



LAIKIPIA UNIVERSITY



Annual Report & Financial Statements for the Year Ended 30th June 2021

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

(SEPTEMBER, 2021)



Laikipia University is ISO 9001:2015 and ISO/IEC 27001:2013 Certified



Vision : A University for Valued Transformation of Society

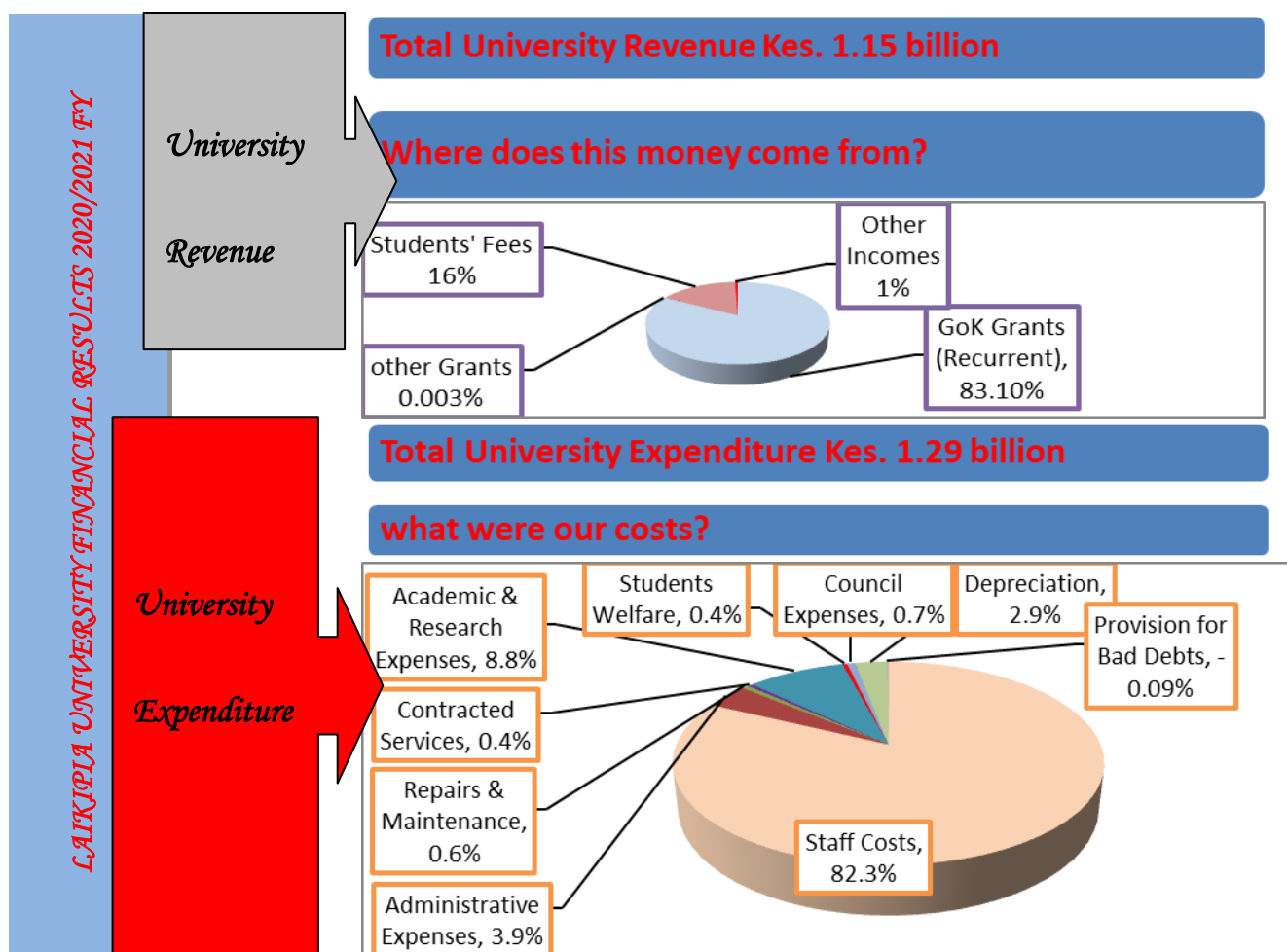
Mission: To serve students and society through research, education, scholarship, training, innovation, outreach and consultancy

FOREWARD

Laikipia University (LU) is a body corporate established through the Laikipia University Charter of 19th February 2013. As the University continues to grow in leaps and bounds, there is need to give full disclosures to the Government, staff and other stakeholders in line with principles of good governance and statutory mandate.

This Annual Report highlights major achievements in the programmes and activities in line with the core mandate of research, education, scholarship, training, innovation, outreach and consultancy. The Report provides a factual presentation of the University's activities for the year ended 30th June, 2021. The Report also contains financial statements of the University and discloses the most important items within Income, Expenses, Assets, Liabilities and Reserves.

From a financial perspective, the University continues to exhibit resilience in its growth trajectory amid tough economic times. However, during the year under review, the University recorded decline in financial performance due to the COVID-19 Pandemic resulting to a deficit of Kes.140 Million in 2020/2021 Financial Year.



ABOUT US

Laikipia University was founded in 1929 as a primary school by William Thomas Alfred Levet. Between 1965 and 1970, the Institution served as a Large-Scale Farmers Training College (LSFTC). The LSFTC was administered by the Ministry of Agriculture and Animal Husbandry. In October 1979, it was converted into an Animal Husbandry and Industry Training Institute (AHITI) offering a two-year course leading to a Certificate in Animal Health. In 1990, Laikipia University was established as a Campus of Egerton University. It remained a campus of Egerton University between 1990 till 2010 offering B.Ed Arts courses. In 2011 it became a Constituent University College of Egerton University until 19th February, 2013.

Laikipia University was awarded Charter on 19th February, 2013 by the then President of the Republic of Kenya; his Excellency Hon. Mwai Kibaki. This made the institution be a fully-fledged University.



Award of Charter (19th February, 2013)

Currently, the University has four (4) schools offering various programmes. The schools are;

- ❖ School of Education (SoE),
- ❖ School of Science and Applied Technology (SSAT),
- ❖ School of Business and Economics (SoBE) and
- ❖ School of Humanities and Development Studies (HDS)

FUNDAMENTAL UNIVERSITY STATEMENTS

FUNDAMENTAL UNIVERSITY STATEMENTS	Our Vision	A University for valued transformation of society
	Our Mission	To serve the students and society through research, education, scholarship, training, innovation, outreach and consultancy
	Our Motto	Seed of Wisdom
	Our Core Values	<div> <div>Quality</div> <ul style="list-style-type: none"> • We value Quality by: • Achieving excellence in quality teaching, learning, research, leadership, people development, relationship management and integrated systems; • Providing progressive and accessible education, research, extension and consultancy solutions; and • Pursuing innovation and an outward looking focus. </div> <div> <div>Integrity</div> <ul style="list-style-type: none"> • We value Integrity by: • Operating ethically; • Acting professionally and honestly; • Treating people with fairness, respect and dignity; and • Being open and transparent in decision-making. </div> <div> <div>Respect</div> <ul style="list-style-type: none"> • We value Respect by: • Working collaboratively; • Listening to others and respecting their point of view; and • Valuing the diversity of people who study and work at LU. </div>

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KEY ENTITY INFORMATION

a) Background Information

Laikipia University is a body corporate established through the Laikipia University Charter of 19th February, 2013. The University is located in Laikipia County, along the Nyahururu-Nakuru Highway. It is situated approximately 11KM from Nyahururu town and 50KM from Nakuru town. Laikipia University has one Campus, with a total enrolment of approximately 8,000 students

b) Principal Activities

The principal activity of the University is as stipulated in the Laikipia University Charter of 19th February, 2013 Part II Sec 7(1) which is to provide directly, or in collaboration with other institutions, integration of teaching, research and effective application of knowledge and skills.

c) Key Management

Laikipia University organs and their functions are anchored in the University Charter of 2013. The main management organs of the University are;

1. University Council
2. Vice Chancellor
3. University Management Board
4. University Senate

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2021 and who had direct responsibility were;

S/No.	Designation	Name
1	Vice Chancellor	Prof. Kibett Rotich, PhD
2	Ag. Deputy Vice Chancellor (ARSA)	Prof. Vicky Khasandi, PhD
3	Ag. Deputy Vice Chancellor (AF&P)	Prof. Isaac Ochieng, PhD
4	Registrar, Academics Affairs	Dr. Raphael Kiugu, PhD
5	Registrar (A&HC)	Dr. Hezron N. Nyamwega, PhD
6	Finance Officer	CPA. Geofrey K. Langat
7	Ag. Procurement Officer	Ms. Violet Mideva

e) Fiduciary Oversight Arrangements

Laikipia University has the following fiduciary oversight arrangements;

(i) Internal Audit Function

Functions of Internal Audit include and not limited to verification and review of periodic financial statements and expressing an opinion on whether they represent the

true financial position of the University before the accounts are submitted to other users.

(ii) Audit, Governance & Risk Management Committee of Council

The Committee reviews financial statements before submission to the University Council focusing on changes of accounting policies, compliance with legal requirements and strengthening the effectiveness of the internal audit function.

(iii) Public Investment Committee (PIC) of National Assembly

The University submits annual audited financial statements to the Public Investment Committee of National Assembly for deliberation and oversight on whether the funds were applied to the intended purpose.

f) Entity Headquarters

Laikipia University
P. O. Box 1100-20300
Nyahururu
Along Nyahururu -Nakuru Road

g) Entity Contacts

TEL: +254-(0) 20 2696596;
Cell: +254 713-552761/ (0)736-299961
www.laikipia.ac.ke

h) Laikipia University Bankers

- | | | |
|--|--|--|
| (i) KCB Bank Kenya Limited
Nyahururu Branch
P.O.Box 64-20300
NYAHURURU | (ii) KCB Bank Kenya Limited
Nakuru Branch
P.O. Box 18-20100
NAKURU | (iii) Equity Bank
Nyahururu Branch
P.O. Box 1048-20300
NYAHURURU |
| (iv) Co-operative Bank of Kenya
Nyahururu Branch
P.O.Box 307-20300
NYAHURURU | (v) Co-operative Bank of Kenya
Nakuru Branch
P.O.Box 2982-20100
NAKURU | |

i) Independent Auditors

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

j) Principal Legal Adviser

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

LAIKIPIA UNIVERSITY COUNCIL



Dr. Ken Nyaundi,
(PhD, LLM, LLB)

Chairman



Dr. Moses Siruri Marwa
(PhD, MSc –HRM, BSc.)

Member



Ms. Ruth Adhiambo Okowa
(MA, BA)

Member



CPA David Namu Kariuki
(MBA, BCom, CPA(K), CPS(K))

Member



Mr. Sammy Oleku
(MBA, BBM, BA)

Member



Dr. Margaret Maimba
(PhD, MSc, BSc)

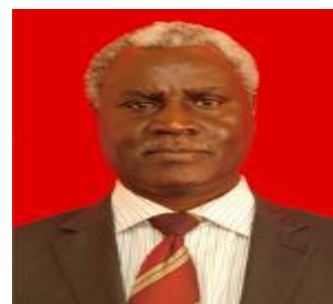
Member



Mr. Joseph Kiarri
(BCom, CIFA)
Rep. PS., The National Treasury



Mr. David Watene
(MEd, BEd.)
Rep. PS., Ministry of Education



Prof. Kibett Rotich
(PhD, MBA, Msc, BSc.)
Vice Chancellor/Council Secretary

University Council Members' Profiles

S/No	Council Member	Date of Birth	Date of Appointment	Key Profession/ Academic Qualifications	Experience
1.	Dr. Ken Nyaundi, (Chairman)	3/1/1967	10/03/2017	<ul style="list-style-type: none"> ➤ PhD - University of Cape Town (SA) ➤ LLM - University of Cape Town (SA) ➤ LLB – UoN 	<ul style="list-style-type: none"> ➤ Partner Marende and Nyaundi Associate ➤ Advocate of the High Court
2.	Dr. Moses Siruri Marwa, (Independent Member)	15/2/1984	10/03/2017	<ul style="list-style-type: none"> ➤ PhD - KU ➤ MSc -HRM, JKUAT ➤ BSc (Agricultural Education and Extension) UoN 	<ul style="list-style-type: none"> ➤ Corporate Relationship Manager- Manufacturing Sector KCB ➤ Corporate Banker (Managerial Level), KCB Corporate Division ➤ Lecturer and Marketer (Skynet Business College Nairobi)
3.	Ms. Ruth Adhiambo Okowa (Independent Member)	4/2/1971	10/03/2017	<ul style="list-style-type: none"> ➤ BA (Demography) - UoN ➤ MA (Demography) - UoN 	<ul style="list-style-type: none"> ➤ Demographer ➤ CEO – Living Water International
4.	CPA David Namu Kariuki (Independent Member)	15/8/1966	10/03/2017	<ul style="list-style-type: none"> ➤ MBA(Strategic Mgt) - , UoN ➤ Bachelor of Commerce, UoN ➤ CPA(K) ➤ CPS(K) 	<ul style="list-style-type: none"> ➤ Finance and Admin Director, Assured Management Solutions Ltd Financial ➤ Controller, Agro-Chemicals and Food Company Ltd ➤ Nairobi Safari Club and Sarova Hotels
5.	Mr. Sammy Oleku (Independent Member)	22/11/1970	24/04/2019	<ul style="list-style-type: none"> ➤ MBA(Strategic Mgt) – Moi ➤ BBM – Moi ➤ BA – Moi ➤ Higher Diploma (Business Admin. & Mgt) – KNEC ➤ Diploma in Mgt of NGOs – KIM ➤ Diploma (Business Admin. & Mgt) – KNEC 	<ul style="list-style-type: none"> ➤ CEO, Pastoralists for Water and Environmental Research (POWER) ➤ Project Coordinator for Holistic Mgt Project, World Vision (K) ➤ Project Coordinator, Rain Water Harvesting – UNEP/ICRAF ➤ Food Relief Coordinator – MPIDO
6.	Dr. Margaret Maimba (Independent Member)	07/01/1960	04/11/2020	<ul style="list-style-type: none"> ➤ PhD, Planning (UoN) ➤ MSc, Geochemistry (University of Leeds- U.K) ➤ BSc, Geology & Chemistry 	<ul style="list-style-type: none"> ➤ Head of Environment and Earth Science Schedule- National Commission for Science, Technology and Innovation ➤ Head of Environment and Earth Science Schedule – Ministry of Education, National Council for Science & Technology (NCST)

					<ul style="list-style-type: none"> ➤ Chief Science Secretary – Ministry of Education ➤ Geologist – Ministry of Environment and Natural Resources ➤ Geochemist – Ministry of Energy
7.	Mr. David Watene (Representing PS., Ministry of Education)	13/09/1967	01/12/2020	<ul style="list-style-type: none"> ➤ MEd. – Education Administration & Planning ➤ BEd – Arts Accounting & Economics (UoN) 	<ul style="list-style-type: none"> ➤ Deputy Director, Higher Education – MoE ➤ Senior Assistant Director ➤ Assistant Director ➤ Senior Education Officer ➤ Education Administrator and Manager/Supervisor
8.	Mr. Joseph Kiarii (Representing PS., National Treasury)	29/09/1966	30/09/2019	<ul style="list-style-type: none"> ➤ Bachelor of Commerce (BCom), Accounting Option, University of Nairobi (UoN) ➤ Certified Investment and Financial Analysts (CIFA) 	<ul style="list-style-type: none"> ➤ Director Portfolio Management and Public Investments, The National Treasury and Planning ➤ Certified Investment and Financial Analysts
9.	Prof. Kibett Rotich (Vice Chancellor/ Council Secretary)	11/02/1958	12.06.2018	<ul style="list-style-type: none"> ➤ MBA (JKUAT) ➤ Post Doctorate in Medical Informatics, (Indiana University-USA) ➤ Ph.D. in Mathematics, Shanghai University of Science and Technology ➤ Msc. Statistics. (University of Southampton – UK) ➤ BSc. Mathematics and Statistics, (University of Nairobi) 	<ul style="list-style-type: none"> ➤ Vice Chancellor, Laikipia University ➤ Deputy Vice Chancellor (Administration and Finance) at Masinde Muliro University of Science and Technology ➤ Deputy Principal (Academic & Student Affairs) at Rongo University College ➤ Acting Principal Garissa University College ➤ Acting Principal at Kabianga Campus ➤ Dean, School of Public Health at Moi University ➤ Professor of Biostatistics at Moi University ➤ Statistician CDC Entebbe Uganda ➤ Consultant Biostatistician for Academic Model for Providing Access to Health Care (AMPATH)

University Council Committees

S/N	Name of Committee	Committee Members
1.	Finance, Investment and General Purposes	1. Dr. Moses Siruri Marwa - Chairperson 2. Ms. Ruth Adhiambo Okowa 3. Mr. Joseph Kiarri 4. Mr. David Watene 5. Prof. Kibett Rotich - Vice Chancellor/Council Secretary
2.	Audit, Governance and Risk Management	1. Mr. David Namu Kariuki - Chairperson 2. Mr. Joseph Kiarri 3. Dr. Margaret Maimba 4. Mr. Sammy Oleku
3.	Human Resource Management	1. Ms. Ruth Adhiambo Okowa - Chairperson 2. Dr. Moses Siruri Marwa 3. Mr. Sammy Oleku 4. Mr. David Watene 5. Prof. Kibett Rotich- Vice Chancellor/Council Secretary
4.	Academic and Research	1. Dr. Margaret Maimba - Chairperson 2. Ms. Ruth Adhiambo Okowa 3. Mr. David Namu Kariuki 4. Mr. David Watene 5. Prof. Kibett Rotich -Vice Chancellor/Council Secretary

UNIVERSITY MANAGEMENT BOARD



Prof. Kibett Rotich
(PhD, MBA, Msc., BSc.)
Vice Chancellor



Prof. Vicky Khasandi
(PhD, MA, BEd)
**Ag. Deputy Vice Chancellor (Academic,
Research and Students Affairs)**



Prof. Isaac Ochieng'
(PhD, MCom., BCom)
**Ag. Deputy Vice Chancellor (Administration,
Finance and Planning)**



Dr. Raphael Kiugu
(PhD, MSc., MEd., BEd.)
**Registrar (Academics
Affairs)**



Dr. Hezron N. Nyamwega
(PhD, MBA, MEd., BA)
**Registrar (Administration
and Human Capital)**



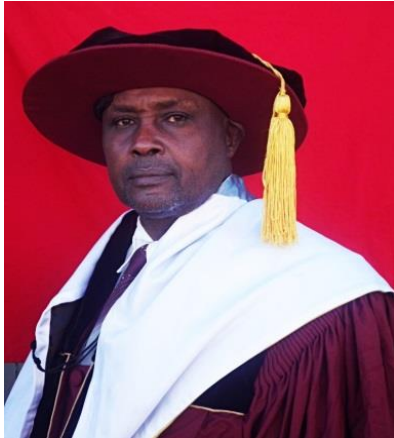
CPA Geoffrey K. Langat
(MBA, BBA, CPA(K))
Finance Officer

University Management Board Members' Profiles

S/No	Name	Date of Birth	Date of Appointment	Qualifications	Experience
1.	Prof. Kibett Rotich (Vice Chancellor/ Council Secretary)	1958	12.06.2018	<ul style="list-style-type: none"> ❖ MBA (JKUAT) ❖ Post Doctorate in Medical Informatics, (Indiana University- USA) ❖ Ph.D. in Mathematics, Shanghai University of Science and Technology ❖ Msc. Statistics. (University of Southampton – UK) ❖ BSc. Mathematics and Statistics, (University of Nairobi) 	<ul style="list-style-type: none"> ➤ Vice Chancellor, Laikipia University ➤ Deputy Vice Chancellor (Administration and Finance) at Masinde Muliro University of Science and Technology ➤ Deputy Principal (Academic & Student Affairs) at Rongo University College ➤ Acting Principal Garissa University College ➤ Acting Principal at Kabianga Campus ➤ Dean, School of Public Health at Moi University ➤ Professor of Biostatistics at Moi University ➤ Statistician CDC Entebbe Uganda ➤ Consultant Biostatistician for Academic Model for Providing Access to Health Care (AMPATH)
2.	Prof. Vicky Khasandi, Ag. Deputy Vice-Chancellor (Academic Research & Students' Affairs)	1968	18.12.2020	<ul style="list-style-type: none"> ❖ PhD, Applied Linguistics and English Language (University of Warwick, UK) ❖ MA, English Language & Linguistic (Egerton University) ❖ BEd Arts, Linguistic and Literature (UoN) 	<ul style="list-style-type: none"> ➤ Ag. Deputy Vice Chancellor (Academic, Research and Students Affairs) ➤ Dean School of Humanities- Laikipia University ➤ CoD, Department of Literature & Communication studies - Laikipia University
3.	Prof. Isaac Ochieng, Ag. Deputy Vice-Chancellor (Administration, Finance & Planning)	1972	03.06.2018	<ul style="list-style-type: none"> ❖ PhD. (M.L.S.U. University) ❖ MCom. (M.L.S.U. University) ❖ BCom. (M.L.S.U. University) 	<ul style="list-style-type: none"> ➤ Ag. Deputy Vice chancellor (AFP) (Laikipia University) ➤ Dean, School of Business- (Laikipia University) ➤ CoD, Department of Economics & Business (Laikipia University) ➤ CoD, Department of Mathematics & Business (Laikipia University) ➤ Examination Officer, Department of Commerce (Laikipia)

					<p>University)</p> <ul style="list-style-type: none"> ➤ Associate Professor, Department of Commerce (Laikipia University) ➤ Senior Lecture, Department of Commerce (Laikipia University) ➤ Lecturer, Department of Commerce (Laikipia University)
4.	Dr. Raphael Kiugu, Registrar (Academics Affairs)	1962	16/05/2011	<ul style="list-style-type: none"> ❖ PhD. (State Univ. – New York) ❖ MSc. Educ. Administration & Policy (Univ. of New York) ❖ Med. Econ & Planning (Kenyatta University) ❖ Bed. (Kenyatta University) 	<ul style="list-style-type: none"> ➤ Registrar AA, Laikipia University ➤ Registrar AA (African Nazarene Univ.) ➤ Lecturer, (UoN) ➤ Assistant Lecturer (Egerton)
5.	Dr. Hezron N. Nyamwega Registrar (Administration & Human Capital)	1970	02/11/2020	<ul style="list-style-type: none"> ❖ PhD. (Catholic University of Eastern Africa) ❖ MBA (UoN) ❖ Med. Psychology (Moi) ❖ BA.Educ. (Moi) 	<ul style="list-style-type: none"> ➤ Registrar AHC – Laikipia University ➤ Assistant Director HR (Remuneration) at SRC ➤ HR and Capacity Building Advisor Government of South Sudan ➤ Principal HR and Development Officer, Ministry of Environment, Water and Irrigation ➤ Chief HR Mgt and Development Officer, Office of the President ➤ Part Time Lecturer, SEKU ➤ Teacher, Paul Boit Kaplong Secondary
6.	CPA Geoffrey K. Langat Finance Officer	1968	16/12/1991	<ul style="list-style-type: none"> ❖ CPA(K) ❖ MBA (Egerton University) ❖ BBA (Kenya Methodist University) 	<ul style="list-style-type: none"> ➤ Finance Officer – Laikipia University ➤ Deputy Finance Officer (Laikipia University) ➤ Senior Accountant (Egerton University – Laikipia Campus) ➤ Assistant Accountant (Egerton University)

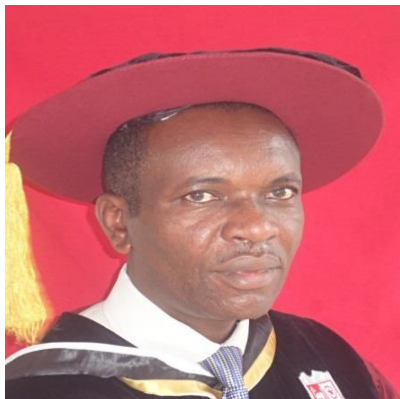
DEANS OF SCHOOLS



Prof. Mbuthia Ngunjiri
(PhD, MEd, BEd.)
Dean, School of Education



Prof. Charles Nguta
(PhD. MSc, BSc.)
**Dean, School of Science and
Applied Technology**



Dr. Peter Mwaura
(PhD, MBA, BCom.)
Ag. Dean, School of Business



Dr. Sheila Wandera
(PhD. MA, Bed.)
**Ag. Dean, School of Humanities and
Development Studies**

CORE BUSINESS OF LAIKIPIA UNIVERSITY

The main objectives of the University are stipulated in the Laikipia University Charter of 19th February, 2013. Part II Sec 7(1) of the Charter provides the functions and objectives of the University which are;

- a) To provide directly, or in collaboration with other institutions, integration of teaching, research and effective application of knowledge and skills;
- b) Participate in scholarly work, discovery, transmission, utilization, preservation and enhancement of knowledge with a view to stimulating intellectual participation of students in the economic, social, cultural, scientific and technological development of Kenya;
- c) Establish centers of excellence, colleges, schools, faculties, institutes, departments, and other resource and administrative units as may be appropriate;
- d) Facilitate student and staff mobility between programmes of study at local, regional, and international universities and institutions;
- e) Participate in commercial ventures and activities that promote the objectives of the institutions;
- f) Foster the general welfare of staff and students;
- g) Develop and provide educational, cultural and professional services that foster corporate social responsibility in the University and collaborating institutions;
- h) Promote equity and social justice;
- i) Offer continuing professional development opportunities;
- j) Conduct examinations for and to grant and confer such academic awards as may be provided for in the Act and the Statutes;
- k) Establish a High Altitude International Sports Training Centre for training, teaching, research, and recreation;
- l) Contribute to sustainable development of Arid, and Semi-Arid Lands resources of Kenya;
- m) Engage in action research, extension and outreach; and
- n) Establish an Information, Communication and Technology hub in teaching, research, training, innovation, outreach and consultancy in the region and globally.

STATEMENT FROM THE CHAIRMAN OF COUNCIL

Although the 2020/2021 Financial Year was marked by a slowdown of economic activities due to challenges posed by COVID-19, It is my pleasure, honour, and privilege on behalf of the Laikipia University Council to present to you, the Annual Report and Financial Statements for the year ended 30th June, 2021. This annual report helps us to reflect on our performance for the 2020/2021 Financial Year. This gives us an opportunity to celebrate the milestones achieved by the University and at the same time, identify areas of improvement.



Dr. Ken Nyaundi, PhD

The demand for higher education in the country has continued to rise prompting the University to continually review its programmes in line with the market demand. In future, this will help sustain the University financially and shall give the graduates the required orientation and prerequisite in the contemporary work market.

During the 2020/2021 Financial Year, the University made remarkable achievements through the harnessed synergy of staff members and stakeholders. Accordingly, the University rebranded itself in various frontiers amongst them; maintaining the University ISO certification, formulation and review of various University policies, establishment of the Technical, Vocational and Education Training (TVET) Institute, revision of the University curricula among others. These aspects have invigorated the University activities and hence guaranteed customer satisfaction and effective operations. Moreover, the University Council developed contemporary policies that steered rationalization of activities and ensured cost reduction in University operations.

The University Council has remained alive and focused on its mandate and hence supported the University towards the attaining its corporate goals and meeting set objectives. As a policy making organ of the University, the Council has focused on expansion of the University while maintaining quality in line with its vision. In line with the GoK policy, the University has increased access to higher education through additional admission of students. This in effect has led to increase in operation costs and need for more physical facilities to support teaching and learning.

Overall Performance

The year 2020/2021 financial performance was achieved through concerted effort by the University Council, Management Board and the entire staff of Laikipia University. However, the University financial performance as witnessed in other national and global economic sectors was affected by the COVID-19 Pandemic resulting to decline in internal revenue by 21.4%. Government capitation increased by 10.4% hence growth in total revenue by 3.4% from Kes. 1.11 billion in 2019/2020 to Kes. 1.15 billion in 2020/2021 Financial Year. The University experienced a deficit of Kes. 140.34 million in the 2020/2021 FY compared to a deficit of Kes. 45.62 million in 2019/2020 FY. The net assets also declined by 5.5% from Kes. 2.0 billion in 2019/2020 to Kes. 1.89 billion in 2020/2021 FY.

University Strategic Focus

The University continued to perform well in other areas as detailed in the operational highlights report. The University implemented its strategic plan and retained its certification to ISO 9001:2015 and ISO/IEC 27001:2013 after surveillance audits by Kenya Bureau of Standards (KEBS). The University aligned its strategic-focus and initiatives to all core areas of operations within the University. The University's Strategic Plan will remain a key reference blueprint for the University in the path of implementation of its turnaround strategies and strategic focused initiatives. To this effect, the University has put in place strategies to leverage on opportunities in the markets. The University commits to implement its strategy to enable the University grow its financial muscle in the coming years.

Challenges

Laikipia University has experienced various challenges that include; reduced enrolment number of students, inadequate funding, incomplete tuition facilities, and low number of academic faculties among other challenges. This has adversely affected the smooth operations of the University in many ways.

Way forward

To alleviate on these challenges, the University has reached out to the Government for more funding. The University has also established a Directorate of Resource Mobilization and Investment to help generate more revenue. Equally, the University has established a Technical, Vocational and Education Training Institute (TVET) to assist generate more funds.

Conclusion

On behalf of my fellow Council members, it's a pleasure to look ahead to a progressive University. I would like to congratulate and thank the University Management Board and Staff fraternity for their diligence and dedication during 2020/2021 FY. I would also like to acknowledge, with appreciation, the invaluable support from the Council members which has aided steer the University's activities and strategies successfully throughout 2020/2021 FY.

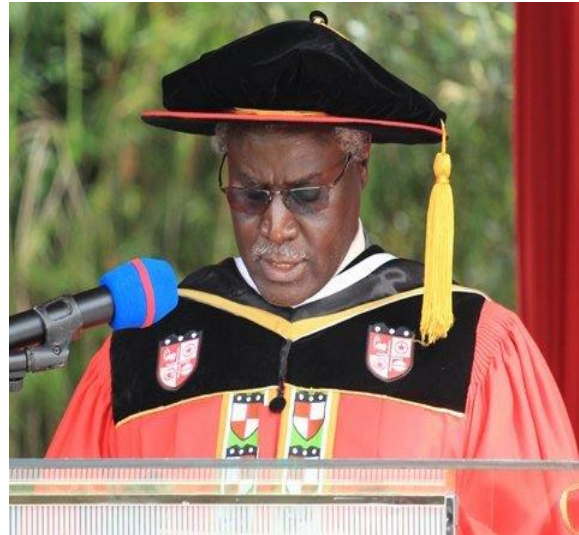
I wish to recognize, with gratitude, the vital support, confidence, allegiance and trust that we have continued to receive from the Government of Kenya through the Ministry of Education, Suppliers and other stakeholders within the industry. The University Council will continue working closely with University Management Board especially in the implementation of the Strategic Plan that the Council believe will take Laikipia University to the next level of academic excellence and continue playing a significant role in serving humanity.



Dr. Ken Nyaundi, PhD.
CHAIRMAN OF COUNCIL

STATEMENT FROM THE VICE CHANCELLOR

Once again, it gives me pleasure to present the Laikipia University Annual Report and Financial Statements for the year ended 30th June 2021. The higher education sector and particularly public institutions like Laikipia University have continued to rely heavily on Government capitation and student fees, which is hardly enough for operations and sustainability. This continues to call for great prudence in financial management practices to ensure that the limited available resources are applied properly.



Prof. Kibett Rotich, PhD

Globally and regionally, the Education Sector continues to witness numerous changes that are propelled by; changes in Government Policies, empowered stakeholders and changing regulatory environment. It is a great honour to note that the University has continued to submit in time financial reports to relevant stakeholders.

The Annual Report and Financial Statement for the year ended 30th June, 2021 is an indication of the operations that were undertaken in the University in 2020/2021 Financial Year. Notwithstanding the challenging environment prompted by COVID-19 Pandemic, the report provides ample evidence of the determination by the University fraternity to build a successful University. The University's commitment is to remain one of the world's great institutions of; Research, Education, Scholarship, Training, Innovation, Outreach and Consultancy, as enshrined in the University's Mission and Vision.

It is worth noting that University recorded lower income than expected due to disruption of the University calendar that led to loss of one (1) semester. The disruption was occasioned by the adverse effects of COVID -19 Pandemic.

The 2020/2021 Annual Report and Financial Statements also captures the events of the year including, physical infrastructure development and utilization of funds. The Report reflects the commitment and determination of the University to achieve excellence, despite the hurdles occasioned by economic down turn and its impact on recurrent funding from the Exchequer.

The University continued to offer education and training to meet the needs and aspirations of the Kenyan people, as evident in the highlights of academic programmes undertaken in the Schools at the University. The University programmes remain critical in the wake of global economic crisis that threatens the socio-economic growth of developing nations. To mitigate on this, the University has reviewed curriculum to align its programmes to Competence Based Curriculum.

Further, as part of world trends and practices, the report carries detailed information on the University's financial performance during the year, providing a summary of the financial wellbeing of the University as a corporate entity. The Report notes that while there was prudent management of the human, material and financial resources; the zeal and commitment of staff was critical in enabling the University to discharge its mandate.

Financial Resources

Laikipia University relies heavily on the Government funding in order to run its operations. Although funding from the Government has increased over the years, it is not commensurate with the cost incurred by the University in provision of services. This deficit in funding is particularly noticeable in respect of Capital Funding from the National Government which has been on the downward trend. With a view to supplementing the capitation from Government, the University has created a Directorate of Resource Mobilization and Investment to help generate more revenue. The University will seek to strengthen its financial position to optimally use the scarce available resources to discharge its mandate. Through this prudent use of the resources, the University will enhance efficacy and effectiveness in its service delivery and in the long run become sustainable financially.

Through the prudent utilization of the available scarce resources, the University has been able to meet its regulatory and statutory obligations as and when they fall due. Members of staff are paid their salaries on timely basis. These aspects have enabled provision of a conducive working environment to all members of staff.

Automation of University Operations

To ensure that University operations have been automated, the University procured Enterprise Resource Planning (ERP) and the system is being implemented by the Vendor ABNO Solutions. The ERP has integrated various functions and activities through the interlinked modules. These modules include; Students Management, Financial Management, Procurement and Stores Management, Human Resource Management, Payroll Management, Students Academics,

Timetabling, Hostel Management, Library Management, Health Management, Staff and Students' Portal among others. To improve on University connectivity, the University has procured and expanded internet connectivity networks (Local Area Network - LAN and WIFI) and also increased hotspots points in the University. The expansion of LAN and WIFI has supplemented the use of physical learning library resources and has promoted; research, teaching and learning. Amidst COVID-19 challenges, the University has embraced blended (physical and virtual) teaching and learning, conduct of meetings, conferences and seminars.

Strategic Plan

In 2019 the University launched 2018/2019 to 2022/2023 Strategic Plan and aligned it to the “Big Four” Agenda, Medium-Term Plan III of Kenya Vision 2030 Development Blueprint. The Strategic Plan is a pathway that outlines areas of strategic focus. It is an important guide which provides a vibrant tool for the University in realizing her mandate. The Plan outlines the future needs and aspirations of all stakeholders, and provides a framework through which the University would achieve her desired future. The Strategic Plan emphasizes on transformational leadership at all levels of the University management and a change of mind-set among key stakeholders to make Laikipia University a true University for valued transformation of society. The Plan hence guides the strategic direction for the University and provides a roadmap to mobilizing and budgeting of resources for the lifespan of the Strategic Plan. The University will continue with the implementation of the five year strategic plan with a view to achieving the set strategic objectives.

Conferences hosted by the University

During the 2020/2021 FY, the University hosted the 1st Pan-African CO₂ Compensation Certification Conference whose theme was Greening Africa Together (GATo-CCCC). The University also hosted the Early Career Research Leader Fellowship (ECRLF) workshop whose theme was to promote multi-disciplinary research approaches for sustainable agricultural development. Both events were a blend of physical and virtual attendance and were concluded successfully with attendance from across the globe.

Vaccination against COVID -19

During the 2020/2021 FY, the University through the Medical Department organized and facilitated University staff to get vaccination for COVID -19. Members of staff were voluntarily vaccinated.

Challenges

Laikipia University just like other Universities has experienced various challenges over time. These include; reduced students' enrolment, inadequate funding, incomplete tuition facilities, and low number of academic faculties among other challenges. This has adversely affected the smooth operations of the University in many ways. For instance; the University is straining to pay part time lecturers as required. The University is compelled to use incomplete buildings as tuition facilities to offer teaching and learning.

Way forward

To mitigate on the challenges experienced, the University has put in place mechanisms to cushion itself against inadequate funding and non-payment of part time lecturers. As a stop gap, the University has lobbied for more funding from the Government. The University has also established a Directorate of Resource Mobilization and Investment to help generate more revenue to supplement the funding by the Government. In addition, the University has established a Technical, Vocational and Education Training (TVET) Institute to assist generate more funds and in the long run get students transiting to the Degree programmes on Self Sponsored Programme.

Appreciation

I take this opportunity to thank the University Council for their support to the University. I would also like to thank the Government through the Ministry of Education for its financial support throughout the year under review and also appeal for more support especially for purposes of establishing suitable facilities required by the University. I also take this opportunity to thank the University Management Board for their support as well as the dedicated and talented staff and students for their efforts in making sure that the University achieves its goals and objectives. Lastly, I appreciate our service providers, suppliers and all other stakeholders for their respective contributions to the University during the year. We look forward to an even progressive year in 2021/2022 Financial Year.



Prof. Kibett Rotich, Ph.D

Professor of Biostatistics and Informatics

VICE CHANCELLOR

STATEMENT OF LAIKIPIA UNIVERSITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

The Strategic Plan FY 2018/19-2022/2023 has always informed the University Performance Contract in terms of generating targets and activities as required by the Performance Contracting Guidelines. The Strategic Plan is hence one of the requisite documents during the performance contracting negotiation and vetting process.

Laikipia University has Nine (9) strategic issues and objectives within the current Strategic Plan for the FY 2018/2019-2022/2023.

These strategic issues are as follows:

Strategic Issue 1: Student Enrolment;

Strategic Issue 2: Academic Services;

Strategic Issue 3: Research, Innovation and Consultancy;

Strategic Issue 4: Governance;

Strategic Issue 5: Human Capital;

Strategic Issue 6: Physical Infrastructure;

Strategic Issue 7: Financial Management, Investment and Resource Mobilization;

Strategic Issue 8: Quality Assurance and Standards; and

Strategic Issue 9: Technical Vocational Education and Training.

Laikipia University develops its Annual Work Plans based on the above Nine (9) Strategic Issues. 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 2020/2021 period for its Nine (9) Issues as indicated in the table below:

	Strategic Objective	Strategy	Activity	Key Performance Indicators	Achievement
1. Student Enrolment	To increase student enrolment from 7,928 in 2018/2019 to 12,000 by 2022/2023	Launch one (1) niche programme for the University	Market the niche programme	One (1) niche programme marketed	Four (4) niche programmes identified: <ul style="list-style-type: none"> • Bachelor of Education Arts, • Bachelors of Arts in Communication and Media, • Bachelors of Science(Economics& Statistics) and • Bachelors of Science in Corporate Forensics and Audit.
		Introduce alternative modes of study	Establish in ODeI in Bcom and PhD Course work	Two (2) ODeI Programmes Established	Human Rights and Introduction to Computers completed
2. Academic Services	To review and develop market driven academic programmes	Review existing programmes and develop market driven programmes	Revise existing and develop new programmes	All University programmes reviewed and 3 programmes developed	Fifty Four (54) programmes reviewed awaiting approval while development of four new programmes is in progress
	To integrate ICT in teaching and learning	Adopt ICT in teaching and learning	Capacity build staff on use of ICT in teaching and learning	Fifty (50) academic staff trained	Fifty (50) academic staff trained
			Establish ICT teaching and learning platform in departments	LCD Projector and screen, Laptop, and Printer, procured for each of the Twelve (12) academic departments.	Six (6) LCD Projector, Six (6) Screens and Two (2) laptops procured

				E-learning software installed	E-learning software installed
			Offer two (2) common core university courses on e-learning	Human Rights and Communication Skills offered on e-learning	Human Rights and Communication Skills offered on e-learning
			Capacity build staff in the office of the Registrar, Academic Affairs	Number of staff trained	Fourteen (14) staff trained
			Sensitize students on use of ERP for admissions and registration	Number of sensitizations undertaken	Three (3) sensitizations undertaken
	To improve the student admission and registration process	Automate the student admission and registration process	Monitor and evaluate the admission and registration process	Number of monitoring and evaluation reports generated	Two (2) reports generated
3. Research, Innovation and Consultancy	To increase research, innovation and consultancy activities	Enhance funding for research activities	Allocate at least 2% of the total development budget to research	2% of the total development budget allocated	1.6% of the 2020/2021 budget allocated to research
4. Governance	To review, formulate and implement relevant policies	Review and formulate relevant University policies	Formulate, review and implement policies according to the schedule	Reviewed, Approved and Implemented policies schedule	Thirty Three (33) policies reviewed and formulated
	To enhance transformational leadership and Corporate governance	Enhance management and staff capacity on corporate mgt.	Train management and staff on corporate management	Number of staff trained	One Hundred sixty three (163) staff trained
		Rationalize operational structures	Review and implement operational structures	Implementation report	Three (3) operational structures reviewed and implemented
5. Human Capital	To attract and retain competent staff	Enhance attraction and retention of competent staff	Review career progression guidelines and staff establishment	Career progression guidelines and Staff establishment	Career progression guidelines and Staff establishment in place
			Develop reward and sanction guidelines	Reward and sanction guidelines	Reward and Recognition Policy in place

			Review staff appraisal system	Staff appraisal system	Staff appraisal system in place
		Place staff based on skills and competencies	Train and deploy staff based on skills and competencies	Assessment report, Number of staff trained and deployed	One (1) report generated, six (6) staff approved for training and deployment
6. Physical Infrastructure	To improve University buildings and equipment	Revitalize the farm department	Reconstruct farm infrastructure	Number of farm facilities reconstructed	Three (3) structures (Pigsty, Sheep pen and poultry pens) reconstructed
		Expand Science and Applied Technology facilities	Complete the science complex	Certificate of completion	Forty Seven (47%) complete
	To enhance University equipment	Improve University security	Install CCTV	CCTV installation	CCTV installed
		Expand Electronic Media Studio services	Install additional Electronic Media equipment	Additional electronic media studio equipment installed	All equipment installed
		Expand university transport fleet	Purchase two (2) saloon cars	Number of saloon cars Purchased	One (1) saloon car purchased
7. Financial Management, Investment and Resource Mobilization	To explore alternative sources of revenue investment and resource mobilization	Diversify sources of revenue	Commercialize health services at a fee	Income Generation	Kes. 1.5m Generated
			Establish water bottling plant	Income Generation	Kes. 34,700 Generated
			Expand soap production	Income Generation	Kes. 8,500 Generated
			Initiate partnerships and collaborations for revenue generation	Income Generation	Kes. 40,000 Generated
	To strengthen Financial Management and internal financial control system	Enhance prudent Financial Management, Investment and Resource Mobilization	Compliance to the budget	Percentage compliance	One hundred and two (102) % compliance with the budget
			Adherence to procurement plan	Percentage adherence	Sixty one (61) % adherence to the procurement plan
		Strengthen internal financial control system	Automate financial system	Automated financial system	Automation done
			Intensify internal audits	Number of internal audit	Seven (7) internal audit reports

				reports	generated
			Establish and operationalize a monitoring and evaluation unit	Operationalized M&E unit	A Monitoring and Evaluation Committee in place
8. Quality Assurance and Standards	To strengthen Quality Assurance and Standards	Ensure quality in University operations	Conduct quality audits on teaching and learning, tracer studies, students transition and completion rates, admission criteria, support services, student transition rate	Number of interventions undertaken based on the audit report	Six (6) surveys conducted and implementation of interventions on-going
		Conform to applicable standards	Maintain QMS based on ISO 9001:2015 standard and ISMS based on ISO 27001:2013 standard	Certification, Audit Reports and Management Review Minutes	Maintained Certification, Two Audit reports and Three Management Review Minutes generated
9. Technical Vocational Education and Training	To widen and increase access to technical and vocational education	Establish and operationalize a TVET Institute	Register the University with TVET	Certificate of registration	Certificate of registration awarded by Technical and Vocation and Training Authority
			Implement TVET programmes	Number of students enrolled on TVET	1,400 capacity declared to KUCCPS for admission set for the FY 2021/2022
			Mount new niche programmes	Number of new niche programmes mounted	Fourteen (14) Programmes approved for mounting

CORPORATE GOVERNANCE, MANAGEMENT AND ETHICS

The following information describes the governance and legal structure of the University. These governance arrangements are for the most part set out in the; Universities Act 2012, University Charter, Statutes and other Regulations.

University Council

The University Council presided by a chairperson is an organ established to govern the University and to assist in promoting its foundational and educational aims. The University Council is the supreme organ that oversees the running of the University through the University Management Board and the Senate. The Council provides facilities necessary for carrying out the academic and administrative mandate of the University in accordance with the Charter and Statutes. The Council is responsible for the governance of the University and is accountable to the citizens of the country for ensuring that the University complies with the relevant laws and maintains the highest standard of corporate governance, academic standards and ethics. Accordingly, the Council attaches great importance to the generally accepted corporate governance practices and the need to conduct the activities and operations of the University with integrity, quality and respect. The Council defines the; University strategies, objectives and values and ensures that procedures and practices are set in place to guarantee effective financial controls, strategic and operational efficiency.

The appointment and succession planning of the Council members is guided by the Ministry of Education. Their remunerations are guided by the Guidelines on Terms and Conditions of Service for State Corporations 2004 and Government circulars as provided from time to time. The Council Performance Evaluation is conducted annually by the State Corporation Advisory Committee (SCAC) and the results presented to respective members during a Council meeting.

The University has functional governance organs and structures. Laikipia University Council oversees the execution of its mandate. This mandate is executed through various functional Committees established by the Council as guided by; Council Charter, the Code of Conduct, *Mwongozo* among others.

Conflict of Interest Policy and Disclosures

Laikipia University is committed to the highest standards of transparency, probity and accountability. It seeks to conduct its affairs in a responsible manner considering the requirements of the law and the human standards fostered by the University. Guided by a conflict of interest policy, all members of the University community, from the University Council to the Management Board,



all teaching and non-teaching staff are bound by this policy. The University perceives conflict of interest to be wherever there is personal, professional, and commercial or financial interests of activities outside of the University.

Council Meetings

The University Council holds its regular meetings on a quarterly basis as per the approved almanac and guidelines by the State Corporation Advisory Committee (SCAC), while special meetings are held when necessary as need arises. In all the meeting the Council members; sign the attendance register, declare and sign conflict of interest register.

Provided below is the analysis of the respective Committee meetings as held during the 2020/21 FY and as guided by enlisted key.

Key:

1. ✓ Means member attended the meeting
2. * Means member did not attend the meeting
3. – Means member was either yet to be appointed or exited

During the period under review, the University Council held eleven (11) meetings as indicated below;

Council Member	Date of Meeting										
	07/08/2 020	10/09/2 020	25/09/2 020	05/10/2 020	23/10/2 020	30/10/2 020	10/11/2 020	18.12.2 020	29.01.2 021	23.04.2 021	25.06.2 021
Dr. Ken Nyaundi - Chairperson	*	✓	✓	✓	✓	*	✓	*	✓	✓	✓
Dr. Moses Siruri Marwa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Ruth Adhiambo Okowa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. David Namu Kariuki	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Margaret Maimba	–	–	–	–	–	–	–	✓	✓	✓	✓
Mr. Sammy Oleku	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Joseph Kiarri	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Mary Gaturu	✓	✓	✓	✓	✓	✓	✓	–	–	–	–
Mr. David Watene	–	–	–	–	–	–	–	✓	✓	✓	✓
Prof. Kibett Rotich – VC/Council Secretary	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Committees of the Council

The University Council works through committees. There are four (4) committees that assist in executing the mandate of the Council. The Council is guided by code of conduct, **Mwongozo**, on the number of Committees that can be established by the University Council for it to discharge its mandate. Occasioned by this guidance, the Council set up four (4) Committees namely;

- Finance Investment and General Purposes,
- Audit, Governance and Risk Management,
- Human Resource Management,
- Academic and Research Committee.

The Council has the prerogative to establish *Ad Hoc* Committees to handle stipulated issues with well-defined terms of references as set up by Laikipia University Council. This enables flawless governance and facilitates efficient decision making by the Council. Ordinary University Council Committee meetings are held every quarter, and their reports are thereafter discussed at the University Council meetings.

Audit, Governance and Risk Management Committee

The committee assists the University Council to fulfill its corporate governance responsibilities and in particular to:

- ❖ Review financial statements before submission to the University Council focusing on changes of accounting policies, compliance with the International Public Sector Accounting Standards and legal requirements and the going concern assumption.
- ❖ Strengthen the effectiveness of the internal audit function.
- ❖ Maintain oversight on internal control systems
- ❖ Review and make recommendations regarding the University's budgets, financial plans and risk management.

During the period under review, the Audit, Governance and Risk Management Committee held seven (7) meetings as indicated below;

Council Member	Date of Meeting						
	05/08/2020	23/09/2020	28/10/2020	15/01/2021	28/01/2021	15/04/2021	18/06/2021
Mr. David Namu Kariuki - Chairperson	√	√	√	√	√	√	√
Mr. Joseph Kiarii	√	√	√	√	*	√	√
Dr. Margaret Maimba	—	—	—	√	√	√	√
Dr. Mary Gaturu	—	—	—	—	—	—	—
Mr. Moses Gakuru	√	√	√	√	—	√	√
Mr. Sammy Oleku	—	—	—	√	√	√	√

Finance, Investment and General Purposes Committee

Laikipia University has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. This covers systems for obtaining authority for all transactions and ensuring compliance with the laws and regulations that have significant financial implications. In reviewing the effectiveness of the internal control system, the University Council takes into account the results of work carried out to audit and review the University activities. The University Council also considers the management accounts for each quarter, reports from each council committee, annual budgetary proposals, major issues and strategic opportunities for the University.

The Finance, Investment and General Purposes Committee of Council held seven (7) meetings during the year as shown below;

Council Member	Date of Meeting						
	06/08/2020	18/08/2020	24/09/2020	29/10/2020	28/01/2021	16/04/2021	25/06/2021
Dr. Moses Siruri Marwa - Chairperson	√	√	√	√	√	√	√
Ms. Ruth Adhiambo Okowa	√	√	√	√	√	√	√
Mr. Joseph Kiarrii	√	√	√	*	√	√	√
Mr. Sammy Oleku	√	√	√	√	–	–	–
Dr. Mary Gaturu	√	√	√	√	–	–	–
Mr. David Watene	–	–	–	–	√	√	√
Prof. Kibett Rotich - VC/Council Secretary	√	√	√	√	√	√	√

Human Resource Management Committee

The Committee reviews and recommends on issues relating to training needs, staff recruitments, promotions, discipline, and staff welfare. The Human Resource Management Committee held eight (8) meetings during the year as indicated below.

Council Member	Date of Meeting							
	24/08/2020	06/08/2020	18/09/2020	29/10/2020	20/11/2020	11/12/2020	22/01/2021	21/06/2021
Ms. Ruth Okowa - Chairperson	√	√	√	*	√	√	√	√
Dr. Moses Marwa	√	√	√	√	√	√	√	√
Mr. Sammy Oleku	√	√	√	√	√	√	√	√
Mr. David Watene	–	–	–	–	–	–	√	√
Prof. Kibett Rotich- VC/Council Secretary	√	√	√	√	√	√	√	√

Academic and Research Committee

The Committee reviews and recommends on issues relating to academic and research. The committee provides direction on scholarly work; establish centres of excellence, schools, faculties, institutes and academic departments as may be appropriate. The Academic and Research Committee held one (1) meeting during the 2020/2021 financial year.

Council Member	Date of Meeting
	24/03/2021
Dr. Margaret Maimba - Chairperson	√
Ms. Ruth Okowa	√
Mr. David Kariuki	√
Mr. David Watene	√
Prof. Kibett Rotich -Vice Chancellor/Council Secretary	√

Note: The Committees were reconstituted on December 18, 2020 to accommodate two (2) members; Dr. Margaret Maimba, Independent Member and Mr. David Watene, Representing PS., Ministry of Education. Their appointments were made on 04/11/2020 and 01/12/2020 respectively.

University Management Board

The Vice Chancellor is the Chairperson of the University Management Board. The Vice Chancellor is also the administrative and academic head of the University assisted by two Deputy Vice Chancellors, one in-charge of Academic, Research and Students Affairs and the other in-charge of Administration, Finance and Planning.

University Senate

The Vice Chancellor is the Chairperson of the Senate. The University has four Schools (Education, Humanities and Development Studies, Science and Applied Technology and Business & Economics) that offer both undergraduate and postgraduate studies. The University has various support departments. The Deans are the academic heads in their respective schools supported by chairperson of departments. Other members of the Senate include Directors heading various directorates in the University.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Laikipia University exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting our stakeholders first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability;

i. Sustainability strategy and profile

Laikipia University mainly relies on government funding and students fees to run its operations. The funds have not been adequate to cater for the increased financial needs of the University. With a view to supplementing the available funds, the University has formulated a Resource Mobilization and Investment Strategy in an effort to identify other sources to increase its revenue base. During the year, the institution came up with the following activities to supplement income;

- Generation of revenue from farm activities.
- Establishing a water processing and packaging unit.
- Offering health services at a fee.

Over the years, the University students' enrolment has been decreasing and to ensure sustainability, TVET directorate has been established to increase students' population.

ii. Environmental performance

Laikipia University recognizes that its operations can have direct and indirect impact on the environment and the communities in which it operates. The University's objective is to responsibly manage the environmental and social risks associated with its operations in order to minimize negative impacts on the environment and stakeholders. In order to meet these environmental aims, the University:

- Keeps up to date with best practice in relation to environmental sustainability and complies with all relevant legislation, regulations and guidelines both for National and County Governments;
- Minimizes outputs and associated solid waste generation in all areas through application of integrated waste management practice of 10 Rs (i.e. Respect, Refuse, Reduce, Reuse, Recycle, Renew, Responsibility, Rethink, Replant and Restore);
- Reduces energy consumption through adopting energy saving strategies and technologies;
- Optimizes water use, reducing effluent and polluting substances discharged from our operations and ensuring untreated wastewater is not discharged into natural water bodies;

- Ensures all University vehicles are serviced and maintained to reduce environmental degradation caused by emissions, oils, broken parts, and noise among others.

iii. Employee Welfare

The University is guided by the Employment Acts and the University's Human Resource Management Policies and Procedures Manual (2020), among others, in its hiring process. In the process of recruitment, the University engages stakeholders in various categories, for instance, the composition of staff appointment committees caters for the staff union and University Senate representatives. The University is committed to developing all cadres of staff. The University has in place Staff Training Committee that co-ordinate all training needs of staff members within the University. Equally the University has a vote line item for staff training. During the year, Kes.1,531,041 was incurred on staff trainings and conferences, and Kes.1,364,300 on Tuition fee waivers for staff members and their dependents.

The University commits to mainstream gender and equality matters in accordance to the National Gender and Equality Commission Act of 2011 in the undertaking of its operations through the Directorate of Research, Human Rights and Gender and Gender Mainstreaming Policy. At Laikipia, we value the contribution and representation of both women and men. We support gender equality as enshrined in Sustainable Development Goal (SDG) 5. This gender diversity informs our practices and policies that incorporates their different needs and experiences. In the year under review, the gender ratio was as follows;

Gender	Number	Ratio
Female	199	37%
Male	325	63%
Total	524	100%

The University conducts annual performance appraisals for its members of staff through an appraisal mechanism. Moreover, the University has developed a Reward and Recognition Policy that outlines how staff members are rewarded and recognized.

The institution has put in place measures to ensure employees safety and health, in accordance with Occupational Safety and Health Act of 2007, by;

- Maintaining a healthy and safe working environment for all employees.
- Ensuring employees take responsibility to ensure their safety when working and others when performing their duties.

iv. Market place practices

a) Responsible competition practice

Laikipia University operates in a benchmarked and regulated environment that ensures fair competition within the education sector and the community. This includes charging student fees comparative with other Universities and selling of products at the prevailing market price. To avoid unfair competition, the University regularly conducts corruption risk assessment, audits and quality assurance surveys as a measure for monitoring and evaluation.

The support of the local leaders is indispensable and this has led to increased support by the local community. The University has partnered with National Government, County Governments and other Agencies in various strategic engagements.

b) Responsible supply chain and supplier relations

The University ensures that suppliers are transparently registered through a restricted procurement tender method as set out in the procedure of procurement of goods, works and services. There exists a creditors and accruals system that ensures that all liabilities are recognized as and when incurred, reviewed on a monthly basis to ensure that the University is able to honour its obligations as and when they fall due.

c) Responsible marketing and advertisement

Laikipia University is committed to responsible marketing and advertising of its products and services. As an institution of higher learning, we note that marketing and advertising can be a powerful force for behaviour change, and also serve as a way for us to engage with our stakeholders on issues that matter to them. The institution is committed to;

- Ensuring transparency regarding a service or product being marketed by including key information about its safety and effective use. Frequent updating of the University Website regarding our services and products has ensured that all stakeholders are well informed.
- The University, in its marketing and advertising framework, adheres to the requirements of copyright and anti-plagiarism Acts and regulations.
- Protecting stakeholders' data and privacy. The institution has in the recent past acquired an ERP system that consolidates all stakeholders' information and only authorized personnel can access that information thus ensuring privacy.

- Responding to meaningful consumer concerns. The feedback obtained from the complaints and compliments register has enabled the University to respond on concerns from students, suppliers and other stakeholders.

d) Product stewardship

The University has developed policies geared towards protecting consumers and their rights. They include; anti-plagiarism policy, ICT policy and Research & Innovation policy. Additionally, the University Institutional Ethics Review Committee has the mandate to check and implement the requirements of National Commission for Science, Technology and Innovation (NACOSTI).

Disposal of products is done in accordance with Public Procurement and Asset Disposal to minimize negative effects in the environment as well as safeguard consumer rights and interests.

v. Corporate Social Responsibility (CSR)

Laikipia University, in discharge of its mandate, is obligated to undertake CSR activities as a measure of positive interaction with the community. It strives to make significant contribution to the community's social, intellectual, economic and cultural development. During the year under review, the University undertook the following activities;

- Conducted annual health week: This involved testing and screening for Cancers, HIV/ AIDs, blood sugar among others to staff, students and the neighboring community.
- Academic mentorship: Several schools benefited from this mentorship programme among them being Marmanet Secondary, Igwamiti Secondary, Gikingi Secondary, Ngai Ndeithia Secondary, Nyahururu High, Ndururumo High and Leshau Boys Secondary, among others.
- Financial assistance to needy students: Laikipia University endeavors to support the less fortunate students in the University. The University awarded Kes. 1,000,000 to 151 needy students as bursaries in the 2020/2021 FY. In addition the University spent Kes. 637,300 on 91 students who were enrolled in the work study programme.
- COVID-19 Support: In response to fighting COVID-19 pandemic, the University donated masks, soap and detergents to hospitals and police stations in Nyahururu.
- Environmental day: To conserve the environment, the University held its environmental week where 5,000 tree seedlings were distributed to staff, students and the community for planting.

REPORT OF THE COUNCIL

The University Council submits this report for the year ended 30th June, 2021 together with the audited financial statements for the year ended 30th June, 2020 that shows the state of Laikipia University's affairs.

a. Principal activities

The principal activities of Laikipia University continue to be teaching, training, innovation, research and outreach

b. Results for the Year

The results of Laikipia University for the year ended June 30, 2021 are set out on pages 76-80.

c. Directors

The members of the University Council who served during the year are shown on page 8.

d. Auditors

The Auditor General is responsible for the statutory audit of Laikipia University in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2021.

By Order of the University Council



Vice Chancellor/Council Secretary

Laikipia University

Date: 30/03/2022

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Laikipia University Council members are responsible for the preparation and presentation of the financial statements set out on pages 76 to 80 which comprise the statement of financial position, statement of financial performance, statement of cash flow, statement of changes in reserves for the year ended 30th June, 2021, and a summary of significant accounting policies and other explanatory notes.

The Council members responsibility includes: determining that the basis of accounting described in note 1, is an acceptable basis for preparing and presenting the financial statements in the circumstances; designing, implementing and maintaining internal control relevant to the preparation and presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Laikipia University Charter requires the University Council to prepare statements for each financial year, which give a true and fair view of the state of affairs of the University at the end of the financial year and its operating results for that year. It also requires the council to ensure that the University keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the University. The University Council is also responsible for safeguarding the assets of the University.

The University Council accepts the responsibility for the 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. The University Council is of the opinion that the statements give a true and fair view of the state of the financial affairs of the University as at 30th June, 2021 and of its operating results.

The University Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statement, as well as adequate systems of Internal Financial Controls.

The Council has made an assessment of the University's ability to continue as a going concern and nothing has come to their attention to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The financial statements, as indicated above were approved by the University Council and were signed on its behalf by;

 Dr. Ken Nyaundi, Ph.D <u>CHAIRMAN OF COUNCIL</u>	 Prof. Kibett Rotich, Ph.D <u>VICE CHANCELLOR</u>
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MANAGEMENT DISCUSSION AND ANALYSIS

Section A: Laikipia University's Operational and Financial Performance

In keeping with the dynamic times around the globe and COVID-19 pandemic at our doorstep disrupting every sector, the higher education sector has not been spared and we must adjust to this new normal. While we would like to retain our core mandate of educating the next generation and creating new knowledge, the role of academic institutions in enhancing development through knowledge and research can never be underestimated.

Laikipia University has a responsibility to ensure a valued transformation of society through research, education, scholarship, training, innovation, outreach and consultancy. The University's ongoing sustainability is dependent upon the generation of a sufficient surplus to invest in the maintenance, renewal and replacement of the infrastructure to support academic endeavor, such as libraries, tuition rooms, laboratories, ICT infrastructure and research equipment.

This section of the report therefore highlights our operational and financial performance in support of the core business of the University; Academic and Research. This overview provides some highlights of the University as follows;

1. Operational Highlights

Through a commitment to the personal education of each student, the University is committed to providing quality education and experience which equips students with the values, skills and intellectual discipline that will enable them to make a positive contribution to society. The University seeks to equip all its students with the skills and knowledge to succeed in future study or employment. To support this noble course, the University budgeted a total of Kes. 1.42 billion in 2020/2021 FY though this could not fully materialize as a result of COVID-19 pandemic. The University lost one (1) semester in its academic calendar thereby affecting the projected revenue and activities during the year. This led to revision of the University budget to 1.36 billion with a deficit of Kes. 116.8 million. Operational highlights for the year are as indicated below;

i) Staff Statistics

At the close of 2020/2021 financial year, the University had 524 staff members comprising of 6 members of University Management Board, 101 teaching staff and 417 non-teaching staff. Staff costs are the major resource of the University, representing 82.3% of total expenditure for the period ended 30th June, 2021.

ii) Students Admission

The University admitted 1,692 first year students in August/September, 2020 in various schools of which 1639 were on Government Sponsored Students Programme (GSSP) while 53 were on Privately Sponsored Students Programme (PSSP) during the period. The University students' statistics for active students only stood at 6,097 students distributed across the four schools. Out of the total number of students, 3,232 were male while 2,865 were female. It is worth noting that the University is gender compliant with a gender ratio of 53:47.

2020/2021 Students' Statistics per School - Active students only

	School	GSSP	PSSP	Total
1	School of Education	2160	511	2671
2	School of Business & Economics	1013	248	1261
3	School of Humanities & Development Studies	957	302	1259
4	School of Science & Applied Technology	879	27	906
	Total	5009	1088	6097

NB: The numbers excluded non-active students in the system during the 2020/2021 FY

iii) University Graduation

The University rescheduled its graduation for the year due to the effects of COVID-19 pandemic that affected teaching practice and field attachment and therefore no graduation was held during the year.

iv) Vaccination of staff against COVID -19

The University during the year through the Medical Department organized and facilitated University staff to get vaccination for COVID -19. Members of staff were voluntarily vaccinated.

v) Corporate Governance Workshop - Corporate Communication and Resource Mobilization.

The University organized training in leadership and resource mobilization for its staff from 3rd - 9th June, 2021. The staff were trained on among other things; leadership, communication and corporate image, corporate governance and resource mobilization. The training was well received by staff.

vi) Automation of University Processes



To ensure that all University operations have been automated, the University continued to implement Enterprise Resource Planning (ERP) from ABNO Solutions. The system is expected to enhance efficiency and effectiveness in service delivery in financial management, records management, timetabling and graduation among others. Implementation process is in the final stages with few customizations remaining in some modules.

vii) Local Area Network & WiFi



The University has continued to expand internet connectivity (Local Area Network - LAN and WIFI) within the University compound. Hotspots points have also been increased. During the period under review, the University invested a total of Kes. 1.2 million for the Expansion on LAN.

viii) Research, Innovation and Consultancy

The University has been recognized and accredited by the National Commission for Science, Technology and Innovation (NACOSTI). The Institutional Research Ethics Committee assesses the methodological, ethical and legal aspects of all research carried out in the University to ensure that ethical guidelines and regulations are strictly upheld. In the year under review, Laikipia University increased the number of research activities such as conferences, seminars, workshop and scientific publications, thus strengthening one of the University's strategic pillars.

Research Performance Indicators 2020/2021

- (a) Scientific publications - The University increased number of scientific publications in refereed journals by 20 during the period.
- (b) Internal Research Grants – The University awarded and funded 6 Internal Research proposals in priority thematic areas of the University.
- (c) Research and Innovation Day

The Directorate of Research, Human Rights and Gender organized a Research and Innovation day in line with the University Mission; *'To serve students and society through research, education, scholarship, training, innovation, outreach and consultancy;* which was

held on **Thursday 20th May, 2021**. The Research and Innovation forum provided an opportunity to LU fraternity to demonstrate their creativity and innovation aimed at addressing societal needs. The purpose of the day was to encourage Laikipia University community to use creativity to transform the society.

Over 15 exhibitors drawn from academic and non-academic staff as well as students showcased their work. More than 200 people attended the exhibition.



Participants registering for the Research and Innovation Day

Some of the innovations showcased included:

- **Detecting COVID-19 In Chest X-Rays Using Deep Learning** - Applying Deep Learning's application in Computer Vision to help with Diagnosis. This application improves diagnostic time, reduces cost of testing and it is less invasive.
- **Farmops** - It is an AI-Powered smart farming solution that uses renewable and solar energy to test soil humidity levels.
- **Robotics Science For Obstacle Avoidance**
- **Ultrasonic Sensor** - It is an instrument that measures the distance to an object using ultrasonic sound waves. In this case it avoids object collision.
- **Lane Keeping Sensor** - It helps the vehicle to stay in the desired lane. It is key to advanced driving assistance system in autonomous vehicles.
- **Bluetooth** - It is a short range wireless technology standard used for exchanging data between fixed devices and mobile devices. For example connecting android phone and autonomous car.



Some of the Prototypes on exhibition

- **Automatic Lighting System** - This is an IoT based system that automatically switch on/off the lights. It is not limited to time of the day but works on the principle of light and darkness intensity.



- **Books And Journals** - Also on display were a number of books and journals from academic staff from various Schools. Some of these books include:
 - ✓ *Spirit of the Rainbow Dragon*, by Prof. Goro Kamau
 - ✓ *Statistical Methods: Theory and Practice, Motivation to Learn Among Secondary School Students* by Prof. Mbuthia Ngunjiri and
 - ✓ *Parent-School Conflict Management: Research, Theory and Practice* by Prof. John Kanjogu



Books on display at the School of Humanities & Development Studies Stand

(d) Pan-African CO₂ Compensation Certification Conference

To Increase Research, Innovation and Consultancy activities, the University partnered with other institutions to hold the Pan African Co₂ Compensation Conference on 23rd June, 2021 after competitively winning a bid advertised earlier in the Financial Year. The main aim of Co₂ compensation schemes is to fight climate change and at the same time address the SDGs. The development of standards, criteria and indicators to establish the Africa based Greening Africa Together Co₂ compensation certification is needed. This will support and empower African Universities and local NGOs to carry out sustainable, integrated climate protection and development projects with local communities and to finance them as compensation projects.



Participants following proceedings at the Pan-African CO₂ Conference



Entertainments at the Pan-African CO₂ Certification Conference

(e) Postgraduate Research Workshop on proposal and Project/Thesis writing.

The University endeavors to see to it that students who graduate at the postgraduate level are of high quality and are equally competitive both in the local and global market. To ensure quality research work and output as well as excellent supervision of theses and projects, the University organized a virtual postgraduate research workshop from 17th – 18th June, 2021.

ix) Gender Mainstreaming and Gender Based Violence Training

During the year under review, the University continued to mainstream gender issues in its Policies, Plans and Programs. The University also developed a Gender Mainstreaming Workplace Policy.

The University also set up and operationalized a Gender Management System by reconstituting the Laikipia University Gender Mainstreaming Committee.

The Directorate of Research, Human Rights and Gender organized a Gender Mainstreaming and Gender Based Violence training that was held on 15th June, 2021. The purpose of the training was to sensitize staff members and HoDs on Gender and how it affects their lives and relationships both at work and at home. The training was carried out by Gender experts from the National Gender and Equality Commission where 62 members of staff from both the academic and administration division participated.



Participants Group photo led by the Vice Chancellor

x) Customer Satisfaction

Laikipia University Management Board held a Customer Satisfaction Meeting with Laikipia University Students Association (LUSA), Class Representatives and Games Captains. The purpose of the meeting was to obtain feedback from students on the quality of services rendered in various departments of the University. The meeting was also attended by Deans of Schools and Director Quality Assurance and Standards.



Participants following proceedings



Director, Quality Assurance and Standards making presentation

xi) Promoting Preventive Medical Services

During the year under review, Laikipia University held its 7th Health Week attended by members of staff, students and the community with an aim to promote preventive medical services. Health week event focused on preventive health care to staff, students and surrounding community. The staff, students and surrounding community benefited from free access to a variety of medical services including cancer screening and counseling, HIV/AIDS Counseling and testing, among others. The 2020/2021 FY Health week was held on 22nd – 26th March 2021 with a theme of fighting Non-Communicable Diseases for a better life. University also prepared a proposal on the establishment of a Dental Unit.



Registration, check-up and consultations ongoing during Health Week 2021

xii) Students Welfare

Laikipia University recognizes that our students' education goes well beyond coursework, and by facilitating extracurricular student activities, we are promoting a vital part of our holistic student experience. The University value student voice and constantly strives to incorporate students' hopes, wishes and opinions into the University's growth strategy. Our student engagement programmes seek to foster student success and lifelong learning by facilitating inclusive activities, services, traditions, and events that invigorate the ambitions and support the various talents of our students. The office of the Dean of Students, through the Laikipia University Students Association (LUSA) and University Clubs and Societies, organized a number of extra-curriculum activities as highlighted below;

➤ Games & Sports

Laikipia University has a vibrant sporting culture with a majority of the teams participating in the regional and national leagues. The University understands the importance of balancing the rigors of academics with other activities, and sport is an area the University has invested in. During the period under review, the University sports teams were not able to attend most of the planned activities due to effects of COVID-19. The University paid Kes. 140,000 to sponsor various teams during the year.

➤ Clubs and Societies

The University offers a variety of co-curricular activities aimed at providing students with an opportunity for personal development and the chance to socialize. We boast of an array of clubs that serve different interests including performing arts, languages and human resource

The clubs and societies give students an opportunity to interact, enhance personal development and serve the society. They include;

- ✓ Drama Club/ Laikipia Traveling Theater
- ✓ Biosciences Student Association
- ✓ Brighter Future Club
- ✓ Catholic Association
- ✓ Agricultural Economics Club
- ✓ CHAWAKAMA
- ✓ Christian Union
- ✓ Computer Students Association
- ✓ Economic Students Association of Laikipia University (ESALU)
- ✓ Environmental Science Club

During the period under review, Red Cross Laikipia Chapter received an award after a thorough selection process by the committee in charge. The victory emanated from members efforts and sacrifice especially towards the fight against COVID-19. These activities involved; mask making and distribution, sensitization on hand washing process. The Award Ceremony was held on 27th November, 2020 in Nairobi, headed by the Red Cross Society Secretary General, Dr. Asha Mohammed.



In addition, President's Award - Kenya, LU Unit participated in scaling the Aberdare Ranges in their quest for Bronze Award on Friday 12th to Sunday 14th March, 2021. In this expedition, the team tackled 24km aerial distance in an adventurous journey. The team was assessed by assessors from the President's Award-Kenya (PA-K) National Office. They will finally obtain the Duke of Edinburgh International Award from the President of the Republic of Kenya. The President's Award-Kenya (PA-K) is an exciting self-development programme patronized by the President of the Republic of Kenya. It is available to all young people countrywide equipping them with positive life skills to make a difference for themselves, their communities, country and the world.



Participants of 2021 President's Award

xiii) Strengthening Collaborations /Partnerships

The University during the year initiated collaborations with three institutions namely: Nagel Institute, USA on Religious Studies; Kyungdong University, South Korea on student and staff exchange; Cancun University; Mexico on student and staff exchange.

xiv) Improvement of Institutional Quality Assurance

During the FY 2020/2021, the University conducted some survey to improve the institutional quality assurance. These included; Teaching effectiveness survey, Tracer study, Student graduation rates survey, Audit on student admission criteria, First Year Perception Survey and Internal audit on support services in the University.

xv) Increased Number of Community Outreach Programmes

The University held its 6th Annual Environmental Week during the year between 26th to 28th May, 2021 by planting and distributing to staff and members of the neighboring community 5,000 trees seedlings. University also carried out mentorship sessions to ten (10) schools in the neighboring community.



Members of Staff and the Community participating in tree planting exercise during Environmental Day

xvi) Enhancing Quality of Education

The University acquired 68 new library titles for fifteen University programmes, Procured current collection of books to equip University Library at a cost of Kes. 1,867,112 and also acquired Broadcasting License upon payment of the frequency fee as per the Communication Authority of Kenya (CAK) and operationalized the studio to ensure our media students are highly competitive.

xvii) **Improvement of the Visibility of the University in the Webometrics**



The University Visibility in the Webometrics Ranking has improved. Webometrics is a tool for ranking institutions of Higher Education. The ranking takes into consideration four parameters: Openness, Impact, Presence and Excellence. The aim of the Ranking is to improve the presence of the Academic institutions on the Web. This ranking system measures how strongly a university is present in the web.

The University was ranked 13,983 against 15,070 previous ranking worldwide and 38 against a previous ranking of 43 nationally. This was a positive improvement of 1,087 and 5 steps up the ladder respectively. Among the factors that contributed to improved Webometrics Ranking included the online lessons, students' registration and orientation, creation of additional links with external institutions, and uploading list of publications/innovations.

xviii) **Laikipia University Key projects in 2020/2021 FY**

 **Installation of CCTV.**

To improve on Safety and Security Measures during the period, the University installed Closed-Circuit Television (CCTV) in strategic positions of the University. Implementation is at the final stage.



CCTV installation in progress

Construction of Library and administration



On-going Library & Administration Project

The University is ensuring speedy completion of Library and Administration project to ensure that staff and students have adequate office spaces and teaching/learning facilities. Once complete shall ease congestion at the University Library and create conducive environment for work and learning. During the year under review, University spent Kes. 16,344,079 towards completion of this project. The project is in the final stage of completion at 98% .

Construction of Science Complex



On-going Project for Science Complex

The Science Complex project commenced on 13th June, 2019 expected to take 54 weeks to completion. There was slow progress of the project during the year due to funding challenges by the Government as a result of COVID-19 Pandemic that paralyzed the operations of the education sector. The project will expand science and applied technology facilities. During the year under review, University used Kes. 30,775,287 towards completing the project. Percentage completion was 47% as at 30th June, 2021.

Construction of Tuition Block



On-going Tuition Block Project

The continued increase in demand for higher education is as a result of the ever growing numbers of students' transiting from secondary schools to the University. This demand is likely to further increase in future due to the new Government's policy on free primary and secondary education in public schools and the implementation of 100% transition policy from primary to secondary schools across the country. The demand for university education is likely in the next 3 years when this cohort of students will be completing their secondary school hence the need to speed up the completion of the project to expand teaching and learning facilities. The project was 67% to completion as at 30th June, 2021.

Completion Works of Gate "A"



Works ongoing at the University Gate

The project is to ease access to the University and ensure secure environment by controlling the entry and exit points, into and out of the University. During the year under review, University spent Kes. 457,800 towards completing the project. The Project is at 98% to completion.

Modernization of Sport Fields









The University is progressively positioning itself towards being a Centre of Excellence in Sports Science. Towards this vision, we have submitted a proposal for a High-Altitude Training Facility. In the meantime, we have three new play fields for sporting activities which have been leveled and running tracks paved in murram mixed with coarse aggregates to enable our students promote their talents in sports. During the year, the University spent Kes. 977,748 towards improvement of the fields.

Renovation of ICT/Examination Building

During the year under review, University spent Kes. 1,009,290 to renovate ICT/Examination building with an aim of increasing office space and learning facilities within the University. The project is in its final stage of completion.

xix) Other Achievements



-  The University conducted one Teaching Effectiveness Evaluation to determine the quality of teaching.
-  Awarded Laikipia University Bursaries amounting to Kes. 1,000,000 to support needy students.
-  Customized the Service Delivery Charter to unique needs of the customers by deploying one of the trained staff in braille and sign language at the main administration (Vice Chancellor's Office).
-  Commenced the production of face masks in the University Tailoring Unit.
-  Prepared a framework for online lessons to mitigate on COVID-19 Pandemic
-  Established two support groups for student mothers.
-  Trained 20 Student Peer Counselors (Five each on mental health awareness, HIV/AIDS Prevention, prevention on Alcohol and Drug Abuse, Disability Mainstreaming and General Psychic Counseling)
-  Finalized the development of Laikipia University Disability Mainstreaming Policy and submitted a copy to National Council for Persons with Disabilities (NCPWD)

2. Financial Highlights

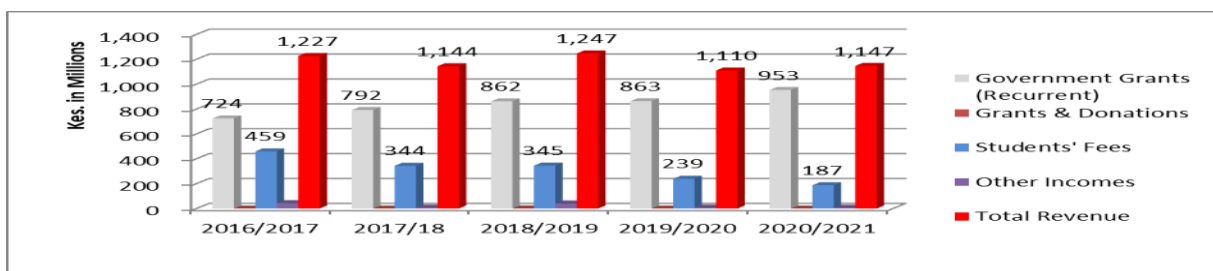
The higher education sector and particularly public institutions like Laikipia University have continued to rely heavily on Government funding and student fees for operations and sustainability. This continues to call for great prudence in financial management practices.

This section highlights the degree to which financial objectives have been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time. The section highlights financial performance for the year ended 30th June, 2021 with comparison to results for the past five years.

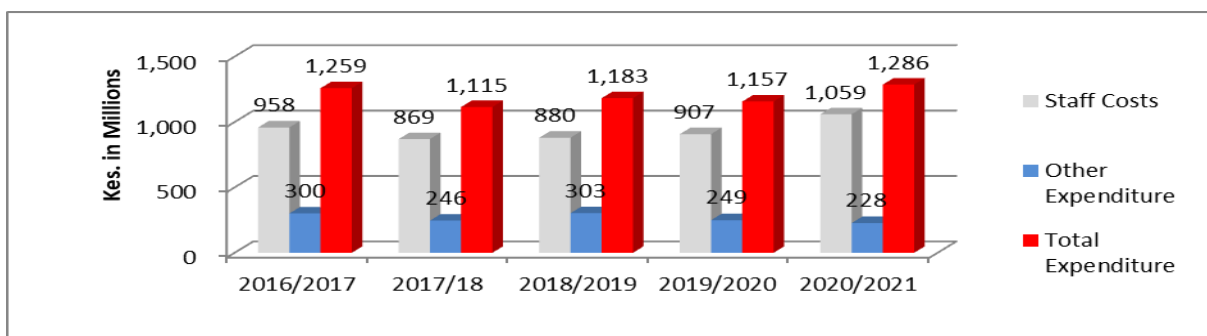
In the year under review, the financial performance of Laikipia University declined significantly where the deficit increased by 207.6% from Kes. 45.6 million in 2019/2020 to Kes. 140.3 million in 2020/2021 FY. Reserves also decreased by 5.5% from Kes. 1.998 billion in 2019/2020 to Kes. 1.889 billion in 2020/2021 FY. The total assets of the institution grew by 30% since 2016/2017 FY. The management of cash-flows and our budget remains a critical component of the Finance Committee and the Finance Department if the University is to remain solvent in these turbulent times. There were few infrastructure projects including the science complex and library and administration block among other capital projects during the year. Detailed analysis of the 2020/2021 FY with comparative analysis for the past five years are as follows;

Five Year Summary of Key Statistics

University Revenue 2016/2017 -2020/2021



University Expenditure 2016/2017 – 2020/2021



Five Years Statement of Financial Performance

REVENUE	2020/2021	2019/2020	2018/2019	2017/18	2016/2017
	(30.06.2021)	(30.06.2020)	(30.06.2019)	(30.06.2018)	(30.06.2017)
	Kes.	Kes.	Kes.	Kes.	Kes.
Revenue from Non-exchange Transactions					
Government Grants (Recurrent)	953,402,997	863,236,998	861,921,103	792,297,868	724,205,154
Grants & Donations	40,000	118,617	323,830	0	0
	953,442,997	863,355,615	862,244,932	792,297,868	724,205,154
Revenue from Exchange Transactions					
Students' Fees	187,479,717	239,252,345	344,780,879	343,616,111	459,342,103
Other Incomes	6,310,697	7,352,420	40,222,388	7,972,506	43,482,212
	193,790,414	246,604,765	385,003,267	351,588,617	502,824,314
Total Revenue	1,147,233,411	1,109,960,380	1,247,248,200	1,143,886,485	1,227,029,468
EXPENDITURE					
Staff Costs	1,058,791,260	907,330,144	879,832,268	869,181,221	958,164,937
Administrative Expenses	50,407,603	65,062,522	73,922,463	57,672,803	78,901,989
Repairs & Maintenance Expenses	7,939,245	8,281,891	7,595,057	12,261,132	7,494,282
Contracted Services	5,311,163	3,136,442	2,667,644	6,088,994	5,187,510
Academic & Research Expenses	113,316,980	118,445,906	181,082,677	130,807,528	157,936,812
Students Welfare	4,819,224	8,740,078	14,096,133	9,438,105	16,147,456
Council Expenses	9,505,033	11,478,799	9,522,411	11,221,762	9,104,372
Finance Charge	0	0	0	1,092,097	1,862,004
Depreciation	37,487,318	34,782,057	14,933,740	14,732,170	22,441,969
Provision for Bad Debts	(1,121,933)	(739,826)	(2,490,052)	2,294,816	1,311,091
Loss on Disposal/De-recognition	0	0	1,492,763	0	0
Total	1,286,455,893	1,156,518,012	1,182,655,105	1,114,790,629	1,258,552,420
Operating Surplus/(Deficit)	(139,222,482)	(46,557,632)	64,593,095	29,095,856	(31,522,952)
Other Service Units					
Farm Profit/(Loss)	(1,186,753)	11,666	(744,707)	(1,746,187)	3,156,595
Catering Profit/(Loss)	(127,034)	923,607	(503,705)	115,844	(1,931,741)
Bookshop Profit/(Loss)	191,652	0	0	459,728	(36,477)
Total Other Service Units	(1,122,136)	935,273	(1,248,412)	(1,170,615)	1,188,376
Total Surplus/(Deficit)	(140,344,618)	(45,622,359)	63,344,683	27,925,241	(30,334,576)

Five Years Statement of Financial Position

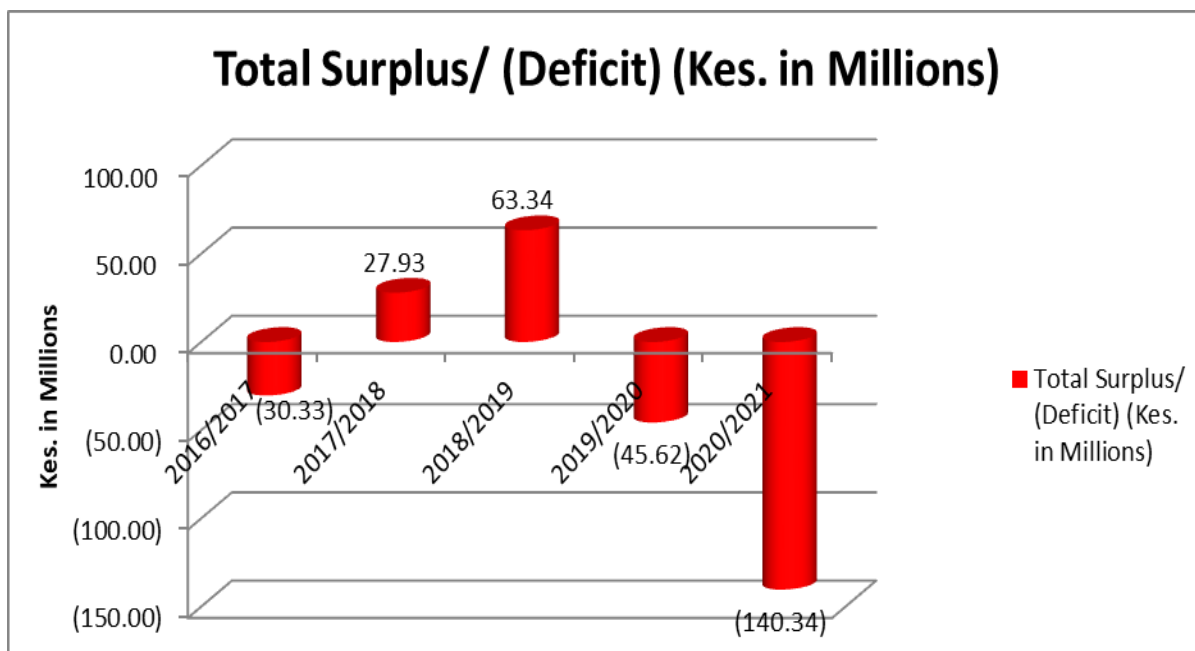
DETAILS	2020/2021 (30.06.2021)	2019/2020 (30.06.2020)	2018/2019 (30.06.2019)	2017/18 (30.06.2018)	2016/2017 (30.06.2017)
	Kes.	Kes.	Kes.	Kes.	Kes.
ASSETS					
Current Assets					
Cash & Cash Equivalents	42,263,023	38,604,328	22,292,890	85,046,132	93,932,304
Receivables from Exchange Transactions	185,097,033	195,194,426	201,852,859	224,576,709	203,923,361
Receivables from Non-exchange Transactions	0	0	77,269,549	0	150,167,541
Inventories	17,019,907	19,392,081	17,676,910	13,757,091	16,352,048
Total Current Assets	244,379,964	253,190,835	319,092,208	323,379,932	464,375,254
Non- Current Assets					
Property, Plant and Equipment	2,119,595,133	2,093,677,951	2,030,723,264	1,420,175,978	1,379,163,790
Library Books	7,050,166	7,623,994	8,782,306	93,538	228,916
Intangible Assets (ERP Software)	30,406,820	28,502,460	15,125,700	10,163,220	9,413,220
Biological Assets	6,640,000	5,391,000	5,624,500	6,031,100	4,847,000
Total Non- Current Assets	2,163,692,120	2,135,195,405	2,060,255,770	1,436,463,836	1,393,652,926
Total Assets	2,408,072,083	2,388,386,240	2,379,347,978	1,759,843,767	1,858,028,179
LIABILITIES					
Current Liabilities					
Overdrawn Cashbooks	0	1,624,468	6,861,147	811,959	8,206,260
Accounts Payables	519,346,661	388,395,325	417,876,902	456,447,284	574,029,304
Total Current Liabilities	519,346,661	390,019,793	424,738,049	457,259,243	582,235,564
Non-Current Liabilities					
Long Term Liabilities	0	0	0	0	2,533,332
Total Non- Current Liabilities	0	0	0	0	2,533,332
Total Liabilities	519,346,661	390,019,793	424,738,049	457,259,243	584,768,896
NET ASSETS	<u>1,888,725,422</u>	<u>1,998,366,447</u>	<u>1,954,609,930</u>	<u>1,302,584,524</u>	<u>1,273,259,283</u>
Financed By:					
Capital Reserve	1,667,834,564	1,637,130,971	1,547,752,095	1,526,612,088	1,525,212,088
Revenue Reserves (Surplus/(Deficit))	(310,198,850)	(186,677,774)	(157,878,957)	(224,027,563)	(251,952,804)
Revaluation Reserve (Unrealized Gain)	531,089,708	547,913,250	564,736,792	0	0
Total	<u>1,888,725,422</u>	<u>1,998,366,447</u>	<u>1,954,609,930</u>	<u>1,302,584,524</u>	<u>1,273,259,283</u>

a) Financial Performance Analysis

Financial analysis involves the use of financial statements. Its purpose is to convey an understanding of some financial aspects of a business firm. Financial performance analysis includes analysis and interpretation of financial statements in such a way that it undertakes full diagnosis of the profitability and financial soundness of the business. The University's financial analysis for the period ended 30th June, 2021 is as follows;

i) Statement of Financial Performance Analysis

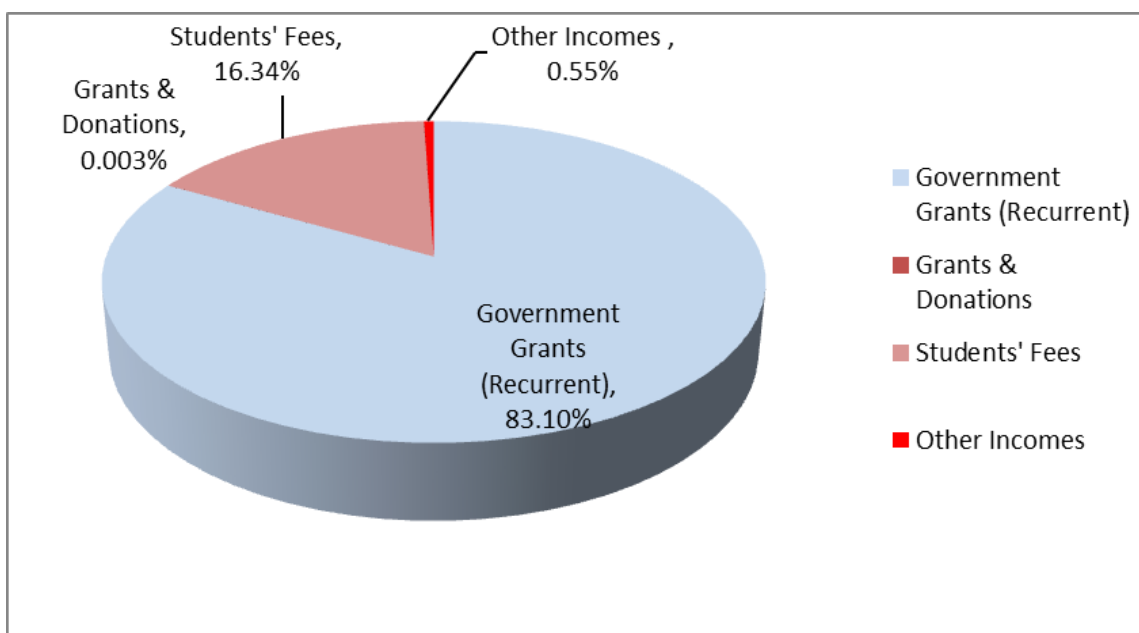
An analysis of financial performance indicates an improving trend as shown by surpluses/deficits from 2016/2017 to 2018/2019 but decline in 2019/2020 and 2020/2021 financial years. The decline on financial performance recorded in 2019/2020 and 2020/2021 was as a result of COVID-19 pandemic which led to closure of the University, thus affecting income. During the period under review, the University reported a cumulative deficit of Kes. 140,344,618 by 30th June, 2021 compared to a deficit of Kes. 45,622,359 in similar period ended 30th June, 2020.



a) Revenue Analysis

In the period under review, the University reported total revenue of Kes. 1,147,233,411 compared to Kes. 1,109,960,380 for similar period ended 30th June, 2020 in 2019/2020 financial year. Total Revenue for current period was composed of recurrent government grants at Kes. 953,402,997, students' fees at Kes. 187,479,717 and other income at Kes. 6,310,697. Government grants were the highest contributor of revenue at 83.10% of the total revenue which comprised of annual recurrent capitation at Kes. 863,922,463 and funds to finance implementation of 2017/2021 Collective Bargaining Agreement (CBA) at Kes. 89,480,534 received in July 2020. Revenue composition percentages are as highlighted in the diagram below;

Figure 1: Consolidated University Revenue



A comparison of the current period ended 30th June, 2021 with similar period ended 30th June, 2020 for the financial 2019/2020 indicates reduction in all revenue items except for government grants. Cumulatively, total revenue increased by 3.4% from Kes. 1,109,960,380 in 2019/2020 to Kes. 1,147,233,411 in 2020/2021 financial year. Government grants indicated a growth of 10.4% to Kes. 953.40 million from Kes. 863.24 million in a similar period for 2019/2020. Students' fees decreased by 21.6% to Kes. 187.48 million from Kes. 239.25 million in similar period last financial Year 2019/2020. The reduction in students' fees is as a result of University Closure due to COVID-19 pandemic leading to a loss of one (1) semester in the academic calendar. Other incomes also decreased by 14.2% compared to a similar period 2019/2020 as a result of decrease in campuses income. Revenue comparisons for the two periods are highlighted as follows;

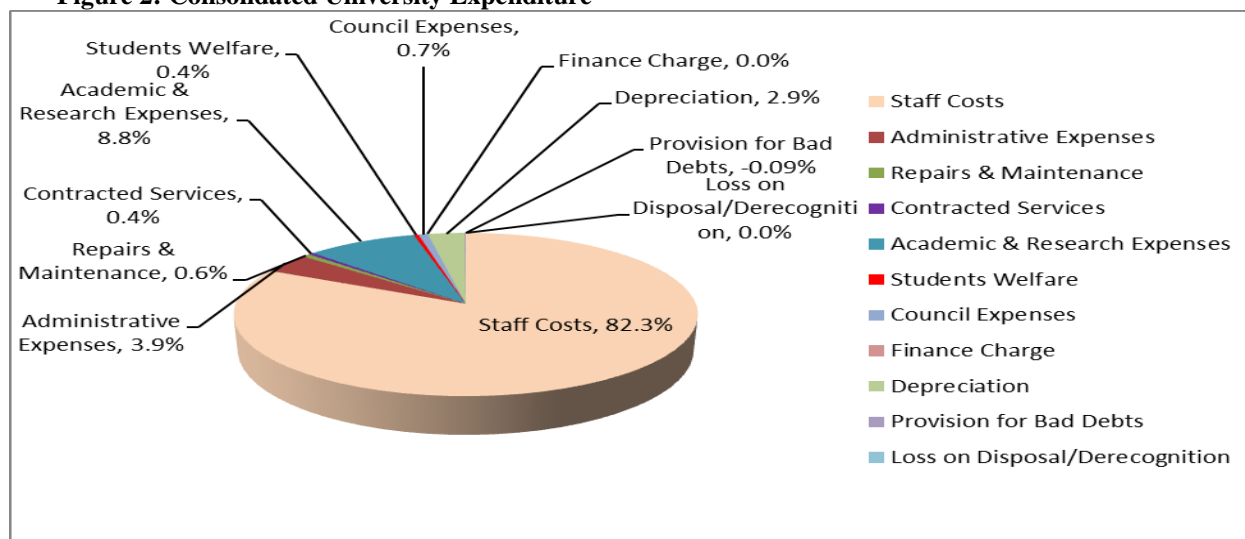
Revenue Comparison

Revenue Category	2020/2021	2019/2020	% Change
	(30.06.2021)	(30.06.2020)	
	Kes.	Kes.	%
Government Grants (Recurrent)	953,402,997	863,236,998	10.4%
Grants & Donations	40,000	118,617	-66.3%
Students' Fees	187,479,717	239,252,345	-21.6%
Other Incomes	6,310,697	7,352,420	-14.2%
Total Revenue	1,147,233,411	1,109,960,380	3.4%

b) Expenditure Analysis

The University incurred a total expenditure of Kes. 1,286,455,893 at the close of period ended 30th June, 2021. Staff cost had the highest expenditure of Kes. 1,058,791,260 translating to 82.3% of the total recurrent expenditure. Included in staff costs was Kes. 62.5 million for payment of 2017/2021 CBA implemented in July 2020. Academic and research expenses took Kes. 113.32 million (8.8%) while administrative expenses took 3.9% of the total expenditure. Depreciation on plant and equipment was Kes. 37,487,318 (2.9%). University depreciation policy stipulates full annual depreciation on all asset in the year of acquisition at the close of financial period. The University did not incur any expenditure on finance charge as there was no long term liability to incur loan interests. Council expenditure for the period ended 30th June, 2021 was Kes. 9.51 million translating to 0.7% of the total expenditure. Provision for bad & doubtful debts decreased by Kes. 1.12 million during the period as a result of decrease in receivables. The total recurrent expenditure is as highlighted in the following diagram;

Figure 2: Consolidated University Expenditure



A comparison of recurrent expenditure for the period ended 30th June, 2021 with similar period for 2019/2020 FY indicates a slight increase in total expenditure by 11.2%. This comprises of increase in staff costs as a result of implementation of 2017/2021 CBA in July 2020. Staff costs increased by 16.7% from Kes. 907.33 million in the period ended 30th June, 2020 to Kes. 1,059.22 million for the period ended 30th June, 2021. Administrative expenses and academic & research expenses declined by 22.5% and 4.1% respectively, due to low activities as a result of University closure. All other activities were also affected by University closure resulting to decline in all expense items except for contracted services which increased by 69.3% during the year. The reason for increased expenditure was as a result of amount incurred to pay Kenya Forest Service (KFS) for valuation and identification of trees for sale. Council expenses also reduced by 17.2% from Kes. 11.48 million in 2019/2020 to Kes. 9.51 million in 2020/2021 financial years. The decline in

Council expenses was occasioned by effects of COVID-19 pandemic resulting to virtual meeting hence no charge on Council accommodation and mileage expenses. Depreciation expense increased by 7.8% from Kes. 34.8 million in 2019/2020 to Kes. 37.49 million in 2020/2021 due to increase in assets during the year. Comparison of recurrent expenditure for similar periods of the two financial years is highlighted as follows;

Recurrent Expenditure Comparison

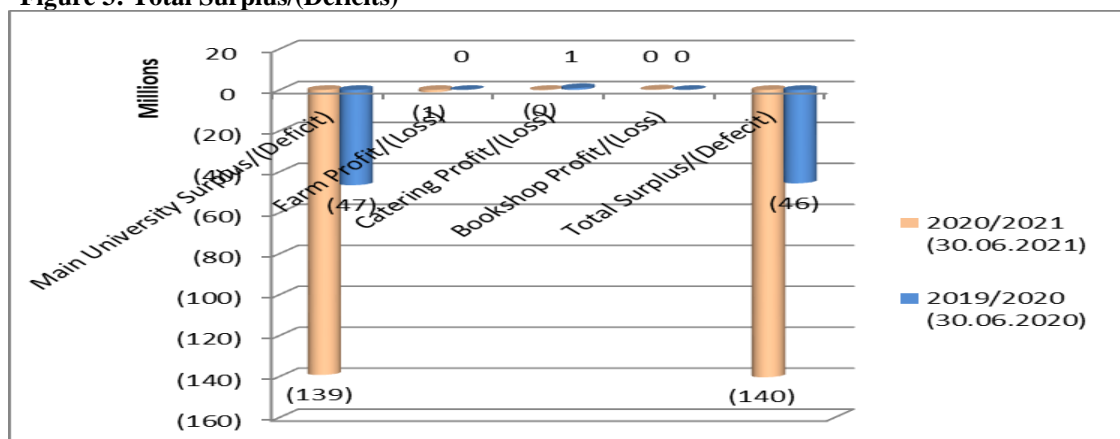
Expenditure Category	2020/2021 (30.06.2021) Kes.	2019/2020 (30.06.2020) Kes.	Percentage Change %
Staff Costs	1,058,791,260	907,330,144	16.7%
Administrative Expenses	50,407,603	65,062,522	-22.5%
Repairs & Maintenance	7,939,245	8,281,891	-4.1%
Contracted Services	5,311,163	3,136,442	69.3%
Academic & Research Expenses	113,316,980	118,445,906	-4.3%
Students Welfare	4,819,224	8,740,078	-44.9%
Council Expenses	9,505,033	11,478,799	-17.2%
Finance Charge	0	0	***
Depreciation	37,487,318	34,782,057	7.8%
Provision for Bad Debts	(1,121,933)	(739,826)	51.6%
Loss on Disposal/De-recognition	0	0	***
Total	1,286,455,893	1,156,518,012	11.2%

NB: *** Means there are no comparative figures for 2019/2020FY.

c) University Surplus/(Deficit)

The University reported a cumulative deficit of Kes. 140,344,618 in the period ended 30th June, 2021. Included in total deficit is Kes. 139,222,482 from University operations, a loss of Kes. 1,186,753 from Farm operations and a loss of Kes. 127,034 from Catering Department operations. The University operationalized the Bookshop in January, 2021 which achieved a net profit of Kes. 191,652 in the six (6) months trading period. This is as highlighted in the figure below;

Figure 3: Total Surplus/(Deficits)



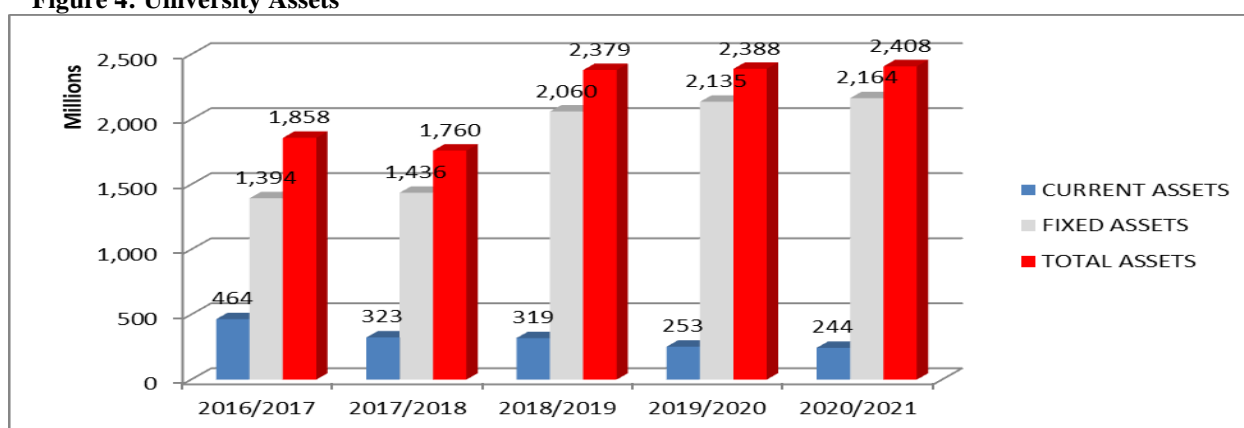
ii) Statement of Financial Position

An analysis on the statement of financial position for the past 5 years shows that the University Net Assets have increased from Kes. 1.27 billion in 2016/17 to Kes. 1.998 billion in 2019/2020 but a decline to Kes. 1.889 billion at the close of period ended 30th June 2021. An analysis of Financial Position items is as follows;

a. University Assets Analysis

In order to achieve the objective of improving teaching and learning, the University invested in physical facilities. This is shown by consistent increase in total asset from Kes. 1.86 billion in 2016/17 fiscal year to Kes. 2.41 billion as at 30th June, 2021 in 2020/2021 fiscal year. This represents 30% growth since 2016/17 FY. Assets trend is as shown below;

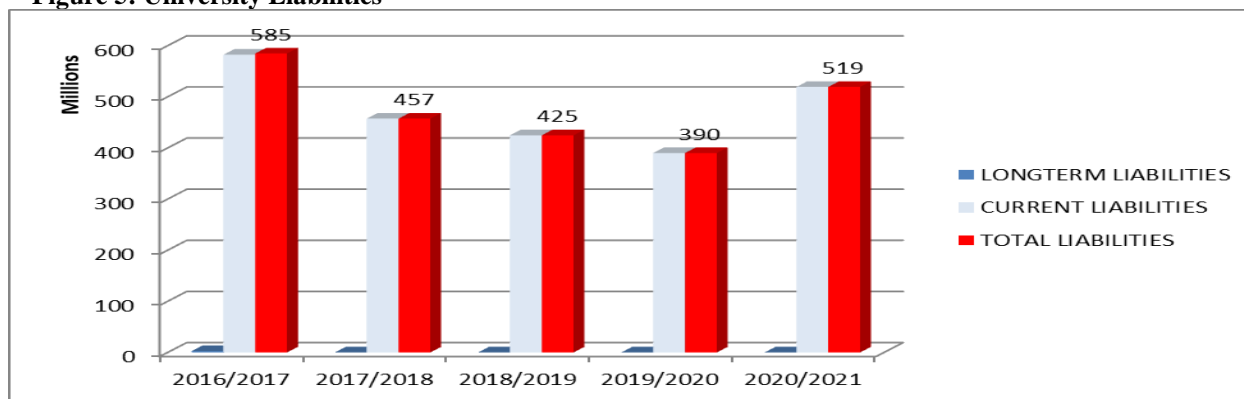
Figure 4: University Assets



b. University Liabilities Analysis

A trend analysis on University liabilities indicates a decreasing trend from Kes. 584.77 million in 2016/2017 FY to Kes. 390.02 million in 2019/2020 with a sharp increase to Kes. 519.35 in the period ended 30th June, 2021. The sharp increase in liabilities was as a result of University's inability to pay its debts due to shortage of funds after closure of the University due to COVID-19 pandemic. Trend analysis on University liabilities is as analyzed below;

Figure 5: University Liabilities



c. Ratio Analysis

University financials ratio analysis indicates weak liquidity for the period ended 30th June, 2021. An ideal position should have a liquidity ratio 2:1 and a quick ratio of 1:1. Due to the weak liquidity ratios, the University is not able to meet its financial obligations as they fall due. Currently, the University is able to meet 44% of its financial obligations compared to 60% at the close of 2019/2020 financial year as indicated by the quick ratio. The inability of the University current assets to fully cover its current liabilities has led to high level of payables to suppliers of goods & services and part-time teaching cost. Ratio analysis is as shown below;

Balance Sheet Ratio Analysis

Item	2020/2021 (30.06.2021)	2019/2020 (30.06.2020)
Assets	Kes.	Kes.
Current Assets (CA)	244,379,964	253,190,835
Fixed Assets (FA)	2,163,692,120	2,135,195,405
Total Assets	2,408,072,083	2,388,386,240
Liabilities		
Current Liabilities (CL)	519,346,661	388,395,325
Long-term Liabilities	0	0
Total Liabilities	519,346,661	388,395,325
Inventory	17,019,907	19,392,081
Liquidity Ratio (CA/CL)	0.47	0.65
Quick Ratio (CA- Inventory)/CL))	0.44	0.60
Working Capital Changes (Increase/(Decrease) in Working Capital)	142,171,903	52,964,734

Cash & Cash Equivalents increased by 9.5% from Kes. 38.6 million in 2019/2020 FY to Kes. 42.3 million in 2020/2021 FY. The increase in Cash & Cash Equivalents though inadequate improved the University's Cash flow position to meet its obligations.

Gearing Ratio- Also referred to as Debt Equity ratio. This ratio highlights how a company's capital structure is tilted either toward debt or equity financing. During the period under review, the University recorded a gearing ratio of 27% compared to 20% in 2019/2020 FY. This implies that for every shilling in equity, the University has 27 cents in leverage. A ratio of 1 would imply that creditors and investors are on equal footing in the company's assets. Computation of University gearing ratio is as indicated below;

Gearing Ratio (Total Debts to Equity)	2020/2021 (30.06.2021)	2019/2020 (30.06.2020)
	Kes.	Kes.
Total Liabilities	519,346,661	390,019,793
Total Equity	1,888,725,422	1,998,366,447
Gearing Ratio	0.27	0.20

iii) Statement of Cash Flow

The statement of cash flows shows reconciliation between the opening and closing cash balances. The reconciling items are classified under cash generated from operations, investing and financing activities. Cash flows from the various activities for the year ended 30th June, 2021 are as summarized below;

Movement in Cash flows

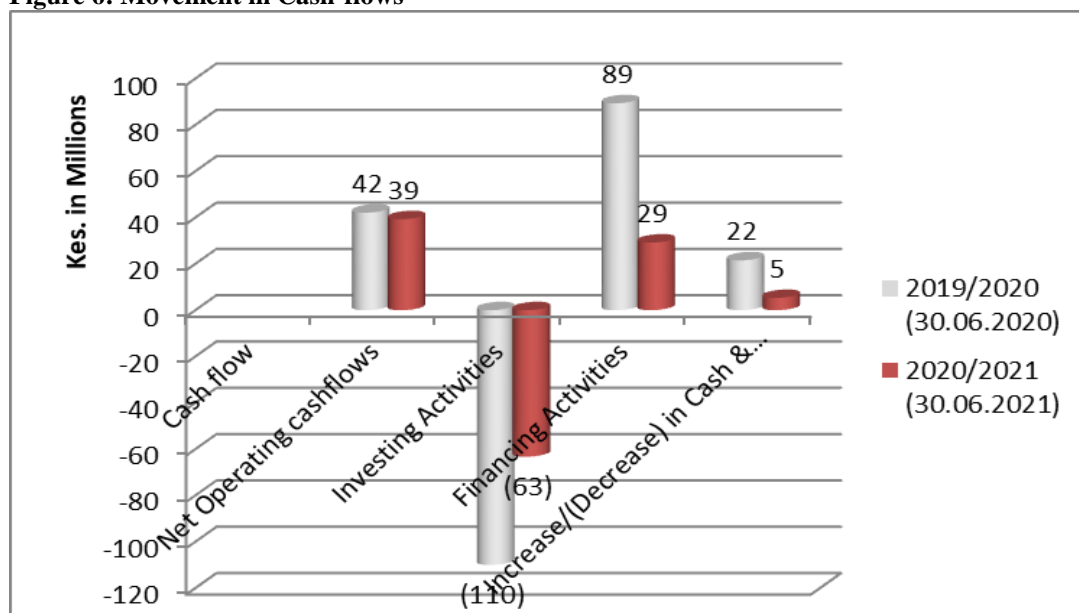
	2020/2021	2019/2020
	(30.06.2021)	(30.06.2020)
Summary of Cash flows		
Cash flow		
Net Operating cash-flows	39,314,602	42,124,432
Investing Activities	(63,255,795)	(109,955,191)
Financing Activities	29,224,355	89,378,876
Increase/(Decrease) in Cash & Cash		
Equivalents	5,283,163	21,548,117

The University generated net cash inflows from operation of Kes. 39.14 million during the period ended 30th June, 2021. This comprises of total University deficit for Kes. 140,344,618 and net changes in working capital at Kes. 142,171,903 during the year. Depreciation being a non-cash item amounting to Kes. 37,487,318 was added back to reduce operation deficit during the 2020/2021 FY.

On investing activities, the University used Kes. 63.26 million as at 30th June, 2021 compared to Kes. 109,955,191 in similar period of 2019/2020 FY. The current investing expenditure included Kes. 49.56 million on the ongoing capital projects and Kes. 15.17 million on purchase of plant and equipment. Under the Capital expenditure, the University incurred Kes. 30.78 million on the on-going Science complex and Kes. 16.34 million on Library and Administration block during the period, among other capital projects. Expenditure on plant and equipment included various equipment at Kes. 5,383,117, motor vehicle at Kes. 1,690,350, computers and accessories at Kes. 4,141,889, library books at Kes. 1,867,112 and additions on ERP at Kes. 2,054,360.

On financing cash-flows, the University received Kes. 29.22 million from the National Government through the Ministry of Education to finance the ongoing capital projects. The cash flow results are presented graphically as shown in the following figure;

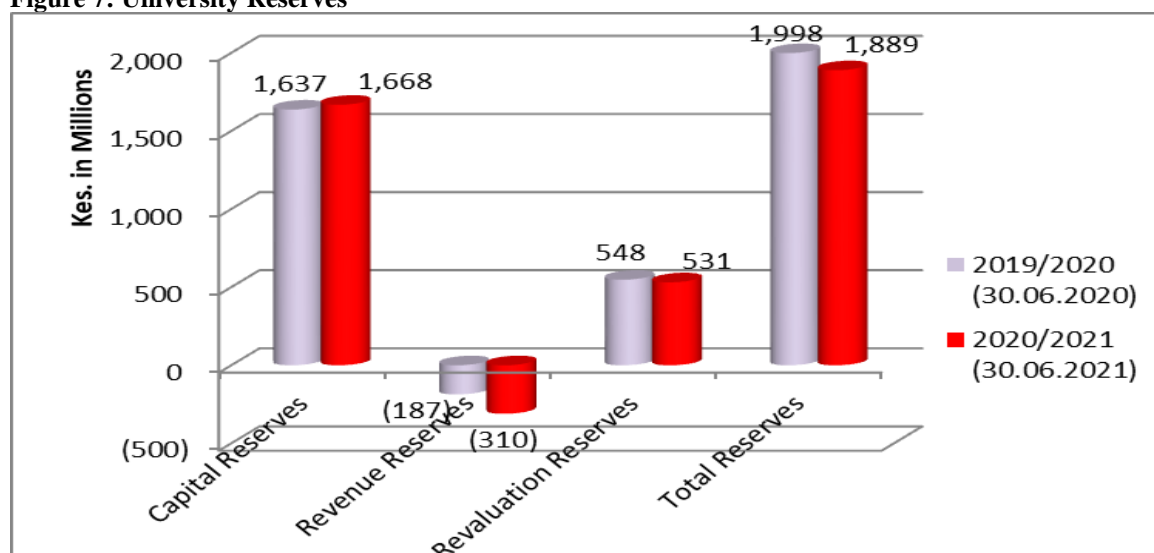
Figure 6: Movement in Cash-flows



iv) Statement of Changes in Reserves

Laikipia University maintains three types of reserves, i.e. capital, revenue and revaluation reserves. The total reserves as at 30th June, 2021 were Kes. 1.889 billion compared to Kes. 1.998 billion at the close of 2019/2020 financial year. Total Reserves comprised of capital reserves at Kes. 1,667,834,564, revenue reserve at Kes. (310,198,850) and revaluation reserve at Kes. 531,089,708. Revaluation reserve is amortized annually by transferring excess depreciation on revaluation through revenue reserve at Kes. 16,823,542. An analysis of University reserves for period ended 30th June, 2021 was as indicated below;

Figure 7: University Reserves



Section B: Compliance with Statutory Requirements

Section 82 of the Public Finance Management Act, 2012, requires that an Accounting Officer for a National Government owned Entity to prepare annual report of the financial year in respect of the entity. Laikipia University complies with statutory requirements on submission of reports to the Ministry of Education, the National Treasury & Planning and Kenya National Audit Office.

The University financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) accrual basis.

Section C: Key Projects and Investment Decisions

The on-going development projects at the University are Science Laboratories Complex and Library & Administration Block among others. Contracts for construction of Tuition Blocks and University Gate were terminated and process of retendering of Tuition block is underway. The University is using in-house process to complete the gate which was near completion at the time of contract termination.

Section D: Risk Management in Laikipia University

The University continuously monitors high-risk areas and implements a programme of activities to mitigate risks and cushion their impact through a holistic approach that builds risk management into its structures and processes with a framework comprising governance, a defined risk appetite and an underlying policy and control environment.

Effective risk management and control are essential pillars for the sustainable growth of the University. The role of risk management is to evaluate, respond to and monitor risks in the execution of our strategy. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effects of such risks on its performance by setting acceptable levels of risk.

The University Council through Audit, Governance and Risk Management Committee oversees and coordinates risk management framework within the University. However, responsibility for managing risks lies with the University Management Board through the Internal Audit Department. Functions of Internal Audit include reviewing and assessing the potential risks assumed by the University and confirms that they are in alignment with the University's mission and objectives. In addition, the Internal Audit ensures that the necessary mitigation strategies are in place, resourced

appropriately and integrated with existing initiatives to enhance management and control. During the year under review, the internal audit conducted the following audit reviews:

- ❖ Finance Operations and Processes
- ❖ Human Resource Department operations and processes
- ❖ Payroll analysis and review
- ❖ Procurement and stores operations
- ❖ Academic schools operations and processes
- ❖ Halls department
- ❖ Medical department operations

The University's activities expose it to a variety of financial risks, including credit and liquidity risks.

- ❖ Credit Risk - This refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the University. The University's credit risk is primarily attributable to its receivables.
- ❖ Liquidity Risk - This refers to the risk of institution's inability to meet its obligations as they fall due. The ultimate responsibility for liquidity risk management rests with the University Management Board, which 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 University manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows.

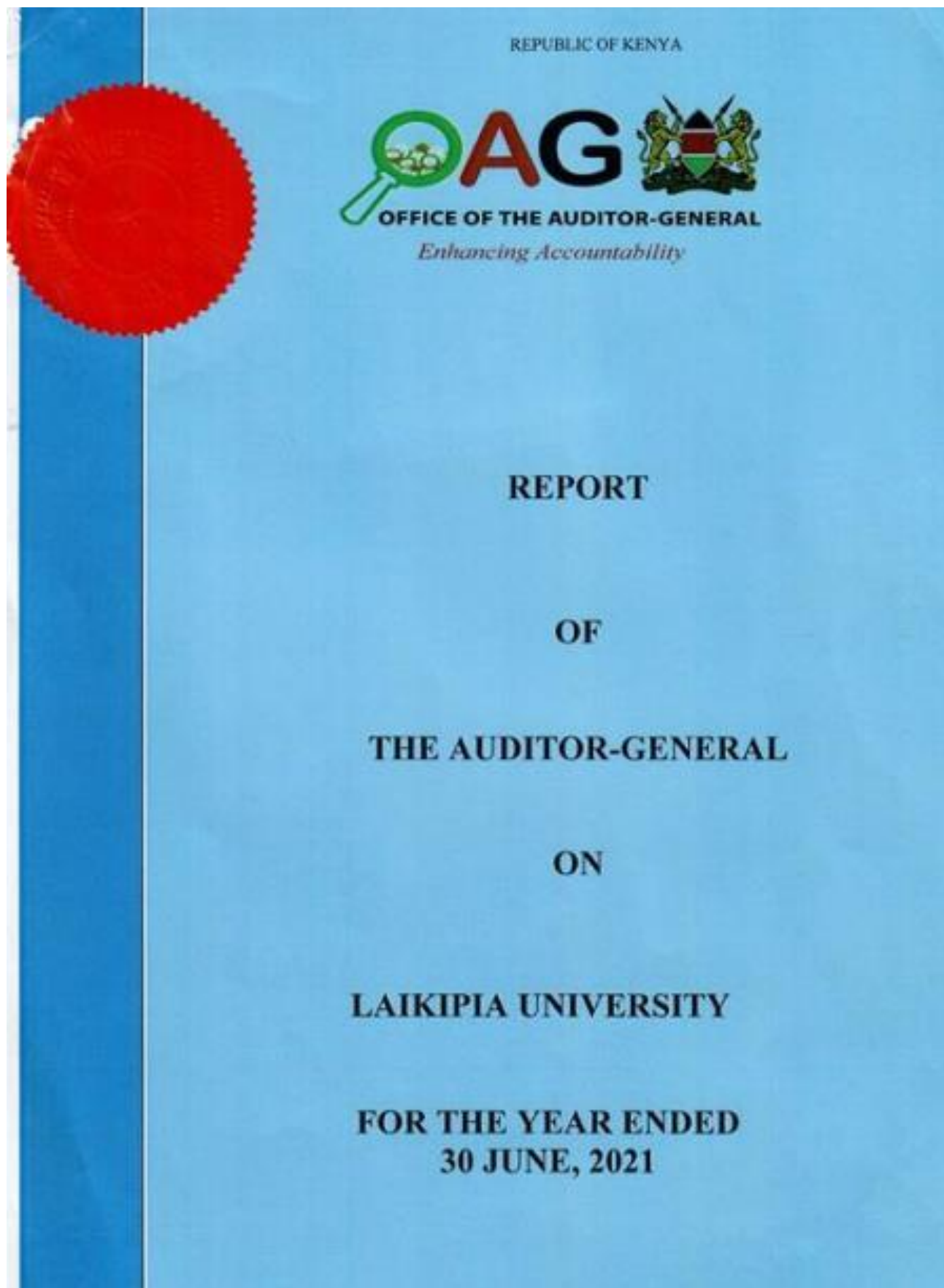
Section E: Material Arrears in Statutory/Financial Obligations

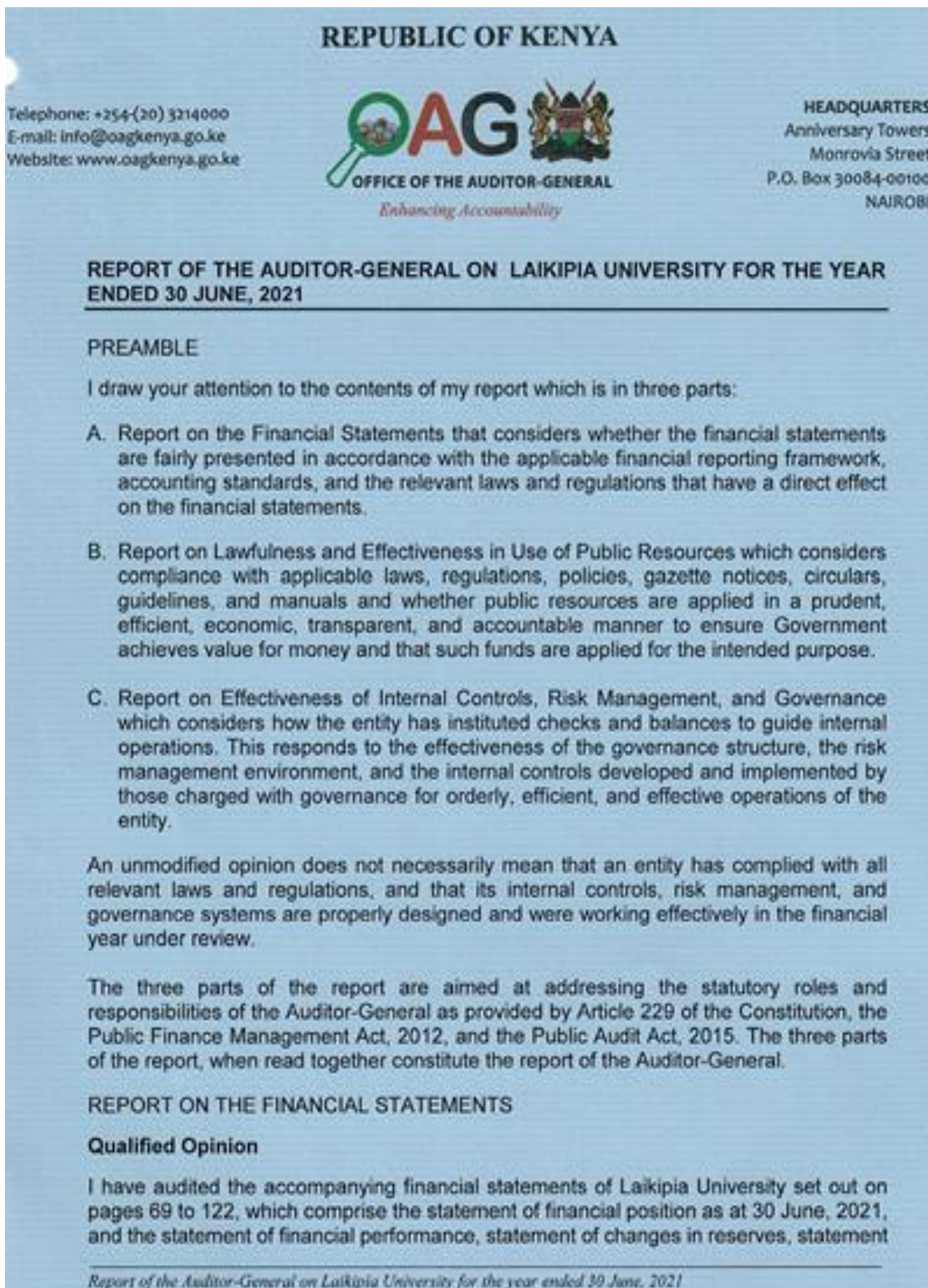
Pending bills at the close of financial year ended 30th June, 2021, amounted to Kes. 519,346,661. This includes part time teaching cost at Kes. 203.4 million, trade payables at Kes. 55.3 million, prior period's pension fund accruing at Kes. 25.77 million and KRA taxes payable at Kes. 48.1 million. The University is committed to clearing pending bills once financial performance stabilizes.

Section F: Financial Probity and Serious Governance Issues

The University has no financial probity and governance issues.

REPORT OF THE AUDITOR GENERAL





of cash flow, 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 matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Laikipia University as at 30 June, 2021, 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 Universities Act, 2012 and Public Finance Management Act, 2012

Basis for Qualified Opinion

1.0 Non-Posting of Direct Deposits in the Cash Book

The statement of financial position and as disclosed in Note 21 to the financial statements reflects cash and cash equivalents balance of Kshs.42,263,023 as at 30 June, 2021. However, a review of bank reconciliation statements revealed direct deposits amounting to Kshs.6,458,001 in respect of thirteen (13) bank accounts that had not been receipted in the cash book and had been outstanding for long period. This was contrary to Section 90(3) of the Public Finance Management Regulations, 2015, which requires that Accounting Officers ensure any discrepancies noted during bank reconciliation exercises, are investigated immediately and appropriate action is taken including updating the relevant cash books.

Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.42,263,023 as at 30 June, 2021 could not be confirmed.

2.0 Inaccuracies in Property Plant, and Equipment

The statement of financial position reflects Kshs.2,119,595,133 in respect of property, plant and equipment as at 30 June, 2021. Included in this amount and as disclosed in Note 24 to the financial statements is Kshs.1,108,957,218 in respect of Work-In-Progress out of which Kshs.224,061,029 relating to six (6) projects that were complete and in use but had not been capitalized.

In the circumstances, Work-In-Progress is overstated by Kshs.224,061,029 in respect of the completed projects while the completed works are understated by the same amount.

3.0 Inaccuracies in Receivables from Exchange Transactions

The statement of financial performance and as disclosed in Note 22(i) to the financial statements reflects Kshs.185,097,033 in respect of receivables from exchange transactions after netting off provision for bad and doubtful debts of Kshs.20,566,337. However, as previously reported the provision appeared inadequate since receivables totaling to Kshs.174,660,281 relate to revenue from closed down collaborating colleges

Report of the Auditor-General on Laikipia University for the year ended 30 June, 2021

and student's fee balances which have remained outstanding for more than two years without any commitment of payments from either the colleges or the students.

In the circumstances, the accuracy, completeness, fair statement, and recoverability of the receivables from exchange transactions balance of Kshs.185,097,033 as at 30 June, 2021 could not be confirmed.

4.0 Accounts Payables

The statement of financial position and as disclosed in Note 29 to the financial statements reflects Kshs.519,346,661 in respect of short-term payables. Included in this balance is Kshs.333,445,683 relating to trade payables, audit fee payables, contractor-capital projects, part time teaching cost, accrued collective bargaining agreement and pension fund. However, as previously reported these payables relate to financial year 2019/2020 and prior years and have been outstanding for a considerably long time without attempt by the University to have them cleared.

Consequently, the University may face litigations arising from failure to honor its obligations as they fall due.

5.0 Unsupported Payment to External Examiners (Exams Moderation)

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects Kshs.113,316,980 in respect of academic and research expenses. Included in this amount is Kshs.1,892,282 in respect to external examiners (exam moderation). However, the University did not have an approved policy on terms and conditions upon which external examiners were to be appointed.

Consequently, the validity of the payment of the Kshs.1,892,282 in respect to external examiners (exam moderation) could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Laikipia 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 qualified opinion.

Key Audit Matters

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

Other Information

The University Management are responsible for the other information, which comprises the Forward, Key Entity Information, statement from the Chairman of the Council, statement from the Vice Chancellor, statement of performance against predetermined objectives, the statement of corporate governance, Management discussions and responsibilities, statement of Corporate Governance, Management and Ethics,

Report of the Auditor-General on Laikipia University for the year ended 30 June, 2021

Environmental and Sustainability reporting, Report of the Council and the statement of Council members' responsibilities on the financial statements. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Acting Appointments

Review of payroll records revealed that four (4) officers were appointed to acting positions in various job groups between 1 January, 2017 and 5 June, 2018. The officers have continued to act and earn acting allowances beyond the stipulated maximum period of six (6) months. This is contrary to Section C.14 (1) of the Human Resource Policies and Manuals for Public Service 2016 which provides that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he/she is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary. Acting allowance will not be payable to an officer for more than six (6) months.

Consequently, the University was in breach of the policy.

2.0 Delayed Completion of Project – ABN Unisol Project

The University entered into a contract for the supply, installation, configuration, testing, training, and commissioning of the University – Wide Enterprise Resource Planning System on 4 March, 2019 at a contract sum of Kshs.24,812,400. The contract was for a contract period of 6 months from 4 March, 2019 with an expected completion date of 3 October, 2019. However, the system is classified as work in progress and had not been fully implemented as at January, 2022, approximately twenty-six (26) months after the contract completion date.

Further, review of implementation progress report dated 11 November, 2021 revealed that eight modules under the system had pending requirements which were to be addressed by the system developer by 24 October, 2021. The University Management did not provide evidence to demonstrate that the issues identified were adequately addressed.

Report of the Auditor-General on Laikipia University for the year ended 30 June, 2021

Consequently, the project implementation seems not to have been properly managed and the continued delay in completion continues to deny the University benefits that were to arise from the project.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Report of the Auditor-General on Laikipia University for the year ended 30 June, 2021

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

Report of the Auditor-General on Laikipia University for the year ended 30 June, 2021

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

14 July, 2022

Report of the Auditor-General on Laikipia University for the year ended 30 June, 2021

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2021

REVENUE	Notes	Page	2020/2021 (30.06.2021) Kes.	2019/2020 (30.06.2020) Kes.	Percentage Change %
Revenue from Non-exchange Transactions					
Government Grants (Recurrent)	3	96	953,402,997	863,236,998	10.4%
Grants & Donations	4	97	40,000	118,617	-66.3%
Sub-Total			953,442,997	863,355,615	10.4%
Revenue from Exchange Transactions					
Students' Fees	5	97	187,479,717	239,252,345	-21.6%
Other Miscellaneous Incomes	6	99	6,310,697	7,352,420	-14.2%
Sub-Total			193,790,414	246,604,765	-21.4%
Total Revenue			1,147,233,411	1,109,960,380	3.4%
EXPENDITURE					
Staff Costs	7	100	1,058,791,260	907,330,144	16.7%
Administrative Expenses	8	102	50,407,603	65,062,522	-22.5%
Repairs & Maintenance Expenses	9	103	7,939,245	8,281,891	-4.1%
Contracted Services	10	103	5,311,163	3,136,442	69.3%
Academic & Research Expenses	11	104	113,316,980	118,445,906	-4.3%
Students Welfare Expenses	12	105	4,819,224	8,740,078	-44.9%
Council Expenses	13	105	9,505,033	11,478,799	-17.2%
Finance Charge	14	106	0	0	**
Depreciation & Amortization	15	106	37,487,318	34,782,057	7.8%
Provision for Bad Debts	16	107	(1,121,933)	(739,826)	51.6%
Loss on Disposal/De-recognition	17	107	0	0	**
Total Expenditure			1,286,455,893	1,156,518,012	11.2%
Operating Surplus/(Deficit)			(139,222,482)	(46,557,632)	199.0%
Other Service Units					
Farm Profit/(Loss)	18	108	(1,186,753)	11,666	-10272.8%
Catering Profit/(Loss)	19	108	(127,034)	923,607	-113.8%
Bookshop Profit/(Loss)	20	108	191,652	0	**
Total Other Service Units			(1,122,136)	935,273	-220.0%
Total Surplus/(Deficit)			(140,344,618)	(45,622,359)	207.6%

Dr. Ken Nyaundi, PhD.
CHAIRMAN OF COUNCIL

CPA Geoffrey K. Langat
ICPAK No. 4980
FINANCE OFFICER

Prof. Kibett Rotich, PhD.
VICE CHANCELLOR

NB: ** Means there are no comparative figures for 2019/2020 FY.

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2021

DETAILS	Notes	Page	2020/2021 30.06.2021 Kes.	2019/2020 (30.06.2020) Kes.	Percentage Change %
ASSETS					
Current Assets					
Cash & Cash Equivalents	21	109	42,263,023	38,604,328	9.5%
Receivables from Exchange Transactions	22(i)	110	185,097,033	195,194,426	-5.2%
Receivables from Non-exchange Transactions	22(ii)	110	0	0	****
Inventories	23	111	17,019,907	19,392,081	-12.2%
Total Current Assets			244,379,964	253,190,835	-3.5%
Non- Current Assets					
Property, Plant and Equipment	24	112	2,119,595,133	2,093,677,951	1.2%
Library Books	25	115	7,050,166	7,623,994	-7.5%
Intangible Assets (ERP Software)	26	116	30,406,820	28,502,460	6.7%
Biological Assets	27	117	6,640,000	5,391,000	23.2%
Total Non- Current Assets			2,163,692,120	2,135,195,405	1.3%
Total Assets			2,408,072,083	2,388,386,240	0.8%
LIABILITIES					
Current Liabilities					
Overdrawn Cash Books	28	117	0	1,624,468	-100.0%
Accounts Payables	29 (i)	118	519,346,661	388,395,325	33.7%
Total Current Liabilities			519,346,661	390,019,793	33.2%
Non-Current Liabilities					
Long Term Liabilities	29(ii)	118	0	0	**
Total Non- Current Liabilities			0	0	
Total Liabilities			<u>519,346,661</u>	<u>390,019,793</u>	<u>33.2%</u>
NET ASSETS			<u>1,888,725,422</u>	<u>1,998,366,447</u>	<u>-5.5%</u>
Financed By:					
Capital Reserve			1,667,834,564	1,637,130,971	1.9%
Revenue Reserves (Surplus/(Deficit))			(310,198,850)	(186,677,774)	66.2%
Revaluation Reserve			531,089,708	547,913,250	-3.1%
Total			<u>1,888,725,422</u>	<u>1,998,366,447</u>	<u>-5.5%</u>

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STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 30TH JUNE, 2021

Details	Capital Reserve	Revenue Reserve	Revaluation Reserve	Total Reserves
	Kes.	Kes.	Kes.	Kes.
2019/2020				
As at 1st July, 2019	1,547,752,095	(157,878,957)	564,736,792	1,954,609,930
Government Development Grants	89,378,876	0	0	89,378,876
Revaluation Gain during the year	0	0	0	0
Excess Depreciation on Revaluation	0	16,823,542	(16,823,542)	0
Capital Gain on Biological Assets	0	0	0	0
Funds used during the year	0	0	0	0
Total Surplus/(Deficit)	0	(45,622,359)	0	(45,622,359)
As at 30th June, 2020	1,637,130,971	(186,677,774)	547,913,250	1,998,366,447

Details	Capital Reserve	Revenue Reserve	Revaluation Reserve	Total Reserves
	Kes.	Kes.	Kes.	Kes.
2020/2021				
As at 1st July, 2020	1,637,130,971	(186,677,774)	547,913,250	1,998,366,447
Government Development Grants	29,224,355	0	0	29,224,355
Revaluation Gain during the year	0	0	0	0
Excess Depreciation on Revaluation	0	16,823,542	(16,823,542)	0
Capital Gain on Biological Assets	1,479,238	0	0	1,479,238
Funds used during the year	0	0	0	0
Total Surplus/(Deficit)	0	(140,344,618)	0	(140,344,618)
As at 30th June, 2021	1,667,834,564	(310,198,850)	531,089,708	1,888,725,422


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STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE, 2021

Details	Notes	Page	2020/2021 (30.06.2021)	2019/2020 (30.06.2020)
Operating Activities:			Kes.	Kes.
Surplus/(Deficit)			(140,344,618)	(45,622,359)
Gain on Disposal of Assets			179,000	0
Adjustment for Depreciation & Amortization			37,487,318	34,782,057
Operating surplus before working capital changes			(103,036,300)	(10,840,302)
Changes in Working Capital				
Increase/Decrease in Receivables	30 (i)	119	10,097,393	83,927,982
Increase/Decrease in Inventories	30 (ii)	119	2,372,174	(1,715,171)
Increase/Decrease in Payables	30 (iii)	119	130,951,336	(29,481,576)
Increase/Decrease in Biological Assets	30 (iv)	119	(1,249,000)	233,500
Net changes in Working Capital			142,171,903	52,964,734
Net cash generated from operating Activities			39,135,602	42,124,432
Cash flows from Investing Activities				
Purchase of Non-Current Assets	31	121	(15,170,828)	(27,873,410)
Work in Progress	32	122	(49,564,205)	(88,590,540)
Capital Gain on Biological Assets			1,479,238	0
Adjustment for Expensed Work in Progress			0	6,508,760
Proceeds from sale of Non-Current Assets			179,000	0
Net cash used in investing Activities			(63,076,795)	(109,955,191)
Cash Flows from Financing Activities:				
Government Development Grants			29,224,355	89,378,876
Proceeds from Long Term Liabilities			0	0
Repayments of Long Term borrowings			0	0
Net cash generated from Financing Activities			29,224,355	89,378,876
Increase/(decrease) in cash and Cash Equivalents			5,283,163	21,548,117
Cash & Cash Equivalents at Beginning of the Year			36,979,860	15,431,743
Cash & Cash Equivalents at the end of the period			42,263,023	36,979,860
			2020/2021	2019/2020
Reconciliation of Cash & Cash Equivalents			(30.06.2021)	(30.06.2020)
Cash & Cash Equivalents as per Cash Flow Statement			42,263,023	36,979,860
ADD: Overdrawn Accounts			0	1,624,468
Cash & Cash Equivalents			42,263,023	38,604,328


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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2021

DETAILS	Approved Budget 2020/2021	Virement (Adjustments) 2020/2021	Revised Budget 2020/2021	Actual on Comparable Basis 2020/2021	Performance Difference 2020/2021	Notes
	Kes.	Kes.	Kes.	Kes.	Kes.	
REVENUE						
Government Grants (Recurrent)	863,922,463	89,480,534	953,402,997	953,402,997	0	
Grants & Donations	1,900,000	(1,860,000)	40,000	40,000	0	
Students' Fees	397,918,000	(213,976,233)	183,941,767	187,479,717	3,537,950	i
Other Incomes	12,499,489	(6,259,028)	6,240,461	6,310,697	70,236	
Total	1,276,239,952	(132,614,727)	1,143,625,225	1,147,233,411	3,608,186	
EXPENDITURE						
Staff Costs	1,032,783,844	28,572,999	1,061,356,843	1,058,791,260	2,565,583	
Administrative Expenses	63,276,000	(12,999,876)	50,276,124	50,407,603	(131,479)	
Repairs & Maintenance Expenses	9,000,000	(4,666,326)	4,333,674	7,939,245	(3,605,571)	ii
Contracted Services	4,000,000	492,522	4,492,522	5,311,163	(818,641)	
Academic & Research Expenses	95,870,000	(15,000,133)	80,869,867	113,316,980	(32,447,113)	iii
Students Welfare	9,600,000	(4,946,399)	4,653,601	4,819,224	(165,623)	
Council Expenses	11,000,000	(980,000)	10,020,000	9,505,033	514,967	
Finance Charge	0	0	0	0	0	
Depreciation & Amortization	16,800,000	150,000	16,950,000	37,487,318	(20,537,318)	iv
Provision for Bad Debts	7,000,000	0	7,000,000	(1,121,933)	8,121,933	v
Loss on Disposal/ De- recognition		0	0	0	0	
Total	1,249,329,844	(9,377,213)	1,239,952,631	1,286,455,893	(46,503,262)	
Operating Deficit	26,910,108	(123,237,514)	(96,327,406)	(139,222,482)	50,111,448	
Other Service Units						
Sales						
Farm	21,000,000	(14,900,000)	6,100,000	6,599,207	499,207	
Catering	9,000,000	(3,862,644)	5,137,356	5,752,861	615,505	
Bookshop	500,000	56,269	556,269	609,837	53,568	
Total Sales	30,500,000	(18,706,375)	11,793,625	12,961,905	1,168,280	
Expenses						
Farm	12,413,000	(6,413,000)	6,000,000	7,785,960	1,785,960	
Catering	8,000,000	(3,000,000)	5,000,000	5,879,895	879,895	
Bookshop	400,000	100,000	500,000	418,185	(81,815)	
Total Expenses	20,813,000	(9,313,000)	11,500,000	14,084,041	2,584,041	
Total Profit/Loss for Service Units	9,687,000	(9,393,375)	293,625	(1,122,136)	(1,415,761)	
Total Surplus/(Deficit)	36,597,108	(132,630,889)	(96,033,781)	(140,344,618)	48,695,687	
ADD: Other Receipts (Non P&L)						
Government Grants (Capital)	58,448,711	0	58,448,711	29,224,355	(29,224,356)	vi
Receipts from Debtors	55,252,892	(28,427,431)	26,825,461	19,734,708	(7,090,754)	vii
Deficit Financing- Bank Loan	0	0	0	0	0	
	113,701,603	(28,427,431)	85,274,172	48,959,063	(36,315,110)	
LESS: Other Payments (Non P&L)						
Plant & Equipment	26,100,000	(16,421,222)	9,678,778	15,170,828	(5,492,050)	viii
Capital Development	59,198,711	1,937,738	61,136,449	49,564,205	11,572,245	ix
Debt Management	65,000,000	(29,769,052)	35,230,948	28,958,649	6,272,299	x
	150,298,711	(44,252,536)	106,046,175	93,693,682	12,352,493	
Surplus/(Deficit) for the Year	0	(116,805,784)	(116,805,784)	(185,079,237)	(68,273,453)	

EXPLANATORY NOTES TO STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

IPSAS 24 requires disclosure of an explanation of the reasons for material differences between the budget and actual amounts. During the year under review, there were performance differences between the actual and budgeted amounts which are explained as follows:

- i. Students Fees-The variance on students' fees was as a result of higher number of students sitting for supplementary examination than expected.
- ii. Repairs & Maintenance Expenses – This is as a result of higher expenditure than had been budgeted during the year. Most assets are old and therefore consuming high expenditure on repairs to allow usage as there were no funds for replacement.
- iii. Academic & Research Expenses – The variance on this expenditure was as a result of prior periods part-time claims recognized in the current period.
- iv. Depreciation & Amortization – This was as result of a higher charge for the year than previously provided in budget.
- v. Provision for bad debts – University policy on provision for bad debts is to provide for 10% for bad and doubtful debts. During the period under review, the University had planned the provision at Kes.7 million expecting receivables to increase due to the hard economic times. However, the receivables decreased leading to a decrease in provisions.
- vi. Government Grants (Development) – The University expected to receive Kes. 58 million from the Government through the Ministry of Education as allocated in the 2020/2021 budget but only Kes. 29 million was received.
- vii. Receipts from Debtors – This is as a result of the University not receiving the anticipated receipts especially from students' fee balances due to closure during COVID-19 pandemic.
- viii. Purchase of Plant & Equipment – The variance arose from invoices amounting to Kes. 2 million for communication media studio equipment that had not been taken into account during supplementary budget as there were pending issues with the supplier. The pending issues have since been cleared and expenditure recognized. Also increasing the expenditure is surrendered imprests for purchase of library books at Kes. 1.8 million surrendered after supplementary budget.
- ix. Capital Development Expenditure – The variance on this line item is as a result of delays by contractors on the on-going capital projects.
- x. Debt Management – The University was unable to meet its financial obligations on debt management due to shortage of funds.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

1. Statement of Compliance and Basis of Preparation

a. Compliance

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

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

b. Adoption of New and Revised Standards

The following new and revised standards were effective in the 2020/2021 financial year but had no material impact on the amounts reported in these financial statements.

Standard	Amendments
IPSAS 13: Leases	❖ To include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.
IPSAS 21: Impairment of Non-Cash-Generating Assets IPSAS 26 - Impairment of Cash Generating Assets.	❖ Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: ❖ Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; ❖ Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2021

	❖ Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 ❖ 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.

c. Early adoption of standards

The University did not early-adopt any new or amended standards in financial year 2020/2021.

2. Summary of Significant Accounting Policies

The principle accounting policies applied in the preparation of the University's financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the University's activities. Revenue is shown net of rebates and discounts. The University recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the University and when specific criteria have been met for each of the University's activities as described below. The University bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue has been accounted for using the accrual concept of accounting. Income is recognized in the period in which it is earned. The revenue recognition is as follows:

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

i) Revenue from non-exchange transactions

IPSAS 23 prescribes requirements for the financial reporting of revenue arising from non-exchange transactions, other than non-exchange transactions that give rise to an entity combination. The Standard deals with issues that need to be considered in recognizing and measuring revenue from non-exchange transactions including the identification of contributions from owners.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

The University's revenue from non-exchange transactions are recognized as follows:

❖ **Government Grants** – These are recognized as income in the period when received.

Accrued Government grant is recognized only when there is a reasonable assurance that the entity will comply with any condition attached to the grant and that the grant will be received.

❖ **Other Grants & Donations** - Grants and donations in form of research grants and donations from Constituency Development Funds (CDFs) are recognized as income in the period it is received. The entity does not accrue un-received grants and donations unless there is a reasonable assurance to receive the funds.

ii) Revenue from exchange transactions

IPSAS 9 prescribe the accounting treatment of revenue arising from exchange transactions and events. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Revenue from exchange transactions for the University are accounted for as follows:

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

- ❖ **Tuition and Fees** - Revenue from tuition and fees are recognized prorata over the relevant period. The entity applies accrual concept in relation to tuition and fees receivable in a particular year. Revenue from tuition fees are accounted for over the period in which they relate. Fees paid in advance are carried forward under trade and other payables.
- ❖ **Other Miscellaneous incomes** - Revenues from other sources are recognized when the amount of revenue can be measured reliably. Income from campuses is treated the same way tuition and fees are treated.

b. Budget Information

IPSAS 24 requires a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities which are required to, or elect to, make publicly available their approved budget(s) and for which they are, therefore, held publicly accountable. Compliance with the requirements of this standard ensures that public sector entities discharge their accountability obligations and enhance the transparency of their financial statements by demonstrating compliance with the approved budget(s) for which they are held publicly accountable and, where the budget(s) and the financial statements are prepared on the same basis, their financial performance in achieving the budgeted results. The Statement of comparison of budget and actual amounts forms part of our financial statements for the year ended 30th June, 2021.

c. Reserves

Laikipia University maintains three types of reserves as indicated on the Statement of changes in reserves of the financial statements. The reserves are capital, revenue and revaluation reserves. During the financial year under review, the University had total reserves of Kes. 1,888,725,422

d. Property, Plant and Equipment

International Public Sector Accounting Standards (IPSAS) 17 stipulates that an entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment.

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2021

In cost model, after recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Under revaluation model after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

The standard allows revision of estimated useful life which is accounted for prospectively. The change in the estimate is reported in the current and prospective periods. Previously reported statements and opening balances do not need to be adjusted to reflect the change in the useful life estimate. The reasons prior periods don't need to be restated are as follows:

- Change in the useful life estimate does not represent an accounting error.
- Estimate changes are an inherent and continual part of the estimation process.

The University revalued all assets at the close of 2018/2019 financial year. Basic calculation process of depreciation remains unchanged between revaluation model and cost model. Under cost model depreciation is calculated on the basis of cost less residual value over the useful life of asset. Under revaluation model depreciation is calculated on the basis of revalued amount less residual value over the remaining useful life. Under both models depreciation for the period is charged in profit or loss account.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

- Restate accumulated depreciation proportionately with the change in the gross carrying amount of the asset (so that the carrying amount of the asset after revaluation equals its revalued amount); or
- Eliminate the accumulated depreciation against the gross carrying amount of the asset (IAS 16 par. 35).

Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the assets during the estimated useful life, using the straight line method. Assets acquired during the year will attract full year depreciation while assets disposed during the year will not be charged the depreciation. The annual depreciation rates used are as follows:-

Buildings	-	2.5%
Office Equipment	-	20%
Furniture & Fittings	-	12.5%
Plant, Machinery & Tractors	-	10%
Motor Vehicles & Motor Bikes	-	25%
Computer & Accessories	-	20%
Library Books	-	20%

Reserves transfer

The depreciation charge on the revalued asset will be different to the depreciation that would have been charged based on the historical cost of the asset. As a result of this, IAS 16 permits a transfer to be made of an amount equal to the excess depreciation from the revaluation reserve to retained earnings.

Disposal of Assets

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

e. Intangible Assets

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. Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives. Software is amortized on a straight line basis over the expected/estimated useful life. The University amortizes intangible assets at a rate of 20% per year.

f. Biological Assets

Livestock are valued at the prevailing market rates. Crops are valued at fair value less estimated point of sale costs. Formula for calculating the value of crops in the field is as follows:

$$V_c = \frac{D \times A \times YP \times SP}{MP}$$

Where:

V_c – Value of crop **YP** – Yield Potential of the crop
D – Age in Days **SP** – Selling Price per 90 Kg Bag
A – Area in Acres **MP** – Maturity Period

g. Cash & Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. 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 short term petty cash imprests and money orders with post office not cleared at the end of the financial year.

h. Inventories

Inventories are stated at the lower of cost or net realizable value. Costs of issues are calculated using 'First in First Out' (FIFO) method. Net realizable value represents the estimated selling price less any estimated cost of disposal. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

i. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

j. Contingent liabilities

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

k. Contingent assets

The University does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity 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 are recognized in the financial statements of the period in which the change occurs.

l. Related Parties

IPSAS 20 requires an entity to disclose the existence of related party relationships where control exists, and the disclosure of information about transactions between the entity and its related parties in certain circumstances. This information is required for accountability purposes, and to facilitate a better understanding of the financial position and performance of the reporting entity. The principal issues in disclosing information about related parties are (a) identifying which parties control or significantly influence the reporting entity, and (b) determining what information should be disclosed about transactions with those parties.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

Related party means parties are considered to be related if one party has the ability to (a) control the other party, or (b) exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control. The University's related parties include the members of University Council, Management Board and the Government.

Laikipia University Council is the governing body of the University and therefore a related party to the University. In 2020/2021 financial year, the University Council held various meetings in line with their mandate as stipulated in the University statutes and the Charter. The allowances paid to the members were as follows;

Summary of Council Expenses 2020/2021						
Member	Sitting Allow.	Mileage Allow.	Accomm odation	Lunch Allow.	Honoraria	Total
	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.
Dr. Ken Nyaundi	340,000	167,514	218,400	4,000	1,131,000	1,860,914
Dr. Moses Siruri Marwa	660,000	73,000	473,200	10,000	0	1,216,200
CPA David Namu Kariuki	500,000	246,812	400,400	4,000	0	1,151,212
Dr. Margaret Maimba	240,000	109,347	163,800	4,000	0	517,147
Ms. Ruth A. Okowa	640,000	212,497	218,400	14,000	0	1,084,897
Mr. Sammy R. Oleku	760,000	552,785	564,200	10,000	0	1,886,985
Mr. David Watene	280,000	87,381	145,600	6,000	0	518,981
Mr. Joseph Kiarii	500,000	134,148	200,200	8,000	0	842,348
Dr. Mary Gaturu	300,000	51,549	72,800	2,000	0	426,349
TOTALS	4,220,000	1,635,033	2,457,000	62,000	1,131,000	9,505,033

NB: The University has been operating without a Chancellor after Prof. Raphael Munavu's term expired in 2017/2018 with no replacement from the Government.

In addition, Members of the University Management Board (UMB) are the key management personnel in the University and regarded as related parties. The UMB comprise of the Vice Chancellor, Deputy Vice Chancellor (AF&P), Deputy Vice Chancellor (ARSA), Registrar (Administration & Human Capital), Registrar (Academic Affairs) and Finance Officer. IPSAS 20 stipulates that remuneration of key management personnel falls under related party transactions and therefore shall be disclosed in the financial report for the year.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

Remuneration of key management personnel is any consideration or benefit derived directly or indirectly by key management personnel from the reporting entity for services provided in their capacity as members of the governing body, or otherwise as employees of the reporting entity. Significant influence (for the purpose of this Standard) is the power to participate in the financial and operating policy decisions of an entity, but not control those policies. Significant influence may be exercised in several ways, usually by representation on the board of directors or equivalent governing body but also by, for example, participation in (a) the policy making process, (b) material transactions between entities within an economic entity, (c) interchange of managerial personnel, or (d) dependence on technical information. Significant influence may be gained by an ownership interest, statute, or agreement. Remuneration of the University Management Board during the year under review was as follows;

Name	Designation	2020/2021 Kes.	2019/2020 Kes.
Prof. Kibett Rotich	Vice Chancellor	13,142,076	12,625,752
Prof. Vicky Khasandi	Ag. Deputy Vice Chancellor - ARSA	4,029,676	0
Prof. Wanjiku Chiuri	Former Deputy Vice Chancellor - ARSA	4,703,750	10,693,380
Prof. Isaac Ochieng	Ag. Deputy Vice Chancellor - AF&P	6,418,955	5,353,966
Dr. Raphael Kiugu	Registrar A&R	7,794,974	7,253,011
Dr. Hezron Nyamwenga	Registrar (A&HC)	4,343,176	0
Mr. Joseph K. Kairu	Former Registrar (A&HC)	1,795,803	7,253,011
CPA. Geofrey K. Langat	Finance Officer	8,314,742	6,172,330
	Total	50,543,151	49,351,450

The Government of Kenya is also a related party to the University especially in terms of financing and policies. During the year under review, the National Government through the Ministry of Education disbursed Kes. 953,402,997 for recurrent expenditure and Kes. 29,224,355 for capital expenditure.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

m. Employee Benefits (Retirement Benefit Costs)

Laikipia University, jointly with Egerton, Kisii and Chuka Universities operates a contributory pension scheme for eligible employees. The assets of the scheme are held separately in a trustee administered fund that is funded by both employees and the University.

The University obligation to the scheme is the contribution of 20% of basic Salary whereas the employees contribute 10% of their basic Salary.

The University also contributes to the National Social Security Fund (NSSF) for staff in grade I-IV. Contributions to this fund are determined by the local statutes. Currently, the NSSF rate is at Kes. 200 per employee per month.

The University contributions to the above schemes are charged to the Statement of Financial Performance in the year to which they relate. The University has no further obligation once the contributions have been remitted to the pension fund. The University has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The University's contributions to the defined contribution schemes are recognized as an employee benefit expense in the year which it relates.

All employees are expected to take their annual leave as and when it matures during the year, otherwise, forfeit it. Hence there is no accrued annual leave at the statement of financial position date.

Employee's entitlements to gratuity are recognized when they accrue to contractual employees. A provision is made for the liability for such entitlements as a result of services rendered by employees up to the statement of financial position date. Such employees become entitled to the gratuity at the end of every financial year in their contracts and the payments out of this are charged to the accrued gratuity account.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

n. Financial Risk Management

The University's activities expose it to a variety of financial risks including credit and liquidity risks. 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's financial risk management objectives and policies are detailed below;

❖ **Credit Risk Management**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to students, including outstanding receivables and committed transactions. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the University. The University's credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings. The University's policy is payment on registration and thus students' receivables are categorized as either past due or impaired.

The amount that best represents the University's maximum exposure to credit risk is made up as follows;

Credit risk Analysis

Details	Fully Performing Kes.	Past due Kes.	Impaired Kes.	Total Kes.
As at 30th June, 2021				
Students Receivables	0	123,353,805	0	123,353,805
Other Receivables	0	82,309,565	0	82,309,565
Bank Balances	42,263,023	0	0	42,263,023
	<u>42,263,023</u>	<u>205,663,370</u>	<u>0</u>	<u>247,926,393</u>
As at 30th June, 2020				
Students Receivables	0	133,722,560	0	133,722,560
Other Receivables	0	83,160,135	0	83,160,135
Bank Balances	38,604,328	0	0	38,604,328
	<u>38,604,328</u>	<u>216,882,695</u>	<u>0</u>	<u>255,487,024</u>

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

❖ **Liquidity risk management**

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines. Ultimate responsibility for liquidity risk management rests with the University Management Board, which 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 University manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows.

Prudent liquidity risk management includes maintaining sufficient cash to meet the University's obligations. The University Management Board reviews the cash forecasts regularly and determines the University's cash requirement. The table below analyses the University's financial liabilities into relevant maturity period based on the remaining period at the end of reporting period to the contractual maturity date.

Liquidity risk Analysis

Details	Less than one Month Kes.	Between 1-12 Months Kes.	Over 12 Months Kes.	Total Kes.
As at 30th June, 2021				
Trade Payables	0	38,254,111	17,040,284	55,294,396
Contractors	0	11,033,130	74,833,810	85,866,940
SSP Claims	0	79,701,097	123,721,111	203,422,208
Prepaid Fees	0	41,037,992	17,966,674	59,004,666
Borrowings	0	0	0	0
Other Payables	0	24,613,840	71,356,591	95,970,431
Caution Money	0	3,352,000	16,436,020	19,788,020
	<u>0</u>	<u>197,992,170</u>	<u>321,354,491</u>	<u>519,346,661</u>
As at 30th June, 2020				
Trade Payables	0	15,130,240	15,399,486	30,529,726
Contractors	0	10,387,154	67,148,241	77,535,395
SSP Claims	0	733,320	130,401,948	131,135,268
Prepaid Fees	0	28,874,440	0	28,874,440
Borrowings	0	0	0	0
Other Payables	0	51,596,071	51,592,405	103,188,476
Caution Money	0	2,964,000	14,168,020	17,132,020
	<u>0</u>	<u>109,685,225</u>	<u>278,710,100</u>	<u>388,395,325</u>

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

❖ Market risk

(i) Foreign exchange risk - Foreign exchange risk arises from recognized assets and liabilities. The University operates wholly within Kenya and its assets and liabilities are denominated in Kenya shillings. The Council therefore believes there is no risk of significant losses due to exchange rate fluctuations.

(ii) Price risk - The University does not hold any financial instruments subject to price risk.

o. Comparative figures

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

p. Research and Development Costs

Research and development expenditure is charged to income statement in the year it is incurred.

q. Interest on Loans

Interest on loan has been charged as expenses in the year they have been incurred. The policy is to accrue all un-paid interest relating to the year under review.

r. Tax Exemption

Laikipia University is among institutions of higher learning in Kenya. All public Universities are classified under Not-for-Profit Organizations (NPOs) and they enjoy tax exemptions and incentives from Government because they provide services that positively influence social welfare. These services should be provided free of charge, below cost or at the very minimum cost. The NPOs include Charities/NGOs/Trusts, Churches/Religion Organizations, Hospitals, Schools/Universities among others.

For NPOs to be exempt from Income Tax, they must have been established solely to;

- Relief poverty or distress of the Public
- Advance religion or education.

The entity by virtue of being a public University and classified under the Not-for -Profit Organizations (NPOs) have been exempted from income tax. NPOs are exempted from income tax on income received from the activities of the organization, if the income is wholly used to support the public benefit purposes for which the organization was established and in this case to advance education by Public Universities.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

3. Government Grants

IPSAS 23 prescribe requirements for the financial reporting of revenue arising from non-exchange transactions. Transfers from government entities are classified under revenue from non-exchange transactions as there are no services expected in return. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. IPSAS 23 paragraph 31, states that, an inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset shall be recognized as an asset when, and only when:

- (a) It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- (b) The fair value of the asset can be measured reliably.

In addition, International Accounting Standard (IAS) 20 applies to all government grants and other forms of government assistance. A government grant is recognized only when there is reasonable assurance that;

- a. The entity will comply with any conditions attached to the grant and
- b. There is a reasonable assurance that the grant will be received

During the year under review the University received a total of Kes. 953,402,997 in 2020/2021 FY compared to Kes. 863,236,998 in 2019/2020 FY as recurrent capitation. This was an increase by 10% during the year and accounted for as revenue in the statement of financial performance. The Government through Ministry of Education (MoE) remained the highest financier of the University at 83.10% of the total revenue. Excluded in recurrent revenue was Kes. 29,224,355 for development expenditure which was accounted for in the accumulated reserves under the capital fund (See Appendix IV).

		2020/2021	2019/2020
		(30.06.2021)	(30.06.2020)
Government Grants			
Code	Description	Kes.	Kes.
40-01-001	GOK Recurrent	953,402,997	863,236,998
	Sub-Total	953,402,997	863,236,998

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

4. Grants & Donations

The University recorded a very small percentage 0.003% on grants and donations totaling to Kes. 40,000 compared to Kes. 118,617 recorded in 2019/2020 financial year. The University did not record any research grant during the 2020/2021 financial year. Other grants and donations amounted to Kes. 40,000 compared to Kes. 108,617 in the 2019/2020 FY.

Donations to students by Higher Education Loans Board (HELB) and Constituency Development Funds (CDFs) are posted directly to students accounts to reduce receivables but not revenue to the University. Grants and donations to the University during the year were as follows;

		2020/2021	2019/2020
		(30.06.2021)	(30.06.2020)
Grants & Donations			
Code	Description	Kes.	Kes.
40-01-002	Research Grants	0	10,000
40-01-003	Other Grants & Donations	40,000	108,617
	Sub-Total	40,000	118,617

5. Students' Fees

IPSAS 9 (revenue from exchange transactions), prescribe the accounting treatment of revenue arising from exchange transactions and events. The primary issue in accounting for revenue is determining when to recognize revenue. Revenue is recognized when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. The Standard identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognized.

Revenue from students' fees is classified under revenue from exchange transaction and is accounted for over the period in which they relate. Fees paid in advance are carried forward as excess/prepayments under trade and other payables. During the period under review, the University recorded students' fees amounting to Kes. 187,479,717 in 2020/2021 FY compared to Kes. 239,252,345, a decline by 21.6%. Contribution of students' fees to total revenue was recorded at 16.34% during the year. Tuition fee was the highest at Kes. 58,389,487. The sharp decline in students' fees was as a result of University closure during COVID-19 pandemic leading to loss of one (1) semester. The following is the breakdown on students' fee;

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

		2020/2021	2019/2020
		(30.06.2021)	(30.06.2020)
Students' Fees			
Code	Description	Kes.	Kes.
40-02-001	Tuition	58,389,487	92,713,500
40-02-002	Application Fee	104,000	129,500
40-02-003	Students ID	871,500	777,500
40-02-004	Registration	15,216,000	12,691,000
40-02-005	Examination Fee	16,269,270	16,003,000
40-02-006	Material Development	15,279,000	15,826,030
40-02-007	Activity Fee	15,292,000	12,153,500
40-02-008	Students Medical Fee	10,161,500	10,549,965
40-02-009	Library Fee	10,265,700	10,713,600
40-02-010	Students Supervision Fee	15,600,750	23,820,800
40-02-011	Laboratory Charges	11,346,500	8,673,000
40-02-012	Convocation Fee	29,000	10,427,200
40-02-013	Computer Charges	12,837,500	13,445,000
40-02-014	Accommodation	1,622,000	4,046,000
40-03-001	Retakes & Supplementary Exams	3,819,510	5,923,750
40-03-002	Examination Remarking fees	3,000	10,000
40-03-006	Certificates Late Collection	132,000	401,500
40-03-007	Academic Transcripts	241,000	947,500
	Sub-Total	187,479,717	239,252,345

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

6. Other Miscellaneous Income

The University recorded a total of Kes. 3,310,697 translating to 0.55% of the total income during the period. This was a decline by 14.2% compared to 2019/2020 FY which recorded a total of Kes. 7,352,420 in miscellaneous income. An analysis of other incomes for the year is as follows;

		2020/2021	2019/2020
		(30.06.2021)	(30.06.2020)
Other Sundry Income			
Code	Description	Kes.	Kes.
40-03-004	Library Fines	46,145	126,628
40-03-005	Students' Damages	4,150	56,000
40-03-008	Sale of TP Booklets	251,550	0
40-04-001	Campuses Income	0	5,851,051
40-04-003	Medical Charges - Guests	903,925	57,125
40-04-004	NHIF Rebates	660,893	0
40-04-006	Tendering Income	0	12,600
40-04-009	Hire of Transport	0	112,800
40-04-011	Gain on Disposal of Assets	179,000	0
40-04-013	LU Marathon	0	2,000
40-04-014	Conference Charges	572,884	0
40-04-016	Rent & Leasehold Income	2,494,975	564,000
40-04-019	Sale of Detergents	8,500	500
40-04-021	Other Sundry Income	200,366	287,716
40-04-025	Inter-Faculty Transfers	278,000	174,000
40-04-026	Guest House Income	2,000	108,000
40-04-028	Hire of Equipment	84,400	0
40-04-029	Sale of Mineral Water	34,700	0
40-04-030	Ethics Training Fees	6,000	0
40-04-031	Receipts in Lieu of Notice	583,209	0
	Sub-Total	6,310,697	7,352,420

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

7. Staff Costs

The average number of employees during the period was 524 with a composition of 6 members of the University Management Board, 101 teaching staff and 417 non-teaching staff. The University incurred a total of Kes. 1,058,791,260 translating to 82.3% of total expenditure to cater for staff salaries and benefits for the financial year ended 30th June, 2021 compared to Kes. 907,330,144 for similar period ended 30th June, 2020. Higher expenditure during the year is as a result of implementation of 2017/2021 CBA in July 2020. Included in staff costs is compensation to University Management Board amounting to Kes. 50,543,151 in 2020/2021 FY compared to Kes. 49,351,450 for 2019/2020.

There were no other related party transactions by the University Management Board members such as loans or advances or any other item described under IPSAS 20.

The University together with Egerton, Kisii and Chuka Universities operates a defined contribution staff provident scheme. The University contributes 20% of basic salary to pensionable staff in grade 5-15 which amounted to Kes. 76,904,857 in 2020/2021 FY compared to Kes. 56,357,806 in 2019/2020 financial year. The University has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Employees on contract are entitled to service gratuity on successful completion of their contracts and recognized when they accrue. Gratuity to staff on contract and those retiring is payable at 31% of basic salary for every year worked. The University incurred gratuity amounting to Kes. 25,212,113 in the year ended 30th June, 2021 compared to Kes. 38,900,414 in the last financial year ended 30th June, 2020.

All employees are expected to take their annual leave as and when it matures during the year, otherwise, forfeit it. Hence there is no accrued annual leave at the statement of financial position date.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

Detailed breakdown of staff costs during the 2020/2021 financial year is as follows;

Staff Costs		2020/2021	2019/2020
Code	Description	(30.06.2021)	(30.06.2020)
		Kes.	Kes.
50-01-001	Basic salary	524,550,885	383,213,237
50-01-002	House Allowance	183,255,220	187,756,934
50-01-003	Hardship Allowance	81,730,717	83,851,228
50-01-004	Medical Allowances	12,546,620	12,886,529
50-01-005	Commuting Allowance	64,921,451	66,022,207
50-01-006	NSSF (Employer)	507,000	551,600
50-01-007	Pension (Employer)	76,904,857	56,357,806
50-01-008	Leave Travel	5,194,686	5,519,815
50-01-009	Gratuity	25,212,113	38,900,414
50-01-010	Other Personal Allowances	43,876,337	42,904,084
50-02-001	Passage & Baggage	985,818	449,319
50-02-002	Staff (Dental & Optical) Expenses	834,495	774,772
50-02-003	Staff Med. Expenses (Hospitalization)	18,299,713	10,991,391
50-02-004	Casual Labour	2,568,007	1,535,763
50-02-005	Group Life insurance	9,707,502	9,469,291
50-02-006	Internship	625,000	1,683,542
50-02-007	Locum Salary	1,198,408	683,636
50-02-008	Staff Development/Training	1,531,041	889,472
50-02-009	Tuition Fee Waiver	1,364,300	906,700
50-02-010	Staff Welfare	115,969	0
50-02-011	Staff Funeral Expenses	370,000	190,000
50-02-013	Staff Uniforms	340,800	334,855
50-02-014	Sabbatical Expenses	280,000	1,130,000
50-02-016	NITA	288,150	327,550
50-02-017	Overtime & Leave Payment	1,582,170	0
	Total Staff Costs	1,058,791,260	907,330,144

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

8. Administrative Expenses

The University incurred a total of Kes. 50,407,603 as administrative expenses in 2020/2021 compared to Kes. 65,271,322 in 2019/2020 FY as itemized below;

Administrative Expenses		2020/2021 (30.06.2021)	2019/2020 (30.06.2020)
Code	Description	Kes.	Kes.
50-03-001	Travel & Subsistence	17,504,348	22,887,357
50-03-002	Transport Operating Expenses	2,444,637	5,533,177
50-03-003	Electricity Expenses	9,033,287	10,920,530
50-03-004	Office Stationery	336,350	1,434,855
50-03-005	Audit Fees	696,000	696,000
50-03-006	Security Infrastructure	1,534,304	1,575,802
50-03-007	Advertising & Publicity	1,033,040	1,205,565
50-03-008	Publishing & Printing	70,500	78,600
50-03-009	Postage & Telephone	991,550	820,850
50-03-010	Photocopying Expenses	938	4,031
50-03-011	Computer charges & Stationery	1,481,280	2,059,427
50-03-012	Bank Charges	534,975	655,307
50-03-014	Public Celebrations	0	15,500
50-03-016	General Licenses	614,405	609,993
50-03-017	Rents & Rates	162,654	247,114
50-03-019	Tendering Expenses	356,180	474,353
50-03-020	Quality Assurance	544,300	0
50-03-021	Strategic Plan/Charter Launch	518,072	1,030,063
50-03-022	Maintenance of water & Sewerage	5,800	42,585
50-03-023	ISO Expenses/Launch	1,396,926	4,604,171
50-03-024	Performance Contracting	677,486	841,822
50-03-025	Software Maintenance Expenses	1,567,865	939,886
50-03-026	Health Week	717,215	996,555
50-03-027	Subscription to University Memberships	809,615	1,236,906
50-03-028	Cleaning Materials	562,915	478,597
50-03-029	Meeting Expenses	1,932,285	2,331,735
50-03-030	Detergent Expenses	16,800	142,359
50-03-032	Office Running Expenses	870,617	770,282
50-03-034	Students' Registration Exp.	607,450	1,339,941
50-03-040	Disability Mainstreaming	97,420	0
50-03-041	HIV Aids Control Unit Expenses	34,805	0
50-03-042	Resource Mobilization Expenses	1,533,796	1,077,961
50-03-044	Complaints Resolution Exp.	5,000	11,200
50-03-045	Disaster Management & Emergency Response	1,675,688	0
50-03-046	Rental Income Tax	39,100	0
	Sub Total	50,407,603	65,062,522

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

9. Repairs & Maintenance Expenses

An analysis to repairs and maintenance expenses indicated that the University incurred a total of Kes. 7,939,245 in 2020/2021 compared to Kes. 8,281,891 in 2019/2020 FY. Included in the current expenditure is Kes. 4,593,708 on general repairs, vehicle repairs at Kes. 1,120,729 while computer repairs took Kes. 1,067,635 as indicated below;

		2020/2021	2019/2020
		(30.06.2021)	(30.06.2020)
Repairs & Maintenance Expenses			
Code	Description	Kes.	Kes.
50-04-001	General Repairs	4,593,708	6,384,351
50-04-002	Vehicle repairs	1,120,729	1,206,110
50-04-003	Machinery repairs	997,394	691,430
50-04-004	Internal Fencing/Repairs	159,780	0
50-04-005	Computer Repairs & Maintenance	1,067,635	0
	Sub Total	7,939,245	8,281,891

10. Contracted Services

The University contracted various companies and organizations to offer various services during 2020/2021 FY. The services included insurance, legal services and cleaning and sanitary. These services cost the University Kes. 5,311,163 compared to Kes. 3,136,442 in the 2019/2020 financial year. Included in current expenditure is Kes.2,982,236 for legal services and Kes.824,524 for vehicle insurance during the year. Also included in contracted services was expenditure for payment to Kenya Forestry Services (KFS) amounting to Kes. 1,070,497 for identification and valuation of trees for sale. The following is the breakdown for contracted services;

		2020/2021	2019/2020
		(30.06.2021)	(30.06.2020)
Contracted Services			
Code	Description	Kes.	Kes.
50-05-001	Legal Charges	2,982,236	1,390,301
50-05-002	Cleaning & Sanitary Services	201,300	87,780
50-05-003	General Insurance -Property	232,606	183,827
50-05-004	Vehicles Insurance	824,524	1,265,734
50-05-006	Other Contracted Professional Services	1,070,497	208,800
	Sub Total	5,311,163	3,136,442

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

11. Academic & Research Expenses

The University's core mandate is teaching and research, during the year under review, a total of Kes. 113,316,980 was incurred in 2020/2021 FY compared to Kes. 118,445,906 in 2019/2020 FY. Included in this expenditure was Kes. 82,370,107 for part-time lecturers' claims comprising of current and prior period claims recognized during the period. Detailed academic and research expenses are as follows;

		2020/2021	2019/2020
		(30.06.2021)	(30.06.2020)
Academic & Research Expenses			
Code	Description	Kes.	Kes.
50-06-001	Part-time Teaching Costs	82,370,107	57,183,681
50-06-002	Graduation Expenses	0	6,693,347
50-06-003	Teaching Materials	49,800	1,052,040
50-06-004	Laboratory Materials & Reagents	312,990	1,025,904
50-06-005	Teaching Practice & Field Attachment	7,045,600	19,830,762
50-06-006	Academic Field Trips	428,200	2,270,100
50-06-007	Research Expenses	1,188,441	627,989
50-06-009	Internet Services	9,102,718	15,201,715
50-06-010	Subscription to e-Journals	633,780	480,000
50-06-011	Academic Exhibitions	0	146,900
50-06-012	Conference & Seminars	1,981,120	3,626,221
50-06-014	Senate Expenses	97,660	53,280
50-06-015	International Travel	81,310	125,000
50-06-016	KUCCPS Expenses	2,713,500	1,864,500
50-06-017	CUE Expenses	1,856,600	2,252,690
50-06-018	Examination Stationery	2,583,593	1,851,794
50-06-019	Graduation Gowns	621,940	1,334,160
50-06-020	External Examiners (Exam Moderation)	1,892,282	988,643
50-06-022	Open & Distance Learning	0	1,100,000
50-06-027	Newspapers, Journals & Videos	313,040	737,180
50-06-028	Botanical Garden Expenses	44,300	0
	Sub Total	113,316,980	118,445,906

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2021

12. Students Welfare Expenses

Over the years, the University Management Board has made a deliberate decision to improve students' welfare through a number of ways, among them, Students' bursaries and work-study programme. The University also supports students through provision of medical supplies and students' activities like drama and sports. During the year under review, the University incurred a total of Kes. 4,819,224 to improve on students' welfare. Included in this expenditure was Kes. 1 million in respect of bursaries to support needy students in the University. Detailed students' welfare expenses for the period are as follows;

		2020/2021	2019/2020
		(30.06.2021)	(30.06.2020)
Students Welfare		Kes.	Kes.
Code	Description		
50-07-001	Students Medical Supplies	2,475,022	3,640,346
50-07-002	Students Work-study	637,300	502,600
50-07-003	Games Exp. (Inter Universities)	140,600	677,270
50-07-004	Students Choir/Drama Festivals	48,600	418,700
50-07-006	LU Marathon	0	406,597
50-07-007	Students' Counseling Expenses	170,000	200,000
50-07-008	Students' Bursaries	1,000,000	1,000,000
50-07-009	Students Miscellaneous A/c	239,841	1,792,965
50-07-010	Subscription to DSTV	107,860	101,600
	Sub Total	4,819,224	8,740,078

13. Council Expenses

The University approves formal and transparent remuneration policies to Council members. These policies clearly stipulate remuneration elements such as sitting allowance, transport re-imbursements and honorarium to the Chancellor and members of Council in line with the industry. All Council members are paid a taxable sitting allowance of Kes.20,000 for every meeting attended.

During the period under review, the University council held various meetings to deliberate issues of the University. A total of Kes. 9,505,033 was incurred as compensation to Council members compared to Kes. 11,478,799 in similar period of 2019/2020 FY. Low expenditure in 2020/2021 financial year was as result of Council meetings being held virtually due to COVID-19 hence reduced expenditure on Mileage and Accommodation. Details of Council expenses for the year are as follows;

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

Council Expenses		2020/2021 (30.06.2021)	2019/2020 (30.06.2020)
Code	Description	Kes.	Kes.
50-08-001	Council Sitting Allowance	4,220,000	5,400,000
50-08-002	Council Mileage Allowance	1,635,033	1,512,380
50-08-003	Council Honoraria	1,131,000	957,000
50-08-004	Council Accommodation Allowance	2,457,000	3,555,419
50-08-005	Council Lunch Allowance	62,000	54,000
	Sub Total	9,505,033	11,478,799

14. Finance Charge

Finance charge is any fee representing the cost of credit, or the cost of borrowing. It is interest accrued on, and fees charged for, some forms of credit. It includes not only interest but other charges as well, such as financial transaction fees. The University had no outstanding loan balance in 2020/2021 FY hence no expenditure was incurred.

15. Depreciation & Amortization

The University policy is to apply full year depreciation at the year of purchase with no depreciation on disposal of an asset. The University provided a total of Kes. 37,487,318 as depreciation on assets in the 2020/2021 FY compared to Kes. 34,782,057 in the 2019/2020 financial year. Included in the 2020/2021 FY provisions for depreciation was Kes. 34,896,378 on property plant & equipment (PPE), Kes. 2,440,939 on library books and amortization on intangible asset (ERP) at Kes. 150,000. Current ERP amortization was for aSc software which is the only capitalized ERP. The other ERPs are under work-in-progress and were therefore not amortized as per policy. A transfer for excess depreciation amounting to Kes. 16,823,542 as a result of un-realized gain on revaluation was made between revaluation and revenue reserves.

Depreciation & Amortization		2020/2021 (30.06.2021)	2019/2020 (30.06.2020)
Code	Provision for Depreciation & Amortization	Kes.	Kes.
50-10-001	Depreciation on PPE	34,896,378	32,564,540
50-10-002	Depreciation on Library Books	2,440,939	2,067,517
50-10-003	Amortization of Intangible Assets	150,000	150,000
	Sub Total	37,487,318	34,782,057

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

16. Bad Debts

Bad debt is an expense that a business incurs once the repayment of credit previously extended to a customer is estimated to be uncollectible. Bad debt is a contingency that must be accounted for by all businesses that extend credit to customers, as there is always a risk that payment will not be received. As a result, a provision for bad and doubtful debts needs to be included in the income statement. Laikipia University made a general provision for bad and doubtful debts on receivables from exchange transaction at the close of 2020/2021 FY. Changes (Increase/ (decrease)) in provision for bad and doubtful debts are recorded in the statement of financial performance at the end of period. Irrecoverable debts are also written off as an expense in the income statement. Details of this line item are as follows;

	2020/2021	2019/2020
	(30.06.2021)	(30.06.2020)
Bad Debts		
(i) Provision for Bad Debts	Kes.	Kes.
Receivables from Exchange Transactions	205,663,370	216,882,695
Less Provision for Bad & Doubtful Debts @ 10%	20,566,337	21,688,270
Net Receivables from Exchange Transactions	185,097,033	195,194,426
Receivables from Non- Exchange Transactions	0	0
Total Net Receivables	185,097,033	195,194,426
Increase/(Decrease) in Provision for Bad Debts	(1,121,933)	(770,804)
	2020/2021	2019/2020
(ii) Bad Debts Written-off	(30.06.2021)	(30.06.2020)
Item	Kes.	Kes.
Farm Dues	0	0
Bookshop Dues	0	0
Medical Dues	0	0
Imprests	0	0
Total Debts Written off	0	0

The negative figure on provision for bad debts denotes decrease in provision as a result of decrease in receivables from exchange transaction. The University did not write-off any bad debts during the period.

17. Loss on Assets Disposal/De-recognition

During the year under review there was no de-recognition or disposal of assets and therefore no loss or gain on de-recognition/disposal of assets.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

18. Farm Operations

**Farm Trading, Profit and Loss Account
For the Year Ended 30th June, 2021**

	2020/2021 (30.06.2021)	2019/2020 (30.06.2020)
Details	Kes.	Kes.
Sales	6,599,207	1,649,890
Cost of Sales	7,368,210	81,012
Gross Profit/(Loss)	(769,003)	1,568,878
Expenses	417,751	1,557,212
Net Profit/(Loss)	(1,186,753)	11,666

Cost of inputs was higher than sales resulting to a loss during the year.

19. Catering Operations

**Catering Trading, Profit and Loss Account
For the Year Ended 30th June, 2021**

	2020/2021 (30.06.2021)	2019/2020 (30.06.2020)
Details	Kes.	Kes.
Sales	5,752,861	5,539,752
Cost of Sales	5,372,100	4,439,398
Gross Profit/(Loss)	380,761	1,100,354
Expenses	507,795	176,747
Net Profit/(Loss)	(127,034)	923,607

The University cafeteria was affected by closure of the University in the better part of the year due to COVID-19 resulting to loss of one (1) semester.

20. Bookshop Operations

The University operationalized its bookshop in January 2021. The bookshop reported a net profit of Kes. 191,652 during the period as indicated below;

**Bookshop Trading, Profit and Loss Account
For the Year Ended 30th June, 2021**

	2020/2021 (30.06.2021)	2019/2020 (30.06.2020)
Details	Kes.	Kes.
Sales	609,837	0
Cost of Sales	304,552	0
Gross Profit/(Loss)	305,285	0
Expenses	113,633	0
Net Profit/(Loss)	191,652	0

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

21. Cash & Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Total cash and cash equivalents at the close of period ended 30th June, 2021 was Kes. 42,263,023 as detailed below:

Cash & Cash Equivalents

Bank Account Name	Account Number	2020/2021 (30.06.2021) Kes.	2019/2020 (30.06.2020) Kes.
KCB Main Account	1102161683	21,469,397	27,731,558
KCB Nakuru Account	1101909080	2,211,105	***
KCB Development Account	1120980534	404,159	356,338
KCB Research Account	1125437723	718,678	418,102
KCB Farm Account	1102161551	1,273,559	127,457
KCB Catering Account	1102168688	497,029	82,300
KCB Bookshop Account	1102161829	844,787	295,128
KCB - Mararal Fees Account	1135920710	116,807	***
KCB - Mararal CDF Account	1134913397	1,279,085	1,284,125
Co-operative Fees Account	1129025576702	366,284	359,798
Co-operative Bank Fees Account	1129501778000	7,222,682	139,710
Co-operative Bank Nyahururu Fees Account	1129037271600	380,689	***
Co-operative Bank Naivasha Account	1129037293400	72,802	90,922
Co-operative Bank - Marathon Account	1120036453400	422,157	1,032,519
Co-operative Bank - Gratuity/Caution Money Account	1100036453400	946,406	2,447,006
Equity Fees Account	160295840456	1,151,017	429,822
Equity Chancellors & Alumni Endowment Fund Account	160264998833	699,580	699,580
MPESA Pay bill	829850	348,546	239,246
Total		40,424,768	35,733,611
Cash in Hand		1,838,255	2,870,717
Total		42,263,023	38,604,328

NB: *** Means the cashbook had been overdrawn in 2019/2020 FY

Included in cash on hand were money orders amounting to Kes. 1,813,740 held at the post office awaiting clearance. Money paid by students through money orders at the post office are receipted and then claimed from post office.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

22. Accounts Receivables

The University recognizes income on accrual basis upon invoicing. Any amount remaining un-received at the close of accounting period is recorded as a receivable. Total amounts receivable at the close of period ended 30th June, 2021 was Kes. 185,097,033 net of provision for bad and doubtful debts. Included in gross receivables were students' fees balances of Kes. 123,353,805 at the close of the accounting period. This was the highest amount of receivables during the period as indicated below;

Accounts Receivable

	2020/2021	2019/2020
	(30.06.2021)	(30.06.2020)
(i) Receivable from Exchange Transactions		
Details	Kes.	Kes.
Students' Fee Balances	123,353,805	133,722,560
Fee Receivable Egerton University	1,862,823	1,862,823
Eldoret Campus (Elgon View) Students' Account	3,566,894	3,566,894
Nakuru Campus Students' Account	715,000	715,000
Embu Campus Students' Account	52,873,000	52,873,000
Nakuru Campus Director's Salary Account	3,787,094	2,516,750
Embu Campus Director's Salary Account	4,510,496	4,510,496
Farm Debtors	310,937	387,047
Bookshop Debtors	18,114	18,114
Medical Debtors	846,574	60,257
Salary Advance	369,243	132,564
Leasehold	1,673,232	1,281,233
Un-surrendered Imprests	1,375,785	3,185,011
Deposits & Pre-payments	9,287,549	9,009,623
SSP Tax	1,081,324	1,081,324
Students' Union Receivable	31,500	0
Contractors (Capital Projects)	0	1,960,000
Total	205,663,370	216,882,695
Less Provision for Bad & Doubtful Debts @ 10%	20,566,337	21,688,270
Net Receivable from Exchange Transactions	185,097,033	195,194,426
	2020/2021	2019/2020
(ii) Receivable from Non-exchange Transactions	(30.06.2021)	(30.06.2020)
Details	Kes.	Kes.
G.O.K. Capitation - Recurrent	0	0
Total Net Receivables	185,097,033	195,194,426

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

23. Inventories

The accounting for inventory involves determining the correct unit counts comprising ending inventory, and then assigning a value to those units. The University conducts a physical count/stock taking on inventories held at the close of each financial year. The resulting costs are then used to record an ending inventory value for recognition in the statement of financial position. The University recorded closing inventory of Kes. 17,019,907 at the close of the year as follows;

Inventory Stores Summary By Classification as at 30th June, 2021

Inventories	2020/2021 (30.06.2021) Kes.	2019/2020 (30.06.2020) Kes.
Animal Feeds	538,653	297,943
Boma Rhode Hay-Bales	60,200	0
Bookshop Items	114,475	0
Carpentry Materials	1,363,149	1,652,902
Chemicals & Fertilizers	290,500	618,610
Cleaning Materials	103,098	66,735
Computer Stationery	1,357,880	1,226,480
Diesel/ Petro/Lubricants	59,837	19,558
Dry Foodstuff	250,994	176,380
Electrical Appliances	677,237	810,405
Gift Shop Items	161,894	161,894
Harvested crop (Seeds)	119,925	1,224,975
Masonry Materials	536,285	587,175
Medical Drugs/Reagents	693,569	1,908,405
Medical Laboratories Apparatus	1,279,709	1,000,578
Office Stationery	2,117,343	1,495,437
Painting Materials	802,518	1,168,044
Perishable Foodstuff	119,661	56,243
Plumbing Materials	410,146	613,056
Science Laboratories Apparatus	1,789,945	1,533,967
Science Laboratory Reagents	1,460,075	1,656,645
Tools & Spare parts	969,310	970,360
Vet Drugs	61,230	100,690
Welding Materials	1,682,274	2,045,599
Total	17,019,907	19,392,081

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

24. Property, Plant & Equipment (PPE)

The University policy on recognition and measurement of Property, Plant and Equipment (PPE) is to initially report them at cost. Subsequently PPE are shown at revalued amounts, based on periodic, but at least every five years valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The University conducted a revaluation in May 2019 leading to a revaluation gain on our assets by Kes. 564 million. Valuations were made on the basis of the recent market transactions on arm's length terms (i.e. open market value). The book values of the properties were adjusted to the revaluations and the resultant surplus was treated as un-realized gain and recognized in the revaluation reserve under university reserves /accumulated fund. A transfer is made for excess depreciation amounting to Kes. 16,823,542 as a result of un-realized gain on revaluation and amortized annually between revaluation and revenue reserves.

The University PPEs as at 1st July, 2020 amounted to Kes. 2,140,530,156 at cost and revaluation. During the year, the University incurred an expenditure of Kes. 60.81 million for additional PPEs. Included in this was Kes. 49.56 million for additional Work-in-Progress on capital projects and Kes.11.25 million on acquisition of other PPEs. There was no capitalization of any capital projects during the period as they are still under work-in-progress. Total PPE at cost was therefore Kes. 2,201,343,717 at the close of the accounting period ended 30th June, 2021.

Accumulated depreciation at the close of 2020/2021 financial year was Kes. 81,748,584. Included in this was accumulated depreciation brought forward 1st July, 2020 at Kes. 46,852,206 and depreciation charge for the year at Kes. 34,896,378.

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

Included in the property, plant and equipment is an amount of Kes. 547,088,000 for all University's parcels of land. This comprises two parcels of land L.R. No. 8808/1 (20 acres) with book value of Kes. 12,900,000 and L.R. No.2912/12 (927 acres) with a book value of Kes 503,600,000. The University acquired Title Deeds for the two parcels of land though indicating University Council as the owners. The University is in the process of changing the name of owner to Laikipia University. Further, the University has 16 parcels of land in Nyahururu town. However, the sixteen (16) parcels of land are still in the name of Egerton University but the process is underway to amalgamate into one (1) parcel of land in the Name of Laikipia University.

In addition, Laikipia University owns two parcels of land in Rumuruti and Maralal totaling to 396 acres, land reference numbers 30170 and 32376 respectively. This comprises 100 acres allocated by defunct Town Council of Rumuruti and 296 acres allocated by the defunct County Council of Samburu. The University has acquired title deeds for the two (2) parcels but has not been included in the financial statements for the year ended 30th June, 2022, as they are in the process of valuation. These will be recognized in the financial statements upon valuation by the Ministry of Lands and Physical Planning once the process is complete.

Also included under the Property Plant and Equipment during the year is work-in-progress amounting to Kes. 1,108,957,218 for various capital projects ongoing in the University. Some projects are complete and in use but not capitalized due to lack of completion certificates. Use of these buildings is due to shortage of tuition space in the University. The University Management Board is following up the project consultants to finalize on the projects and have completion certificates for capitalization.

Details of assets movement are as indicated in the following page;

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

Movement on Property, Plant and Equipment

Cost/Valuation	Land	Buildings	Work-in-Process	Plant Machinery & Tractors	Motor Vehicles	Equipment	Furniture & Fittings	Computers & Accessories	Total
Kes .	Kes .	Kes .	Kes .	Kes .	Kes .	Kes .	Kes .	Kes .	Kes .
As at 1 st July, 2019	547,088,000	313,503,187	1,085,359,594	8,632,628	22,879,704	37,238,146	11,501,995	18,807,676	2,045,010,930
Additions	0	0	88,590,540	488,407	3,140,000	2,663,555	0	7,145,483	102,027,985
Capitalization		108,048,361	(114,557,120)						(6,508,759)
As at 30th June, 2020	547,088,000	421,551,548	1,059,393,014	9,121,035	26,019,704	39,901,701	11,501,995	25,953,160	2,140,530,156
Accumulated Depreciation									
As at 1 st July, 2019	0	4,697,183	0	698,954	2,114,197	3,800,859	711,539	2,264,935	14,287,666
Depreciation Charge for the Year	0	10,538,789	0	912,103	6,504,926	7,980,340	1,437,749	5,190,632	32,564,540
As at 30th June, 2020	0	15,235,971	0	1,611,057	8,619,123	11,781,199	2,149,289	7,455,566	46,852,206
Net Book Value as at 30th June, 2020	547,088,000	406,315,576	1,059,393,014	7,509,978	17,400,581	28,120,502	9,352,706	18,497,593	2,093,677,951
Cost/Valuation									
As at 1 st July, 2020	547,088,000	421,551,548	1,059,393,014	9,121,035	26,019,704	39,901,701	11,501,995	25,953,160	2,140,530,156
Additions	0	0	49,564,205	0	1,690,350	5,383,117	34,000	4,141,889	60,813,561
As at 30th June, 2021	547,088,000	421,551,548	1,108,957,218	9,121,035	27,710,054	45,284,819	11,535,995	30,095,049	2,201,343,717
Accumulated Depreciation									
As at 1 st July, 2020	0	15,235,971	0	1,611,057	8,619,123	11,781,199	2,149,289	7,455,566	46,852,206
Depreciation Charge for the Year	0	10,538,789	0	912,103	6,927,514	9,056,964	1,441,999	6,019,010	34,896,378
As at 30th June, 2021	0	25,774,760	0	2,523,161	15,546,636	20,838,163	3,591,288	13,474,576	81,748,584
Net Book Value as at 30th June, 2021	547,088,000	395,776,788	1,108,957,218	6,597,874	12,163,418	24,446,656	7,944,707	16,620,473	2,119,595,133

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

25. Library Books

The University recorded library books at a cost of Kes. 10.34 million at the close of 2019/2020 FY. During the year under review, acquisitions of library books amounting to Kes. 1.87 million was recorded raising the new cost of library books to Kes. 12.20 million. The University made a provision for depreciation of Kes. 2.44 million at the rate of 20% as per depreciation policy. Net book value stood at Kes. 7.05 million as at 30th June, 2021 compared to Kes. 7.62 million on 30th June, 2020. Movement in Library books during the year is as recorded below;

Library Books Movement for the Period Ended 30.06.2021

Item Description	Cost & Valuation b/f (01.07.2020)	Additions/ Capitalization 2020/2021	Disposal/ De-recognition 2020/2021	Cost & Valuation c/f (30.06.2021)	Cumulative Depreciation b/f (01.07.2020)	Depreciation Charge 2020/2021	Cumulative Depreciation c/f (30.06.2021)	NBV/ Balance c/d 30.06.2021	NBV/ Balance c/d 30.06.2020
	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.
Library Books	10,337,585	1,867,112	0	12,204,697	2,713,591	2,440,939	5,154,530	7,050,166	7,623,994
Totals	10,337,585	1,867,112	0	12,204,697	2,713,591	2,440,939	5,154,530	7,050,166	7,623,994

Notes to the Financial Statements (Continued)
For the Year Ended 30th June, 2021

26. Intangible Assets

IPSAS 31 prescribes the accounting treatment for intangible assets that are not dealt with specifically in any other IPSAS. It requires an entity to recognize an intangible asset if, and only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires specified disclosures about intangible assets. The accounting treatment for an intangible asset is to record the asset as a long-term asset and amortize the asset over its useful life, along with regular impairment reviews. The University policy stipulates that our intangible assets will have a useful life for five (5) years and therefore will be amortized at 20% per annum. Included in the intangible assets were Enterprise Resource Planning (ERP) software amounting to Kes. 30,706,820 at cost. Only aSc software for Examinations & Timetabling is fully implemented and therefore the only one that qualify for amortization. ABN Unisol. is currently being implemented and classified under work-in-Progress. Implementation of Power Campus Software failed and we are in the process of de-recognizing it in our books of accounts. However, this depends on the outcome from the on-going arbitration process.

Intangible Assets Movement for the Period ended 30.06.2021

	Item Description	Cost & Valuation b/f (01.07.2020)	Disposal / De-recognition 2020/2021	Additions / Capitalization 2020/2021	Cost & Valuation c/f (30.06.2021)	Accumulated Amortization b/f (01.07.2020)	Amortization Charge 2020/2021	Accumulated Amortization c/f (30.06.2021)	NBV/ Balance c/d 30.06.2021	NBV/ Balance c/d 30.06.2020
(i)	ERP Software (WIP)	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.
	Power Campus (World Span)	9,413,220	0	0	9,413,220	0	0	0	9,413,220	9,413,220
	aSc Software (Exam/Timetabling)	0	0	0	0	0	0	0	0	0
	ABN UniSol.	18,489,240	0	2,054,360	20,543,600	0	0	0	20,543,600	18,489,240
	Total ERP WIP	27,902,460	0	2,054,360	29,956,820	0	0	0	29,956,820	27,902,460
(ii)	ERP Software -Capitalized									
	aSc Software (Exam/Timetabling 2017/18)	750,000	0	0	750,000	150,000	150,000	300,000	450,000	600,000
	Total ERP Software -Capitalized	750,000	0	0	750,000	150,000	150,000	300,000	450,000	600,000
	Totals	28,652,460	0	2,054,360	30,706,820	150,000	150,000	300,000	30,406,820	28,502,460

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

27. Biological Assets

International Public Sector Accounting Standards (IPSAS) 27 and International Accounting Standards (IAS) 41, prescribe the accounting treatment of biological assets. The standards generally require biological assets to be measured at fair value less costs to sell. The University recorded a total of Kes. 6,640,000 on biological assets at the close of 2020/2021 FY as detailed below;

	2020/2021	2019/2020
Biological Assets	(30.06.2021)	(30.06.2020)
Detail	Kes.	Kes.
Cattle	6,005,000	4,515,000
Sheep	400,000	0
Boma Rhodes in Field	0	300,000
Tree Nursery seedlings	235,000	576,000
Total	6,640,000	5,391,000

Changes in biological assets were as a result new births and growth in value at Kes. 2,771,380, and purchases of sheep at Kes. 370,000. The University lost cattle valued at Kes. 328,000 in the period ended 30th June, 2021 due to varied illnesses.

28. Overdrawn Cashbooks

During the year under review, the University did not record overdrawn cashbooks as compared to the last financial year 2019/2020. This was after receipting most of the direct deposits for the students before utilizing the funds. The item recorded Kes. 1,624,468 as overdrawn cash books in the 2019/2020 FY. The overdrawn cash books are shown within borrowings in current liabilities on the statement of financial position. Details are as shown below;

Overdrawn Cash Books

Bank Account Name	Account Number	2020/2021	2019/2020
		(30.06.2021)	(30.06.2020)
		Kes.	Kes.
KCB Nakuru Account	1101909080	0	330,700
KCB - Mararal Fees Account	1135920710	0	677,468
Co-operative Bank Nyahururu Account	1129037271600	0	616,299
Grand Total		0	1,624,468

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

29. Accounts Payables

Accounts payable are classified as current liabilities/short-term payables if payment is due within one year or less. If not, they are presented as non-current liabilities/long-term payables. The University recorded an increase in payables by 33.7% from Kes. 388.40 million in 2019/2020 to Kes. 519.35 million in 2020/2021 FY. There was no pending long-term payable during the year. Part-time teaching cost were the highest at Kes. 203,422,208 accruing from prior periods. Amount owing to contractors is retention monies payable upon completion of the projects. The University Management is committed to clear the obligation though it's affected by shortage of funds. Details of accounts payable during the period are as follows;

Accounts Payables

	2020/2021	2019/2020
	(30.06.2021)	(30.06.2020)
(i) Short term Payables	Kes.	Kes.
Details		
Trade Payables	53,170,396	30,529,726
Audit Fees Payable (KENAO)	2,124,000	1,428,000
Contractors -Capital Projects	85,866,940	77,535,395
Part-time Teaching Costs	203,422,208	131,135,268
Students Caution Money	19,788,020	17,132,020
Excess Fees (Prepaid Tuition)	59,004,666	28,874,440
Laikipia University Students' Association (LUSA)	3,200,192	2,138,492
Alumni Account	3,062,805	3,968,055
HELB Control Account	1,528,320	3,753,800
Bursaries Control Account	5,788,426	3,619,547
Accrued Collective Bargaining Agreements (CBAs)	7,889,420	6,765,082
Accrued Payroll	75,110	0
Pension Fund	25,770,674	25,768,134
Customer Prepayments	11,020	1,217,076
Rent Deposits Payables	50,000	50,000
Kenya Revenue Authority Taxes Payable	48,069,743	53,657,421
Cash-in-Transit	524,722	822,869
Total	519,346,661	388,395,325
(ii) Long term Payables	Kes.	Kes.
Bank Loan	0	0
Total	0	0
Total Payables	519,346,661	388,395,325

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

30. Sustainability of Service and Movement in Working Capital

International Public-Sector Accounting Standards (IPSAS) 1, Paragraph 38 provides that when preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. To measure the ability of an organization to continue as a going concern, an analysis of the working capital is conducted in each accounting period.

Working capital, also called net working capital, is the amount of money a company has available to pay its short-term expenses. Changes in net working capital are the difference in the working capital from the current year and the previous year. Working capital is a financial metric which represents operating liquidity available to an organization. It is the capital of a business which is used in its day-to-day trading operations, calculated as the current assets minus the current liabilities.

Positive working capital is when a company has more current assets than current liabilities, meaning that the company can fully cover its short-term liabilities as they come due in the next 12 months. Positive working capital is a sign of financial strength. However, having an excessive amount of working capital for a long time might indicate that the company is not managing its assets effectively. On the other hand, negative working capital is when the current liabilities exceed the current assets, and the working capital is negative. Working capital could be temporarily negative if the company had a large cash outlay as a result of a large purchase of products and services from its vendors. However, if the working capital is negative for an extended period of time, it may be a cause for concern for certain types of companies, indicating that they are struggling to make ends meet and have to rely on borrowing to finance their working capital.

Laikipia University financial statements for the year ended 30th June, 2021 have been prepared in accordance with IPSAS accrual reporting framework. The University Management has assessed the university's ability to continue as a going concern and there is no sign of liquidation or ceasing to continue as a going concern.



Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

During the year under review, the University recorded a total of Kes. 519,346,661 as current liabilities and Kes. 244,379,964 as current Assets. This implies that the University had a negative working capital as the current liabilities exceeded current assets by Kes. 274,966,697. The negative working capital has been as a result of low capitation from the Government and decreasing students' population leading to low income to meet financial obligations as they fall due.

The University Management Board is committed to bridging the working capital gap by increasing students' enrollment to increase revenue base. The University also established Directorate of Resource Mobilization to oversee additional revenue generation in the University. Key projects include commercialization of water bottling plant and modernizing the farm to increase production and generate more revenue to cushion the University from financial distress. The University has also appealed to the National Government for additional funding to enable us clear previously accumulated debts.

However, there was an improvement in working capital as the University recorded a positive change in working capital of Kes. 142,171,903 compared Kes. 52,964,734 in 2019/2020 FY as indicated on statement of cash-flow. Details of current working capital movement are as indicated below;

Changes in Working Capital

ITEM	2020/2021 (30.06.2021) Kes.	2019/2020 (30.06.2020) Kes.	Working Capital Changes Kes.
(i) Receivables	185,097,033	195,194,426	10,097,393
(ii) Inventory	17,019,907	19,392,081	2,372,174
(iii) Payables	519,346,661	388,395,325	130,951,336
(iv) Biological Assets	6,640,000	5,391,000	(1,249,000)
Total	728,103,602	608,372,833	142,171,903

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

31. Purchase of Non-current Assets

For purposes of cash flow statement, all assets acquired during the period are accounted as use of funds under cash flows on investing activities. It is the money paid out to acquire investment in assets. In 2020/2021, the University incurred a total of Kes. 27.87 million compared to Kes.34.53 million in 2019/2020 FY for purchase of non-current assets. Details of additional assets during the year are as follows;

Purchase of Non-Current Assets

		2020/2021 (30.06.2021)	2019/2020 (30.06.2020)
	Details	Kes.	Kes.
(i)	Purchase of Office Equipment		
	Office Equipment	385,070	934,315
	Science Lab Equipment	0	1,241,680
	Fire Fighting Equipment	0	206,400
	Security Equipment (CCTV)	1,461,075	
	Water Bottling Equipment	204,516	0
	Kitchen Equipment	50,225	0
	Medical Equipment	65,000	0
	Communication & Media Equipment	3,072,231	0
	Sports Equipment	145,000	247,860
	Sub-Total	5,383,117	2,630,255
(ii)	Plant, Machinery & Tractors	Kes.	Kes.
	Farm Machinery	0	0
	Other Machinery	0	488,407
	Sub-Total	0	488,407
(iii)	Motor Vehicles	Kes.	Kes.
	Motor Vehicle	1,690,350	3,140,000
	Sub-Total	1,690,350	3,140,000
(iv)	Furniture & Fittings	Kes.	Kes.
	Office Furniture	34,000	0
	Sub-Total	34,000	0
(v)	Computers & Accessories	Kes.	Kes.
	Computers & Appliances	2,938,389	757,800
	Local Area Networks (LAN)	1,203,500	6,387,683
	Sub-Total	4,141,889	7,145,483
(vi)	Library Books	Kes.	Kes.
	Library Books	1,867,112	909,205
	Sub-Total	1,867,112	909,205
(vii)	Intangible Assets ERP	Kes.	Kes.
	ERP Software	2,054,360	13,526,760
	Sub-Total	2,054,360	13,526,760
	Total Non-current Assets	15,170,828	27,840,110

Notes to the Financial Statements (Continued)

For the Year Ended 30th June, 2021

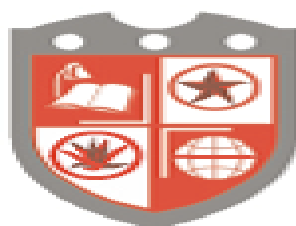
32. Additional Work-in-Progress

Work-in-Progress is the total value of the materials and labour for unfinished projects. The University incurred a total of Kes. 49,564,205 in 2020/2021 FY compared to Kes. 88,590,540 in 2019/2020 FY as additional costs to the on-going capital projects. Details of capital expenditure for the period are as shown below;

Additional Work-in-Progress (Capital Expenditure) for 2020/2021

Capital Project	2020/2021 (30.06.2021)	2019/2020 (30.06.2020)
Details	Kes.	Kes.
New Library & Admin Block	16,344,079	3,875,882
University Gate	457,800	2,485,573
Science Laboratories	30,775,287	79,726,645
Renovation of Students Hostels - Ngare Narok	0	147,780
Renovation of ICT Building	1,009,290	1,152,791
Sports Grounds & Pavilion	<u>977,748</u>	<u>1,201,869</u>
Total	<u>49,564,205</u>	<u>88,590,540</u>

LAIKIPIA UNIVERSITY



A University for Valued Transformation of Society'



**Laikipia University is ISO 9001:2015
and ISO/IEC 27001: 2013 Certified**





2020/2021 Annual Report & Financial Statements Committee Members

**Annual Report and Financial Statements
For The Year Ended 30th June 2021
APPENDICES**

APPENDIX I: Progress on Follow-up of Auditor's Recommendations

The following is the summary of issues raised by the external auditor in 2019/2020 FY, and management comments that were provided to the auditor. The University nominated focal persons to resolve the various issues as shown below with the revised time frame within which the issues will be resolved.

Reference No. on the External Audit Report	Issue/Observation from Auditor	Management Comment	Focal Point Person to resolve the Issue	Status	Timeframe
A1	<i>Failure to Disclose Material Uncertainty in Relation to Sustainability of Service</i>	<i>Low GoK Capitation and low students' intake</i>	<i>University Management Board and Resource mobilization Directorate</i>	<i>On-going</i>	<i>30th June 2022</i>
		<i>To be disclosed in subsequent financial statements</i>	<i>Mr. Geoffrey K. Langat- Finance Officer Mr. Samuel Murage- In-charge Final Accounts</i>	<i>Disclosed in the 2020/2021 Financial Statements</i>	<i>Done</i>
A2	<i>Lack of Ownership Documents on Land</i>	<i>Delay by Ministry of Lands</i>	<i>Ms. Imelda Wanjau - Legal Officer</i>	<i>Main Campus & Maralal Land title acquired. Rumuruti Land Title- Pending</i>	<i>Done 30th June 2022</i>
	<i>Non-inclusion of Rumuruti and Maralal Parcels of Land in Financial Statements</i>	<i>Process of Valuation underway</i>	<i>Mr. Geoffrey K. Langat- Finance Officer</i>	<i>On-going</i>	<i>30th June 2022</i>
		<i>To be disclosed in</i>	<i>Mr. Geoffrey K. Langat-</i>	<i>Disclosed in the</i>	<i>Done</i>



		<i>subsequent financial statements</i>	<i>Finance Officer</i> <i>Mr. Samuel Murage- In-charge Final Accounts</i>	<i>2020/2021 Financial Statements</i>	
A3	<i>Non-Amortization of Intangible Assets (ERP Software)</i>	➤ <i>Power Campus Contract Terminated and referred to Arbitration</i>	<i>Legal Officer</i>	<i>On-going</i>	<i>30th June 2022</i>
		➤ <i>aSc Software To be Capitalized</i>	<i>Mr. Geoffrey K. Langat- Finance Officer</i> <i>Mr. Samuel Murage- In-charge Final Accounts</i>	<i>Capitalized and Amortized</i>	<i>Done</i>
		<i>ABN Unisol. Implementation in progress</i>	<i>University Management Board and Vendor</i>	<i>On-going</i>	<i>30th June 2022</i>
A4	<i>Long outstanding payables</i>	<i>UMB commitment to clear the debts</i>	<i>UMB</i>	<i>On-going</i>	<i>30th June 2024</i>
A5	<i>Receivables- Pre-paid PAYE</i>	<i>To be recovered from subsequent tax payments</i>	<i>Finance Officer</i>	<i>Recovered in 2021/2022 FY</i>	<i>Done</i>
B1	<i>Work-in Progress</i>	<i>To be addressed</i>	<i>Finance Officer</i>	<i>Addressed</i>	<i>Done</i>

B2.1	Staff Sharing Bank Accounts	To be investigated	Registrar AHC	Addressed	Done
B2.2	Segregation of duties in UNIPLUS software	To be investigated and addressed	Registrar AHC	Addressed	Done
C1	Delay in Implementation of Capital Projects	UMB to fast track projects completion	UMB	On-going	30 th June 2024
C2	Delay in Implementation of ERP	Arbitration process on-going	UMB	On-going	30 th June 2023

The University Management Board is committed to resolve all pending audit issues to improve financial systems and reporting.



Prof. Kibett Rotich, Ph.D

Professor of Biostatistics and Informatics

VICE CHANCELLOR

APPENDIX II: Projects Implemented by the University

a) Donor Funded Projects

There were no donor funded projects in the year under review

b) Government Funded Projects

The following projects funded by the Government of Kenya through Ministry of Education (MoE) are on-going;

- I. Science Complex/Laboratories
- II. Tuition Block
- III. Library & Administration Block

c) Status of Projects

S/No.	Project Title	Total Project Cost	Total Expended to Date	% Completion to Date	Approved Budget 2020/2021	Actual 2020/2021	Source of Funds
		Kes.	Kes.	%	Kes.	Kes.	
1	Tuition Block	406,094,470	348,004,210	85.70%	0	0	GoK
2	Science Complex/Laboratories	1,000,000,000	186,117,532	18.61%	58,448,711	30,775,287	GoK
3	Library & Administration Block	265,784,544	385,990,467	145.23%	0	16,344,079	GoK
4	University Gate	23,631,575	30,905,637	130.78%	0	457,800	GoK/A-i-A
5	Sports Grounds & Pavilion	105,000,000	6,278,627	5.98%	0	977,748	GoK/A-i-A
6	Renovation of ICT Building	4,331,550	2,162,081	49.91%	500,000	1,009,290	A-i-A



APPENDIX III: Inter-Entity Transfers

LAIKIPIA UNIVERSITY

Breakdown of Transfers from the State Department for University Education & Research

a. Recurrent Grants	Amount Transferred	Relating to Financial Year
Date received as per bank statement	Kes.	Kes.
06.07.2020	89,480,534	2020/2021
07.08.2020	71,993,539	2020/2021
31.08.2020	71,993,539	2020/2021
01.10.2020	71,993,537	2020/2021
30.10.2020	71,993,539	2020/2021
07.12.2020	71,993,539	2020/2021
04.01.2021	71,993,538	2020/2021
05.02.2021	71,993,539	2020/2021
11.03.2021	71,993,539	2020/2021
09.04.2021	71,993,538	2020/2021
10.05.2021	71,993,539	2020/2021
16.06.2021	71,993,539	2020/2021
25.06.2021	71,993,538	2020/2021
Total Recurrent Grant	953,402,997	
b. Development Grants		
Date received as per bank statement	Amount Transferred	Relating to Financial Year
14.09.2020	29,224,355	2020/2021
Total Development Grant	29,224,355	
Total Transfers	982,627,352	

The above amounts have been communicated to and reconciled with the Ministry of Education.

Signed;



Finance Officer
Laikipia University

Head of Accounting Unit
Ministry of Education

APPENDIX IV: Transfers from Other Government Entities

LAIKIPIA UNIVERSITY						Where Recorded/recognized				
Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Date Received as per Cash-Book	Receipt Number	Nature: Recurrent / Development / Others	Total Amount - Kes.	Statement of Financial Performance - Kes.	Capital Fund - Kes.	Receivables Kes.	Others - specific -Kes.	Total Transfers during the Year - Kes.
Ministry of Education	06.07.2020	21.07.2020	115406	Recurrent	89,480,534	89,480,534		0	0	89,480,534
Ministry of Education	07.08.2020	27.08.2020	115610	Recurrent	71,993,539	71,993,539		0	0	71,993,539
Ministry of Education	31.08.2020	01.09.2020	115621	Recurrent	71,993,539	71,993,539		0	0	71,993,539
Ministry of Education	14.09.2020	17.09.2020	115722	Development	29,224,355		29,224,355			29,224,355
Ministry of Education	01.10.2020	21.10.2020	116995	Recurrent	71,993,537	71,993,537				71,993,537
Ministry of Education	30.10.2020	30.10.2020	117472	Recurrent	71,993,539	71,993,539				71,993,539
Ministry of Education	07.12.2020	07.12.2020	121728	Recurrent	71,993,539	71,993,539				71,993,539
Ministry of Education	04.01.2021	06.01.2021	123282	Recurrent	71,993,538	71,993,538				71,993,538
Ministry of Education	05.02.2021	08.02.2021	128414	Recurrent	71,993,539	71,993,539				71,993,539
Ministry of Education	11.03.2021	12.03.2021	131109	Recurrent	71,993,539	71,993,539				71,993,539
Ministry of Education	09.04.2021	10.04.2021	132289	Recurrent	71,993,538	71,993,538				71,993,538
Ministry of Education	10.05.2021	11.05.2021	132697	Recurrent	71,993,539	71,993,539				71,993,539
Ministry of Education	16.06.2021	16.06.2021	137763	Recurrent	71,993,539	71,993,539				71,993,539
Ministry of Education	25.06.2021	25.06.2021	138786	Recurrent	71,993,538	71,993,538				71,993,538
										0
Total Received					982,627,352	953,402,997	29,224,355	0	0	982,627,352
ADD; Accrued										
										0
Grand Total					982,627,352	953,402,997	29,224,355	0	0	982,627,352



This image shows a full page of primary-ruled paper. It consists of multiple sets of three horizontal dashed lines, which are commonly used in elementary school notebooks to guide handwriting practice. The lines are evenly spaced and extend across the entire width of the page. There is no text or other markings on the paper.