide quality and efficient services to customers, the University enhanced and mainstreamed ICT Services in the University. The ERP system, Microsoft Navision was upgraded during the period to make it more versatile. We continued to increase the access to university education by doubling the intake during the year from 1500 in the previous year to over 3,000.

Pressure for job creation remains a top priority, as unemployment in our country is not a myth. On 29th November 2019, the University held its seventh graduation ceremony where 1,271 graduands were conferred with various degrees, diplomas and certificates. Our graduates were well prepared to face the job market.

Financing

It is also important to recognize that the University is operating in a very challenging funding environment. In March 2020, the University was closed indefinitely due to the outbreak of Covid-19 pandemic. The closure affected our revenues negatively. The impact of Covid-19 pandemic is likely to have the negative impact on the University activities in the foreseeable future. In addition, the revenue budget allocation by the government has been declining over the years. That, coupled with increasing cost pressures, particularly for wage bill, invariably means we have to make efficiencies while also preserving the quality of the education we offer our students. In that context, our financial year end position should be viewed as a positive one achieved through stringent budget management. It is clear, however, that given the pressures on public funding in the medium to longer term we must work ever harder to increase and diversify our income streams to allow us to strengthen our competitive position and to continue to invest in the facilities and conditions that enable world class staff to inspire students to come here from all over the country and the world.

Executive Movement

A number of executive changes occurred during the course of financial year 2019/2020. The University remained without a substantive deputy vice chancellor in charge of academic and students' affairs although recruitment process had been carried out by Public Service Commission.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Professor Charity Gichuki, the Deputy Vice Chancellor (AFP) reported back on 20 March 2020 after 9-month's sabbatical leave for her second 5-year term.

There were a number of changes in the Council. The three year-term for Prof. Dulacha Barako as the Chairman of the Council and the other Council members: Felicity Biriri, Mary Mugo, Robert Mutai, Omar Kassim and Margaret Mukoba ended on 10 March 2020. They were replaced by Dr. Andrew Maubi (Chairman) Nick Waswa, Muriira M'Mbinjiwe, Pauline Jeruto, Dr. Naomi Kipuri, and Stephen Kimani. The PS, National Treasury representative Ms. Isabella Kogei was briefly replaced with Ms Eunice Kigen and then by CPA Solomon Ngahu. Ms Margaret Lesuuda was replaced by Mr. Paul Mungai. I wish to let these individuals know how much we appreciate them. They all contributed mightily to the success of the University and kept us moving forward.

I am deeply grateful to the Council for its passionate stewardship, and the Senate for its academic wisdom. I am also grateful to the University Management Board, the Senate, the Deans Committee and the Students Association of Meru University and staff unions for their partnership within, investment in and commitment to the University vision and mission and to our national goals for a far more inclusive, transformed, caring and responsive institution. Our progress has been made prominent by the continued passion and dedication of our Chancellor, Dr. James Mwangi, and also that of our Vice Chancellor, deputy vice chancellors, heads of academic schools and departments, student leaders, our staff and students.



DR. ANDREW MOKAYA MAUBI
CHAIRMAN OF COUNCIL

REPORT OF THE VICE CHANCELLOR

I am pleased to present the annual report for the Financial Year 2019/2020.

Financial Performance

During the financial year, the University reported a deficit of Kshs. 154 Million as compared to a deficit of Kshs 127 Million in Financial Year 2018/19. The Total Income for the year decreased by 8% as compared to the income for Financial Year 2018/19. However, the government grants increased by 2%. Income from Tuition and Other Fees decreased by 24%. The decrease in AIA was as a result of vagaries of Covid 19 during the last quarter of the financial year.

Teaching

The University's outstanding reputation for research, learning and teaching, and its investment in facilities has contributed in making the University an attractive choice for the best undergraduate and postgraduate students from across the country. The University's commitment to teaching and learning excellence has been demonstrated by the results of the 2019 placements by Kenya Universities and Colleges Central Placement Services (KUCCPS) and TVETA. The University managed to admit 3,700 students as compared to 1,400 in the previous year. The Commission for University Education conducted a Quality Audit between 29th and 31st October 2019. The University was given a clean bill of health.

Research

The University continued to win competitive research grants and Financial Year 2019/20. This growth has been facilitated by recent investments in research facilities and the extensive capacity building among the academic staff.

Professional development

Professional development of our staff remains a key priority and the latest data from our Human Resources department shows that all our academic staff have at least a PhD qualification or are finalizing their PhD programmes. Most staff in Administration department have also upgraded their qualifications.

Student employability

On 29 November, 2019 a total of 1,239 students graduated and released into the labour market. The University continues to work to increase student engagement in their future career and employment opportunities. The University has taken some initiatives to integrate employability and sustainability into the curriculum as features of good practice at the University. Work-based placement or attachments are part of the students' academic studies. The University offers career guidance and encourages students to seek workplace internships and volunteering opportunities.

Challenges

The University encountered a number of challenges during the year. The ballooning wage bills are technically unsustainable. After collective bargaining agreement between the unions and the government, universities were allocated money to pay arrears only. Subsequently, the government has not been supporting the increased wage bill causing universities massive financial problems.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

On 16 March 2020, we had to abruptly close the University indefinitely, a month before the end of the second semester as a result of the Covid -19 pandemic. In addition, the first semester of the Academic Year 2020/21 which was scheduled to start in May 2020 was postponed indefinitely.

The number of students joining the parallel programmes in universities in Kenya has continued to decline. In the calendar year 2019, all the students who attained a C+ and above were absorbed by Kenya Universities and Colleges Central Placement Services (KUCCPS). The number that joined our university's parallel program declined significantly.

The University is committed to implementing its strategic plan. However, it is forced to curtail its operation as a result of the reduced Transfer from GOK. The University relies heavily on government funding with over 70% of the budget coming from the government.

Way Forward

The above challenges have negatively impacted on the University performance. However, the University has taken actions to manage costs in order to improve the operating performance for the subsequent years.

In the financial year 2019/20, the University will focus its efforts on continuing the implementation of its strategic plan and transformation towards a world-class university of excellence in science and technology. The University will focus on excellent teaching staff, high quality teaching, physical and technological infrastructure, student experience, support provision, student retention and employability. Through judicious financial management, MUST will be able to maintain its high academic standards, while ensuring that critical infrastructure and academic projects and maintenance of existing assets are not compromised. The University will spend more than half a billion shillings on development in the financial year 2019/20. In order to attract more students, the University will also come up with a predictable university calendar, make efforts to curb students and staff unrest by engaging students and staff and their unions in dialogues. Staff development will also be given priority. MUST will diversify the sources of income and increase the allocation to research. We shall encourage public-private-partnerships in funding university education.

Credit is owed to our tremendous staff, students and alumni, and friends in government, industry, philanthropists at all levels of communities. I would like to thank all up-front, because the efforts you put enable MUST to make valuable contributions to society. The journey ahead may be increasingly difficult, but let us not be weary as difficult roads will often lead to beautiful destinations.



PROF. ROMANUS ODHIAMBO, Ph. D.
VICE CHANCELLOR

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

REVIEW OF THE PERFORMANCE OF MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY FOR FINANCIAL YEAR 2019/20

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 entity's performance against predetermined objectives.

The University has five strategic pillars and objectives within its Strategic Plan for the years 2020-2024. These Strategic Pillars are as follows:

1. Academic Excellence
2. Science and Technology
3. Institutional Development
4. Research, Innovation and Extension
5. Research, Innovation and Entrepreneurship
6. Service Delivery
7. Collaborations, Partnerships and Linkages.

MUST develops its annual work plans based on the above seven pillars. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2019/20 period for its seven strategic pillars as indicated in the diagram below:

S/N	Strategic Pillar	Objective	Key Performance Indicator	Activities	Achievements
1	Academic excellence	To promote access to quality teaching and learning.	<ul style="list-style-type: none"> • Departmental reports on needs assessment • New programs developed • Evaluation reports on the existing curricula • Updated programs • No of eLearning modules developed • Report of pedagogy training • Copies of approved new curricula • marketing drives conducted • Web and social media postings • Copy of advertisements • Number of the print, e-books and added sitting space 	<ul style="list-style-type: none"> • Market needs assessment and development of new academic programs • Evaluation of existing curricula and market needs • Incorporation of ICT in teaching and learning • Increase use of eLearning modules • Conduct annual pedagogy • train academic staff • Develop new curricula • Conduct marketing drives • Use of social media and University website to increase programme visibility • Increase library resources and capacity 	<ul style="list-style-type: none"> • Interventions in teaching and learning have established the University as a market leader in educating a unique brand of graduates who are self-reliant, dependable, competent and innovative thinkers who will lead progressive development. • MUST's population has grown to approximately 8,000 students in niche programmes that address current and emerging issues in different sectors of the global economy.
2	Science and technology	To enhance the development and	<ul style="list-style-type: none"> • Functional network in place • Acquisition of computers. 	<ul style="list-style-type: none"> • Develop Network infrastructure. • Upgrade the ERP System. 	<ul style="list-style-type: none"> a) Improved network infrastructure to ease service delivery.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

S/N	Strategic Pillar	Objective	Key Performance Indicator	Activities	Achievements
		transfer of science and technology	<ul style="list-style-type: none"> • Signed SLA's • Payment for License agreements • IT policy developed and approved. • Implemented Network Access policy • Upgraded bandwidth. • Approved extra bandwidth request • Signed SLA's with service provider. • Organogram developed awaiting approval. • Approved robust ICT policy/Procedures 	<ul style="list-style-type: none"> • Signing of Service level agreements • Develop IT security policy • Implement a centralized and unified network access policy • Upgrade Internet Bandwidth. • Develop and implement ICT organogram. • Realign the ICT procedures with the related department operations 	<ul style="list-style-type: none"> b) Quality services to the University in line with Policy requirements. c) Increased number of student computers. d) Improved competence in use of ICT. e) Enhanced technical skills. f) Improved service delivery to the University. g) Compliance in use of software tools.
3	Institutional development	To enhance sustainable institutional development	<ul style="list-style-type: none"> • Equipment bought • Designs of the Nursing and health science building developed • Phase I of the Engineering complex complete and Phase III on going. • Innovation centre furnished • Water tank constructed and water reticulated • Walk ways constructed • Construction of sports and recreation facilities on going. • Boundary wall plans developed • Development of Mariene Research centre on course. • CCTV and Biometrics installed. 	<ul style="list-style-type: none"> • Purchase of quality equipment for Science and Technology • Design and develop the Nursing and Health science building • Construct Phase II and III of the Engineering Complex building • Furnishing and equipping of the IIEC • construct water tank and reticulation system • Construction of ramps, lifts and walkways • Construct and equip a sports and recreation facilities • construction of boundary wall • develop Mariene Research University College • Develop security infrastructure, facilities and partnerships 	<ul style="list-style-type: none"> • Conducive environment for teaching, learning, research, innovation and service delivery. • MUST has improved and developed the institution's physical facilities, infrastructure and capital equipment, to deliver its core mandate, develop the institution, generate income and transfer knowledge and technology.
4	Research, innovation and extension	To develop and apply research, innovation and extension	<ul style="list-style-type: none"> • Training Report • -grant agreement • -Copies of internal call for proposals • -Appointment letters for peer reviewers • -Conference proceedings 	<ul style="list-style-type: none"> • Training of staff in grant writing • -Support of multi-disciplinary research • -Funding of more internal calls • -Establish internal peer review mechanism 	<ul style="list-style-type: none"> a) Equity and fairness in research grant allocation and distribution b) Improved functional knowledge for wealth creation and poverty reduction

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

S/N	Strategic Pillar	Objective	Key Performance Indicator	Activities	Achievements
			<ul style="list-style-type: none"> • -Extension services report • -Number of mobile apps developed 	<ul style="list-style-type: none"> • Participation in conferences • -Conduct extension services to the community • -Use of social media for technology transfer 	<ul style="list-style-type: none"> c) Increased access to scientific knowledge for improving livelihood of societies d) Increased inflow of grants and scholarships e) Improved academic and economic empowerment of the beneficiaries f) Innovative ideas for socio-economic development g) Improved service delivery in the directorate
5	Service delivery	To enhance excellence in service delivery	<ul style="list-style-type: none"> • A 30% increase in sporting facilities • Increase in student participants in sports & recreation • More clubs and societies registered • Professional counsellor appointed 	<ul style="list-style-type: none"> • Construct and maintain sporting facilities (outdoor and indoor) • Introduce more sports disciplines eg. • Floor ball, • Korfball • registration of student clubs and societies • .Recruitment of a student counsellor 	<ul style="list-style-type: none"> • An engaging, secure and productive campus life for its students and all the stake holders. • Improved sporting activities that engage students throughout the year.
6	Collaborations, Partnerships and Linkages.	To strengthen collaborations, partnerships and linkages	<ul style="list-style-type: none"> • Collaborations and Linkages office in place • Appointment letter for the linkages and collaborations coordinator • SOPs • Number of signed MoUs 	<ul style="list-style-type: none"> • -Establish linkages and collaborations office • Develop standard operating procedures (SOPs) for linkages and collaborations • Establishment and operationalization of MoUs 	Established linkages and strong partnerships.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

S/N	Strategic Pillar	Objective	Key Performance Indicator	Activities	Achievements
7	Financial Management	To enhance prudent financial management	<ul style="list-style-type: none"> • Functional directorate of income generation • Number of alternative sources identified • Percentage of income collected vs expected • Automated financial systems • Approved budgets 	<ul style="list-style-type: none"> • Increase and streamline the institution's fundraising activities; • Seeking alternative sources of funds • Enforce the student fee collection policy • Enhance mechanisms for collection of other incomes • Streamline the financial management systems • Rationalize budgets at all levels; 	<ul style="list-style-type: none"> • MUST has achieved a stable financial base. • The University has strengthened the Income Generation Directorate which will expand the University's financial base to sustain growth of its programs, facilities, and infrastructure. To keep it efficient, accountable and transparent, the university has strengthened its financial management by hiring, developing and retaining high quality financial staff and investing in quality financial management systems.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

CORPORATE GOVERNANCE STATEMENT

The members of Council and members of University Management Board (UMB) are bound by the highest standards of integrity in carrying out their responsibilities and in the relationship of the University with stakeholders. All members exercise their responsibilities in the interests of the University as a whole rather than as representative of any constituency. The University maintains a register of interests of members of the Council and UMB members. Council members are expected to attend scheduled meetings as regularly as possible. The role of Council members is similar to that of the non-executive directors of a company. They have collective responsibility for Council decisions. They observe the clear distinction between their strategic governance role and that of operational management of the University (a role being played by the University Management Board chaired by the Vice-Chancellor). The Council receives presentations from the officers on specific issues.

During the year, a new Council was appointed to serve for a period of three years with effect from 10 March 2020.

Council Meetings Attendance from 1 July 2020 – 10 March 2020

Council Member	Full Council	Finance Committee		Human Resource Committee		Audit committee		Academic committee	
	Attendance	Membership	Attendance	Membership	Attendance	Membership	Attendance	Membership	Attendance
1. Prof. Dulacha Galgalo	100%								
2. Mr. Omar Kassim	100%					Yes	100%	Yes	100%
3. Ms. Felicity Biriri	75%	Yes	67%	Yes	60%				
4. Mrs. Margaret Mukoba	100%	Yes	100%	Yes	100%	Yes	100%		
5. Ms. Mary Mugo	75%			Yes	100%	Yes	100%	Yes	100%
6. Mr. Robert Mutai	58%	Yes	83%					Yes	50%
7. Mrs. Margaret Lesuuda	83%	Yes	83%	Yes	60%	Yes	67%	Yes	67%
8. CPA Isabella Kogei	100%	Yes	100%	Yes	60%	Yes	67%	Yes	83%
9. Prof. Romanus Odiambo	92%	Yes	83%	Yes	100%			yes	100%
10. Ms. Eunice Kigen	0%	Yes		Yes	20%	Yes	33%	Yes	33%

The Council has four (4) committees and the Council and the Council committees have four scheduled meetings per annum.

Committees of the Council

The following are the committees of the Council:

- i. Finance Committee
- ii. Audit Committee
- iii. Human Resources Committee
- iv. Academic Committee

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Committee Membership during FY 2019/20

1. From 1 July 2019 to 10 March 2020

Name of the Committee	Members
Finance Committee	<ol style="list-style-type: none"> 1. Ms. Felicity Biriri - Chair 2. CPA Isabella Kogei 3. Ms Margaret Iyasi Lesuuda 4. Mr. Robert K. Mutai 5. Mrs. Margaret M. Mukoba 6. Prof. Romanus Odhiambo
Audit Committee	<ol style="list-style-type: none"> 1. Mr. Omar Kassim – Chair 2. CPA Isabella Kogei 3. Ms Margaret Iyasi Lesuuda 4. Ms. Mary W Mugo 5. Mrs. Margaret M. Mukoba
Human Resource	<ol style="list-style-type: none"> 1. Mrs. Margaret M. Mukoba - Chair 2. CPA Isabella Kogei 3. Ms Margaret Iyasi Lesuuda 4. Ms. Felicity Biriri 5. Ms. Mary W Mugo 6. Prof. Romanus Odhiambo
Academic	<ol style="list-style-type: none"> 1. Ms Mary W. Mugo - Chair 2. CPA Isabella Kogei 3. Ms Margaret Iyasi Lesuuda 4. Mr. Robert K. Mutai 5. Mr. Omar Kassim 6. Prof. Romanus Odhiambo

2. From 10 March 2020 to 30 June 2020

ACADEMIC COMMITTEE

1. Dr. Naomi Kipuri – Chair
2. Ms. Pauline Jeruto
3. Mr. Stephen Kimani

HUMAN RESOURCE COMMITTEE

1. Mr. Muriira M'Mbijiwe – Chair
2. Mr. Wekesa Waswa
3. Dr. Naomi Kipuri

FINANCE COMMITTEE

1. Mr. Waswa Wekesa – Chair
2. Mr. Muriira M'Mbijiwe
3. PS. University Education
4. Ms. Eunice Kigen – (Replaced by CPA Ngahu)

AUDIT COMMITTEE

1. Ms. Pauline Jeruto – Chair
2. Mr. Stephen Kimani
3. PS. University Education
4. Ms. Eunice Kigen (Replaced by CPA Ngahu)

Finance Committee

The Finance Committee is responsible for monitoring and advising Council on the financial health of the university, including the financial strategy, budget setting, annual accounts, investment activity, and consideration of capital expenditure. The Committee also has responsibility for monitoring institutional level Key Performance Indicators in order to measure and monitor University performance against agreed strategies and targets. The Committee also monitors and advises on the conduct of the University's estates/infrastructure activity including revenue and capital expenditure. The Committee may draw on professional expertise beyond that available within the Council membership.

Audit Committee (Gazette notice of April 2015)

The Audit Committee has responsibility for monitoring the effectiveness of the University's risk management, control and governance arrangements, along with the arrangements to promote economy, efficiency and effectiveness throughout the institution, and advises the Council accordingly. The Committee exercises oversight over internal audit arrangements. It considers internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. The Committee also exercises oversight over external audit arrangements, such as the nature, scope and effectiveness of the process, and considers the audit aspects of the institution's financial statements.

Human Resources Committee

The Committee monitors and reviews the development and implementation of good governance practice. The Committee is responsible for the oversight of human resource strategy, policies and associated procedures including the use of performance and development systems, indicators and benchmarks.

The Academic Committee of the Council

The Academic Committee of the Council assists the Council in fulfilling its oversight of the University academic programs, strategic academic plans, student learning, graduation matters and related activities such as:

- i. To advise Council on students' access and admissions, curriculum design, course and fees structure, academic and mentoring support, provision and use of learning resources and students' welfare.
- ii. To establish and review structures and mechanisms for assuring the implementation of academic policies, the maintenance of standards and enhancement of good practice;
- iii. To oversee and co-ordinate activities associated with national and external agencies involved in quality assurance;
- iv. To consider the overall balance of academic activities and provision of resources;
- v. To develop, amend, repeal and approve regulations concerning academic programmes;
- vi. To receive and consider proposals and nominations for the award of honorary degrees and recommend to Council award of honorary degrees;
- vii. To consider and advice Council on all matters related to research and innovation in the University.
- viii. To authorize on behalf of Council the application of the University Seal on documents.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Academic Committee Attendance

Ad hoc Committee

The Council may appoint an ad hoc committee to handle special matters.

Ad Hoc Committees Attendance

Name	Disciplinary committee	Ad hoc	Ad hoc	Ad hoc	Total
Mrs. Margaret Makhungu	x	x	x	x	4/4
Ms. Mary Mugo	x	x	x	x	4/4
Mr. Omar Kassim	x	x	x	x	4/4
Ms. Felicity Biriri			x		1/4
Mrs. Margaret Lesuuda	x		x	x	3/4
Mr. Robert Mutai		x			1/4

Conflict of interest

The University has adopted a conflict of interest policy which applies to the Council, Management and Staff. All persons governed by the policy are under the obligation to avoid and disclose ethical, legal, financial, or other conflicts of interest involving the University, and remove themselves from a position of decision-making authority with respect to any conflict situation involving the University. Any person who has a material personal interest in a particular matter and who is able to influence the decision will not vote on the matter when it is being discussed or considered.

**MANAGEMENT DISCUSSION AND ANALYSIS
SECTION A**

The University's Operational and Financial Performance

REVENUE

Transfers from Government

The major source of the University revenue during the FY 2019/20 was transfers from GOK or government grants. The University received a total of Kshs. 690,155,084 from the government for the recurrent expenditure as compared to Kshs. 676,226,316 received during the previous year. Therefore, over 70% of the University revenue came from the government. The revenue from Tuition fees was 25% of the total revenues. As the government grants continue to decline and the number of self-sponsored students continue to decline, the University is left with the choice of innovating and diversifying revenue generating activities. Instead of focusing on self-sponsored students from within the country, we shall also focus on students from the international community. Instead of relying solely on face to face teaching, we shall introduce other modes of teaching such as ODeL. Other sustainable revenue generating activities such as consultancies will also be implemented.

**Sources of Revenue 2019/20
FY**

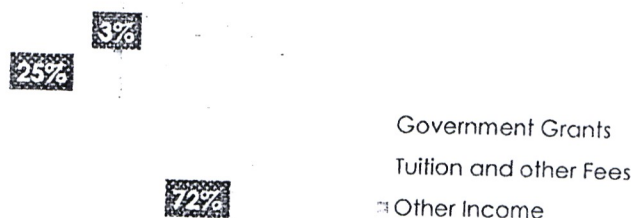


Table 1: Sources of Revenue

	FY 2019/20	FY 2018/19	Variance	
	Kshs.	Kshs.	Kshs.	Per cent
Revenue from Non-Exchange Transaction				
Government Grants	690,155,084	676,226,316	13,928,768	2%
Donations	189,000	835,537	(646,537)	-77%
Sub Total	690,344,084	677,061,853	13,282,231	2%
Revenue from Exchange Transaction				
Tuition and other Fees	244,801,464	322,986,019	(78,184,555)	-24%
Other Income	24,111,137	38,248,879	(14,137,741)	-37%
Sub Total	268,912,601	361,234,897	-92,322,296	-26%
Total revenue	959,256,685	1,038,296,750	-79,040,065	-8%

Government recurrent grants increased by Kshs. 14 million or 2%. The grants increased from Kshs. 676 million in FY2018/19 to Kshs. 690 million in FY 2019/20. Although expenses have been increasing steadily over the years due to salaries increments, inflations and other factors, the government grants have been increasing only marginally.

During the year, the revenue from Tuition and Other Fees was Kshs. 245 Million as compared to Kshs. 323 Million reported in the previous year. The revenue decreased by Kshs.78 million or 24%. The decrease was as a result of the indefinite closure of the University on 16th March 2020, due to Covid 19 pandemic. The University was closed when the second semester of Academic Year 2019/20 was still in progress. In addition, the first semester of the Academic Year 2020/21 which was scheduled to begin on 4 May 2020 was postponed indefinitely.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

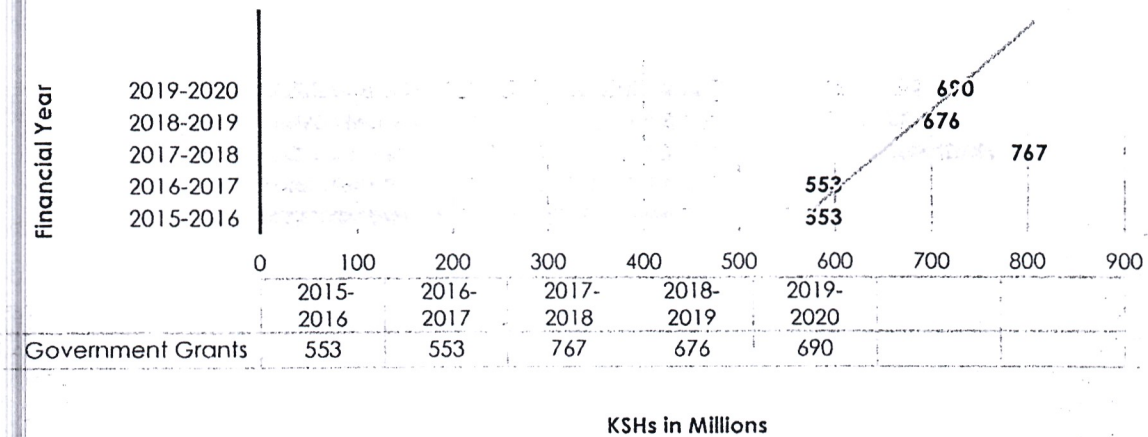
The revenue from other income generating activities for the year was Kshs. 24 Million as compared to Kshs. 38 Million for the FY 2018/19. There was a decline of Kshs. 14 million or 32%. The closure of the University contributed to the huge decline.

Cumulatively, total revenue declined from Kshs. 1.038 billion in FY 2018/19 to Kshs. 959 million in FY 2019/20. That was a decline of Kshs. 79 million or 8%.

Table 2: Transfers from Government

	2019/20	2018/19	2017/18	2016/17
	Kshs.	Kshs.	Kshs.	Kshs.
Transfers from GOK	690,155,084	676,226,316	668,864,780	553,088,149
Add: Funds for CBA arrears	-	-	98,000,000	-
	690,155,084	676,226,316	766,864,780	553,088,149

Government Grants



The grants from the government have increased marginally over the last five years.

Table 3: Revenue from Exchange Transaction

	2019/20	2018/19	2017/18	2016/17
	Kshs. M	Kshs. M	Kshs. M	Kshs. M
Appropriation in Aid				
Tuition and other Fees	245	323	176	259
Other Income	24	38	39	28
Total Appropriation in Aid	269	361	216	287

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Revenue from Exchange Transaction

	323		323	
		259		245
	176			
	27	39	28	38
			24	
2015-2016	2017-2018	2016-2017	2018-2019	2019-2020
	Tuition and other Fees		Other Income	
	Linear (Tuition and other Fees)			

During the last five years, revenue from Tuition and Other Fees has fluctuated from a high of Kshs. 323 million to a low of Kshs. 245 million.

EXPENSES

Details	2019/20	2018/19	2017/18	2016/17
Expenses	Kshs. M	Kshs. M	Kshs. M	Kshs. M
Operational Expenses				
a) Personnel Emoluments	780	765	764	575
b) Maintenance Costs	17	21	33	18
c) Council Expenses	11	14	17	10
d) Other Operational Expenses	132	155	157	132
e) Depreciation	95	102	56	89
Total Operational Expenses	1,035	1,057	1,027	734
Academic Costs	45	63	44	36
Administration Costs	18	23	24	15
Student Welfare	15	22	13	24
Total expenses	1,113	1,166	1,108	810

The total expenses for the year amounted to Kshs 1.113 Billion. The table above shows that the expenses have been increasing steadily over the last five years. The major cost driver was personnel emoluments. For instance, in FY2016/17, the total expenditure was Kshs. 810 million which grew to Kshs. 1.113 billion in FY 2019/2020. Personnel emolument was Kshs. 575 million in FY 2016/17 and Kshs. 780 in FY 2019/20. Other costs have been increasing marginally over the period.

Personnel Emoluments - Include basic salaries, allowances, casual wages and part-time payment.

Figures in Kshs. million	2019/20	2018/19	2017/18	2016/17	2015/16
Personnel Emoluments	780	765	764	575	535
Transfer from GOK	690	676	767	553	553
Total Income	959	1,038	983	840	903

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Total expenses	1,113	1,166	1,109	898	817
Emolument as a %age of total Expense	70%	66%	69%	64%	65%
Emolument as a %age of Transfer from GOK	113%	113%	100%	104%	97%
Emolument as a %age of Total Income	81%	74%	78%	68%	59%

During the year, the personnel emoluments were on average 70% of the total expenses and 113% of Transfer from GOK from the Government. Further, the personnel emoluments were 81% of total income.

The University is a teaching, research and extension institution. The personnel required include academic and non-teaching staff. The Transfer from GOK is used for paying the personnel emoluments and meeting other expenses. The Transfer from GOK is expected to increase with increase in number of students and staff. However, there was an obvious mismatch in the government support and the growth of the University. For instance, in FY 2019/20, the Transfer from GOK was Kshs. 690 million. The first years admitted in that year were 1,499. In the FY 2020/21 the Transfer from GOK was Kshs. 692 million. The first years admitted were three thousand. The number of students admitted in FY2020/21 increased by about 1,500 but Transfer from GOK increased by Kshs. 2 million only.

DEFICIT

The University reported a deficit of Kshs. 154 Million. The deficit increased by 19% from previous year's deficit of Kshs. 127 million. The deficit increased due to the fact that there was a significant decrease in Tuition and Other Fees as a result the closure of the University due to Covid 19 as compared to the previous year. The expenditure nevertheless remained fairly constant thought the year.

	2019/20	2018/19	2017/18	2016/17	2019/20	
					Increment	
	Kshs. M	Kshs. M	Kshs. M	Kshs. M	Kshs. M	%
Surplus / (Deficit)	(154)	(127)	(128)	(58)	(24)	21%

The University is wary about future financial sustainability considering that it has reported a deficit for the fourth year running. If the trend continues, the University will suffer technical insolvency. The University will avoid going into insolvency by diversifying income generated internally and managing cost so that marginal cost will be equivalent to or less than the marginal revenue.

- **Increase Revenue**

The University will venture into other sources of revenue generation. Other than government grants and fees from students, the University will explore other income generating activities.

- **Manage Cost**

The University will institute cost management strategies. The University will ensure that wastages are eliminated and efficiency is increased. We shall embrace innovation and automation in our operations. Further, we shall benchmark with the best universities or other organizations in order to adopt the best practices in our operations.

All decisions will be made prudently. When making decisions, the financial implications of the decisions will be considered. We shall focus on consolidating what we already have instead of starting new projects, departments or faculties. We shall merge roles where they have been duplicated. We shall strictly adhere to the budget allocations.

CAPITAL EXPENDITURE

The Council plans to transform the University into a modern, sustainable learning and working environment that is innovative and engaging for both staff and students. The University will spend a total of Kshs 500 million on capital expenditure in the next financial year and a total of Kshs. 20 billion is planned over the next 10 years.

The development grants from the government have declined significantly over the years.

Construction of Engineering Complex

The major project undertaken during the year was construction of Engineering Complex. The Building had an initial cost of Kshs. 535 million. It is being built in phases. As at 30 June 2020, phase 1 and phase 2 were complete. Phase 3 was 60% complete. The building is expected to be completed in the financial year 2020/2021.

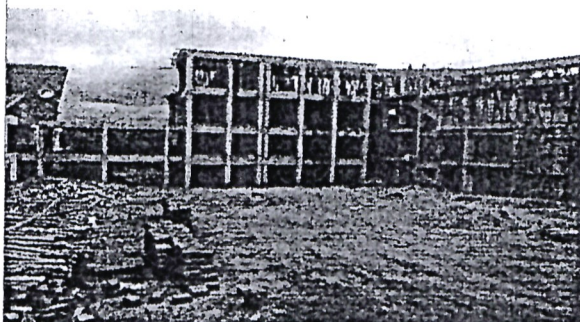


Photo of Phase 3 as at 30 June 2020

SECTION B

The University's compliance with statutory requirements

The University complied with all statutory requirements. The University withheld taxes where it was required to do so. All withheld taxes, payroll deductions-NHIF, NSSF, PAYE, Pension and other deductions were paid fully and on time.

SECTION C

Key projects and investment decisions the University is planning/implementing

The University is undertaking or planning to undertake the following major projects:

Construction of Engineering Complex

The building is being constructed in three phases. Phase 1 and 2 are complete. Phase 3 was over 60% complete as at 30 June 2020.

Nursing and Public Health Building

The University is planning to construct a specialized building for programs in Nursing and Public Health fields. By the end of the financial year, the procurement process for a contractor had already

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

started.

Sports Fields

The University has planned to construct two football and rugby pitches with running tracks, a hockey pitch, basketball pitch, a swimming pool and a tennis court. By the end of the financial year, the procurement process for a contractor had already started.

SECTION D

Major risks facing the University

Operational risks

Just like any organization, the University faces many operational risks. Some of the risks include the following:

The University is located in a water deficient region. Most of the water consumed in the University comes from boreholes. During dry season, some of the bore holes dry up. The University has invested in water storage facilities.

Just like in any other establishment in Kenya, the risk of terrorism is real. The University has invested heavily in a bid to mitigate against the risk by installing a biometric system, CCTV cameras in sensitive places, security men at the entrance of major buildings and having armed security men in the University for 24 hours a day. Even with these measures, the University perimeter fence (diameter of 7.5 km) is poorly fenced (chain link). It is possible for an individual to cut through chain link and enter the compound from any direction. The permanent solution is construction of a stone fence. The University has budgeted for a stone fence in the financial year 2021/2022.

The number of students joining the university under the parallel programme has been declining year after year. The parallel programme is a major source of revenue for the University. Financial sustainability of the University is therefore under threat. The University is investing heavily on facilities and other resources and has also stepped up the promotion of its programs in order to attract as many students as possible.

SECTION E

Material arrears in statutory/financial obligations

The University did not have any material financial obligation during the year.

SECTION F

The University's financial probity and serious governance issues

There were no financial improbity reported during the year.

No governance issues were reported during the year.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/ SUSTAINABILITY REPORTING

Meru University of Science and Technology exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on

Corporate Social Responsibility

1. Blood Donation Drive

On 12th, 13th and 14th November 2019 the University in partnership with Kenya Red Cross organized for a blood donation drive. Members of staff and students willingly donated blood

2. Free Medical Camp

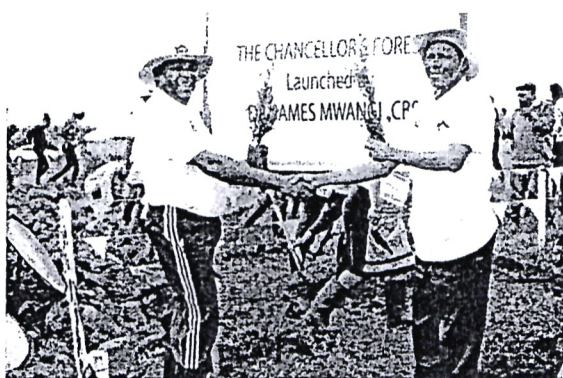
On 6th and 7th March 2020, the University Health Unit in conjunction with Meru Teaching and Referral Hospital offered free medical services to students, staff and members of surrounding community at our Health Unit. The services included:

- HIV testing and counselling
- Cervical cancer screening
- Blood donation
- Family planning services

Environmental Sustainability

1. Tree Planting at Meru University of Science and Technology

On 11th November 2019 Meru University of Science and Technology community led by the Chancellor, Dr. James Mwangi and in partnership with Equity Group, planted over 40,000 indigenous and exotic tree seedlings at the University's main campus in Meru County. The event was attended by MUST staff, students and guests from Equity Group.



Research conducted earlier in the year at ETH Zurich, a Swiss University, showed that there is enough room in the world's existing parks, forests and abandoned land to plant 1.2 trillion trees. This would have the carbon dioxide storage capacity to cancel out a decade of carbon dioxide emissions. The exercise represented the University support in combating climate change.

The trees were planted in a part of the University land christened “the Chancellor’s Forest”. After the event, cumulatively, the Chancellor’s Forest had 87,900 trees planted on 70 acres of land. In total, the University forest cover reached 13% of the total acreage. That made MUST the first University to have over 10% forest cover.



2. The Circular Economy Project

Enabling the Circular Economy Project was launched by Prof. Romanus Odhiambo, Vice-Chancellor of Meru University of Science and Technology on 29th July, 2019. The project deals with management of sanitation. The Vice-Chancellor indicated that the University has set aside 20 acres of land for the establishment of a Sanitation Research Centre.

Providing safe sanitation in the developing world is still a major hurdle to achieving the Sustainable Development Goals (SDGs), with 61% of the global population lacking safely managed sanitation services, and hence not resilient to future changes. In low income countries, people’s sanitation needs are often served by onsite, with 5 billion people expected to be served by onsite sanitation by 2030. The existing forms of onsite sanitation such as pit latrines lack resilience to future shocks, as they are often prone to flooding, are difficult to empty in areas with a high water table and the practice of filling in a latrine and digging a new one becomes less viable with increasing urbanization. Whereas aspirations for improved sanitation from low income countries focus on sewer systems, the combination of high capital expense, high operational cost, high demand for water and installation difficulties in dense urban areas make this an unviable option for the near future. Thus the insufficiency of both existing onsite and sewer-based systems raises the need for new resilient ways of managing waste in low income cities.

Circular economy (CE) models, actively using the nutrient or energy value of waste are being implemented in sanitation as a way of shifting the paradigm of waste management to resource production. They focus on the whole sanitation chain which has a positive environmental and health impact, unlike other systems (included sewers) where waste is often discharged untreated into the environment. The CE sanitation systems however need supportive government policies to be sustainable; this requires creating an enabling environment, facilitating CE sanitation as a viable alternative to sewers in hard-to-reach areas, and helping governments meet sanitation targets at a reduced cost. This project brings together a consortium of British and Sub-Saharan African universities together with CE sanitation businesses and organizations that are trying to support them. The overall aim is to build a model for an enabling environment for the circular economy sanitation system.

REPORT OF THE COUNCIL

The University Council submits its report together with the financial statements for the year ended June 30, 2020 which show the state of the University's affairs.

Principal activities

The principal activities of the University continue to be provision and advancement of 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 may from time to time determine and in so doing, contribute to labour market needs.

Results

The financial performance results of the University for the year ended June 30, 2020 are set out on page 1.

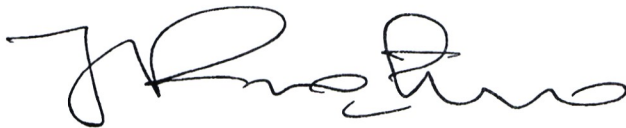
University Council

The members of the University Council who served during the year are shown on pages v to xiii.

Auditors

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

By Order of the Council.



Prof. Romanus Odhiambo
Council Secretary/ Vice Chancellor
Date: November 12, 2020

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF COUNCIL'S RESPONSIBILITIES

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

The University Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year. This responsibility includes:

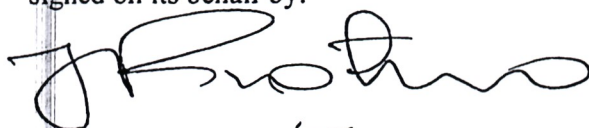
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the University;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The 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 PFM Act, 2012 and Section 47 of the Universities Act No. 42 of 2012. The University Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2020, and of the University's financial position as at that date. The University Council further confirms the completeness of the accounting records maintained by the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the Council on September 14, 2020 and signed on its behalf by:



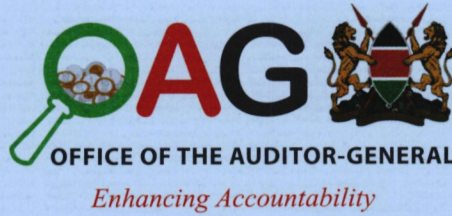
Vice Chancellor



Chairman

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Meru University of Science and Technology set out on pages 1 to 32, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the 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 Meru University of Science and Technology as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accruals Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unsupported Revaluation of Motor Vehicle

As disclosed in the statement of changes in net assets and under Note 16 to the financial statements, the University revalued its motor vehicles in the financial year 2019/2020 resulting into a revaluation gain of Kshs.33,577,134. However, supporting documents for the revaluation including the revaluation report were not provided for audit.

In the circumstances, the accuracy of the reported balance of Kshs.59,840,071 with respect to the revaluation reserve and the Kshs.50,165,000 being the net book value of motor vehicles as at 30 June, 2020 could not be confirmed.

2.0 Accuracy of the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects actual total expenses of Kshs.1,113,030,132 while the statement of financial performance reflects Kshs.1,112,965,732 with respect to total expenses resulting into an unreconciled variance of Kshs.64,400. In addition, the statement of comparison of budget and actual amounts reflects an original budgeted surplus of Kshs.74,647 which differs with the recomputed surplus of Kshs.9,674 by an unexplained variance of Kshs.64,973.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts could not be confirmed.

3.0 Financial Performance and Sustainability of Services

As reflected in the statement of financial performance, the University recorded a deficit of Kshs.153,709,047 which depleted further its revenue reserve fund to a negative balance of Kshs.471,467,211 from the negative balance of Kshs.317,758,164 reported for the year ended 30 June, 2019. The financial performance is an indication of the existence of a material uncertainty which may cast a significant doubt on the University's ability to continue as a going concern. However, the material uncertainty in relation to going concern and any mitigating measures put in place by the University Council and Management to reverse the undesirable trend have not been disclosed in the financial statements.

4.0 Construction of the Engineering Tuition Block

The statement of financial position reflects Kshs.2,189,017,627 for property, plant and equipment which, as disclosed at Note 16 to the financial statements, included Kshs.984,229,615 with respect to work in progress including the construction of the engineering tuition block. The following observations were made regarding the construction:

4.1 Delayed Completion

A cumulative balance of Kshs.375,848,941 had been incurred from the financial year 2010/2011 to 30 June, 2020 relating to the Project. However, and as previously reported, documents or records to confirm the overall completion stage and the expected completion period of the Project were not provided.

4.2 Irregular Variation of Contract

The original works was procured as one Project but the University Management later split the Project into three (3) phases before commencement and varied the original contract sum of Kshs.474,572,603 to Kshs.590,881,208 representing a variance of Kshs.116,308,605 or 24.5%. The Management was therefore in breach of Section 139(3) of the Public Procurement and Asset Disposal Act, 2015 which provides that no contract price shall be varied upwards within twelve (12) months from the date of the signing of the contract.

4.3 Irregular Advance Payment on Engineering Tuition Block

Note 16 to the financial statements reflects additional work in progress amounting to Kshs.170,690,419. However, the balance included Kshs.15,000,000 paid to the contractor without any bank guarantee contrary to Section 147 of the Public Procurement and Asset Disposal Act, 2015 which stipulates that under exceptional circumstances, advance payment may be granted and shall not exceed twenty per cent (20 %) of the price of the tender and shall be paid upon submission by the successful tenderer to the procuring entity of an advance payment security equivalent to the advance itself and that security shall be given by a reputable bank or any authorized financial institution issued by a corresponding bank in Kenya recognized by the Central Bank of Kenya.

In the circumstances, the recoverability and legality of the advance payments of Kshs.15,000,000 could not be confirmed.

5.0 Biological Assets

The statement of financial position reflects Kshs.963,800 for biological assets which comprised of Kshs.416,000 and Kshs.547,800 for dairy cattle and beef cattle respectively, as disclosed at Note 17 to the financial statements. However, supporting documents including the register showing weight and vaccinations history, progress on health of the animals, date of acquisition and disposal were not provided for audit. In addition, records provided for audit, revealed that the Management disposed ten (10) beef cattle at Kshs.1,727,077 during the year under review. However, supporting documents for the disposal including disposal committee minutes and copies of receipts issued to the buyers were not provided for audit.

In the circumstances, the accuracy of the Kshs.963,800 in respect of biological assets at 30 June, 2020 could not be confirmed.

6.0 Receivables from Exchange Transactions

6.1 Long Outstanding Receivables and Lack of Provision for Doubtful Receivables

The statement of financial position reflects Kshs.117,151,020 in respect to receivables from exchange transactions which, as disclosed at Note 13 to the financial statements, included Kshs.114,265,364 in respect to student debtors of which Kshs.49,192,028 was due from one thousand six hundred and thirty (1,630) students. However, a review of the student debtors' ledger revealed that the amount of Kshs.49,192,028 had been outstanding from the beginning of the financial year.

Further, the receivables balance of Kshs.117,151,020 included Kshs.1,113,763 relating to staff debtors of which Kshs.118,998 was due from nineteen (19) staff members and had been outstanding from the beginning of the financial year. However, no evidence of the effort by the University Management to recover the balances due from students and staff was provided.

In addition, the University did not make a provision for bad and doubtful debts and had not developed a debt management policy.

In the circumstances, the accuracy and full recoverability of the reported balances of Kshs.114,265,364 and Kshs.1,113,763 with respect to students debtors and staff debtors respectively, could not be confirmed.

6.2 Increase in Student Debtors

As disclosed at Note 13 to the financial statements, students' debtors increased from the balance of Kshs.67,909,517 reported in the financial year 2018/2019 to Kshs.114,265,364 in the year under review representing an increase of Kshs. 46,355,847 or 68%. In addition, the students debtors reported in the financial year 2017/2018 was Kshs.56,714,924. No satisfactory explanation was provided for the increase and evidence of Management effort to address the matter was not provided.

In the circumstances, it was not possible to confirm that the University had instituted effective measures towards recovery of receivables. In addition, the full recoverability of the reported balance for receivables could not be confirmed.

7.0 Unsupported Farm Income

Note 6 to the financial statements reflects Kshs.24,111,137 with respect to other income of which Kshs.2,323,812 related to farm sales. However, supporting documents for the farm sales were not provided for audit. Further, Note 7 to the financial statements reflects farm expenses of Kshs.3,605,367 resulting into a farm loss of Kshs.1,281,555.

In the circumstances, the viability of the farming venture could not be confirmed. In addition, the farming activities could consume resources earmarked for other activities.

8.0 Other Operational Expenses

The statement of financial performance reflects Kshs.131,965,364 for other operational expenses which, as disclosed in Note 7(d) to the financial statements, comprised of various categories of expenditure. The following observations were made regarding the balance:

8.1 Stock Variance

The balance includes Kshs.1,567,658 with respect to stock variance. However, supporting documents including the stock variance ledger, stock type, method of valuation, computation schedules, reason for the variance and action taken by Management were not provided for audit.

8.2 Farming/Production Costs

8.2.1 Accuracy of the Purchase Cost of Biological Assets

The balance includes farming/production costs of Kshs.1,787,907. However, a review of documents provided for audit revealed that Kshs.1,860,000 was paid for the purchase of thirty (30) bulls from Kenya Livestock Marketing Council for slaughter resulting into an unreconciled variance of Kshs.72,093.

Further, the Kshs.1,787,907 was expensed under farm production costs in the statement of financial performance and also Kshs.1,860,000 capitalized as biological assets contrary to Paragraph 16 of International Public Sector Accounting Standards (IPSAS) No. 27 - Agriculture which stipulates that a biological asset shall be measured on initial recognition and at each reporting date at its fair value less costs to sell. Further, the local purchase order (LPO) reflects Kshs.1,860,000 while the bid documents reflect Kshs.1,950,000 resulting into an unreconciled variance of Kshs.90,000.

In addition, no evidence was provided that the tender was advertised as required under Section 96(3) of the Public Procurement and Asset Disposal Act, 2015 which requires entities to advertise using Kenya's dedicated tenders portal or any other electronic advertisements as prescribed and post advertisements at any conspicuous place reserved for this purpose in the premises of the procuring entity.

8.2.2 Death of Ten (10) Bulls

A review of documents revealed that ten (10) bulls died between 21 August to 26 November, 2019 after they were delivered on 25 July, 2019 casting doubt on their health status at the time of purchase. The payment of Kshs.1,860,000 for the bulls was done on 17 September, 2019 despite the Inspection and Acceptance Committee as per their report dated 25 July, 2019, having noted that three (3) bulls were over-age. However, records including the death and disposal certificates from an independent veterinary officer were not provided for audit.

In the circumstances, the accuracy and value for money for the Kshs.1,787,907 in respect to farming / production costs and biological assets could not be confirmed.

In view of the foregoing matters, accuracy, validity and value for money for the expenditure of Kshs.131,965,364 for other operational expenses reflected under Note 7(d) to the financial statements could not be confirmed. In addition, the University was in breach of the law.

9.0 Unsupported Maintenance Costs

Note 7(b) to the financial statements reflects maintenance costs of Kshs.17,099,693 which includes Kshs.600,399 for maintenance of grounds of which Kshs.155,500 was monthly allowances (token) paid to prison wardens for ground maintenance services provided by inmates. However, supporting documents including recipient officers' service number and cellphone number as well as signed acknowledgements were not provided for audit.

In the circumstances, the accuracy and propriety of maintenance costs amounting to Kshs.155,500 could not be confirmed.

10.0 Academic Costs

The statement of financial performance reflects academic costs of Kshs.45,037,880 which, as disclosed at Note 8 to the financial statements, comprised various expenditure categories. The following observations were made regarding the expenditure:

10.1 University Research Expenses

The balance includes University research expenses of Kshs.9,033,269 of which Kshs.3,207,655 was paid to survey interviewers. However, supporting documents including how the researchers and their partners were identified, payment schedules, rates of payment, payment acknowledgements, authority to use own vehicles and work plans were not provided for audit contrary to Regulation 99(3) of Public Finance Management (National Governments) Regulations, 2015 which requires that every entry in the accounts shall be supported by a voucher or other approved document containing full details, clear narrations and particulars of the items to which it relates.

In the circumstances, the accuracy and propriety of the University research expenses of Kshs.3,207,655 could not be confirmed.

10.2 Graduation Expenses

The balance includes graduation expenses of Kshs.5,171,424 of which Kshs.74,900 related to fuel expenses for the security vehicles on the graduation day. However, the work tickets for the fueled vehicles were not provided for audit.

In the circumstances, the accuracy and propriety of fuel expenses amounting to Kshs.74,900 could not be confirmed.

10.3 Travelling and Accommodation - Academic

10.3.1 Unsupported Expenditure

The balance included Kshs.3,431,839 with respect to travelling and accommodation - academic of which Kshs.139,200 was allowances paid to students. However, supporting documents including details of students involved and back to office reports were not provided for audit contrary to Section 99(3) of the Public Finance Management (National Governments) Regulations, 2015 which requires that every entry in the accounts shall be supported by a voucher or other approved document containing full details, clear narrations and particulars of the items to which it relates.

In the circumstances, the accuracy of the Kshs.139,200 in respect to travelling and accommodation - academic could not be confirmed.

11.0 Council Allowances

Note 7(c) to the financial statements reflects Kshs.11,076,062 in respect to Council expenses of which Kshs.4,284,000 related to sitting allowances. An amount of Kshs.640,000 was paid to two (2) Council Members who were representatives of the National Treasury. However, the appointment letters of the two (2) Council Members required the University to pay the sitting allowances directly to The National Treasury and not to the individual members. In addition, Management did not provide the approved rates for payment of the Council allowances.

In the circumstances, the accuracy and value for money for the council expenses amounting to Kshs.640,000 could not be confirmed.

12.0 Personnel Emoluments

Note 7(a) to the financial statements reflects personnel emoluments of Kshs.779,891,158 which includes Kshs.33,440,799 paid as remuneration to thirty (30) new staff members recruited on permanent and pensionable terms and on contract to various positions. Kshs.508,839 and Kshs.6,962,650 was paid to one legal officer employed within the year and five lecturers promoted during the year under review respectively, both totaling to Kshs.7,471,489. However, review of documents, records and University Staff Union Collective Bargaining Agreement (CBA) 2013-2017 revealed that the officer and the lecturers should have been paid Kshs.472,899 and Kshs.6,519,881 respectively, both totaling to Kshs.6,992,780 resulting to an overpayment of Kshs.478,709.

In the circumstances, the accuracy and the propriety of personnel emoluments of Kshs.7,471,489 included in the reported balance for personnel costs could not be confirmed.

13.0 Bank Overdraft

The statement of financial position reflects a bank overdraft of Kshs.27,486,267 which, as disclosed at Note 22 to the financial statements, related to the operations bank account held at a local bank. However, the University did not have an overdraft facility agreement with the bank. In addition, evidence of Council approval for the facility as required under Section 28(4) of the Public Finance Management Act, 2012 was not provided.

In the circumstances, the legality of the bank overdraft of Kshs.27,486,267 and whether the related costs of the facility constituted a proper charge to public funds, could not be confirmed.

14.0 Progress on Follow-up of Auditor Recommendations

The progress on follow-up of auditor recommendations has not been provided as required. Under the circumstances, IPSAS requirements and the financial reporting guidelines issued by the Public Sector Accounting Standards Board pursuant to the requirements of Section 194(1) of the Public Finance Management Act, 2012 had not been met.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Meru University of Science and Technology 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.

Other Matter

1.0 Budgetary Control and Performance

1.1 Unauthorized Expenditure

As reflected in the statement of comparison of budget and actual amounts, the University incurred personnel costs amounting to Kshs.779,891,158 against an approved budget of Kshs.758,016,319 resulting into an over-expenditure of Kshs.21,874,839 or 3%. However, no evidence was provided for audit that the over-expenditure of Kshs.21,874,839 was approved as required under to Section 44(2) of the Public Finance Management (National Government) Regulations, 2015 which stipulates that National Government entities shall execute their approved budgets based on the annual appropriation legislation and the approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the Contingencies Fund or supplementary estimates.

1.2 Unbalanced Budget

The statement of comparison of budget and actual amounts reflects a total approved revenue budget of Kshs.956,331,488 and an expenditure budget of Kshs.1,156,461,981 resulting to a budgetary deficit of Kshs.200,130,493. This is contrary to Section 33(c) of the Public Finance Management (National Government) Regulations, 2015 which requires budgets to be balanced.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Compensation of Employees

1.1 Irregular Recruitment

1.1.1 Recruitment without Approval and Lack of Register for Applications

Note 7(a) to the financial statements for the year under review reflects Kshs.779,891,158 in respect to personnel emoluments which includes Kshs.33,440,799 paid as remuneration to thirty (30) new staff members recruited on permanent and pensionable

terms and on contract to various positions. The University carried out the recruitment exercise without approval from the Ministry of Education contrary to Section 39 of The National Treasury Circular No. 14/2018 dated 27 November, 2018 on guidelines for the preparation of the annual budget which required universities to seek approval from the Ministry of Education prior to recruitment of new staff in the financial year 2019/2020. Further, the University did not maintain job applications register. It was therefore not possible to ascertain whether all the submitted applications were duly considered and whether the deadline date was met by the successful applicants.

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

1.1.2 Recruitments Without Interviews and Appointment of Unqualified Candidates

Note 7(a) to the financial statements reflects Kshs.779,891,158 for personnel emoluments which includes Kshs.3,609,297 being emoluments paid to eight (8) employees comprising three (3) procurement assistants, one (1) senior lecturer, two (2) accounts clerks, (1) accounts assistant and (1) one legal officer. The eight (8) employees were not recruited competitively as they were not shortlisted or interviewed prior to their appointment. The personnel emoluments balance also included Kshs.835,641 paid to a legal officer and an accounts assistant recruited without meeting the minimum qualifications for their respective positions. The appointments were therefore, contrary to Section 232(1)(g) of the Constitution of Kenya which requires fair competition and merit as the basis of appointments and promotions.

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

1.1.3 Re-Interviewing Without Justification

Note 7(a) to the financial statements reflects Kshs.779,891,158 for personnel emoluments which includes Kshs.1,173,272 paid to a Director. A review of the recruitment process revealed that three (3) applicants were shortlisted for the position, an interview carried out and the candidates ranked in order of their performance. The interviewing panel recommended that the two (2) best candidates proceed to the Council for further interview since the two scored 60% and above, which was the minimum score for a candidate to be appointed. However, all the three (3) candidates were re-interviewed by another committee and the candidate who scored the least marks in the first interview appointed to the position based on the second interview.

No explanation was provided why the recommendations of the first interviewing panel, that the best two (2) candidates proceed for further interview by the Council, was set aside.

In the circumstances, the regularity of the process and the propriety of the Kshs.1,173,272 paid to the officer in the year under review could not be ascertained.

1.1.4 Ethnic Composition of Employees

An analysis of the ethnic composition of Meru University in the year under review revealed that out of four-hundred and six (406) employees, two hundred and seventy-one (271) employees representing 67% of the workforce was from the dominant ethnic community

in the County contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than one-third of its staff from the same ethnic community.

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

2.0 Property, Plant and Equipment

2.1 Additional Shed at Student Eatery

The University paid Kshs.1,167,155 to a firm for the construction of an additional shed at the student eatery. However, the firm had not submitted audited accounts for two (2) years which was a requirement to be registered as a supplier with the University. The firm was therefore irregularly pre-qualified as a University's supplier resulting to the University awarding the contract contrary to Section 95(3) of the Public Procurement and Asset Disposal Act, 2015 which stipulates that a procuring entity shall invite tenders from only the approved persons who have been pre-qualified. Further, the University did not deduct retention money from the payment to the contractor thereby exposing the University in the event of defects occurring after the payment.

In the circumstances, the value for money of the expenditure of Kshs.1,167,155 could not be confirmed.

1.2 Failure to Deduct Retention Money

Note 16 to the financial statements reflects work-in-progress additions of Kshs.170,690,419 which includes Kshs.8,376,000 paid to five (5) contractors. However, a review of payments made to the contractors revealed that the Management did not deduct Kshs.837,600 or 10% being retention money to cater for defects within the defects liability period.

In the circumstances, the University may suffer loss in rectifying defects that may arise on the completed projects.

1.3 Delayed Implementation of Miraa Research Centre Project

Note 19 to the financial statements reflects trade and other payables amounting to Kshs.300,849,163 which includes Kshs.6,795,207 with respect to Miraa Research Centre. This was a grant by the Permanent Secretary - State Department for Crop Development meant for infrastructure works at the University. However, the funds had not been utilized as at 30 June, 2020 and the implementation of the Project had not commenced. No satisfactory explanation was provided for failure to implement the Project.

3.0 Issue of Multiple Imprest and Failure to Recover Unaccounted for Imprest

As disclosed at Note 13 to the financial statements, the receivables from exchange transactions balance of Kshs.117,151,020 included outstanding imprest of Kshs.393,900. However, a review of the imprest register revealed that the Kshs.393,900 comprised of two imprests of Kshs.18,900 and Kshs.375,000 issued to one employee on 25 July, 2019 and 28 July, 2019 respectively, contrary to Section 93(4)(b) of the Public Finance

Management (National Government) Regulations, 2015 which stipulates that before issuing temporary imprests, the Accounting Officer shall ensure that the applicant has no outstanding imprests. In addition, the imprest had not been surrendered as at 30 June, 2020 - more than eleven (11) months since it was issued. This was contrary to Section 93(5) of the Public Finance Management (National Government) Regulations, 2015 which provides that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station and Regulation 93 (6) which requires an Accounting Officer to recover the unaccounted for imprest from the salary of the defaulting officer.

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

4.0 Procurement Irregularities

4.1 Advertisement and Publicity

The balance of Kshs.4,824,117 for advertising and publicity reflected under Note 7(d) to the financial statements includes Kshs.220,000 paid to a firm for advertising the September, 2019 and January, 2020 students' intakes. However, no evidence was provided for audit that the firm was competitively procured contrary to Section 60(1) of the Public Procurement and Assets Disposal Act, 2015 which requires the Accounting Officer to allow for fair and open competition among those who may wish to participate in the procurement proceedings.

4.2 Conference and Seminars

Included in the balance of Kshs.131,965,364 for other operational expenses as disclosed at Note 7(d) to the financial statements, is Kshs.1,044,634 with respect to conferences and seminars of which Kshs.108,250 comprising of Kshs.74,250 and Kshs.34,000 was paid on 11 November, 2019 and 10 December, 2019 respectively, to two (2) different firms. However, the services from the two (2) firms were procured directly although the conditions set under Section 103(2) of the Public Procurement and Assets Disposal Act, 2015 for use of the method had not been met.

In the circumstances, the regularity and value for money for the payments arising from the procurements could not be confirmed.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 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 sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of the intention to terminate the University or to cease operations.

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

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

The University Council is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how the University monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to 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

11 February, 2022

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2020

		2019/20	2018/19
	Note	Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from Government	3	690,155,084	676,226,316
Donations and Gifts	4	189,000	835,537
		690,344,084	677,061,852
Revenue from exchange transactions			
Tuition and other Fees	5	244,801,464	322,986,019
Other Income	6	24,111,137	38,248,879
		268,912,601	361,234,897
Total revenue		959,256,685	1,038,296,750
Expenses			
Operational Expenses	7	1,035,072,242	1,057,296,267
Academic Costs	8	45,037,880	62,793,121
Administration Costs	9	18,253,688	23,449,360
Student Welfare	10	14,601,923	22,216,591
Total expenses		1,112,965,732	1,165,755,339
Deficit		(153,709,047)	(127,458,589)

The notes set out on pages 6 to 35 form an integral part of these Financial Statements.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2019/20	2018/19
Assets			
Current Assets			
		Kshs	Kshs
Cash and cash equivalents	11	310,045,858	375,841,402
Prepayments	12	22,725,025	25,038,609
Receivables from exchange transactions	13	117,151,020	68,794,763
Receivables from exchange non transactions	14	-	53,672,954
Inventory	15	7,905,997	8,762,076
		457,827,900	532,109,804
Non-current Assets			
Property, plant and equipment	16	2,189,017,627	2,027,828,983
Biological Assets	17	963,800	807,077
Intangible Asset (ERP)	18	11,587,550	14,484,437
		2,201,568,977	2,043,120,496
		2,659,396,877	2,575,230,300
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	19	300,849,163	304,101,201
Provisions	20	21,757,781	40,000,000
Deferred income	21	24,621,826	27,315,346
Bank overdraft	22	27,486,267	-
Total Liabilities		374,715,037	371,416,547
Net Assets		2,284,681,839	2,203,813,753
Capital	23	2,696,308,979	2,495,308,979
Reserve Fund	24	(471,467,211)	(317,758,164)
Revaluation Reserve	25	59,840,071	26,262,937
Total net assets and liabilities		2,284,681,839	2,203,813,752

The Financial Statements set out on pages 1 to 5 were signed on behalf of the University Council by:



Prof. Romanus Odhiambo
Vice Chancellor
Date: November 12, 2020



CPA Nephath Njeru
Member No. 7145
Finance Officer
Date: November 12, 2020



Dr. Andrew Mokaya Maubi
Chairman of the Council
Date: November 12, 2020

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2020

Details	Capital	Revaluation Reserve	Revenue Reserve	Total
Note	23	25	24	
Balance as at 1st July 2018	2,272,768,397	26,262,937	(190,299,575)	2,108,731,759
Development Grants	222,540,582	-	-	222,540,582
Deficit	-	-	(127,458,589)	(127,458,589)
Balance as at 30 June 2019	2,495,308,979	26,262,937	(317,758,164)	2,203,813,752
Development Grants	201,000,000	-	-	201,000,000
Revaluation reserve (MV)	-	33,577,134	-	33,577,134
Deficit	-	-	(153,709,047)	(153,709,047)
Balance as at 30 June 2020	2,696,308,979	59,840,071	(471,467,211)	2,284,681,839

Revenue Reserve

Revenue reserve is the accumulated surpluses/deficits made by the University over the years.

Capital

Capital is composed of:

- The assets inherited from Meru College of Technology in July 2009 less liabilities as at that time.
- The accumulated development funds from the Government of Kenya or other external donors since the financial year 2008/09.

Revaluation Reserve

Revaluation reserve was created when Furniture, Computers, Machinery and Equipment, and Motor Vehicles were revalued. Furniture, Computers, Machinery and Equipment were revalued in the Financial Year 2017/18 while Motor Vehicles were revalued in financial Year 2019/20.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

		2019/20	2018/19
	NOTE	KSHS.	KSHS.
CASH FLOW FROM OPERATING ACTIVITIES			
Deficit for the year		(153,709,047)	(127,458,588)
Adjustment for :			
Gain on Revaluation of biological assets	17	(23,800)	(205,500)
Depreciation Charge	7(e)	95,039,965	102,287,376
Operating surplus before working capital changes		(58,692,882)	(25,376,712)
Decrease(increase) in Debtors		7,630,280	(83,261,225)
Decrease(increase) in Stocks		856,079	(501,522)
Increase in Creditors		3,298,490	97,917,126
		11,784,849	14,154,379
Net cash generated from Operating Activities		(46,908,033)	(11,222,334)
CASH FLOWS FROM INVESTING ACTIVITIES			
Work In Progress	16	(170,690,419)	(208,690,631)
Furniture & Fittings	16	(6,009,260)	(6,170,465)
Computers	16	(26,484,600)	(9,392,411)
Motor Vehicle		-	-
Machinery & Equipment	16	(16,570,309)	(22,049,379)
Biological Assets	17	(132,923)	(1,337,148)
Net cash flows from investing Activities		(219,887,511)	(244,965,738)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants allocated to Finance Capital Fund	23	201,000,000	222,540,582
Net Decrease in cash and cash equivalents		(65,795,544)	(33,647,490)
Cash and cash equivalents at beginning of year		375,841,403	409,488,892
Cash and cash equivalents at end of year	11	310,045,858	375,841,402

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Remarks
	2019/20	2019/20	2019/20	2019/20	2019/20	
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from GOK	690,155,084	-	690,155,084	690,155,084	-	0%
Tuition and other Fees	401,636,835	(158,257,988)	243,378,847	244,801,464	1,422,617	1%
Other Income	52,405,906	(29,608,349)	22,797,557	24,300,137	1,502,580	7%
Total income	1,144,197,825	(187,866,337)	956,331,488	959,256,685	(2,925,197)	0%
Expenses						
Operational Expenses						
a) Personnel Emoluments	764,568,553	(6,552,234)	758,016,319	779,891,158	(21,874,839)	-3%
b) Maintenance Costs	28,415,020	(7,655,056)	20,759,964	17,099,693	3,660,271	18%
c) Council Expenses	14,277,200	(2,020,900)	12,256,300	11,140,462	1,115,838	9%
d) Other Operational Expenses	163,907,769	(15,577,420)	148,330,349	131,965,364	16,364,985	11%
Academic Costs	72,192,040	(4,067,343)	68,124,697	45,037,880	23,086,817	34%
Administration Costs	26,010,734	(4,486,678)	21,524,056	18,253,688	3,270,368	15%
Student Welfare	22,009,835	(1,345,036)	20,664,799	14,601,923	6,062,876	29%
Depreciation	52,807,000	53,978,497	106,785,497	95,039,965	11,745,532	11%
Total expenses	1,144,188,151	12,273,830	1,156,461,981	1,113,030,132	43,431,849	4%
	74,647	(200,140,167)	(200,130,493)	(153,773,447)	(46,357,046)	

NOTES

The statement has been prepared using the adjusted budget. The budget was adjusted in order to reflect the reality on the ground. The University was indefinitely closed on 16 March 2020 when the second semester of the Academic Year was still in progress. Consequently, the University did not earn any revenue for the remaining part of the year. The adjustments were approved by the University Council.

- a) **Maintenance Cost:** This had a favourable variance of 18% due to the closure of major university activities during the covid-19 pandemic.
- b) **Other Operational Expenses:** This had a favourable variance of 12% due to the closure of major university activities during the covid-19 pandemic.
- c) **Academic Costs:** This had a favourable variance of 37% due to the closure of major university activities during the covid-19 pandemic.
- d) **Administration Costs:** This had a favourable variance of 15% due to the closure of major university activities during the covid-19 pandemic.
- e) **Student Welfare:** This had a favourable variance of 30% due to the closure of major university activities during the covid-19 pandemic.
- f) **Depreciation:** The change was brought about by the revaluation of motor vehicles during the year.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

The University is established by and derives its authority and accountability from University Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The University's financial statements have been prepared in accordance with and comply with International Public-Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the university. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

ADOPTION OF NEW AND REVISED STANDARDS

Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> (a) 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; (b) Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and (c) 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	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

Early adoption of standards

The University did not early – adopt any new or amended standards in year ended 30 June, 2020.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue from non-exchange transactions – IPSAS 23

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.

Government Grants and Assistance

Financial assistance provided by the Government is recognised in the year it was received or when the entitlement for the revenue is established. Most of the government grants and assistance received are considered to be contributions. A contribution occurs when the University receives an asset without having to give equal value to the other party / parties of the transfer. If the consideration received is in the form of a contribution, the income is to be recognised as revenue when all of the following conditions have been satisfied:

The University obtains control of the contribution or the right to receive the contribution;
It is probable that the contribution will flow to the University; and
The amount of the contribution can be reliably measured.

Income is therefore, only recognised when the University has control over the contribution, which is usually achieved through receipt or when entitlement for the revenue is established. If the government contributions are received with conditions attached, and contributions have to be refunded if the conditions are not met, then revenue should not be recognised until all of those conditions are met and treated as income in advance or monies held from the government.

Revenue from exchange transactions – IPSAS 9

The University recognises revenue arising from the following transactions and events:

- Student fees and charges;
- The rendering of services; and
- Other revenue.

Measurement of Revenue

Revenue is measured at the fair value of the consideration received or receivable, where in most cases, the consideration is in the form of cash or cash equivalents.

Recognition of Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the University and specific criteria have been met for each of the following activities as described below.

Student Fees and Charges

Student fees and charges are recognised as revenue in the year which the service is provided to students. Student fees and charges received that relate to the service to be rendered in the future period are treated as income in advance.

Rendering of Services

Revenue recognition based on contracts to provide services require income to be recognised in stages of completion often as a percentage of services performed to the total of services to be provided as stipulated in the contract. Revenue associated with the sale of services is recognised by reference to the stage of completion of the transaction at the reporting date when the outcome of a transaction involving the rendering of services can be estimated reliably. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied:

- i. The amount of revenue can be measured reliably;
- ii. It is probable that the economic benefits associated with the transaction will flow to the University;
- iii. The stage of completion of the transaction at the reporting date can be measured reliably; and
- iv. The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the University. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense, rather than as an adjustment of the amount of revenue originally recognised.

Other Revenue

Other revenue represents miscellaneous income and other grant income not derived from core business and is recognised when it is earned.

b) Budget information – IPSAS 24

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 entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

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

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

e) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Impairment of financial assets

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

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

e) Inventories – IPSAS 12

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value.

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

f) 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.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

g) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. The University has one reserve namely Revenue Reserve.

Revenue Reserve is composed of accumulated surplus or deficits.

Capital is composed of the following:

- Value of non-current assets as at 30 June 2009,
- Development grants received from the government from July 2009 to date, and
- Transfers from Revenue Reserve. Capital expenditure over and above the development grants from the Government is financed by the Revenue Reserve.

h) 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 if retrospective application is impractical.

i) Employee benefits – IPSAS 25

Retirement benefit plans: The University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the University pays fixed contributions into a separate University Pension Scheme (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.

j) Related parties – IPSAS 20

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

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank and also call accounts.

l) Comparative figures

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

m) Subsequent events – IPSAS 14

The University adjusts the financial statement for events after the reporting date together with the appropriate disclosures. The University adjusts the amount recognised in its financial statement to reflect the adjusting events after reporting date. Some examples of adjusting events include:

- i) Settlement after the reporting date of a court case
- ii) The receipt of information after reporting date indicating that an asset was impaired at the reporting date
- iii) Determination after reporting date of the cost of an asset purchased before reporting date
- iv) Discovery of fraud or errors that show that the financial statements were incorrect.

n) Biological Asset – IPSAS 27

The university biological assets are measured on initial recognition and at each reporting date at their fair value less costs to sell, except for the case where the fair value cannot be measured reliably.

**1. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY–
IPSAS 1**

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

Estimates and assumptions

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

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Useful lives and residual values

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

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

The following are the estimated useful lives of the various assets:

Details	Rate of depreciation	Life
Buildings	4%	25 years
Furniture & Fittings	10%	10 years
Computers	20%	5 years
Motor Vehicles	20%	5 years
Machinery & Equipment	10%	10 years
Biological Asset	Not depreciated	
Work in Progress	Not depreciated	
Land	Not depreciated	

It is the policy of the University to charge full year's depreciation on the year of purchase and nil depreciation on the year of disposal.

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.

2. POLICY ON BIOLOGICAL ASSETS

The University recognises a biological asset or agricultural produce when and only when:

- the University controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the University; and
- the fair value or cost of the asset can be measured reliably.

In agricultural activity, control may be evidenced by, for example, legal ownership of cattle and the branding or otherwise marking of the cattle on acquisition, birth, or weaning. The future benefits are normally assessed by measuring the significant physical attributes. A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. Cost may sometimes approximate fair value, particularly when:

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

- little biological transformation has taken place since initial cost incurrence or
- the impact of the biological transformation on price is not expected to be material

If an active market does not exist, the University uses one or more of the following, when available, in determining fair value:

- the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period;
- market prices for similar assets with adjustment to reflect differences; and
- sector benchmarks such as the value of an orchard expressed per export tray, bushel, or hectare, and the value of cattle expressed per kilogram of meat.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Notes to the Financial Statements Continued...

3. TRANSFERS FROM GOK

a) Transfer from GOK:

	2019/20	2018/19
	<u>Kshs</u>	<u>Kshs</u>
Annual Transfer from GOK	690,155,084	676,226,316
Total	690,155,084	676,226,316

The Transfers were received during the year in 12 equal instalments.

b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	Total grant income during the financial year 2018/19
	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
Ministry of Education	690,155,084	-	201,000,000	891,155,084	898,766,898
Total	690,155,084	-	201,000,000	891,155,084	898,766,898

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Notes to the Financial Statements Continued...			
NOTE	DETAILS	2020/19	2018/19
		<u>KSHS</u>	<u>KSHS</u>
4	Donations and Gifts		
	Donations and Gifts	189,000	835,537
5	TUITION AND OTHER FEES		
	Tuition Fees	130,068,017	160,704,547
	ID/Registration Fees	4,064,265	4,208,053
	Examination Fees	30,384,541	41,281,428
	Material Development Fees	6,360,300	6,308,420
	Laboratory Workshop Materials Fees	7,380,732	9,309,311
	Medical Fees	19,719,526	26,310,383
	Computer Fees	9,813,510	13,156,075
	Library Fees	5,975,540	8,077,468
	Activity Fees	5,783,840	7,941,240
	Field Trips/Attachment Fees	18,041,141	26,473,644
	Clinical Transport-Field	303,500	246,500
	Junior Clerkship	10,000	370,000
	Examinations Remarking	13,913	9,000
	Application Fees	609,540	635,650
	Accommodation fee	6,273,100	17,954,300
	SUB-TOTAL	244,801,464	322,986,019
6	OTHER INCOMES		
	a) Other incomes		
	Surcharges and Fines	535,258	606,584
	Printing and Photocopy	213,966	167,955
	Library Fines	25,884	41,539
	Transport Charges	193,542	252,535
	Sale of Tender Documents	1,000	11,000
	Miscellaneous Income	1,259,849	6,637,701
	Food Science Sales	74,050	270,425
	Chemistry sale of Detergent Income	3,520	7,750
	Gain on revaluation:	23,800	205,500
	Rental Income-Safaricom Mast	138,915	132,300
	Farm Sales -Dairy Farm	56,520	55,280
	Farm Sales-Beef	680,835	2,150,954
	Farm Sales -Food Crops	1,024,066	598,940
	Farm Sales -Grass	529,700	630,840
	Farm Sales - Fish	-	20,000
	Agriculture Dept Income-Demo farm	32,691	29,560

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Notes to the Financial Statements Continued...

NOTE	DETAILS	2020/19 KSHS	2018/19 KSHS
	Graduation Fees	5,755,500	5,477,000
	Hire of Academic Attire	51,175	345,000
	Students P.A.Y.E Sales	3,940,240	3,079,580
	Staff Cafeteria Sales	4,178,810	12,200,235
	Pay in Lieu of Notice	33,000	136,363
	Admin ChargeTuition Refund	-	8,000
	SUB-TOTAL	18,752,322	33,065,041
	b) Income for Deposits and Call Accounts		
	Interest on Deposits	5,358,816	5,183,838
	TOTAL OTHER INCOMES	24,111,137	38,248,879
7	OPERATIONAL EXPENSES		
	a) Personnel Emoluments		
	Basic Salary	315,058,354	301,878,326
	House Allowance	158,072,370	151,194,641
	Bus fare Allowance	16,707,747	17,275,132
	Use of own Car Allowance	35,469,514	32,763,902
	Non Practice Allowance	1,440,000	1,246,451
	Entertainment Allowance	9,621,411	10,043,986
	Responsibility Allowance	14,697,705	14,650,131
	Extraneous Allowance	6,174,109	5,972,275
	Leave Allowance	2,057,276	1,807,390
	Passage and Baggage	207,500	297,350
	Risk Allowance	168,000	176,774
	Domestic Work Allowance	1,645,371	2,559,572
	Out of Office Allowance	226,000	-
	Book Allowance	330,000	710,000
	Management Allowance	4,031,183	5,879,333
	Water and Electricity Allowance	768,177	1,172,800
	Telephone Allowance	4,641,929	5,134,760
	VC Commuter Allowance	558,000	794,602
	Duty House Allowance	625,484	2,182,000
	Security Allowance	774,355	1,416,161
	Acting Allowance	1,586,686	927,014
	Casual Wages	17,468,011	19,454,564
	Part-Time Teaching	104,414,820	124,568,875
	Overtime	56,851	43,948
	Students' Work Study Programme	185,600	504,000

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Notes to the Financial Statements Continued...

NOTE	DETAILS	2020/19 KSHS	2018/19 KSHS
	Gratuity	30,750,004	14,899,860
	Pension -Employer's Contribution	50,685,082	46,304,234
	Other Personnel Allowance	353,620	301,000
	Nonuse of official car allowance	1,116,000	930,000
	Car Benefit Allowance	-	16,258
	Settlement Allowance	-	102,200
	SUB-TOTAL	779,891,158	765,207,539
b)	Maintenance Costs		
	Marimba Centre Maintenance	1,462,135	1,422,990
	Mariene Centre Maintenance	4,510	-
	Maintenance of Plant and Machinery	1,479,852	619,514
	Maintenance of Furniture and Fittings	1,365,164	594,106
	Maintenance of Buildings	4,626,376	7,618,227
	Maintenance of Water and Sewerage	792,264	1,517,548
	Maintenance or Roads	42,500	797,855
	Maintenance of Grounds	600,399	522,846
	Motor Vehicle Repair and Maintenance	5,056,312	4,163,136
	Maintenance of Computers	1,122,273	1,592,986
	Computer Software Maintenance	547,908	2,241,352
	SUB-TOTAL	17,099,693	21,090,560
c)	Council Expenses		
	Council Sitting Allowance	4,284,000	5,440,000
	Council Subsistence	3,800,800	5,059,600
	Council Monthly Honoraria	936,775	960,000
	Council Fare	72,000	177,000
	Council Mileage	1,921,939	2,257,137
	Council Telephone	58,548	60,000
	Council Air Travel	-	48,800
	Council Lunch	2,000	-
	SUB-TOTAL	11,076,062	14,002,537
d)	Other Operational Expenses		
	Advertising & Publicity	4,824,117	13,751,055
	Audit Fees	870,000	870,000
	Bank Charges -O.D. Interest, Ledger Fee	830,468	967,988
	Chancellor Expenses	1,200,000	1,200,000

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Notes to the Financial Statements Continued...

NOTE	DETAILS	2020/19 KSHS	2018/19 KSHS
	Conferences and Seminars	1,044,634	3,641,834
	Contracted Professional Charges	358,560	-
	Curriculum Development	6,300	-
	Drug Abuse Prevention	-	59,500
	Electricity	15,097,130	12,399,717
	Security Services	18,463,754	17,327,290
	External Travel	-	122,100
	Funeral Expenses	264,000	143,100
	Gender and Disability Expenses	16,000	125,112
	Generator Expenses	865,460	635,135
	HIV AIDS Prevention	-	21,850
	Insurance	27,951,709	19,235,391
	Internet	11,079,093	14,596,809
	ISO Expenses	1,544,540	2,343,519
	Legal Fee	4,126,412	6,195,324
	Library Expenses	785,464	1,682,033
	Medical Expenses -In Patient	529,919	2,326,280
	Medical Expenses -Out Patient	2,907,529	4,947,706
	Medical Supplies	1,232,358	1,941,448
	Motor Vehicle Fuel	4,226,498	5,339,875
	Performance Contracting	127,100	793,700
	Postal and Telegram	39,720	134,707
	Public Celebrations	53,000	293,250
	Publishing, Printing and Photography	29,000	5,255
	Rent and Rates	12,958,360	14,818,348
	Sanitation	11,274,685	14,978,781
	Show Expenses	117,600	580,450
	Uniform and Clothing	594,968	695,621
	Dental Optical Expenses	1,970,190	2,165,815
	Official Entertainment	-	62,500
	Subscription Expenses	1,317,250	977,352
	Stock Variance	1,567,658	5,236,179
	National Cohesion & Integration	85,400	85,400
	Dairy Production Expenses	1,693,880	1,353,360
	Farm Crops Inputs	123,580	111,580
	Farming/Production Costs	1,787,907	2,248,948
	Purchases	1,120	293,944
	SUB-TOTAL	131,965,364	154,708,255

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Notes to the Financial Statements Continued...			
NOTE	DETAILS	2020/19	2018/19
		KSHS	KSHS
e	DEPRECIATION and AMORTIZATION		
	DEPRECIATION		
	Buildings	38,166,352	38,166,352
	Furniture & Fittings	12,138,313	11,537,387
	Motor Vehicles	-	14,802,288
	Computers	10,468,361	5,171,441
	Machinery	31,370,051	29,713,020
	SUB-TOTAL	92,143,078	99,390,489
	AMORTIZATION		
	ERP	2,896,887	2,896,887
	SUB-TOTAL	95,039,965	102,287,376
	TOTAL OPERATIONAL EXPENSES	1,035,072,242	1,057,296,267
8	ACADEMIC COSTS		
	External Training - Students	115,000	95,000
	Student Admission Expenses	-	72,000
	Quality Assurances CUE Expenses	1,015,000	14,700
	Programme Inspection Expenses	7,500	-
	Travel and Accommodation Academic	3,431,839	2,280,720
	Field Trips	1,359,300	5,112,146
	Graduation Expenses	5,171,424	7,487,146
	Teaching Practice	2,042,100	-
	Industrial Attachment	7,572,900	3,925,255
	KUCCPS	-	1,384,500
	University Research Expenses	9,033,269	10,557,242
	Stationery Academic	1,952,731	4,903,977
	Student Examinations	3,468,552	5,650,149
	Teaching Materials	4,064,861	14,237,617
	Telephone Academic	29,250	85,100
	Training -Academic Staff	148,400	1,216,638
	Entertainment Academic	388,953	2,410,311
	Curriculum Development Expenses	5,236,800	3,210,921
	MUST Innovate for Africa Hackathon	-	149,700
	SUB-TOTAL	45,037,880	62,793,121
9	ADMINISTRATION COSTS		
	Travelling and Accommodation Admin	7,877,721	8,967,534
	Telephone Admin	97,600	64,420
	Entertainment Admin	1,591,972	2,648,709

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Notes to the Financial Statements Continued...

NOTE	DETAILS	2020/19	2018/19
		<u>KSHS</u>	<u>KSHS</u>
	Stationery Admin	6,802,091	6,828,001
	Computer Expenses Admin	858,205	1,134,984
	Training -Non-Teaching Staff	1,026,100	3,805,712
	SUB-TOTAL	18,253,688	23,449,360
10	STUDENT WELFARE		
	Cooking Fuel	888,212	1,039,700
	Student Recreation Activities	4,406,548	7,195,913
	Foodstuffs	9,278,718	13,347,743
	Crockery & Kitchen Equipment	-	312,760
	Entertainment Student Welfare	28,445	320,475
		14,601,923	22,216,591
11	CASH AND BANK BALANCES	2020/19	2018/19
	Financial institution	<u>KSHS</u>	<u>KSHS</u>
	a) Bank deposits		
	BANK A/C (NBK) Main	6,705,318	25,808,576
	Bank A/C (NBK) Farm –	38,355,315	37,112,381
	Bank A/C (NBK) Project	23,085,649	3,007,939
	Bank A/C (KCB) Fees Collection	1,804,748	13,267,174
	Bank A/C (KCB) Operations	-	109,302,691
	Bank Equity-Fee collection account	48,883,624	36,675,531
	Bank CO-OP Bank- Fee Collection A/c	191,211,204	150,667,110
	SUB TOTAL	310,045,858	375,841,402
11	CASH AND BANK BALANCES Per Bank		
	Cash in hand		
	Equity	48,883,624	36,675,531
	Co-op	191,211,204	150,667,110
	NBK	68,146,282	65,928,895
	KCB	1,804,748	122,569,865
	SUB TOTAL	310,045,858	375,841,402

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Notes to the Financial Statements Continued...

NOTE	DETAILS	2020/19 <u>KSHS</u>	2018/19 <u>KSHS</u>
12	PREPAYMENTS		
	Rent Deposits	2,792,750	2,792,750
	Electricity Deposits	716,000	716,000
	Prepaid Insurance	18,147,275	19,200,165
	Security on motor vehicle fuel	1,069,000	1,069,000
	Other Prepaid expenses	-	1,260,694
	SUB TOTAL	22,725,025	25,038,609
13	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Staff Debtors	1,113,763	122,462
	Students Debtors	114,265,364	67,909,517
	Imprest	393,900	291,908
	Trade Debtors	289,714	-
	Withholding Tax	-	155,876
	P.A.Y.E	1,085,915	-
	Payment in Advance	-	315,000
	Faulu Loan Deduction	2,365	-
	SUB TOTAL	117,151,020	68,794,763
14	RECEIVABLES FROM NON EXCHANGE TRANSACTIONS		
	GoK Receivable	-	53,672,954
	SUB TOTAL	-	53,672,954
	We expect to receive our monthly Transfer from GOK within the month. However, when the Transfer from GOK is not received within the month, then, it is recognized as a receivable.		
15	INVENTORY		
	Estate Hardware Store	3,813,184	4,726,048
	Central Store	2,531,826	2,494,088
	Health Drug Store	1,333,762	1,140,837
	Kitchen Store	227,225	401,103
	SUB TOTAL	7,905,997	8,762,076

The inventory is valued at cost and issued on first in first out basis. Although there were regular stock takes during the year, an annual stock take was done on 30 June 2020 to determine the closing stock.

Meru University of Science and Technology
 Reports and Financial Statements
 For the year ended June 30, 2020

Notes to the Financial Statements (Continued)...

16. Property, plant and equipment

	LAND 0%	BUILDINGS 4%	WORK IN PROGRESS 0%	FURNITURE & FITTINGS 10%	COMPUTERS 20%	MOTOR VEHICLES 20%	MACHINERY & EQUIPMENT 10%	TOTAL Kshs
Cost/Valuation 30.6.2018	108,292,000	954,158,801	604,848,565	109,203,405	16,464,795	74,011,440	275,080,824	2,142,059,830
Additions: Purchases	-	-	208,690,631	6,170,465	9,392,411	-	22,049,379	246,302,886
Cost/Valuation 30.6.2019	108,292,000	954,158,801	813,539,196	115,373,870	25,857,207	74,011,440	297,130,203	2,388,362,716
Additions	-	-	170,690,419	6,009,260	26,484,600	-	16,570,309	219,754,588
Less Provision for Deprec. (30.6.19)	-	954,158,801	984,229,615	121,383,130	52,341,807	74,011,440	313,700,512	2,608,117,304
Revaluation Gain/(Loss)	108,292,000	954,158,801	984,229,615	121,383,130	52,341,807	16,587,866	313,700,512	2,608,117,304
Cost/Valuation 30.6.2020	108,292,000	954,158,801	984,229,615	121,383,130	52,341,807	33,577,134	313,700,512	2,584,270,864
Provision for Deprec. (30.6.18)	-	218,521,959	-	-	-	42,621,286	-	261,143,245
Depreciation	-	38,166,352	-	11,537,387	5,171,441	14,802,288	29,713,020	99,390,489
Provision for Deprec. (30.6.19)	-	256,688,311	-	11,537,387	5,171,441	57,423,574	29,713,020	360,533,734
Depreciation	-	38,166,352	-	12,138,313	10,468,361	-	31,370,051	92,143,078
Provision for Deprec. (30.6.20)	-	294,854,663	-	23,675,700	15,639,803	-	61,083,071	395,253,237
Net Book Value								
NBV As at 30.06.2018	108,292,000	735,636,842	604,848,565	109,203,405	16,464,795	31,390,154	275,080,824	1,880,916,585
NBV As at 30.06.2019	108,292,000	697,470,490	813,539,196	103,836,483	20,685,765	16,587,866	267,417,183	2,027,828,983
NBV As at 30.06.2020	108,292,000	659,304,138	984,229,615	97,707,430	36,702,004	50,165,000	252,617,440	2,189,017,627

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Notes to the Financial Statements (Continued)...

17 BIOLOGICAL ASSETS	Dairy Cattle KShs	Beef Cattle KShs	Total KShs
COST			
Net Book Value as at 30.06.2017	783,900	16,500	800,400
Additions	-	1,482,225	1,482,225
	783,900	1,498,725	2,282,625
Less Disposal	343,900	-	343,900
Net Book Value as at 30.06.2018	440,000	1,498,725	1,938,725
Changes in fair value	132,000	73,500	205,500
	572,000	1,572,225	2,144,225
Less Disposal	156,000	1,181,148	1,337,148
Net Book Value as at 30.06.2019	416,000	391,077	807,077
Additions		1,860,000	1,860,000
Changes in fair value		23,800	23,800
	416,000	2,274,877	2,690,877
Less Disposal		1,727,077	1,727,077
Net Book Value as at 30.06.2020	416,000	547,800	963,800

Biological assets include both dairy cows and beef cattle. Beef cattle were bought for consumption within the year. However, by 30 June 2020, seven beef animals had not been consumed. On the other hand, the University had five dairy cows as at the end of financial year. The animals were valued by a veterinary officer to determine their fair value. The additions during the year include 30 bulls bought for slaughter. Disposal includes 10 bulls that died during the year due to illnesses.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Notes to the Financial Statements (Continued)...

18: INTANGIBLE ASSET

RATE	ERP
	10%
Cost as at 30.6.2018	28,968,872
Additions	-
Cost as at 30.6.2019	28,968,872
Additions	-
Cost as at 30.6.2020	28,968,872
Provision for Deprec. (30.6.18)	11,587,548
Depreciation Expense	2,896,887
Provision for Deprec. (30.6.19)	14,484,435
Depreciation Expense	2,896,887
Provision for Deprec. (30.6.20)	17,381,322
Net Book Value	
NBV As at 30.06.2018	17,381,324
NBV As at 30.06.2019	14,484,437
NBV As at 30.06.2020	11,587,550

Intangible asset is Enterprise Resource Planning system known as Microsoft Navision. The system was commissioned in the Financial Year 2014/15 and is expected to serve the University for a period of ten years.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

NOTE	Notes to Financial Statements Continued... DETAILS	2019/20	2018/19
		KSHS	KSHS
19	TRADE AND OTHER PAYABLES		
	CDF Account	2,591,665	368,215
	Cystic Echinococcosis Project-Prof Magambo -	2,366,878	6,121,460
	Dr. Eunice Marete -Research Project	458,650	458,650
	Dr. Joshua Arimi NACOSTI	2,500	2,500
	HELB Control Account	397,000	69,500
	Insurance Claim Refunds	130,000	130,000
	MUST Alumni Association	9,379,833	7,540,833
	MUST Pension Scheme	251,291	251,291
	Quality Assurance(QUE) Fees	3,461,125	2,735,000
	Quality Audit Fees	22,174,279	21,499,529
	Placement Fees (KUCCPS)	6,359,200	8,313,200
	Accreditation (Regulating Body) Fees	1,724,900	1,592,000
	Students Indexing by Regulator Fees	578,200	1,147,450
	Teaching Practice Fees	3,852,300	2,028,300
	Research Administration Fund	701,494	701,494
	Retention Money for Projects	20,256,011	21,142,674
	SAMU Subscriptions	340,127	865,187
	Sundry Creditors	56,627,186	99,429,437
	NBK Recurrent Unidentified deposits	43,172	43,172
	NBK Fees Collection A/c Unidentified Deposits	140,150	140,150
	NBK Project A/C Unidentified Deposits	996,547	906,900
	Equity Fees A/c Unidentified Deposits	680,344	371,658
	KCB Fees Coll Unidentified Deposits	2,702,353	1,474,208
	Co-op Fees Coll Unidentified Deposits	1,274,436	545,545
	NBK Main Unidentified Deposits	175,205	175,205
	KCB Operational Unidentified	166,549	41,200
	VAT on Purchases	732,299	166,069
	Withholding Tax	389,449	-
	MEIWA Project	848,580	848,580
	Joy Riungu-Utafiti Project	9,142,689	981,180
	CNEAT Research Project	2,852,054	-
	Research Funds	4,245,700	9,982,031
	Salaries General	16,104	15,633
	Crowd/Participatory Sensing Project	2,775,665	-
	Gratuity Owing	34,788,584	25,359,459
	EA WHO Research Centre	56,272,948	56,279,248
	Epivot Project	6,419,211	-
	KCSAP Research Project-Masinde	3,427,423	-
	KCSAP Camel Meat- Dr Arimi	1,667,440	-
	International Found. For Sci-Cecilia Wanjau	873,140	-
	Kenya National Inov. Agency - Dr Mwiti	800,000	-
	KCSAP Research - Dr Jane Rutto	149,050	-
	Team 2019 VLIR-OUS Project	184,700	-
	Miraa Research Centre	6,795,207	-
	Pension Mandatory	118,601	-
	Students Fees Prepayment	30,518,924	32,374,243
	SUB TOTAL	300,849,163	304,101,201

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Notes to Financial Statements Continued...			
NOTE	DETAILS	2019/20	2018/19
		<u>KSHS</u>	<u>KSHS</u>
20	PROVISIONS		
	Provision for Part-time	21,757,781	40,000,000
	SUB TOTAL	21,757,781	40,000,000
21	DEFERRED INCOME		
	Deferred Tuition Fee	24,621,826	27,315,346
	SUB TOTAL	24,621,826	27,315,346
22	BANK OVERDRAFT		
	Bank A/C (KCB) Operations	27,486,267	-
23	CAPITAL		
	Capital B/F	2,495,308,979	2,272,768,397
	Additional Capital during the year	201,000,000	222,540,582
		2,696,308,979	2,495,308,979
	Add: Donation-ADB Equipment	-	-
	Capital C/F	2,696,308,979	2,495,308,979
24	REVENUE RESERVE		
	Revenue Reserve B/F	(317,758,164)	(190,299,575)
	Surplus for the Year	(153,709,047)	(127,458,589)
	Revenue Reserves C/F	(471,467,211)	(317,758,164)
25	Revaluation Surplus		
	Revaluation-Computers B/F	7,029,460	7,029,460
	Net Revaluation Surplus (Computers)	7,029,460	7,029,460
	Revaluation-Motor Vehicles B/F	2,882,164	2,882,164
	Additional Revaluation	33,577,134	-
	Less: Depreciation-Motor Vehicles	-	-
	Net Revaluation Surplus (Motor-Vehicle)	36,459,298	2,882,164
	Revaluation Surplus-Equipment	13,199,302	13,199,302
	Revaluation Surplus- Furniture	3,152,011	3,152,011
	Revaluation Surplus C/F	59,840,071	26,262,937

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

26. Cash generated from operation	2020-2019	2018/19
	Kshs	Kshs
Surplus for the year before tax	(153,773,447)	(127,458,589)
Adjusted for:		
Depreciation	95,039,965	102,287,376
Gains and losses on disposal of assets	(23,800)	(205,500)
Working Capital adjustments		
Increase in inventory	856,079	(501,522)
Increase in receivables	7,630,280	(83,261,225)
Increase in deferred income	-	-
Increase in payables	3,362,890	97,917,126
Increase in payments received in advance	-	-
Net cash flow from operating activities	(46,908,033)	(11,222,334)

27. RELATED PARTY DISCLOSURE

Council

The Council members, except the Vice Chancellor, were paid sitting allowances, per diem, mileage, and air fare, and for Chairman- Director's fee and telephone allowance. The University also paid for their medical insurance cover. The University paid the Council members a total of **Kshs 11,076,062** in form of allowances. None of the Council members was advanced a loan by the University during the Financial Year. None of the Council members had other dealings with the University other than as a Council member.

University Management Board Members

The total amount paid to the University Management Board members in terms of salaries and allowances was Kshs. 46 million. None of the University Board members was advanced a loan by the University during the Financial Year. None of the University Management Board members had other dealings with the University other than as an employee of the University.

Government

The Government of Kenya is the largest single sponsor of the University. During the year, the University received **Kshs. 891,155,084** from the Government for Recurrent and Capital expenditure. The Government is responsible for the appointment of the Council Members.

28. CONTINGENT LIABILITIES

There was no contingent liability worth reporting during the year.

29. FINANCIAL RISKS

The University has initiated and facilitated the process that will see the enhancement of risk management. It has an integrated risk management framework. The University recognizes the critical role the risk management will continue to play in its endeavour to carry out its business in a dynamic environment. The University is committed to ensuring that corporate governance and risk management are deeply entrenched in its strategy and culture. An elaborate risk management strategy that will provide direction on matters of policy and guide the implementation and control has been developed.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

This risk management framework captures the following among other things: -

- The University's risk appetite and parameters;
- The University's risk matrix that highlights the rating of risks;
- The structure of managing risks and accountabilities;
- The processes, procedures and reports that manage risks;
- The mitigating factors, prevention, contingency plans and controls.

The University's core business involves major engagements with financial transactions and processes which pose certain risks. The University Council has the overall responsibility for the establishment and oversight of the University's risk management framework. The University Council has delegated its risk management to the 'Audit Committee'. One of the responsibilities of this committee is to review risk management strategies in order to ensure business continuity and survival. Most of the financial risks arising from financial transactions and processes are managed by the 'Finance Committee' of the University Council.

The financial management objectives and policies are as outlined below: -

a) Liquidity Risk

Liquidity risk is the risk that the University will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/operational outflows, assets and liabilities according to their maturity profiles.

The objective of the liquidity management is to ensure that all foreseeable operational and capital commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels. The University has adopted an overall balance sheet approach which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations. The University's liquidity and funding management process includes: -

- Projecting cash flows and considering the cash required and optimizing the short term requirements as well as the long term funding,
- Maintaining balance sheet liquidity ratios.

Prudent liquidity risk management includes maintaining sufficient cash to meet University obligations. The University manages liquidity risk by maintaining adequate cash reserves to ensure liabilities are paid as they fall due and to cushion against any liquidity risk. The table below shows the University's financial liabilities that will be settled on a net basis.

The amounts disclosed are the contractual undiscounted cash flows:

As at 30 June	2020	2019
Financial Assets	Kshs	Kshs
Cash and cash equivalents	310,045,858	375,841,402
Prepayments	22,725,025	25,038,609
Receivables from exchange transactions	117,151,020	68,794,763
Receivables from non-exchange transactions	-	53,672,954
Inventory	7,905,997	8,762,076
	457,827,900	532,109,804

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

Financial liabilities		
Trade and other payables	300,849,163	304,101,201
Provisions	21,757,781	40,000,000
Deferred income	24,621,826	27,315,346
Bank overdraft	27,486,267	-
Total Liabilities	374,715,037	371,416,547
Net Liquidity	83,112,863	160,693,257
Liquidity Ratio	1.22	1.43

A liquidity ratio has declined from 1.43 in the FY 2018/19 to 1.22 in the FY 2019/20. Consequently, liquidity risk increased as the ratio is approaching 1 (one). A liquidity of less than one is an indication that an organization is having financial problems and is unable to meet its obligations when they fall due.

b) Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The University is exposed to the following market risks: -

(i) Currency Risk

Currency risk arises primarily from purchasing imported goods and services from overseas or indirectly via local supplies, or services that are priced in foreign currency such as internet (US Dollars). Nevertheless, the currency risk is minimal as cash and cash equivalents held with banks are denominated in Kenya Shillings and there are minimal dealings in foreign currency.

(ii) Interest Rate Risk

The University is exposed to various risks associated with effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margin may increase as a result of such changes but may reduce losses in the event that unexpected movement arises. The University closely monitors interest rate movements and seeks to limit its exposure by managing the interest rate and maturity structure of assets and liabilities on the statement of financial position.

The interest rates on call deposits held in financial institutions are fixed and agreed upon on monthly basis. The Management is in regular contact with the bank in a bid to obtain the best interest rates and therefore able to plan for the resulting income.

The interest rate risk is minimal as the University does not have any borrowings.

c) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the University's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behaviour. The University seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks. The University's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the University's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas: -

- Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of financial transactions;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- Requirement for the reporting of operational losses and proposed remedial action;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation, including insurance where it is effective.

Operational risks are documented in the 'Risk Register and Opportunity Assessment Document' and are managed by the Risk Management Committee established to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analysing and mitigating risks in all facets of the business.

d) Compliance and Regulatory Risk

Compliance and regulatory risk includes the risk of non-compliance with regulatory requirements. The University complied with all externally imposed requirements throughout the year.

e) Legal Risk

Legal risk is the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or the loss for the University, failure to protect the title to and liability to control the rights to assets of the University (including intellectual property right), changes in law, or jurisdictional risk. The University manages legal risk through the legal office, legal risk policies and procedures and the effective use of internal controls and external lawyers.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

f) Credit Risk

Credit risk is the risk that a borrower is unable to meet his financial obligations to the lender. The University's credit risk is attributable to its cash and cash equivalents and trade receivables. Both bank balances and trade receivables are fully performing and no debt has been impaired. The amount that best represents the University's maximum exposure to credit risk is made up as follows;

Details	2019/20	2018/19
Liabilities		
Trade and other payables	300,849,163	304,101,201
Provisions	21,757,781	40,000,000
Deferred income	24,621,826	27,315,346
Bank overdraft	27,486,267	-
Total Liabilities	374,715,037	371,416,547

30. OPERATING LEASES

The University has two operating leases:

i. Hart Towers

Meru Town Campus is housed in Hart Towers. Hart Towers is a four storeyed building located in Meru Town centre. The University occupies 2nd and 3rd floors of the building. The lease is for six years with effect from the year 2018.

ii. Marimba Farm

On May 1st, 2014, the University entered into a fifteen years' lease agreement with the Ministry of Agriculture, Livestock and Fisheries for the lease of Marimba Farm. Marimba Farm is the property of Agricultural Development Corporation which is under the Ministry of Agriculture, Livestock and Fisheries. The lease agreement states that University will pay Kshs. 1,400,000 per annum for the first three years. After three years, the rent will be reviewed upwards. The lease agreement also provides that the fifteen-year contract is divided into three terms and each party can terminate the contract after every five-year term.

31. Events after the reporting period

No event, either adjusting or non-adjusting has been reported after the balance sheet date.

32. Ultimate and Holding Entity

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

33. Currency

The financial statements are presented in Kenya Shillings (Kshs). The figures are rounded up to the nearest shilling.


Meru University of Science and Technology
 Reports and Financial Statements
 For the year ended June 30, 2020

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person	Status	Time- frame

Note: The University had not received its 2018/19 audited financial report by November 12, 2020


 Sign-----
 Vice Chancellor
 Date: November 12, 2020


 Sign-----
 Chairman of the Council
 Date: November 12, 2020

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

The University is not currently implementing any project funded by Development partners.

Meru University of Science and Technology
Reports and Financial Statements
For the year ended June 30, 2020

APPENDIX III: INTER-ENTITY TRANSFERS

Meru University of Science and Technology			
Break down of transfers from the State Department of University Education			
a) RECURRENT GRANTS			
No.	Bank Statement date	Amount (Kshs)	The FY to which the amount relates
1	8/8/2019	57,512,924	2019/2020
2	8/29/2019	57,512,924	2019/2020
3	9/27/2019	57,512,923	2019/2020
4	11/1/2019	57,512,924	2019/2020
5	11/29/2019	57,512,924	2019/2020
6	12/27/2019	57,512,923	2019/2020
7	2/4/2020	57,512,924	2019/2020
8	3/2/2020	57,512,924	2019/2020
9	4/3/2020	57,512,923	2019/2020
10	5/8/2020	57,512,924	2019/2020
11	6/5/2020	57,512,924	2019/2020
12	6/26/2020	57,512,923	2019/2020
Total		690,155,084	2019/2020

b) DEVELOPMENT GRANTS

	Bank Statement date	Amount (Kshs)	The FY to which the amount relates
1	3/10/2020	126,533,912	2019/2020
2	11/29/2019	74,466,088	2019/2020
Total		201,000,000	

The above figures have been reconciled with the records at the State Department of University Education and Research (Ministry of Education).

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

The University did not receive funds from any other Government entity other than State Department of University Education and Research (Ministry of Education).