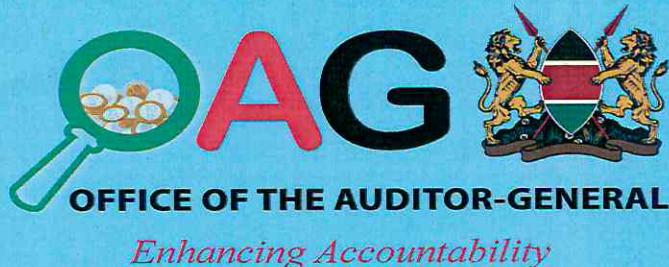


REPUBLIC OF KENYA



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





OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

17 MAR 2023

RECEIVED

**RONGO UNIVERSITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



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## 1. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

Rongo University was chartered by the President of Republic of Kenya, His Excellency Uhuru Kenyatta On 7<sup>th</sup> October 2016. The University has since established six teaching schools and one graduate school as follows:

- a) School of Agriculture, Natural Resource and Environmental Science
- b) School of Business and Human Resource Development
- c) School of Arts and Social Sciences
- d) School of Science Technology and Engineering
- e) School of Information, Communication and Media Studies
- f) School of Education
- g) School of Graduate Studies

The six teaching Schools offer various academic programs ranging from Certificate to Postgraduate, whereas the graduate school coordinates the graduate programmes.

### (b) Principal Activity

The principal activity of the University is to provide quality and innovative higher education through teaching, research and community service.

### (c) Quality Policy Statement

Rongo University is committed to providing quality and innovative higher education through teaching, research and community service. In pursuit of this commitment, the University shall comply with all the applicable requirements and continually improve her effectiveness by implementing quality management systems. The University shall review its policy and establish quality objectives on an annual basis to ensure continuing suitability.

### (d) Quality Objectives

1. To produce quality and innovative graduates
2. To strengthen research, innovation and community Service
3. To ensure financial sustainability
4. To engage, and maintain competent human resources.
5. To develop and maintain infrastructure and acquire equipment
6. To enhance corporate governance and image

## VISION

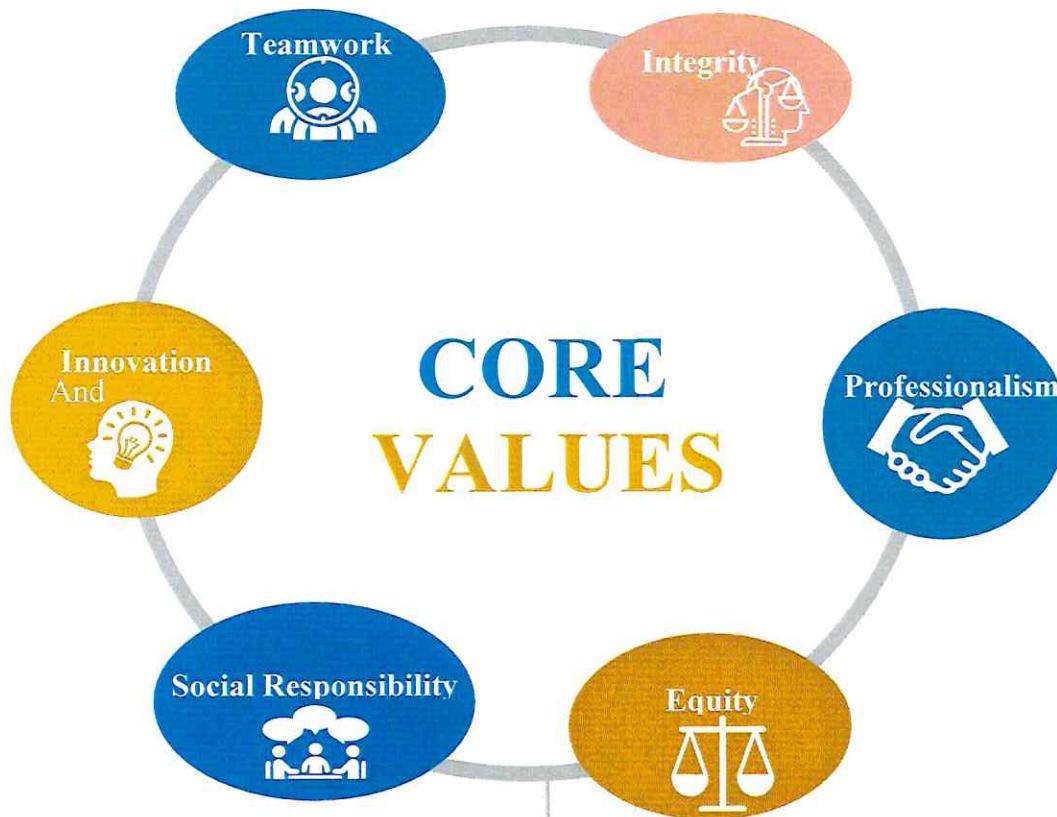
A world class technology driven University in learning and practice.

## MISSION

To provide quality and innovative higher education through teaching, research and community service

## MOTO

A gold mine of knowledge and innovation



#### **Social Responsibility**

Committed to maximize shared values among stakeholders

#### **Integrity and quality**

Committed to acting in an honest, transparent and responsible manner while implementing its programmes;

#### **Professionalism**

Shall be guided by professional ethics aimed at building an appropriate culture and creating the right corporate

#### **Equity**

Shall uphold the highest levels of equity by treating all stakeholders without any discrimination whatsoever;

#### **Teamwork**

Shall adopt a participatory approach and work together at all levels in the conduct business

#### **Innovation and adaptability**

Shall be a learning institution that embraces change and continuously enhances creativity and innovation in its business Processes.

**a) Key Management**

University governance is under the following key organs:

- 1) Chancellor
- 2) Council
- 3) Management Board
- 4) Senate
- 5) School Boards
- 6) Departmental Boards

**b) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June, 2022 and who had direct fiduciary responsibility were:

<b>No. Designation</b>	<b>Name</b>
1. Vice Chancellor	Prof. Samuel Gudu
2. Ag. Deputy Vice Chancellor, AFP	Prof. Peter Oloo Kisinyo
3. Ag. Deputy Vice Chancellor, ASA	Prof. Michael Mabururu Ntabo
4. Finance Officer	CPA Janet Chumba

**(c) Fiduciary Oversight Arrangements**

The Council members who provided oversight during the financial year ended 30<sup>th</sup> June 2022 and who had responsibility in various committees were:

Name of the Committee	Members		
<b>Human Resource, Finance &amp; Resource Mobilization Committee (HRFRMC)</b>	1. <b>Mr. David L. Mshila</b>	<b>- Chairperson</b>	
	2. Dr. George O. Ochiri	- Member	
	3. Mr. Festus Mwanzi	- Member	
	4. Mr. William Omoding	- Member	
	5. Prof. Samuel Gudu	-Secretary	
<b>Academic Affairs &amp; Appeals Committee (AAAC)</b>	1. <b>Mr. Kenneth Kiprono</b>	<b>-Chairperson</b>	
	2. Ms. Catherine N. Mputhia	-Member	
	3. Mr. Festus Mwanzi	-Member	
	4. Mr. David L. Mshila	-Member	
	5. Prof. Samuel Gudu	-Secretary	
<b>Audit Committee (AC)</b>	1. <b>Ms. Catherine N. Mputhia</b>	<b>-Chairperson</b>	
	2. Mr. Kenneth Kiprono	-Member	
	3. Mr. Evans Atambo	-Member	
	4. Internal Auditor	-Secretary	
<b>Strategy &amp; Risk Committee (SRC)</b>	1. <b>Mr. William Omoding</b>	<b>-Chairperson</b>	
	2. Dr. George O. Ochiri	-Member	
	3. Mr. Evans Atambo	- Member	
	4. Prof. Samuel Gudu	-Secretary	

**Physical Address:**

Rongo University, off Rongo- Migori Road  
P. O. Box 103-40404 Rongo  
Telephone: (254) 770308253  
E-mail: [vc@rongovarsity.ac.ke](mailto:vc@rongovarsity.ac.ke)  
Website: [www.rongovarsity.ac.ke](http://www.rongovarsity.ac.ke)

**Legal Advisors:**

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

**Auditors:**

Auditor General  
Kenya National Audit Offices, Anniversary  
Towers,  
P. O. Box 30084 – 00100, NAIROBI

**Bankers:**

Kenya Commercial Bank P. O. Box 266-40404, RONGO	Cooperative Bank of Kenya P. O. Box 40560 - 40404 RONGO	Equity Bank P.O. Box 84-40405 AWENDO
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## 2. COUNCIL MEMBERS



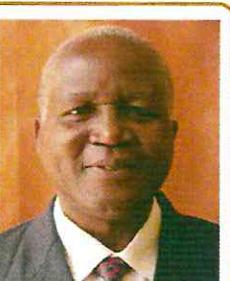
### Dr. Rachel Masake

Dr. Masake was born on 5<sup>th</sup> November, 1945. She has a PhD in Immunoparasitology/ Immunopathology from Washington State University. She was appointed Chairperson of Rongo University Council on the 6<sup>th</sup> September, 2018. She has over 30 years' experience in research, majorly in Livestock Management, Animal Health and Community Development. She is a Corporate Governance expert and External Independent Reviewer of Policies.



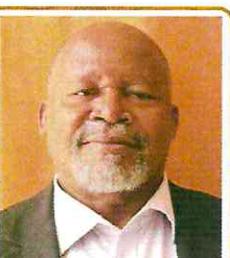
### Dr. George Ochiri

Dr Ochiri was born on 22nd August, 1975. He holds a PhD in Supply Chain Management. He is the current CEO of Harambee Sacco Society. He previously worked for various organizations in different capacities including; Safaricom, Longhorn Kenya Ltd and Maisha Bora Sacco. He was appointed to Rongo University Council in 2017. In the year under review he was the Chairman of Rongo University Risk & Strategy Committee of Council.



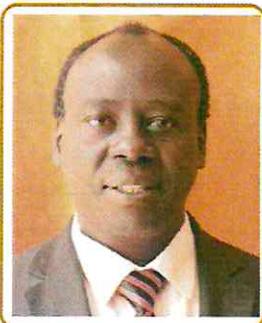
### Mr. William Omoding

Mr. Omoding was born on 25<sup>th</sup> November, 1953. He holds a Master's Degree in Development Studies. He previously worked in both the public and private sector in various institutions including Central Bank of Kenya, Standard Chartered Bank. He joined Rongo University Council in 2017 as an independent member. In the financial year under review, he was the Chairman of Rongo University Human Resource and Finance Committee of Council.



### Mr. David Mshila

Mr. Mshila was born in 1949. He holds Master's Degree in Urban, Social & Environmental Programs. He has over 40 years of working experience in urban, regional, and rural development in Kenya for the Kenya Government, German International Cooperation (GIZ) as well as in rural and urban areas. He was appointed to Rongo University Council in 2017 as an independent member. In the financial year under review, he was the Chairman of Rongo University Audit Committee of Council.



#### **Mr. Kenneth Kiprono**

Mr. Kiprono was born in 1964. He holds a Master's Degree in Management Information System (MIS). He has over 15 years' experience in different Jacca Consulting TE Ltd and Kenya Commercial Bank. Previously he was a Council Member for Embu University College. He was appointed to Rongo University Council in 2017 as an independent member. In the financial year under review, he was a member of Finance and Human Resource and Academic and Appeals Committees of Council.



#### **Ms. Catherine Mputhia Nkirote**

Ms. Mputhia was born on 13th July, 1980. She is a holder of Master's Degree in Strategic Management and LLB. Ms. Mputhia has over 15 years work experience. She is an advocate of the High Court of Kenya and currently working at Mputhia Advocates. She previously worked at African Investment Bank Capital Ltd. She was appointed to Rongo University Council in 2017 as an independent member. In the financial year under review, she was the Chairperson of Rongo University Academic and Appeals Committee of Council.



#### **Mr. Evans Atambo**

Mr. Atambo has a Master of Philosophy in Curriculum Development. He has over 20 years working experience in Education Management. Currently he is an Assistant Director of Education at the Ministry of education. Mr. Atambo is the representative of P.S State department of Higher Education & Research at Rongo University Council.



#### **Mr. Festus Mwanzi**

Mr. Festus Mwanzi Peter was born on 3<sup>rd</sup> July, 1977. He holds a Bachelor's degree in Business Administration from Kenyatta University, is a Certified Public Accountant CPA (K), and a member of ICPAK. Currently, Festus is the Assistant Director Investments at the National Treasury having served as a Chief Investment Officer in the Government Investment and Public Enterprise (GIPE). Mr. Mwanzi represents the Cabinet Secretary of the National Treasury



#### **Prof. Samuel Gudu**

Prof. Gudu was born in 1956. He holds a PhD in Plant Genetics. Prof. Gudu is the Vice Chancellor Rongo University and Secretary to Council. He has worked for many years in the University Sector. He previously worked for Moi University as Deputy Vice Chancellor Administration, Finance & Planning and later as Principal Rongo University

### 3. MANAGEMENT TEAM



PROF. SAMUEL GUDU  
PhD (Plant Genetics)

Position	Vice Chancellor
Date joined the University	January 2012
Profession	Plant Genetics
Key Qualifications	PhD in Plant Genetics



PROF. MICHAEL MABURURU NTABO  
PhD ( Philosophy)

Position	Ag. Deputy Vice Chancellor, Academic and Student Affairs
Date joined the University	21/06/2012
Profession	Associate Professor
Key Qualifications	PhD in Philosophy



PROF. PETER OLOO KISINYO  
PhD ( Soil Science )

Position	Ag. Deputy Vice Chancellor, Administration, Finance & Planning
Date joined the University	10/10/2012
Profession	Professor
Key Qualifications	PhD Soil Science



CPA JANET CHUMBA  
Masters (Business Administration)

Position	Finance Officer
Date joined the University	February 2013
Profession	Accountant/ Financial Analyst
Key Qualifications	MBA Finance, CPA(K), CFA(K)

#### 4. CHAIRPERSON'S STATEMENT



I am honored to present to our stakeholders the Annual Report and Financial Statements of Rongo University for the financial year ended 30<sup>th</sup> June, 2022, in which the University has presented a true reflection of its performance during the 2021/2022 financial year. The report highlights key activities the University undertook as well as the successes and challenges encountered during the period.

In the financial year 2021/2022 the University's net assets stood at Ksh. 2.02 Billion, while the total income was Ksh. 953 Million with a net expenditure of Ksh. 2 Billion. The University faced significant financial challenges, coupled with post Covid-19 pandemic impact, which constrained its

operations and development priorities during the period. For instance, these challenges slowed down the construction of the University Library and Tuition Block as well as contributed to the failure to recruit essential academic and administrative staff. Despite these challenges, the University completed some key development projects including construction of main gate, water treatment plant, establishment and equipping of science and computer laboratories. The University also launched and endowment fund that is expected to pool additional resources for its growth. Additionally, the University continued implementing various austerity measures to monitor and rationalize its financial expenditure, reduce costs and seal opportunities for wastage.

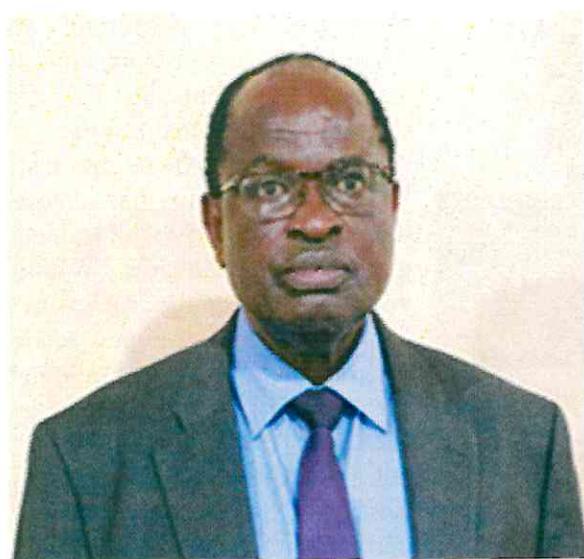
Going forward, Council has developed a new Strategic Plan and approved reforms to ensure financial sustainability and renewed growth of the University. Further, the University has initiated the process of registering a TVET Institute by establishing the Directorate, appointing the Director and Board members. The institute plans to admit the first cohort of students in January 2023 which will boost student enrolment and enhance resource mobilization.

The University also established various MOUs with national and international partners to further its interests in improved research and innovation, exchange programs, scholarship, curriculum development, infrastructural development and general service to staff and students. Some of these MOUs have seen the University receive significant research funding, sponsorship for students, and staff and students' exchange programs.

The University Council appreciates the efforts the Government of Kenya has invested in providing financial and policy support for the continued growth of the University. The fundamental commitment and dedication of the University staff and students in undertaking their duties and responsibilities have also been instrumental in achieving the University's mandate. The University is also grateful for the support received from various development partners and stakeholders who have made contributions to the growth of the institution.

  
**DR. RACHAEL MASAKE**  
**CHAIRPERSON OF RONGO UNIVERSITY COUNCIL.**

## 5. REPORT OF THE VICE-CHANCELLOR



It is my great pleasure to present the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022. This has been a year of new challenges as the University recovers from the Covid-19 pandemic but also a year when the University achieved significant milestones.

### Strategic Review

Rongo University adopted strategic reporting in 2013 as guided by the strategic Plans 2013-2017 and 2017-2022. The objectives contained in the current Strategic Plan have been incorporated into the University Integrated Reporting framework. The objectives have shaped the activities of the University and aligned them to the University

context and plans for the short, mid, and even long-term projections. The adoption of strategic planning and integrated reporting framework has increased transparency in reporting and assured closer monitoring of activities through performance contracting. It has ensured that all stakeholders contribute holistically towards the attainment of the University goals.

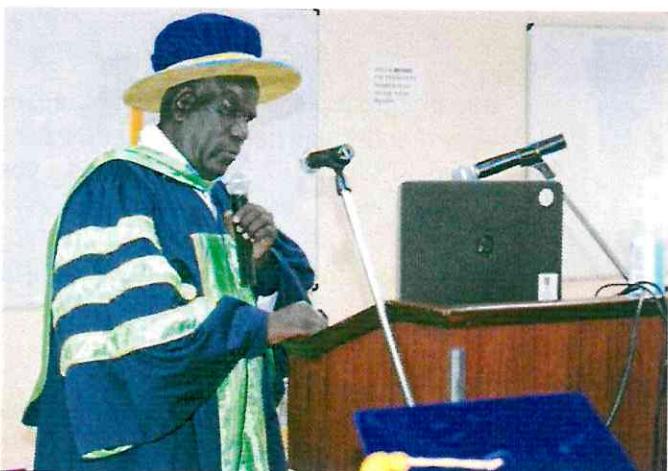
The University is cognizant of the fact that external environment, vision, strategy, risks, opportunities, and the interdependencies among key actors substantially influence the strategic direction of the University. It has therefore maintained an inclusive and vibrant environment for everyone to participate and thrive. This is further achieved by prudent utilization of resources such as human resource, financial, and social capital which normally play a key role in shaping the growth of the University. Nonetheless, the growth in 2021/2022 FY was significantly slowed down by financial challenges following the aftershock of Covid-19 pandemic. However, some of the key achievements in the year are as follows:

#### 5.1 Governance

The University is governed by several organs including the Office of the Chancellor, the University Council, Senate, Management Board, School Board and Departmental Board together with the Student Association. These bodies ensure fulfillment of the University Vision and Mission and manage its operations and academic affairs through sound policies, and availability and prudent utilization of resources. Through open-door policy, students and staff participate actively in all aspects of governance.

#### 5.2 Academic Matters

The University is committed to the advancement of education through teaching, research, and community service in an atmosphere of responsibility, a culture of continuous improvement and fostering high moral standards, as well as the spirit of service and respect for everyone. On admission, students are taken through an elaborate induction program to expose them to the ideals, values and culture of Rongo University. On an annual basis, the University holds cultural and open days, public lectures, career talks and hackathons that continuously expose our students to the dynamics of the job market and societal challenges. Currently, the student population is 6771 comprising 3887 males and 2884 females.



*Prof. Joash Okeyo Owuor delivering the first Inaugural Lecture of Rongo University*

All our academic programmes have a component on practical attachment, internship, and fieldwork. We also run quarterly corporate social responsibility programmes involving staff and students in the nearby communities, institutions, and market centers. Over the last six years, the University has released to the job market 5959 well trained and market ready graduates. Within the year, the University reviewed and developed a total of 17 new academic programs and implemented harmonized curricular. The University also held its first

inaugural lecture in April 2022 titled “Nyando Wetlands of Lake Victoria Basin: Ecosystem Dynamics, Wealth and a Case for Sustainable Management” which was delivered by Prof. Joash Okeyo Owuor. As well the second Multidisciplinary Conference was also held in October 2021.

The University Senate held 9 regular and 18 special meetings during the year under review to resolve other academic matters including examination, disciplinary, graduation, policy, academic calendar, CBA, student’s elections, graduation, student’s admission, development of strategic plan 2022-2027, online teaching, approval of academic programs and University reforms. A number of these meetings were held virtually in conformance with the Ministry of Health Guidelines on the prevention of Covid-19 outbreak.

The University developed, and reviewed, the academic almanac during the year which ensured that all academic activities including admission and registration of students, teaching, research, industrial attachments and examinations were conducted as planned. The University also held its 6<sup>th</sup> graduation ceremony on 17<sup>th</sup> December, 2021, during which a total of 1528 students graduated with various Degrees, Diplomas and Certificates.

It is notable that during the year, the University Senate considered and recommended to Council a number of reforms aimed at streamlining University operations for efficiency, effectiveness and sustainability. Some of these reforms included reorganization of Schools from 6 to 4, reorganization of academic departments from 15 to 12, central allocation of courses to ensure academic staff took up full teaching loads, as well as reorganization of administrative units to reduce cost centers.

### **5.3. Student Affairs**

#### **5.3.1 Students governance**

This period witnessed two elections cycles in the Students Association. The elections were held in July 2021 and another one in March 2022. This was due to disruptions in the academic calendar as a result of covid-19 pandemic. First, the July 2021 elections produced the student’s leadership for the current academic year. Again on 30-31<sup>st</sup> March 2022 another election was

conducted to get the next leaders for the 2022/23 year. In each case a 7-member Executive Council and 23-member Congress was elected.

In the July 2021 elections 11 ladies were elected out of the 30-member leadership while 9 ladies out of 29 were elected in March 2022. The leaders who successfully completed their term in office were awarded a certificate of service to the organization. Thirty student's leaders were taken through leadership and induction training held at the Kenya School of Government on 12-13 October 2021. The training covered aspects of leadership and governance, mentorship and coaching, mitigation on drugs and substance abuse and change management among others.

### **5.3.2 Students health and bereavement**

In the financial year ending June 2022 the university unfortunately lost 9 students who passed on in different circumstances. Each of the affected families of the deceased were given benevolent support of Ksh. 20,000. In addition, counselling and group guidance services were accorded to close friends, class members and hostel members of the deceased. The University also organized an interreligious open prayer service within the University on 17/3/2022 to support the students spiritual and emotional needs. The religious groups within the university were involved. These are Muslim, Christian union, catholic students, Adventists (SDA) and the Repentance and Holiness Ministry.

### **5.3.3 Students mentorship, Counselling Services and Alumni matters**

#### **a) Mentorship**

During the period, mentorship activities were conducted to promote awareness and enhance life skills in students. Some of the activities undertaken were:

- i. Identification of academic staff mentors as nominated by the Deans of Schools. Other mentors identified include Patrons of various clubs and societies. A total of 27 staff were identified as students' mentors from all the schools. So far all students in the School of Agriculture have been assigned mentors. The rest of mentors will be allocated students in the next academic year.
- ii. The University organized a government driven Ajira digital training on online jobs for students in October 2021. About 200 students were trained for two days by the ministry of ICT staff. The training aimed at enabling students from diverse courses to benefit from online and global job opportunities.
- iii. A career talk on employment was organized for students on 29/3/2022. The focus was on job search and employment tips to final year students.
- iv. A ladies' mentorship talk was organized on 3/3/2022 in which life skills for ladies was discussed. The talks were presented by the Counsellors of the University.
- v. Two students who are members of the President's Award Club of Rongo University successfully completed the Gold level competition in February 2022. The two were among the Gold recipients of the year 2022 Presidents Award and were feted at State House Nairobi on 13th May 2022.
- vi. Three Clubs were registered during the year namely, Writers, Presidents Award and Sustainable Development Goals clubs with a membership of over 100 students.

**b) Counselling services**

Counselling and guidance services were accorded to over 600 students during the academic year. Other than individual and group capacity building on life skills, attention was also given to intervention measures to assist the students cope with life challenges.

The students were able to get professional counselling services from a team of 7 counsellors who were engaged on locum basis. The accomplishments were:

- a) Individual counselling services was offered to over 200 students. The main issues addressed are as follows:
  - i. Relationship challenges
  - ii. Financial challenges relating to fees and upkeep
  - iii. Family matters such as separation of parents and cases of neglect thereafter
  - iv. Suicidal thoughts amongst students – therapy to room and hostel mates of deceased students
  - v. Pregnancies
  - vi. Violence among colleagues
  - vii. Emotional stress
  - viii. Theft and loss of personal items
  - ix. Post-partum stress
- b) Group therapy talks were organized and sessions held for students following unfortunate deaths of students through suicide. Other counselling activities were conducted through the network of clubs and students' leadership, recruitment and training of peer student counsellors and organized career and employment talks to groups of students.

**c) Alumni matters**

An interim Rongo University Alumni Executive Board was identified and appointed in January 2022 for a period of one year to spearhead the activities of the alumni association in line with its Constitution. The Board participated in the identification of qualified persons for nomination as Rongo University Chancellor.

**5.3.4 Games, Sports and recreation**

During this period a number of activities were accomplished which promoted the development and display of talents of students in games, sports, music and theatre activities as summarized below:

**a. Music and drama**

- i. The University choir was able to produce the four voices of university anthem with female voices. This anthem is now available and is in use in major university events.
- ii. On 25<sup>th</sup> and 26<sup>th</sup> September 2021, the University hosted and took part in a regional festival for drama and music where two other universities participated. The university presented items such as play, narratives, choral verse, modern dance, mime, and choral music, own compositions, zilizopendwa category, rap music, contemporary music among others.

- iii. A special video song on ‘corona’ was recorded and produced in September 2021 and is available on *YouTube*.
- iv. On 14<sup>th</sup> to 23<sup>rd</sup> October 2021 a team of 82 students participated in the music and drama festival organized by the Kenya Universities Performing Arts and Film Association (KUPAA). The teams scooped 7 trophies in various genres and staged a unique award-winning shadow puppetry item.
- v. On 12<sup>th</sup> to 14<sup>th</sup> of November 2021 a team of 14 students participated in the Kenya international theater festival that took place in Nairobi. The performance was a follow up to the Kenya Universities film and drama festival at Meru university.
- vi. On 8<sup>th</sup> to 12<sup>th</sup> March 2022 six students participated drama and music festival induction to prepare for the 2022 festivals. These students were trained on scripting and performance of plays, poetry, films and dances. A student from Rongo University was nominated as the national coordinator for beauty pageantry competition category.
- vii. The University held open and cultural week from 14<sup>th</sup> to 18<sup>th</sup> March 2022. The activities were in cultural dances, music, drama, soccer, netball, volleyball among schools as well as between students and staff teams.
- viii. The university music team entertained guests during the Madaraka day and Environmental day celebrations on 1st June 2022 and 5<sup>th</sup> June 2022 respectively.

***b. Ball games, athletics and other indoor games***

- i. In February 2022, 49 students represented the University at the national competitions held at the University of Nairobi. The items were scrabble, karate and tae kwondo for both men and women. Karate women obtained a trophy and hence qualified to represent Kenya at the next East African University games to be held at Ndejje University in Uganda later in the year.
- ii. In March 2022, 59 students took part in volleyball(men), rugby(women) and netball (women) competitions at University of Kabianga. The University teams won two trophies in rugby(women) and volleyball(men) and qualified for national games.
- iii. The University hosted a regional sports competition for Western zone universities in March 2022, where our students participated in soccer, basketball, hockey and netball.
- iv. In April 2022, four female students participated in the national selection for the East African Karate championships. One student, qualified and joined the national team in a competition held in May 2022 at Kasarani in Nairobi.



Rongo University participating in Ladies Handball



Rongo University participating in Men football

### 5.3.5 Students bursary awards and Tuition support

#### a) Rattansi Educational Trust Bursary

Rattansi Bursary is a fund donation by the Trust in aid of needy Government Sponsored Students. Some 224 students out of 957 applicants were awarded Ksh. 800,000 for the 2020/21 Rattansi Bursary in October 2021. In February 2022 another set of 400 students were awarded Ksh. 800,000 which was received for the 2021/22 academic year.

#### b) Joe B Wanjui Education Trust

The Joe B Wanjui Education Trust extended an invite to support female students taking science courses. More than 15 students were identified and submitted applications through the Dean of Students for consideration by the Foundation. Four students who qualified were awarded tuition fee worth Ksh. 44,400.

### 5.3.6 Work Study

The University placed 109 students for work study opportunities within various units which include ICT, laboratories, hostel and catering, games and sports, security, transport, central services and the Library. The work study program continues to attract many students.

## 5.4 Research Activities

The University staff actively conducted various research activities aimed at developing new technologies and providing solutions to challenges faced by society in the areas of health, food and nutrition security. The following research projects are ongoing at the University

#### a) Soil Analysis Laboratory Equipment Project

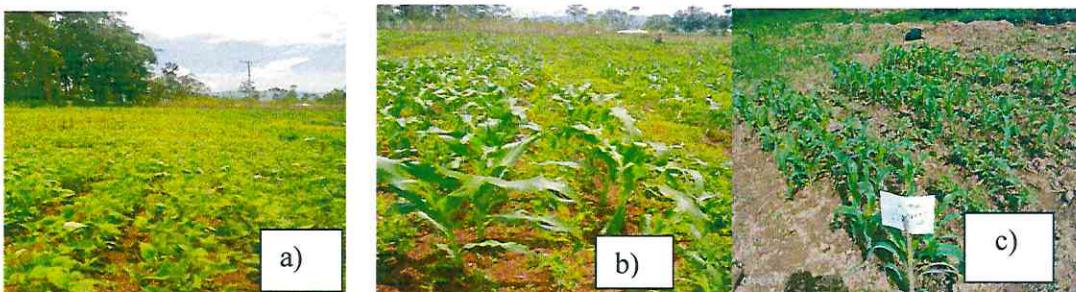
The purpose of this project was to purchase and install soil and plant nutrient analysis equipment and an Auto-cold room system in the science laboratory. The necessary equipment and cold-room system have been purchased and installed. The equipment was commissioned by the PS Higher Education, Amb. Simon Nabukwesi in June 2022. The University intends to commercialize soil and plant analysis.



Launch of the Soil Analysis Laboratory by the Principal Secretary, Amb. Simon Nabukwesi

### b) Rice Bean Project

The objective of the project was to further validate suitable varieties; promote suitable rice bean varieties; promote suitable cropping systems and soil fertility management for rice bean production; and share soil analytical results with farmers.



Cropping systems; a) mono-cropping, b) intercropping (one row & maize each) & c) mbili (two rows of maize & rice bean)

### c) KCSAP (KALRO) Sorghum Project in West Pokot

The purpose of this project was to help farmers in West Pokot to mitigate effects of climate change and improve their livelihoods by growing more adapted and resilient sorghum, by applying soil water conservation technologies and value addition to improve nutrition.

The project accomplishments include: validation and selection of sorghum varieties; soil fertility management for sorghum production; trained farmers on soil and water conservation techniques; soil samples sent for laboratory analyses; and value addition of sorghum in 3 sub-counties of West Pokot county

The Project is planning to upscale production of adapted varieties in farmers' fields; promote soil and water management techniques among farmers and to share soil analytical results with farmers.



*Prof. Peter Kisinyo, Dr. Florence Odiwuor and Mr. Charles Otieno during sorghum value addition sessions in West Pokot*



*Prof. Peter Kisinyo and Dr. Florence Odiwuor training farmers on soil and water conservation and variety evaluation in West Pokot*

**d) KCSAP (KALRO) Digital Dairy Project in Kajiado, Nyandarua and Machakos Counties**

The purpose of this project was to promote use of Technology Improved Management Practices (TIMPs) and ICT to increase milk production (Mt/year), greenhouse gas (GHG) emission intensity reduction (Mt CO<sub>2</sub>e) and dairy cattle management in selected dairy producing counties in Kenya

The project accomplishments include: quantifying the contribution of forage technology adoption to reaching policy targets under the Kenya Climate Smart Agriculture Strategy; accessible and usable ICT-based advisories for informed decision-making on appropriate forage species and their management; recruited a total of 70 marketing ambassadors in 3 counties to further dairy improvement through use of ICT (Digital dairy application); and rolled out ICT advisories in Kajiado and Nyandarua counties as well as trained a total of 60 dairy farmers.



Dr. Evans Ouma, Mr. Stephen Oloo and digital dairy ambassadors during a training workshop on digital dairy application in Nyandarua County

#### e) McKnight Sorghum Project

The project involves using sorghum-based technologies, innovations and interventions to address the perennial food and nutrition insecurity, shortage of income generating opportunities, rampant poverty, environmental degradation and low knowledge and skills which commonly affect the small-holder farming communities in the semi-arid regions of Western/Eastern Kenya. Some 250 new farmers were recruited in Migori and Homabay counties and are evaluating improved sorghum varieties which they were given using participatory variety evaluation in mother/baby trials as mono or intercrops. These farmers have been trained on nursery bed preparation, potting, transplanting tree seeds into pots, agronomic packages and agro-ecological principles. Twelve farmers and one farmer group have been trained in seed production and bulking. Currently a feeding program for pre-school children using improved porridge is on-going at Kasembo Primary school in Migori County



a



b

Photo showing seed bed preparation (a) and planting of agroforestry seeds in seedbed (b)



*Mr. Charles Otieno during variety selection in sorghum mother trial (a) and sorghum bean intercrop in Migori County (b)*

**f) NARIGP-National Agricultural and Rural Inclusive Growth Project**

The purpose of this project was to mobilize small holder farmers into Common Interest Groups (CIGs) and federate them to join existing producer organizations along the apiculture value chain and provide advisory services on primary production TIMPs.

The project has achieved the following: i) Has formed, trained and federated into producer organizations a total of 62 CIGs and VMGs ii) Has trained 2 producer organizations on group dynamics, business management, negotiation skills and built strong linkages to input suppliers, finance and extension iii) Has established one county honey processing plant in Migori county iv) Has established on producer organization managed collection center for honey and hive products in 20 wards in Migori county



Photo showing Training on primary TIMPs (a) and apiary site where farmers are applying primary TIMPs (b) in Kuria-west Sub-county

**g) Crop Trust- Genetic Resources Research Institute (GeRRI)**

The purpose of this project is to (i) Enhance collaboration between GeRRI and germplasm users in order to increase utility of GeRRI's collections for improved resilience and adaptive capacity to climate change for small holder farmers in Kenya (ii) To undertake on-station germplasm evaluation, characterization and information exchange of selected crops in GeRRI's collections for climate resilience

The project is ongoing and will conclude in September 2023. Data collection for characterization of GeRRI's selected collection is on-going. Data has been collected on the following parameters: germination count, stand count after thinning, days to 50% flowering, leaf mid rib color, seedling vigor, and plant aspect and plant appearance. Data collection is on-going on other parameters including; plant population, plant height, grain color, grain covering, lodging, inflorescence compactness, glume color, grain covering, awn shattering, inflorescence characteristics, 100seed weight, thresh ability



Farmers from western Kenya observing genetic variation in lines from GeRRI collection planted at kibos

### 5.5 Collaborations and linkages/MoU's

The University is one of the major players in the Kenyan education sector and has developed strong partnerships and linkages with diverse industries and institutions at local, regional, and international levels. These partnerships have enhanced research, innovation, exchange and outreach programmes, scholarship, curriculum development, infrastructural development, and general service to staff and students.

The University has developed a number of MoUs with various institutions and industries to enhance research and innovation, exchange and outreach programmes, scholarship, curriculum development, infrastructural development and general service to staff and students. Through these MoUs, many collaborative ventures have been established. For instance, the University has collaborated with McKnight Foundation to undertake research on food and nutritional security, Africa Library project to promote literacy in schools in western Kenya, Keilot Cooperation to promote clean, renewable, and sustainable energy use in the Southern Nyanza region, World Vision to promote research and consultancy in agro-ecology and general community development, Institute of Primate Research for research, consultancy, knowledge dissemination and management; training and capacity building for staff; joint teaching and supervision of postgraduate students among others. Most important, the University is a Centre of Excellence for food and nutrition security for a block of sixteen (16) Counties in Western Kenya. It is home to the UNESCO Chair on Community Radio for Agricultural Education. The University has also collaborated with Ashesi University, Ghana under the education collaborative project and currently hosts the first East Africa Regional Hub which promote collaboration among universities in East Africa for better higher education outcomes.

In addition to the collaborative initiatives, the University has signed memoranda of understanding with many national (e.g. University of Eldoret, the University of Nairobi, Kibabii University), regional (e.g. Archbishop James University College, Tanzania and University of Rwanda, Rwanda), and international universities (e.g. Brighton University, UK,

Wuhan Textile University, China, Wilfrid Laurier University Laurier Centre for sustainable food systems, Canada).

### 5.6 Outreach Programs

Since Universities are expected to enrich the communities they operate in, Rongo University has enriched the Rongo locality through community outreach and corporate social responsibility activities. Accordingly, the University engaged the community in the following activities aimed at enhancing their livelihoods:

#### a) Established Children's Section in the Library

The University Library established children section which is open to the University community. The Section has about 1000 Children books with 105 registered borrowers.

#### b) Trained teachers on library usage

The University trained 33 teachers from 17 schools in Migori County August 2021 and 35 teachers were trained in Bungoma County in September 2021. The teachers were trained on establishment and management of school library.



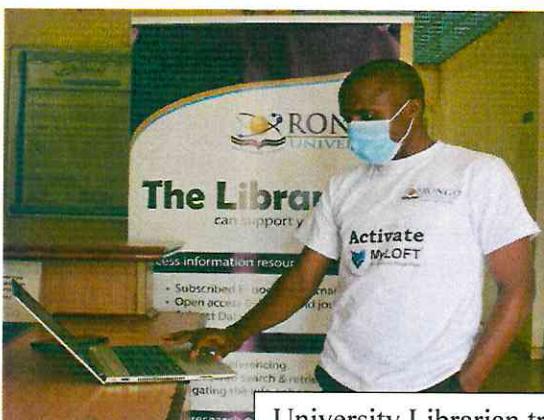
Training of teacher librarians by the University Librarian at Rongo University



Training of teacher librarians by the University Librarian at Kibabii

#### c) Leveraged on and enhanced use of ICTs and other innovation

The University enhanced ICT use in the Library by installing My LOFT which is an app that allows users to access, organize, discover, offline reading and share e-resources. Trainings on how to use and registration of user is on progress both on staffs and student.



University Librarian training staff on



- d) Antiterrorism training which covered introduction to terrorism, organizational structure of terror groups, terrorism activities in Kenya, violent Extremism, radicalization, and re-radicalization which was held on 28<sup>th</sup> -29<sup>th</sup> October 2021 at Rongo University
- e) Sensitization of Rongo University students and staff and Arundo secondary students on countering violent extremism on 28<sup>th</sup> October 2021 at Rongo University

### **5.7 Publications**

To enhance scholarship in the FY 2021/22, the University sponsored staff to publish over 32 research papers in refereed journals, copies of which have been deposited in the University repository.

### **5.8 Human Resource Matters**

The University undertook several staff welfare matters within the year as shown below:

#### **5.8.1 Staff Population**

The total number of employees at Rongo University as at 30<sup>th</sup> June, 2022 stands at five hundred and three (503). This includes one (01) senior management staff, one hundred and two (102) academic staff; one hundred and fifty-six (156) administrative staff and one hundred and seventy-three (173) support staff. Seventy-one (71) casual staff are engaged in the essential service duties such as security guards, ground staff and office support.

#### **5.8.2 Collective Bargaining Agreement**

The 2013-2017 CBA KUSU has been submitted to Employment and Labour Relations Court for registration.

#### **5.8.3 Employee Medical cover**

The University implemented a medical scheme where there is an arrangement with selected medical facilities across the country to offer medical services to staff and dependants.

#### **5.8.4 Pension Scheme**

The University has registered staff Pension Scheme with the Retirement Benefits Authority to supersede the current arrangement where the staff pension benefits are held by the former mentor university.

#### **5.8.5 Staff Training and Development and Conferences**

In the interest of employee professional development and growth, the University facilitated both academic and administrative staff for conferences, workshops, trainings and further studies. Some of the staff training and development activities include:

- a) **Study Leave:** To facilitate employee professional growth, the University was able to grant study leave to five (5) members of staff to pursue training in different fields.
- b) **Workshops and Conferences:** To facilitate continuous development, staff members were facilitated to attend twenty-three (23) workshops and seminars in various disciplines. Eight (8) staff presented papers at the learned workshops and conferences.

- c) **Capacity building:** One hundred and two (102) Staff were trained on building high performing teams, public service values, ethics and integrity, customer care and public relations, negotiation skills, problem solving skills, report and minutes writing.

#### 5.8.6 Employee welfare

The University has Human Resource Policy and Procedure Manual 2019 that handles all staff welfare. The University provides a safe and secure working environment to all employees in accordance with the Occupational Safety and Health Act, 2007.

Staff working in technical areas e.g., workshops, Laboratories, Textile units are provided with protective gears whereas staff working in Catering unit undergo regular medical test and acquire medical certificate.

The University has put in place post Covid -19 recovery strategies and plans including sensitization on mental health, encouraging vaccination, online learning for large classes to avoid overcrowding, staff are required to observe social distance.

#### 5.9 Health care matters

The University in collaboration with other partners have undertaken a number of activities to enhance healthcare services as below:

**Service provision:** We continued to offer both curative and preventive health service to our students, staff with their dependants and the community. We treated a total of 3,866 patients (Curative care) and provided preventive care (Antenatal care, family planning and child immunizations) to 293 clients at the clinic.

**Sensitizations:** The University carried out virtual quarterly sensitization to staff, their dependants and students on mental health awareness, non-communicable diseases, and HIV prevention by inviting different external speakers.

The University also took advantage of the first year orientation platform and sensitized them on HIV and AIDS prevention.

**In-reaches:** The University carried out quarterly health in-reaches screen to staff and their dependants where we screened them for lifestyle diseases (hypertension, diabetes and obesity) as well as HIV prevention and family planning.

**RONGO UNIVERSITY**

**STAFF WELLNESS DAY**

As from 09:00am

Feb. 18 2022

Rongo University Aids Control Unit in Collaboration with Health services section will conduct office to office visitation (Offices in the administration block; former library and academic block A)

**Activities:**

Screening for:  
 Non Communicable diseases (Hypertension, Diabetes and Obesity)  
 Counselling on healthy lifestyle  
 Condom promotion

**Office to Office Visitation**

**Community Outreaches:** In collaboration with Lwala community alliance the University conducted two outreaches on HIV and Covid-19 prevention, one in Kitere center and another one at Ogengo SDA church.

**Sensitization of members of the public at Ogengo SDA Church**

**Screening for NCDs at Ogengo SDA church**

**Covid 19 vaccinations:** In collaboration with the MoH (Rongo Sub-County Hospital and Kitere dispensary) the University carried out several Covid 19 vaccination exercises

### 5.10 Security

The University undertook the following security control measures:

#### i) The University held trainings on:

- Disaster Preparedness and Response to threats training was carried out in the University on 10<sup>th</sup> February, 2022; the skills were imparted to staff.

- b. Countering Violent Extremism - the training was conducted in the University on 28<sup>th</sup> October, 2021 and it was attended by University staff, students and some teachers from Arundo Secondary School. It was facilitated by officers drawn from National Counter- Terrorism Center.
  - c. One Security Officer attended a Mediation training in Homabay town for three days from 14<sup>th</sup> to 17<sup>th</sup> June, 2022
  - d. On job training offered by Security Officers on personal safety and security has been continually offered to Security Guards during Team Up parades in the evening.
- ii. **Purchase of Security Equipment**  
Fire extinguishers and first aid kit were procured.
- iii. **Liaison with the National Security Agencies**  
Through the established partnership, meetings were conducted and inter-agency operations were carried out jointly as well as gathering and sharing of information. Particular cases were jointly investigated and some are pending before Court.

### 5.11 Resource Mobilization

The increasing costs of higher education necessitates rising levels of resources mobilization amidst dwindling revenue from mainstream sources. The University has established a blueprint for mobilizing resources for long-term funding requirements and provides a supportive and conducive environment that promotes innovation and entrepreneurship. In this regard, the University generates revenue from fee collection, research grants, and income-generating activities including fashion design and apparel production, hass avocado growing for sale and bee keeping .



The University also launched Endowment Fund to supplement the other income generating activities. This will go a long way in supporting academic activities of the University.

### 5.12 Financial Performance Review

The post Covid-19 pandemic had a significant negative impact on the financial position of the University. Students were on session for only two semesters as opposed to last financial year and this hampered fee collection

Overall, the University experienced a low operations budget compared to the previous year. The year-to-year differences in operations expenditure was caused by many factors including reduced revenues earned in the year and capitation that did remained the same from previous

year. To manage the operations with these challenges, deliberate cost control measures were instituted including cuts in discretionary spending, a freeze in employment and salary increases, and reduction in capital expenditures and enhanced use of ICT in operations

The financial difficulties are not yet over given that COVID19 is still a problem requiring enormous resources to manage, global economic downturn, inflation, socio-political challenges, the declining per capita funding for university education, and increased need to procure and use technology in most of university operations. Together, these factors will continue to affect the University financial outlook, especially the FY2022/23 as a post-election year. The University therefore envisages declining revenues again creating further problems in the operations for the second year in a row. The University will need to incur additional cost to enhance its ICT infrastructure for remote and blended learning, refurbish and equip computer laboratories, tile classrooms, multipurpose hall, beautify the university and hostels to improve learning environment and to meet the Ministry of Health COVID-19 requirements.

In summary, I wish to thank the Government of Kenya through the Ministry of Education for continued financial support to the University. The University also acknowledges the financial support from research collaborations and partnerships, and the inspiring in-kind contributions of staff and students and the overall guidance of the University governing organs.

Sincerely,



Prof. Samuel Gudu  
**VICE CHANCELLOR**

## **6. STATEMENT OF RONGO UNIVERSITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021**

Rongo University has Four (4) Key Result areas and 6 objectives within the current Strategic Plan for the 2017 – 2022 period. These strategic Key Result areas are as follows:

1. Academic Excellence
2. Research, Innovation, and Community Service
3. Financial sustainability
4. Institutional Capacity

The University develops its annual work plans based on the above 4 Key Result Areas. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2021/2022 period for its 4 strategic key result areas, as indicated in the table below:

### Key Performance Indicators and Achievements

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
<b>KRA 1: ACADEMIC EXCELLENCE:</b>	To produce quality and innovative graduates	Number of academic programs reviewed	Review existing academic programs to meet the market needs	The University did not undertake a review of any of its academic programmes during the year, because of the need to incorporate CBC requirements, whose guideline is yet to be released
		Number of market-driven programs developed and implemented	Develop and implement at least 2 market-driven programs.	The University developed a total of 17 market-driven programs consisting of Seven (7) post-graduate, Nine (9) undergraduate, and one (1) post-graduate diploma program during the year.
		Existing learning and teaching facilities upgraded and maintained	Maintain and upgrade existing learning and teaching facilities	The University upgraded and maintained existing teaching and learning facilities by painting CDF Blocks and tiling the labs, commissioning the new Tuition block, maintaining vehicles, computers, and grass
		Number of book titles acquired	Acquire 2000 hard copy book titles	The University acquired 300 hard copy book titles during the year.
		No. of databases subscribed to	Subscribe to library e-resources database	The University subscribed to 39 E- databases during the year, allowing access to 200,000 e-books through KLJSC during the year.
		Number of automated support services in place	Strengthen ICT infrastructure	The University automated 9 services namely, registration, students finance, admission, student portal, lecturers portal, finance, procurement, examinations and part-time module
		No. of additional academic staff recruited and retained	Recruit and retain additional 6 academic staff	The University was not able to recruit any additional staff during the year due to financial constraints
		Number of evaluations of Teaching monitoring	Monitor and evaluate teaching,	The University conducted self-assessment and prepared a report which was submitted to CUE in preparation for the quality audit. In addition, two (2) internal quality assessments were also conducted on

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		The number of students counselled	Guide and counsel learners	the implementation of Academic programs by evaluating teaching effectiveness during the year
		Number of students placed on work study, attachment, and mentorship programs	Allocate resources and place students on work-study, attachment, and mentorship programmes.	The University allocated Ksh. 525,000 towards Work Study Programmes, placed 109 students on the programme, provided an opportunity for 117 students on industrial attachment, and mentored 249 students on academic presentation, proposal writing, and job market realities.
<b>KRA 2: RESEARCH, INNOVATION AND OUTREACH</b>	<b>To Strengthen Research, Innovation and Outreach</b>	Amount of resources mobilized	Mobilize resources to support participation in innovations	The University mobilized Ksh. 18 million from external sources including NHIF, Lake hub, McKnight, KNATCOM, USAID/University of Nairobi and Winnie Odinga.
		Number of articles Published	Academic staff to publish at least 1 paper or book Chapter per year	The University published 32 articles in Referred Journals during the year
		Number of Papers presented	Academic staff to present at least 1 paper in scientific workshops, seminars and conferences Bi-annually	The staff presented 8 papers in Scientific Works/Seminars and Conferences during the year.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		Number of staff recognized and rewarded	Reward and recognize outstanding researchers	The University recognized and rewarded 6 outstanding members of staff based on outstanding performance, the performance of duties, and research output.
		Number of Publications deposited in the Repository	Deposit research publications in the University Repository	The University deposited all the publications in the University Repository during the year.
		Number of Proposals developed for funding	Develop fundable proposals	The University developed a total of 13 proposals for funding during the year.
		Number of Outreach programmes implemented	Develop and implement outreach programs	The University implemented six (6) outreach programmes namely training of teacher librarians, training of farmers on sorghum production, sensitizing the local community on HIV/AIDS and Covid -19 prevention, inducing one local school on how to respond to terrorism, establishing children's section in the library and organizing music extravaganza for the community
		Number of Public Lectures conducted	Conduct at least 2 public lectures annually	The University organized one Public Inaugural Lecture on <b>Nyando Wetlands of Lake Victoria Basin: Ecosystem Dynamics, Wealth and a Case for Sustainable Management</b> during the year.
		Number of Open Days Held	Conduct annual open days	The University held an annual open and cultural week where students and various stakeholders showcased cultural themes exemplifying the diversity of our nation, Kenya
		Number of Learned Conference Held	Hold at least one Bi-Annual Learned Conference	The University held one Learned Conference during the year.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Financial Sustainability	To improve financial sustainability	Number of Students increased	Effectively market programs to increase student enrolment to 6200 by 2022	The University marketed and realized an overall student enrollment of 6,771 during the year
		Number of Partnerships created and implemented	Identify and create partnerships with potential development partners	The University signed and implemented 12 MoUs, 11 of them were signed with health service providers for the University's Staff medical scheme; while 1 was signed with Ashesi University Ghana for learning and research exchange programs.
		Number of students sponsored by donors	Lobby for Students Sponsorship Programmes	The University lobbied for sponsorship of 749 students during the year through the Rattansi Education Fund, Joe B Wanjui Foundation and National Government CDF.
		Implementation of Budget and Procurement Plan Monitored	Monitor and evaluate budget and procurement plan	Monitoring was done through quarterly and Annual reports of the Council.
		Efficient and Effective Operational Controls developed and implemented	Develop efficient and effective operational systems and control	The University developed QMS, PC, QA, and Internal Audits as means of ensuring effective operational controls during the year.
		Audit Recommendations Implemented	Implement Audit Recommendation	The University implemented all the Audit Recommendations during the year
		ERP acquired and installed	Acquire and install Enterprise Resource planning Systems (ERP)	ERP had been acquired in the previous years and all modules were operationalized during the year.
		% of Rental expenditure reduced	Reduce rental expenditure by 50%	The University did away with rental expenditure by 100% by moving all the programmes previous conducted in rental premises to main campus after the completion of the Tuition Block

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
<b>KRA 4: INSTITUTIONAL CAPACITY</b>	To engage, train and retain quality and competent Human Resource	Number of staff recruited and inducted	Ensure staff recruitment and induction	The University was not able to recruit new staff during the year. However, all the staff redeployed were inducted.
		Effective training programmes developed and implemented	Develop and implement effective training programmes.	The University developed and implemented training programs for Admirative Assistants (AAs), Secretaries, and Clerical Officers. Other training targeting individuals were also conducted during the year
		CBAs negotiated and implemented	Provide attractive terms and conditions of service	CBAs for UASU and KUDHEIHA had been negotiated and were implemented during the year. The one for KUSU was also negotiated and signed and is awaiting registration and implementation.
		Performance targets negotiated and signed.	Negotiate and sign performance targets	PC targets were negotiated, vetted, signed, and implemented.
		Policies developed and implemented	Develop and implement policies on cross cutting issues.	Alcohol and Drug Abuse Policy, Gender mainstreaming policy and disability Mainstreaming Policy developed and implemented.
<b>KRA 4: INSTITUTIONAL CAPACITY</b>	To develop, maintain and acquire equipment	University clinic Equipped and expanded	Expand and equip University Clinic	The University clinic was expanded by creating a Maternity Wing, acquiring and installing one(1) adjustable delivery bed, one (1) baby Resursitaire, one (1) baby weighing machine and one adult weighing machine.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
KRA: 4 INSTITUTIONAL CAPACITY	University Main gate Constructed	Construct University Main Gate		The University Main gate was completed 100% during the year
	Water treatment plant constructed	Construct water treatment plant in Main Campus		The project is 100% complete during the year. The remaining part will be completed in the next financial year and the project commissioned
	ICT Network Master plan developed	Develop ICT network master plan		The University developed ICT Master plan with the help of KENNEDY in the previous year. The plan was implemented during the year
	A radio station established and registered in Main Campus	Establish and register a radio station in Main Campus		A radio station was established in 2020/21 and registered in the year.
	All buildings connected to Back-up generator	Connect all buildings to back-up generator		Using the overhead power supply, the university has been able to connect all buildings to power back-up generator.
	To enhance corporate Governance and Image			
	Council members and Management trained	Train Council members and Management on corporate governance		The University trained Council members and management on role of the Board in auditing and risk management during the year.
	Annual Council evaluation conducted	Conduct Annual Council evaluation		Council evaluation for the year 2020/21 was conducted in September 2021. Evaluation for 2021/22 has been scheduled for August 2022.
	Anti – Corruption Policy developed and implemented	Develop and implement anti-corruption policy		A draft policy was developed during the year.
	Code of Conduct developed and implemented	Implement code of conduct and ethics for Council members and staff		A code of conduct has been developed and signed by all Council members and staff.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	Corruption Risk Assessment Conducted	Conduct corruption risk assessment and develop mitigation plan	A corruption risk assessment was conducted, mitigation plan was developed and implemented.	
	Alternative Dispute Resolution mechanisms institutionalized	Institutionalize alternative dispute resolution mechanisms	The University has institutionalized ADR as means of settling disputes involving the University	
	Appropriate complaints handling mechanism developed and implemented	Develop and implement appropriate complaint handling mechanisms	The University established and implemented appropriate complaints handling procedures during the year and quarterly reports were submitted to CAJ	
	Risk Management Policy developed and implemented	Implement risk management policy	Annual risk management framework was developed and implemented during the year in accordance with the Risk Management Policy.	
	Enhanced university security	Enhance the University security	The University developed Safety and Security Policy, established a security operation center, partnered with security agencies, and a police post.	
	QMS launched	Achieve ISO 9001:2015 Certification	The University was audited by KEBs and achieved ISO Certification during the year. Internal Audits on the implementation of the QMS were also done and recommendations implemented	
	Implementation of Strategic Plan monitored	Monitor and Evaluate Strategic Plan implementation	The University monitored the implementation of Strategic Plan through quarterly and Annual reports presented to Council during the year	

### Link between Key Result Areas with Performance Contracting

To ensure appropriate linkages between the implementation of Strategic Plan and PC, the university on Annual basis developed Annual Work Plan which guided the implementation of activities during the financial year. The University also ensured that PC targets were derived from the Annual Work Plan and implemented during the year.

## 7. CORPORATE GOVERNANCE STATEMENT

### 7.1 Appointment and Removal of Council Members

The appointment and removal of University Council members is guided by the provisions of the Universities Act, 2012. Currently, Rongo University has a total of 9 Council members comprising the Chairperson of Council, 5 independent members, 1 representative of the Cabinet Secretary, The National Treasury, 1 representative of the Principal Secretary, State Department of University Education and Research, and the Vice-Chancellor, who is the Secretary to Council and an ex-officio member of Council. The independent Council members and the Chairperson are appointed by the Cabinet Secretary, Ministry of Education, while the 2 representatives are seconded to the Council by their respective Cabinet/Principal Secretaries.

### 7.2 Composition, Council Meetings, and Conflict of Interest

The Council brings together members from different professional backgrounds with diverse skills, competencies and complies broadly with the constitutional requirements as shown in Figure 7.1(a) and 7.1 (b) respectively. Conflict of Interest was declared and recorded during all the meetings, with a conflict of interest register signed by all members.

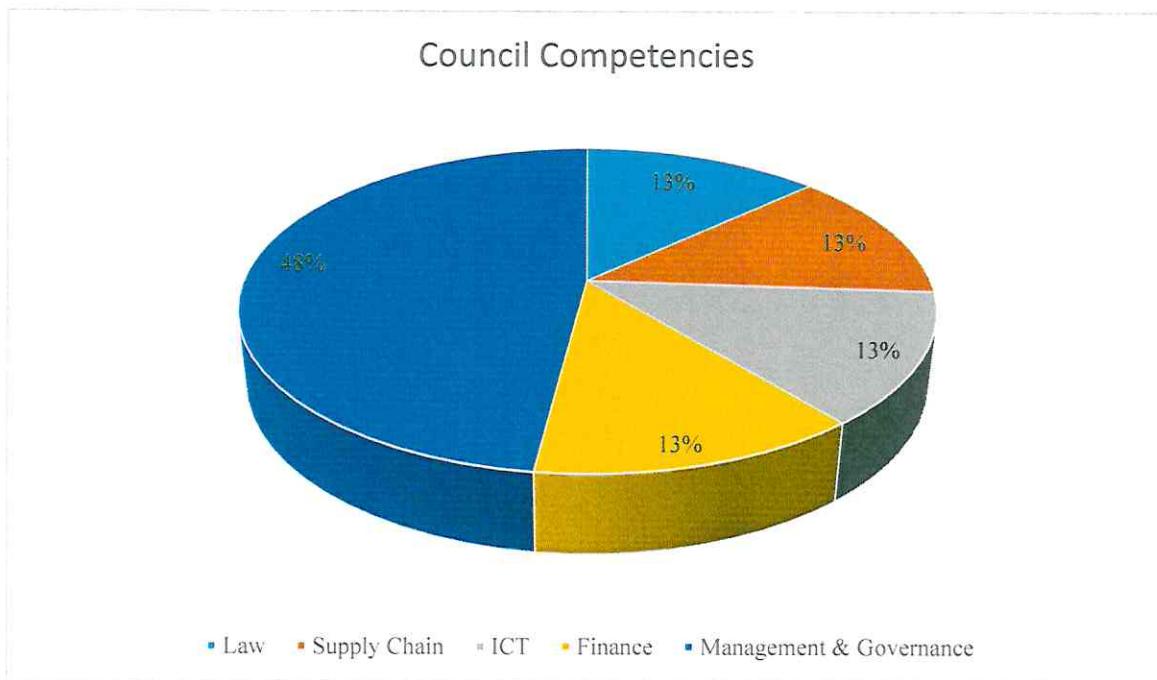


Figure 7.1 (a): Council Competencies

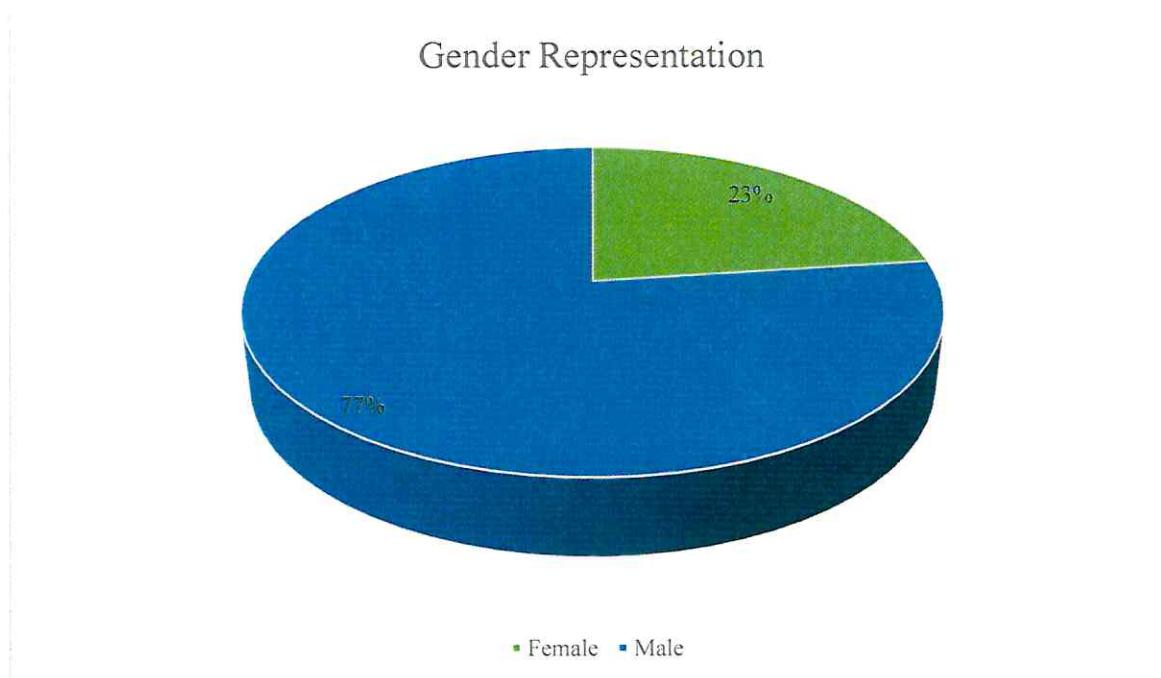


Figure 7.7(b): Council Gender representation

### 7.3 Role of the Chairperson of the Council

The Chairperson provides leadership and governance to the Council and creates conditions for overall Council and individual Director's effectiveness. The Chairperson ensured that all key and appropriate issues were discussed by the Council in a timely manner. The Chairperson played a full and constructive part in the development and determination of the University's strategies and policies, and ensured that the Council is supplied with timely and sufficient information to enable it discharge its duties effectively. The Chairperson ensures adherence to good corporate governance practices and procedures, and continuously promotes the highest standards of integrity, probity and corporate governance.

### 7.4 Role of the Council

The Council ensures that ethics and integrity remain at the core of the University's operations. It recognizes the role of ethical management and puts in place practices, systems and processes to integrate ethics in all its operations. Council ensures that all new members and staff equally undergo mandatory induction training that includes ethical conduct and are required to sign the Code of Conduct and Ethics and to adhere to its principles and provisions.

The Council is responsible for overall strategic direction and operational guidance of the University. In this regard, the responsibilities of the Council include:

- i) Establishing short and long-term goals of the University and develop strategies to achieve these goals;
- ii) Monitoring the University's performance against these set goals;
- iii) Overseeing the preparation of annual financial statements and reports;
- iv) Approving annual budgets; and
- v) Ensuring that the University has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

### **7.5 Council Committees and their Functions**

During the period under review, the University Council constituted 4 Committees with defined roles as specified below:

#### **a) Human Resource and Finance Committee (HRFC).**

- i) To consider qualified candidates for filling vacant positions in the University in accordance with the job descriptions for the various positions.
- ii) To examine and make recommendations to Council on salaries, terms and conditions of service, job grading and classification for all unionisable University employees as and when necessary or when directed to do so by Council from time to time.
- iii) To consider and advise Council on actions to be taken in regards to disciplinary matters for staff.
- iv) To consider and make recommendations to Council on budgeting including Annual Budgets as well as Supplementary Budgets.
- v) To consider and make recommendations to Council on planning and construction of new buildings and effect any appropriate modification in physical facilities as may be necessary from time to time.
- vi) To recommend to Council on acquisition of new fixed assets including land and advise Council on utilization of such assets.

#### **b) Audit Committee (AC).**

- i) Ensures internal controls to improve efficiency, transparency and accountability.
- ii) Review audit issues raised by both internal and external auditors.
- iii) Resolve unsettled and unimplemented Public Accounts and Public Investment Committee (PAC/PIC) recommendations.
- iv) Ensure communication between management, internal and external audit and fostering an effective audit function.

#### **c) Academic Affairs and Appeals Committee (AAAC).**

1. To develop and review relevant policies and guidelines on Academic, Research and Training priorities for the University.
2. To develop and review Statutes for the University.

3. To consider and advise the Council on various request for use of the University Seal.
4. To consider and advise the Council on various recommendations for the award of Honorary Degree of the University.
5. To receive and consider any appeal of staff who decide to appeal disciplinary decisions made by the HRFC against them.
6. To receive and consider any appeal of students who decide to appeal decisions made by the Senate.

**d) Strategy, Risk Management and Resource Mobilization Committee (SRMRMC).**

1. To handle all planning matters in the University including the development and review of the University Master Plan, Strategic Plan, Council Work Plans and Targets and Performance Contracts Targets.
2. To explore ways of raising funds for the University, both internally and externally, including all issues and policies concerning resource mobilization and income generating activities.
3. Establishing a risk management function and enhancing the implementation of risk management plan in the University.
4. To consider and advise Council on the establishment, implementation and review of various collaborations and linkages between Rongo University and other Institutions.

**7.6 Council's Key achievements during the FY 2021/22.**

- i) Commissioned the development of a new University Strategic Plan, 2022 – 2027.
- ii) Approved and continually monitored the implementation of the University's Annual Operating Budget and Procurement Plans;
- iii) Approved and continually monitored the implementation of the University Risk Management Framework;
- iv) Signed and Implemented the University's Performance Contract with The Ministry of Education;
- v) Developed and approved Policies and Guidelines including Students' Academic Progression Policy; Students' Mentorship Policy and Disability Mainstreaming Policy;
- vi) Established University Endowment Fund;
- vii) Completed some development projects including construction of the University main gate, Water Treatment Plant and establishment of science laboratories.

**7.7 Council Membership and Attendance.**

The Council normally holds Full Council and Committee meetings. The Council has a total of four Committees. The Full Council held 9 meetings, while the 4 committees of Council held a total of 18 meetings. Sufficient quorum was obtained and sustained during all the meetings, with each Council member registering over 95% attendance. In the year under review the attendance of the meetings were as per the table below:

*Summary of Council meetings and attendance 2021/2022 FY*

**STRATEGY, RISK MANAGEMENT & RESOURCE MOBILIZATION COMMITTEE(SRMRMC)**

NAME	12/07/2021	12/10/2021	11/01/2022	13/04/2022	TOTAL
<b>1 Mr. William Omoding</b>	✓	✓	✓	✓	4/4
<b>2 Dr. George Ochiri</b>	*	✓	✓	✓	3/4
<b>3 Mr. Evans Atambo</b>	✓	✓	✓	✓	4/4

**ACADEMIC AFFAIRS & APPEALS COMMITTEE OF COUNCIL (AAAC)**

	12/07/2021	12/10/2021	8/12/2021 special	11/01/2022	13/04/2022	
<b>1 Mr. Kiprono</b>	✓	✓	✓	✓	✓	5/5
<b>2 Ms. Catherine Mputhia</b>	✓	✓	✓	✓	✓	5/5
<b>3 Mr. David Mshila</b>	✓	✓	✓	✓	✓	5/5
<b>4 Mr. Kiven Kigen</b>	✓	✓	✓	✓	*	4/5
<b>5 Mr. Festus Mwanzi</b>				✓	✓	1/5

**AUDIT COMMITTEE OF COUNCIL(AC)**

	13/07/2021	13/10/2021	8/12/2021 Special	12/01/2022	12/04/2022	
<b>1 Ms. Catherine Mputhia</b>	*	✓	✓	✓	✓	4/5
<b>2 Mr. Kiprono</b>	✓	✓	✓	✓	✓	5/5
<b>3 Mr. Evans Atambo</b>	✓	✓	✓	✓	✓	5/5

**HUMAN RESOURCE & FINANCE COMMITTEE OF COUNCIL(HRFC)**

	13/07/2021	13/10/2021	12/01/2022	12/04/2022	

1	Mr. David Mshila	✓	✓	✓	✓	✓			4/4
2	Mr. Kiven Kigen	✓	✓	✓	✓	*			3/4
3	Mr. William Omoding	✓	✓	✓	✓	✓			4/4
4	Dr. George Ochiri	*	✓	✓	✓				3/4
5	Mr. Festus Mwanzi								1/4
<b>FULL COUNCIL</b>									
		14/07/2021	27/09/2021	13/10/2021	14/10/2021	9/12/2021	17/12/2021	13/01/2022	13/01/2022
			Special	Special		Special	1	Special	Special
1	Dr. Rachael Masake	✓	✓	✓	✓	✓	✓	✓	✓
2	Dr. George Ochiri	*	✓	✓	✓	*	✓	✓	✓
3	Mr. Kenneth Kiprono	✓	✓	✓	✓	✓	✓	✓	✓
4	Mr. William Omoding	✓	✓	✓	✓	✓	✓	✓	✓
5	Mr. David Mshila	✓	✓	✓	✓	✓	✓	✓	✓
6	Mr. Evans Atambo	✓	✓	✓	✓	✓	✓	✓	✓
7	Mr. Kiven Kigen	✓	✓	✓	✓	✓	✓	*	*
8	Ms. Catherine Mputhia	*	✓	✓	✓	*	*	✓	✓
9	Mr. Festus Mwanzi							✓	1/9

## **7.8 The Council Charter and Governance Principles**

Rongo University has a Council Charter which, together with the University Statutes and other relevant regulations, provides legal instruments for good governance and management of the University. The Council Charter defines the roles of the Council, Council Committees, as well as the individual and collective responsibilities of Council members. It is used together with *Mwongozo* Code of Conduct and other relevant regulations. The Council Charter has enabled the University Council to adopt high standards and best corporate practices in management of its day-to-day activities. The Council has also developed and signed the Code of Conduct and Ethics for Council members that defines the ethical boundaries of Council members in the conduct of their duties. The Council has also developed a number of policies that offer specific guidelines and benchmarks for the management of various University operations.

## **7.9 Council Induction and Capacity Building**

The members of the current Council were appointed in office in 2017, they were inducted into office in July 2017 during which officers from State Corporations Advisory Committee (SCAC) provided the new members with an effective induction program to familiarize them with their duties and responsibilities as Council members. Their tenure was extended for another three years starting 2020. On 29<sup>th</sup> and 30<sup>th</sup> July, 2021, the Council members attended a training on the role of the Board in auditing and risk management.

## **7.10. Governance and Legal Audits**

During the year under review, the University undertook internal governance and legal audits which identified various strengths and weaknesses in compliance with the governance and legal parameters. The University plans to undertake external legal and governance audits during the financial year, 2022/2023.

## **7.11 Council Evaluation**

Council evaluation is key in assessing the performance, efficiency and effectiveness of an organization. The University undertakes regular annual performance evaluation of its Council to enable it review its strategies to ensure continuous growth and sustainability. Based on such evaluation, competence needs assessment is carried out periodically and annual development plan prepared to address identified skills gaps through relevant training or induction programs. The Council performance evaluation for the financial year 2020/2021 was conducted on 27<sup>th</sup> September, 2021, while evaluation for 2021/2022 FY has been scheduled for 24<sup>th</sup> August, 2022.

## **7.12 Council Remuneration**

The Council members, except for the Vice-Chancellor, are not paid salary. However, their remuneration including sitting and subsistence allowances whenever they attend Council meetings are paid at the government approved rates. The Chairperson of Council is also paid a monthly honorarium at approved government rates.

### **7.13 Internal Audit and Assurance**

The University has an established Internal Audit Unit whose objective is to provide assurance of the University's risk management, internal controls and governance processes. The University's system of internal controls has been defined by approved policies and procedures which contain operational and financial controls that ensure that assets are safeguarded, transactions authorized and accurately recorded. The objectivity and independence of the Internal Audit function was enhanced through governance support from the Council Audit Committee. Quarterly audit reviews were carried out during the financial year to appraise the compliance levels to the approved policies and relevant legislations as well as adequacy, design and operational effectiveness of internal controls.

The Office of the Auditor General provided external assurance through a system and financial audit on the various expenditure cycles and business processes of the University.

### **7.14 Corruption Prevention**

During the year under review the University undertook corruption risk assessment in all its functional areas and developed a corruption mitigation plan which was implemented. In addition, through the integrity assurance officer's staff members were sensitized on corruption, the obligations of State and Public Officers under the Leadership and Integrity Act, 2012 and the Bribery Act, 2016, as well as enlightening members on ways of fostering good governance in the University. The University has a whistle blowing policy that provides mechanisms for reporting corruption cases including, the office of the ombudsman and corruption reporting boxes. Through these channels, anonymous reports on unethical/fraudulent behavior can be made without fear of retaliation from the suspected individuals.

### **7.15 Risk Management**

Risk management is a strategic function of the University's business and is applied in the day to day operations across all departments. This ensures that all risks are managed optimally and comply with the approved policies and tenets of good corporate governance. In the year under review, the University continued to implement the various mitigation strategies to ensure that the risk levels are minimized. The University's Risk Policy, Procedures and Registers were reviewed and aligned to the current strategic themes and objectives.

The Council, Management and Staff were also trained on risk management practices. Heads of units and departments form the Risk Management Committee established to spearhead the risk implementation process. The University's risk framework was updated and the mitigation strategies are continually being implemented.

## 8. MANAGEMENT DISCUSSION AND ANALYSIS

### 8.1. General Statistics

#### 8.1.1 Student Enrollment

The university student population increased between 2019 and 2020 significantly and has continued to grow, although the growth in 2021 was minimal. The increase is accounted for by Bachelors students who account for more than 94% of the population. Despite the increasing population for Bachelors and Masters, Diploma and Certificate enrollment is still low. The statistics are as shown below:

	2017/18	2018/19	2019/20	2020/21	2021/22
Certificate	54	44	38	22	31
Diploma	136	164	127	40	44
Bachelors	1146	706	1199	1651	1703
Masters	4	37	10	3	34
PhD	4	18	15	7	3
<b>TOTAL</b>	<b>1344</b>	<b>969</b>	<b>1389</b>	<b>1723</b>	<b>1815</b>

Table 1: Student Enrollment Statistics

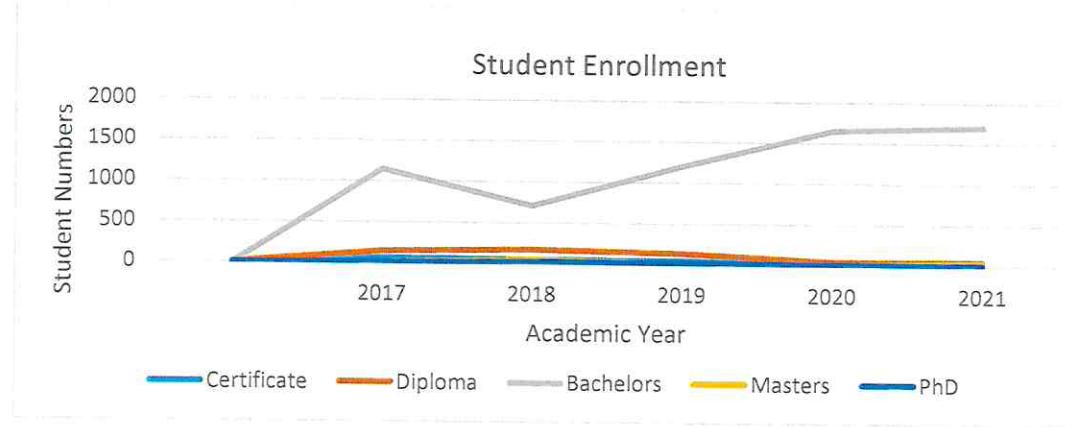


Diagram: 1 Student Enrollment

#### 8.1.2. Graduation

The University conducted its sixth graduation for the conferment of Degrees and award of Diplomas to its graduates on Friday 17<sup>th</sup> December, 2021. This was the second virtual graduation. The occasion was presided over by the Chairperson of the Rongo University Council, Dr. Rachael Masake. During the occasion, a total of 1528 students graduated with 6 PhD, 1 Post Graduate Diploma, 7 Masters, 1339 Bachelors, 125 Diplomas and 50 Certificates. There was a notable decrease in the number of graduates in 2020 occasioned by disruptions of Covid-19 pandemic. Below is the graduation statistics:

Table 2: Graduation Statistics

Year	Cert	Diploma	Bachelors	Masters	PhD	Total
2017	24	116	922	6	5	1073
2018	43	375	1122	19	4	1563
2019	52	316	1155	10	6	1539
2020	15	100	661	17	5	798
2021	50	125	1339	7	7	1528
<b>Total</b>	<b>134</b>	<b>1261</b>	<b>4488</b>	<b>56</b>	<b>20</b>	<b>5959</b>



Diagram 2: Graduation Statistics

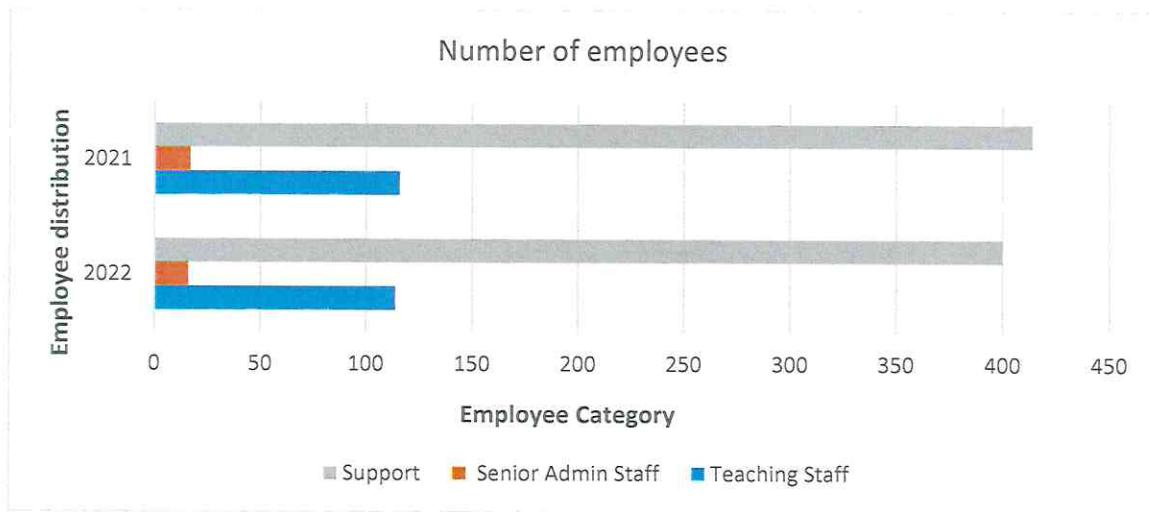
## MANAGEMENT DISCUSSION AND ANALYSIS CONT.

### 8.1.3 Employee Statistics

#### a) Employee Distribution

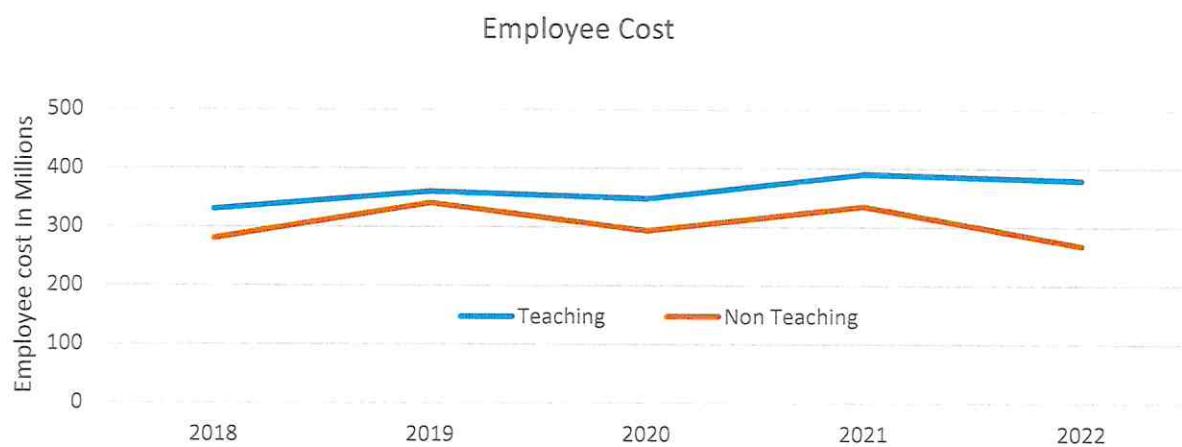
The University has a total staff population of 503 comprised of 102 Teaching staff, 16 Senior Admin Staff and 385 support staff.

*Diagram 3: Employee Distribution in numbers*



#### b) Employee Cost

The University wage bill as at 30<sup>th</sup> June, 2022 was Ksh 603 Million, with teaching staff and non-teaching staff accounting for 62% and 38% each on average. The increase from 2021 was occasioned by the CBA 2017-2021, this was followed by a drop in 2021-22 FY because the university fell back to old salaries. The statistics are as shown below:



*Diagram 4. Employee Cost*

## MANAGEMENT DISCUSSION AND ANALYSIS CONT.

### 8.2. Operational and Financial Performance highlights for 2021/22

#### 8.2.1 Movement in Total Incomes & Total Assets in (Ksh Millions)

The University income grew steadily from 2018 to 2020, but dropped in 2021 by about 22%. The drop in income was occasioned by a drop in government funding. However, the university assets grew steadily except for the year 2022 when depreciation was applied following revaluation of assets in the previous financial year. This scenario affected financial stability of the university.

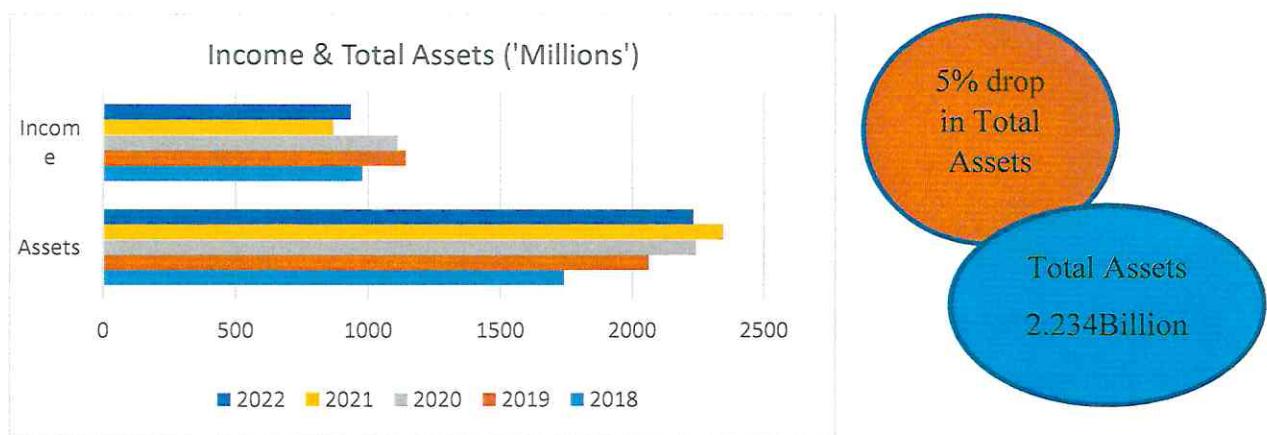


Diagram 5. Movement in total incomes and total assets

#### 8.2.2 Liquidity Ratio

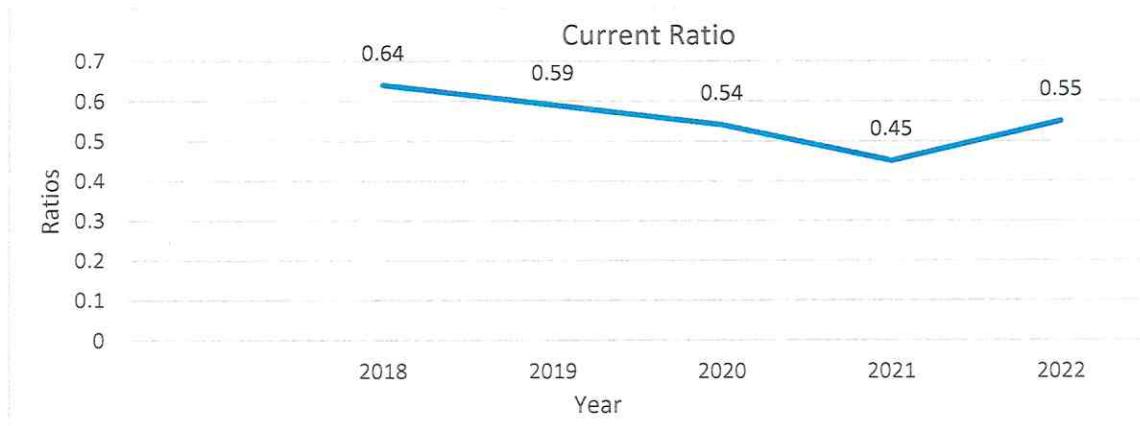


Diagram 6. Liquidity ratio

The increase in current ratio for the year ended 2021 was occasioned by a reduction in current liabilities. These liabilities were accrued from the CBAs for the period 2013-2017 & 2017-2021 that have not been fully funded but were paid from AIA.

### 8.2.3 Debt Ratio

Debt ratio measures the level of the university's leverage.

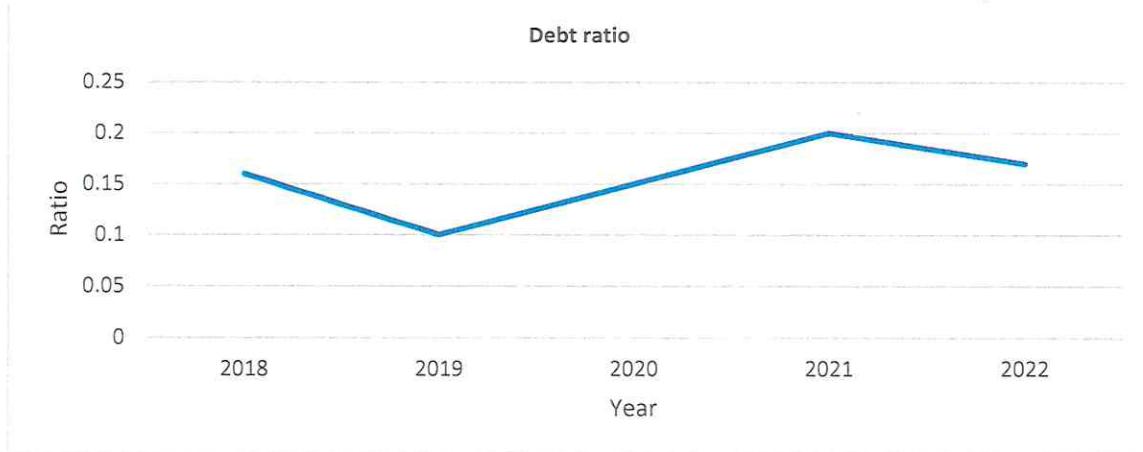
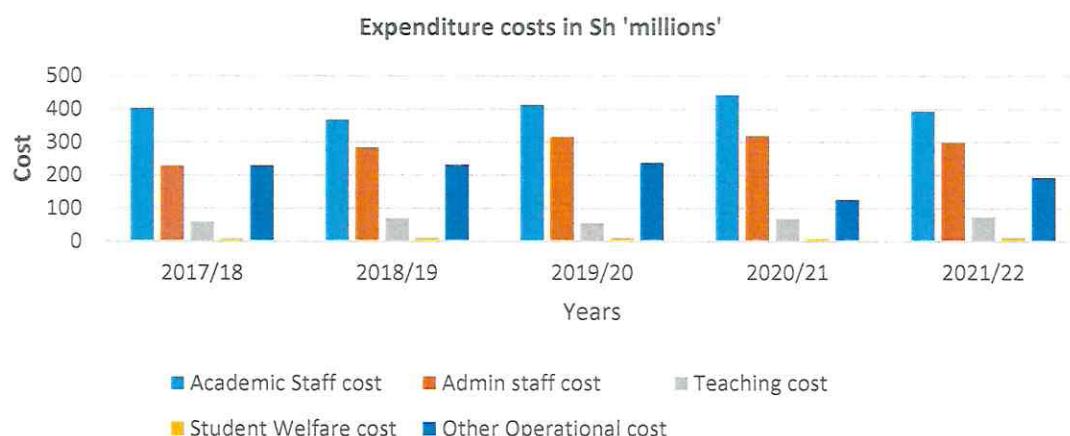


Diagram 7. Debt ratio

For the last 5 years, the University has maintained a debt ratio of < 1.

### 8.2.4 Distribution of Expenditure

Over the years, the highest expenditure has remained academic staff cost followed by administrative staff cost, operational cost, teaching cost and student welfare cost respectively. The general drop in the current expenditure is due to the fact that the University was allocated the same capitation for two consecutive years despite the increase in student numbers. The distribution is as shown below:



### **8.3 Key Projects that the University implemented**

#### **8.3.1 Construction of Tuition Block**

The project was handed over on 26<sup>th</sup> April 2021. Corrective works have been done during defect liability period. The Project Quantity Surveyor will release final accounts for consideration by the Project Manager before issuance of Certificate of Making Good Defects. The project has not been fully funded as such part of the project activities including furnishing have not been done.

#### **8.3.2. Construction of Water Treatment Plant.**

The project is practically complete after successful trial runs and positive laboratory quality tests results. However, as at the end of the financial year there were some pending works including external works and fencing.

#### **8.3.3. Construction of library.**

Construction commenced in January 2019 and progressed well up to 45 % completion. However, works have since stopped due to budget related concerns.

#### **8.3.4. Construction of main gate.**

The project is practically completed and ready for handing over. The Project Manager was tasked to prepare final accounts and issues Practical Completion Certificate by 15<sup>th</sup> July 2022.

#### **8.3.5. Construction of Fish Ponds.**

The project was started in 2019 and progressed well, however, the community raised some environmental concerns which the University is still addressing in consultations with the County Water Department and the community leadership.

#### **8.3.6 Construction of twin workshops, classrooms and offices block at Kakrao TTI**

The partial completion works that involved electrical installation on ground floor and partial completion of screeding, plastering, ceiling, and painting of the first floor is complete and the Contractor is doing clearance from site. This contract has resulted in overall completion of 95%.

#### **8.3.7 Construction of Perimeter wall (200M)**

The University has embarked on phase one of perimeter wall construction comprising 200 m length. The contractor has done substructure works and is concreting superstructure columns. He has also supplied the machine cut stones for the walling.

### **8.4 Compliance with Statutory Requirements**

The University complied with other statutory deductions except Pension at Ksh 195 Million. The University has put in place arrangements to start clearing the outstanding amounts in the new financial year.

### **8.5. Major potential risks that the University may face**

- a) Insufficient funding due to inadequate budgetary allocation and low revenue collection.
- b) Inadequate infrastructure to support increasing number of students.

- c) Inability to recruit and retain competent teaching staff due to low funding.
- d) Non-compliance with legal and regulatory obligations
- e) Weak internal controls that may lead to corruption, fraud, theft and other unethical practices.
- f) Ineffective continuity arrangements in the event of a disaster
- g) Failure of information technology systems including ERP, server, networks, etc.
- h) Competition from Universities that offer similar programs, hence affecting attraction of students.
- i) Political risks
- j) Inflation

#### **8.6. Material arrears in Statutory & Financial Obligations**

The University had material arrears in statutory & financial obligations as follows:

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

Most of the arrears in part time and payroll deductions are as a result of brought forward balances from previous financial years, with the highest being unremitted pension deductions. The issue of pension is historical. The university has been using internally generated funds to clear the pending deductions gradually. However, the closure of the university due to COVID 19 pandemic caused a setback in revenue collection, and hence the increased pending bills.

## 9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

No.	Nature of Reform	Description	Impact
1.	Reforms in Academic Affairs	<p>The University is:</p> <ul style="list-style-type: none"> <li>a) Focusing on few unique market-driven programmes considering, areas of comparative advantage, avoiding duplication with other Universities and to respond to the needs of the job market.</li> <li>b) Reviewing all academic programs and remove duplication and rationalize the poorly prescribed ones</li> </ul>	<p>Reduced cost of running programmes and improved quality of academic programmes leading to quality and innovative graduates who are exposed to the dynamics of the job market and societal challenges.</p>
	1.1 Reviewed and rationalized Academic programs	<p>The University has:</p> <ul style="list-style-type: none"> <li>a) Expanded online courses and incorporated technology into traditional classrooms.</li> <li>b) Trained academic staff/students on remote learning processes,</li> <li>c) Reviewed academic staff workloads to be commensurate with resources available,</li> <li>d) Reviewed rules on teaching/examinations to make them effective,</li> <li>e) Scrutinized space allocation to ensure optimal use</li> <li>f) Enforced research and extension activities among members of staff</li> <li>g) Harmonized academic calendar to allow two Semesters per academic year.</li> <li>h) Undertaken joint teaching of courses offered by more than one faculty to avoid multiple teaching of the same course</li> <li>i) Implemented ISO 9001:2015 to enhance quality of teaching</li> </ul>	<p>Effective teaching, efficient utilization of resources (human and physical); highly motivated staff</p> <p>Minimized financial strain</p>
2.	Reforms in Financial Management for Sustainability	<p>The University has adopted pragmatic and frugal ways in allocating and spending its financial resources by implementing the following activities:</p> <ul style="list-style-type: none"> <li>a) Enhanced fee collection through regular reminders to students and sponsors, and promote adherence to Fee Payment Policy</li> </ul>	<p>Ability to meet the financial obligations with regards to payroll, operation costs and capital expenditure</p>

	<p>b) Reduced the number of academic programs which do not attract adequate student numbers and adhere to quorums before implementing any academic program,</p> <p>c) Undertook marketing of the academic programs to enhance student enrolment</p> <p>d) Reviewed internal processes to detect and eliminate wastage in hostels, classrooms, library etc.</p> <p>e) Implemented cost rationalization and containment measures in all expenditures</p> <p>f) Conducted staff needs analysis to rationalize existing staff based on Unit requirement/tasks and skills set available</p> <p>g) Strengthened income generation activities such as apparel and fashion design and production to supplement the revenue from the Government.</p> <p>h) Streamlined procurement of goods and services to ensure efficiency and value for money</p> <p>i) Discontinued printing and mailing of admission letters to save on paper, printing, and postage costs</p> <p>j) Employed mid-year budget reductions and plan for budget cuts at 3-10% levels in every quarter</p> <p>k) Undertook disposal of assets that were not in use</p> <p>l) Established more collaborations with various Constituency Development Funds to sponsor students to study at Rongo University</p> <p>m) Established TVET Directorate to boost student enrolment</p>	Improved quality of faculty through trainings, promotion, and better utilization of resources and strengthen service delivery to customers.
3.	<p>Human resource rationalization, staff welfare and development</p>	<p>The University is implementing the following human resource related reforms:</p> <p>Right size and rationalize all positions</p> <p>Review work culture for all staff in the University</p> <p>Allow qualified administrative staff to teach at most two courses (Certificate, Diploma and Degree)</p>

		Facilitate both academic and administrative staff to attend conferences, workshops, training and further studies whenever possible. Pool services of support staff within clusters of three or four departments/units	
4.	<b>Revision of organization Structure to enhance governance, management, and administration of the University</b>	The University reviewed and rationalized the administrative and organization structures to improve efficiency and effectiveness in service delivery	This action will lead to efficient service delivery and improved communication hence more stakeholder satisfaction
5.	Expanding infrastructure	<p>The University will:</p> <ul style="list-style-type: none"> <li>a) Expand and refurbish all infrastructure to provide a good learning environment</li> <li>b) Enhance ICT capacity to match remote learning requirement of Information Technology,</li> <li>c) Increase ownership of personal computers among staff/students to take advantage of technology,</li> <li>d) Use third-party host servers and switch to virtual servers for improved efficiency</li> <li>e) Complete all ongoing projects to increase the capacity of the University</li> </ul>	<p>The planned improvement of academic resources will significantly enhance the quality of academic programmes in the University.</p> <p>The infrastructure will enhance the institutional capacity by providing an inspiring base for students to live, collaborate, and study.</p>
6.	Enhancing environmental Sustainability	<p>The University will enhance environmental sustainability through many approaches including:</p> <ul style="list-style-type: none"> <li>a) Enhancement of resource conservation programs, waste recycling and waste management to attain clean and beautiful environment.</li> <li>b) Enhance environmental hygiene in offices and compound</li> <li>c) Enhance energy management by using clean energy</li> </ul>	Improved people's health, livelihoods and create good work environment.

			<p>d) Conserve and supply clean and potable water in most parts of the University.</p> <p>e) Replace high-maintenance landscaping and beautification costs with lower-maintenance perennials, grasses, and ground covers that require low maintenance labor.</p> <p>f) Partnership with other institutions to plant trees and regreen the University</p>	
7.	Improving enrolment	student	<p>a) Increased marketing of the programmes given the increased competition for students</p> <p>b) Frequent review of academic programmes to make them unique and market-driven</p> <p>c) Implementing student support and engagement programmes to attract and retain students</p> <p>d) Established TVET Directorate to boost student enrolment</p> <p>e) Lobbied for sponsorship to support needy students</p>	These actions will lead to increased student enrollment.
8.	Promoting activities and community programmes	research and outreach	<p>a) The University has attracted and implemented several research grants including:</p> <p>i) Awarded Centre of Excellence in Agriculture and Food Security by the Lake Region Economic Block consisting of 14 counties. An MoU has been signed and earmarked for implementation in the next Financial Year.</p> <p>ii) Attracted funding from World Bank/KALRO to conduct research in Collaboration with JKUAT &amp; KALRO Katumani on KCSAP entitled Adapting climate smart technologies along the sorghum value chain to enhance productivity, utilization and improved livelihoods as part of the university contribution to food security to support the national big 4 agenda and intensified community outreach.</p>	Technology development and transfer to the local community to address societal challenges

- iii) Attracted funding from NRF to conduct research in Collaboration with KAFUCO, USIU & KALRO HQs on project titled “Enhancing the Potential of Rice bean as a Food Security Crop for Mitigating against Climate Change in Kenya and intensified community outreach.
- iv) Attracted funding from McKnight Foundation in collaboration with University of Eldoret and KALRO-Katumani on project titled “Transforming Sorghum-based Farming Systems in Eastern and Western Kenya through Agro-ecological Intensification”. Through the project, the University has recruited over 200 new farmers in Migori and Homa Bay Counties; distributed seeds to the farmers and intensified community outreach;
- v) The University was awarded a UNESCO Chair on Community Radio for Agricultural Education by the United Nations Educational, Scientific and Cultural Organization – UNESCO. Through the community radio, the University has produced and archived 2 podcasts and 8 adverts on Climate Smart farming technologies; provided training for 35 community media practitioners on production of radio content for Covid-19 education and management; and produced and archived 18 radio adverts on Covid-19 prevention and management.
- vi) Awarded consultancy services to improve apiculture value chain by Migori County Government in 2021. A stakeholder workshop was held to sensitize beekeepers on value addition.
- vii) Attracted funding from World Bank through KALRO to conduct research on use of ICT to enhance forage use in dairy. A dairy management information system has been developed and currently being piloted at Nyahururu and Machakos.

		viii) Maskani Digital Peacebuilding Project funded by Build UP San Francisco, USA. The achievement includes worked with 10 selected student volunteers in five universities in Western Kenya to bring about a “common ground” on through automation on social media.
		b) The University has developed and submitted about 20 proposals for research grants. c) Allocation of financial resources to support staff to conduct research, publish and/or attend conferences/workshops

## 9.2 Environmental Performance

### 9.2.1 Environmental protection

During the year, the University in collaboration with Equity Bank and Migori County participated in planting over 3,000 trees within the university. The University also hosted the annual Environmental Day for 2022.

*Fig 11: Tree planting exercise at Rongo university campus*



*Fig 11: The Principal Secretary, Amb. Simon Nabukwesi planting a tree at Rongo University (a) (b) the University hosting the world Environment Day*

### **Sewerage and waste water disposal system at the institution;**

The University disposes sewage and wastewater using septic tanks. The system so far works well and do not have adverse environmental pollution.

### **Solid waste disposal**

There are several portable and fixed dust bins distributed in various offices and at strategic external points within the University. The dustbins are emptied daily to the nearby compost heaps and burned or incinerated.

### **Chemical waste disposal**

Currently there is minimal chemical waste generated from the laboratories, the waste is handled according to standard procedures.

### **E-waste disposal**

All E-waste is submitted to the Procurement department. The items are then disposed of according to the set procedures by the Procurement department, sold to staff or as metal waste.

### 9.3 Employee welfare

The University has Human Resource Policy and Procedure Manual 2019 that handles all staff welfare. The University provides a safe and secure working environment to all employees in accordance with the Occupational Safety and Health Act, 2007.

Staff working in technical areas e.g., workshops, Laboratories, Textile units are provided with protective gears. Also, staff working in Catering department undergo regular medical test and acquire medical certificate.

The University has put Covid -19 precautionary measures in place as per the Ministry of health guidelines including setting up designated hand washing points; fixed and portable hand sanitizers; temperature screening equipment. Besides, staff are required to observe of social distance. In addition, the University has put in place an 8 bed Covid holding/ isolation facility.

### 9.4 Market place practices-

The University focuses its efforts to the following market place practices:

#### a) Responsible competition practice.

The University has ensured responsible competition during procurement, recruitment, promotions and election of student governing council. The details are as follows:

- i. **Ethical procurement practices:** Ethical procurement practices are applied as per the government laid down procedures. Tenders are advertised in the University website, local newspapers and published in the Public Procurement Information Portal (PPIP) giving interested bidders equal chance.
- ii. **Adequate segregation of duties:** Different employees in the University are responsible for specific duties and responsibilities.
- iii. **Establishment of operational guidelines:** In order to achieve the value for money in public spending, the University has established standard operational procedures based on ISO 9001: 2015 to guides its operations.
- iv. **Preparation of reports for all goods and services received:** The University submits quarterly reports to Public Procurement Regulatory Authority (PPRA) and keeps a record of all items in stores for inspection by audit as necessary.
- v. **Risk Management:** Effective risk management practices have been adopted which involve the assessment and identification of risks in all sections of the University and mitigation measures are well defined for each risk class.
- vi. **Information uniformity:** The University provides uniform information to bidders *vide* standard tender documents or addenda to ensure transparency and fairness in handling potential suppliers thus enabling the University to achieve value for money.
- vii. **Consistency in handling potential suppliers:** For effective procurement practices, the University maintained consistency in handling potential suppliers during suppliers' registration or pre-qualification and supplies' sensitization carried out annually.

viii. **Approval and award of contracts:** Approval and award of procurement related contracts are done by the Vice-Chancellor which ensures probity and accountability among all suppliers.

ix. **Preference and reservation scheme:** The University has set thirty percent (30%) in its annual procurement plan under preference and reservation scheme for the disadvantaged groups to promote fair competition.

**b) Responsible Supply chain and supplier relations**

The University maintains good business practices as follows;

- i. **Centralization of functions:** centralization of functions and operations within the University provides control over public spending and improves relations with the business community by providing a single source of information for stakeholders.
- ii. **Inspection of all goods and services:** Goods, services and works are inspected by *ad hoc* inspection and acceptance committee appointed by the Vice-chancellor in order to check for defects as well as conformity to the set specifications and standards before they are accepted.
- iii. **Maintenance of Documentation for Multiple award:** The University maintains documents that support the basis for tenders involving multiple awards as crucial contractual evidence in addressing any grievances, enabling scrutiny of decisions taken and demonstrating the application of the guiding processes.
- iv. **Maintenance of security and confidentiality of information:** The University ensures Security and confidentiality of information and documents by use of password, offsite backups and safe custody of documents. Employees also adhere to the provision of confidentiality as outlined in the Code of Conduct and Ethics for staff.

**c) Responsible marketing and advertisement.**

The University has put in place appropriate mechanisms to undertake and sustain the marketing of its products and services. Advertisement of tenders and academic programs is done in both print and electronic media of wide coverage in accordance with provision of the law.

### **9.5 Corporate Social Responsibility / Community Engagements**

Since Universities are expected to enrich the communities, they operate in, Rongo University has enriched the Rongo locality through community outreach and corporate social responsibility activities. Accordingly, the University engaged the community in the following activities aimed at enhancing their livelihoods:

#### **9.5.1 Visit to an orphanage**

A team of 7 Rongo University students and Staff visited Good Samaritan Children Home in Nyamware, Migori town on 18<sup>th</sup> March 2022. The team handed over children's books, foodstuff, toiletries and refreshments on behalf the university fraternity. The team also assisted in cleaning & sharing the cake.



*Fig 5: University staff and students at Good Samaritan Children Home*

## 10. REPORT OF COUNCIL

Council submits their report together with the audited financial statements for the year ended June 30<sup>th</sup> June 2022 which show the state of Rongo University affairs.

### Principal activity

The principal activity of Rongo University continues to be the provision of higher education.

### Results

The results of the entity for the year ended 30th June 2022 are set out on pages 56 to 96

### Directors

The members of the University Council, who held office during the year ending 30<sup>th</sup> June 2022 were:

- |                                  |                            |
|----------------------------------|----------------------------|
| a) Dr. Rachael Masake            | - Chairperson              |
| b) Ms. Catherine Nkirote Mputhia | - Member                   |
| c) Dr. George Onyango Ochiri     | - Member                   |
| d) Mr. William Bill Omoding      | - Member                   |
| e) Mr. David Lusoka Mshila       | - Member                   |
| f) Mr. Kenneth Kipsang Kiprono   | - Member                   |
| g) Mr. Evans Atambo              | - Rep.PS. MoEST            |
| h) Mr. Festus Mwanzi             | - Rep. CS Treasury         |
| i) Prof. Samuel Gudu             | -Vice-Chancellor/Secretary |

### Auditors

The Auditor general is responsible for the statutory audit of Rongo University in accordance with the provisions of Article 229 of the Constitution and Public Audit Act, 2015.

By order of the University Council.

## 11. STATEMENT OF COUNCILS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 47 of the Universities Act, 2012 require Council to prepare financial statements in respect of Rongo University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for year ended 30<sup>th</sup> June 2021. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of Rongo University.

The Council is responsible for the preparation and presentation of the Rongo University's financial statements, which give a true and fair view of the state of affairs of Rongo University for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Rongo University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Rongo University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for Rongo University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Universities Act, 2012. The Council are of the opinion that Rongo University's financial statements give a true and fair view of the state of Rongo University's transactions during the financial year ended June 30, 2022, and of the Rongo University's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for Rongo University, which have been relied upon in the preparation of Rongo University's financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

The Rongo University financial statements were approved by Council on 27<sup>th</sup> September 2022.

Signed on its behalf by:

Chair of Council. 

  
Vice-Chancellor.....

# REPUBLIC OF KENYA



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NAIROBI

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

### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Rongo University set out on pages 63 to 94, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for

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

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

### **Basis for Opinion**

#### **1. Material Uncertainty Related to Sustainability of Services**

The statement of financial performance reflects the results of operation a deficit amount Kshs.41, 492,188. Further, the statement of financial position and as disclosed in Notes 11 to 15 and 19 to 21 reflects the current Assets amount Kshs.141,924,041 and current liability amount Kshs.(362,992,083) resulting in a negative working capital of Kshs.220,568,036 . This implies that the University is technically insolvent and may not be able to sustain its services in the foreseeable future. The university has not made any disclosures on the face of the financial statements or the Notes of the material fact that it may not sustain its services.

In the circumstances, the university financial statements prepared on the assumption that the University will continue to sustain its services may not be applicable.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects total budgeted receipts of Kshs.1,008,332,467 and actual receipts of Kshs.995,261,562 resulting to a net deficit of Kshs.13,070,905. Similarly, the statement reflects total budgeted expenditure of Kshs.1,008,332,467 and actual expenditures of Kshs.984,229,425 resulting to under-absorption of Kshs.24,103,042. The under-collection and under-absorption may have affected the planned activities of the University.

My opinion is not qualified based on this matter.

## **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 matter 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. Human Resource Management and Compensation of Employees**

##### **1.1 Non-Compliance with Law on Ethnic Composition**

Review of payroll and other human resource records revealed that the total number of employees of the University was four hundred and twenty-five (425) out of which three hundred and eleven (311) or seventy-three (73%) per cent were from the dominant ethnic community. This is contrary Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which provide that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment should have more than one third of its staff from the same ethnic community.

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

##### **1.2 Unsustainable Wage Bill**

The statement of financial performance and as disclosed in Note 5 to the financial statements reflects employees' costs amount of Kshs.692,469,637. The amount constitutes seventy-five (75%) per cent of the total receipts amount Kshs.925, 155,562. This is contrary to Regulation 26(1) (a) of the Public Financial Management Act (National Government Regulations), 2015, which limits the expenditure on wages and remuneration allowances to 35% of the total receipts.

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

##### **1.3 Heads of Departments on Acting Positions**

Review of employment records revealed that twelve (12) departments are headed by staff who have been acting for a period of more than one year without plausible reasons for not competitively filling those positions with substantive appointments. This is contrary to the provisions of Section 34(3) of the Public Service Commission Act, 2017, which provides that, an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months. In addition, section 1.3.9 of the

University human resource manual provides that an officer shall not be in acting positions for more than one year unless it's renewed.

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

## **2. Receivables from Exchange Transactions**

### **2.1 Overdue Student Debtors**

The statement of financial position and as disclosed in Note 12 to the financial statement reflects receivables from exchange transactions amount of Kshs.67,301,075 which includes student debtors amount of Kshs.58,798,397. Review of the debtors aging analysis revealed that the student debts had been outstanding for over thirty (30) days. This is contrary to section 6.3 of the University's financial management policy, revised 2019 which allows for up to 30 days grace period before payment for monthly fees and any other amount due on contractual obligations.

In the circumstances, Management was in breach of the University financial management policy.

## **3. Work-In-Progress**

The statement of financial position and as disclosed in Note 17 to the financial statements reflects an amount of Kshs.2,077,182,959 in respect of property, plant and equipment. Further, the amount includes the University's and Mentor Institution work in progress of Kshs.766, 989,984 and Kshs.54,295,275 respectively. The following unsatisfactory matters were observed:

### **3.1 Incomplete Construction of a Library**

Review of records provided for the construction of the university Library revealed that the University awarded a contractor a tender to construct a library at a contract sum of Kshs.1,358,342,492. The commencement date of the Contract was 4 January, 2019 and the expected completion date was 15 January, 2021. The contractor requested for extension of the contract period by one year on 12 March, 2021 and the Management granted the request. Physical verification on the library carried out in January, 2023, revealed that the project remained incomplete and the contractor had cumulatively been paid Kshs.639, 482,852 towards the completion of the project.

In the circumstances, the University did not attain value for money on the expenditure of Kshs.639, 482,852 for the library. Further, the delay in completion of the project has affected the delivery of library services to the University community.

### **3.2 Construction of a Three Storey Hostel Block**

Review of records for the construction of three storey Hostel revealed that the University awarded a tender to a contractor to construct a three storey Hostel Block at a contract sum of Kshs.95, 571,020. The commencement date of the contract was 16 May, 2015 and expected completion date was 30 June, 2016. The University paid an amount of Kshs.18,311,762 towards the construction of the Hostel. Physical verification of the works in January, 2023 revealed that the project had been done to the foundation level and had been abandoned. Thick bushes have grown all over the site impeding access while the

exposed iron rods (Y-18) used in erecting columns and the building blocks have been vandalized.

In the circumstances, the university did not attain value for money from the expenditure of Kshs.18,311,762 and the delay in completion of the project has affected service delivery to the public.

### **3.3 Construction of Main Gate and Gate House**

Review of records on the construction of the University main gate and gate house revealed that the University awarded a tender to a contractor to construct a main gate and a gate house at a contract sum of Kshs.22,482,222 with a commencement date of 29 October, 2019 and expected completion date of 28 January, 2020. The university paid the contractor an amount of Kshs.19,733,425 towards the construction.

Physical verification carried out in January 2023 revealed that the project was complete but was not serving the intended purpose as the University had not constructed a fence around the university compound to control the movement of people in and out of the University. Management has not explained why significant funds were used in constructing the gate and gate house without a fence.

In the circumstances, the University may not have attained value for money on expenditure amount of Kshs.19,733,425.

## **4. Payables from Exchange Transactions**

### **4.1 Failure to Remit Pension Contributions**

The statement of financial position and as disclosed in Note 19 to the financial statements reflects an amount of Kshs.318,567,426 in respect of payables from exchange transaction. Further, the balance includes an amount of Kshs.211,731,029 for payroll creditor for unremitted amount of Kshs.130,830,357 and Kshs.6,506,621 in respect of pension fund and provident fund respectively. This is contrary to Section 53A (1) of the Retirement Benefits Act which provides that, where an employer fails to remit deductions from an employee's emoluments to a retirement benefits scheme within 15 days of the deduction, the scheme may institute proceedings for recovery of the deduction after giving the employer at least seven days' notice.

In the circumstances, the University is in breach of the law and risks incurring avoidable costs in form of penalties and interest.

### **4.2 Non-Payment of Part Time Lecturers**

The statement of financial position and as disclosed in Note 19 to the financial statements reflects payables from exchange transactions amount of Kshs.318,567,426 which includes an amount of Kshs.26,518,261 owed to part time creditors, and which relates to long outstanding amounts owed to part time lecturers. This contravenes Section 17(1) of the Employment Act, 2007 which requires that an employer pays the entire amount of wages earned or payable to an employee in respect of the work done by the employee in pursuance of a contract of service directly, in the currency of Kenya.

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

### Basis for Conclusion

#### 1. Lack of an Approved Staff Establishment

As previously reported, review of records revealed that the University did not have an approved staff establishment. The lack of an approved staff establishment implies that the University was yet to determine the skills and optimal staffing levels required to achieve its goals and objectives.

In circumstances, it was not possible to establish whether the total staff in the employment of the University was at the optimal operating level.

#### 2. Non-Implementation of e-Procurement System

Review of procurement records during the financial year under review noted that the University did not undertake all their procurements through the e-procurement module as required by regulation 49(2) of the Public Procurement and Asset Disposal Act Regulations, 2020 which provides that the conduct of e-procurement procedures for the supply of goods, works and services shall be carried out by a procuring entity using an e-procurement system which is integrated to the State Portal.

In the circumstances, has not put in place proper system to ensure efficient coordination of procurement and disposal procedures.

#### 3. Gaps in the ICT Control Environment

During the period under review, a review of the University's identified ICT Environment revealed the following gaps which need to be addressed.

- i. There is no fire extinguisher, fire alarm or fire suppression systems in the server room;
- ii. Computers used by Rongo University employees are not protected by stable antivirus software. Some computers are using freeware antivirus software;

- iii. The ERP system used by Rongo University is not able to generate log reports and reports on access rights; and
- iv. The university does not have the licenses for the Microsoft products they are using, Microsoft Windows and Microsoft Office. The computers are bought with the applications preinstalled.

In the circumstances, the integrity, security and reliability of the University's financial data including its Management Information System could not be ascertained.

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

### **Responsibilities of Management and the University Council**

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

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

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

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

The University Council is responsible for overseeing the University 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

10 May, 2023

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

	NOTES	2022	2021
<b>REVENUE FROM</b>		<b>Ksh</b>	<b>Ksh</b>
Non-Exchange Transactions	3	578,879,558	551,092,809
Exchange Transactions	4	346,276,004	347,365,849
<b>Total revenue</b>		<b>925,155,562</b>	<b>898,458,658</b>
<b>EXPENSES</b>			
Employee Costs	5	692,469,637	761,234,961
Depreciation & Amortization cost	6	54,231,300	1,408,778
Repairs & Maintenance	7	13,832,988	11,735,250
General Expenses	8	108,661,769	106,884,207
Council Expenses	9	15,126,037	7,731,640
Academic Expenses	10	84,039,225	75,606,302
<b>Total Expenses</b>		<b>968,360,956</b>	<b>964,601,139</b>
<b>Gross Surplus/( Deficit)</b>		<b>(43,205,394)</b>	<b>(66,142,480)</b>
<b>Other gains/ (Losses)</b>			
Gain on Revaluation of Biological Assets	14	(225,000)	319,000
Provision for Doubtful Debts	20	1,242,206	2,835,720
Provision for Audit fees	20	696,000	696,000
Gain on Revaluation of fixed Assets		-	24,386,122
<b>Net Surplus/(Deficit)</b>		<b>(41,492,188)</b>	<b>(37,905,638)</b>

The notes set out on pages 69-96 form an integral part of these Financial Statements

Vice Chancellor

Name: Prof Samuel Gudu

Sign: 

Date: 28/09/2022

Head of Finance

Name: Cpt. Janet Cheeks.

ICPAK Member Number: 10479

Sign: 

Date: 28/09/2022

Chairperson of Council

Name: Dr. Rachael Masa

Sign: 

Date: 28/09/2022

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

	NOTES	2022	2021
		Ksh	Ksh
<b>ASSETS:</b>			
<b>Current Assets</b>			
Cash & Equivalent	11	17,778,183	11,127,009
Receivables from Exchange Transactions	12	67,301,075	97,485,086
Receivables from Non-Exchange Transactions	13	43,729,096	103,729,096
Biological Assets	14	990,000	1,095,000
Inventories	15	12,125,692	10,960,348
<b>Total Current Assets</b>		<b>141,924,047</b>	<b>224,396,539</b>
<b>Non-Current Assets</b>			
Intangible Assets	16	4,403,968	5,504,960
Property, Plant & Equipment	17	2,077,182,959	2,114,972,350
<b>Total Non-Current Assets</b>		<b>2,081,586,927</b>	<b>2,120,477,310</b>
<b>Total assets</b>		<b>2,223,510,974</b>	<b>2,344,873,849</b>
<b>LIABILITIES:</b>			
<b>Current Liabilities</b>			
Payables from Exchange Transactions	19	318,567,426	447,895,258
Provisions	20	1,938,206	3,531,720
Student Advances	21	41,986,450	38,909,355
<b>Total Current Liabilities</b>		<b>362,492,083</b>	<b>490,336,333</b>
<b>Non- Current Liabilities</b>			
Retention Fees	22	27,840,615	27,384,832
<b>Total Non- Current Liabilities</b>		<b>27,840,615</b>	<b>27,384,832</b>
<b>NET ASSETS :</b>			
Capital Investment Fund		1,286,860,356	1,239,342,576
Revaluation Reserve		441,295,656	441,295,656
Accumulated Surplus		105,022,266	146,514,453
<b>Total Net Assets</b>		<b>1,833,178,277</b>	<b>1,827,152,684</b>

<b>Total Net Assets &amp; Liabilities</b>	<b>2,223,510,974</b>	<b>2,344,873,849</b>
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The Financial Statements set out on pages 63-96 were signed on behalf of Council by:

Vice Chancellor

Name: Prof. Samuel Gudu

Sign: 

Date: 28.09.2022

Head of Finance

Name: CPAK Janet Chwes.

ICPAK Member Number: 10479

Sign: 

Date: 28.09.2022

Chairperson of Council

Name: Dr. Rachael Waak

Sign: 

Date: 28.09.2022

**14. STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2022**

	<b>Capital Investment Fund Ksh</b>	<b>Accumulated Surplus Ksh</b>	<b>Revaluation Reserve Ksh</b>	<b>Total Ksh</b>
<b>Balance at 30th June 2018</b>	<b>768,831,601</b>	<b>178,705,994</b>	<b>519,664,957</b>	<b>1,467,202,552</b>
Development Income Govt Grants	317,731,778	-	-	317,731,778
Development Income TTIS	(100,786,370)	-	-	(100,786,370)
Deficit for the year	-	(20,691,542)	-	(20,691,542)
Excess Depreciation on Revaluation	-	102,755,423	(102,755,423)	-
<b>Balance at 30th June 2019</b>	<b>985,777,009</b>	<b>260,769,875</b>	<b>416,909,534</b>	<b>1,663,456,418</b>
Development Income Govt Grants	319,220,073	-	-	319,220,073
Development Income TTIS	-	-	-	-
Deficit for the year	-	(76,349,784)	-	(76,349,784)
<b>Balance at 30th June 2020</b>	<b>1,304,997,082</b>	<b>184,420,091</b>	<b>416,909,534</b>	<b>1,906,326,707</b>
Development Income Govt Grants	62,504,924	-	-	62,504,924
Completed Projects	(128,159,430)	-	-	(128,159,430)
Deficit for the year	-	(37,905,638)	-	(37,905,638)
Revaluation Surplus	-	-	24,386,122	24,386,122
<b>Balance at 30th June 2021</b>	<b>1,239,342,576</b>	<b>146,514,453</b>	<b>441,295,656</b>	<b>1,827,152,684</b>
Development Income Govt Grants	70,000,000	-	-	70,000,000
Development Income Donors	106,000	-	-	106,000
Completed Projects	(22,482,220)	-	-	(22,482,220)
Deficit for the year	-	(41,492,187)	-	(41,492,187)
Revaluation Surplus	-	-	-	-
<b>Balance at 30th June 2022</b>	<b>1,286,860,356</b>	<b>105,022,266</b>	<b>441,295,656</b>	<b>1,833,284,277</b>

**15. STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 30 JUNE 2022**

<b>Cash Generated From Operations</b>	<b>NOTES</b>	<b>2022</b>	<b>2021</b>
		<b>Ksh</b>	<b>Ksh</b>
Receipts			
Revenue from Non-Exchange Transactions	3b	578,879,558	634,453,057
Revenue from Exchange Transactions	4b	287,477,607	253,746,347
<b>Total Revenue</b>		<b>866,357,165</b>	<b>888,199,404</b>
Payments			
Employee Costs	5b	703,696,133	727,341,667
Repairs & Maintenance	7b	13,832,988	11,735,250
General Expenses	8b	108,641,154	106,884,207
Council Expenses	9b	15,126,037	7,731,640
Academic Expenses	10b	84,038,308	75,606,302
<b>Total Payment</b>		<b>925,334,620</b>	<b>929,299,067</b>
Net Cash flow From Operating Activities	24	(58,977,455)	(41,099,662)
<b>Cash flow from Investing Activities</b>			
Purchase of Non-Current asset	17b	(2,348,452)	(9,632,554)
Development Expense	17c	-	(2,271,637)
Devt Expense- TTI	17d	(2,128,919)	-
Retention Fees Paid		-	(2,089,024)
<b>Net cash flow From Investing Activities</b>		<b>(4,477,371)</b>	<b>(13,993,215)</b>
<b>Cash flow from Financing Activities</b>			
Development Grant		70,106,000	62,504,924
Development Grant - TTI		-	-
Disposal Income		-	-
<b>Net cash flow from Financing Activities</b>		<b>70,106,000</b>	<b>62,504,924</b>
Net increase/(decrease) in cash in hand and bank		6,651,174	7,412,047
Cash and Bank Balance B/f		11,127,009	3,714,962
<b>Cash and Bank Balance C/f</b>	11	<b>17,778,183</b>	<b>11,127,009</b>

Vice Chancellor

Head of Finance

Chairperson of Council

Name: Prof. Samuel Gudu

Name: CPA Janet Chuka

Name: Dr. Rachael M

Sign: 

ICPAK Member Number: 10479

Sign: 

Date: 28/09/2022

Sign: 

Date: 28/09/2022

Date: 28/09/2022

**16. STATEMENT OF BUDGET AND ACTUAL COMPARISON FOR THE YEAR  
ENDED 30<sup>TH</sup> JUNE 2022**

	Original Budget	Adjustments	Final Budget	Actual Expense	Performance Difference	% variance
	Ksh	Ksh	Ksh	Ksh	Ksh	
Income	1,072,745,741	(64,413,274)	1,008,332,467	995,261,562	(13,070,905)	-1
<b>Expenses</b>						
Employee Costs	676,693,623	18,831,731	695,525,354	692,469,637	3,055,717	0
General Expenses	146,806,968	(31,318,742)	115,488,226	108,661,769	6,826,457	6
Council Expenses	10,500,000	3,000,000	13,500,000	15,126,037	(1,626,037)	-12
Academic Costs	55,582,000	25,771,644	81,353,644	84,039,225	(2,685,581)	-3
Repairs and Maintenance	19,850,243	(2,385,000)	17,465,243	13,832,988	3,632,255	21
Devt Expense	102,500,000	(17,500,000)	85,000,000	70,106,000	14,894,000	18
<b>Total</b>	<b>1,011,932,834</b>	<b>-3,600,367</b>	<b>1,008,332,467</b>	<b>984,229,425</b>	<b>24,096,811</b>	

Balance as

per

performance 968,360,956

Less:

Depreciation

Expense (54,231,300)

Add:

Development

Expense 70,106,000

Balance as

per budget

comparison 984,235,656

**BUDGET EXPLANATORY NOTES**

Explanation of differences between budget and actual amounts (10%) over/under)

- a) Council Expenses: Due to special meetings and CBA meetings, council expense was overrun by 12%
- b) Devt Expense: The budget was under-absorbed due to challenges posed by contractor
- c) Repairs and Maintenance was underspent due to cash flow challenges

## 17. NOTES TO THE FINANCIAL STATEMENTS

### 17.1 GENERAL INFORMATION

Rongo University is established by Rongo University Charter of 7<sup>th</sup> October 2016 and derives its authority and accountability from the Universities Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide high quality education through teaching, research, community service and nurture innovative graduates

### 17.2 Statement of Compliance and Basis of Preparation-IPSAS 1

The University's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya Shillings (Ksh.) which is the functional and reporting currency of the institution and all values are rounded to the nearest Shilling. The accounting policies have been consistently applied. The financial statements have been prepared on the basis of the historical cost, except where otherwise stated in the accounting policies below. The Cash Flow statement is prepared using the direct method. The Financial statements are prepared on accrual basis.

The financial statements have been prepared in accordance with the PFM Act, the state Corporations Act, the University's Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied in all the years presented.

### 17.3 Summary of significant accounting policies

#### a) Revenue Recognition

##### *i) Revenue from non-exchange transactions - IPSAS 23*

###### *Exchequer allocations*

The University recognizes Revenue from exchequer allocation when the monies are received and asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Institution and fair value of the asset can be measured reliably.

###### *Transfers from other government entities*

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Institution and can be measured reliably.

## NOTES TO THE FINANCIAL STATEMENTS-CONTINUED

### *ii) Revenue from exchange transactions - IPSAS 9*

#### *a) Fees*

The University recognizes revenue from rendering of services to students (fees) by reference to the stage registration when the outcome of the transaction can be estimated reliably. Fees is therefore accrued per semester as per the approved Almanac and fee structures.

#### **b) Budget Information - IPSAS 24**

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

#### **c) Property, Plant and Equipment - IPSAS 17**

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

It is the policy of the University to charge full depreciation on all its non-current assets in the year of purchase and no depreciation in the year of disposal.

Increase in the carrying amount arising on revaluation of land and buildings are credited to comprehensive income and shown as revaluation reserve in the statement of net assets. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged to the income statement.

Each year, the difference between depreciation based on the revalued carrying amount of the asset (depreciation charged to the income statement), and depreciation based on the assets original cost is transferred from the revaluation reserve to accumulated surplus.

Fixed assets have been depreciated on reducing balance method to write off the costs of the assets over their useful lives at the following rates:

Land	NIL
Building	2.5%

Tractor	37.5%
Motor Vehicle	25%
Computer	30%
Plant and machinery	12.5%
Furniture and Fittings	12.5%
Library books	20%

The assets residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

**d) Intangible Assets - IPSAS 31**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

**e) Provisions - IPSAS 19**

This is where in a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**i) Contingent liabilities**

Contingent liabilities are possible obligations that may arise from past events and whose existence may be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the University; or a present obligation that arises from past events but is not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or ii) the amount of the obligation cannot be measured with sufficient reliability.

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

**ii) Contingent assets**

The University does not recognize contingent assets, but discloses details of possible assets whose existence are contingent on the occurrence or non-occurrence of one or more uncertain future events are not wholly within the control of the University in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that

an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue will be disclosed.

**f) Changes in accounting policies and estimates- IPSAS 3**

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

**g) Employee Benefits - IPSAS 39**

*Retirement Benefits Plans*

The University operates a retirement benefit scheme for all its permanent and pensionable employees, with the Moi University Pension Scheme. Further an amount equivalent to 31% of basic salary is recognized on cash basis as gratuity for all employees on contract. The University's contribution towards employee pension scheme for employees are charged to the statement of financial performance in the year to which the employees rendered their services. The University also contributes to National Social Security Fund (NSSF) a statutory defined contribution scheme registered under the NSSF Act 2013.

**h) Foreign Currency transactions - IPSAS 4**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**i) Leases**

Leases under which the lessor effectively retains the risks and rewards of ownership are classified as operating leases. Obligations incurred under operating leases are charged against income in equal instalments over the period of the lease

**j) Cash and Cash equivalents**

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

**k) Significant Judgements and sources of estimation uncertainty-IPSAS 1**

In preparing the financial statements in conformity with IPSAS, management makes estimates and assumptions that affect the amounts of revenues, expenses, assets and

liabilities, and the related disclosures, presented in the financial statements at the end of the reporting period. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include: provision for audit fees, provision for doubtful debts, useful lives and asset impairment. Notes relating to the subject are included under the affected areas of the financial statements

**j) Estimates and assumptions**

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

**ii) Useful lives and residual values**

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

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

**iii) Provisions**

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

**Iv. Other Income**

Other income amounting to Ksh 30 million relates to research, cafeteria and other miscellaneous income. This collection will offset the related expenses.

## NOTES TO THE FINANCIAL STATEMENTS-CONTINUED

### Adoption of New and Revised Standards

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

Standard	Effective date and impact:
<b>IPSAS 41: Applicable: 1<sup>st</sup> January 2022:</b> Financial Instruments	<p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"><li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li><li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li><li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li></ul>
<b>IPSAS 42: Applicable: 1<sup>st</sup> January 2022</b> Social Benefits	<p>(<i>The University is still assessing the impact of adoption of the standard.</i>)</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"><li>a) The nature of such social benefits provided by the entity;</li><li>b) The key features of the operation of those social benefit schemes; and</li><li>c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li></ol> <p>(<i>The University is still assessing the impact of adoption of the standard.</i>)</p>



**ii. Early adoption of standards**

The University did not early – adopt any new or amended standards in year 2020

**c) Subsequent events**

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

**25 Litigations**

The following two land matters are under litigation:

a) Kamagambo/Kanyajuok/1753

Access Road Dispute between Rongo University and the immediate community

b) Kamagambo/Kanyajuok/1004

Completion of the pending suit on land Parcel

<b>3 Revenue from Non-Exchange Transaction</b>	<b>Ksh</b>	<b>Ksh</b>
	<b>2022</b>	<b>2021</b>
Recurrent Received	578,879,558	551,092,809
Recurrent Accrued	-	-
<b>Total Revenue from Non Exchange Transaction</b>	<b>578,879,558</b>	<b>551,092,809</b>

<b>4 Revenue from Exchange Transaction</b>	<b>Ksh</b>	<b>Ksh</b>
	<b>2022</b>	<b>2021</b>
Fees & Related Charges Received	261,288.007	223,507,188
Fees & Related Charges Accrued	58,798,397	93,619,502
Tender Incomes	-	1,410,680
Cafeteria Charges	5,310,213	4,468,216
Research Income	18,802,394	21,648,041
Rental Income	226,968	207,892
Other Incomes	1,850,025	2,504,330
<b>Total Revenue from Exchange Transaction</b>	<b>346,276,004</b>	<b>347,365,849</b>

From note 4 above, the actual revenue is Sh 287 million (346-59) as compared to Sh 253million collected last year. This is an indication that of the total billings per year, the university collects on average 73% of expected income. Research income is a controlled grant hence not available for operations.

<b>5 Employee costs</b>	<b>Ksh</b>	<b>Ksh</b>
	<b>2022</b>	<b>2021</b>
Basic Salaries & Wages	337,519,835	419,870,524

Pension and Provident	61,282,498	62,525,034
Commuter Allowance	65,617,000	51,894,500
Housing Allowance	143,356,813	149,039,717
Other Allowances	39,739,791	41,284,786
Locum	908,000	366,000
Part-time Lecturers	44,045,700	36,254,400
<b>Employee costs</b>	<b>692,469,637</b>	<b>761,234,961</b>

Employee cost increased by 9% from last year. This was occasioned by payment of the old salaries for a period of 12 months, as opposed to the previous year when new salaries were paid. The University went back to old salaries when supplementary budget did not provide for additional funding to support the new salaries negotiated for the 2017-2021 CBA. The university still owes staff new salaries in arrears for the period 2021-22 FY.

<b>6 Depreciation and amortization expense</b>	<b>Ksh</b>	<b>Ksh</b>
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	53,130,308	32,538
Intangible assets	1,100,992	1,376,240
<b>Total depreciation and amortization</b>	<b>54,231,300</b>	<b>1,408,778</b>

The university revalued its assets in the financial year 2020-21 and hence has charged depreciation on the assets for the year under review.

<b>7 Repairs and maintenance</b>	<b>Ksh</b>	<b>Ksh</b>
	<b>2022</b>	<b>2021</b>
Maintenance of Water & Sewer	305,581	321,800
Maintenance of Plant & Equipment	1,738,289	163,700
Maintenance of Computers	14,499	1,924,066
Maintenance of Catering & Hostels	-	80,500
maintenance of Buildings	247,000	24,600
Maintenance of Motor Vehicle	3,472,733	2,923,522
Computer Expenses	-	-
Minor Works	7,855,220	5,915,437
Maintenance of Grounds & Parks	199,666	381,625
<b>Total repairs and maintenance</b>	<b>13,832,988</b>	<b>11,735,250</b>

Maintenance of computer cost relate to maintenance contracts.

8 General expenses	Ksh	Ksh
	2022	2021
Advertising & Publicity	2,906,708	377,540
Travel & Accommodation	6,937,703	3,417,000
External Travel	347,189	133,721
Internet Communication	7,698,057	3,814,271
Open & Cultural Expense	449,990	-
Audit Expenses	1,392,000	732,000
Library Books and Journals	703,833	1,666,484
Bank Charges	1,203,491	927,133
Committee Expenses	2,488,850	1,854,111
Medical Expenses	12,442,446	32,507,938
Subscriptions	1,497,060	153,910
Electricity, Water & Conservancy	4,593,353	6,990,981
Computer Expenses	2,852,850	4,743,696
Transport Operating Expenses	5,735,670	5,712,793
Cooking Fuel and oil	594,650	1,746,068
Catering Expense	11,299,466	4,745,796
Insurance	18,723,321	10,000,000
Legal expenses	1,797,200	1,253,180
Strategic Planning Expenses	976,800	1,632,568
ICT Infrastructure	744,800	595,634
CSR	205,514	371,100
Farm Expenses	445,175	226,460
Performance Contract	218,500	630,200
Postal and courier	137,826	98,180
Stationery	10,503,657	3,037,796
Public Celebrations	-	10,000
Cleaning Materials	3,659,950	2,964,563
Recruitment Expenses	-	-
Gender Mainstreaming	14,000	287,700
Safety & Disability	75,900	-
Purchase of Security Equipment	18,614	80,758
National Values & Cohesion	-	-
Drug and Alcohol Abuse	100,000	200,000
Uniform & Clothing	-	287,700
Telephone & Communication	1,127,500	1,299,200
Environmental Awareness	64,000	150,000
Staff welfare	907,612	793,803
Sanitary Expenses	832,541	228,722
Training	1,030,326	2,108,040

Office Entertainment	610,619	2,106,945
IGU	723,880	1,650,326
Publishing & Printing	-	219,920
Tender Expenses	135,800	82,600
Purchase of MIS	813,276	952,432
Assets Valuation	-	2,656,900
Seminars & Conference Expenses	1,651,641	3,436,038
<b>Total general expenses</b>	<b>108,661,769</b>	<b>106,884,207</b>

**9 Council Expenses**

	Ksh	Ksh
	2022	2021
Sitting Allowance	5,500,100	2,247,768
Subsistence Expenses	5,459,900	3,077,060
Travel & Related Expenses	902,150	1,145,664
Other Expenses	3,263,887	1,261,147
<b>Total Council Expense</b>	<b>15,126,037</b>	<b>7,731,640</b>

**b Council Expenses**

	Ksh	Ksh
	2022	2021
Sitting Allowance	5,500,100	2,247,768
Subsistence Expenses	5,459,900	3,077,060
Travel & Related Expenses	902,150	1,145,664
Other Expenses	3,263,887	1,261,147
<b>Total Council Expense</b>	<b>15,126,037</b>	<b>7,731,640</b>

**10 ACADEMIC COSTS**

	Ksh	Ksh
	2022	2021
University Publications	58,000	105,400
Student Activities	6,905,571	2,551,995
Teaching Practice & Attachments	22,458,026	6,736,015
Graduation Expenses	4,417,130	3,897,489
Admissions Expense	4,337,750	3,092,400
Examination Expense	5,578,730	2,588,775
Rental	1,606,405	6,776,043
Purchase of Games Equipment	350,990	436,100
Collaboration & Linkages	183,450	944,100
RUSA	1,803,600	2,202,246
Teaching Materials	2,676,062	1,641,610
Inter-university Games	455,700	957,500

Curriculum Development	663,580	563,900
National Shows & Exhibitions	444,600	-
Research Expenses	26,862,032	36,491,384
KUCCPS & CUE	4,771,879	6,205,500
Work Study	465,720	415,845
<b>Total Academic Costs</b>	<b>84,039,225</b>	<b>75,606,302</b>

	<b>Ksh</b>	
	<b>2022</b>	<b>2021</b>
KCB PSSP- 1130114511	1,220,257	3,129,594
KCB GSSP -1139740229	10,736,599	5,657,855
KCB DEVP -1139740091	7,385	484,488
CO-OP PSSP -01129477027400	5,463,947	1,478,188
EQUITY A/C NO 1430270413535	287,456	208,450
<b>Mentoring Institution Accounts</b>		
MABERA TTI KCB -1177876752	-	88,753
KAKRAO TTI KCB -1159020558	50,917	57,148
Cash on Hand	11,623	22,533
<b>Cash and Cash Equivalent</b>	<b>17,778,183</b>	<b>11,127,009</b>
<b>12 Receivables from exchange contracts</b>	<b>Ksh</b>	<b>Ksh</b>
<b>Current receivables</b>	<b>2022</b>	<b>2021</b>
Staff Debtors/ Imprest	8,502,678	3,865,584
Student Debtors	58,798,397	93,619,502
<b>Total Net Receivables</b>	<b>67,301,075</b>	<b>97,485,086</b>
<b>13 Receivables from Non- Exchange Transactions</b>	<b>Ksh</b>	<b>Ksh</b>
	<b>2022</b>	<b>2021</b>
Capitation Grant- Recurrent	-	-
Capitation Grant Devt	43,729,096	103,729,096
<b>Total Receivables from Non exchange Transaction</b>	<b>43,729,096</b>	<b>103,729,096</b>
<b>14 Biological Assets</b>	<b>Ksh</b>	<b>Ksh</b>
	<b>2022</b>	<b>2021</b>
Initial Cost	1,095,000	776,000
Additions\ (Disposals)	120,000	-
Valuation gain\ (Loss)	(225,000)	319,000
<b>Biological Assets</b>	<b>990,000</b>	<b>1,095,000</b>

15 Inventories	Ksh 2022	Ksh 2021
Consumable stores	6,593,202	6,894,764
Medical supplies	903,829	628,095
Spare parts and meters	4,252,502	3,015,369
Catering	376,159	422,120
<b>Total inventories</b>	<b>12,125,692</b>	<b>10,960,348</b>

16 Intangible Assets	Ksh 2022	Ksh 2021
	<b>20%</b>	<b>20%</b>
Opening balance	5,504,960	6,881,200
Additions	-	-
<b>Total</b>	<b>5,504,960</b>	<b>6,881,200</b>
Amortization	1,100,992	1,376,240
<b>Closing balance</b>	<b>4,403,968</b>	<b>5,504,960</b>

**Ronzo University Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

<b>17 a</b>											
										<b>Work In Progress RU</b>	<b>Work In Progress T/t</b>
										<b>Shs'000</b>	<b>Shs'000</b>
	<b>Land</b>	<b>Building</b>	<b>Borehole</b>	<b>Motor vehicles</b>	<b>Computers &amp; Accessories</b>	<b>Plant &amp; Machinery</b>	<b>Furniture &amp; Fittings</b>	<b>Library Books</b>	<b>Progress RU</b>	<b>Progress T/t</b>	<b>Total</b>
<b>Year ended 30 June 2021</b>											
Opening net book amount	Shs'000	0%	2.50%	2.50%	30%	12.50%	12.50%	30%	0	0	Shs'000
Additions	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000			
Transfers	-	-	-	-	-	-	-	-			
Depreciation charge	-	459,077,531	-	-	-	-	-	-	(459,077,531)	-	-
Asset revaluation	208,645,500	(136,096,339)	(32,5538)	-	7,039,780	10,016,123	(38,086,932)	(39,114,139)	-	-	(32,5538)
Closing net book amount	281,045,500	897,095,444	1,268,991	37,410,000	19,906,988	43,864,947	23,893,590	18,510,130	739,810,404	52,166,356	2,114,972,350
<b>At 30 June 2021</b>											
Cost or valuation	281,045,500	897,095,444	1,268,991	37,410,000	19,906,988	43,864,947	23,893,590	18,510,130	739,810,404	52,166,356	2,114,972,350
Net book amount	281,045,500	897,095,444	1,268,991	37,410,000	19,906,988	43,864,947	23,893,590	18,510,130	739,810,404	52,166,356	2,114,972,350
<b>Year ended 30 June 2022</b>											
Opening net book amount	281,045,500	897,095,444	1,268,991	37,410,000	19,906,988	43,864,947	23,893,590	18,510,130	739,810,404	52,166,356	2,114,972,350
Additions	-	-	-	-	-	4,694,052	1,472,224	2,348,452	4,697,270	2,128,919	15,340,917
Transfers	-	22,482,220	-	-	-	-	-	-	(22,482,220)	-	-
Depreciation charge	-	21,865,331	31,725	9,352,500	7,380,312	5,667,146	3,280,255	5,553,039	-	53,130,308	-
Closing net book amount	281,045,500	852,747,893	1,237,266	28,057,500	17,220,728	39,670,025	22,961,787	12,957,091	766,989,894	54,295,275	2,077,182,959
<b>At 30 June 2022</b>											
Cost or valuation	281,045,500	852,747,893	1,237,266	28,057,500	17,220,728	39,670,025	22,961,787	12,957,091	766,989,894	54,295,275	2,077,182,959
Accumulated depreciation	-	21,865,331	31,725	9,352,500	7,380,312	5,667,146	3,280,255	5,553,039	-	53,130,308	-
Net book amount	281,045,500	852,747,893	1,237,266	28,057,500	17,220,728	39,670,025	22,961,787	12,957,091	766,989,894	54,295,275	2,077,182,959

18 Work - in- Progress	Ksh	Ksh
	2022	2021
Water Treatment Plant	102,660,716	100,380,611
Hostel	18,311,762	18,311,762
Gate & Gate House	21,022,338	8,688,260
Fishpond	700,000	700,000
Library	622,455,840	611,729,771
Perimeter Wall	1,839,238	-
<b>Balance C/F</b>	<b>766,989,894</b>	<b>739,810,404</b>

Transferred Projects were:

Tuition Block Phase 1	63,282,387
Tuition Block Phase 2	341,187,799
Overhead power distribution	12,856,920
Ramps	19,055,560
Kitchen & Cold-room	22,694,865
<b>Total</b>	<b>459,077,531</b>

19 Payables From exchange Transactions	Ksh	Ksh
	2022	2021
Payroll Creditors	211,731,029	258,292,434
Part time Creditors	26,518,261	25,615,772
Sundry Creditors	74,081,137	157,743,052
Caution Money	6,237,000	6,244,000
<b>Total trade and other payables</b>	<b>318,567,426</b>	<b>447,895,258</b>

20 Provision	Ksh	Ksh
	2022	2021
Audit Fees	696,000	696,000
Doubtful Debts	1,242,206	2,835,720
<b>Total</b>	<b>1,938,206</b>	<b>3,531,720</b>

21 Payments received in advance	Ksh	Ksh
	2022	2021
School of Education	21,812,805	18,781,104
School of Science	2,573,267	3,919,798

School of Agriculture	1,555,084	2,946,700
School of Business	4,065,316	5,054,753
School of INF	6,471,201	4,390,138
School of Arts	5,508,777	3,816,863
<b>Total</b>	<b>41,986,450</b>	<b>38,909,355</b>

22 Retention Fees	Ksh 2022	Ksh 2021
Tuition Block	14,703,524	14,703,524
Water Treatment Plant	4,990,957	4,931,989
Hostel	1,831,177	1,831,177
Gate & Gate House	1,472,140	1,472,140
Overhead power distribution	763,923	763,923
Fishpond	166,859	166,859
Kakrao TTI	3,728,111	3,515,220
Perimeter Wall	183,924	-
<b>Total</b>	<b>27,840,615</b>	<b>27,384,832</b>

24 Cash generated from operations	KSH 2022	KSH 2021
Surplus/Deficit for the year before tax	(41,492,188)	(37,905,638)
<b>Adjusted for:</b>		
Depreciation	54,231,300	1,408,778
Contribution to provisions	(1,938,206)	(3,531,720)
<b>Working capital adjustments:</b>		
(Increase) Decrease in inventory	(1,165,344)	(3,480,029)
(Increase)Decrease in receivables	30,184,011	(33,864,369)
Increase(decrease) in payables	(98,797,028)	36,273,316
<b>Net cash flows from operating activities</b>	<b>(58,977,455)</b>	<b>(41,099,662)</b>

25 Cash flow statement reconciliation	KSH 2022	KSH 2021
Deficit from operations	(41,492,188)	(37,905,638)
Cash flow from Investing Activities	(4,477,371)	(13,993,215)
Cash flows from financing activities	70,106,000	62,504,924
Net increase in cash in hand and bank	6,651,174	7,412,047
Cash and bank balance B/F	11,127,009	3,714,962
<b>Cash and bank balance C/F</b>	<b>17,778,183</b>	<b>11,127,009</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 26. Financial Risk Management

The University's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The University's financial risk management objectives and policies are detailed below:

#### 26.1 Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by Council. The amounts presented in the statement of financial position are net of allowances for doubtful debts as estimated by the management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the University's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount</b> <b>KSH</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
		<b>KSH</b>	<b>KSH</b>	<b>KSH</b>
<b>At 30 June 2022</b>				
Receivables from exchange transactions	67,301,075	67,301,075	-	-
Receivables from non-exchange transactions	43,729,096	43,729,096	-	-
<b>Total</b>	<b>111,030,171</b>	<b>111,030,171</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2021</b>				
Receivables from exchange transactions	97,485,086	97,485,086	-	-
Receivables from non-exchange transactions	103,729,096	103,729,096	-	-
<b>Total</b>	<b>201,214,182</b>	<b>201,214,182</b>	<b>-</b>	<b>-</b>

## **26.2 Credit risk (Continued)**

The students under the fully performing category are paying their debts as they continue learning. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the University has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from students.

The Council sets the University credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

## **26.3 Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Council, who has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the University under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>over 5 months</b>	<b>Total</b>
	<b>Ksh</b>	<b>Ksh</b>	<b>Ksh</b>	<b>Ksh</b>
<b>At 30th June, 2022</b>				
Trade Payables	15,845,125	79,450,790	223,455,434	318,751,349
Provisions	-	-	-	-
<b>Total</b>	<b>15,845,125</b>	<b>79,450,790</b>	<b>223,455,434</b>	<b>318,751,349</b>
<b>At 30th June, 2021</b>				
Trade Payables	17,718,087	88,889,697	341,287,474	447,895,258
Provisions	-	-	-	-
<b>Total</b>	<b>17,718,087</b>	<b>88,889,697</b>	<b>341,287,474</b>	<b>447,895,258</b>

## **26.4 Market risk**

Council has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters,

while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency.

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The University's interest rate risk arises from bank deposits. The University was exposed to interest rate risk.

*Management of interest rate risk*

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates.

*Sensitivity analysis*

The University analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. Using the end of the year figures, the sensitivity analysis indicates no impact on the statement of financial performance; this is due to the fact that at the end of the financial year there were no investment that would be affected by interest rate fluctuations.

## 26.5 Capital Risk Management

The objective of the University's capital risk management is to safeguard the Council's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2022	2021
	KSH	KSH
Revaluation reserve	441,295,656	441,293,656
Accumulated Surplus	105,022,266	149,942,029
Capital Investment Fund	1,286,860,356	1,235,864,883
<b>Total funds</b>	<b>1,833,284,277</b>	<b>1,827,152,684</b>
Total borrowings	-	-
Less: cash and bank balances	17,778,183	10,373,049
Net debt/(excess cash and cash equivalents)	17,778,183	10,373,049
<b>Gearing</b>	<b>-</b>	<b>-</b>

The university did not borrow in the financial year under review.

## 27. Related Party Balances- IPSAS 20

### 27.1 Nature of related party relationships

The University regards a related party as a person or an Institution with the ability to exert control individually or jointly, or to exercise significant influence over the university, or vice versa. Members of key management are regarded as related parties and comprise Council and Management.

The entity is related to;

- i) The National Government
- ii) The Parent Ministry
- iii) Key management
- iv) Council

	2022	2021
	Ksh	Ksh
<b>Transactions with related parties</b>		
a. <b>Grants from the Govt</b>		
Grants from the Govt	578,879,558	551,092,809
b. <b>Key Mgt. Compensation</b>		
Compensation to the CEO	21,268,867	21,268,867
Compensation to Key Mgt.	37,650,130	36,945,058
<b>Total</b>	<b>58,918,997</b>	<b>58,213,925</b>

## 28. Disclosure on Sustainability of service

The University has employed the following strategies to improve on its sustainability of service and reduce its operational costs

- a) Harmonization of programs
- b) Increased teaching load
- c) Reorganization of schools and offices
- d) Declaration of redundancy

## 29. Events after the reporting period

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

## 30. Ultimate and Holding Entity

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

**31. Currency**

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

**32. Revaluation of Assets**

Rongo University has a revaluation policy of every 3 years. The last valuation of fixed assets was done in June, 2021 by:

Legit Valuers Ltd  
P.O. Box 103505-00101  
NAIROBI

## Appendix I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

### 1. Undisclosed material uncertainty in relation to sustainability of service

The University Council has initiated the process of reforms that will rationalize staff in order to bring down recurrent cost. This is expected to free money which can be used to pay University debts. In addition, the University management is in talks with the government to increase capitation allocation, in order to cater for increased employee expenses brought about by the signed CBA's.

Other measures include increasing of fees, increase research activities and initiate income generating units. These measures have now been added as disclosure in the financials under note 26. This will improve the working capital and financial sustainability over the next financial years.

### 2. Unsupported change in the capital investment fund

The support to the fund has been supported.

### 3. Unresolved prior year Matters

At the time of preparing the financial statements, the University had not yet received the audit report. However, the issues have now been responded to accordingly.

### 4. Noncompliance with law on ethnic composition

Rongo university is a predecessor of Moi Institute of Technology (MIT). The university inherited 85 members of staff from the institute as part of the agreement, these were from the community since MIT was a community based institute. Over the years, the university has made an effort to balance staff through recruitment to reflect the face of Kenya. The University is an equal opportunity employer as evident by our adverts and minority groups are awarded extra points during interviews. However, only successful candidates are considered

### 5. Unsustainable wage bill

Over the years, The Govt has signed 3 National CBA's, resulting to increased salaries. However, funding has never been commensurate to the increments. Council is undertaking reforms to address this issue by doing the following:

- a) Harmonization of programs to reduce part time costs.
- b) Increased teaching load to 8 per year per lecturer from 6
- c) Reorganization of schools from 6 to 4 and offices from 33 to 26 to reduce operational expenses.
- d) Declaring Redundancy to reduce the wage bill

### 6. Unremitted Pay as You Earn (PAYE) deductions

The University had already paid the amounts owing before the deadline in the next month.

### 7. Unremitted N.H.I.F deductions

The University had already paid the amounts owing before the deadline in the next month

**8. Unremitted NSSF deductions**

The University had already paid the amounts owing before the deadline in the next month

**9. None payment of part time lecturers**

The amounts outstanding are unclaimed part time expenses. The University accrues part time expense as liability and payments are made overtime as part time lecturers make their claims. The difference between the liability and the payments is recognized in the financial statement as current liability under note 19.

**10. Student debtors**

The students all pay the requisite fees before being allowed to sit any exams

**11. Delay in completion of water treatment plant**

The project has now been completed. The University is only awaiting handing over after the defect period ends.

**12. Unsupported extension of contract for the construction of library**

Extension for the contract was given by the project management team

**13. Delay in completion of twin workshops, classrooms and office block at Kakrao technical and vocational college**

The delay is brought about by inadequate funds from Migori County Govt and Suna East CDF.

**14. Lack of approved staff establishment**

The University staff establishment is anchored in the strategic plan. On an annual basis, recruitment is as per approved budgets subject to availability of funds.

## Appendix II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects: There were no new projects implemented by Rongo University, funded by development partners.

### Status of Project Completion

	Project	Total Project Cost	Total Expended to date	Completion % to Date	Budget 2021/22	Sources of funds
1	<b>University Projects:</b>					
2	Tuition Block	378,584,087	331,548,087	84	47,000,000	GoK
3	Water Treatment Plant	108,790,054	108,495,280	98	-	GoK
4	Library	1,358,342,492	545,729,771	40	150,000,000	GoK
5	Overhead Power Dist.	15,562,128	15,562,128	83	-	AIA
6	Construction of Main Gate	22,482,220	19,733,425	88	-	AIA
7	<b>Sub Total</b>	<b>1,925,511,370</b>	<b>1,023,817,486</b>		<b>197,000,000</b>	
8	<b>Technical Training Institutions:</b>					
9	Kakrao	53,627,833	48,342,972	86	5,284.861	CDF/ GOK
10	<b>Sub Total</b>	<b>53,627,833</b>	<b>48,342,972</b>			
11	<b>Grand Total</b>	<b>1,979,139,203</b>	<b>1,072,160,458</b>		<b>202,284,861</b>	

## Appendix III: INTER-ENTITY TRANSFERS

Rongo University				
Breakdown of Transfers from State Department of University Education & Research				
FY 21/22				
a.	Recurrent Grants	Bank Statement Date	Amount	Relating FY
		3/8/2021	48,029,458	2021/2022
		1/9/2021	48,029,458	2021/2022
		29/9/2021	48,029,456	2021/2022
		2/11/2021	48,029,458	2021/2022
		26/11/2021	48,029,458	2021/2022
		28/12/2021	48,029,457	2021/2022
		1/2/2022	48,029,458	2021/2022
		2/3/2022	48,029,458	2021/2022
		1/4/2022	48,029,456	2021/2022
		27/4/2022	48,029,458	2021/2022
		6/16/2022	49,292,492	2021/2022
		28/6/2022	49,292,491	2021/2022
	<b>Sub Total</b>		<b>578,879,558</b>	
b.	Development	9/8/2021	35,000,000	
		16/3/2021	35,000,000	
	<b>Sub Total</b>		<b>70,000,000</b>	
	<b>Total</b>		<b>648,879,558</b>	

## Note:

The above amounts have been communicated to and reconciled with the Parent Ministry

Finance Officer

Head of Accounting Unit

Rongo University

Ministry of Education

Sign 

Sign-----