Innovative technology for a dynamic world

KIRINYAGA UNIVERSITY

Kirinyaga University is
ISO 9001: 2015 Certified

ISO 9001
BUREAU VERITAS
Certification

UKAS
MANAGEMENT SYSTEMS
008

REPORT OF THE AUDITOR GENERAL ON

ANNUAL REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kirinyaga University is a fully chartered public university granted charter by His Excellency Hon. Uhuru Kenyatta of the republic of Kenya on 7th October 2016 and owned by the government of Kenya. The mandate of the University is derived from the University Act No. 42 of 2012. The University aims at becoming a world class university of science and technology specializing in industry oriented teaching, research, innovation and entrepreneurship in engineering, science, technology and ICT.

The University is located approximately 115 Km North East of Nairobi off Nairobi Sagana-Embu-Highway in Kutus Town, Kirinyaga County.

Vision

To be a leading University in quality training, strategic research, innovation and technology development and transfer.

Mission

To train and develop human resource equipped with innovative skills to inspire enterprise in the disciplines of engineering, science, health and technology, to meet the demands of a dynamic world.

Objective of the University

The main objective of the University is to provide, directly or indirectly through collaboration with other institutions of higher learning, university education including scientific and professional education, and technology transfer for effective application of knowledge and skills in life, work and welfare of the citizens of Kenya. The University aims to play a leading role in the development and expansion of the opportunities for higher education and research.

The University is expected to provide and advance university education and training to appropriately qualified candidates leading to the conferment of degrees and award of diplomas and certificates.

Kirinyaga University will pursue strategic objectives in the following: policy, human resource management, library, fund mobilization, physical infrastructure development, information and communication technology (ICT), academic programmes, research, innovation, technology transfer and extension services.

(b) Principal Activities

The principal activity/mission of the University is to train and develop human resource equipped with innovative technology and skills to inspire enterprise in the discipline of engineering, science, health and technology, to meet the demands of a dynamic world.

(c) Key Management

The Vice Chancellor, the University Management Board UMB), Heads of Departments and Sections are responsible for management of the day-to-day operations of the University. The UMB meets weekly and is responsible for the execution of all policies on behalf of the University Council and is chaired by the Vice Chancellor, who is the Chief Executive Officer. The heads of sections and chairperson of academic departments steer the University mandate as cascaded to them via the statutes, and report to the UMB through the respective Deputy Vice Chancellors and Registrars.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Vice Chancellor	Prof. Mary Ndung'u
3.	Deputy Vice Chancellor (Academic Student Affairs)	Prof Charles Omwandho
4.	Registrar (Academic Student Affairs)	Mr Wallace Waruiru Kamau
5.	Finance Officer	CPA Peter Kagika
6.	Procurement Officer	Ms. Esther Wanjiru Ndirangu
7.	Legal Officer	Ms. Jane Wangechi Ndegwa

(e) Fiduciary Oversight

To execute this mandate, the University has various committees of Senate tasked with different responsibilities in the respective lines of operations; academic, student affairs, human resource, procurement, finance and general operations. These committees are domiciled in the respective divisions/ sections of the University, and have clearly defined terms of reference and reporting lines in the statutes.

The University Council has four committees as provided for in the statutes vide;

- The Finance, Human resource and General purpose committee,
- Audit & Risk management committeee
- Academic and quality assurance committee
- Sealing committee

The respective committees of Council hold meetings quarterly and submit reports to full Council.

(f) Kirinyaga University Headquarters

P.O. Box 143-10300
Sagana – Embu Highway Kutus Town
Kerugoya, Kenya.

(g) Kirinyaga University Contacts

Telephone: (254) 728499650
E-mail: vc@ kyu.ac.ke
Website: www.kyu.ac.ke

(h) Kirinyaga University Bankers

Kenya Commercial Bank, Kerugoya Branch
P.O Box 405090 -10300,
Kerugoya-Kenya.

Equity Bank, Kerugoya Branch
P.O. Box 1056 - 10300,
Kerugoya-Kenya.

Co-operative Bank, Kutus Branch
P.O. Box 218 - 10304,
Kutus - Kenya.

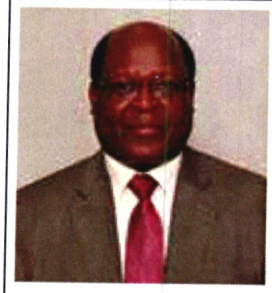
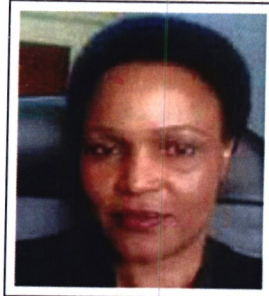
(i) Independent Auditors

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

j. Principal Legal Adviser

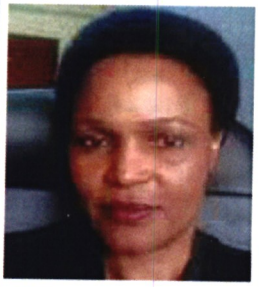
The Attorney General
State law Office
P.O. Box 40112
City Square 00200
Nairobi, Kenya

MEMBERS OF THE UNIVERSITY COUNCIL

Passport photo	Name & Title	Date of Birth	Qualifications	Experience
	**Dr. Mechah Moturi** (Chairman of Council)	1953	PhD – Environmental Science BSc, MSc Chemistry	43 Years
	**Prof. Mary Wambui Ndung'u** Vice Chancellor / Chairperson	1962	PhD- Chemistry (JKUAT), Msc-Chemistry (Kenyatta University), B.Ed. (Kenyatta University), EMBA (JKUAT)	34 Years
	**Julius Lawi Onyango**	1946	Masters of Laws (LL.M) Degree, - UoN Bachelor of Laws (LLB) Degree – UoN	52 Years
	**Dr. Naomi Njeri Kagone**	1979	PhD (Entr), - JKUAT Msc (Entr.), - JKUAT BED (Science) – KU IBA – USIU	10 Years
	**M/s Kibibi Ndope**	1987	Msc. Procurement & Logistics (JKUAT) BSc Procurement and Logistics (JKUAT)	9 Years
	**Mr. Alister M Murimi**	1972	M. Sc. Finance - UoN MBA (Construction & Real Estate), - UK BA (Land Econ.) – UoN	18 Years

	**Mr. Lawrence M. Muthamia** (Rep. National Treasury)	1976	MA Economics on going – UoN BA Economics – UoN	17 Years
	**Mr. Archer Arina** (Rep. Ministry of Education)	1967	MA Technology Economics & Management – Southwest Jiaotong University. BSC Agricultural Education & Extention - Egerton University	28 Years
	**Eng. Joel M. Kiilu**	1956	MBA BSC-Structural Engineer	40 Years

KIRINYAGA UNIVERSITY MANAGEMENT TEAM

Passport photo	Name & Title	Date of Birth	Qualifications	Experience
	**Prof. Mary Wambui Ndung'u** Vice Chancellor / Chairperson	1962	PhD- Chemistry (JKUAT), Msc-Chemistry (Kenyatta University), B.Ed. (Kenyatta University), EMBA (JKUAT)	34 Years
	**Prof. Charles Omwandho** Deputy Vice Chancellor (ASA)	1961	PhD- Reproductive Immunology (new Castle University ,Australia 1998),Msc, Biochemistry , 1991(UON),BSC Biochemistry and Zoology 1986 (UON),	30 Years
	**Mr. Wallace Waruiru Kamau** Registrar ASA	1982	MA Project Planning & Management (University of Nairobi), Bsc.-Environmental Studies (Kenyatta University)	15 Years
	**CPA Peter Mugo Kagika** Finance Officer	1975	MBA – Strategic Management (DeKUT),BBA (Accounting & Finance) (KEMU), CPA(K)	20 Years
	**Ms. Esther Wanjiru Ndirangu** Procurement Officer	1988	Msc. Procurement & Logistics (JKUAT) BSc Procurement and Logistics (JKUAT)	7 Years
	**Ms. Jane Wangechi Ndegwa** Legal Officer	1987	Bachelor of Laws (LLB)-CUEA Diploma in Law- KSL	7 Years

CHAIRMAN'S REPORT

I am pleased to present the Annual report and Financial Statements of Kirinyaga University for the year ended 30 June, 2020.

The demand for relevant higher education in the country has continued to rise prompting the University to continually develop programmes that respond to the demands of the market. The main objective of the Council is to position the University's main programmes within the context of the market requirements, cost rationalization, equity and customer satisfaction.

During the financial period, key achievements were realized at Kirinyaga University including but not limited to hiring of competent faculty, increased students' enrolment, substantial physical infrastructure development and investments in ICT. The University plan builds on to the previous plan and lays the direction for the University in her new status and for strategic positioning in changing landscape of University education. To achieve this objective, the University has started other mega projects which include Tuition complex phase one and a lecture theatre. This is in embracing the GoK policy on increasing access to higher education. As the University strives to increase capacity in teaching and learning facilities there has been commensurate increase in the operations costs.

During the year under review, the University geared her financial commitments towards provision of teaching facilities, development of new curricula and recruitment of staff. The numbers of academic and non-academic staff have progressively grown since the inception of the University. The Council is in the process of recruiting additional senior academic and management staff to enable the implementation of new programmes and to offer quality services to the stakeholders.

I sincerely thank the Chancellor for his wise counsel and guidance to the leadership of the University. Support from the Council, Management, staff, students and stake holders is appreciated.

Dr. Mechah Charles Moturi
Chairman of Council.

Vice Chancellor's report

Presented herein is the Annual Report and Financial Statements of Kirinyaga University for the year ended 30 June, 2020 as per requirements of the Universities Act, No. 42 of 2012 and Public Audit Act, 2015, Laws of Kenya.

Kirinyaga University was granted charter by His Excellency Hon. Uhuru Kenyatta the President of the republic of Kenya on 7th October 2016 with thirteen academic degree programmes then, and has since increased the number of academic degree programmes to forty-nine (49). The University is positioning itself to be a leader in offering courses geared towards producing employers and not employees in areas outlined by the Vision 2030.

The mandate of the University is derived from the Universities Act No. 42 of 2012 which outlines the objectives toward promoting higher education in Kenya as follows:

- Advancement of knowledge through teaching, scholarly research and scientific investigation.
- Promotion of leaning in the student body and society in general.
- Promotion of cultural and social life of the society.
- Support and contribution to the realization of national economic and social development.
- Promotion of highest standards in and quality of teaching and research.
- Education, training and retaining higher level professional, technical and management personnel.
- Dissemination of the outcomes of the research conducted by the university to the community.
- Promotion of gender balance and equality of opportunity among students and employees.
- Fostering of capacity of independent critical thinking among its students.
- Promotion of equalization for persons with disabilities, minorities and other marginalised groups.

The University operations are guided by the core values:

- Professionalism
- Integrity, transparency and accountability
- Innovation and creativity
- Excellence
- Equity

The University aims at diversification of revenue streams through the following:

- Continued government support in capitation and development grants,
- Increasing student enrolment in self-sponsored programmes,
- Increasing income generating activities and strengthening the existing ones,
- Establishing a resource mobilization centres. This will be achieved by hiring staff to drive commercial investment,
- Soliciting for grants, donations and sponsorship,
- Link with industries and agencies for research funding.

The current student population is 4,559 and is expected to increase to 8,000 students in the year 2020/2021. Staff population stood at total 248 for both academic and non-academic divisions and it is expected to increase to 350 due to planned recruitment of academic staff and technicians in the next financial year 2020/2021.

The University also carries out key stakeholders' analysis with a view to identifying changing needs and ensuring cooperation and support in the achievement of her mission. The major stake holders include students, staff, alumni, the government, the community at large, industry, development partners, research and development institutions and institution of higher learning. During the year under review, the University embarked on developing a number of academic programmes at PHD, Masters, Bachelors, and Diploma and certificate levels in the five schools, along an intensive marketing programme aimed at increasing student enrolment. The strategic objectives of the University during the year under review were in the areas of institutional governance, human resource, development of academic programmes, research and innovations, infrastructure development, community outreach, corporate image and fund mobilisation as well as aligning our efforts towards support of the Big four agenda of the country. The University strengthened training in civil, mechanical, electrical engineering and building sciences, fashion and textile technology, Clinical medicine and community health, forensic sciences, to support the big four agenda and all in line with the Second and Third Medium Term Plans.

During the year under review, the University Senate focused on creating knowledge and delivery of accessible equitable, relevant and quality training to sustain an internationally competitive knowledge based economy. The Senate advises and

makes recommendations to Council on academic matters, including creation of schools and development, approval and implementation of academic programmes in line with the country's skills priority agenda and taking cognizance of emerging global trends in education, science, technology and innovation.

On behalf of the management and staff of Kirinyaga University, I take this opportunity to thank the Chancellor and the Council for the guidance accorded to the University Management Board and for the visionary direction in development of this young institution of higher learning.

The support by the Government of Kenya throughout the year under review is highly appreciated. I appeal for more support especially for the purposes of establishing suitable facilities required towards becoming world class University and do hereby report that all public funds have been applied lawfully in an effective way as stipulated by the PFM Act, 2012, Laws of Kenya.

I thank the management board, staff and students of Kirinyaga University for their continued cooperation in this challenging but noble task of building the University and look forward to the same enthusiastic participation in our upcoming development strategies.

Prof. Mary Ndung'u
Vice Chancellor

REVIEW OF THE UNIVERSITY NON COMMERCIAL ENTERPRISE'S PERFOMANCE FOR FY 2019/2020

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.
At Kirinyaga University, we intend to put all our efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030, keeping in mind the specific priorities of the University.

Kirinyaga University identified strategic pillars and objectives for the FY 2019/2020, which were within her Strategic Plan. These strategic pillars are as follows:

1. Expand training opportunities to provide skilled manpower for delivery of Vision 2030;
2. Conduct research and innovation in Engineering, Health, ICT and Enterprise;
3. Undertake community service to enhance University-community linkages and social integration and cohesion.

The University developed her annual work plans based on the above pillars. Assessment of the performance against annual work plan is done on a quarterly basis. The University achieved her performance targets set for the FY 2019/2020 period for its strategic pillars, as indicated below:

Development of New Academic Programmes

During the FY 2019/2020, the University committed to develop the following new academic programs for approval by the Commission for University Education:

1. Bachelor of Science in Mechatronics Engineering
2. Diploma in Mechatronics Engineering
3. Diploma in Plumbing
4. Diploma in Mechanical Ventilation and Air Conditioning
5. MSc Software Engineering
6. MSc Forensic Science
7. MSc Public Health
8. BSc Medical Engineering

During the development of the said programmes, the following activities were undertaken

1. Identification of the need to have new programs
2. The Chairmen of departments requested for approval to develop curriculum, giving justification on the need of the programs.
3. The Vice Chancellor appointment a team of experts to design, and develop the programs.
4. Draft programs were tabled at Dean's and Senate committee's for approval.
5. The Programs were forwarded to Commission for University Education for accreditation.

During the financial year under review, the University mounted new Academic Programmes as follows;

1. MSc Information Science
2. Bachelor of Economics
3. Bachelor of Economics and Pure Mathematics
4. Bachelor of Economics and Statistics
5. Bachelor of Economics and Finance
6. Bachelor of Technology in Construction and Property Management
7. Bachelor of Technology in Mechanical Engineering
8. Bachelor of Technology in Electrical and Computer Engineering

Safety and Security Measures

During the FY 2019/2020, The University committed to ensure safety of personnel, students, documents, information and assets. To achieve this objective, the University used the following strategies;

1. Putting Security personnel at the University entry point
2. Routine check at various entry point to the university premises/buildings
3. Visitors identification and document verification

In addition to this, the University was able to put in place mechanisms to mitigate against technological hazards, terrorism, fire and natural disasters by doing the following:

1. Servicing of firefighting equipment
2. Maintenance of CCTV surveillance system
3. Maintenance of UHF radio communication system
4. Training of staff on disaster management
5. Conducted one fire drill
6. Implementing the Information Security Management System (ISMS) policy
7. Installation of antivirus updates
8. Create ISMS risk management vide risk register and risk management plan
9. Finalize documentation of ISMS: policy procedures and implementation
10. Updating and securing information assets register

Corporate Social Responsibility

Kirinyaga University believes that strong neighbourhoods, towns, and cities are vital to the well-being of the society and to the economy, and we acknowledge that we have both a special responsibility and role to play in helping the communities thrive. During the FY 2019/2020, we participated through our various student and staff clubs and societies in environmental and health initiatives to help conserve the environment and save lives, and create stability in local communities. The University partnered with the Kenya Forestry Service to plant over 6000 trees in an initiative to contribute to the national goal of achieving 35% tree cover by 2022. The University has put in place mechanisms to protect the riparian land along its borders by planting trees. The University blood donor club through their quarterly blood donation weeks/campaigns continued to contribute upwards of 200 pints of blood very three months, towards building a sustainable blood bank in Kenya for the benefit of the community members needing blood transfusions.

CORPORATE GOVERNANCE STATEMENT

The university council has been appointed by the cabinet secretary through open process as stipulated in the university Act 2012.

The Universities Act, 2012, KyU charter, and statutes guide the management of the University in achieving its mandate. Institutional governance tenets of authority, accountability, stewardship, leadership, direction and control are deployed in the operations of the University. Policy and reference documents used alongside the University Statutes include the strategic plan, the University Service Charter, various internal policies, relevant national policies, legislations and guidelines. The Council takes responsibility of ensuring that KyU has adequate systems and processes of accountability, risk management and internal controls. Operations of the University are guided by ethical practices that seek to promote good corporate citizenship, while focusing on sustainability.

The Council provides strategic direction to the University, exercises control and remains accountable to all stakeholders by:

- Administering the property and funds of the University in a manner and for the purposes which shall promote the interest of the University; and in accordance with the procedures laid down by the Government of Kenya;
- Receiving on behalf of the University, donations, endowments, gifts, grants or other moneys and make disbursements therefrom to the University or other bodies or persons;
- Approving the appointment criteria and the terms and conditions of service of staff;
- Providing for the welfare of the staff and students of the University;
- Entering into association with other Universities or other institutions of learning, whether within Kenya or otherwise, as the Council may deem necessary and appropriate;
- In consultation with the Senate, make regulations governing the conduct and discipline of the students of the University.

The University Council is guided by the principles of corporate governance as summarized below;

- Council members should be informed and act ethically and in good faith, with due diligence and care, in the best interest of the University and the stakeholders.
- Review and guide corporate strategy, objective setting, major plans of action, risk policy, capital plans, and annual budgets.
- Oversee major acquisitions in the University.
- Select, compensate, monitor and replace key management members and oversee succession planning.
- Ensure the integrity of the University accounting and financial reporting systems, including the independent audit.
- Ensure appropriate systems of internal controls are established.
- Oversee the process of disclosure and communications.
- Where committees of the Council are established, their mandate, composition and working procedures should be well-defined and disclosed.

The University Management Board is responsible for:

- Efficient management of the human, physical and financial resources of the University.
- Making proposals to the University Council and the Senate on policies that have application across the entire University.
- Coordination of the University strategic and development plan.
- Any other matters related to the management of the University.

Membership to the council is based on a formal and transparent process by the cabinet secretary. The University council is committed to the highest level of corporate governance. The table below summarizes the council meetings and attendance thereof:

Full Council meeting attendance

Name	Designation	Meeting Attendance in FY2019/20
Dr Mechah Charles Moturi	Chairperson	6/6
Mr Alister Murimi	Member	6/6
Mr Archer Arina	Rep. MOE	3/6
Dr. Naomi Kagone	Member	6/6
Ms Kibibi Ndope	Member	5/6

Mr Julius Onyango	Member	6/6
Mr Edward Wamweya	Rep. Treasury	2/6
Mr Lawrence Muthamia	Rep. Treasury	1/6
Eng Joel Kiilu Musembi	Member	1/6

During the year under review, Mr. Lawrence Muthamia was appointed to represent PS National treasury with effect from 30th September 2019 to replace Mr Edward Wamweya.

For effective performance of the oversight role the council formed different council comitee to del with specific issure s stibulated in the terms of service to advice full council on decision making as below

Finance, Human Resource and General Purpose Committee

The Committee shall exercise all the powers of Council in financial matters except in relation to those items which are reserved to Council, on which the Committee shall advise Council.

The role of the Committee shall be to monitor the financial health of the University on behalf of Council. In addition to advising Council on those matters referred to above, the Committee's responsibilities.

Name	Designation	Meeting Attendance in FY2019/20
Mr Alister Murimi	Chairperson	4/4
Mr Archer Arina	Rep. MOE	3/4
Dr. Naomi Kagone	Member	4/4
Mr Edward Wamweya	Rep. Treasury	1/4
Mr Lawrence Muthamia	Rep. Treasury	1/4

Academic & Quality Assurance Committee

The Academic Committee is responsible for academic portfolio planning and development and for making recommendations to Council on approval and re-approval of partners, with due consideration for enhancing quality and standards.
The table below summarizes the committee meetings and attendance

Name	Designation	Meeting Attendance in FY2019/20
Dr. Naomi Kagone	Chairperson	2/2
Mr Archer Arina	Rep. MOE	2/2
Ms Kibibi Ndope	Member	1/2

Audit & Risk Management Committee

The primary purpose of the Audit and Risk Committee is to assist Council in discharging its oversight responsibilities as the governing body of the Kirinyaga University.
The table below summarizes the committee meetings and attendance.

Name	Designation	Meeting Attendance in FY2019/20
Mr Julius Onyango	Chairperson	3/3
Ms Kibibi Ndope	Member	3/3
Mr Edward Wamweya	Rep. Treasury	1/3
Mr Lawrence Muthamia	Rep. Treasury	1/3

Sealing Committee

Name	Designation	Meeting Attendance in FY2019/20
Dr Mechah Charles Moturi	Chairperson	6/6
Mr Julius Onyango	Member	6/6

The university has a terms of reference for the council committee in which they draw their responsibilities from. The University Senate has the mandate of:

- Establishment, abolition or harmonization of faculties, school, Units, Departments and their titles to recommend for approval by the University Council.
- Approving all syllabus of the University
- Making recommendations to the Council for the establishment or abolition of degrees and other academic programmes.
- Approving examination results

The Council appreciates the significant growth of the University infrastructure that has promoted a good teaching and learning environment for both students and staff. The financial support by Government so far is much appreciated. However, I would like to appeal for more funding in the capital development to ensure adequate infrastructure which will support the growing student population.

I wish to thank the University Council members, management, staff, parents, guardians and students for their continued support towards building a better Kirinyaga University.

Dr. Mechah Charles Moturi
Chairman of Council.

MANAGEMENT DISCUSSIONS AND ANALYSIS

The University started the year with cash and bank balance of Kshs. 21,348,827.00 (Twenty one million, three hundred forty eight thousand, eight hundred twenty seven only). During the year under review, the University generated Kshs. 236,106,676.00 (Two hundred thirty six million, one hundred and six thousand, six hundred and seventy six only) in A-in-A vide student tuition and other fees, and received Kshs. 326,820,003.00 (Three hundred and twenty six million, eight hundred and twenty thousand, three shillings only) from Government of Kenya for recurrent expenditure.

The University also received a grant from National Research fund board of Kshs. 53,300,000 (Fifty-three Million three hundred thousand only) on 20th August, 2019, for research infrastructure grant.

Subsequently, Kirinyaga University was allocated Kshs. 41,501,034.00 (forty-one million, five hundred and one thousand thirty four only) for the payment of staff arrears under CBA FY 2017-2021, but the amount was received on 6th July, 2020. This amount has been recognized as receivable and hence included in this financial report.

Total expenditure for the year was Kshs. 603,068,236.00 (Six hundred and three million, sixty-eight thousand, two hundred and thirty six only) resulting to a surplus of Kshs. 28,404,478.00 (Twenty eight million, four hundred and four thousand, four hundred and seventy eight only).

Key Projects and Investment Decisions Kirinyaga University is planning / implementing

During the year under review, the University had two major projects as follows:

New Tuition Complex – This project entails construction of 5 floors modern tuition block with 2 lecture theatres and other lecture halls, 1 business centre – 3 floors, undergraduate school – 4 floors, post graduate schools – 4 floors, ICT centre – 3 floors, car park, landscaping and civil works. A contract of Kshs. 319,297,096.00 (Three hundred nineteen million two hundred ninety seven thousand ninety six only) being project cost for phase 1, was awarded to Corban Construction Ltd on 9th February, 2017 with estimated project duration of 78 weeks.

It is important to note that the project had stalled due to delayed disbursement of funds from GoK. this has resulted to prolonged completion date to December 2020.

Proposed Multi-Purpose Lecture Theatre - This project entails construction of 300 seater lecture theatre with requisite spaces and utilities, the auditorium which has a lower level and mezzanine space for audience. The tender of Kshs. 208,149,185.00 (One hundred eighty-nine million two hundred twenty-six thousand five hundred thirty-two only) was awarded to High Point Agencies. This project had also stalled due to delayed disbursement of funds from GoK this has resulted to prolonged completion date to December 2020.

Kirinyaga University's Compliance with Statutory Requirements

The University governs her affairs within the legal framework provided by the Universities Act 2012 Cap 210 (b), Public Finance Management Act, 2012, Laws of Kenya, the Charter, and Statutes, and all other legal provisions and government circulars as issued from time to time. The University Statutes contain the fundamental governance provisions of the University and are developed and approved by the University Council. The University conducts quarterly legal audits to ensure compliance with all statutory obligations: remitting of; taxes, HELB deductions, NSSF, NHIF, NITA levies, Union dues, Sacco deductions etc. During the quarter under review, the University complied with statutory requirements and Public Finance Management (PFM) Act, 2012, Laws of Kenya.

Major Risks Facing the Entity

Kirinyaga University is exposed to two major risks as follows;

Credit risk – This refers to the risk that the students will default on payment of fees. To manage this risk, the University ensures that only students who have paid at least 60% of semester fees get to register for course units and can attend lectures up to and including the 14th week of study for the given semester by when they must attain zero balance of fees. Students with fees balances are not issued with examination cards hence they cannot sit for examinations. Such students are advised to take academic leave pending payment of requisite fees.

Liquidity risk – This is the risk to the University's financial condition or safety and soundness arising from her inability to meet her contractual obligations. To manage this risk, Kirinyaga University ensures availability of funds before committing an expenditure or collateral to fulfil those needs at the appropriate time. That the University is mainly dependent on exchequer funds, compounds the risk, especially when the budget cuts/ realignment happen in the course of the plan period and without

reference to the University.

- **Material Arrears in statutory/Financial Obligations**

During the year under review, the University reported pending bills amounting to Kshs. 64,826,657.00. Further to this, it also reported Kshs. 29,501,805.00 (Twenty nine million five hundred and one thousand eight hundred and five only) being project retention funds. The University anticipates honouring her financial obligations in good time to avoid any litigation in future. However, this commitment is dependent upon timely release of funds by government when the same falls due.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

At Kirinyaga University we consider the broader interests of society by taking responsibility for the impact of our activities. We believe our responsibility extends beyond the statutory obligation to comply with legislation, to include voluntarily taking action to improve the quality of life among our employees and their families, local communities and society at large as well as to protect the environment.

We are dedicated to creating a workplace that is safe, fair and enriching. Safety procedures and programs are constantly monitored and improved to help ensure that our employees work safely. The University fosters a workplace culture in which the rights, needs and unique contributions of each employee are respected, while supporting their professional development opportunities.

KyU believes that strong neighbourhoods, towns, and cities are vital to the well-being of the society and to the economy, and we acknowledge that we have both a special responsibility and role to play in helping the communities thrive. Through our various student and staff clubs and societies, we participate in environmental and health initiatives to help conserve the environment and save lives, and create stability in local communities. The University has partnered with the Kenya Forestry Service to plant over 6000 trees in an initiative to contribute to the national goal of achieving 35% tree cover by 2022. The University has put in place mechanisms to protect the riparian land along its borders by planting trees. The University blood donor club through their quarterly blood donation weeks/campaigns continues to contribute upwards of 200 pints of blood very three months, towards building a sustainable blood bank in Kenya for the benefit of the community members needing blood transfusions.

The University contributes support to local community endeavours which help provide for a better quality of life, including contributing substantially to local employment, training and skills development, especially for the management staff of Kirinyaga and Nyeri county governments. In addition, our employees and students participate in community outreach programmes to educate on Alcohol Drugs and Substance Abuse and HIV and AIDS prevention and other volunteer services.
Kirinyaga University has collaborated with United Nations Industrial development organization on provision of services relating to Operations and Maintenance (O&M) training for ultra-low Head Micro Hydro Power (ULH-MHP) technology. This involves the research by the University staff on the installation sites for the system and training of technical support staff. The primary objective of the training is to develop capacity locally for operation and maintenance of ULH-MHP system to benefit the Mwea citizens and Kirinyaga County community at large in production of power. The project uses irrigation water for production of power and at the same time offers job opportunities to the local community.

We are committed to enhancing the quality of life for our employees, students and the communities in which they live and work by encouraging, educating, engaging and ultimately spreading good by involving more of us in volunteerism and community service.

REPORT OF THE UNIVERSITY COUNCIL

Principal activities

The principal activities of Kirinyaga University are set out on page iii.

Results

The financial results of Kirinyaga University for the year ended 30 June, 2020, are set out on page xvi

University Council

Chairman of Council was appointed with effect from 15th October, 2018, for a period of 1 year and 10 months, other members of Council shown on page (vi) and (vii) were appointed under gazette notice No. 7614 with effect from 1st August, 2017 for a period of three years, except for Eng. M. Kiilu whose appointment was from 26th April, 2019.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with Section 81 of the Public Finance Management (PFM) Act, 2012, Laws of Kenya.

Follow up of Auditors Recommendations

During the previous year audit by the Office of Auditor General, nothing was raised which may require follow up.

Kirinyaga University's Financial Probity and Serious Governance Issues

During the year under review, apart from the issue of reported capitation gap, nothing has come to the attention of the University Council to indicate that Kirinyaga University will not remain a going concern for at least the next twelve months from the date of this statement. Further to this, there was no conflict of interest and nothing was reported by internal auditors, external auditors or government agencies providing oversight, which is likely to affect the correctness of these financial statements.

Prof. Mary Ndung'u
Vice Chancellor.

Date 30/09/2020

STATEMENT OF THE RESPOSIBILITIES OF THE UNIVERSITY COUNCIL

Section 81 of the Public Finance Management Act, 2012, Laws of Kenya and Kirinyaga University Charter of 7th October, 2016, require the University Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results for that year/period.

The responsibilities of University Council include:

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

The Council accepts responsibility for Kirinyaga University financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 Section 81 and the State Corporations Act, revised 2012 Section 14.

The Council is of the opinion that the Kirinyaga University financial statements give a true and fair view of the state of the University transactions during the financial year ended June 30, 2020, and of the University financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the University Council to indicate that Kirinyaga University will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Kirinyaga University financial statements were approved by the University Council and signed on 30th September 2020 on its behalf by:

Dr. Mechah Charles Moturi
Chairman of Council.

Mr. Alister Murimi
Council Member

Prof.Mary dung'u
Vice Chancellor

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KIRINYAGA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kirinyaga University set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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, the financial statements present fairly, in all material respects, the financial position of Kirinyaga University as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended. in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Report of the Auditor-General on Kirinyaga University for the year ended 30 June, 2020

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

1.1 Unbalanced Budget

The statement of comparison of budget and actual amounts reflects an approved revenue budget of Kshs.580,819,417 and actual revenue of Kshs,604,427,713 resulting to a revenue surplus of Kshs.23,608,296. Similarly, the statement reflects an expenditure budget of Kshs.614,127,000 and an actual expenditure of Kshs.603,068,236 resulting to an under expenditure of Kshs.11,058,764. Further, the University's budget was unbalanced contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that the budget shall be balanced. Under the circumstances, the University is in breach of the regulations.

1.2 Unapproved Appropriations - In- Aid

The approved revenue budget of Kshs.580,819,417 comprised of Kshs.368,321,037 and Kshs.212,498,380 in respect of transfers from Government and Appropriations -In- Aid (AIA) respectively. However, the approved budget reflected an amount of Kshs.154,148,475 in respect to AIA resulting to a variance of Kshs_58,349,905. The variance was attributed to increased student enrolment resulting to more fees and the same was approved by the University Council as a Supplementary 11 Estimates in the financial year 2019/2020. However, the amount of Kshs.58,349,908 was not approved by The National Treasury for spending in 2019/2020 financial year. This is contrary to The National Treasury circular ref. DGIPE/A1/10 of 27 November, 2018 which stated that state corporations financed from the National Exchequer should consult their line ministries and ensure that the budget proposals are within the line Ministry ceilings as provided in the financial years 2019/2020- 2021/2022 Medium Term Expenditure Framework (MTEF) and that state corporations will not be allowed to incur any expenditure whose revenue has not been approved and appropriated by Parliament.

2.0 Projects Time Variations

The statement of financial position reflects a balance of Kshs.1,636,801,721 under property, plant and equipment which, as disclosed in Note 22 to the financial statements, includes an amount of Kshs.132,983,258 in respect of additions for the year under review. The latter balance includes an amount of Kshs.129,778,174 relating to work in progress. However, field verification of the projects on 16 September, 2020 revealed the following;

2.1 Lecture Theatre

The tender for construction of a lecture theatre was awarded at a contract price of Kshs.149,226.532 and contract period of 52 weeks commencing on 29 May, 2017, with an

Contract Period	No of Weeks	Expected completion Date
Original Contract Period	52	28/05/2018
1st Revision	8	28/07/2018
2nd Revision	18	28/11/2018
3rd Revision	20	16/04/2019
4th Revision	52	17/04/2020
5th Revision	52	23/04/2021
Current Contract Period	**202**	

expected completion date of 28 May, 2018. However, the contract price was later revised by Kshs.29,745,345 to Kshs.178,971,877 (19.9%) and the expected completion period revised five (5) times as follows; The 202 weeks exceed the original contract period of 52 weeks by 150 weeks. The total payments as at 30 June, 2020 amounted to Kshs.63,675,944 which is 36% of the contract price. Physical verification on 16 September, 2020 revealed that the project was ongoing and was at 47.6% completion according to a progress report dated 26 August, 2020 signed by the University Estates Manager,

2.2Tuition Complex

The tender for construction of a Tuition Complex was awarded at a contract price of Kshs.309,997,181 for a contract period of 78 weeks commencing 14 March, 2017 with an expected completion date of 28 September, 2019. The expected completion period was however revised four (4) times as follows;

Contract Period	No of Weeks	Expected Completion Date
Original Contract Period	78	28/09/2019
1st Revision	14	31/12/2019
2nd Revision	18	30/04/2020
3rd Revision	17	28/08/2020
4th Revision	18	31/12/2020
Current Contract Period	**145**	

The 145 weeks exceeded the original contract period of 78 weeks by 67 weeks. The total payments as at 30 June, 2020 was Kshs.216,102,230 which is 70% of the contract price. Physical verification on 16 September, 2020 revealed that the project was ongoing and was at 80% completion according to a progress report dated 8 January, 2020 signed by the University's Clerk of Works. However, approval of the extension period for the two projects was not granted by the University's Tender Awarding Committee contrary to Section 139 (1)(a) of the Public Procurement and Assets Disposal Act, 2015 which stipulates that an amendment or a variation to a contract resulting from a procurement proceeding is effective only if the variation or amendment has been approved in writing by the respective tender awarding authority within a procuring entity.

Under the circumstances, the University risks incurring additional costs due to inflation and may not get value for money on the two projects as the facilities have not been put in use as planned. The University was also in breach of the law,

3M Unapproved Bank Accounts

The statement of financial position reflects a balance of Kshs.94,714,985 under cash and cash equivalents which, as disclosed in Note 24 to the financial statements, comprise of Kshs.21,998 and kshs.94,692,987 in respect to cash balances and bank balances in seven (7) commercial bank accounts. However, authority from The National Treasury to operate the seven (7) commercial bank accounts was not provided for audit review contrary to Section 28(1) of the Public Finance Management Act, 2012 which states that The National Treasury shall authorize the opening, operating and closing of bank accounts and sub-accounts for all National Government entities.

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

4.0 Irregular Payment of Council's Sitting Allowances

The statement of financial performance reflects an expenditure of Kshs.4,631,687 under remuneration of Council which. as disclosed in Note 14 to the financial statements, includes an amount of Kshs.1,600,000 in respect to sitting allowances paid to the University Council Members. The allowances were paid using the rates set by the guidelines on terms and conditions of service for State Corporations, Chief Executive Officers, Chairmen and Board Members, management staff and unionisable staff issued by Office of the President on 23 November, 2004 instead of rates determined by the Salaries and Remuneration Commission vide circular ref SRC/ADM/CIR/1/13(122) of 16 April, 2014 resulting to an overpayment of Kshs.823,000 as follows;

Number of days per Board Member	Rates per OP Guidelines (Kshs.)	Total Paid (Kshs.)	SRC Rates (Kshs.)	Amount Payable (Kshs.)	Variance (Kshs.)
17	20,000	340,000	15,000	255,000	_ 85,000
12	20,000	240,000	10,000	120,000	120,000
10	20,000	200,000	10,000	100,000	100,000
10	20,000	200,000	10,000	100,000	100,000
1	20,000	20,000	10,000	10,000	10,000
3	20,000	60,000	4,000	12,000	48,000
7	20,000	140,000	4,000	28,000	112,000
10	20,000	200,000	10,000	100,000	100,000
8	20,000	160,000	4,000	32,000	128,000
2	20,000	40,000	10,000	20,000	20,000
Total		**1,600,000**		**777,000**	**823,000**

Under the circumstances, the University Management was in breach of the Salaries and Remunerations Circular and the propriety of the expenditure of Kshs.823,000 incurred on sitting allowances could not be confirmed.

5.0 Employee Costs

5.1 Non-Compliance to One Third Basic Salary Rule

Review of the payroll for the month of December, 2019 revealed that ten (10) employees of the University earned net salaries less than a third of their respective basic salaries. This is contrary to Section 19(3) of the Employment Act, 2007 which provides that the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages. Consequently, the University Management was in breach of the law.

5.2 Lack of Regional Balancing in Employment

As previously reported, review of human resource records revealed that out of the total two hundred and thirty-five (235) employees of the University, one hundred and eighty-one (181) or 77% employees were from the dominant local community in the County. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

Consequently, the University 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. 1 believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS. RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit **Act, 2015** and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them **and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6)** of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the University's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL
Nairobi
24 November, 2021

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	FY 2019/2020 Kshs	FY 2018/2019 Kshs
Revenue from non-exchange transactions			
Transfers from the Government- Reccurent	5	326,820,003	314,629,286
Transfers from the Government- CBA	6	41,501,034	-
Transfers from Capital funds - Amortization	22	27,045,001	33,994,599
Sub Totals		**395,366,038**	**348,623,885**
Revenue from exchange transactions			
Rendering of services	9	203,138,902	165,611,958
Rental revenue from facilities and equipment	10	1,261,380	1,640,438
Other income	11	18,589,171	6,263,928
Farm Surplus	38	13,117,223	12,745,485
Sub Totals		**236,106,676**	**186,261,809**
Total revenue		**631,472,714**	**534,885,694**
Expenses			
Bulk purchases of water and electricity	12	5,875,041	7,100,136
Employee costs	13	465,241,855	384,564,315
Remuneration of council	14	4,631,687	7,210,457
Repairs and maintenance	15	7,570,474	3,762,909
Contracted services	16	10,640,694	12,309,418
Student Welfare	17	5,555,757	8,307,135
Academic cost	18	20,834,987	8,758,173
Administrative costs	19	6,429,099	7,054,516
Finance costs	20	173,664	260,241
General expenses	21	27,916,289	30,739,175
Depreciation and amortization expense	22	27,045,001	33,994,599
Provision for Audit fee	32	696,000	696,000
Provision for service gratuity	33	20,457,688	17,933,697
Total expenses		**603,068,236**	**522,690,767**
Other gains/(losses)		-	-
Surplus for the period		**28,404,478**	**12,194,926**
Taxation		-	-
Surplus for the period		**28,404,478**	**12,194,926**

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	NOTES	FY 2019/2020 Kshs	FY 2018/2019 Kshs
ASSETS			
Current assets			
Cash and cash equivalents	24	94,714,985	21,348,827
Receivables from exchange transactions	25	23,816,670	9,166,945
Receivables from non exchange transactions	26	41,501,034	35,585,730
Investments	27	96,213,298	30,001,014
Inventories	28	6,707,470	5,384,877
		262,953,457	**101,487,394**
Non-current assets			
Property, Plant and Equipment(PPE)	22	1,636,801,721	1,530,863,464
Biological assets	29	62,862,500	62,862,500
Library Books	30	35,207,068	35,207,068
		1,734,871,289	**1,628,933,032**
Total assets		**1,997,824,746**	**1,730,420,426**
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	31	107,119,592	51,912,810
Provision for audit fee	32	1,392,000	696,000
		108,511,592	**52,608,810**
Long term liabilities			
Provision for service gratuity	33	24,327,944	17,847,452
		24,327,944	**17,847,452**
FUNDS AND RESERVES			
Revaluation Reserves - PPE	34	1,049,451,812	1,049,451,812
Revaluation Reserves - Biological Assets	35	45,357,000	45,357,000
Accumulated surplus	36	40,599,404	12,194,926
Capital fund	37	729,576,994	552,960,425
		1,864,985,210	**1,659,964,163**
Total Funds, Reserves & Liabilities		**1,997,824,746**	**1,730,420,426**

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

Dr. Mechah Charles Moturi
Chairman of Council
Date 30TH Sept. 2020

Prof. Mary Ndung'u
Vice Chanchellor
Date 30TH Sept. 2020

CPA Peter Kagika
Finance Officer
Date 30TH Sept. 2020
ICPAK Member
No.9632

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

	CAPITAL FUND	REVALUATION RESERVE (PPE)	REVALUATION RESERVE (BIOLOGICAL ASSETS)	ACCUMULATED FUNDS	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2018	376,388,902	865,399,026	46,392,000	-	1,288,179,928
Additions in the year (Note 7)	210,566,122	-	-	-	210,566,122
Surplus for the Year	-	-	-	12,194,926	12,194,926
Transfer to the Statement of Financial Performance	(33,994,599)	-	-	-	(33,994,599)
Additional Revalution Reserve	-	184,052,786	(1,035,000)	-	183,017,786
Balance as at 30 June 2019	**552,960,425**	**1,049,451,812**	**45,357,000**	**12,194,926**	**1,659,964,163**
Balance as at 1 July 2019	552,960,425	1,049,451,812	45,357,000	12,194,926	1,659,964,163
Additions in the year (Note 7)	150,361,570	-	-	-	150,361,570
Additions in the year (Note 8)	53,300,000				53,300,000
Surplus for the Year	-	-	-	28,404,478	28,404,478
Transfer to the Statement of Financial Performance	(27,045,001)	-	-	-	(27,045,001)
Balance as at 30 June 2020	**729,576,994**	**1,049,451,812**	**45,357,000**	**40,599,404**	**1,864,985,210**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 2020

	NOTES	FY 2019/2020 30-Jun-20 Kshs	FY 2018/2019 30-Jun-19 Kshs
Surplus/Deficit for the period		28,404,478	12,194,926
Adjustments for:			
Depreciation	22	27,045,001	33,994,599
Provision for audit fees	32	696,000	696,000
Provision for service gratuity	33	20,457,688	17,933,697
Accumulated Depreciation	22	(27,045,001)	(33,994,599)
		49,558,166	**30,824,624**
Cash flows from operating activities			
Change in;			
Increase Receivables - Exchange transactions	25	(14,649,725)	3,218,290
Increase Receivables -Non Exchange transactior	26	(5,915,304)	(32,014,809)
Increase in Inventory	28	(1,322,593)	(2,538,704)
Increase in Payables	31	55,206,782	(110,438,418)
Net cash flows used in operating activities		**33,319,160**	**(141,773,641)**
Cash flows from Investing activities			
Purchase of Computers	22	(500,184)	(1,027,098)
Purchase of Furniture & Equipment	22	(2,704,901)	(2,455,285)
Work in progress	22	(129,778,174)	(67,109,300)
Increase in Fixed Deposit account	27	(66,212,284)	(26,129,742)
Gratuity paid	33	(13,977,197)	(12,552,522)
Net cash flows used in investing activities		**(213,172,739)**	**(109,273,947)**
Cash flows from financing activities			
Capital fund	7 & 8	203,661,570	210,566,122
Net cash flows used in investing activities		**203,661,570**	**210,566,122**
Net increase/(decrease) in cash and cash equivalents		73,366,157	(9,656,842)
Cash and cash equivalents at the beginning of the year		21,348,827	31,005,669
Cash and cash equivalents at the end of the year		**94,714,984**	**21,348,827**

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

	Original Budget	Adjustment	Final Budget	Actual	Performance Difference	% Variance
	FY 2019/2020		FY 2019/2020	FY 2019/2020		
REVENUE	Kshs	Kshs	Kshs	Kshs		
Transfers from government	637,593,000	(269,271,963)	368,321,037	368,321,037	-	-
Other Income	10,000,000	2,614,000	12,614,000	18,589,171	5,975,171	47
Rendering of services	167,604,000	18,345,000	185,949,000	203,138,902	17,189,902	9
Rental income and agency fees	1,500,000	(238,620)	1,261,380	1,261,380	-	-
Farm Surplus	9,000,000	3,674,000	12,674,000	13,117,223	443,223	3
Total Income	**825,697,000**	**(244,877,583)**	**580,819,417**	**604,427,713**		
EXPENSES						
Compensation of employees	598,160,000	(137,363,000)	460,797,000	465,241,855	(4,444,855)	(1)
Repairs & Mainteinance	11,747,000	(1,131,000)	10,616,000	7,570,474	3,045,526	29
Finance cost	250,000	-	250,000	173,664	76,336	31
Contracted services	10,000,000	1,271,000	11,271,000	10,640,694	630,306	6
Remuneration to the council	7,258,000	-	7,258,000	4,631,687	2,626,313	36
Students welfare	14,268,000	(4,501,000)	9,767,000	5,555,757	4,211,243	43
Depreciation	27,000,000	-	27,000,000	27,045,001	(45,001)	(0)
Academic cost	20,000,000	-	20,000,000	20,834,987	(834,987)	(4)
Administrative Costs	10,900,000	(2,959,000)	7,941,000	6,429,099	1,511,901	19
General expenses	40,000,000	(9,200,000)	30,800,000	27,916,289	2,883,711	9
Water & Electricity	9,031,000	-	9,031,000	5,875,041	3,155,959	35
Audit fee	696,000	-	696,000	696,000	-	-
Gratuity	28,141,000	(9,441,000)	18,700,000	20,457,688	(1,757,688)	(9)
Total expenditure	**777,451,000**	**(163,324,000)**	**614,127,000**	**603,068,236**		
Surplus(Deficit) for the period	**48,246,000**	**(81,553,583)**	**(33,307,583)**	**1,359,477**		

Notes to the Budget

When comparing the budget and actuals in these financial statements, any variance which is + or – 10% is deemed to be material and was explained as follows:

1. Repairs & Maintenance positive variance of 29% - During the year under review, the University had planned to increase students' outdoor seating areas in the third and fourth quarters. The University received government directive to close as a result of CoVID-19 pandemic in the month of March 2020. As a result of this, the planned expenditure was not incurred hence the savings.

2. Finance Cost positive variance of 31% - During the fourth quarter of the year under review, the University reported reduced bank transaction charges related to students fees, hence the savings.

3. Remuneration of Council positive variance of 36% - The University reported few University Council meetings during the year under review as a result of CoVID-19 pandemic.

4. Student Welfare positive variance of 43% - During the year under review, the students were not in the University in the fourth quarter due to CoVID-19 pandemic. As a result of reduced operations, the university saved on student welfare activities hence the positive variance.

5. Administrative cost positive variance of 19% - During the year under review, the University had reduced travelling and accommodation costs during official duties, as a result of CoVID-19 pandemic.

6. Water & Electricity positive variance of 35% - During the year under review, the University was closed in fourth quarter due to CoVID-19 pandemic. As a result of reduced operations, the university saved on the usage of water and electricity hence the positive variance.

NOTES TO THE FINANCIAL STATEMENT

1. General Information

Kirinyaga University is a fully chartered public University, granted Charter by His Excellency Hon. Uhuru Kenyatta the President of the Republic of Kenya on 7th October 2016. It is owned by the government of Kenya and is domiciled in Kenya. The mandate of the University is derived from the Universities Act No. 42 of 2012, Laws of Kenya. The main objective of the University is to provide, directly or indirectly through collaboration with other institutions of higher learning, University education including scientific and professional education, and technology transfer for effective application of knowledge and skills in life, work and welfare of the citizens of Kenya.

2. Statement of compliance and basis of preparation

Kirinyaga University's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared on the basis of historical cost. The cash flow statement is prepared using the indirect method. The financial statements are prepared in accordance with PFM Act, 2012, Laws of Kenya, and the State Corporation and International Public Sector Accounting standard (IPSAS) accrual basis.

3. Adoption of new and revised standards.

Kirinyaga University is a non-profit making organization and hence was not affected by IPSAS 40 on Public Sector Combinations during the year under review.

Kirinyaga University will adopt IPSAS 41 on financial instruments effective from 1st January 2022 to provide users with information on interest receivable as a result of fixed and on call deposits.

The University will adopt IPSAS 42 on social benefits effective from 1st January 2022 to enhance revenue mobilization strategies from all stake holders. This will improve the University's corporate social responsibility and also improve financial performance.

4. Summary of significant accounting policies

(a) Revenue recognition

Revenue from exchange transactions

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

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

(ii) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

(iii) Interest income

This relates to held-to-maturity investments with the commercial bank. The entity determines the classification of its financial assets at initial recognition.

(iv) Farm

University operates a farm for coffee, tea and horticulture. The proceeds of the farm are recognised in the financial statement net of related cost.

(v) Revenue from non-exchange transactions

The University recognizes revenue from transfers from government once they are included in the printed estimates and the outcome of the transaction can be estimated reliably. The University has received a total of Kshs. 326,820,003.00 as follows:

a) Recurrent expenditure

1	8th August 2019	Kshs. 27,235,000
2	29th August 2019	Kshs. 27,235,000
3	29th September 2019	Kshs. 27,234,999
4	1st November 2019	Kshs. 27,235,001
5	29th November 2019	Kshs. 27,235,001
6	27th December 2019	Kshs. 27,235,000
7	4th February 2020	Kshs. 27,235,000
8	2nd March 2020	Kshs. 27,235,000
9	3rd April 2020	Kshs. 27,235,000
10	8th May 2020	Kshs. 27,235,000
11	5th June 2020	Kshs. 27,235,000
12	26th June 2020	Kshs. 27,235,001
	Total	**Kshs. 326,820,003**

During the FY 2019/2020, the University received capital grant amounting to Kshs. 150,556,122.00. During the year under review, the University had assets funded from the capital grants and generated future economic benefits to the University. In accordance to IPSAS 23, transfers are defined as in flows of future benefits or service potential from non-exchange transactions other than taxes. It is on this basis that Kirinyaga University has recognized Kshs. 27,045,001.00 being capital grant amortized as revenue since the University enjoyed economic gain from assets. This amount has been transferred to the statement of financial performance as revenue from non-exchange transactions.

b) Development

i)	30th November 2019	Kshs. 77,981,554
ii)	26th March 2020	Kshs. 72,380,016
	Totals	**Kshs. 150,361,570**

b) Budget information

The annual budget was prepared on the accrual basis where all planned costs and income were 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. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation

The University land is a freehold property and not subjected to amortization. Fixed assets have been depreciated using reducing balance method to write off the costs of the assets over their useful economic life at the following rates;

Land	Nil
Building	2%
Furniture and Fittings	12.5%
Motor Vehicles	25%
Computers and Accessories	30%
Plant and Machinery	12.5%

Depreciation is charged fully in the year of acquisition and no depreciation charged in the year of disposal.

(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.
Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.
Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.
Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the entity.

Library books

Library books relate to books purchase by the valued at cost. These are deemed to be used by the student hence represented in the financial statements.

(e) Employee benefits

Retirement benefit plans

Kirinyaga University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.
Individual accounts are set up for participants and benefits are based on the amounts credited to these accounts (through employee contributions and, if applicable, employer contributions) plus any investment earnings on the money in the account.

(f) Foreign currency transactions

There were no foreign currency transactions during the period under review.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(h) Subsequent events(h) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statement for the year ended June 30, 2020.

(i) Receivables

Receivables are recognized when commitments are effected at their fair value and there is no policy in place for their provisions.

(j) Trade payables

Trade payables are nearly always classified as current liabilities, since they are usually payable within one year. If that is not the case, then such payables can be classified as long-term liabilities. A longer-term liability typically has an interest payment associated with it, and so is more likely to be classified as long-term debt.

(k) Nature and purpose of reserves

Kirinyaga University creates and maintains reserves in terms of specific requirements. The entity has the following reserves:
Revaluation Reserve. This reserve was occasioned by the fact that the University valued all its assets in June 2019. It represents the difference between the net book value as at June 30, 2020 and the revalued amount.
Accumulated Surplus. This reserve represents the accumulated surplus over years.
Capital fund. This relate to development funds made to the University.

(l) Changes in accounting policies and estimates

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

(m) Biological assets

Kirinyaga University accounting treatment and disclosures related to Agricultural activity is provided for in these financial statements. These activities have been measured at fair value less estimated cost to sell at the point of harvest or at the point of disposal.

(n) Significant judgements and sources of estimation uncertainty

The preparation of Kirinyaga University financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Nothing has come to the attention of the University Council that can result to contingent liability or asset.

(o) Related parties' disclosures

In accordance to IPSAS 20, Kirinyaga University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University. The University Council and the key management are regarded as related parties and comprise the Chancellor, Vice Chancellor, Deputy Vice Chancellors, Registrars, Deans of Schools, Chairmen of Departments and Heads of sections in the University.
National Government is also a related party to the University by the factual of it being formed by the Act of the parliament through the University Charter of 7th October, 2016.

(p) Disclosure on financial risk management

Credit risk - Credit risk refers to the risk that the students will default fees by failing to make required payments. To manage this risk, the University ensures that students with fees balances are not issued with examination cards hence they cannot sit for examinations.

As at 30 June 2020	Fully performing	Between 0-5months	Over 5 Months
Student Receivables	3,236,915	-	-
Accrued Interest	4,355,605	4,355,605	-
Deposit with Financial Institution	96,213,298	96,213,298	-
Bank Balance	94,714,985	-	-
Totals	**198,520,803**		
As At 30 June 2019			
Student Receivables	2,221,332		
	-	-	
Accrued Interest	452,813	-	-
Deposit with Financial Institution	30,001,014	-	-
Bank Balance	21,348,827	-	-
Totals	**54,023,986**	-	-

Liquidity risk - Liquidity risk is the risk to an institution's financial condition or safety and soundness arising from its inability to meet its contractual obligations. To manage this risk, Kirinyaga University ensures availability of funds before committing an expenditure or collateral to fulfil those needs at the appropriate time.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables	12,791,130	64,826,657	29,501,805	107,119,592
	========	=======	========	========
At 30 June 2019				
Trade payables	1,246,723	31,685,167	18,980,919	51,912,809
	========	=======	========	========

(q) On call / Fixed Deposit Kshs. 96,213,298.00 (Ninety six million, two hundred and thirteen thousand two hundred and ninety eight only)

1. Kshs. 1,269,936.00 (One million, two hundred sixty nine thousand, nine hundred and thirty six only) is a bank guarantee with KCB Bank ltd for fuelling with National Oil Corporation of Kenya. The process to recall this is underway.

2. Kshs. 3,264,736.00 (Three million two hundred sixty-four thousand seven hundred thirty-six only) deposited in a call deposit account with Cooperative Bank ltd at a rate of 4% for the payment of University projects retention funds.

3. Kshs. 78,399,798.00 (Seventy-eight million three ninety-nine thousand seven hundred ninety-eight only) deposited in a call deposit account with Equity Bank ltd at a rate of 9% for the payment of staff gratuity and University projects retention funds.

4. Kshs. 13,278,828, (Thirteen Million Two hundred seventy-Eight Eight Hundred Twenty-Eight Only) deposited in a call deposit account with KCB Bank ltd at a rate of 8.5% for payment of Project Expenditure.

(r) Comparative information

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

(s) Related Party Disclosures

During the financial year the University paid Kshs. 4,631,687.00 to Council and Kshs. 49,015,755.00 to the top management.

(t) Capital Commitment

The University had an approved capital budget of Kshs. 210,995,000.00 but received Kshs. 150,361,570 during the year under review.

(u) Ultimate and Holding Entity

Kirinyaga University is a Semi – Autonomous Government Agency under Ministry of Education.

(v) Currency

The financial statements are presented in Kenyan shillings (Kshs.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

	FY 2019/2020	FY 2018/2019
5 TRANSFER FROM THE GOVT - RECCURRENT	Kshs	Kshs
July	27,235,000	23,728,194
August	27,235,000	23,728,194
September	27,234,999	23,728,192
October	27,235,001	23,728,194
November	27,235,001	22,304,502
December	27,235,000	22,304,502
January	27,235,000	23,253,630
February	27,235,000	23,253,630
March	27,235,001	21,829,937
April	27,235,000	23,728,194
May	27,235,000	23,728,194
June	27,235,001	23,728,193
June	-	35,585,730
	326,820,003	**314,629,286**
6 TRANSFER FROM THE GOVT - CBA ARREARS		
June	41,501,034	-
	41,501,034	**-**
7 TRANSFER FROM THE GOVT - DEVELOPMENT		
August	77,981,554	-
November	-	58,778,228
January	-	50,238,791
March	72,380,016	30,000,000
May	-	30,120,000
May	-	41,429,103
Total	**150,361,570**	**210,566,122**
8 NATIONAL RESEARCH FUND - Infrastructural Grant		
August	53,300,000	-
	53,300,000	**-**

NB/This amount relates to Development grant recognised in changes in Net asset Statement.

Detailed analysis of the grants received by Kirinyaga University

Name of the entity sending the Grant	Amount recognized to statement of comprehensive income	Amount recognised in capital fund	Total Income FY 2019/2020	Total Income FY 2018/2019
MoE -Reccurent	326,820,003	-	326,820,003	314,629,286
MoE -Development	-	150,361,570	150,361,570	210,566,122
National Research Fund	-	53,300,000	53,300,000	-
Total	**326,820,003**	**203,661,570**	**530,481,573**	**525,195,408**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 - Continuation

	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
9 RENDERING SERVICES		
Tuition and other fees	203,138,902	165,611,958
	203,138,902	**165,611,958**
10 RENTAL REVENUE		
Rent Income	1,261,380	1,640,438
Balance c/d	**1,261,380**	**1,640,438**
11 OTHER INCOMES		
Sale of tender forms	69,000	51,000
Sale of Water bottles	81,589	186,021
Medical & Other Income	29,200	45,100
Kitchen sales	7,375,600	4,940,200
Interest Income	4,264,882	274,749
Bursary fund Donations	1,098,500	-
Hire of Facilities	5,670,400	766,858
TOTAL INCOME	**18,589,171**	**6,263,928**
12 BULK PURCHASE OF WATER AND ELECTRICITY		
Electricity expenses	4,316,500	4,372,138
Water expenses	1,558,541	2,727,998
	5,875,041	**7,100,136**
13 EMPLOYEE COSTS		
Basic Salaries	179,972,744	161,855,405
Casual workers	3,355,345	3,905,154
House allowances	91,489,744	83,196,350
Part time teaching	38,841,435	41,696,858
Pension	22,638,719	20,705,587
House to Office allowance	22,191,250	21,829,563
Other personal allowances	35,072,509	33,377,139
Passage & Baggage	131,692	128,453
Staff Medical Cover	20,082,894	17,869,805
CBA Arrears	51,465,524	-
	465,241,855	**384,564,315**
14 RENUMERATION OF COUNCIL		
Chairman's Allowance	1,020,000	1,084,500
Sitting Allowance	1,600,000	2,576,000
Travelling & Accomodation	811,687	2,349,957
Chanchellor Allowance	1,200,000	1,200,000
	4,631,687	**7,210,457**
15 REPAIRS AND MAITENANCE		
Vehicle repairs	2,157,051	1,239,163
Maintenance of Buildings	3,770,227	1,758,861
Machine & Equipment repairs	1,643,196	764,885
	7,570,474	**3,762,909**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 - Continuation

	FY 2019/2020 Kshs	FY 2018/2019 Kshs
16 CONTRACTED/PROFESSIONAL SERVIC		
Legal Services	1,337,394	941,114
ISO Expenses	289,147	169,990
House Keeping/Cleaning Services	6,601,714	9,166,329
Security Services	2,412,440	2,031,985
	10,640,694	**12,309,418**
17 STUDENTS WELFARE		
Students games	2,526,072	3,797,382
Students medical expenses	1,471,224	1,593,118
Fees refunds	457,194	1,659,373
Students Entertainment	793,262	940,962
KYU Students union	308,005	316,300
	5,555,757	**8,307,135**
18 ACADEMIC COSTS		
Curiculum Development	5,342,820	339,544
Attachement expenses	1,570,548	956,400
Student admision Expense	7,596,500	912,067
Gratuation Expense	2,131,724	2,500,377
Teaching materials	4,193,395	4,049,785
	20,834,987	**8,758,173**
19 ADMINISTRATIVE COSTS		
Travelling and accommodation	4,066,740	4,296,675
Stationery	2,362,359	2,757,841
	6,429,099	**7,054,516**
20 FINANCE COSTS		
Bank charges	173,664	260,241
	173,664	**260,241**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 - Continuation

21 GENERAL EXPENSES	FY 2019/2020 Kshs	FY 2018/2019 Kshs
Conferences & Seminars	18,000	1,285,155
Internet expenses	8,294,625	6,311,048
Vehicle licenses & insurance	2,572,653	2,572,598
Purchase of Uniforms	203,287	150,603
Vehicle fuel and oil	2,976,599	3,333,688
Performance Contracting	385,900	285,450
Advertisement & Marketing	1,904,603	1,777,951
Staff Welfare & Trainings	781,075	655,747
News papers	168,577	366,651
Telephone & Postage expenses	81,658	160,997
Subscription to Professional bodies	696,280	3,505,090
Cleaning Materials	759,110	242,000
Public celebrations/Demise	160,000	160,000
Catering expenses	8,726,703	9,185,304
Corporate Social Responsibility	137,220	168,060
Research	50,000	118,835
Valuation Expense	-	460,000
Totals	**27,916,289**	**30,739,175**

MOVEMENT OF FIXED ASSET AS AT 30 JUNE 2019

Note 22 :

PROPERTY, PLANT & EQUIPMENTS	LAND	BUILDING	MOTOR VEHICLES	COMPUTER & ACCESSORIES	PLANT & MACHINERY	FURNITURE & EQUIPMENTS	WORK IN PROGRESS	TOTAL
	NIL	2%	25%	30%	12.5%	12.5%	NOTE 3	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Net Bookvalue as at 01/07/2018	677,500,000	241,606,209	19,486,239	10,868,227	21,166,730	49,932,673	289,653,514	1,314,457,987
Additions for the period				1,027,098	-	2,455,285	67,109,300	70,591,683
Transfers	-	172,691,713	-	26,913,814	-	-	(199,605,527)	-
As at 30/06/2019	**677,500,000**	**414,297,922**	**19,486,239**	**38,809,139**	**21,166,730**	**52,387,958**	**157,157,287**	**1,380,805,275**
Accumulated Depreciation								
Depreciation as at 30/06/2018	-	24,719,510	46,278,131	25,080,496	16,406,336	27,670,978	-	140,155,451
Depreciation of the disposed asset	-	-	-	-	-	-	-	-
Charge for the period	-	8,285,958	4,871,560	11,642,742	2,645,841	6,548,495	-	33,994,599
As at 30/06/2019	-	33,005,468	51,149,691	36,723,238	19,052,177	34,219,473	-	174,150,050
Net Book value as at 30/06/2019	**677,500,000**	**406,011,964**	**14,614,679**	**27,166,397**	**18,520,889**	**45,839,463**	**157,157,287**	**1,346,810,676**
Revaluation Reserve	234,200,000	(30,546,964)	29,417,723	(16,702,540)	848,658	(26,006,805)	(7,157,287)	184,052,786
Valuation as at 30/6/2019	**911,700,000**	**375,465,000**	**44,032,402**	**10,463,857**	**19,369,547**	**19,832,658**	**150,000,000**	**1,530,863,464**
Net Bookvalue as at 01/07/2019	**911,700,000**	**375,465,000**	**44,032,402**	**10,463,857**	**19,369,547**	**19,832,658**	**150,000,000**	**1,530,863,464**
Additions for the period				500,184	-	2,704,901	129,778,174	132,983,258
Transfers	-	-	-	-	-	-	-	-
As at 30/06/2020	**911,700,000**	**375,465,000**	**44,032,402**	**10,964,041**	**19,369,547**	**22,537,559**	**279,778,174**	**1,663,846,722**
Accumulated Depreciation								
Depreciation as at 30/06/2019	-	33,005,468	51,149,691	36,723,238	19,052,177	34,219,473	-	174,150,050
Depreciation of the disposed asset	-	-	-	-	-	-	-	-
Charge for the period	-	7,509,300	11,008,101	3,289,212	2,421,193	2,817,195	-	27,045,001
As at 30/06/2020	-	40,514,768	62,157,791	40,012,450	21,473,371	37,036,668	-	201,195,051
Net Book value as at 30/06/2020	**911,700,000**	**367,955,700**	**33,024,302**	**7,674,828**	**16,948,354**	**19,720,364**	**279,778,174**	**1,636,801,721**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 - Continuation

23 WORK-IN-PROGRESS

	FY 2019/2020			
	Bal b/f	Additions During the year	Bal C/F	Bal C/F
Tuition Complex	106,020,373	110,081,857	216,102,230	106,020,373
Lecture Threatre	43,979,627	19,696,317	63,675,944	43,979,627
	150,000,000	**129,778,174**	**279,778,174**	**150,000,000**

24 CASH AND BANK BALANCES

	Account No.	FY 2019-2020 Kshs	FY 2018-2019 Kshs
Kenya comercial bank			
Current Account	1135935173	36,442,865	12,088,758
Fees collection Account	1104016028	781,971	694,205
Development Account	1164419137	2,111,893	2,734,589
Equity bank			
Fee collection Account	0100299420333	7,432,247	1,757,602
Cooperative bank			
Fees collection Account	01129489200000	41,025,652	1,419,863
Farm Account	01120489200000	2,141,482	1,402,567
Giachai Farm Account	01120489200001	4,756,877	1,234,683
Cash balances		21,998	16,561
		94,714,985	**21,348,827**

25 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Student debtors	3,236,915	2,221,332
K.P.L.C. deposits	984,500	984,500
Accrued Interest - Cooperative Bank	428,406	289,065
Accrued Interest - KCB Bank	23,252	30,899
Accrued Interest - Equity Bank	3,903,947	132,849
Accrued Lease Income	947,525	-
Prepaid Insurance	14,292,125	5,508,300
	23,816,670	**9,166,945**

26 RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

MoEST	41,501,034	35,585,730
	41,501,034	**35,585,730**

27 INVESTMENT

On call Deposit - Cooperative Bank	3,264,736	3,264,736
On call Deposit - KCB Bank	14,548,764	642,625
On call Deposit - Equity Bank	78,399,798	26,093,653
	96,213,298	**30,001,014**

28 INVENTORIES

Stock	6,707,470	5,384,877
	6,707,470	**5,384,877**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 - Continuation

	FY 2019/2020 Kshs	FY 2018/2019 Kshs
29 BIOLOGICAL ASSETS		
64,108 Coffee trees	19,500,000	19,500,000
148,052 Tea bushes	37,500,000	37,500,000
4.5 acres Banana Plantation	850,000	850,000
28 Avocado trees	140,000	140,000
15 Macandamia trees	172,500	172,500
2.5 acres Agroforest	4,700,000	4,700,000
Total	**62,862,500**	**62,862,500**
This was at net realisable value		
30 LIBRARY BOOKS		
Library Books	35,207,068	35,207,068
	35,207,068	**35,207,068**
31 TRADE AND OTHER PAYABLES		
Student creditors	12,791,130	1,246,723
Trade Creditors- Recurrent	61,516,092	31,685,167
Trade Creditors - Development	3,310,565	-
Retention funds	29,501,805	18,980,920
Total	**107,119,592**	**51,912,810**
32 AUDIT FEES		
Balance b/f	696,000	1,392,000
Paid in the Year	-	(1,392,000)
Provision Audit fees for the Year	696,000	696,000
Balance c/d	**1,392,000**	**696,000**
33 PROVISION FOR SERVICE GRATUITY		
Balance b/f	17,847,452	12,466,277
Add provision for the year	20,457,688	17,933,697
Gratuity paid during the year	(13,977,197)	(12,552,522)
Balance c/d	**24,327,944**	**17,847,452**
34 REVALUATION RESERVE - PPE		
Balance b/f	1,049,451,812	865,399,026
Additions for the Year	-	184,052,786
Balance c/d	**1,049,451,812**	**1,049,451,812**
35 REVALUATION RESERVE (BIOLOGICAL ASSETS)		
Balance b/f	45,357,000	46,392,000
Additions for the Year	-	(1,035,000)
Balance c/d	**45,357,000**	**45,357,000**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020 - Continuation

	FY 2019/2020 Kshs	FY 2018/2019 Kshs
36 ACCUMULATED SURPLUS		
Balance b/f	12,194,926	-
Surplus/(Deficit for the period	28,404,478	12,194,926
Balance c/d	**40,599,404**	**12,194,926**
37 CAPITAL FUND		
Balance b/f	552,960,425	376,388,902
Development fund	150,361,570	210,566,122
Infrastructural Grant	53,300,000	-
Transfer to Income Statement	(27,045,001)	(33,994,599)
Balance c/d	**729,576,994**	**552,960,425**
38 FARM ACCOUNTS		
Revenue		
Coffee	1,995,525	1,995,525
Tea income	10,551,527	11,588,746
Horticulture	749,753	1,490,059
Sale of Trees	2,942,000	-
Total Income	**16,238,805**	**15,074,330**
Expenditure		
Tea picking casuals	2,408,900	1,595,300
Tea prunning	93,914	89,520
Fertilizers & Inputs	259,225	314,847
Hortculture expenses	300,317	247,320
Farm staff welfare	11,040	39,077
Farm travelling charges	18,480	16,280
Electricity Water & Conservation	29,706	26,501
Total Expenditure	**3,121,582**	**2,328,845**
Sulplus for the year	**13,117,223**	**12,745,485**

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
No issue was raised by the Auditor General in the last audit					

APPENDIX II: Projects Implemented by the University

Projects

Projects implemented by the Kirinyaga University funded by the government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Tuition Complex	KyU/TC1/001/2016/2017	GOK		Fully Committed	No	Yes
Multipurpose Lecture Theatre	KyU/LTH/001/2016/2017	GOK		Fully Committed	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Tuition Complex	1,200,000,000	245,894,844	20%	1,200,000,000	1,200,000,000	GOK
2	Multipurpose Lecture Theatre	184,393,638	70,516,415	38%	184,383,638	184,393,638	GOK

APPENDIX III: INTER-ENTITY TRANSFERS

inyaga University
ak down of Transfers from the State Department of Education
2019/2020

	Recurrent Grants		
	Bank Statement Date	**Amount (KShs)**	**FY**
.	9th July 2019	35,585,730	FY 2018/2019
2	8th August 2019	27,235,000	FY 2019/2020
3.	29th August 2019	27,235,000	FY 2019/2020
4.	29th September 2019	27,234,999	FY 2019/2020
5.	1st November 2019	27,235,001	FY 2019/2020
6.	29th November 2019	27,235,001	FY 2019/2020
7.	27th December 2019	27,235,000	FY 2019/2020
8.	4th February 2020	27,235,000	FY 2019/2020
9.	2nd March 2020	27,235,000	FY 2019/2020
10.	3rd April 2020	27,235,000	FY 2019/2020
11.	8th May 2020	27,235,000	FY 2019/2020
12.	5th June 2020	27,235,000	FY 2019/2020
13.	26th June 2020	27,235,001	FY 2019/2020
	Total	**362,405,732**	
b.	**Development Grants**		
1.	22nd November 2019	77,981,554	FY 2019/2020
2.	16th March 2020	72,380,016	FY 2019/2020
	Total	**150,361,570**	

The above amounts have been reconciled with the parent Ministry.

Prof. Mary Ndung'u
Vice Chancellor.

CPA Peter Kagika
Finance Officer.

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA Transferring the funds	Date received as per bank statement	Nature	Total Amount - Kes	Statement of Financial Performance	Receivables	Total Transfers during the Year
National Research Fund	20/08/2019	Grant for equipping Engineering Training and Research Facility	53,300,000			53,300,000

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