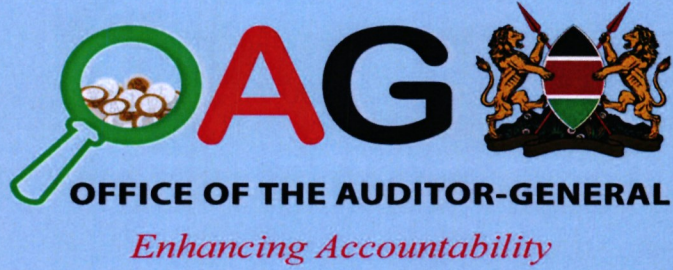


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REPORT

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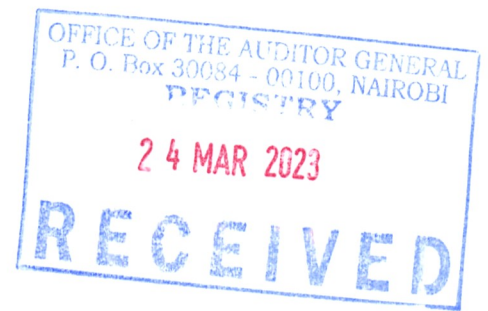
THE AUDITOR-GENERAL

 THE NATIONAL ASSEMBLY	
DATE: 05 JUL 2023	DAY: WED
TABLED BY: Hon Owen Bayo, CBS, MP Deputy leader, majority	
CLERK AT THE TABLE: Fintays Mvuh	

ON

KISII UNIVERSITY

FOR THE YEAR ENDED
30 JUNE, 2022



KISII UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
30TH JUNE, 2022.**

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

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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1. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Back ground Information

Kisii University is a body corporate established through the Kisii University Charter of 2013 and the University's Act No 42 of 2012. The University is domiciled in Kenya.

The University's departments are: ICT, Internal Audit, Procurement and Supplies, Finance, Planning, Salaries, Student Career Services, Student Affairs, Maintenance and Transport and Anti-ADA Unit.

The University has the following schools: Law; Information, Science and Technology; Health Sciences; Business and Economics; Education and Human Resource Development; Agriculture and Natural Resources Development; Pure and Applied Sciences; and Art and Social Sciences.

(b) Principal Activity

- (i) The University's core activity is to provide University Education and conduct research.

The Core business of the University as provided by Kisii University Charter and the University's Act No 42 of 2012 include:

- Provision directly or in collaboration with other institutions of higher learning, facilities for University Education (including technological, scientific and professional education), the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya and beyond.
- Participation in technological innovation as well as in the discovery, transmission, preservation and enhancement of knowledge and to stimulate the intellectual life in economic, social, cultural, scientific and technological development in Kenya;
- Provision and advancement of University education and training of appropriately qualified candidates leading to conferment of degrees and award of diplomas, certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing contribute to human resource needs;
- Conducting the examinations for such academic awards as may be provided in the statutes pertaining to the University, examining and making proposals for new Faculties, Schools, Institutes, Departments, Resources and Research centres, degree courses and subjects of study;

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

- Contributing to Industrial and Technological Development of society in collaboration with industry and other organisations;
- Inculcating a culture of innovation in science, technology and engineering amongst staff, students and society.

(ii) Vision

To be a World Class University in advancement of Academic Excellence, Research and Social Welfare.

(iii) Mission

To train high level human resource that meets the development needs of the country and International Labour Market, sustain production of quality and relevant research and consultancy; disseminate knowledge, skills, values and competencies for the advancement of humanity.

(iv) Community Service

To provide community service to the public.

(v) Core Values

Kisii University is guided by the following core Values.

- Professionalism
- Innovation
- Research
- Equity
- Integrity
- Community responsibility

(c) Key Management

Kisii University governance is under the following key organs.

- i. Chancellor
- ii. University Council
- iii. University Senate
- iv. University Management Board
- v. School Boards
- vi. Departmental Boards

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(d) Fiduciary Management

The Key Management personnel who held office during the financial year ended 30th June, 2022 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Vice Chancellor	Prof. John S. Akama PhD
2.	Deputy Vice Chancellor AP&F	Prof. Joseph Mailutha PhD
3.	A.g Deputy Vice Chancellor ARSA	Prof. Anakalo Shitandi PhD
4.	Registrar Research and Extension	Prof. Anakalo Shitandi PhD
5.	Finance Officer	CPA. Charles Maina Mwangi
6.	Ag. Registrar Administration	Rose Ogata
7.	Ag. Registrar Academic Affairs	Dr. Joash Kerongo PhD

(e) Fiduciary Oversight Arrangements

The council members who provided oversight during the financial ended 30th June 2022 and who had responsibility in various committees were as follow:

Name of the committee	No	Members	Position
Audit Governance, Risk Management and Sealing Committee.	1	Mr. Nelson K.Keshei	Chairperson
	2	Mr. Samuel Mogeni	Secretary
	3	Mr. Samuel Gitau	Member
	4	Ms. Caroline I.C Chizupo	Member
Planning, Finance, Building, Development and General Purpose Committee	1	Major (Rtd) John K Karanja	Chairperson
	2	Prof. John S.Akama	Secretary
	3	Mr. Clement Odeka	Member
	4	Ms. Caroline I.C Chizupo	Member
	5	Mr. Clement Odeka	Member
Human Resource and Appointments Committee	1	Major (Rtd) John K Karanja	Chairperson
	2	Prof. John S.Akama	Secretary
	3	Mr. Clement Odeka	Member
	4	Mr. Nelson K.Keshei	Member
	5	Mr. Clement Odeka	Member
Academic, Research, Extension Collaboration and Sealing Committee	1	Ms. Caroline I.C Chizupo	Chairperson
	2	Prof. John S.Akama	Secretary
	3	Mr. Samuel Gitau	Member
	4	Mr. Nelson K.Keshei	Member
	5	Mr. Clement Odeka	Member

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(f) Registered Office and Principal Place Of Business

Kisii University
Along Kisii-Kilgoris Road
P.O. Box 408 - 40200
KISII, Kenya.

(g) University Contacts

Kisii University
P.O. Box 408- 40200
KISII, Kenya.
Tel.058-30826
Website: www.kisiiuniversity.ac.ke
Email: info@kisiiuniversity.ac.ke

(h) University Bankers

(i) National Bank of Kenya
P.O. Box 4566-40200
KISII.

(ii) Kenya Commercial Bank
P.O. Box 3684-40200
KISII.

(iii) Co-operative Bank of Kenya
P.O. Box 3689-40200
KISII.

(i) Independent Auditors

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




(j) Principal Legal Advisor

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 4112- 00200
Nairobi, Kenya

2. UNIVERSITY COUNCIL

Ref	Directors	Details
1		<p>Name: Dr. Mildred A. Mudany, PhD. County: Siaya Position: Chairperson Date of Birth: 24/02/1963 Academic Qualifications: MBChB. (UoN); MMed. (UoN); PhD. (Tokyo Women’s Medical University) Dr. Mudany is the current Chairperson of the Council. She has wealth of experience in medical field. She has also travelled widely to many parts of the world.</p>
2		<p>Name: Prof. John S. Akama, PhD. County: Nyamira Position: Secretary to the Council (Vice Chancellor) Date of Birth: 08/09/1959 Academic Qualification: B.Ed. UoN; M.A (Ohio)PhD Southern Illinois Prof. John S. Akama is the Current Vice Chancellor of the University and Secretary to the University Council. He has a lot of experience in Administration of the University having worked at Moi University for many years.</p>
3		<p>Name : Ms. Caroline I.C Chizupo County: West Pokot Position: Member Date of Birth: 13/09/1980 Academic Qualification: BA Social Science Catholic University of Eastern Africa; MA (Governance) ,Tangaza college CUEA. Ms. Chizupo is an independent member of the University Council she has wealth of experience in Corporate Governance. Ms. Chizupo is the current Chairperson of the Academic, Research, Extension, Collaboration and Sealing Committee and a member to the Audit Governance & Risk Management Committee.</p>
4		<p>Name: Major (Rtd) John K. Karanja County: Nairobi Position: Member Date of Birth: 27/07/1966 Academic Qualification: LLB University of Nairobi; LLM (TJAGSA) Mr. Karanja is a distinguished legal practitioner he has a wealth of knowledge on human resource matters. He is the chairman of Human Resource and Appointments Committee and sits in the Planning, Finance, Building. Development & General Purposes Committee.</p>



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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5		<p>Name: Mr. Nelson K. Keshei County: Narok Position: Member Date of Birth: 18/09/1968 Academic Qualification: BCOM Accounting Jabalbur India; MA Philosophy; HRM Moi University. Mr. Keshei is the Chair of the Audit, Governance and Risk Management Committee and he sits in the Academics, Research, Extension, Collaboration and Sealing Committee.</p>
6		<p>Name: Mr. Samuel K. Gitau County: Nyandarua Position: Rep. C.S. National Treasury Date of Birth: 10/11/1965 Academic Qualification: BA (UoN) PGD (University of Botswana) Masters in Economic Policy Management (Makerere University) Mr. Gitau is an economist and currently working at National Treasury. He sits in the Audit, Governance and Risk Management Committee and the Academics, Research, Extension, Collaboration & Sealing Committee</p>
7		<p>Name: Mr. Clement Odeka Obure County: Kisii Position: Rep. P.S. Ministry of Education Date of Birth: 22/12/1965 Academic Qualification: BSC (UoN), MSc. ICT (UoN) Executive MBA (Kenyatta University) Mr. Odeka is currently the Deputy director ICT at the Ministry of Education. He sits in the Academics Research, Extension, Collaboration and Sealing committee, Human Resource & Appointments Committee and Planning Finance, Building and General Purposes Committee.</p>

3. UNIVERSITY MANAGEMENT TEAM.

	Management	Details
1		<p>Name: Prof. John S. Akama, PhD.</p> <p>Position: Vice chancellor</p> <p>Academic Qualification: B.Ed. UoN; M.A (Ohio)PhD Southern Illinois</p>
2		<p>Name: Prof. Joseph T. Mailutha, PhD.</p> <p>Position: D.V.C (Administration, Planning and Finance)</p> <p>Academic Qualification: BSc Agric Eng, MSc. (Krakow); PhD JKUAT</p>
3		<p>Name : Prof. Anakalo Shitandi, PhD.</p> <p>Position: Registrar Research and Extension</p> <p>Academic Qualification: BSc. Egerton; PGDE (Kenyatta) ; MSc, PHD (Uppsala).</p>
4		<p>Name: Rose Ogata</p> <p>Position: Ag. Registrar Administration Human Resource and Central Services</p> <p>Academic Qualification: B.Sc (KU); PGDS (Nagasaki); M.A(UON)</p>

KISHI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5		<p>Name: Charles M. Mwangi Position: Finance Officer Academic Qualification: MBA (Finance), C.P.A.(K), B.B.M (Accounting),C.S.(Finalist).</p>
6		<p>Name: Dr. Joash Kerongo PhD Position: Ag. Registrar Academic Affairs Academic Qualification: B. Ed. Egerton University, MSc Kenyatta, PhD JKUAT</p>

4. STATEMENT OF THE CHAIRPERSON OF THE COUNCIL.



The University Council was reconstituted by the Cabinet Secretary Ministry of Education through Gazette Notice No. 8985 dated 4th November 2020 for a period of three years. The mandate of the Council amongst other responsibilities is to provide oversight and give policy guidelines in order to ensure the smooth operations of University activities.

Dr. Mildred A. Mudany, PhD.

It is my pleasure to note that the staff members of this University, under the able leadership of the Vice Chancellor, worked hard during the last financial year towards attaining this objective.

During the period under review, the University faced quite a number of challenges especially decrease in number of students under module two intake which has led to reduction in tuition fee collection. The COVID 19 pandemic also led to serious disruption of the academic activities. Due to reduction of module two students' intake over the last four financial years, the University has been forced to restructure its operations. This involves the realignment of the human resource capital, physical and infrastructural needs among many others.

In the period under review the University through the Government is in the final stages of completing construction of its key capital projects. The first phase of ICT Centre has been completed and is in use. The second phase of tuition block has also been completed. The second phase of ICT Centre is earmarked to be completed within the coming financial year 2022-2023. The lecture theatre is also at an advanced stage of construction and should also be completed within the coming financial year. The ICT centre is one of the landmark projects which is anchored in vision 2030 blue print. I would therefore like to request the National Government to consider allocating more development funds to the University.

During the year under review the university continued implementation of its strategic plan covering the year 2019-2024. The strategic plan will help the university in achieving its mission and vision. To supplement the inadequate government funding the university has also put in mechanisms to fully commercialise its Nyosia farm. The university also launched a water processing plant. All these efforts are aimed at assisting the university generate the much needed revenue to support its operations.

In conclusion therefore, the University's future is dependent on Government support and other key stakeholders. In this regard, I would like to register my special gratitude to National Government through the Ministry of Education for the support and look forward to more of it during this financial year.



Dr. Mildred A. Mudany, PhD
Chairperson of the Council

5. STATEMENT FROM THE VICE CHANCELLOR



It is my pleasure to present the Annual Report and Financial Statements of Kisii University for the year ended 30th June, 2022. During the year under review the university faced a myriad of challenges which were brought about by lack of enough government funding and reduced revenue generation internally

Revenue collection AIA

Despite the University recording a slight improvement in terms of internal revenue generated within the year under review, the amount is still way below in comparison with what the Institution was generating a few years back. The decrease in tuition fee is attributed to the declining number of students especially the module two students. Since the University relies on this stream of revenue to finance its operations most of the programs have been greatly affected.

The achievements in the 2021-2022 financial year were slowed down by the challenges brought about by lack of enough finances. However, some of the key achievements included the following.

Academic Matters

The University continued with its core business of Teaching, Training and Research. During the year under review the university management in collaboration with the local county government and university of Manchester in United Kingdom started negotiations with regard to development of a modern medical training facility in our Nyosia grounds.

Student Affairs

During the year under review the university was able to admit and orient more than 5,000 new government sponsored students.

Graduation Ceremony

The university conducted its 9th and 10th Graduation ceremonies on 9th September and 10th December 2021 respectively. The graduation ceremonies were conducted virtually. This has seen the University spend limited resources as compared to holding a physical graduation.

ICT development.

The university has greatly increased its capacity for Virtual learning by enhancing ICT infrastructure to support research, and innovative learning and even more is planned in the near future.

Strategic plan

During the year under review the university continued implementing its strategic plan covering the year 2019-2024. The strategic plan will help the university in achieving its vision and mission

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Government Support

On behalf of Kisii University I wish to take this opportunity to thank the National Government for financial support accorded to the University within the financial year.

Finally, I would like to express my thanks to the University Council for providing policy guidelines and the entire University community for working tirelessly to ensure successful and smooth operations of the University.



Prof. John S. Akama, PhD.

Vice Chancellor

6. STATEMENT OF KISII UNIVERSITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FINANCIAL YEAR 2021/2022.

During the year under review Kisii University had several performance indicators as outlined below. The university was able to achieve most of the targets despite the economic challenges facing the institution.

ANNUAL PERFORMANCE REPORT						
YEAR ENDEND: 30th June, 2022						
PERFORMANCE INDICATORS FOR: KISII UNIVERSITY						
SERVICE DELIVERY INDICATORS	Units of Measure	Target for Contract Period	CUMULATIVE TO DATE			
		A	Actual	Target	Variance (E – F)	
			E	F	G	
1 Implementation of Citizens' Service Delivery Charter	%	100	100	100	0	
2 Business Process Re-engineering (BPR)	%	100	100	100	0	
3 Resolution of Public Complaints	%	100	96	100	(4)	

COMMENTS ON ANY VARIANCE (UN) FAVORABLE, CAUSES AND ACTION TAKEN:

1. Service Delivery Charter: The University ensured compliance with the commitments and standards in the charter and maintained records on the service delivery. The University's service charter was successfully uploaded on the Huduma Service Portal and is now accessible to the general public. Sensitization of staff on the service charter and training on essentials of excellent customer service culture was also done for all process owners. Quarterly monitoring reports were also submitted to Huduma Kenya as required.
2. Business Process Reengineering (BPR): Documentation of the service delivery processes/procedures and work flows in the prescribed Huduma Kenya format was completed, submitted to Huduma Kenya and uploaded on University website. A sensitization workshop on the processes was also done for all process owners. In addition, the reengineered service delivery processes/ procedures were uploaded on the university website and forwarded to Huduma Kenya as required.
3. Resolution of public complaints: All complaints received during the year were resolved as per the University's complaints handling procedure. All process owners were sensitized on

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

9001:2015 sensitization workshops held. The university also submitted the quarterly progress reports to Ombudsman. Actual score for this indicator was issued by Ombudsman.

ANNUAL PERFORMANCE REPORT						
YEAR ENDEND: 30th June, 2022						
PERFORMANCE INDICATORS FOR: KISII UNIVERSITY						
CORE MANDATE INDICATORS (“Big Four” Initiatives, Vision 2030 Flagship Projects, and Projects/Programmes aligned to SDGs and SPS)	Units	Target for Contract Period		CUMULATIVE TO DATE		
				Actual	Target	Variance (E – F)
		A		E	F	G
“Big Four” Initiatives						
1.	Agritech Exhibition and International Conference	No.	1	1	1	0
2.	Development of a Medical Academic Programme	No.	1	1	1	0
Vision 2030 Flagship Projects/Programmes						
3.	Project Completion Rate	%	100	105	100	5
4.	Enrollment of Undergraduate and Postgraduate Students	No.	5,120	5,662	5,120	542
Post COVID-19 Recovery Strategies and Plans						
5.	Enhancement of ICT usage in Teaching and Learning	%	100	100	100	0
6.	Implementation of Post Covid-19 Government Strategy	%	100	100	100	0
Other Priority Projects/Programmes aligned to SDGs and SPS						
7.	Enrollment of Diploma Students	No.	400	480	400	80
8.	Nurturing Talent, Creativity and Leadership Among Students	%	100	100	100	0
9.	Students on Work-study Programme	No.	750	755	750	5
10	Review of Existing Academic Programmes	No.	8	0	8	(8)

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

ANNUAL PERFORMANCE REPORT						
YEAR ENDEND: 30th June, 2022						
PERFORMANCE INDICATORS FOR: KISII UNIVERSITY						
CORE MANDATE INDICATORS (“Big Four” Initiatives, Vision 2030 Flagship Projects, and Projects/Programmes aligned to SDGs and SPS)	Units	Target for Contract Period	CUMULATIVE TO DATE			
		A	Actual	Target	Variance (E – F)	
			E	F	G	
11	Acquisition of New Library Book Volumes	No.	700	1,296	700	596
12	Academic Publications	No.	120	132	120	12
13	Academic Public Lectures	No.	7	7	7	0
14	Research Grant Proposals Submitted for external Funding	No.	6	18	6	12
15	Scientific Research Training Workshops	No.	1	3	1	2
16	International Multidisciplinary Research Conference	No.	1	2	1	1
17	Establishment of New Collaborative Linkages	No.	5	8	5	3
18	Community Outreach and Extension Services	%.	100	78	100	(22)
19	Science, Technology and Innovation Mainstreaming	%	100	100	100	0

CORE MANDATE INDICATORS

COMMENTS ON ANY VARIANCE (UN) FAVORABLE, CAUSES AND ACTION TAKEN:

1. Agritech Exhibition and International Conference: Exhibition and conference was held in fourth quarter.
2. Development of Medical Academic Programmes: Development of curriculum for BSc. Health Records and Information was completed and forwarded to the Senate for approval. Once approved by Senate, the curriculum will be submitted to CUE for accreditation in the FY 2022/23.
3. Project Completion Rate: The project is ongoing and was at 52% completion level at the end of the year based on the latest assessment. Target of 50% completion level was achieved as the project was fast tracked during the fourth quarter to compensate for the delays experienced in the previous quarters.
4. Enrollment of undergraduate and postgraduate students: A total of 5,629 undergraduate and 112 masters and 15 PhD students were enrolled during the quarter. However, despite the high enrollment of undergraduate students, enrollment of self-sponsored students has significantly dropped because a majority of candidates are absorbed by KUCCPS. The university will therefore enhance marketing of programmes to net in more undergraduate and postgraduate students aimed at reversing the declining trend.
5. Enhancement of ICT usage in Teaching and Learning: Targets for the year were successfully implemented including development and approval of the E-learning Policy, holding a capacity building workshop on e-learning, offering course units via e-learning and subscription to e-library databases.
6. Implementation of Post Covid-19 Government Strategy: The University implemented various measures in line with the Government's post Covid19 recovery plan including but not limited to the following: Vaccination of staff, students and local community, adherence to covid-19 directives issued from time to time by MoH, provision of preventive facilities to staff i.e. hand sanitizers, and adoption of alternative forms of operation e.g. e-learning.
7. Enrollment of Diploma Students: Target for the year was slightly surpassed. The University has established a TIVET Institute aimed at boosting enrollment of diploma students.
8. Nurturing Talent, Creativity and Leadership among Students: All targets for the year were undertaken i.e. training of student leaders on leadership skills, holding moot court competition for law students, holding multi games tournament to build sporting skills and holding a cultural week.
9. Students on Work-study Programme: During the year, 755 students were placed on the programme as an effort towards providing financial support to needy students. This was done in two cohorts i.e. 370 students in second quarter and 385 in third quarter.
10. Review of Existing Academic Programmes: The target of reviewing 8 programmes was not achieved as a result of delays by the respective schools to initiate the review process. The review of curricula is ongoing and will be expedited in FY 2022/23. However, the following three (3) new curricula were developed and approved by the University Senate

during the year: 1) Certificate in Counseling Psychology, 2) Diploma in Counseling Psychology, 3) BSc in Cyber Security and Computer Forensics.

CORE MANDATE INDICATORS COMMENTS

11. Acquisition of New Library Book Volumes: Target was surpassed justified by the need to acquire adequate core texts especially for newly introduced programmes like Bachelor of Medicine and Surgery and Bachelor of Pharmacy.
12. Academic Publications: Target was surpassed marginally.
13. Academic public lectures: Target for the year was achieved.
14. Research Grant Proposals Submitted for external Funding: Target was surpassed. Cumulatively, 18 proposals were submitted to various funding organizations against the target of 6.
15. Scientific Research Training Workshops: Target was surpassed.
16. International Multidisciplinary Research Conference: Target was surpassed.
17. Establishment of New Collaborative Linkages: Target was surpassed.
18. Community Outreach and Extension Services: All targets were achieved except for sanitizer donation to community health facilities which was not undertaken as targeted due to financial and logistical challenges in manufacturing the sanitizer, hence the variance.
19. Science, Technology and Innovation (STI) Mainstreaming: The STI policy was developed during the year. In addition, the University implemented various STI related interventions during the year including: documentation of ongoing research programmes/projects, budget allocation for R&D activities as per the requirement, held 2 international research conferences and research training workshops to disseminate research knowledge, published 132 papers in various academic journals, held 7 public lectures, established the Research Ethics and Research Endowment Fund Committees, drafted the Intellectual Property Rights Policy and Resource Mobilization Policy among other activities. Evaluated score for this target will be issued by NACOSTI.

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

ANNUAL PERFORMANCE REPORT						
YEAR ENDEND: 30th June, 2022						
PERFORMANCE INDICATORS FOR: KISII UNIVERSITY						
IMPLEMENTATION OF PRESIDENTIAL DIRECTIVES INDICATOR	Units of Measure	Target for Contract Period	CUMULATIVE TO DATE			
		A	Actual	Target	Variance (E – F)	
			E	F	G	
1	Implementation of Presidential Directives	%	100	100	100	0

COMMENTS ON ANY VARIANCE (UN) FAVORABLE, CAUSES AND ACTION TAKEN:

1. Quality assurance for higher education: The University undertook internal quality assurance audits of academic processes including teaching, examinations and supervision to ensure quality standards are adhered to.
2. Planting of 2000 trees to increase forest cover: Over 4,000 trees were planted during the year in various tree planting initiatives.
3. Directive on wearing ‘made in Kenya’ on Fridays and public holidays by staff: Official communication of directive to staff was done to all staff.

ANNUAL PERFORMANCE REPORT						
YEAR ENDEND: 30th June, 2022						
PERFORMANCE INDICATORS FOR: KISII UNIVERSITY						
ACCESS TO GOVERNMENT PROCUREMENT OPPORTUNITIES (AGPO) INDICATOR	Units of Measure	Target for Contract Period	CUMULATIVE TO DATE			
		A	Actual	Target	Variance (E – F)	
			E	F	G	
1	Access to Government	Kshs.	68,099,356	76,025,562	68,099,356	7,926,206

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Procurement Opportunities (AGPO)						
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COMMENTS ON ANY VARIANCE (UN) FAVORABLE, CAUSES AND ACTION TAKEN:

The cumulative target was surpassed. The University will continue to enhance access to procurement opportunities by youth, women and persons with disabilities.

ANNUAL PERFORMANCE REPORT

YEAR ENDEND: 30th June, 2022

PERFORMANCE INDICATORS FOR: KISII UNIVERSITY

PROMOTION OF LOCAL CONTENT IN PROCUREMENT INDICATOR	Units of Measure	Target for Contract Period	CUMULATIVE TO DATE		
			Actual	Target	Variance (E – F)
			A	F	G
1 Promotion of Local Content in Procurement	Kshs	90,799,141	83,253,137	90,799,141	(7,546,004)

COMMENTS ON ANY VARIANCE (UN) FAVORABLE, CAUSES AND ACTION TAKEN:

The cumulative target was missed due to overall low level of procurement especially during the fourth quarter occasioned by financial challenges.

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

ANNUAL PERFORMANCE REPORT

YEAR ENDEND: 30th June, 2022

PERFORMANCE INDICATORS FOR: KISII UNIVERSITY

CROSS CUTTING INDICATORS	Units	Target for Contract Period	CUMULATIVE TO DATE		
			Actual	Target	Variance (E – F)
		A	E	F	G
1 Asset Management	%	100	94	100	(6)
2 Youth Internships/ Industrial Attachment/ Apprenticeships	No.	92	83	92	(9)
3 Competence Development	%	100	100	100	0
4 Disability Mainstreaming	%	100	65	100	(35)
5 Gender Mainstreaming	%	100	100	100	0
6 Prevention of Alcohol and Drug Abuse	%	100	90	100	(10)
7 Prevention of HIV/AIDS Infections	%	100	100	100	0
8 Safety and Security Measures	%	100	90	100	(10)
9 National Cohesion and Values	%	100	100	100	0
1 Road Safety Mainstreaming	%	100	100	100	0
1 Corruption Prevention	%	100	100	100	0

COMMENTS ON ANY VARIANCE (UN) FAVORABLE, CAUSES AND ACTION TAKEN:

1. Asset Management: The asset register was updated during the year. The University is also in the process of automating the asset register. The annual asset assessment was also undertaken. On disposal of idle and obsolete assets, the Disposal Committee identified idle and obsolete assets for disposal, established methods for disposal, did evaluation and selection of bids, and commenced the actual disposal. However the disposal process exercise had not been completed by the end of the year hence the variance.
2. Youth internships / Attachment: The University enrolled 31 interns and 52 attaches cumulatively. However, target of 40 interns was not met as only 31 of the 40 PSC interns seconded to Kisii University reported hence the variance of 9.
3. Competence Development: Skills gap analysis and training needs assessment were undertaken during the year. In addition, various staff competence interventions were implemented during the year including recruitment of academic staff, organizing internal staff training workshops on various areas and facilitating staff to attend external trainings. Annual staff performance appraisal for all staff was also carried out and the end year appraisal report will be compiled in the first quarter of FY 2022/23.
4. Disability Mainstreaming: The University has put in place various mechanisms to cater for PWDs access to products and services including provision of a sign language interpreter, large print and braille, and compliant washrooms, ramps and reserved parking spaces. However, the sensitization of staff on disability mainstreaming and the PWD accessibility and usability audit were not undertaken due to financial and logistical challenges hence the variance. The pending activities will be included in the activities for FY 2022/23. Evaluated score for this indicator will be issued by NCPWD.
5. Gender Mainstreaming: All the targets set for the year were implemented successfully including development of the Gender Policy and Policy on Gender based violence, whose drafts have been forwarded to NGECC for review after which they will be submitted to Council for approval. Sensitization and capacity building for staff, committee members and management were also undertaken. Evaluated score for this indicator will be issued by NGECC.
6. Prevention of Alcohol and Drug Abuse: Activities targeted for the year were completed successfully, including baseline survey on ADA prevalence, establishment of support mechanisms for staff and students with SUD, and sensitization of staff and students ADA prevention; except for review of the ADA policy which was not finalized hence the variance of 10%. The policy review is expected to be completed by end of 2nd quarter of FY 2022/23 and it will also incorporate the recommendations from the baseline survey. Evaluated score for this indicator will be issued by NACADA.

COMMENTS ON ANY VARIANCE (UN) FAVORABLE, CAUSES AND ACTION TAKEN:

7. Prevention of HIV/AIDS Infections: Targets for the year were successfully implemented. These included: counseling and testing for HIV done for 906 persons and screening of 1,228 persons for various NCDs, distribution of over 57,200 condoms and sensitization of over 4,500 students and staff on HIV/AIDS and NCDs prevention. Evaluated score for this indicator will be issued by NACC.
8. Safety and Security Measures: The University has put in place measures to mitigate against security and safety hazards including data security, servicing of fire extinguishers, access controls at the gates through security checks and engaging services of the Police to supplement the security company among others. The university also implemented various mechanisms to secure her information assets including securing all servers, regular backups of soft data and databases and physical security of records by using secure cabinets especially for critical records and documents such as degree certificates. The variance of 10% is because installation of lightning arrestors was not done during the year as targeted.
9. National Cohesion and Values: The University implemented the commitments towards realization of national values and principles of governance and submitted the annual reports accordingly. The evaluated achievement will be given by the Directorate of National Cohesion and Values.
10. Road Safety Mainstreaming: The University implemented the annual road safety plan including all activities planned for FY 2021/22. Quarterly progress reports were also submitted to NTSA as prescribed. The evaluated score for this target will be issued by NTSA in the certificate of compliance.
11. Corruption Prevention: The University implemented various measures from the corruption risk mitigation plan including internal audits, enforcing budgetary controls to ensure prudent use of resources, and ensuring integrity in service delivery across all operational areas through carrying out sensitization. The quarterly progress reports were also submitted to EACC. Evaluated score for this target to be issued by EACC.

7. CORPORATE GOVERNANCE STATEMENT

Kisii University is a body corporate established through the Kisii University Charter of 2013 and the University's Act No 42 of 2012. The University's core activity is to provide University education and conduct research. The University vision is to be a World Class University in Advancement of Academic Excellence, Research and Social Welfare.

1. Current constitution and appointment of the University council.

The current membership of the University Council is as follows:

- a) Chairperson- The Chairman is appointed by the Cabinet Secretary Ministry for Education,
- b) Two Members- one person representing the P.S National Treasury and the other one representing the P.S Ministry of Education,
- c) Four other members appointed by the Cabinet Secretary, Ministry of Education,
- d) Vice Chancellor, who is the Secretary to the Council.

2. Responsibility of the University Council.

The University Council is ultimately responsible for:

- a) The Mission and the Vision of the University;
- b) Promoting the aims and objectives of the University;
- c) Setting strategic directions for the University;
- d) Oversight of Management;
- e) Make and approve statutes for gazette in accordance with the provisions of the Act;
- f) The appointment and performance management review of the Vice Chancellor;
- g) Setting and monitoring broad budget and planning framework, ensuring that the University finances are sound and taking major financial decisions;
- h) Monitoring University performance against strategic objectives;
- i) Setting and clearly examining Council policy and risk management;
- j) Extending links and communication between the University and the wider community;
- k) Legislative roles, including ensuring that the University is acting without ethnic bias and is in conformity with all legal requirements;
- l) Fundraising and resource mobilisation;
- m) Approve budgets of the University;
- n) Council performance and succession planning.

The current University Council was constituted by the Cabinet Secretary Ministry Of Education on 4th November 2022. The profile of the current University Council members is provided on page (vi).

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3. Remuneration of the Council Members

The University Council members other than the Vice Chancellor do not receive a salary. They are however paid a sitting allowance for every meeting attended. The allowances paid to Council members are disclosed in note 7 of the Financial Statements.

4. University Council Meetings

The meetings of the University Council are held at least once every quarter in a calendar year. In order to facilitate the smooth running of its affairs, the University Council establishes such committees with membership and with such terms of references as it may deem fit. A calendar of University Council and its committees is prepared before the beginning of each financial year. During the meetings conflict of interest is declared and recorded in all committee and full board meetings, the declaration of which is embedded in the agenda items. A conflict of register form is signed by each council member declaring any existing conflict or lack of the same at all meetings.

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The University Council and Committees meetings held within the financial year 2021-2022 were as follows.

Audit Governance, Risk Management and Sealing Committee

	26/07/2021	08/11/2021	14/02/2022	04/05/2022
Mr. Nelson Keshei	✓	✓	✓	✓
Mr. Samuel Mogeni	✓	✓	✓	✓
Mr. Samuel Gitau	✓	✓	✓	✓
Ms. Caroline I. C Chizupo.	✓	✓	✓	✓

Planning, Finance, Building, Development and General Purpose Committee

	20/09/2021	29/11/2021	24/01/2022	06/06/2022
Hon. Stephen Kirwa Bitok	✓	✓	✓	Resigned
Prof. John S.Akama	✓	✓	✓	✓
Maj. Rtd. John Karanja	✓	✓	✓	✓
Mr. Robert Asumani	✓	Replaced by Mr. Clement Odeka		
Mr. Clement Odeka	✓	✓	✓	✓

Human Resource and Appointments Committee

	24/09/2021	18/10/2021	14/02/2022	16/05/2022
Maj. Rtd. John Karanja	✓	✓	✓	✓
Prof. John S.Akama	✓	✓	✓	✓
Hon. Stephen Kirwa Bitok	✓	✓	Resigned	Resigned
Mr. Clement Odeka	✓	✓	✓	✓

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Academic, Research, Extension Collaboration and Sealing Committee

	23/08/2021	14/12/2021	14/03/2022	16/04/2022
Ms. Caroline I. C Chizupo.	✓	✓	✓	✓
Prof. John S. Akama	✓	✓	✓	✓
Mr. Nelson Keshei	✓	✓	✓	✓
Mr. Samuel Gitau	✓	✓	✓	✓
Mr. Robert Asumani	✓	Replaced by Mr. Clement Odeka	Replaced by Mr. Clement Odeka	Replaced by Mr. Clement Odeka
Mr. Clement Odeka	✓	✓	✓	✓

Full Council

	12/7/2021	9/8/2021	24/08/2021	27/09/2021	15/12/2021	11/4/2022	27/06/2022
Dr. Mildred Mudany	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Caroline I. C Chizupo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prof. John S. Akama	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Nelson Keshei	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Samuel Gitau	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Robert Asumani	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Replaced by Mr. Odeka	Replaced by Mr. Odeka	Replaced by Mr. Odeka	Replaced by Mr. Odeka
Hon. Stephen Kirwa Bitok	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Maj. Rtd. John Karanja	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Clement Odeka				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Committees of the University Council

The University Council has established the following committees:

a) Planning, Finance, Building, Development and General purpose committee.

The committee is responsible for the following:

- Making recommendations to the Council on Annual Budgets in the light of overall plan, the annual operating budgets from the academic division , other cost centres and other relevant information;
- Reviewing the University's financial strategy for approval by the Council;
- Reviewing the University's Annual Financial Statements and reporting to the Council;
- Reviewing the University's financial regulations from time to time and recommending any necessary changes in those regulations to the Council;
- Reviewing the University's Investment Policy from time to time and reporting to Council;
- Overseeing the University's Financial Management and Financial Control Systems and making quarterly reports to the Council;
- Such other action on behalf of the University Council in relation to the University's financial business as may be required from time to time.

b) Human Resource and Appointment Committee.

The committee oversees the formulation and subsequent monitoring and review of policies and strategies on employment of all University staff, including policies on recruitment and selection, staff development and training, performance management schemes, salaries and other conditions of service. The committee is responsible for the following matters:

- Reviewing and monitoring the implementation and effectiveness of the University's employment policies through regular reports provided by the Management Board;
- Overseeing the relations between the University and its employees;
- Reviewing and making recommendations to the University Council, on the salaries, allowances and other terms and conditions of service of the Vice Chancellor, the Deputy Vice Chancellors and such other senior officers of the University as the Council may determine from time to time;
- Monitoring key performance indicators as agreed by Council;
- Receiving and considering proposals on strategy and policy in all matters relating to the recruitment, reward, retention, motivation, and development of the University's staff and make recommendations to the Council;
- Receiving reports from Management Board relating to promotion.

c) Audit Governance, Risk Management and Sealing Committee.

The committee is responsible for the following:

- Providing leadership and advising Council on strategic issues related to risk management, quality management, and compliance with bench mark standards and Statutory Regulations;
- Reviewing and monitoring the effectiveness of the University's risk Management Policies and strategies in mitigating against identified potential risks and in improving management and control;
- Receiving and considering proposals from the internal audit section on the internal audit and compliance work plans, and making recommendations to Council for approval;
- Receiving and considering quarterly internal audit and compliance reports and making recommendations to the Council;
- Receiving and considering Annual External Audit Report submitted by external auditors and making recommendations to the Council;
- Receiving and considering proposals on quality review cycle and internal quality assessment plans from the management board and making recommendations to Council for approval.

d) Academic, Research, Extension Collaboration and Sealing Committee

The committee is responsible for the following

- Receive and consider reports from Senate and make recommendations to Council on academic matters including:
 - ✓ Curriculum and academic standards of any course of study;
 - ✓ Establishment, harmonization or abolition of Campuses, Schools, Units, Departments, and Centres;
 - ✓ Promotion of research and innovation work in the University and dissemination of the findings;
 - ✓ Quality standards and assurance of education, training, research and innovation; and Students' welfare.
- To receive and recommend to the Council approval of University Statutes.
- To receive and recommend to the Council approval of the Students Handbook.
- To receive and recommend to the Council approval of the Constitution for the Students Association.
- Oversee the constitution of Alumni Association and receive reports on their proposals and recommendations;
- 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.
- To establish and review structures and mechanisms for assuring the implementation of academic policies, the maintenance of standards and enhancement of good practice;

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- To oversee and co-ordinate activities associated with national and external agencies involved in quality assurance;
- To develop, amend, repeal and approve regulations concerning academic programmes;
- To receive and consider proposals and nominations for the award of honorary degrees and recommend to the full Council award of honorary degrees;
- To consider and advise Council on all matters related to research and innovation in the University.
- To receive, consider and recommend for approval regulations governing students conduct and discipline;
- To authorize on behalf of the Council the application of the University Seal on documents;
- To determine the types and amount of fees to be paid by students
- In consultation with the Human Resource and Appointments Committee, recommend to the Council on recruitment and promotion of academic staff of the University; and
- To undertake any other responsibility assigned by the Council from time to time.

The University Council nominates the Chairperson of each committee of the Council. In absence of a substantive chairperson the members present and constituting a quorum may elect a person from among them to chair the meeting. The chairperson of the University Council and the Vice Chancellor are ex-official members of every committee of the Council except the audit committee.

6. The Management Board

Section 24 (1) of Kisii University Charter provides for the formation of the Management Board which shall function as the Executive Board as provided for in the provisions of the act and the statutes. The Management Board members are appointed by the University Council.

The current membership consists of the following:

- a) The Vice Chancellor-who is the chairperson;
- b) Deputy Vice Chancellors;
- c) Registrars; and
- d) The Finance Officer.

The Management Board is responsible for the following:

- a) Overseeing the day to day running of the University;
- b) Efficient management of the human, physical and financial resources of the University;
- c) Coordinating and controlling the development, planning, management, and administration of the University and its resources in accordance with approved policies, rules and regulations;

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- d) Submitting proposals to the University Council concerning Annual Financial Statements, development priorities, staff development plans, terms and conditions of service, fund raising strategies, student welfare, public relations policies, academic partnerships and linkages with other institutions, collaboration with industry, as well as any policies and any matters related to the development, management and administration of the University;
- e) Authorising the initiation of legal proceedings on behalf of the University;
- f) Proposing to the University Council rules and regulations for the administration of the University and for the execution of its programmes and plans;
- g) Establishing any University charges and fees ; and
- h) Performing any other duties relating to the management of the University.

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8. MANAGEMENT DISCUSSION AND ANALYSIS.

8.1 Student Enrolment

Kisii University started experiencing a reduction in the number of student admission after the year 2015. Subsequently there has been a continuous decline especially the number of module two students. SSP (Self sponsored students).

However, the number of government sponsored students has been increasing exponentially for the last three years

Academic year	Government sponsored students allocated
2021/2022	5235
2020/2021	5502
2019/2020	2855
2018/2019	1831
2017/2018	2246
2016/2017	1950
2015/2016	995

8.2 Graduation Statistics

The university conducted its graduation ceremony on 10th December 2021. Below is the graduation statistics for the entire period since the award of the Charter.

Year	Cert	Diploma	Bachelors	Masters	PhD	Total
2021/2022	69	487	2,554	53	20	3,183
2020/2021	40	161	1,129	24	15	1,369
2019/2020	160	268	1,684	60	25	2,197
2018/2019	256	993	3,873	37	5	5,164
2017/2018	74	1,452	4,082	63	14	5,685
2016/2017	36	2,151	3,374	103	9	5,673
2015/2016	-	1,214	2,169	80	-	3,463
2014/2015	-	898	2,396	124	-	3,418
2013/2014	-	695	1,641	89	5	2,430
Total	-	522	984	72	-	1,578
	635	8,841	23,886	705	93	34,160

8.3 Employee Costs

The University Employee costs have been increasing over the years. In comparison with the total budget requirements the average employee costs have been more than 60 %. The university management is fully aware that this trend is not sustainable in the near future unless the government injects more funding to the institution. In view of this the management has started the process of reducing this burden by declaring staff redundancy.

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The employee costs in comparison with the total revenue is shown below.

Financial Year	Employee costs (Kshs.)	Total revenue (Kshs.)	%
2015/2016	1,677,809,000	3,197,065,000	52
2016/2017	1,688,496,000	3,048,605,000	55
2017/2018	1,957,781,000	2,922,969,000	67
2018/2019	1,768,866,000	2,509,495,000	70
2019/2020	1,970,047,000	2,128,061,000	82
2020/2021	1,529,856,000	1,841,515,000	83
2021/2022	1,485,064,000	2,219,904,000	68

8.4 Operation and Financial Performance Highlights

The revenue generated by the University has been on down ward trend since the financial year 2015/2016. This is a result of reduced enrolment of self-sponsored students. For the year under review the university registered an operating deficit.

The table below shows the revenue trend since the financial year 2015/2016.

Financial Year	Exchequer (Kshs.)	AIA (Kshs.)	Total (Kshs.)
2015/2016	958,497,000.00	2,238,568,000.00	3,197,605,000.00
2016/2017	1,061,278,000.00	1,987,327,000.00	3,048,605,000.00
2017/2018	1,289,139,000.00	1,633,830,000.00	2,922,969,000.00
2018/2019	1,141,152,000.00	1,368,343,000.00	2,509,495,000.00
2019/2020	1,339,008,000.00	798,053,000.00	2,128,061,000.00
2020/2021	1,139,706,000.00	701,809,000.00	1,841,515,000.00
2021/2022	1,185,470,000.00	1,034,434,000.00	2,219,904,000.00

8.5 Key projects that The University is implementing

During the year under review the university was implementing three key projects.

a) Construction of lecture theatres:

The lecture theatres are in the final stages of completion. The remaining works are external works and fixing of furniture.

b) Construction of ICT Centre

The first phase of ICT CENTER is complete and handed over to the university. The remaining works for second phase are at an advanced stage and will be completed within this financial year 2022/2023.

c) Construction of tuition complex:

The second phase of tuition complex has already been completed and handed over to the university.

8.6 Compliance with statutory requirements.

During the year under review the University complied with other statutory deductions except pension. The university has put in place arrangements to clear the outstanding amounts in the new financial year including having discussion with Retirement Benefit Authority.

8.7 Major potential risks that the university may face.

- a) Political risks
- b) Economic risks such as inflation
- c) Insufficient funding due to inadequate exchequer allocation and low revenue collection especially due to decline in self sponsored students
- d) New government regulations
- e) Non-compliance with legal and statutory obligations due to lack of enough funds
- f) Inadequate infrastructure

8.8 Material arrears in Statutory & Financial Obligations

During the Year under review the University had material arrears in statutory and financial obligations as follows:

- a) Payroll deductions
- b) Sundry creditors
- c) Part time lecturers

The university has been using internally generated funds to supplement its budgetary requirements however the revenue collected have reduced drastically.

9. ENVIRONMENT AND SUSTAINABILITY REPORTING

Kisii University was founded for public benefit, to promote education and knowledge, and to provide an institution open to all, irrespective of race, creed or political belief. It is a pioneering institution in making higher education available to women and the less fortunate in society and those unable to pursue traditional forms of study.

The University seeks to replicate this commitment to the academic enterprise and to wider society, through all of its operations and activities. The University endeavours to conduct its business in accordance with the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Kisii University Corporate Social Responsibility is centred on three pillars:

- People and Community
- Finance and Economic Activity
- Environmental Sustainability

(1) People and Community

The University as an employer

Kisii University is committed to being a good employer, and to contribute positively to the local community, the education sector in Kenya and the global community. As an employer the University is committed in ensuring that all staff members are fully supported in their work, have a decent working environment, and are fairly rewarded. The University engages with recognized Trade Unions which represent and protect the interests of its staff. The University offers competitive terms and conditions of service to its directly employed staff. The University also encourages and supports staff to engage in activities which benefit the wider community and society.

In order to achieve this, the University commits to:

- Embedding equality and diversity into all operations
- Allowing staff time for civic and public duties.
- Encouraging payroll donation, fundraising and other charitable activities.
- Ensuring staff can achieve their full potential through training, mentoring, and other staff development activities.
- Achieving the highest practical standards of health and safety for our staff, students, and visitors.

Local Community

Kisii University is a major tenant and employer in the local community with considerable operations in Kisii town. It opens up events and facilities to the public and participates in specific community engagement projects.

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In support of the local community Kisii University through the research and extension department is undertaking free training to the farmers on the following projects.

- Training farmers at Nyosia farm on new farming methods through the use of modern technology;
- Offering of artificial insemination to animals of selected farmers;
- Enhancing farmers' knowledge and skills on how to generate more farm produce from their farms.

Kisii University as an agent of peace and conflict resolution

Currently the University is offering a course to train key members of the local community on how to manage and maintain peace between various communities living in Kisii.

In addition to this local pastors are also continuously being trained on various leadership skills.

Freedom of Expression

As an academic institution, the University encourages debate and discussion and supports the right of peaceful protest where this does not threaten the health and safety of staff, students or visitors, and does not infringe upon others rights to freedom of expression and association.

(2) Finance and Economic Aactivity

The University recognizes the way in which it conducts its activities financially, has a bearing on those with an interest in its work. The University financial regulations follow the laid down Accounting Standards.

(3) Environmental Sustainability

Kisii University recognizes environmental sustainability as the greatest challenge of the 21st century and commits to ensuring that all of its major strategies and operations consider their environmental and ecological aspects and impacts. In this respect Kisii University is;

- a) Partnering with County Government of Kisii in keeping the Kisii town clean. This is done by sponsoring students and staff to freely participate in the cleaning programmes.
- b) In order to maintain a healthy environment, Kisii University recently removed asbestos roofing materials and replaced them with eco-friendly iron sheets.
- c) The university through the safety committee was engaged in road safety campaign.
- d) The scout movement was involved in planting of trees in our Nyosia Farm, and Selected primary Schools

(4) Fight against Covid 19 Pandemic

During the year under review the university fraternity was actively engaged through our medical department in the distribution of free face mask and sanitisers to the surrounding community.

10. REPORT OF THE COUNCIL MEMBERS

The Council Members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of Kisii University affairs.

i) Principal activities

The principal activities of Kisii University continue to be provision of University Education and conduct of Research.

ii) Results

The results of the University for the year ended June 30, 2022 are in the financial statements set out on pages 1 to 33.

iii) Council Members

The members of the University Council who served during the year are shown on pages vi and vii.

iv) Auditors

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



.....
Prof. John S. Akama
Secretary to the Council

11. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

The Public Financial Management Act of 2012, Kisii University Charter of 2013 and the Universities' Act of 2012 Cap 42 require the University Council to prepare Financial Statements of Kisii University which give a true and fair view of the state of affairs of the University as at the end of the financial year and the operating results of the University for the year. The Council members are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council members are also responsible for safeguarding the assets of the University.

The Council members accept responsibility for the Annual 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 provided by the Public Financial Management Act of 2012 and the Universities' Act of 2012 Cap 42.

The Council members are of the opinion that the Financial Statements give a true and fair view of the state of University's transactions during the financial year ended on 30th June 2022, and the University's financial position as at that date.

The Council members further confirm the completeness of the accounting records maintained in the University, which have been relied upon in the preparation of the Financial Statements, as well as adequate operation systems of Internal Financial Controls.

The University Council members wish to state that for the University to continue to sustain its services, it will continue relying upon Government and the Creditors Support.

Approval of the Financial Statements

The University's Financial Statements were approved by the Council on 27th September 2022 and signed on its behalf by:



Dr. Mildred A. Mudany, PhD
Chairperson of the Council



Prof. John S. Akama (PhD)
Vice Chancellor



Mr. Charles M. Mwangi
FINANCE OFFICER
(ICPAK No. 13211)

REPUBLIC OF KENYA



Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KISII UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Kisii University set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kisii University as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (Accrual Basis) and comply with Universities Act, 2012 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long Outstanding and Unsupported Fees Balances

The statement of financial position reflects receivables from exchange transactions balance of Kshs.126,943,000 which is net of provision for bad debts of Kshs.6,681,000. As disclosed in Note 15 to the financial statements, the amount includes fees balances amounting to Kshs.131,221,000 which have been outstanding for a long period of time, contrary to the University regulations which require students to pay fees before receiving services from the University. In addition, a schedule in support of the fees balances was not provided for audit review. Further, it was not possible to generate the student fee balances report from the students management system.

In the circumstances, the accuracy, completeness and recoverability of the long outstanding fees arrears of Kshs.131,221,000 as at 30 June, 2022 could not be confirmed.

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

Emphasis of Matter

1. Material Uncertainty Related to Sustainability of Services

I draw attention to Note 5(b) to the financial statements, which indicates that the University incurred a deficit of Kshs.30,226,000 during the year under review and accumulated deficit of Kshs.487,677,000 as at 30 June, 2022. In addition, the University's current liabilities totaling to Kshs.786,940,000 exceeded its current assets totaling to Kshs.215,492,000 as at 30 June, 2022, resulting to a negative working capital amounting to Kshs.571,448,000. These conditions indicate the existence of a material uncertainty, which may lead to significant doubt on the University's ability to continue to sustain its services. The Management indicated that the University's future depended on the continued financial support from the National Government and creditors.

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

Unresolved Prior Year Matters

In the previous year's audit report, several issues were raised under report on the financial statements, report on lawfulness and effectiveness in use of public resources and report on effectiveness of internal controls, risk management and governance. However, Management had not resolved these issues as at 30 June, 2022 and no satisfactory reasons were provided for failure to resolve the prior year audit issues.

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. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted revenue of Kshs.2,125,470,000 and actual receipts of Kshs.2,219,904,000, resulting in a revenue surplus of Kshs.94,434,000. The surplus was attributed to income received from income generating units amounting to Kshs.95,909,000 which had not been included in the budget. In addition, the University spent Kshs.2,250,130,000 against a budget of Kshs.2,125,470,000, resulting in an over-expenditure of Kshs.124,660,000 or 6% of the budgeted amount. However, approval for the over expenditure of Kshs.126,660,000 by the University Council as required by Section 44(2) of the Universities Act, 2012 was not provided for audit.

In the circumstance, the regularity of the over expenditure of Kshs.126,660,000 could not be confirmed.

2. Partial Implementation of E-Procurement System

Review of the procurement processes during the year under review revealed that the Management had not fully implemented the e-procurement system, contrary to Regulation 49(2) of the Public Procurement and Assets Disposal Regulations, 2020, which provides that the procurement entity should conduct of e-procurement procedures for the supply of goods, works and services shall be carried out using an e-procurement system which is integrated to the State Portal.

In the circumstance, the efficiency and effectiveness of the procurement processes could not be confirmed. In addition, Management was in breach of the law.

3. Trade and Other Payables from Exchange Transactions

3.1 Non-Remittance of Staff and Statutory Deductions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.750,829,000 which, as disclosed in Note 17 to the financial statements, includes University staff pay and deductions of Kshs.453,794,000 in respect of unremitted University staff pay and deductions. Review of the aging analysis of the balance revealed that the deductions had exceeded the statutory remittance period.

Failure to remit the statutory deductions on time may result in the University incurring interests and penalties.

4. Retention Monies Not Deposited in Retention Account

Examination of payments in respect of acquisition of permanent works revealed that retention monies totaling to Kshs.9,142,000 were deducted from contractors but were yet to be deposited into a retention bank account. Therefore, the retained amounts which were due to contractors and may have been utilized for purposes other than intended. In addition, there was no indication that Management will be able to pay the retained amounts when they fall due.

5. Acting Appointments Beyond Six Months Period

Review of the personnel records reveal that eighteen (18) employees, including Management staff, were serving in acting positions, and continued to draw acting allowances for those positions. In addition, the employees had been serving in acting capacities for periods beyond the six months provided in the Human Resource Policies and Procedure Manual for Public Service.

In the circumstances, Management was in breach of the public service policies and practices.

6. Non-Compliance with Law on Ethnic Composition

Review of the employees records revealed that 70% of employees of the University were from one ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which provides that all public establishment shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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

Basis for Conclusion

1. Failure to Appoint a Chancellor of the University

Review of Governance and Management records of the University revealed that the University had operated for the past five (5) years without a Chancellor, after the expiry of the term of the immediate former Chancellor in February, 2018. The University hierarchy was therefore not properly constituted which hindered strategic decisions and leadership.

In the circumstance, decisions made by the University Council during the period may not be binding.

2. Lack of Business Continuity and Disaster Recovery Plan

During the year under review, the University did not have in place an Information System Disaster Recovery Plan and a Business Continuity Plan. Therefore, there was no documented process to guide mitigation against any events affecting the information systems, information recovery and business continuity.

In the circumstance, the security of the University's information system could not be guaranteed.

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 processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the University Council

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

In preparing the financial statements, the Management is responsible for assessing the University's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the University or to cease operations. The Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to 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 controls that are identified during the audit.

I also provide the 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

19 May, 2023

KISII UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022.

	Note	2021-2022	2020-2021
		Kshs'000	Kshs'000
Revenue from non-exchange transactions			
Transfers from other government entities	6	1,185,470	1,139,706
Total revenue from non-exchange transactions		1,185,470	1,139,706
Revenue from exchange transactions			
Tuition fees	7	938,525	639,648
Income generating units	8	95,909	62,161
Total revenue from exchange transactions		1,034,434	701,809
Total revenue		2,219,904	1,841,515
Expenses			
Employee costs	9	1,485,064	1,529,856
Council expenses	10	17,449	11,817
Contracted services-part time expenses	11	59,435	107,736
General expenses	12	619,643	421,515
Service gratuity	13	34,951	13,626
Depreciation expense	18	33,588	36,908
Total expenses		2,250,130	2,121,458
Surplus/deficit for the year		(30,226)	(279,943)

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13. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022.

	Note	2021-2022	2020-2021
		Kshs '000	Kshs '000
Assets			
Current assets			
Cash and cash equivalents	14	71,363	160,579
Current portion of receivables from exchange Transactions	15	126,943	197,926
Inventories	16	17,186	13,261
Total current assets		215,492	371,766
Non-current assets			
Property, plant and equipment	17	3,211,001	3,104,889
Biological assets	19	3,518	2,498
Total non- current assets		3,214,519	3,107,387
Total assets		3,430,011	3,479,153
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	750,829	791,070
Provisions	13	36,111	14,786
Total current liabilities		786,940	805,856
Total liabilities		786,940	805,856
Net assets			
Capital development funds	21	3,130,748	3,130,748
Accumulated surplus	21	(487,677)	(457,451)
Total net assets		2,643,071	2,673,297
Total net assets and liabilities		3,430,011	3,479,153



Prof. John Akama PhD.
Vice Chancellor

Date: 15 February, 2023



Charles M. Mwangi
Finance Officer
ICPAK Member: 13211

Date: 15 February, 2023



Dr. Mildred Mudany, PhD.
Chairperson of the Council

Date: 15 February, 2023

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14. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30TH JUNE 2022.

	Note	Capital/ Development Funds	Accumulated Surplus	Total
		Kshs'000	Kshs'000	Kshs'000
Balance as at 1 July, 2020	21	3,116,603	(177,508)	2,939,095
Capital/development funds from the Government		14,145	-	14,145
Surplus/deficit			(279,943)	(279,943)
Balance as at 30 June, 2020		3,130,748	(457,451)	2,673,297
Balance as at 1 July, 2021	21	3,130,748	(457,451)	2,673,297
Capital/development funds from the Government		-	-	-
Surplus/deficit			(30,226)	(30,226)
Balance as at 30 June, 2022	21	3,130,748	(487,677)	2,643,071

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15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022.

	Note	2021-2022	2020-2021
		Kshs'000	Kshs'000
Cash flows from operating activities			
Surplus/deficit for the year		(30,226)	(279,943)
Adjusted for:			
Depreciation	18	33,588	36,908
Increase in Provisions	13	21,325	6,569
		24,687	(236,466)
Changes in working capital			
Increase in biological assets	19	(1,020)	(1,666)
Increase in inventories	16	(3,925)	1,121
Decrease in receivables	15	70,983	195,621
Increase in payables	20	(66,637)	97,014
Net Cash flows from operating Activities		24,088	55,624
Cash flows from investing activities			
Purchase of property, plant and equipment	17	(139,700)	(82,389)
Cash flows from financing activities			
Capital development grant	6	-	14,145
Bank overdraft	20	26,396	34,225
Net cash flows used in investing activities		(113,304)	(34,019)
Net increase in cash and cash equivalents		(89,216)	21,065
Cash and cash equivalent as at 30 June, 2021	14	160,579	138,974
Cash and cash equivalent as at 30th June 2022	14	71,363	160,579

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16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022.

	Original Budget	Adjustment	Final Budget	Actual on comparable basis	Performance difference	% of Utilization
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	f=d/c*100
Revenue	a	b	c=a+b	d	e=(c-d)	
Transfers to other government entities	1,179,037	6,433	1,185,470	1,185,470	-	100%
Tuition fees	940,000		940,000	938,525	1,475	100%
Income generating units	-	-	-	95,909	(95,909)	
Total Income	2,119,037	6,433	2,125,470	2,219,904	(94,434)	104%
Expenses						
Employee Expenses	1,440,567	6,433	1,447,000	1,485,064	(38,064)	103%
Council expenses	18,000		18,000	17,449	551	97%
Part time expenses	108,000		108,000	59,435	48,565	55%
General expenses	552,470	-	552,470	619,643	(67,173)	112%
Service gratuity			-	34,951	(34,951)	
Depreciation expenses			-	33,588	(33,588)	
Total expenses	2,119,037	6,433	2,125,470	2,250,130	(124,660)	106%
Deficit for the year	-	-	-	(30,226)	30,226	

Notes

- Underutilization in part-time expenses by 45% was due to inadequate realisation of funds.
- Over-expenditure in general expenses by 12% was as a result of settlement of previous years accrued bills and accumulation of new ones.
- During the year under review the government allocated an extra Kshs.6,433,000 through the supplementary budget.

17. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kisii University is established by and derives its authority and accountability from Kisii University Charter of 2013 and the University's Act No 42 of 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide University Education and conduct research.

2. Statement of Compliance and Basis of Preparation;

The University's Financial Statements for the year ended 30th June 2022 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) accrual. This is the third year of adoption and the previous years have been restated accordingly. The Financial Statements are presented in Kenya shillings, which is the functional and reporting currency of the University and all values are rounded to the nearest thousand (Kshs.'000'). 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 is prepared using the indirect method. The Financial Statements are prepared on accrual basis.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing;

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Standard	Effective date and impact:
	<p>and</p> <ul style="list-style-type: none"> • 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 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(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.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now</p>

Standard	Effective date and impact:
	superseded by IPSAS 41 which is applicable from 1 st January 2023.
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in year 2021/2022.

4. Summary of Significant Accounting Policies;

a) Revenue Recognition

i) Revenue from non-exchange transactions

Transfers from other Government Entities

The University receives Government Capitation for Recurrent Expenditure and is recognised in the statement of financial performance. The University recognises the grants when the budget estimates are approved hence there are no accrued grants at the end of the year. The Capital Development grants are recognised and credited to the Capital Development Funds. There was no capital development funds allocated during the year under review.

ii) Revenue from exchange transactions;

Tuition

The University recognizes tuition revenue in the period in which it is earned.

Income Generating Units

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

b) Budget Information:

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

c) Property, Plant and Equipment;

All Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated as it is deemed to have an infinite life. Depreciation on the other property is charged so as to write off the assets during their estimated useful life, using reducing balance method.

Assets acquired during the first six months of the year attract full depreciation while those acquired in the last six months of the year are not depreciated.

The annual rates are: (Reducing Balance Method.)

Buildings	-	2.5%
Infrastructural Assets	-	2.5%
Motor Vehicles	-	25%
Furniture & Fittings	-	12.5%
Office equipment's	-	20 %
Plant Machinery & Equipment	-	20%
Library Books	-	20%
Cutlery	-	33.3%
Office equipment's	-	20 %

d) Inventories;

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the Inventory is its fair value at the date of acquisition.

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

e) Biological Assets;

The University recognises and measures its Biological Assets on initial recognition and at each reporting date at its fair value less costs to sell. The fair value reflects the current market value. The University currently owns cows, goats and rears fish as part of its Biological Assets.

f) Provisions;

Provisions are measured at the Management's best estimate of the expenditure required to settle the obligation at the reporting date.

g) Employee Benefits;

Retirement Benefit Plans,

The University operates a Defined Contribution Scheme for its employees. The assets of this scheme are held in a separate Trustee Administered Fund. The scheme is funded by contributions based on the basic salary from both employees and employer at a rate of 10% and 20% respectively. Benefits are paid to retiring employees in accordance with the scheme rules.

The University also contributes to the statutory National Social Security Fund (NSSF). This is a Defined Contribution Scheme registered under the NSSF Act. The University's obligations under this scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 200/= per employee per month. The University's obligations to Staff Retirement Benefit Schemes are charged to the statement of financial performance in the year to which they relate.

h) Related parties:

The Entity 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 Entity, or vice versa. The University's parent Ministry is the Ministry of Education Science and Technology. The University gets its grants through this Ministry. Other related parties include the Council members and the Senior Management. Key transactions and balances with the related parties are clearly shown in the following notes;

- Council remuneration is shown in note number 7.
- Funds received from the Ministry are shown in note number 3 (i) and (ii).

i) Cash and Cash Equivalents;

Cash and Cash Equivalents comprise cash on hand and cash at bank, as the University does not have any short-term deposits or liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash.

Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purpose of these Financial Statements cash and cash equivalents does not include imprests and advances which were not surrendered at the end of the financial year.

j) Comparative figures;

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

k) Receivables;

Receivables are recognised when commitments are effected. A provision of 5% of total receivables has been provided to take care of the receivables, which may not be recovered in full.

l) Description and nature and purpose of each reserve in statement of net asset;

Capital Development fund- These are funds which are received by the University from the Government for purposes of Capital Development. Currently the projects being funded by these funds are still on-going.

Accumulated Surplus- This is accumulated surplus realised by the University over the years.

m) Intangible assets

The ERP system that qualifies for classification under intangible assets is still under implementation and therefore no amortization provision has been made in this financial year.

n) Leases

A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership of an asset are passed to the lessee. All other leases are classified as operating leases to the surplus or deficit on a reducing balance basis over the period of the lease.

5. Significant judgements and sources of estimation uncertainty;

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 entity based its assumptions and estimates on parameters available when the Financial Statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the entity.

Key sources of estimation Uncertainty;

Equipment;

Critical estimates are made by the Council in determining the depreciation rates of the equipment.

Impairment;

At each statement of financial position date, the entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

Provisions and contingent Liabilities;

The University reviews its obligations at each balance sheet date to determine whether provisions need to be made and if there are any contingent liabilities. The university has an active court case in court involving the Kenya Universities Staff Union in

KISUMUELRC NO. EOO9. The ruling was delivered in May 2022 but the University has already appealed the same.

Useful Lives and Residual Values;

The useful live 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 entity.
- The nature of the asset and its, susceptibility and adaptability to changes in technology and processes.
- The nature of the process in which the asset is deployed.

5(b) Sustainability of Services

The University had a deficit of Kshs.30,226,000 during the year and accumulated deficit of Kshs.487,677,000 as at 30 June, 2022. In addition, the University's current liabilities totaling to Kshs.786,940,000 exceeded its current assets totaling to Kshs.215,492,000 as at 30 June, 2022, resulting to a negative working capital amounting to Kshs.571,448,000.

The main reason for this worrying trend is the sudden drop in revenue raised internally A.I.A (Appropriation in Aid). The sudden drop of A.I.A was caused by huge decline in number of self- sponsored students who formed the main source of this revenue stream.

The other major cause of this worrying trend is the inadequate funding in form of monthly exchequer from the government. The funds released by the government on monthly basis are barely enough to meet the monthly payroll expenditure leave alone to cater for the other recurrent expenditure. This has been the trend for the last five financial years.

To address the situation, the University Management will engage the National Government for more exchequer funding. Also, Management will put in place appropriate measures aimed at attracting self-sponsored students to the University.

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6 (a) Transfers from Other Government Entities

Description	2021-2022	2020-2021
	Kshs'000	Kshs'000
Unconditional Grants		
Operational Grant	1,185,470	1,139,706
Other Grants	-	14,145
Total Unconditional Grants	1,185,470	1,153,851
Conditional Grants	-	-
Total Government Grants And Subsidies	1,185,470	1,153,851

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

Name Of The Entity Sending The Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund	Total transfers 2021-22	Prior year 2020-2021
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Ministry/State Department					
Ministry of Education	1,185,470	-	-	1,185,470	1,153,851
Total	1,185,470	-	-	1,185,470	1,153,851

7 Tuition Fees

Details	2021-2022	2020-2021
	Kshs'000	Kshs'000
Tuition fees	492,249	341,187
Registration fees	21,213	14,703
Student ID	21,074	14,607
Library use	47,428	32,873
Examination	23,729	16,447
Material Development	126,446	87,642
Activity fees	37,272	25,834
HELB funds	105,891	62,534
Medical	63,223	43,821
Total	938,525	639,648

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8. Income Generating Units

Details	2021-2022	2020-2021
	Kshs'000	Kshs'000
Accommodation	4,911	1,848
Application Forms	1,708	1,087
Certificates Reprinting	113	227
Conference charges	745	674
Decrease in provision of doubtful debts	3,736	10,296
Disposal Income	65	423
Exam Retake	433	3,085
Farm Sales	32	125
Fines and penalties	28,064	366
Graduation Fee And Gowns Hire	31,163	14,568
Graduation Donation	250	
Hire Of Playing Ground	20	6
Library Charges	410	58
Medical Charges	521	505
Miscellaneous Income	1,778	218
Rent	798	192
Research Grants	6,643	18,828
Staff Mess Sales	74	846
Student Id Replacement	271	167
Student mess Sales	2,589	2,489
Supervision fee	1,680	1,090
Smart card students	3,592	3,978
Supplementary	4,824	
Tender forms sale		10
Test and vaccination levy	688	557
Transcripts	519	312
Workshop and seminar charges	282	206
Total	95,909	62,161

9. Employee Costs

Details	2021-2022	2020-2021
	Kshs'000	Kshs'000
Salaries And Wages	1,430,584	1,486,782
Salary Locum Appointees, Casuals, Security Firm	30,018	17,658
Staff welfare and Development	4,689	3,490
Student Medical Refunds and Hospitalisation	12,663	14,784
Medical Supply	7,110	7,142
Total	1,485,064	1,529,856

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10. Council Expenses

Details	2021-2022	2020-2021
	Kshs'000	Kshs'000
Sitting Allowances	3,860	3,251
Subsistence Allowances	5,781	2,819
Mileage Allowances	6,445	2,416
Other expenses air time, food, medical refunds	1,363	3,331
Total	17,449	11,817

11. Contracted Services (Part Time Lecturers)

Details	2021-2022	2020-2021
	Kshs'000	Kshs'000
School Of Business	19,767	36,542
School of Information Science	7,120	12,779
School of Education	14,710	26,401
School of Agriculture	7,366	13,220
School of Health Science	1,377	2,472
School of Pure and Applied Science	908	1,630
School of Arts and Social Science	7,928	14,228
School of Law	259	464
Total	59,435	107,736

12. General Expenses

Details	2021-2022	2020-2021
	Kshs'000	Kshs'000
Advertising	1,058	1,782
Conferences and Delegations	4,690	476
Electricity	10,998	9,653
Fuel and oil	15,843	9,060
Insurance	5,818	3,818
Postage	160	234
Printing and stationery	31,184	14,712
Rent and Rates	101,177	120,608
Travelling and Accommodation	122,564	70,497
Repairs and Maintenance	12,688	13,781
Other Expenses	313,463	176,894
Total	619,643	421,515

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13. Provisions

Details	2021-2022	2020-2021
	Kshs'000	Kshs'000
Provision For Audit Fees	1,160	1,160
Provision For Gratuity	34,951	13,626
Total	36,111	14,786

14. Cash and Cash Equivalents

Details	ACCOUNT NO	2021-2022	2020-2021
		Kshs'000	Kshs'000
Cash At Bank (NBK Current A/C)	01001035009000	4	1,684
Cash At Bank (NBK Savings A/C)	01230035009000	165	37
Cash At Bank (KCB Development)	1113771143	72	158,483
Cash At Bank (Cooperative Bank)	01129297079400	66,812	250
Cash At Bank (KCB Fee collection)	1148599398	479	87
Cash At Bank (KCB Research Grant)	1151310557	3,831	38
Total		71,363	160,579

15. Receivables from Exchange Transactions

Details	2021-2022	2020-2021
	Kshs'000	Kshs'000
Imprest Outstanding	2,403	4,433
Fees Balances	131,221	203,910
Provision	(6,681)	(10,417)
Total	126,943	197,926

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16. Inventories

Details	2021/2022	2020/2021
	Kshs.000	Kshs.000
University departments		
AGED	35	41
Academic Affairs	2,600	28
Cash Office	1	
Catering Department	103	22
Central Registry	15	
Central Services	1,848	1,872
Central Stores	3,502	3,653
DVC ASA		106
Eldoret Medical	22	1,007
Eldoret campus store	763	
Elimu centre		35
Engineering		
Examination & Timetabling Dept.	1,007	894
Finance Main and cash office	3	8
Guest House		1
ICT	37	
IGU	1	
Halls	220	
Health science		79
Kericho Campus	87	
Library	235	311
Medical	1,703	990
Migori	26	
Nairobi campus	30	32
Nyosia Farm	354	-
Printing press	235	
Procurement	36	44
Public Relations	6	
Pharmacy	2,319	3,399
Registrar Administration	357	101
Salaries	532	81
School of Engineering		3
School Of Education	7	16
School of FIST		108
School of Health Science	438	
Security		11
School of Law	3	
Vice Chancellor	661	419
Total	<u>17,186</u>	<u>13,261</u>

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17. Property, Plant and Equipment Movement Schedule.

	Land	Buildings	Infrastru cture Assets	Capital Work in Progress	Motor Vehicles	Furnitur e & Fittings	Office Equipme nt	Plant & Machine ry	Library	Cutlery	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Cost											
As at 1 July, 2020	140,901	276,537	38,644	2,518,440	99,064	75,471	128,964	27,470	46,110	1,731	3,353,332
Additions	-	-	-	61,300	3,534	593	5,787	8,652	2,523	-	82,389
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-	-	-
As At 30 June, 2021	140,901	276,537	38,644	2,579,740	102,598	76,064	134,751	36,122	48,633	1,731	3,435,721
Additions	-	20,726	-	93,076	-	1,680	17,192	309	6,717	-	139,700
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-	-	-
As At 30 June, 2022	140,901	297,263	38,644	2,672,816	102,598	77,744	151,943	36,431	55,350	1,731	3,575,421
Depreciation And Impairment											
As at 1 July, 2020	-	52,404	3,372	-	69,687	40,215	73,712	20,376	32,485	1,673	293,924
Depreciation	-	5,603	882	-	8,228	4,481	12,195	2,270	3,230	19	36,908
Impairment	-	-	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-	-	-
As At 30 June, 2021	-	58,007	4,254	-	77,915	44,696	85,907	22,646	35,715	1,692	330,832
Depreciation	-	5,981	860	-	6,171	4,085	10,757	2,757	2,964	13	33,588
Disposals	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-	-
As At 30 June, 2022	-	63,988	5,114	-	84,086	48,781	96,664	25,403	38,679	1,705	364,420
Net Book Values											
As At 30 June, 2021	140,901	218,530	34,390	2,579,740	24,683	31,368	48,844	13,476	12,918	39	3,104,889
As At 30 June, 2022	140,901	233,275	33,530	2,672,816	18,512	28,963	55,279	11,028	16,671	26	3,211,001

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18. Depreciation and Amortization Expense

Details	2021-2022	2020-2021
	Kshs'000	Kshs'000
Buildings	5,981	5,603
Infrastructure	860	882
Motor Vehicles	6,171	8,228
Furniture & Fittings	4,085	4,481
Office Equipment	10,757	12,195
Plant and Machinery	2,757	2,270
Library Books	2,964	3,230
Cutlery	13	19
Total	33,588	36,908

19. Biological Assets

Details	2021-2022	2020-2021
Cows	Kshs'000	Kshs'000
Acade Pedigree	200	200
Owen Pedigree	200	200
John 1year	20	
Mary 1 Year	50	
Mercy 1 Year	50	
Ruth 1	50	
Gold Coast	200	200
Noah	200	200
Ruth	200	200
France	200	200
Petition	200	200
Winnie	200	200
Dutch	200	200
Sylvia	200	200
Akama	90	60
Anne 10 Heifer Calf	80	
Alex 1 Year	20	
Thomas 2	20	
Tom 1 Year	20	
ROSE	60	
Anne 9 Heifer Calf	200	60
Claf bull untagged	10	
Thomas	200	100
Michael heifer	200	16

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Details	2021-2022	2020-2021
Cows	Kshs'000	Kshs'000
Susan 5 Heifer	200	150
Sannen she Goat (White) Grace	6	5
Alphine she Goat (Brown Kid) Joy	6	5
Alphine She Goat Jane	6	5
White Brown Goat (Male Kids)	6	2
White Brown Goat (Male Kids) 6 kids	24	5
Thomas 1	200	90
Total	3,518	2,498

20. Trade and Other Payables from Exchange Transactions

Details	2021-2022	2020-2021
	Ksh '000	Ksh '000
Bank Overdraft KCB Operations account number 1135404291	26,396	34,225
Caution Money	38,444	41,346
Part Time Expenses	141,914	182,650
Sundry Creditors	49,157	32,973
Student Union	1,865	233
Retention	12,259	3,117
Lease hold	27,000	27,000
University staff pay & Deductions	453,794	469,526
Total	750,829	791,070

21. Capital Development Funds and Accumulated Surplus

Capital Development Funds		Accumulated Surplus/Deficit	
Financial Year	Kshs'000	Financial Year	Kshs'000
Bal. B/f 01/07/2008	278,054	Bal. B/f 01/07/2008	
2008-2009	-	2008-2009	46,322
2009-2010	274,938	2009-2010	110,622
2010-2011	283,581	2010-2011	52,808
2011-2012	350,693	2011-2012	32,331
2012-2013	273,189	2012-2013	28,895
2013-2014	110,728	2013-2014	22,806
2014-2015	246,527	2014-2015	26,489
2015-2016	174,360	2015-2016	22,241
2016-2017	279,846	2016-2017	4,351
2017-2018	64,108	2016-2017	4,056
2018-2019	500,419	2018-2019	(19,602)
2019-2020	280,160	2019-2020	(508,827)

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Capital Development Funds		Accumulated Surplus/Deficit	
Financial Year	Kshs'000	Financial Year	Kshs'000
2020-2021	14,145	2020-2021	(279,943)
2021-2022	0	2021-2022	(30,226)
Balance as at 30/06/22	3,130,748	Balance as at 30/06/22	(487,677)

22. Risk Management

The University activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risks.

Credit risk

The University has exposure to credit risk which is the risk that a counter party to financial instrument will be unable to pay amounts in full when due thus causing a financial loss. Credit risk arises from cash and cash equivalents and trade receivables. Credit risk on trade receivables is managed by ensuring that credit is extended to customers and students with established credit history.

Market risk

The University has put in place an internal audit function to assist it in assessing the risk faced by the University on an on-going basis, evaluate and test the design and effectiveness of its Internal Accounting and Operational Controls. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the audit and risk management committee.

Liquidity risk

The ultimate responsibility for liquidity risk management rests with the council who have built an appropriate liquidity risk management framework for the management of the University's short, medium and long term funding and liquidity management requirements.

23. Capital Commitments

The University has on-going projects which are funded purely by the exchequer. The projects include Hostels, ICT Centre and Lecture Theatres.

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24. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the Financial Statements for the year ended on 30th June 2022.

25. Ultimate and Holding Entity

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

26. Currency

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

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18. APPENDIX

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL'S RECOMMENDATIONS

The following is the summary of issues raised by the Auditor-General in year 2020/2021, and Management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
REPORT ON THE FINANCIAL STATEMENTS				
Basis for Qualified Opinion				
1.	Non-Disclosure of Material Uncertainty in Relation to Sustainability of Services	We concur with your observation that during the year under review the University reported a deficit of Kshs.279,943,000. This trend has continued for the last three financial years. The main reason for this worrying trend is the sudden drop in revenue raised internally A.I.A (Appropriation in Aid). The sudden drop of A.I.A was caused by huge decline in number of self-sponsored students who formed the main source of this revenue stream. The other major cause of this worrying trend is the inadequate funding in form of monthly exchequer from the government. The funds released by the government on	Not resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>monthly basis are barely enough to meet the monthly payroll expenditure leave alone to cater for the other recurrent expenditure. This has been the trend for the last five financial years.</p>		
2	<p>Long Outstanding Receivables from Exchange Transactions</p>	<p>We concur with your observations that during the year ended 30th June 2021. The university was owed an amount of Kshs.203,910,000 by the student debtors. The university has put in mechanisms to ensure all students clear their fees within the required timelines. However it is important to note that for the year under review the university was closed during the last quarter due to COVID 19 pandemic hence making it difficult to collect the fees. The University management will also review the bad debts provision with a view of adjusting it to reflect the current trend.</p>	Not resolved	
3	<p>Long Outstanding Trade and Other Payables from Exchange Transactions</p>	<p>The university concurs with your observation that during the year under review, part of the outstanding payables includes unremitted statutory deductions. The main reason for non-payment of these statutory deductions is due to lack of enough funds. As clearly noted elsewhere in this report the university revenues have been declining for the</p>	Not resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Other Matter		last four years whereas operational expenditure has remained constant or increasing in some instances.		
1.	Budget and Budgetary Performance	<p>We agree that during the year under review the university was not able to meet the budget. As clearly noted elsewhere in this response the university was not able to realize the budgeted revenue due to factors beyond the university's control. Without collection of the budgeted revenue it was impossible to carry on with the planned activities.</p> <p>The management would like to confirm that the under performance of the budget was inevitable under the circumstances. The budget underperformance is also related to the continuous decline of AIA revenue.</p>	Resolved	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
Basis for Conclusion				
1	Stalled Capital Projects	We would like to concur with your observation that the University has three ongoing capital projects which are funded by the Exchequer. The projects are	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Lecture Theatres, ICT Center and the proposed Tuition Block. Due to funding challenges from the government the projects have taken a long period of time to complete. The projects started way back in 2009.</p> <p>Despite the funding challenges and as clearly noted in your report the projects are in the final stages of completion. The practical completion of the said projects was supposed to be 31st Dec 2019 the remaining aspects of the projects were to be handled within the snag period which is normally six months. However this was interrupted by the onset of COVID 19 pandemic.</p> <p>In order to ensure that the remaining aspects of the projects are fast tracked the university has done the following.</p> <p>1. Power reticulation</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>This was supposed to be a client supplied item. The university has already advertised for this tender. We expect to complete this exercise within this financial year.</p> <p>2. External works The contractor has been given very clear and firm instructions to speed up the work and complete within the shortest time possible</p> <p>3. Furniture The process of acquiring the requisite furniture has already started and we expect it to be completed within the current financial year.</p> <p>Currently the projects are at advanced level of completion and will be finalised within the current financial year.</p>		

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	Non-Compliance with Law on Fiscal Responsibility-Wage Bill	<p>We agree with your findings; however, it is important to note that Kisii University is a young institution which was only chartered in 2013. The funding that we receive from the National government in comparison with our annual request is still inadequate. As a result of this under funding the amount spent on employee costs seems to be on the higher side in comparison with the whole budget. On the other hand, the university is still being compelled to recruit, especially more teaching staff by Commission for University Education to meet some key requirements. These requirements have an effect of increasing the employee costs. It is also important to note that included in Note 6 are other amounts like staff training which are related to the general welfare of employees and not necessary wage bill. Finally, in view of the fact that the total revenue has been declining for the last five financial years whereas the expenditure has remained constant or increased in some instances it is difficult to achieve the percentage threshold as required in the regulations.</p>	Not resolved	

KISII UNIVERSITY
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		<p>The table below shows the trend in the last six financial years.</p> <table border="1" data-bbox="678 1433 949 1937"> <thead> <tr> <th>Financial Year</th> <th>Employee costs</th> <th>Total revenue</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>2015/2016</td> <td>1,677,809,000</td> <td>3,197,065,000</td> <td>52</td> </tr> <tr> <td>2016/2017</td> <td>1,688,496,000</td> <td>3,048,605,000</td> <td>55</td> </tr> <tr> <td>2017/2018</td> <td>1,957,781,000</td> <td>2,922,969,000</td> <td>67</td> </tr> <tr> <td>2018/2019</td> <td>1,768,866,000</td> <td>2,509,495,000</td> <td>70</td> </tr> <tr> <td>2019/2020</td> <td>1,970,397,000</td> <td>2,126,599,000</td> <td>92</td> </tr> <tr> <td>2020/2021</td> <td>1,529,856,000</td> <td>1,841,515,000</td> <td>83</td> </tr> </tbody> </table>	Financial Year	Employee costs	Total revenue	%	2015/2016	1,677,809,000	3,197,065,000	52	2016/2017	1,688,496,000	3,048,605,000	55	2017/2018	1,957,781,000	2,922,969,000	67	2018/2019	1,768,866,000	2,509,495,000	70	2019/2020	1,970,397,000	2,126,599,000	92	2020/2021	1,529,856,000	1,841,515,000	83		
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3	Non-Compliance with Law on Ethnic Composition	<p>The university has always ensured that it adheres to the requirements of National Cohesion and integration Act. However in this case most of the staff recruited were meant to work in low cadre jobs. This makes it difficult to attract people from outside the region who would be willing to come and work for the said jobs. Moving forward the university will continue adhering to the requirements of the relevant provisions of the law.</p>	Not Resolved																													

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	Appointment on Acting Positions	The university management is well ceased of the matter and necessary remedial action has been initiated. The main reason for this non-compliance was the absence of council which is the body mandated to employ staff. The previous council term expired in March 2020 and just before a new one was appointed the COVID 19 pandemic struck and the institution was closed. However, a new council was appointed and the matters has been fast tracked. The management will ensure that the issue is sorted out within the calendar year. The advertisement of some of the positions has already been done	Resolved	
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
Basis for Conclusion				
1	Lack of ICT continuity and disaster Recovery plans	There is currently an offsite backup storage with KENET that periodically mirrors a full backup of the ERP system database. Together with this, the University has in place an Information Security Management System (ISMS ISO 27001) team that has undertaken documentation of an Information Security Policy which is currently in draft format pending management review and approval. The	Resolved	

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>draft policy highlights the area of business continuity and once approved will guide development of a business continuity and disaster recovery plan.</p>		
2	<p>Ownership of Software Licenses and IT Technical Support</p>	<p>With regard to the above observations and the need to update and standardize the Operating system and Microsoft Office products utilized across the organization which was established during routine maintenance and repairs in the year 2021, The University has in its 2021/2022 ICT Department annual Procurement plan and budget allocation a provision for Microsoft Office 2016 (KMS) 500 Users and Windows 10 Microsoft enterprise edition volume license key (500 users). The acquisition of these two packages is intended to solve the challenge on ownership of software licenses.</p>	<p>Not resolved</p>	<p>2023-2024 financial year</p>

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Appendix 11. Status of the project's completion

Project	Total project cost	Total expended to date	Completion % to date	Budget 2021/2022	Sources of Funds
	Kshs.				
Lecture Theatres	527,303,000	523,750,967	100%	NIL	GOK
Hostels	534,600,000	455,878,000	100%	NIL	GOK
ICT Center	984,000,000	825,690,000	75%	NIL	GOK