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THE NATIONAL ASSEMBLY <b>REPORT</b> PAPERS LAID	
DATE: 25 APR 2023	DAY: TUESDAY
TABLED BY: <b>OF</b>	Hon. Kimani Ichungwani MP Leader of the majority party
CLERK-AT THE-TABLE:	Inzofu Mwale

**THE AUDITOR-GENERAL**

**ON**

**KIRINYAGA UNIVERSITY**

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



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KIRINYAGA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2022

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



Kirinyaga University  
Annual Reports and Financial Statements  
For the year ended June 30, 2022

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For the year ended June 30, 2022

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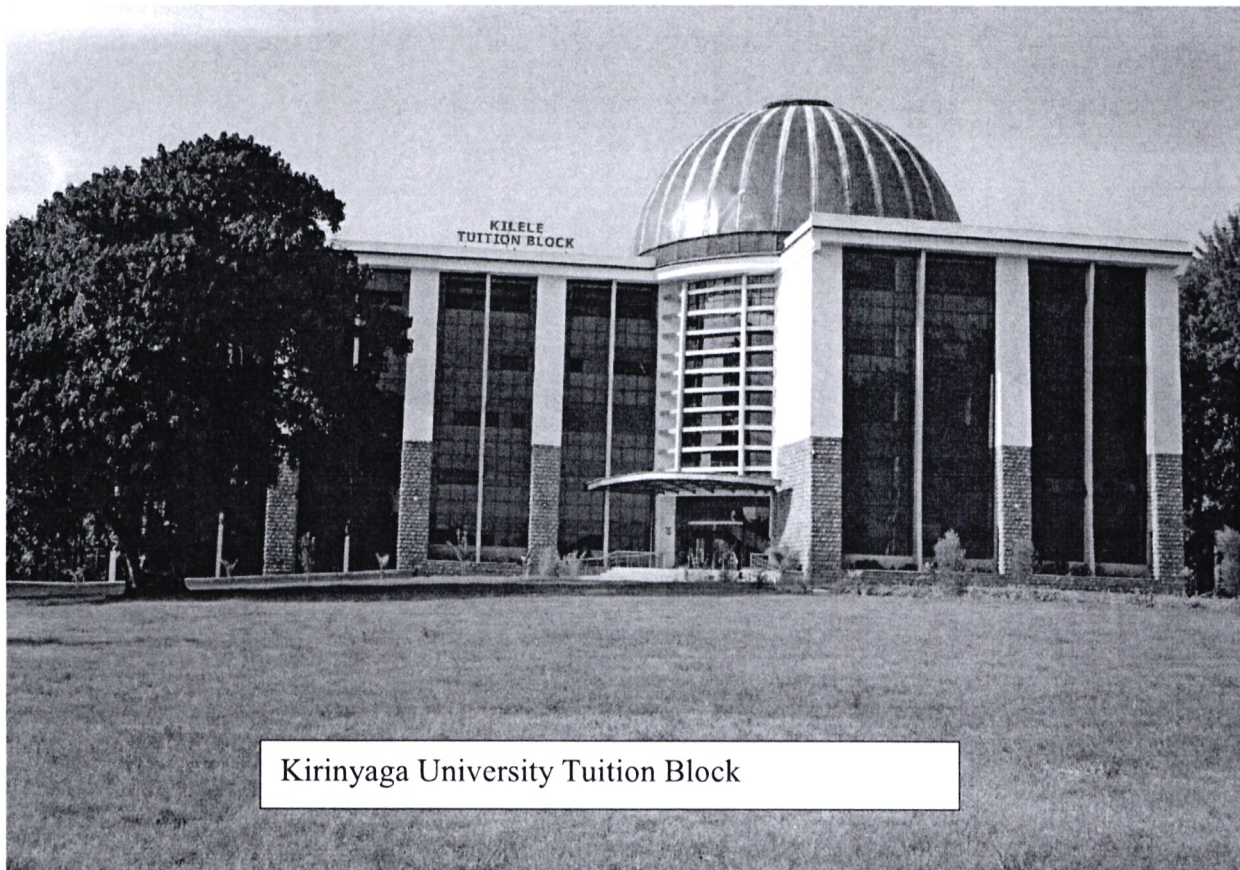
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## 1. Key Entity Information and Management

### (a) Background information

Kirinyaga University is a fully chartered public University since 7<sup>th</sup> October, 2016. The University is located approximately 115 kilometres north east of Nairobi off Nairobi Sagana – Embu Highway, in Kutus, Kirinyaga County.

The University endeavours to be a leader in the development and expansion of opportunities for higher education, research, innovation, technology transfer and extension. That the University is ISO 9001:2015 Certified is testimony that procedures, systems and processes are well documented and adhered to, to ensure customer satisfaction.



**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, ICT 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 resources, resource 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 2022 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 Arrangements**

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 committee
- 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](mailto:vc@kyu.ac.ke)  
Website: [www.kyu.ac.ke](http://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

**2. Members of the University Council**

Passport photo	Name & Title	Date of Birth	Qualifications	Experience
	Dr. Mechah Charles Moturi (Chairman of Council)	1953	PhD – Environmental Science BSc, MSc Chemistry	44 Years
	Prof. Mary Wambui Ndung'u (Vice Chancellor/ Secretary to council)	1962	PhD- Chemistry (JKUAT), Msc- Chemistry (Kenyatta University), B.Ed. (Kenyatta University), EMBA (JKUAT)	35 Years
	Mr. Julius Lawi Onyango	1946	Master of Laws (LL.M) UoN Bachelor of Laws (LLB) UoN	53 Years
	M/s Kibibi Ndope	1987	MBA (International Business) – USIU, Africa Bachelor of Laws (LLB) CUEA	10 Years
	Mr. Alister M Murimi	1972	M. Sc. Finance – UoN (Ongoing) MBA (Construction & Real Estate), - UK BA (Land Econ.) – UoN	19 Years



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	<p>Eng. Joel M. Kiilu</p>	<p>1956</p>	<p>MBA BSC-Structural Engineer</p>	<p>41 Years</p>
	<p>Mr. Milton Kiura Njuki (Rep. Ministry of Education)</p>	<p>1973</p>	<p>MBA - Kenyatta University Bed - Kenyatta University AAPAM - Kenyatta University</p>	<p>21 Years</p>
	<p>CPA FA Dr. Solomon Thuo Ngahu (Rep. National Treasury and Planning)</p>	<p>1977</p>	<p>PhD - Business Administration (Finance Option), JKUAT MBA Finance - JKUAT CPA (K)</p>	<p>15 Years</p>
	<p>Ms Hannah Njeri Maina</p>	<p>1961</p>	<p>Masters in Environmental Science (Environmental Education) - KU B.Ed. - KU</p>	<p>35 Years</p>

### 3. Management Team

Passport photo	Name & Title	Responsibility	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)	35 Years
	Prof. Charles Omwandho	Deputy Vice Chancellor (Academic & Student Affairs)	1961	PhD- Reproductive Immunology (New Castle University ,Australia 1998),Msc, Biochemistry , 1991(UoN),BSC Biochemistry and Zoology 1986 (UoN),	31 Years
	Mr. Wallace Waruiru Kamau	Registrar (Academic & Student Affairs)	1982	MA Project Planning & Management (University of Nairobi), Bsc.- Environmental Studies (Kenyatta University)	16 Years
	CPA Peter Mugo Kagika	Finance Officer	1975	MBA - Strategic Management (DeKUT) BBA (Accounting & Finance) (KEMU) CPA( K)	21 Years

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	<p>Ms. Esther Wanjiru Ndirangu</p>	<p>Procurement Officer</p>	<p>1988</p>	<p>Msc. Procurement &amp; Logistics (JKUAT) BSc Procurement and Logistics (JKUAT)</p>	<p>8 Years</p>
	<p>Ms. Jane Wangechi Ndegwa</p>	<p>Legal Officer</p>	<p>1987</p>	<p>Bachelor of Laws (LLB)-CUEA Diploma in Law- KSL</p>	<p>8 Years</p>

For the year ended June 30, 2022

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#### **4. Chairman's Statement**


I am pleased to present the Annual report and Financial Statements of Kirinyaga University for the year ended 30 June, 2022.

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 for strategic positioning in the changing landscape of University education. To achieve this objective, the University has undertaken projects which include Tuition complex phase one and 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 academic 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.

The support from the Council, Management, staff, students and stake holders is appreciated.



**Dr. Mechal Charles Moturi**  
**Chairman of Council.**

## **5. Report of the Vice Chancellor**

Presented herein is the Annual Report and Financial Statements of Kirinyaga University for the year ended 30 June, 2022 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 7<sup>th</sup> October 2016 with thirteen academic degree programmes then, and has since increased the number of academic degree programmes to sixty-seven (67). 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, Laws of Kenya, which outlines the objectives toward promoting higher education in Kenya as follows:

- Advancement of knowledge through teaching, scholarly research and scientific investigation.
- Promotion of learning 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 centre. 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 9,334 and is expected to increase to 11,390 students in the year 2022/2023. Staff population stood at total 268 for both academic and non-academic divisions and it is expected to increase to 386 due to planned recruitment of academic staff and technicians in the next financial year 2022/2023.

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, Master and Bachelors 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 resource mobilisation as well as aligning our efforts towards support of the Big four agenda of Government. 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 thank 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**

**6. Statement of Performance against Predetermined Objectives for FY 2021/22**

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 2021/2022, which were within her Strategic Plan, 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 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 the performance targets set for the FY 2021/2022 period for its strategic pillars, as indicated below:

**Development of New Academic Programmes**

During the FY 2021/2022, the University committed to develop the following new academic programs.

1. Doctor of philosophy in Pure Mathematics
2. MSc. in Data Science and Analytics (MSc. DSA).
3. MSc. Health Systems Management.
4. Master of Science in Nursing.
5. Master of Science in Clinical Medicine.
6. Master of Science in Renewable Energy.
7. Master of Science in Construction Management.
8. Master of Economics.

9. MSc in Fashion Design and Textile Technology.

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 Committee and Senate for approval.
5. The Programs were forwarded to the Commission for University Education for accreditation.

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

1. Bachelor of Education (Arts)
2. Bachelor of Science in Epidemiology and Medical Statistics
3. Bachelor of Technology in Chemical Engineering.
4. Bachelor in Health Systems Management.
5. Doctor of Philosophy in Applied Computational Mathematics.

### **Safety and Security Measures**

During the FY 2021/2022, 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 points.
2. Routine check at various entry points to the university premises/buildings
3. Visitor 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;

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. Created 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

## **7. 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 for Education. The University Council is committed to the highest level of corporate governance. Table 1 below summarizes the council meetings and attendance therein:

**Table 1: Meetings of Full Council 2021/2022FY**

<b>Name</b>	<b>Designation</b>	<b>Meeting Attendance in FY2021/22</b>
1. Dr Mechah C. Moturi	Chairperson	5/5
2. Mr Alister Murimi	Member	5/5

3. Mr Milton Njuki	Rep. P.S MoE	5/5
4. Dr. Naomi Kagone	Member	5/5
5. Ms Kibibi Ndope	Member	5/5
6. Mr Julius Onyango	Member	5/5
7. Mr Lawrence Muthamia	Rep. Treasury	1/5
8. Eng. Joel Kiilu Musembi	Member	4/5
9. Prof. Mary Ndung'u	VC/Council Secretary	5/5

For effective performance of the oversight role, the Council formed different Committees of Council to deal with specific roles as stipulated in the terms of reference to advise full Council on decision making as below;

#### **Finance, Human Resource and General Purpose Committee**

This Committee shall exercise all the powers of Council in financial and human resource matters & projects and shall report to Council. The Committee monitors the financial health of the University on behalf of Council. Table 2 below summarizes the committee meetings and attendance therein.

**Table 2: Meetings of the Finance Human Resource and General Purpose Committee of Council in 2020/2021FY**

Name	Designation	Meeting Attendance in FY2021/22
1. Mr Alister Murimi	Chairperson	3/5
2. Dr. Naomi Kagone	Member	5/5
3. Mr Milton Njuki	Rep. P.S MoE	5/5
4. Mr Lawrence Muthamia	Rep. N. Treasury	1/5
5. Prof. Mary Ndung'u	VC/Council Secretary	5/5

#### **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.

Table 3 below indicates the committee meetings and attendance therein.

**Table 3: Meetings of the Academic and Quality Assurance Committee of Council in 2020/2021FY**

Name	Designation	Meeting Attendance in FY2021/22
1. Dr. Naomi Kagone	Chairperson	4/4
2. Eng. Joel Kiilu Musembi	Member	4/4
3. Ms Kibibi Ndope	Member	4/4
4. Mr Milton Njuki	Rep. P.S MoE	4/4
5. Prof. Mary Ndung'u	VC/Council Secretary	4/4

### **Audit & Risk Management Committee**

The primary purpose of the Audit and Risk Management Committee is to assist Council in discharging its oversight responsibilities as the governing body of Kirinyaga University.

Table 4 below summarizes the committee meetings and attendance therein.

**Table 4 Meetings of Audit and Risk Management Committee of Council in 2021/2022 FY.**

Name	Designation	Meeting Attendance in FY2021/22
1. Mr Julius Onyango	Chairperson	5/5
2. Ms Kibibi Ndope	Member	5/5
3. Eng Joel Kiilu Musembi	Member	5/5
4. Mr Lawrence Muthamia	Rep. N. Treasury	1/5
5. Mr. John Kuria	Internal Auditor/ Committee Secretary	5/5

### **Sealing Committee**

The primary purpose of sealing Committee is to seal the list of students graduating before they graduate and to receive reports on use of the University seal, if any. Table 5 below summarizes the committee meetings and attendance.

**Table 5: Meetings of the Sealing Committee of Council in 2021/2022FY**

Name	Designation	Meeting Attendance in FY2021/22
1. Dr. Mechah Charles Moturi	Chairperson	1/1
2. Mr Julius Onyango	Member	1/1
3. Prof. Mary Ndung'u	VC/Council Secretary	1/1

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4.	Prof. Charles Omwandho	DVC ASA/In attendance	1/1
5.	Mr. Wallace Kamau	Registrar ASA/ In attendance	1/1

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**The University Senate** has the mandate to:

- Establish, abolish or harmonize faculties, schools, units, departments and their titles and to recommend to Council.
- Approve all syllabus of the University
- Make recommendations to the Council for the establishment or abolition of degrees and other academic programmes.
- Approve 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.

## **8. Management Discussions and Analysis**

The University started the year with cash and bank balance of Kshs. 31,975,179.00 (Thirty-one million, nine hundred seventy-five thousand, one hundred seventy-nine only). During the year under review, the University generated Kshs. 407,838,165.00 (Four hundred and seven million, eight hundred thirty-eight thousand, one hundred sixty-five only) in A-in-A vide student tuition and other fees, and received Kshs. 359,891,910.00 (Three hundred fifty-nine million, eight hundred ninety-one thousand, nine hundred and ten only) from Government of Kenya for recurrent expenditure.

Total expenditure for the year was Kshs. 726,945,175.00 (Seven hundred twenty-six million, nine hundred forty-five thousand, one hundred seventy-five only) resulting to a surplus of Kshs 40,908,873.00 (Forty million, nine hundred and eight thousand, eight hundred and seventy-three only).

When comparing the budget and actuals in these financial statements, apart from rendering of services where the University recorded a positive variance of 36%, all other variances were within the allowed range of + or - 10%. This positive variance of 36% in rendering of services resulted from students receiving HELB disbursements after they had paid 60% of fees payable to register for units, resulting to a positive variance.

### **Key Projects and Investment Decisions Kirinyaga University is planning / implementing**

During the FY 2021/2022, 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 at a total cost of 1.2 billion. Phase 1 of the project consisted of 5 floors modern tuition block with ultramodern audio visual facilities, solar power panel, lifts and other amenities. The revised contract price for phase 1 is Kes 366,772,237.27 (Three hundred sixty-six thousand, seven hundred seventy-two thousand, two hundred thirty-seven shillings twenty-seven cents only). This contract was awarded to Corban Construction Ltd. The total amount paid for this project as at 30<sup>th</sup> June 2022 is

Kshs 320,806,324.00 (Three hundred twenty million, eight hundred and six thousand three hundred twenty-four only). The building has been transferred to building account.

**Proposed Multi-Purpose Lecture Theatre** - This project entails construction of 600 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 (Two hundred and eight million, one hundred forty-nine thousand, one hundred eighty-five only) was awarded to High Point Agencies. The total amount paid to date for this project as at 30<sup>th</sup> June 2022 is Kshs 150,680,326.00 (one hundred fifty million six hundred eighty thousand three hundred twenty-six only). The project is at 72% level of completion as at 30<sup>th</sup> June 2022.

### **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 14<sup>th</sup> 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 no pending bills, however we have Payables amounting to Kshs. 110,934,056.00(One hundred and ten million, nine hundred thirty four thousand, fifty six only). Further to this, the University also reported Kshs. 55,421,230.00 (Fifty five million, four hundred twenty one thousand, two hundred and thirty 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.

## **9. Environmental and Sustainability Reporting**

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 and Equity bank to plant over 8000 trees in an initiative to contribute to the national goal of achieving 10% tree cover by 2022. The University has put in place mechanisms to protect the riparian land along its borders by planting trees, where 4000 trees were planted in the year under review. 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. However, in the year under review, this did not happen due to Covid 19 pandemic.

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.

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.

## **10. Report of the University Council**

### **Principal activities**

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

### **Results**

The financial results of Kirinyaga University for the year ended 30 June, 2022, are set out on page xxi

### **University Council**

Members of Council shown on page (vi) and (vii) were appointed under gazette notice No. 8998 with effect from 4<sup>th</sup> November, 2020, except for Mr. Milton Kiura Njuki whose appointment was from 1<sup>st</sup> April, 2021, Dr. Solomon Thuo Ngahu who was appointed on 10<sup>th</sup> March 2022, Eng. Joel Musembi Kiilu who was reappointed on 10/6/2022 and Ms Hannah Njeri Maina who was appointed on 10/6/2022, all for a period of three years.

### **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, 2015, Laws of Kenya.

### **Kirinyaga University's Financial Probity and Serious Governance Issues**

During the year under review, 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.....30/11/2022

**11. Statement of the University Council Responsibilities.**

Section 81 of the Public Finance Management Act, 2012, Laws of Kenya and Kirinyaga University Charter of 7<sup>th</sup> 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, 2022, 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.

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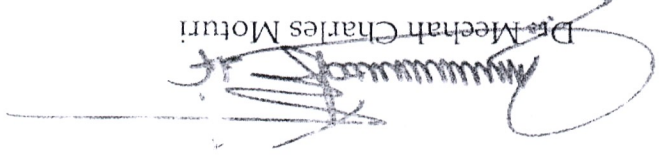
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Nothing has come to the attention of the University Council to indicate that Kirinyaga University will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

Kirinyaga University financial statements were approved by the University Council on 30<sup>th</sup> June 2022 and signed on its behalf by:

Chairman of Council.  
Dr. Meehan Charles Moturi



Vice Chancellor  
Prof. Mary dung'u



**12. Report of the Independent Auditors for the Kirinyaga University**

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Kirinyaga University  
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# REPUBLIC OF KENYA

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**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, 2022

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Kirinyaga University set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2022,

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kirinyaga University as at 30 June, 2022, 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 the Public Finance Management Act, 2012 and the Universities 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 ISSAIs 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 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. Delayed Project Implementation**

The statement of financial position reflects an amount of Kshs.1,887,270,532 in respect to property, plant and equipment, and as disclosed in Note 20 to the financial statements, which includes an amount of Kshs.155,467,607 in respect to work-in-progress for construction of lecture theatre. As reported in the previous year, the tender for the construction of lecture theatre was awarded to a contractor at a sum of Kshs.149,226,532 for a contract period of 52 weeks commencing on 29 May, 2017, with an expected

completion date of 28 May, 2018. However, the contract price was later revised by Kshs.35,167,406 to Kshs.184,393,938 (23.5%) and the expected completion period has since been revised eight (8) times to 259 weeks, an increase of 207 weeks as shown below;

<b>Contract Period</b>	<b>No. of Weeks</b>	<b>Expected Completion Period</b>
Original Contract Period	52	28 May, 2018
First Revision	8	28 July, 2018
Second Revision	18	28 November, 2018
Third Revision	20	16 April, 2019
Fourth Revision	52	17 April, 2020
Fifth Revision	52	23 April, 2021
Sixth Revision	36	27 September, 2021
Seventh Revision	7	22 February, 2022
Eighth Revision	14	5 May, 2022
<b>Total Contract Period after Revisions</b>	<b>259</b>	

In the circumstances, the University risked incurring additional costs on the project due to inflation, delays and revisions of contract periods. Further, the University may not get value for money on the project as the facility was not available for use in time as planned.

## **2. Employee Costs**

### **2.1 Non-Compliance with One-Third Basic Salary Rule**

Note 11 to the financial statements reflects Kshs.527,070,247 in respect to employee costs which includes Kshs.239,635,059 in respect to basic salaries. However, review of payroll records revealed that twenty-three (23) employees earned less than a third of the basic salaries in different months, 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.

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

### **2.2 Non-Compliance with Staff Ethnic Diversity**

As reported in the previous year, an analysis of the ethnic composition of employees of Kirinyaga University in the year under review indicated that out of the total 259 employees, 183 employees (70.7%) workforce was from the dominant ethnic community in the County, contrary to Section 7(2) of 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.

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

## **2.3 Non-compliance with Fiscal Responsibility Principles on Compensation of Employees**

As disclosed in Note 11 to the financial statements, the statement of financial performance reflects employee costs of Kshs.527,070,247. The employee costs accounts for sixty-nine percent (69%) of total revenue of Kshs.767,854,047 contrary to Section 26(a) of Public Finance Management (National Government) Regulations, 2015 on fiscal responsibility principles, which provides that, expenditure on the compensation to employees shall not exceed thirty-five (35%) percent of the total revenue.

Further, the University may not be in a position to meet other essential services since employee cost exceeds the required thresholds as a greater percentage of its income is spent on staff costs.

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

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

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 the University Council**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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

30 January, 2023

**15 Statement of Financial Performance for the year ended 30 June 2022**


		2021/2022	2020/2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>	<b>Notes</b>		
Transfers from the Government- Recurrent	5	359,891,910	346,058,232
<b>Sub Totals</b>		<b>359,891,910</b>	<b>346,058,232</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	7	382,439,707	274,907,288
Rental revenue from facilities and equipment	8	1,157,000	1,139,330
Other income	9	14,544,770	9,405,918
Farm Surplus	37	9,696,688	10,648,011
Decrease in Provision for Doubtful Debt	23(b)	123,972	-
<b>Sub Totals</b>		<b>407,962,137</b>	<b>296,100,547</b>
<b>Total revenue</b>		<b>767,854,047</b>	<b>642,158,779</b>
<b>Expenses</b>			
Bulk purchases of water and electricity	10	7,238,698	5,226,718
Employee costs	11	527,070,247	444,106,453
Remuneration of council	12	5,302,876	3,165,537
Repairs and maintenance	13	10,296,138	7,853,336
Contracted services	14	15,654,578	10,598,932
Student Welfare	15	6,029,972	3,655,858
Academic cost	16	21,371,768	25,610,118
Administrative costs	17	10,152,374	5,228,319
Finance costs	18	283,832	260,432
General expenses	19	35,693,863	19,608,808
Depreciation and amortization expense	29	74,539,465	53,274,676
Provision for Audit fee	31(a)	696,000	696,000
Provision for Service Gratuity	32(a)	13,840,911	29,368,811
Increase in Provision for Doubtful Debt		-	779,196
Provision for Obsolete Stock	25(b)	127,024	-
<b>Total expenses</b>		<b>728,297,744</b>	<b>609,433,193</b>
<b>Other Gains/(Losses)</b>			
<b>Surplus for the period</b>		<b>39,556,304</b>	<b>32,725,586</b>
Taxation			
<b>Surplus for the period</b>		<b>39,556,304</b>	<b>32,725,586</b>

The notes set out on pages 6 to 22 form an integral part of the Financial Statements

  
Prof. Mary Ndung'u

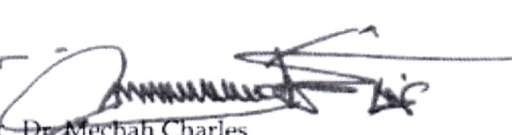
Vice Chancellor

Date 30/11/2022

  
CPA Peter Kagika (Member No. 9632)

Finance Officer

Date 30/11/2022

  
Dr. Mechan Charles Moturi

Chairman of Council

Date 30/11/2022


Kirinyaga University  
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14 Statement of Financial Position as at 30 June 2022

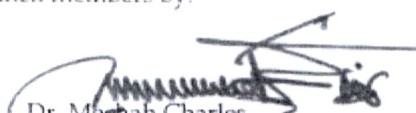
ASSETS	Notes	2021/2022	2020/2021
<b>Current assets</b>		<b>Kshs</b>	<b>Kshs</b>
Cash and cash equivalents	22	86,960,589	31,975,179
Receivables from exchange transactions	23(a)	35,075,099	37,430,568
Investments	24	172,196,823	112,196,823
Inventories	25(a)	4,085,980	5,119,171
		<u>298,318,491</u>	<u>186,721,742</u>
<b>Non-current assets</b>			
Property, Plant and Equipment(PPE)	20	1,887,270,532	1,797,406,334
Biological assets	26	59,920,500	59,920,500
Intangible Assets	27	3,105,247	11,028,164
Library Books	28	17,732,435	25,990,386
		<u>1,968,028,714</u>	<u>1,894,345,384</u>
<b>Total assets</b>		<u><u>2,266,347,205</u></u>	<u><u>2,081,067,129</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	30	170,586,935	96,498,330
Provision for audit fee	31(b)	1,392,000	1,392,000
		<u>171,978,935</u>	<u>97,890,330</u>
<b>Long term liabilities</b>			
Provision for service gratuity	32(b)	27,193,608	35,558,441
		<u>27,193,608</u>	<u>35,558,441</u>
<b>FUNDS AND RESERVES</b>			
Revaluation Reserves - PPE	33	1,073,211,668	1,073,211,668
Revaluation Reserves - Biological Assets	34	42,415,000	42,415,000
Accumulated surplus	35	69,262,944	29,706,640
Capital fund	36	882,285,050	802,285,050
		<u>2,067,174,662</u>	<u>1,947,618,358</u>
<b>Total Funds, Reserves &amp; Liabilities</b>		<u><u>2,266,347,205</u></u>	<u><u>2,081,067,129</u></u>

The notes set out on pages 6 to 24 form an integral part of these Financial Statements.

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

  
Prof. Mary Ndung'u  
Vice Chancellor  
Date 30/11/2022

  
CPA Peter Kagika (Member No.  
9632)  
Finance Officer  
Date 30/11/2022

  
Dr. Mwachah Charles  
Muturi  
Chairman of Council  
Date 30/11/2022

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For the year ended June 30, 2022

15 Statement of Changes in Net Assets for the year ended 30 June 2022

	CAPITAL FUND	REVALUATION RESERVE (PPE & INTANGIBLE ASSET)	REVALUATION RESERVE (BIOLOGICAL ASSETS)	ACCUMULATED FUNDS	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance as at 1 July 2020</b>	756,621,995	1,076,365,626	42,415,000	(3,018,946)	1,872,383,675
Additions in the year (Note 6)	45,663,055	-	-	-	45,663,055
Working in Progress Adjustment	-	(3,153,958)	-	-	(3,153,958)
Surplus for the Year	-	-	-	32,725,586	32,725,586
<b>Balance as at 30 June 2021</b>	<b>802,285,050</b>	<b>1,073,211,668</b>	<b>42,415,000</b>	<b>29,706,640</b>	<b>1,947,618,358</b>
<b>Balance as at 1 July 2021</b>	802,285,050	1,073,211,668	42,415,000	29,706,640	1,947,618,358
Additions in the year (Note 6)	80,000,000	-	-	-	80,000,000
Surplus for the Year	-	-	-	39,556,304	39,556,304
<b>Balance as at 30 June 2022</b>	<b>882,285,050</b>	<b>1,073,211,668</b>	<b>42,415,000</b>	<b>69,262,944</b>	<b>2,067,174,662</b>

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16 Statement of Cash Flows for the year ended 30 June 2022

	NOTES	2021/2022 Kshs	2020/2021 Kshs
Surplus/Deficit for the period		39,556,304	32,725,750
<b>Adjustments for:</b>			
Provision for audit fees	31	696,000	696,000
Provision for Depreciation	29	74,539,465	53,274,676
(Decrease) Provision for Doubtful Debt	23(b)	(123,972)	779,196
Provision for service gratuity	32	13,840,911	29,368,811
Provision for Obsolete Stock	25(b)	127,024	-
		<u>128,635,732</u>	<u>116,844,270</u>
<b>Cash flows from operating activities</b>			
<b>Change in;</b>			
Decrease Receivables - Exchange transactions	26(a)	2,355,469	(14,804,731)
Increase Receivables -Non Exchange transactions		-	41,501,034
Decrease in Inventory	25	1,033,191	(1,588,299)
Increase in Payables	30	74,088,605	(10,621,262)
<b>Net cash flows used in operating activities</b>		<u>77,477,266</u>	<u>14,486,742</u>
<b>Cash flows from Investing activities</b>			
Purchase of Computers	20	(2,422,391)	(7,927,293)
Purchase of software	20	(376,838)	(375,197)
Purchase of Furniture & Fittings	20	(420,110)	(15,136,136)
Purchase of Plant & Machinery	20	(9,426,934)	(39,230,665)
Purchase of Loss Tools	20	(25,140)	
Construction of Path way - Gate	20	-	(797,750)
Work in progress	21	(136,250,432)	(142,144,993)
Increase in Fixed Deposit account	24	(60,000,000)	(15,983,525)
Gratuity paid	32	(22,205,743)	(18,138,314)
<b>Net cash flows used in investing activities</b>		<u>(231,127,587)</u>	<u>(239,733,872)</u>
<b>Cash flows from financing activities</b>			
Capital fund	6	80,000,000	45,663,055
<b>Net cash flows used in investing activities</b>		<u>80,000,000</u>	<u>45,663,055</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		54,985,410	(62,739,806)
Cash and cash equivalents at the beginning of the year		31,975,178	94,714,984
<b>Cash and cash equivalents at the end of the year</b>		<u>86,960,589</u>	<u>31,975,178</u>

  
Prof. Mary Ndung'u


Vice Chancellor

Date 30/11/2022

  
CPA Peter Kagika  
(Member No. 9632)

Finance Officer

Date 30/11/2022

  
Dr. Mechah Charles  
Muturi

Chairman of Council

Date 30/11/2022

Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022

Expenditure

	Original Budget	Adjustment	Final Budget	Actual	Performance Difference	% Of Utilization
	Kshs	Kshs	Kshs	Kshs		
	a	b	c=(a-b)	d	e=(c-d)	F=d/c*100
Government	619,935,000	(260,043,090)	359,891,910	359,891,910	-	-
	2,037,000	13,918,000	15,955,000	14,544,770	(1,410,230)	(8.84)
	232,301,000	47,627,152	279,928,152	382,439,707	102,511,555	36.62
	1,000,000	100,000	1,100,000	1,157,000	57,000	5.18
	5,426,000	4,119,000	9,545,000	9,696,688	151,688	1.59
	<b>860,699,000</b>	<b>(194,278,938)</b>	<b>666,420,062</b>	<b>767,730,075</b>		
	8,547,000	(1,547,000)	7,000,000	7,238,698	(238,698)	(3.41)
	619,936,000	(89,881,500)	530,054,500	527,070,247	2,984,253	0.56
	9,420,000	-	5,220,000	5,302,876	(82,876)	(1.59)
	10,179,000	(409,000)	9,770,000	10,296,138	(526,138)	(5.39)
	21,053,310	(5,392,310)	15,661,000	15,654,578	6,422	0.04
	26,000,000	(20,200,000)	5,800,000	6,029,972	(229,972)	(3.97)
	45,015,240	(23,469,140)	21,546,100	21,371,768	174,333	0.81
	20,542,000	(11,042,000)	9,500,000	10,152,374	(652,374)	(6.87)
	300,000	-	300,000	283,832	16,168	5.39
	62,010,000	(27,010,000)	35,000,000	35,693,863	(693,863)	(1.98)
	696,000	-	696,000	696,000	-	-
	15,000,450	-	15,000,450	13,840,911	1,159,539	7.73
<b>Total Expenditure</b>	<b>838,699,000</b>	<b>(178,950,950)</b>	<b>655,548,050</b>	<b>653,631,255</b>		

2. Development/Capital Expenditure

	Original Budget	Adjustment	Final Budget	Actual	Performance Difference	% Variance
Tuition Complex	366,772,237	(321,772,237)	45,000,000	45,965,913	(965,913)	(2.15)
Lecture Theatre	140,431,000	(66,006,951)	74,424,049	73,502,262	921,787	1.24
Perimeter Fence	-	1,920,573	1,920,573	1,920,573	-	-
Laboratory	-	11,000,000	11,000,000	11,295,928	(295,928)	(2.69)
Borehole	-	2,655,378	2,655,378	2,655,378	-	-
Lecture chairs	-	400,000	400,000	420,110	(20,110)	(5.03)
Equipment	-	9,000,000	9,000,000	9,426,934	(426,934)	(4.74)
Computer	-	2,000,000	2,000,000	2,422,391		
<b>Total expenditure</b>	<b>507,203,237</b>	<b>(360,803,237)</b>	<b>146,400,000</b>	<b>147,609,489</b>		

NB/The items with no budget were approved in previous budget hence the difference was as a result of timing difference.

**Note to the budget**

Kirinyaga University guided by the budget guideline from the National Treasury continued to commit to the budget adherence to ensure that the University remained within its budget.

When comparing the budget and actuals in these financial statements, the University recorded a positive variance in rendering of services where the University recorded a positive variance of 36% in rendering of services resulted from students receiving HELB bursaries after they had paid 60% of fees payable to register for units, resulting to a positive variance.

## 18. Notes to the Financial Statements

### General Information

Kirinyaga University is a fully chartered public University, granted Charter by His Majesty Hon. Uhuru Kenyatta the President of the Republic of Kenya on 7<sup>th</sup> October 2010. The University 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 objective of the University is to provide, directly or indirectly through collaboration with other institutions of higher learning, University education in scientific and professional education, and technology transfer for effective acquisition of knowledge and skills in life, work and welfare of the citizens of Kenya.

### Statement of compliance and basis of preparation

The University's financial statements have been prepared in accordance 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 flows have been prepared using the indirect method. The financial statements are prepared in accordance with PFM Act, 2012, Laws of Kenya, and the State Corporation Act, 2012, Laws of Kenya, and the Public Sector Accounting standard (IPSAS) accrual basis.

### Adoption of revised standards.

The University is a non-profit making organization and hence was not affected by the adoption of Business Combinations during the year under review.

The University has adopted IPSAS 41 on financial instruments effective from 1<sup>st</sup> January 2022. The University has provided information on interest receivable as a result of the adoption of IPSAS 41.

The University has adopted IPSAS 42 on social benefits effective from 1<sup>st</sup> January 2023. The University is implementing revenue mobilization strategies from all stake holders. This will improve the University's corporate social responsibility and also improve financial performance.

**Notes to the Financial Statements (Continued)**

**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 extent of completion when the outcome of the transaction can be estimated reliably. If the contract outcome cannot be measured reliably, revenue is recognized to the extent that the expenses incurred are recoverable.

**(ii) Rental income**

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

**(iii) Interest income**

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

**(iv) Farm**

University operates a farm for coffee, tea and horticulture. The proceeds from the sale of produce 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 recurrent grant amounting to Kshs. 359,891,910.00 as follows:

<b>a)</b>	<b>Recurrent expenditure</b>		
i.	3 <sup>rd</sup> August 2021	-	Kshs. 29,886,192
ii.	1 <sup>st</sup> September 2021	-	Kshs. 29,886,192
iii.	29 <sup>th</sup> September 2021	-	Kshs. 29,886,191
iv.	2 <sup>nd</sup> November 2021	-	Kshs. 29,886,192
v.	26 <sup>th</sup> November 2021	-	Kshs. 29,886,192
vi.	28 <sup>th</sup> December 2021	-	Kshs. 29,886,192

**Notes to the Financial Statements (Continued)**

i.	1 <sup>st</sup> February 2022	-	Kshs. 29,886,192
ii.	2 <sup>nd</sup> March 2022	-	Kshs. 29,886,192
	1 <sup>st</sup> April 2022	-	Kshs. 29,886,192
	28 <sup>th</sup> April 2022	-	Kshs. 29,886,192
	6 <sup>th</sup> June 2022	-	Kshs. 30,514,995
x.	28 <sup>th</sup> June 2022	-	<u>Kshs. 30,514,995</u>
			<b><u>Kshs. 359,891,910</u></b>

**Grant**

During the FY 2021/2022, the University received capital grant amounting to Kshs. 80,000,000.00 as follows;

i)	12 <sup>th</sup> August 2021	-	Kshs. 40,000,000
ii)	16 <sup>th</sup> March 2022	-	<u>Kshs. 40,000,000</u>
	<b>Total:</b>	-	<b><u>Kshs. 80,000,000</u></b>

**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.

**Notes to the Financial Statements (Continued)**

**Depreciation**

The University land is a freehold property and not subjected to amortization. Other assets have been depreciated using straight line method to write off the cost 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%
Intangible assets	30%
Plant and Equipment	12.5%
Library Books	20%
Loose tools	25%

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

**Notes to the Financial Statements (Continued)**

charged 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 and they are treated as fixed assets hence depreciated at 20% straight line Method. 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.

**Notes to the Financial Statements (Continued)**

**(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**

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, 2022.

**(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 2020. It represents the difference between the net book value as at June 30, 2022 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.

**Notes to the Financial Statements (Continued)**

**(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 Parliament through the University Charter of 7<sup>th</sup> 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.

**Notes to the Financial Statements (Continued)**

**Trade receivables**

<b>As at 30 June 2022</b>	<b>Fully performing</b>	<b>Between 0-5months</b>	<b>Over 5 Months</b>
Student Receivables	9,679,008	-	-
Accrued Interest on Call Deposits	4,644,388	4,644,388	-
Deposit with Financial Institution	172,196,823	172,196,823	-
Bank Balance	86,960,589	-	-
<b>Totals</b>	<b>273,480,808</b>		
<b>As At 30 June 2021</b>			
Student Receivables	14,400,587	-	-
Accrued Interest	4,583,387	4,583,387	-
Deposit with Financial Institution	112,196,823	112,196,823	-
Bank Balance	31,975,179	-	-
<b>Totals</b>	<b>163,155,976</b>		

**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 Kshs	Between 1- 5 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2022				
Trade payables	4,231,650	87,874,000	78,481,285	170,586,935
	=====	=====	=====	=====
At 30 June 2021				
Trade payables	4,600,928	45,773,539	46,123,863	96,498,330
	=====	=====	=====	=====

**Notes to the Financial Statements (Continued)**

**(q) On call/ Fixed Deposit Kshs. 172,196,823.00 (One hundred seventy-two million, one hundred ninety-six thousand, eight hundred and twenty-three only)**

1. Kshs. 600,000.00 (Six hundred thousand only) is a bank guarantee with KCB Bank Ltd for fuelling with Rubis Energy Kenya.
2. Kshs. 158,317,995.00 (One hundred eight million, three hundred seventeen thousand, nine hundred ninety-five only) deposited in a call deposit account with Equity Bank Ltd at a rate of 8% per annum for the payment of staff gratuity and University projects retention funds.
3. 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% per annum for payment of staff gratuity.

**(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. 5,302,876.00 to Council and Kshs. 50,376,857.00 to the top management.

**(t) Capital Commitment**

The University had an approved capital budget of Kshs. 80,000,000.00 and received Kshs. 80,000,000.00 from the Ministry of Education, State department of University and research 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.)

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**NOTES TO THE FINANCIAL STATEMENTS ( Continued)**

	2021/2022	2020/2021
<b>5 <u>TRANSFER FROM THE GOVT - RECURRENT</u></b>	<b><u>Kshs</u></b>	<b><u>Kshs</u></b>
July	29,886,192	28,838,186
August	29,886,192	28,838,186
September	29,886,191	28,838,186
October	29,886,192	28,838,186
November	29,886,192	28,838,186
December	29,886,192	28,838,186
January	29,886,192	28,838,186
February	29,886,192	28,838,186
March	29,886,192	28,838,186
April	29,886,192	28,838,186
May	30,514,995	28,838,186
June	30,514,996	28,838,186
	<b><u>359,891,910</u></b>	<b><u>346,058,232</u></b>
<b>6 <u>TRANSFER FROM THE GOVT - DEVELOPMENT</u></b>		
August	40,000,000	-
September	-	45,663,055
March	40,000,000	-
<b>Total</b>	<b><u>80,000,000</u></b>	<b><u>45,663,055</u></b>

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 Financial Performance	Amount recognised in capital fund	Prior Year FY 2019/2020
MoE -Reccurent	359,891,910	-	346,058,232
MoE -Development	-	80,000,000	45,663,055
<b>Total</b>	<b><u>359,891,910</u></b>	<b><u>80,000,000</u></b>	<b><u>391,721,287</u></b>

**NOTES TO THE FINANCIAL STATEMENTS ( Continued)**

	2021/2022	2020/2021
<b>7 <u>RENDERING SERVICES</u></b>		
Tuition and other fees	382,439,707	274,907,288
	<u>382,439,707</u>	<u>274,907,288</u>
<b>8 <u>RENTAL REVENUE</u></b>		
Staff Houses	1,157,000	1,139,330
Totals	<u>1,157,000</u>	<u>1,139,330</u>
<b>9 <u>OTHER INCOMES</u></b>		
Sale of tender forms	10,000	-
Sale of Water bottles	116,628	45,340
Medical & Other Income	52,460	12,300
Kitchen sales	4,510,675	1,582,575
Interest Income	8,471,784	7,164,203
Bursary fund Donations	15,000	50,000
Hire of Facilities	1,368,223	551,500
<b>TOTAL INCOME</b>	<u>14,544,770</u>	<u>9,405,918</u>
<b>10 <u>BULK PURCHASE OF WATER AND ELECTRICITY</u></b>		
Electricity expenses	6,411,468	3,863,117
Water expenses	827,230	1,363,601
	<u>7,238,698</u>	<u>5,226,718</u>
<b>11 <u>EMPLOYEE COSTS</u></b>		
Basic Salaries	239,635,059	216,419,878
Casual workers	3,971,230	3,114,612
House allowances	105,307,565	97,490,782
Part time teaching	46,143,698	14,869,806
Pension	39,077,197	27,313,166
House to Office allowance	25,043,863	23,009,274
Other personal allowances	36,741,425	34,570,321
Passage & Baggage	114,806	150,144
Staff Medical Cover	31,035,404	27,168,469
	<u>527,070,247</u>	<u>444,106,453</u>
<b>12 <u>RENUMERATION OF COUNCIL</u></b>		
Chairman's Allowance	1,020,000	807,500
Sitting Allowance	3,320,000	1,100,000
Travelling & Accomodation	462,876	58,037
Chanchellor Allowance	500,000	1,200,000
	<u>5,302,876</u>	<u>3,165,537</u>

**NOTES TO THE FINANCIAL STATEMENTS ( Continued)**

	2021/2022	2021/2022
<b>13 <u>REPAIRS AND MAITENANCE</u></b>		
Vehicle repairs	1,634,719	2,558,748
Maintenance of Buildings	6,863,811	3,494,277
Machine & Equipment repairs	1,797,608	1,800,311
	<u>10,296,138</u>	<u>7,853,336</u>
<b>14 <u>CONTRACTED/PROFESSIONAL SERVICES</u></b>		
Asset Tagging	-	435,000
Legal Services	255,000	-
ISO Expenses	1,288,598	662,760
House Keeping/Cleaning Services	9,582,751	6,340,804
Security Services	4,528,229	3,160,368
	<u>15,654,578</u>	<u>10,598,932</u>
<b>15 <u>STUDENTS WELFARE</u></b>		
Students games	1,549,700	1,608,565
Students medical expenses	1,697,890	441,292
Fees refunds	1,578,442	997,866
Students Entertainment	798,340	107,885
KYU Students union	405,600	500,250
	<u>6,029,972</u>	<u>3,655,858</u>
<b>16 <u>ACADEMIC COSTS</u></b>		
Curriculum Development	310,048	442,480
Attachement expenses	575,075	432,172
Student admision Expense	10,284,000	10,452,929
Gratuation Expense	1,285,043	272,250
Teaching materials	5,632,178	6,993,975
Research	3,285,424	7,016,313
	<u>21,371,768</u>	<u>25,610,119</u>

**NOTES TO THE FINANCIAL STATEMENTS ( Continued)**

	2021/2022	2020/2021
<b>17 ADMINISTRATIVE COSTS</b>		
Travelling and accommodation	5,276,976	3,193,698
Stationery	4,875,398	2,034,621
	<u>10,152,374</u>	<u>5,228,319</u>
<b>18 FINANCE COSTS</b>		
Bank charges	283,832	260,432
	<u>283,832</u>	<u>260,432</u>
<b>19 GENERAL EXPENSES</b>	<b><u>Kshs</u></b>	<b><u>Kshs</u></b>
Conferences & Seminars	3,611,985	341,059
Internet expenses	9,344,360	5,784,317
Vehicle licenses & insurance	2,029,072	2,139,740
Purchase of Uniforms	777,256	197,108
Vehicle fuel and oil	3,865,526	2,165,017
Performance Contracting	-	8,000
Advertisement & Marketing	2,640,815	1,632,884
Staff Welfare & Trainings	1,801,050	977,994
News papers	265,077	91,500
Telephone & Postage expenses	135,283	156,953
Subscription to Professional bodies	821,880	736,380
Cleaning Materials	1,202,001	326,589
Public celebrations/Demise	380,000	460,000
Catering expenses	8,746,869	4,591,268
Corporate Social Responsibility	72,690	-
<b>Totals</b>	<u>35,693,863</u>	<u>19,608,809</u>

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NOTES TO THE FINANCIAL STATEMENTS

Note 20 : Property, Plant and Equipment

	LAND	BUILDING	MOTOR VEHICLES	COMPUTER & ACCESSORIES	PLANT & EQUIPMENT	FURNITURE & FITTINGS	LOOSE TOOLS	WORK IN PROGRESS	TOTAL
	NIL	2%	25%	30%	12.5%	12.5%	20.0%	NOTE 3	
Details	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost as at 01/07/2020	911,700,000	375,465,000	44,032,402	10,964,041	29,630,445	8,717,208	3,559,448	279,778,174	1,663,846,718
Additions for the period	-	797,750	-	7,927,293	39,230,665	15,136,136	-	134,609,755	197,701,599
Transfers	-	16,403,541	-	-	-	-	-	(16,403,541)	-
As at 30/06/2021	911,700,000	392,666,291	44,032,402	18,891,333	68,861,110	23,853,344	3,559,448	397,984,388	1,861,548,316
Additions for the period	-	-	-	2,422,391	9,426,934	420,110	25,140	135,551,384	147,845,959
Transfers	-	320,822,492	-	32,096,875	25,148,798	-	-	(378,068,165)	-
As at 30/06/2022	911,700,000	713,488,783	44,032,402	53,410,599	103,436,842	24,273,454	3,584,588	155,467,607	2,009,394,275
<b>Depreciation</b>									
Depreciation as at 01/07/2020	-	7,509,300	11,008,101	3,289,212	3,703,806	1,089,651	711,890	-	27,311,959
Depreciation of the disposed asset	-	-	-	-	-	-	-	-	-
Charge for the period	-	7,853,326	11,008,101	5,667,400	8,607,639	2,981,668	711,890	-	36,830,023
As at 30/06/2021	-	15,362,626	22,016,201	8,956,612	12,311,444	4,071,319	1,423,779	-	64,141,981
Depreciation of the disposed asset	-	-	-	-	-	-	-	-	-
Charge for the period	-	14,269,776	11,008,101	16,023,180	12,929,605	3,034,182	716,918	-	57,981,760
As at 30/06/2022	-	29,632,401	33,024,302	24,979,792	25,241,050	7,105,501	2,140,697	-	122,123,742
Net Book value as at 30/06/2021	911,700,000	683,856,382	11,008,101	28,430,807	78,195,792	17,167,953	1,443,891	155,467,607	1,887,270,532
Net Book value as at 30/06/2021	911,700,000	377,303,665	22,016,201	9,934,721	56,549,666	19,782,025	2,135,669	397,984,388	1,797,406,335

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21 <u>WORK-IN-PROGRESS</u>	Bal B/D As At 01/7/2021	Additions During the year	Transfers to the building	Bal C/D As At 30/06/2022
Tuition Complex	320,806,324	45,965,913	(366,772,237)	-
Lecture Theatre	77,178,064	73,502,262	-	150,680,326
External Works at Lecture Theatre Laboratory	-	4,787,281		4,787,281
	-	11,295,928	(11,295,928)	-
	<u>397,984,388</u>	<u>135,551,384</u>	<u>(378,068,165)</u>	<u>155,467,607</u>

22 <u>CASH AND BANK BALANCES</u>		2021-2022 <u>Kshs</u>	2020-2021 <u>Kshs</u>
<u>Kenya commercial bank</u>	Account No.		
Current Account	1135935173	38,786,899	10,212,941
Fees collection Account	1104016028	7,709,556	1,671,850
Development Account	1164419137	833,832	652,050
<u>Equity bank</u>			
Fee collection Account	0100299420333	3,172,189	3,116,877
<u>Cooperative bank</u>			
Fees collection Account	01129489200000	25,374,814	9,921,933
Farm Account	01120489200000	7,273,545	5,338,332
Giachai Farm Account	01120489200001	3,778,310	1,020,806
Cash balances		31,445	40,390
		<u>86,960,589</u>	<u>31,975,179</u>

23(a) <u>RECEIVABLES FROM EXCHANGE TRANSACTIONS</u>			
Student debtors		9,679,008	13,552,165
K.P.L.C. deposits		984,500	984,500
Accrued Interest - KCB Bank		55,582	42,115
Accrued Interest - Equity Bank		4,588,806	4,541,272
Accrued Lease Income		2,538,575	1,343,050
Prepaid Insurance		19,074,685	18,937,496
		<u>36,921,156</u>	<u>39,400,598</u>
Less Provision For Doubtful Debt @ 5%		(1,846,058)	(1,970,030)
<u>Net Receivables</u>		<u>35,075,099</u>	<u>37,430,568</u>

23(b) <u>PROVISION FOR DOUBTFUL DEBT ANALYSIS</u>			
Balance B/D		1,846,058	1,970,030
less Balance C/D		(1,970,030)	(1,190,834)
Increase/(Decrease) in Provision for Doubtful dept		<u>(123,972)</u>	<u>779,196</u>

24 <u>INVESTMENT</u>			
On call Deposit - KCB Bank		13,878,828	13,878,828
On call Deposit - Equity Bank		158,317,995	98,317,995
		<u>172,196,823</u>	<u>112,196,823</u>

25(a) <u>INVENTORIES</u>			
Stock		4,213,004	5,119,171
Less Provision for Obsolete Stock		(127,024)	-
		<u>4,085,980</u>	<u>5,119,171</u>

25(b) <u>PROVISION FOR OBSOLETE STOCK</u>			
Provision for Obsolete Stock		127,024	-
		<u>127,024</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS ( Continued)

	2021/2022	2020/2021
	<u>Kshs</u>	<u>Kshs</u>
<b>26 BIOLOGICAL ASSETS</b>		
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	<u>1,758,000</u>	<u>1,758,000</u>
<b>Total</b>	<u><u>59,920,500</u></u>	<u><u>59,920,500</u></u>
This was at net realisable value		
<b>27 INTANGIBLE ASSETS</b>		
Cost at the beginning of the year	27,289,012	26,913,814
Additional	<u>376,838</u>	<u>375,198</u>
Cost at the end of the year	<u><u>27,665,850</u></u>	<u><u>27,289,012</u></u>
<b>Amortization</b>		
At the beginning of the year	16,260,848	8,074,144
Amortization for the Year (30%)	<u>8,299,755</u>	<u>8,186,704</u>
At the end of the year	<u><u>24,560,602</u></u>	<u><u>16,260,848</u></u>
<b>Net Book Value</b>	<u><u>3,105,247</u></u>	<u><u>11,028,164</u></u>
<b>28 LIBRARY BOOKS</b>		
Cost at the beginning of the year	41,289,749	35,207,068
Additional	<u>-</u>	<u>6,082,681</u>
Cost at the end of the year	<u><u>41,289,749</u></u>	<u><u>41,289,749</u></u>
<b>Depreciation</b>		
At the beginning of the year	15,299,364	7,041,414
Depreciation for the Year (20%)	<u>8,257,950</u>	<u>8,257,950</u>
At the end of the year	<u><u>23,557,314</u></u>	<u><u>15,299,364</u></u>
<b>Net Book Value</b>	<u><u>17,732,435</u></u>	<u><u>25,990,385</u></u>
<b>29 Depreciation and Amotization Expense</b>		
Property Plant and Equipment	57,981,760	36,830,023
Intangible Asset Amortization	8,299,755	8,186,704
Library Books	<u>8,257,950</u>	<u>8,257,950</u>
<b>Total</b>	<u><u>74,539,465</u></u>	<u><u>53,274,676</u></u>

**NOTES TO THE FINANCIAL STATEMENTS ( Continued)**

	2021/2022	2020/2021
<b>30 TRADE AND OTHER PAYABLES</b>	<b><u>Kshs</u></b>	<b><u>Kshs</u></b>
Student creditors	3,006,105	4,600,928
Trade Creditors- Recurrent	78,542,717	25,259,172
Trade Creditors - Development	33,616,883	20,514,367
Retention funds	55,421,230	46,123,863
<b>Total</b>	<b><u>170,586,935</u></b>	<b><u>96,498,330</u></b>
<b>31(a) PROVISION FOR AUDIT FEE</b>		
Annual Audit Fee Provision	<u>696,000</u>	<u>696,000</u>
	<b><u>696,000</u></b>	<b><u>696,000</u></b>
<b>31(b) AUDIT FEES</b>		
Balance b/f	1,392,000	1,392,000
Paid in the Year	(696,000)	(696,000)
Provision Audit fees for the Year	<u>696,000</u>	<u>696,000</u>
Balance c/d	<b><u>1,392,000</u></b>	<b><u>1,392,000</u></b>
<b>32(a) PROVISION FOR SERVICE GRATUITY</b>		
Provision for Service Gratuity	<u>13,840,911</u>	<u>29,368,811</u>
	<b><u>13,840,911</u></b>	<b><u>29,368,811</u></b>
<b>32(b) PROVISION FOR SERVICE GRATUITY</b>		
Balance b/f	35,558,441	24,327,943
Add provision for the year	13,840,911	29,368,811
Gratuity paid during the year	<u>(22,205,743)</u>	<u>(18,138,314)</u>
Balance c/d	<b><u>27,193,608</u></b>	<b><u>35,558,441</u></b>
<b>33 REVALUATION RESERVE - PPE</b>		
Balance b/f	1,073,211,668	1,076,365,626
Additions for the Year	-	(3,153,958)
Balance c/d	<b><u>1,073,211,668</u></b>	<b><u>1,073,211,668</u></b>
<b>34 REVALUATION RESERVE (BIOLOGICAL ASSETS)</b>		
Balance b/f	42,415,000	42,415,000
Additions for the Year	-	-
Balance c/d	<b><u>42,415,000</u></b>	<b><u>42,415,000</u></b>

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	2021/2022	2020/2021
<b>35 <u>ACCUMULATED SURPLUS</u></b>	<b><u>Kshs</u></b>	<b><u>Kshs</u></b>
Balance b/f	29,706,640	(3,018,946)
Surplus/(Deficit for the period	39,556,304	32,725,586
Balance c/d	<u><u>69,262,944</u></u>	<u><u>29,706,640</u></u>
<b>36 <u>CAPITAL FUND</u></b>		
Balance b/f	802,285,050	756,621,995
Development fund	80,000,000	45,663,055
Balance c/d	<u><u>882,285,050</u></u>	<u><u>802,285,050</u></u>
<b>37 <u>FARM ACCOUNTS</u></b>		
<b><u>Revenue</u></b>		
Coffee	1,995,525	1,995,525
Tea income	10,407,847	10,983,800
Horticulture	545,193	411,042
<b>Total Income</b>	<u><u>12,948,565</u></u>	<u><u>13,390,367</u></u>
<b><u>Expenditure</u></b>		
Tea picking casuals	1,913,304	2,157,285
Tea pruning	99,730	109,040
Fertilizers & Inputs	1,114,772	253,735
Horticulture expenses	63,780	27,520
Farm staff welfare	16,780	60,540
Farm travelling charges	12,760	17,710
Electricity Water & Conservation	30,751	56,525
Improvement of Tea Buying Centre	-	60,000
<b>Total Expenditure</b>	<u><u>3,251,877</u></u>	<u><u>2,742,355</u></u>
<b>Sulplus for the year</b>	<u><u>9,696,688</u></u>	<u><u>10,648,011</u></u>

## 19. Appendix

### 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 the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within 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
1.0	Unapproved Excess expenditure	The management is committed to adhere to budget in the subsequent years	Vice Chancellor	Continuous	Continuous
2.0	Delay Projects Implementation	The management wrote to Ministry of Education pleading for funds to complete ongoing projects.	National Treasury & Planning	Waiting for feedback	Continuous
3.0	Lack of Insurance Cover for books	The management has since insured the library books	Vice Chancellor	Done	N/a
4.0	Un approved Bank Accounts	The management wrote to National Treasury & Planning declaring all University bank accounts and requesting for ratification since they were inherited from Kirinyaga Technical Institute.	National Treasury & Planning	Waiting for feedback	Continuous
5.1	Non-compliance to one third Basic Salary Rule	This was affected by change of tax rate as a result of president's directive on tax waiver to citizens during Covid 19 Pandemic and staff locked the waiver to loans.	Vice Chancellor	The vice chancellor has developed a check point in finance department to ensure that staff are	Continuous

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				not committing more than two thirds of their basic salary to loans.	
5.2	Ethnicity Diversity Compliance.	The management will continue advertising for jobs in the newspapers to attract all ethnic communities and also consider those candidates who apply and qualify, and are from other ethnic communities <i>vide</i> the affirmative action.	Vice Chancellor	Close monitoring is being done	Continuous
5.3	Fiscal Responsibility principle on compensation of employees	Kirinyaga University being a teaching & learning institution, it is deemed to be a service oriented entity where big percentage of expenses will go to salaries.	Vice Chancellor	Close monitoring is being done	Continuous
6.0	Enterprise Resource Planning	The University is carrying out a mini upgrade to allow activation of the inactive modules within the Information Management System.	Vice Chancellor	Close monitoring is being done	Continuous

**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	366,772,236	30.6 %	1,200,000,000	1,200,000,000	GOK
2	Multipurpose Lecture Theatre	208,149,185	150,680,326	72 %	208,149,185	208,149,185	GOK

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**APPENDIX III: INTER-ENTITY TRANSFERS**

	Date Received	Nature	Total	Recognition		Total Transfer	
				Statement of Financial Performance	Capital Fund		
Ministry of Education State Department for University Education	03/08/2021	Recurrent Grants	29,886,192	29,886,192	-	29,886,192	
	12/08/2021	Development Grant	40,000,000	-	40,000,000	40,000,000	
	01/09/2021	Recurrent Grants	29,886,192	29,886,192	-	29,886,192	
	29/09/2021	Recurrent Grants	29,886,191	29,886,191	-	29,886,191	
	02/11/2021	Recurrent Grants	29,886,192	29,886,192	-	29,886,192	
	26/11/2021	Recurrent Grants	29,886,192	29,886,192	-	29,886,192	
	28/12/2021	Recurrent Grants	29,886,192	29,886,192	-	29,886,192	
	01/02/2022	Recurrent Grants	29,886,192	29,886,192	-	29,886,192	
	02/03/2022	Recurrent Grants	29,886,192	29,886,192	-	29,886,192	
	16/03/2022	Development Grant	40,000,000	-	40,000,000	40,000,000	
	01/04/2022	Recurrent Grants	29,886,192	29,886,192	-	29,886,192	
	28/04/2022	Recurrent Grants	29,886,192	29,886,192	-	29,886,192	
	06/06/2022	Recurrent Grants	30,514,995	30,514,995	-	30,514,995	
	28/06/2022	Recurrent Grants	30,514,996	30,514,996	-	30,514,996	
	<b>Totals</b>			<b>439,891,910</b>	<b>359,891,910</b>	<b>80,000,000</b>	<b>439,891,910</b>

  
Prof. Mary Ndung'u  
Vice Chancellor  
Kirinyaga University

  
CPA Peter Kagika  
Finance Officer  
Kirinyaga University

**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

<b>Name of the MDA Transferring the funds</b>	<b>Date received as per bank statement</b>	<b>Nature</b>	<b>Total Amount - KES</b>	<b>Statement of Financial Performance</b>	<b>Receivables</b>	<b>Total Transfers during the Year</b>
N/A	N/A	N/A	N/A	N/A	N/A	N/A

