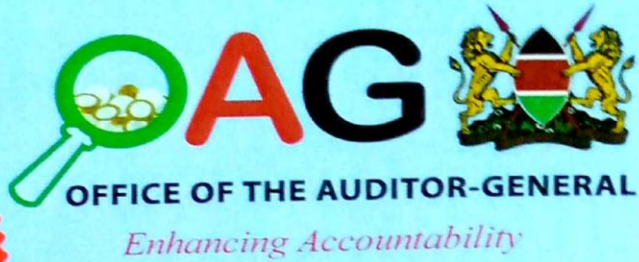
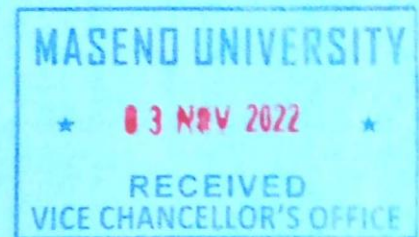


REPUBLIC OF KENYA



REPORT

OF



THE AUDITOR-GENERAL

ON

MASENO UNIVERSITY

**FOR THE YEAR ENDED
30 JUNE, 2021**



MASENO UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2021

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

KEY ENTITY INFORMATION

VISION STATEMENT

The University of Excellence in discovery and dissemination of knowledge

MISSION STATEMENT

To discover, harness, apply, disseminate and preserve knowledge for the good of humanity

OBJECTIVES

- i. To provide directly, or in collaboration with other institutions of higher learning, facilities for University education and research including technological, scientific and professional fields and research.
- ii. To participate in the discovery, transmission, preservation and enhancement of knowledge and to stimulate the intellectual participation of students and staff in the economic, social, cultural, scientific and technological development of Kenya and globally.
- iii. To harness acquired knowledge of the natural, applied and social sciences to manage the environment and to conserve biodiversity.
- iv. To conduct examination for and to grant such academic awards as may be, from time to time, provided for in the statutes
- v. To determine who may teach, what may be taught and how it may be taught in the University
- vi. To play an effective role in the development and expansion of opportunities for the University Education.

CORE VALUES

Maseno University seeks to uphold the following values: “REEQI”

- i. **Relevance:** The University is committed to ensuring relevance in its programs and activities.
- ii. **Excellence:** Excellence shall be targeted in outputs of the University
- iii. **Equity:** The University shall ensure that there is equity in all the opportunities within its jurisdiction.
- iv. **Quality:** All outputs and processes of the University shall ensure that quality is maintained.
- v. **Integrity:** The University shall ensure integrity in all their undertaking.

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I. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background of Maseno University

Maseno University is a Public University created by Maseno University Act 2000 and now operates under the Universities Act 2012. The precursor, Maseno University College, was established through the merging of Maseno Government Training Institute (GTI) with Siriba Teacher's Training College as a Constituent College of Moi University.

b) Principal Activities

Principal Activity of Maseno University is to discover, harness, apply, disseminate and preserve knowledge. The University has embarked on a mission to develop and deliver academic programmes that not only respond to the needs of industry but also prepare workers for the knowledge economy, in line with the Vision 2030.

c) Key Management

Maseno University's day-to-day management is under the following organs:

1. The Maseno University Senate
2. The University Management Board.

d) Fiduciary Management

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

Name	Designation
1. Prof. Julius O. Nyabundi	Vice-Chancellor
2. Prof. Catherine A. Muhoma	Deputy Vice-Chancellor(A,F&D)
3. Prof. Mary J. Kipsat	Deputy Vice-Chancellor(ASA)
4. Prof. Joseph S. Chacha	Deputy Vice-Chancellor(PRI)
5. CPA Joseph W. Omondi	Finance Officer

e) Fiduciary Oversight Arrangements

Planning, Finance and Investment Committee of the University Council reviewed quarterly financial statements before they were recommended to the University Council for approval.

Audit and Risk Committee of the University Council - Reviewed the reports from the internal audit department.

The University Council approved the Budget for FY2020/2021 and approved Quarterly Financial Statements before they were submitted to The National Treasury at the end of every quarter of FY2020/2021.

f) Maseno University Headquarters

Private Bag, MASENO

Maseno University Head Office - College Campus on Kisumu-Busia Road

MASENO, KENYA

g) Maseno University Contacts

Private Bag MASENO

Tel: 057-351622

FAX: 057-351221

email: vc@maseno.ac.ke

Website: www.maseno.ac.ke

h) Maseno University Bankers

Kenya Commercial Bank Ltd
Kisumu Branch

Standard Chartered Bank Ltd
Kisumu Branch

Equity Bank Ltd.
Luanda Branch

i) Independent Auditors

Office of the Auditor - General

Anniversary Towers, University Way

P O Box 30084-00100

NAIROBI, KENYA

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

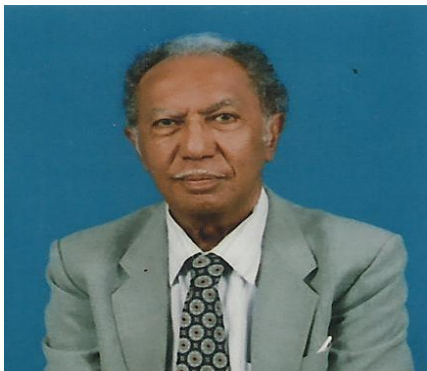
P.O. Box 40112

City Square 00200

Nairobi, Kenya

II. MEMBERS OF THE UNIVERSITY COUNCIL

CHAIRMAN OF MASENO UNIVERSITY COUNCIL



Prof. Abdullah Naji Said
BSc(UoN), MSc(UoN), Ph.D.

Prof. Abdullah Naji Said is a Professor of Animal Nutrition. He formerly served as Chairman of Council, Laikipia University and has also served on the Egerton University Council. He is currently also the chairman of Malindi Museum Society.

MEMBER



Mr. Edwins Mukabanah
BA (UoN), MSc (Westminster)




Mr. Edwins Mukabanah is the Chief Executive Officer of Kenya Bus Service. He has wide experience in transport planning, operation and management.

MEMBER



Ms. Sophia Abdi Hassan,
BSc (Malardem), MSc (Malardem)

Ms. Sophia Abdi Hassan works in the banking industry. She is a specialist in investment, portfolio management and liquidity management.

<p>MEMBER</p>  <p>Mr. Gerald Kariithi Mira BA (Moi), MSc (JKUAT)</p>	<p>Mr. Gerald Kariithi Mira is a practising insurance professional with specialization in Entrepreneurship.</p>
<p>MEMBER</p>  <p>Ms. Lucy A. Osmerah Dip. Ed(KU), BA(UoN), MA(UoN)</p>	<p>Ms. Lucy A. Osmerah is a consultant and trainer in Financial Management Programmes.</p>
<p>MEMBER</p>  <p>Mrs. Caroline NkiroteNyororo BA (UoN), MBA (UoN)</p>	<p>Mrs. Caroline Nkirote Nyororo is a practising Land Valuer. She is specialised in land Economics, Business Administration and information Technology</p>

<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Mr. Andrew Rukaria BA(UoN), MBA(Moi) Rep. Principal Secretary Ministry of Education</p>	<p>Mr. Andrew Rukaria is Director of Administration in the State Department for Early Learning and Basic Education. He is a career public administrator.</p>
<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Mr. Samuel Kiptorus BA(UoN), M.A(DAR) Rep. Cabinet Secretary National Treasury</p>	<p>Mr. Samuel Kiptorus works in the National Treasury as a Senior Deputy Director Intergovernmental Fiscal Relations. His experience is in Economic Planning and strategic management.</p> <p>Term ended on 4th May, 2021.</p>
<p style="text-align: center;">MEMBER</p>  <p style="text-align: center;">Ms. Alice Nyariki BA(POONA), MSc(Middlesex) Rep. Cabinet Secretary National Treasury</p>	<p>Ms. Alice Nyariki works in the National Treasury as a Senior Deputy Director Pensions. Ms. Nyariki is a pensions professional with over twenty (20) years' experience in the management and administration of public pension systems within the Government of Kenya.</p> <p>Term Commenced on 5th May, 2021</p>

**VICE-CHANCELLOR AND SECRETARY TO
THE UNIVERSITY COUNCIL**



Prof. Julius O. Nyabundi, OGW
BSc.(UoN), MSc.(UoN), Ph.D.(California, Davis),

Prof. Nyabundi is the Vice-Chancellor and Secretary to the Council. He formerly served as the Principal of Muranga University College and Acting Deputy Vice-Chancellor (AF&D) at Maseno University. He has also served as the Managing Director, Chemelil Sugar Company.

He is a renowned scholar who has published widely in refereed journals and has presented papers in local and international conferences. He earned his Ph.D. from the University of California.

III. MANAGEMENT TEAM OF THE UNIVERSITY



Prof. Julius O. Nyabundi, OGW
BSc.(UoN), MSc.(UoN), Ph.D.(California,Davis),
Vice-Chancellor

Prof. Julius O. Nyabundi Ph.D., OGW is the Vice-Chancellor of Maseno University. He is the Academic and Administrative Head of Maseno University.



Prof. Catherine A. Muhoma,
BEd.(Maseno), M.A, (Maseno) Ph.D.,
Deputy Vice-Chancellor(A,F&D)

Prof. Catherine A. Muhoma, Ph.D is the Deputy Vice-Chancellor in charge of Administration, Finance and Development.





Prof. Mary Kipsat,
BSc (UoN), MSc.(UoN), Ph.D.(Moi)
Deputy Vice-Chancellor (ASA)

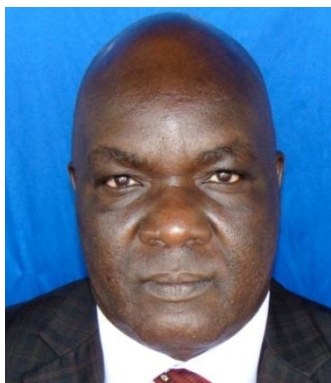
Prof. Mary Kipsat, PhD. is the Deputy Vice- Chancellor in charge of Academic and Student Affairs.



Prof. Joseph Chacha,
BSc (UoN)., MSc(UoN).,Ph.D(Ottawa).,
Deputy Vice-Chancellor (PRI)

Prof. Joseph Chacha, Ph.D. is the Deputy Vice- Chancellor in charge of Partnership, Research, and Innovations.

 <p>Mr. Mathew O. Onyango, BEd (UoN), MEd (Manchester) REGISTRAR (Administration)</p>	<p>Mr. Mathew O. Onyango is the Registrar in charge of Administration and Central Services.</p>
<p>REGISTRAR (Academic & Student Affairs)</p>	<p>Vacant</p>
<p>UNIVERSITY LIBRARIAN</p>	<p>Vacant</p>
 <p>Mr. Joseph W. Omondi, BBA.(KEMU), MBA (UoN), CPA(K) FINANCE OFFICER</p>	<p>Mr. Joseph William. Omondi is the University Finance Officer.</p>



Dr. Naphtali Onyuka Aroko,
MBChB (UoN), PgDIH(Berlin) CTM, MPH(Maseno)
CHAIRMAN, HEALTH SERVICES

Dr. Naphtali Onyuka Aroko, is the Acting Chairman, Health services in the University



Ms. Joy A. Akinyi
LLB (Moi), PGD (KSL), Dip (KIM), MBA(UoN)
LEGAL OFFICER

Ms. Joy Akinyi is the head of legal services

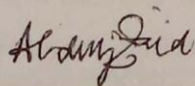
IV. CHAIRMAN'S STATEMENT

I am pleased to present the annual report and financial statements of Maseno University for the year ended 30.06.2021. Maseno University has continually focused on quality teaching, research and outreach activities in fulfilment of its Vision and Mission. The University is on track in the implementation of the 2017-2022 Strategic Plan. The University reviewed the Strategic Plan to align it to the national development priorities provided in the Vision 2030, Medium-Term Plan III and also the "Big four" Agenda in view of the existing economic realities. This has enabled prioritisation of projects that are critical to the growth of the University. The University Council is intent in promoting Partnerships and Linkages with its peer institutions and industry; such relationships are central in transforming the University into a truly global institution.

The year 2020/21 marked the sixth year of the implementation of the *Mwongozo*- The Code of Governance for State Corporations. This framework focuses on addressing matters of effectiveness of the Council, transparency and disclosures, accountability, risk management, internal controls, ethical leadership and good corporate citizenship. The Maseno University Council and management is committed to the full implementation of the provisions of the *Mwongozo* code, which takes cognisance of the importance of good corporate governance and citizenship on the development of the Institution and the Community it seeks to serve.

While the University has made great strides in the pursuit of its priorities, it continues to face challenges in terms of constrained financial resources as a result of reduced Government funding and declining pool of Self-Sponsored students. In response, the University operates on a highly constrained budget with little capacity to respond to emerging budgetary dynamics which may challenge continued optimisation of University operations.

On behalf of the University Council, I take this opportunity to thank the Government for the continued support. I also wish to thank the Management and staff for their continued dedication and commitment. I wish to commend the student body for their cooperation and understanding, which has contributed greatly to the stability and growth of the University. Finally, I would take the earliest opportunity to thank our stakeholders for their continued support. With the support of all stakeholders, we look forward to even greater achievements in the coming financial year.



Prof. Abdullah Naji Said, Ph.D.
Chairman of Maseno University Council

V. REPORT OF THE VICE-CHANCELLOR

It is my great pleasure to once again present the annual report and financial statements of Maseno University for the financial year 2020/2021. Maseno University is committed to its vision and mission as contained in the Strategic Plan 2017-2022.

University Financial Performance

Maseno University realised total revenue of **Kshs.2,734,044,961** in the FY 2020/2021 as compared to **Kshs.3,338,210,8121** in FY 2019/2020 mainly due to the negative effects of Covid-19 pandemic. The Government recurrent capitation covers 77% of the payroll costs hence the University is compelled to bridge the gap in paying salaries by 23% over and above the 100% of operations and maintenance expenses.

Maseno University's financial performance during the year was stable despite the constraining financial environment in which the University operated. The Government capitation still remains the University's main source of income contributing 61% of the University revenue, followed by Appropriation in Aid at 33% and research grants at 6% in FY 2020/2021. The Government recurrent capitation in FY2020/2021 was **Kshs.1,680,469,479** while internally generated revenue was **Kshs.896,965,272**.

Statutory compliance

Despite the financial constraints, Maseno University prioritised and complied with the statutory obligations, including timely remittance of PAYE, NHIF, HELB, SACCO dues, staff pension, and all other staff deductions for the financial year.

Development projects

The development grants received from Government in the year was **Kshs.59,407,844** against an approved allocation of **Kshs.118,815,689**. This amount was utilized to finance the construction of Tuition Block and Laboratory Complex number of development projects. Further, the University received a loan of **Kshs.284,679,088** from Equity Bank that was utilized on the construction of student hostels phase one.

Core mandate

In pursuit of its mandate, Maseno University engaged in various core and support functions within the financial year within its short term objectives. These and other medium term objectives remain the key focus of the University as follows:-

I. Academic programmes

Maseno University continuously reviews and develops new programmes in line with the strategic plan, relevance to the job market and towards achieving the vision 2030, and Sustainable Development Goals (SDGs).

The University is making concerted efforts to ensure implementation of blended teaching and examination in addition to the eCampus in the face of the COVID-19 Pandemic.

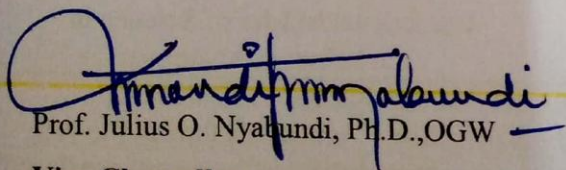
II. Student Welfare

The University has improved its relationship with the students' body. The needy students are continuously being placed on paid work study programme as per Government Policy. The University established the Office of career services to work on the enhancement of favourable positioning of the University's graduates in the job market.

III. Research and Development

Research is a core mandate of the University and therefore, it is mandatory to ensure that the research done is of high quality and relevant. The University has made reasonable strides to put the basic research requirements in place and regularly build the capacity of the researchers on emerging research related issues and specific donor agency requirements for developing grant winning proposals. Researchers have made efforts to develop multidisciplinary proposals in key thematic areas in line with the National Research Priority Strategy, the University Strategic Plan and the University Thematic Research Areas. During the last two quarters of the year to date, the researchers have taken advantage of the lockdown and the emerging Covid-19 grant calls to develop proposals which have been submitted to a number of funding agencies to be considered for funding.

On behalf of the University Management and Staff, I wish to thank the Government for their continued support, I also wish to pay tribute to parents, students, local and international partners, and all our stakeholders for their contributions and support during the year. As we move forward, we continue to count on their support in our endeavour to transform Maseno University into a world class University whose Vision is excellence in discovery and dissemination of knowledge.



Prof. Julius O. Nyabundi, Ph.D., OGW

Vice-Chancellor

VI. REVIEW OF MASENO UNIVERSITY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/21

Maseno University continuously reviews and develops new programmes in line with the strategic plan, relevance to the job market and towards achieving the vision 2030, and Sustainable Development Goals (SDGs). In compliance with Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012, Maseno University has 11 strategic pillars and objectives within its Strategic Plan 2017/2022.

These strategic pillars are as follows:

1. Provision of quality and relevant academic programmes
2. Enhance access to University education
3. Enhance research output
4. Strengthen and develop new linkages and outreach.
5. Enhance infrastructure development.
6. Attract, develop and retain qualified staff.
7. Strengthen student welfare.
8. Enhance University revenue streams.
9. Enhance University visibility.
10. Strengthen quality assurance and internal control systems.
11. Adapt to sustainable technological and environmental changes.

Maseno University achieved its performance targets set for the FY 2020/2021 period for its strategic pillars, as indicated in the table below:

TABLE 2 MASENO UNIVERSITY'S PERFORMANCE 2020/21

	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
1.	Provision of quality and relevant academic programmes.	To invest in quality and relevant academic programmes	Number of new academic programmes accredited	Development and accreditation of academic programmes in the School of Medicine	Three academic programmes developed namely: 1. Bachelor of Science in Pharmacy 2. Master of Medicine in Obstetrics and Gynaecology 3. Master of Science in Human Anatomy
2.	Enhance access to University education	To enhance by 10% annually access to academic	Number of graduands	Expansion and diversification of programmes and space	Over 3500 students graduated during the year despite the negative effects of Covid-Pandemic on

	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		programmes			University Education
3.	Enhance research output	Increased research output	Research facilities in place	Allocating seed funds for research	Research Grants increased from Kshs.98Million in FY 2019/20 to Kshs.156Million in FY 2020/21realised during the year
4.	Strengthen and develop new linkages and outreach.	Increased linkages and outreaches	Policy in place	Developing and operationalizing partnership, linkages and outreach policies	Partnership policy in place, collaborations with neighbouring counties being done
5.	Enhance infrastructure development.	To develop/upgrade infrastructure in tandem with need	Tuition Block completed	Complete construction of tuition block complex	The new Tuition block Completed and put into use. The construction of student Hostels is near completion.
6.	Attract, develop and retain qualified staff	Provide quality education	Review recruitment criteria	Provision of infrastructure to improve work environment	Adequate number of teaching and non- teaching staff deployed
7.	Strengthen student welfare.	Provision of robust student welfare system	Needs assessment of students psychological needs	Addressing security issues relating to students	Holistically healthy students. Vibrant student Directorate and student Governance Body
8.	Enhance University revenue streams	Improve revenue streams	Increased revenue from tuition fees payments	Enhance fee collection.	The revenue realized dropped from Kshs.3.3Billion to Kshs. 2.7Billion as a result of the negative effects of Covid-19 Pandemic
9.	Enhance University visibility.	To develop and implement high-end quality academic and research programmes	Produce and disseminate annual reports	Identify potential reputable partner	University Visibility in the market has been enhanced as the number of Government sponsored students increased over the years to 5700 in FY 2020/21
10	Strengthen quality assurance and	To increase capacity for	Sensitization of staff and	Reduced incidences of	All staff and students sensitized

	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	internal control systems.	quality assurance and internal control system	students	examination cheating	
11.	Adapt to sustainable technological and environmental changes	Ensure University is in tandem with changing technological and environmental trends	Make Maseno University environmental friendly	Collecting data	Research study reports

VII. CORPORATE GOVERNANCE STATEMENT

Introduction

Maseno University is governed by the University Council. The Universities Act 2012 gives the University Council the necessary powers to oversee the proper management of resources of the University. As per the Universities Act 2012, the Council shall have powers to:-

- Manage, supervise and administer the assets of the University in such a manner as best promotes the purpose for which the university is established;
- Determine the provisions to be made for capital and recurrent expenditure and for reserves of the University;
- Receive any grants, donations or endowments on behalf of the University and make legitimate disbursements there from;
- Enter into association, collaboration or linkages with other bodies or organizations within or outside Kenya as the University may consider desirable or appropriate and in furtherance of the purpose for which the University is established; and
- Open a banking account or accounts for the funds of the University.

Corporate Governance Principles

This is the sixth year of the implementation of *Mwongozo*-The Code of Governance for State Corporations. This code was issued by his His Excellency, The President Hon. Uhuru Kenyatta, C.G.H., in January, 2015. Before the issuance of the code, State Corporations did not have a singular document of reference in matters of governance, best practice and good corporate citizenship.

The University has strived to adhere to the corporate governance principles as contained in the *Mwongozo* code. The University is happy to report that a number of activities have been undertaken geared towards compliance with the *Mwongozo* Code.

Progress of *Mwongozo* Code implementation

Members of the University Council were inducted on the provisions of the *Mwongozo* code. The Board work plan and Board charter were prepared and signed by the Chairman of Council during the year.

Council Size, Composition and Appointment

The Maseno University Council currently is made up of eight (8) members appointed by the Cabinet Secretary for the time being responsible for University Education as follows -

- a) Chairperson;
- b) The Principal Secretary in the Ministry for the time being responsible for the University Education;
- c) The Principal Secretary in the Ministry for the time being responsible for Finance;
- d) Five members appointed by the Cabinet Secretary through an open process; and
- e) The Vice-Chancellor who shall be an ex-officio member of the Council.
- f) Any other officer that may be invited as required for a specified task during the meeting

The current Council is composed of members from diverse professional backgrounds. Due to the diversity of the Council membership, the University has been able to harness the vast experience of these members in promoting good governance.

Council Remuneration

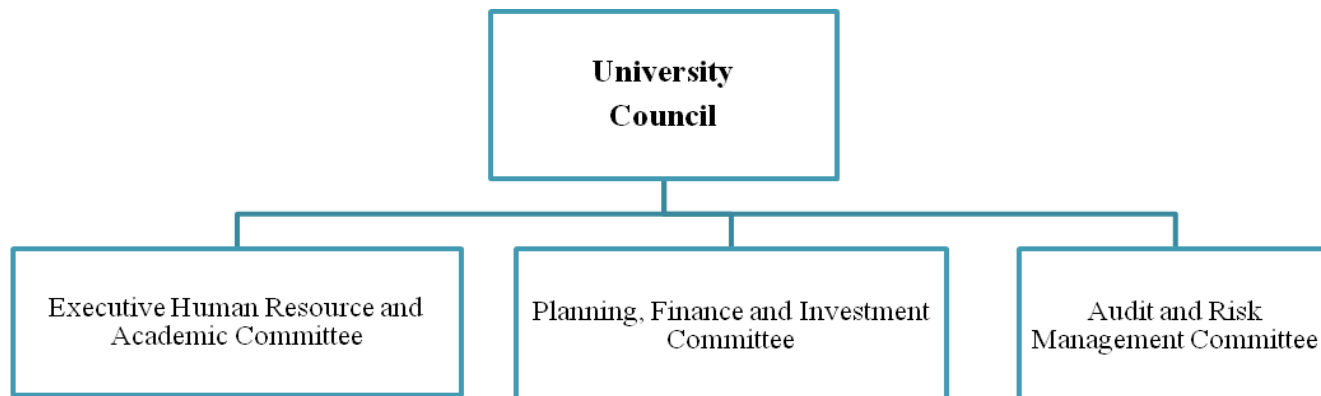
The University Council members other than the Vice-Chancellor do not receive a salary. Instead they are paid a taxable sitting allowance whenever they attend meetings of Council. The Chairman of Council is paid a monthly honorarium as prescribed by the Government. In the year 2020/21, the University spent **Kshs.10,475,317** on sitting allowances and travelling expenses for Council members compared to the budget for the year of **Kshs.26,000,000** this was due to a reduction in the number of face to face meetings, in line with Covid-19 containment measures during the year.

Council Committees and responsibilities

The Council through its Committees ensures effective, accurate, timely and transparent disclosure of information regarding Maseno University's operations and performance in line with the Constitution, various Acts of Parliament, regulations and guidelines.

This is in addition to ensuring that the operations of the University adhere to the existing legislative frameworks and best practice.

The following are the Committees of Council;



1. Executive, Human Resource and Academic Committee

The Committee of Council has the following terms of reference;

- Deal with urgent and critical issues on behalf of Council as need arises and submit to Council for ratification.
- Receive, consider and recommend the University Statutes and make appropriate recommendations to Council for approval.
- Consider proposal for the application of the University Seal and submit to council for approval
- Consider and submit to Council approvals from Senate on candidates for award of degrees of the University.
- Advertise, interview, and recommend for appointment of the Vice-Chancellor, Deputy Vice-Chancellor, Principals and Deputy Principals of Colleges and Campuses through a competitive process and report to the council for ratification.
- Conduct interviews for employment, appointment and promotion of senior members of faculty and management from grade 14 and above.
- Co-ordinate the agenda and conduct of committees and advice council on their performance
- Develop, execute, monitor and report to council on the performance of Vice-Chancellor, Deputy Vice-Chancellors and Principals of Colleges
- Receive recommendation from Senate of the names of top three applicants for the position of Chancellor, ranked by the alumni association and report to the council for noting and onward transmission to the Cabinet Secretary.
- Receive, consider and/or approve proposal for affiliations, linkages, partnerships and associations and report to the council for ratification

- Oversee the conduct of interviews for employment, appointment and promotion of members of faculty and staff from grade 13 and below and submit reports to council;
- Consider and recommend for approval terms and conditions of service; criteria for recruitment, appointment and promotion of staff;
- Oversee the development and implementation of a Human Resource strategy;
- Receive and consider reports on staff welfare;
- Receive and consider proposals for the provision of Occupational Safety and Health facilities and systems for staff and students;
- Receive, consider and recommend for approval regulations governing students and staff conduct and discipline;
- Receive, consider, discuss and recommend to council proposals on staff establishment of the University;
- Adjudicate on staff and student disciplinary appeals;
- Oversee the mainstreaming into policies and practices on gender balance, equality of opportunities, equalization of persons with disabilities, minorities and other marginalized groups and submit reports to Council;
- Receive reports on gender balance, equality of opportunities, equalization of persons with disabilities, minorities and other marginalized groups;
- Receive and consider reports from Senate and make recommendations to Council on Academic Matters
- Receive and consider reports on students' welfare;
- Oversee the constitution of an Alumni Association and receive reports on their proposals and recommendations
- Transact any other business as directed by Council

2 Planning, Finance and Investment Committee

The committee of Council has the following terms of reference;

- Receive, consider and recommend for Council approval, annual estimates of revenue and expenditure and overseeing compliance of budgetary allocation as approved within its annual budgets.
- Generate and receive proposals for subscription, donations and bequest for onward transmission to Council for consideration
- Oversee proper recording of accounts of the income, expenditure and assets of the University and submission of financial reports as by law required.
- Oversee proper vesting of all immovable property, shares, funds and securities in the name of the University
- Receive and consider for onward transmission to Council proposal for investing University funds subject to legal requirements
- Receive for consideration and onward transmission to Council reports on management and administration of University property
- Receive and consider proposals for University fees and any other charges and recommend to the council for consideration and approval
- Receive recommendation for onward transmission to Council on scholarships, bursaries and other awards
- Receive proposals on opportunities for investments, for processing and onward transmission to council for consideration and approval
- Receive and consider proposals on acquisition of fixed assets and recommend to Council for appropriate action
- Receive reports on performance of University investments and submit proposals for Council consideration oversee the development, review and implementation of the University Strategic Plan in conformity with the medium term fiscal frame work and policy objectives
- Receive, consider and submit for Council approval the annual Procurement Plan of the University;
- Recommend for Council approval the sale, purchase, exchange, lease, or take on of movable and immovable property;
- Subject to the laid down government procedures, to recommend for Council approval the borrowing of money on behalf of the University; Mortgaging or charging all or any part of movable and immovable property.

- Receive for consideration and recommendation to Council opening, and/or closing of bank account(s) for the funds of the University;
- Receive, consider and make recommendation to Council on reports of implementation of the University Master Plan bi-annually;
- Receive, consider and submit for Council approval proposals on new projects;
- Review the performance of all ongoing projects and submit reports to Council on a quarterly basis;
- Transact any other business as directed by Council

3 Audit and Risk Management Committee

The Audit and Risk Management Committee has the following terms of reference;

- Receive, review and recommend internal control mechanisms towards improving efficiency, effectiveness, transparency and accountability;
- Receive and discuss internal and external audit reports and make recommendations to Council;
- Review and oversee the settlement and implementation of recommendations from the Public Accounts and Public Investments Committees (PAC/PIC)
- Review and regularly report to Council on the effectiveness and efficiency of the internal audit function;
- Review Management procedures and make proposals to Council for mainstreaming of Risk Management, Controls and Governance;
- Review and submit proposals to Council on improvement of efficiency and effectiveness of Management systems, including and not limited to high risk areas such as public finance, human resource, academic programs, and general internal controls;
- Review and submit a report to Council on compliance with policies, laws, regulations, procedures, plans, and ethics;
- Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency;
- Transact any other business as directed by Council.

Attendance of Meetings

The frequency of meetings is provided for by article 8 (1a) of the State Corporations Act which states that; “the Council of every state corporation shall meet not less than four times in every financial year and not more than four months shall elapse between the date of one meeting and the date of the next meeting.” The Maseno University Council meets as per the Council Almanac prepared and approved every year. Special meetings are held as and when necessary. The Maseno University Council works through its various committees which report to the full Council.

Council Attendance of Meetings

a) Full Council Meetings

	Name	1 Jul 20	16 Jul 20	18 Sep 20	19 Sep 20	20 Sep 20	13 Oct 20	11 Nov 20	12 Nov 20	13 Nov 20	13 Nov 20	14 Jan 21	12 Mar 21	16 Apr 21	29 Apr 21	13 Jun 21	Attend- ance
1	Prof. Abdullah Najji Said	No	No	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	No	No	No	7/15
2	Mr. Edwins Mukabanah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	15/15
3	Ms. Sophia Abdi Hassan	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	No	Yes	Yes	Yes	No	8/15
4	Mr. Gerald Kariithi Mira	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	15/15
5	Ms. Lucy A. Osmerah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	15/15
6	Mrs. Caroline Nkirote Nyororo	No	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	No	Yes	Yes	9/15
7	Ms. Alice Nyariki	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	1/15
8	Mr. Andrew Rukaria	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	13/15
9	Mr. Samuel Kiptorus ¹	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	No	12/15
10	Prof. Julius O. Nyabundi	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	10/15
11	Isaac Odek Omondi ²	No	No	Yes	Yes	Yes	Yes	No	No	No	No	Yes	No	No	No	No	5/15
12	Gerald Mwangi ³	-	-	Yes	Yes	No	No	No	No	No	No	No	No	Yes	No	No	3/15

¹ Term ended on 4th May 2021 and was replaced by Mrs. Alice Nyariki

² Member from Inspectorate of State Corporations

³ Member from Inspectorate of State Corporations

b) Executive, Human Resource and Academic Committee

	Name	1 Jul 20	15 Jul 20	18 Sep 20	12 Oct 20	23 Oct 20	13 Nov 20	14 Jan 21	11 Mar 21	15 Apr 21	12 Jun 21	13 Jul 21	Attendance
1	Prof. Abdullah Naje Said	No	No	No	No	No	Yes	No	No	No	No	No	1/9
2	Mr. Edwins Mukabanah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	9/9
3	Ms. Sophia Abdi Hassan	No	Yes	Yes	No	No	No	No	No	No	No	Yes	2/9
4	Mr. Gerald Kariithi Mira	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	9/9
5	Ms. Lucy A. Osmerah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	9/9
6	Mrs. Caroline Nkirote Nyororo	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes	6/9
7	Mr. Andrew Rukaria	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	7/9
8	Mr. Samuel Kiptorus	No	No	No	No		Yes	No	No	No	No	No	1/9
9	Prof. Julius O. Nyabundi	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	7/9

c) Planning, Finance and Investment Committee

	Name	1 Jul 20	18 Sep 20	12 Oct 20	14 Jan 21	14 Apr 21	12 Jun 21	Attendance
1	Mr. Gerald Kariithi Mira	Yes	Yes	Yes	Yes	Yes	Yes	6/6
2	Mrs. Caroline Nkirote Nyororo	Yes	Yes	Yes	Yes	No	Yes	5/6
3	Ms. Alice Nyariki	No	No	No	No	No	Yes	1/6
4	Mr. Andrew Rukaria	Yes	Yes	Yes	Yes	Yes	Yes	6/6
5	Mr. Samuel Kiptorus	Yes	Yes	Yes	Yes	Yes	No	5/6
6	Prof. Julius O. Nyabundi	Yes	Yes	Yes	Yes	No	Yes	5/6
7	Isaac Odek Omondi	No	Yes	No	Yes	No	No	2/6

d) Audit and Risk Management Committee

	Name	24 Jul 20	2 Oct 20	17 Dec 20	14 Apr 21	25 Jun 21	Attendance
1	Mr. Edwins Mukabanah	Yes	Yes	Yes	Yes	Yes	5/5
2	Ms. Sophia Abdi Hassan	Yes	Yes	No	Yes	Yes	4/5
3	Ms. Lucy A. Osmerah	Yes	Yes	Yes	Yes	Yes	5/5
4	Mr. Andrew Rukaria	Yes	Yes	Yes	Yes	Yes	5/5
5	Mr. Samuel Kiptorus	Yes	Yes	Yes	Yes	No	4/5

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

1.0 REVENUE

In the FY 2020/2021, the total recurrent revenue was **Kshs.2,734,044,961** of which **Kshs.1,680,469,479** was from Government recurrent grants and **Kshs.896,965,272** from exchange transactions and **Kshs.156,610,209** was from research grants. There was a decline in revenue from exchange transactions from **Kshs.1,088,232,883** in FY 2019/20 to **Kshs.896,965,272** in FY 2020/21 majorly attributed to the negative effects of Covid-19 pandemic which led to the closure of the University for most part of the year.

Table 1: Revenue streams of the University

	2020/21	2019/20
	Kshs	Kshs
Government Capitation Grants - Recurrent	1,680,469,479	2,151,251,228
Public Contributions - Research Grants	156,610,209	98,726,701
Revenue from exchange transactions	896,965,272	1,088,232,883
TOTAL	2,734,044,961	3,338,210,812

1.1 Revenue from Non-Exchange Transactions

The Government recurrent capitation in FY2020/2021 was **Kshs.1,680,469,479** while revenue from research grants was **Kshs.156,610,209**.

1.2 Revenue from Exchange Transactions

The University realized total revenue from exchange transactions of **Kshs.896,965,272** made up of **Kshs.769,127,685** tuition fees, **Kshs.62,044,364** operating income from Sale of goods by University enterprises, **Kshs.39,534,534** income from student hostels and **Kshs.26,258,689** from other incomes. The decline in revenue from exchange transactions is attributed to the negative effects of the global Covid-19 pandemic.

2.0 EXPENDITURE

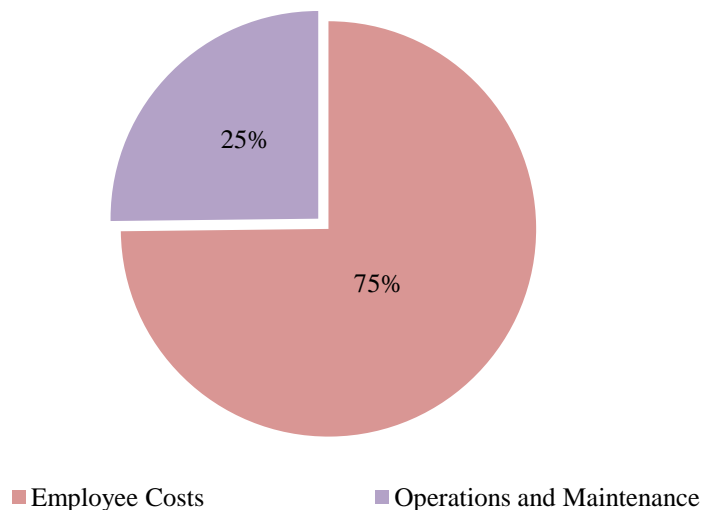
The total expenditure during the FY 2020/2021 was **Kshs.2,912,396,426** as compared to **Kshs.3,374,710,758** that was incurred in the year 2019/2020. Overall, the University managed to contain its expenses as per the available financial resources. This is attributable to the cost containment strategies put in place by the University as attention has been given to the key result

areas. Among the key measures put in place by the management includes; recruitment against needs only and scaling down on casual labour. Further, the University was not operating optimally as a result of the closure due to the Covid-19 pandemic.

Table 5 Schedule of Total Expenditure

	2020/2021	2019/2020
	Kshs	Kshs
Use of Goods and Services	375,428,099	424,238,634
Employee Costs	2,172,394,925	2,581,036,471
Council Expenses	10,475,317	19,329,256
Depreciation and Amortization	168,330,505	129,842,480
Repairs and maintenance	38,294,107	57,545,202
Contracted Services	106,598,592	145,557,700
Finance Costs	40,874,882	17,161,015
Total expenses	2,912,396,426	3,374,710,758

Employee costs remain the biggest component of expenditure at 75% of total University expenditure during the year while operations and maintenance expenditure took 25%. This is illustrated in the pie chart below;



2.1 Employee Cost

The payroll cost for the year was **Kshs.2,172,394,925** while in the FY 2019/20, the payroll costs was **Kshs.2,581,036,471**. The decline in employee cost as compared to same period last year is

occasioned by the Government supplementary allocation towards the 2017/21 CBA arrears and doctors allowances reported in FY2019/20. The payroll costs were within the budget.

Statutory compliance

Despite the financial constraints, Maseno University prioritised and complied with the statutory obligations, including timely remittance of PAYE, NHIF, HELB, SACCO dues, staff pension, and all other staff deductions for the financial year. Where there were challenges, the concerned parties were adequately engaged and agreement reached.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Environment Sustainability strategy and profile

The University's sustainability is anchored on the following three pillars namely;

- 1. Social Sustainability**
- 2. Environmental Sustainability**
- 3. Economic Sustainability**

Social Sustainability

Staff Welfare and Development

The University has been identifying and supporting staff for PhD education. The University has supported academic members of staff in training at Masters and PhD levels on full time both locally and internationally. In addition, a number were also granted scholarships through the graduate assistant's program. The number of Tutorial Fellows on full scholarships was thirty-five (35) members of teaching staff.

Gender Mainstreaming

The University has embraced gender equity and has developed a gender mainstreaming policy over and above the appointed committee. The current staff distribution by gender are 484 (42.23%) females while 662 (57.77%) males. Of these, the gender distribution among the teaching staff is 356 male (31.06%) and 176 were female (15.36%), the non-teaching staff is 306 male (26.70 %) and 308 female (26.80%). With regards to the Government Policy on gender distribution, the University met the one third (1/3) gender rule on affirmative action.

Mainstreaming of People with Disabilities

The University has a Department of Special Needs Education in the School of Education to cater for the training with various challenges: audio, visual physical and others. Buildings and other facilities in the University are made user-friendly for students, staff and members of the public for people with those challenges.

ii) Environmental performance

The University is committed to promoting the physical environment to ensure sustainability for the current and future generations. In line with the increased significance and increased recognition of the responsibility bestowed on us to protect the environment for posterity; the

University has developed a policy on the environment. In this regard a number of programmes have been put in place;

- Marking of the World Environment Day
- Maseno University and environs cleaning day
- Maseno University has a tree planting day each year.

iii) Employee welfare

The University has constantly complied with policies on recruitment which include the Constitution of Kenya, University Human Resource Policy & Procedures Manual, Employment Act, University Statute, Collective Bargaining Agreements (CBAs) and University Terms and Condition of Service. The said policies except the Constitution of Kenya and Employment Act are reviewed after every three (3) years with stakeholders' participation. The University has ensured critical staff training and development as per its critical needs, considers career progression based on the Scheme of service, declared vacancy and sustainable funds. Maseno University has Safety and Health Policy incorporated in the University Human Resource Policy & Procedures Manual applied alongside the Occupational Safety and Health Act (OSHA) of 2007.

iv) Market place practices-

a. Responsible competition practice.

Maseno University operates an e-Campus that offers distance learning to students who are not able to attend full time programmes. The University also continues to offer undergraduate degree programmes 'with IT'. This is in recognition of the role played by IT not only as a tool at the workplace but as a key resource. The IT skills imparted on the Maseno University graduate are crucial in enabling them stand out at the workplace. These initiatives have enabled the University to grow the student numbers and generate more income internally.

The University supports its post graduate students in their final year of study to conduct research by providing them with funds from the Post-Graduate research fund annual allocation. The University is providing a variety of professional courses both at the Main Campus and in Kisumu Campus to further enhance the skills and employability of the youth in the country.

b. Responsible Supply chain and supplier relations

The University has identified a market niche with highly marketable courses that are offered with an IT component that is attracting students. The University further has internet access points that encourage students to research and have their online class that have led to high completion rate.

The University has ensured that suppliers are paid as per the approved credit period of 60 days and contractors are paid once the completion certificate is submitted.

c. Responsible marketing and advertisement

Maseno University maintains ethical marketing practises by providing quality learning, research and examination thus attracting students. The University has in the recent past been allocated more students by KUCCPS because of students demand. The University has utilised the website and print media to advertise for vacancies and pass information to students and stakeholders. Commissioning of hotspots to allow for full Internet access at the University has created an opportunity for staff and students as well as the surrounding community to network, learn, and research and outreach all of which advertise the institution and its programmes.

d. Product stewardship

The University has mainstreamed quality in all our academic programmes and have Directorate of Quality Assurance which monitors compliance of process within the University

v. Corporate Social Responsibility / Community Engagements

The University is keen to construct a Sewerage Disposal System to replace the existing one through partnership with the County Government of Kisumu as the population of Maseno has grown tremendously. The University has been engaging the local communities in technology dissemination in public health, enhancing farm productivity and sustainable environment management. Maseno University School of Medicine and School of Nursing students undertake a community-based attachment each year in their third year of study. This exercise is important for a number of reasons; it not only helps them in honing their medical skills but also it provides medical services and care that are in short supply in the community and Country in general. The students in the School of Education offer teaching services to several secondary schools in the neighbouring counties whose staffing levels are low.

X. REPORT OF MASENO UNIVERSITY COUNCIL

The University Council hereby submits the FY2020/2021 report together with the audited financial statements for the year ended June 30, 2021 which shows the state of affairs of Maseno University.

Principal activities

Principal activity of Maseno University is to discover, harness, apply, disseminate and preserve knowledge.

Results

The results of Maseno University for the year ended June 30th, 2021 are set out on pages 1 to 34.

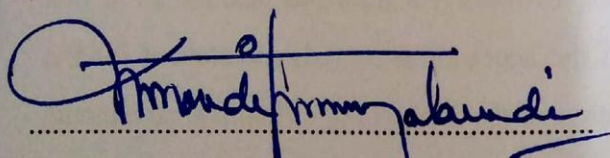
Maseno University Council

The members of Maseno University Council who served during the year are shown on pages vi to ix in accordance with Government regulations. During the year Mr. Samuel Kiptorus retired in 4th May 2021 and was replaced by Mrs. Alice Nyariki effective 5th May 2021.

Auditors

The Auditor General is responsible for the statutory audit of Maseno 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 Maseno University Council



Prof. Julius O. Nyabundi, Ph.D.,OGW

Vice-Chancellor and Secretary to Maseno University Council

Dated.....

XI. STATEMENT OF THE COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for the financial year, ended 30th June, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Council is of the opinion that the University's financial statements give a true and fair view of the financial state of affairs of the University for the year ended June 30, 2021, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

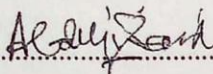
Nothing has come to the attention of the Council to indicate that the University will not be a going concern for at least the next twelve months from the date of this financial statement.

Maseno University

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

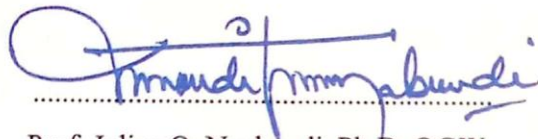
Approval of the financial statements

The University's financial statements were approved by the Board on _____ 2021
and signed on its behalf by:

.....


Prof. Abdullah Naji Said, Ph.D.

Chairman of Maseno University Council

.....


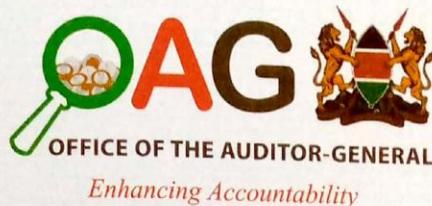
Prof. Julius O. Nyabundi, Ph.D., OGW

Vice-Chancellor

**XII. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS
OF MASENO UNIVERSITY**

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON MASENO UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Maseno University set out on pages 1 to 49, which comprise of the statement of financial position as at 30 June, 2021,

and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 Maseno 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 Public Finance Management Act, 2012 and the University Act, 2012

Basis for Qualified Opinion

1. Receivables from Exchange Transactions

1.1. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 23 to the financial statements reflects receivables from exchange transaction balance of Kshs.189,507,882 which includes long term outstanding debts balance of Kshs.104,529,510.

Further, the university did not have a credit policy regulating two (2) of its rent debtors. Although Management explained that the University had revamped its efforts to collect all past debts by issuing demand letters to the debtors and that the University was in the process of formulating a credit policy to regulate the debtors' records, the debts still remained outstanding.

In the circumstances, the recoverability of outstanding debts balance of Kshs.104,529,510 could not be confirmed.

1.2. Inaccuracies in Student Debtors

As disclosed in Note 23 to the financial statements, receivables from exchange transactions includes student debtors balance of Kshs.145,850,469. However a recalculation of the balance based on the invoices, receipts and previous year student balances extracted from the billing and invoicing system reflected a balance of Kshs.239,263,764 resulting to an unexplained variance of Kshs.93,413,295. Further analysis of the student's debtors revealed that 8954 and 469 students' debtors accounts had been understated and overstated by Kshs.180,143,498 and Kshs.3,633,825 respectively. In addition, 8,164 student debtors amounting to Kshs.155,729,435 could not be traced in the supporting schedules of the debtors list supporting the financial statements.

In the circumstances, the accuracy and completeness of students debtors balance of Kshs.145,850,469 could not be confirmed.

2. Inaccuracies in Prepaid University Fees

The statement of financial position and as disclosed in Note 30 to the financial statements reflects refundable deposits from customers balance of Kshs.64,968,735 which includes university fees prepaid balance of Kshs.49,525,425. However recalculation of the balance based on the invoices and receipts extracted from the billing and invoicing system reflected a balance of Kshs.100,261,492 resulting to an unexplained variance of Kshs.50,736,067. Further 2,098 student creditors had understated balances totalling to Kshs.15,401,812 while 6,540 student creditors with prepaid balances totalling Kshs.77,340,156 could not be traced in the schedules supporting financial statements.

In the circumstances, the accuracy and completeness of the prepaid university fees balance of Kshs.49,525,425 could not be confirmed.

3. Inaccuracies in the statement of Comparison of the Budget and Actual amounts

The statement of comparison of the budget and actual amounts reflects final revenue and expenditure budget of Kshs.3,311,996,000 and Kshs.3,637,145,000 respectively. However, the approved budget provided for audit reflected final revenue and expenditure budget of Kshs.3,078,883,875 and Kshs.2,980,058,875 respectively resulting to an unexplained variances of Kshs.233,112,125 and Kshs.657,086,125 respectively.

In the circumstances, the accuracy of the statements of comparison of the budget and actual amounts could not be confirmed.

4. Unsupported Employees Costs

The statement of financial performance and as disclosed in Note 14 to the financial statements reflects employee costs amounting to Kshs.2,172,394,925 which includes Kshs.23,002,731 in respect of non-practicing allowances which were paid to 43 university health workers at the rate of Kshs.40,000 per month as reflected in university's payroll. However, the authority to pay this allowance cited by the university is the SRC circular Ref: No. SRC/TS/CGOVT/3/61 VOL.III/ (136) dated 14 September, 2015 addressed to County Government medical personnel and not medical personnel in National Government or State Corporations.

Further, analysis of the payroll data provided for audit revealed that two hundred and six (206) employees were deducted less Pay As You Earn (PAYE) totalling to Kshs.3,800,786.

In the circumstances, the accuracy completeness and regularity of non-practicing allowance amounts of Kshs.23,002,731 and PAYE deductions totalling to Kshs.3,800,786 could not be confirmed.

5. Lack of Updated Students Register

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects rendering of services - tuition fees amounting to Kshs.769,127,685.

However review of the Higher Education Loans Board (HELB) and National Government Constituency Development Fund (CDF) system generated receipts revealed that 934 and 807 students received Kshs.13,609,750 and Kshs.12,385,307 respectively as loans and bursaries yet they were not in the students register for the period under review.

In addition, analysis of the students billings, invoicing, lists provided for current and inactive students revealed that thirty-two (32) active students were not invoiced during the year under review while 848 students who were invoiced a total amount of Kshs.59,068,900 were not in the student register. Further, 500 students' invoices totalling to Kshs.37,594,850 from the system invoices report were not included in the financial statement schedules for tuition fees while 2733 students with invoices totalling to Kshs.124,193,316 in the financial statement's supporting schedules for revenue from tuition fees could not be traced in the system invoices of student billing analysis.

In the circumstances, the accuracy and completeness of the tuition fees amounting to Kshs.769,127,685 could not be confirmed.

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

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.3,311,996,000 and Kshs.2,734,044,961 respectively resulting to an under-funding of Kshs.577,951,039 or 17% of the budget. Similarly, the University expended Kshs.2,912,396,426 against an approved budget of Kshs.3,637,145,000 resulting to an under-expenditure of Kshs.724,748,574 or 20% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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. Non-Compliance with Law on Ethnic Composition

Review of staff establishment records revealed that the University had a total of one thousand one hundred and sixty-six (1166) permanent employees out of which seven hundred and forty-four (744) or 63% were from the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

2. Late Remittances of Statutory Deductions

Review of financial records revealed that the university made late remittances in relation to PAYE and NSSF of Kshs.174,113,509 and Kshs.2,968,300 respectively. This is contrary to Section 19(4) of the Employment Act, 2007 which states that an employer who deducts an amount from an employee's remuneration in accordance with subsection (1)(a),(f),(g) and (h) of the Act shall pay the amount so deducted in accordance with the time period and other requirements specified in the law. Late remittances may lead to additional expenditure on penalties.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Segregation of Duties

Review of the staff establishment records revealed that there was only one employee in charge of payroll who was able to create, edit and delete information in the payroll which indicates that the payroll section has no segregation of duties. This is contrary to Regulation 23(1)(c) of Public Finance Management (National Government) Regulations, 2015 which states that an accounting officer is accountable to the National Assembly for maintaining effective systems of internal control and the measures taken to ensure that they are effective.

In the circumstances, the effectiveness of internal controls regarding the payroll could not be ascertained.

2. Lack of proper Management of Cash Advances

Review of the financial records revealed that cash advances totalling to Kshs.12,552,850 was issued to university lecturers to cater for travelling and accommodation expenses while supervising students on industrial attachments. However, the cash advances were expensed immediately upon issue instead of being issued as imprests. This is contrary to Section 6.1 of the University's Finance Policies and Procedures Manual which states that an imprest is an advance made to staff to undertake specific activities or services upon which he is supposed to account for the funds advanced.

In the circumstances, the effectiveness of the internal controls on management of cash advances could not be confirmed.

3. Lack of Refundable Deposits Bank Accounts

Review of financial records provided for audit and as disclosed in Note 29 and 30 to the financial statements revealed that retention amount of Kshs.107,027,249 and students caution money of Kshs.22,212,800 were held in the university's operations accounts instead of specific deposit accounts. This is contrary to Section 49(2) of the University's Financial Policy Manual which states that a public university may, subject to the approval of the treasury or any other authorised body, place on deposit with such bank or banks

as the public university may determine, any monies not immediately required for the purpose of the university.

In the circumstances, the effectiveness of the internal controls on the management of caution money and the retention money could not be confirmed.

4. Irregular Engagement of Casual Workers

Review of the staff establishment records revealed that 76 casual workers were engaged by the university for more than six (6) continuous months. This is contrary to the University's Human Resource Policy and Procedures Manual Section 3.3.6(b) which states that casual employees shall be engaged for a continuous period of not more than three (3) months and shall be paid by the end of each working day or any other agreed period not exceeding one (1) month.

In the circumstances, the effectiveness of the internal controls on the management of casual workers could not be confirmed.

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

Responsibilities of Management and the University Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the University's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention 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 money is applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

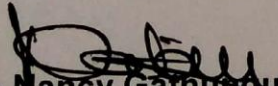
Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 September, 2022

STATEMENT OF FINANCIAL PERFORMANCE**For the year ended 30th June, 2021**

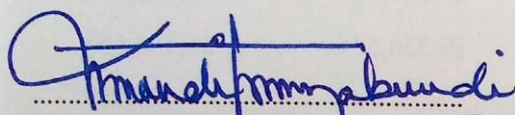
		2020/21	2019/20
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from Other Government Entities	7	1,680,469,479	2,151,251,228
Public Contributions and Donations - Research	8	156,610,209	98,726,701
		1,837,079,688	2,249,977,929
Revenue from exchange transactions			
Rendering of Services - Tuition Fees	9	769,127,685	899,399,315
Sale of Goods	10	62,044,364	102,173,398
Rental Income	11	39,534,534	56,476,663
Finance income	12	-	4,329,719
Other income	13	26,258,689	25,853,788
		896,965,272	1,088,232,883
Total revenue		2,734,044,961	3,338,210,812
Expenses			
Use of Goods and Services	14	375,428,099	424,238,634
Employee Costs	15	2,172,394,925	2,581,036,471
Council Expenses	16	10,475,317	19,329,256
Depreciation and Ammortization	17	168,330,505	129,842,480
Repairs and maintenance	18	38,294,107	57,545,202
Contracted Services	19	106,598,592	145,557,700
Finance Costs	20	40,874,882	17,161,015
Total expenses		2,912,396,426	3,374,710,758
Other gains/(losses)			
Gain on sale of assets	21	273,750	-
Impairment loss	22	(8,695,252)	(12,587,987)
Deficit before tax		(186,772,967)	(49,087,933)
Taxation		-	-
Surplus/(deficit)for the period/year		(186,772,967)	(49,087,933)

Maseno University

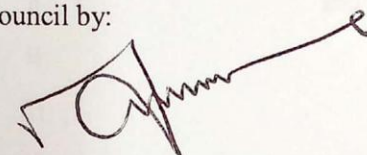
Annual Report and Financial Statements for the Year Ended 30th June, 2021

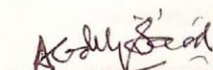
Remission to National Treasury	-	-
Net deficit for the year	(186,772,967)	(49,087,933)
Attributable to:		
Surplus/(deficit) attributable to minority interest	-	-
Surplus attributable to owners of the controlling entity	(186,772,967)	(49,087,933)
	(186,772,967)	(49,087,933)

The notes set out on pages 9 to 52 form an integral part of the Financial Statements. The Financial Statements set out on pages 1 to 52 were signed on behalf of the Council by:


Prof. Julius O. Nyabundi, Ph.D., OGW.
Vice-Chancellor

Date:


CPA. Joseph W. Omondi
Finance Officer
ICPAK No.: 10898
Date: 25/8/22


Prof. Abdullah Naji Said, Ph.D.
Chairman of University Council

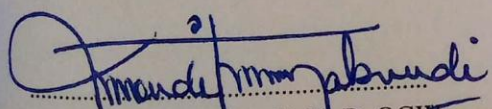
Date:

STATEMENT OF FINANCIAL POSITION

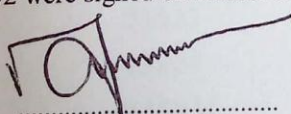
As at 30th June, 2021

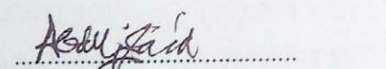
		2020/21	2019/20
	Note	Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	22	272,066,588	301,712,753
Receivables from exchange transactions	23	189,507,882	275,998,472
Receivables from non-exchange transactions	24	51,799,015	319,806,068
Inventories	25	60,159,168	63,334,351
		573,532,653	960,851,644
Non-current assets			
Property, plant and equipment	26	6,560,083,515	6,325,001,551
Intangible Assets	27	28,499,609	-
Biological Assets	28	7,424,130	6,980,800
		6,596,007,254	6,331,982,351
Total assets		7,169,539,907	7,292,833,995
Liabilities			
Current liabilities			
Trade and Other Payables	29	504,491,854	730,962,748
Refundable Deposits from Customers	30	64,968,735	11,562,400
Current Provision - Audit Fees	31	3,609,000	2,657,000
		573,069,588	745,182,148
Non-current liabilities			
Refundable Deposits from Customers	30	22,212,800	16,902,400
Borrowings	32	420,357,284	249,484,089
		442,570,084	266,386,489
Total Non-Current Liabilities		1,015,639,672	1,011,568,637
Total liabilities			
Capital Fund		2,933,065,101	2,873,657,257
Revaluation Reserve		3,468,462,363	3,468,462,363
Accumulated Surplus		(247,627,230)	(60,854,264)
		6,153,900,235	6,281,265,359
Total Net assets		7,169,539,907	7,292,833,995
Total Net assets and liabilities			

The Financial Statements set out on pages 1 to 52 were signed on behalf of the Council by:


 Prof. Julius O. Nyapundi, Ph.D., OGW.
 Vice-Chancellor

Date:


 CPA. Joseph W. Omondi
 Finance Officer
 ICPAK No.: 10898
 Date: 25/8/22


 Prof. Abdullah Naji Said, Ph.D.
 Chairman of University Council

Date:

STATEMENT OF CHANGES IN NET ASSETS**As at 30th June, 2021**

	Notes	Capital Fund Kshs	Revaluation Reserve Kshs	Accumulated surplus Kshs	Total Kshs
Balance as at 30 JUNE 2019		2,662,733,770	-	(11,766,331)	2,650,967,439
Capital grant	7	210,923,487	-	-	210,923,487
Revaluation Surplus		-	3,468,462,363	-	3,468,462,363
Surplus/(deficit) for the period		-	-	(49,087,933)	(49,087,933)
Transfers to/from accumulated surplus		-	-	-	-
Balance as at 30 JUNE 2020		2,873,657,257	3,468,462,363	(60,854,264)	6,281,265,357
Capital grant		59,407,844	-	-	59,407,844
Revaluation Surplus		-	-	-	-
Surplus/(deficit) for the period		-	-	(186,772,967)	(186,772,967)
Transfers to/from accumulated surplus		-	-	-	-
Balance as at 30 JUNE 2021		2,933,065,101	3,468,462,363	(247,627,230)	6,153,900,234

Nature and Purpose of Reserves

The accumulated surplus comprises of surpluses that have been accumulated over the years. This reserve is not distributable but is used for capital regeneration.

In addition the University has a revaluation reserve that holds revaluation surpluses.

STATEMENT OF CASHFLOWS
For the year ended 30th June 2021

		2020/21	2019/20
	Note	KShs	KShs
<u>Cash flow from operating activities</u>			
Receipts			
Transfers from Other Government Entities	7	1,680,469,479	2,151,251,228
Public Contributions and Donations - Research	8	156,610,209	98,726,701
Rendering of Services - Tuition Fees	9	769,127,685	899,399,315
Sale of Goods	10	62,044,364	102,173,398
Rental Income	11	39,534,534	56,476,663
Other income	13	26,258,689	25,853,788
Total Receipts		2,734,044,961	3,333,881,093
Payments			
Use of Goods and Services	14	375,428,099	424,238,634
Employee Costs	15	2,172,394,925	2,581,036,471
Council Expenses	16	10,475,317	19,329,256
Repairs and maintenance	18	38,294,107	57,545,202
Contracted Services	19	106,598,592	145,557,700
Total Payments		2,703,191,039	3,227,707,263
Net cash flows from/(used in) operating activities		30,853,921	106,173,830
<u>Cash flow from Investing Activities</u>			
Interest Received	12	-	4,329,719
Proceeds from disposal of assets	21	1,681,750	-
Acquisition of Fixed Assets	26	(433,320,078)	(371,800,250)
		(431,638,328)	(367,470,531)
<u>Cash flow from Financing Activities</u>			
Development grants from GOK	7	59,407,844	210,923,487
Loan disbursement net repayments	32	170,873,195	149,084,089
Interest Paid	20	(40,874,882)	(17,161,015)
Inventory	25&28	2,731,854	(3,489,864)
Accounts Receivables (Current)	24	345,802,390	(273,235,855)
Account Payables	29,30&31	(166,802,159)	220,619,059
		371,138,242	286,739,901
Increase/(Decrease) in Cash & Cash Equivalents		(29,646,165)	25,443,199

Maseno University

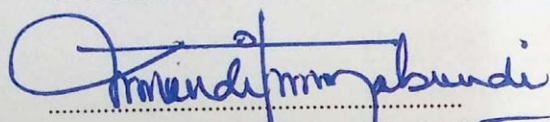
Annual Report and Financial Statements for the Year Ended 30th June, 2021

Cash & Cash Equivalent at 1st July 2020		301,712,753	276,269,553
Cash & Cash Equivalent at 30th June 2021	22	<u>272,066,589</u>	<u>301,712,752</u>

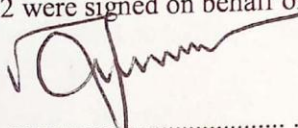
Represented by:


Cash and Bank balances	22	272,062,378	301,712,753
Cash in Hand		4,210	-
Cash and cash balances		<u>272,066,588</u>	<u>301,712,753</u>

The Financial Statements set out on pages 1 to 52 were signed on behalf of the Council by:


Prof. Julius O. Nyabundi, Ph.D., OGW.
Vice-Chancellor

Date:


CPA. Joseph W. Omondi
Finance Officer
ICPAK No.: 10898
Date: 25/8/22


Prof. Abdullah Naji Said, Ph.D.
Chairman of University Council
Date:

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the Year Ended 30th June, 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from Other Government Entities	1,620,469,479	60,000,000	1,680,469,479	1,680,469,479	-	100%
Public Contributions and Donations - Research	134,313,000	-	134,313,000	156,610,209	22,297,209	117%
Rendering of Services - Tuition Fees	1,303,401,000	-	1,303,401,000	769,127,685	(534,273,315)	59%
Sale of Goods	113,282,521	-	113,282,521	62,044,364	(51,238,157)	55%
Rental Income	44,500,000	-	44,500,000	39,534,534	(4,965,466)	89%
Finance income	1,456,000	-	1,456,000	-	(1,456,000)	0%
Other income	34,574,000	-	34,574,000	26,258,689	(8,315,311)	76%
Total income	3,251,996,000	60,000,000	3,311,996,000	2,734,044,961	(577,951,039)	83%
Expenses						
Use of Goods and Services	679,973,872	-	679,973,872	375,428,099	304,545,773	55%
Employee Costs	2,480,632,000	-	2,480,632,000	2,172,394,925	308,237,075	88%
Council Expenses	20,000,000	-	20,000,000	10,475,317	9,524,683	52%
Depreciation and Ammortization	174,499,000	-	174,499,000	168,330,505	6,168,495	96%
Repairs and maintenance	77,626,000	-	77,626,000	38,294,107	-	49%
Contracted Services	144,414,128	-	144,414,128	106,598,592	37,815,536	74%
Finance Costs	60,000,000	-	60,000,000	40,874,882	19,125,118	68%
	3,637,145,000	-	3,637,145,000	2,912,396,426	685,416,681	80%
Other gains/(losses)	-	-	-	(8,421,502)	-	
Deficit for the period	(385,149,000)	60,000,000	(325,149,000)	(186,772,967)	107,465,642	57%

Budget Notes

At the beginning of the financial year the University submitted a revenue budget of **Kshs.3,251,996,000** and expenditure budget of **Kshs.3,637,145,000** to the Ministry that was approved.

The budget performance for the period is outlined below;

1. Income

- a) The University received an additional allocation of Kshs.60,000,000 from the government, for recurrent grants arising from the request from the Ministry of Education.
- b) The University received more funds for research proposals than was budgeted for; these funds belong to individual researchers and will be utilized in the coming year.
- c) Tuition Income - Due to negative effects of Covid19 Pandemic, the revenue targets for tuition fees for the year were not met as the University was closed as part of containment measures most part of the financial year.
- d) Revenue from Sale of goods by the University Enterprises underperformed partly due to closure of the Hotel as part of the Covid-19 containment measures instituted by the government
- e) Other Incomes-

2. Expenditure

- a) Use of goods and Services - The University made savings in operations expenditure when compared to budget due to slowdown in activities in the final half of the year
- b) Council Expenses- A number of council meeting were held online due to the Covid-19 Pandemic. Thus there were fewer face to face meetings hence savings in travelling and accommodation component of Council Expenses.
- c) Repair and Maintenance - The University was undertaking the upgrading of its infrastructure that has been run down over the years. In addition, expenditure on these items went towards getting the University ready to reopen in adherence to Ministry of Health Covid19 protocols.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. General Information

Maseno University is established by and derives its authority and accountability from the Universities Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is teaching and research.

Note 2. Statement of compliance and basis of preparation- IPSAS 1

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the University.

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

Note 3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30th June 2021

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and 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.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to</p>

Standard	Effective date and impact:
	<p>users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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 • 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.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. Early adoption of standards

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

Note 4. Significant judgments and sources of estimation uncertainty - IPSAS 1

In the process of applying the University's accounting policies, the management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the managements' knowledge of current events and actions, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Board's accounting policies, judgments have been made in determining:-

- a) The classification of financial assets;
- b) The going concern
- c) Useful lives and residual values
- d) Provisions (Additional disclosure of these estimates of provisions is included in **Note 31**)

Note 5. Summary of significant accounting policies

a) Revenue recognition

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

Revenues from non-exchange transactions (Government grants) are measured at fair value and recognized on obtaining control of the asset with the exception of cases where from past experience it is more likely than not the University will obtain control of the asset. In such a case the revenue is recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the University and the fair value of the asset can be measured reliably.

The University recognizes revenues from non-exchange transactions from other entities (non-government) when the event occurs and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the University and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions- IPSAS 9

Rendering of services- Tuition Fees

The University recognizes revenue from rendering of services (Tuition Fees) at fair value on obtaining control of the asset.

Other Revenues from Exchange Transactions

The University recognizes revenue from other exchange transactions when the event occurs or by reference to the stage of completion of the service and the asset recognition criteria are met.

b) Budgetary information (IPSAS 24)

The University budget is prepared using cash basis. IPSAS 24 requires disclosure of budget information through the Statement of Comparison of budget. The University Budget is prepared before the beginning of every financial year and is approved by the University Council. Any variations to this approved budget are taken to the University Council for ratification.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- ii) When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property- IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment- IPSAS 17

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

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fairvalue.

Depreciation is calculated on the straight-line basis to write the cost of its residual values over its estimated useful life, except for Motor Vehicles as below:

Computers	-	33.3% per annum on Cost
Motor Vehicles	-	20% per annum on Cost
Plant & Equipment	-	20% per annum on residual value
Furniture & Fittings	-	20% per annum on residual value
Buildings	-	2% per annum on Cost
Land	-	not depreciated as it is deemed to have an indefinite life

Gains and Losses on disposal of property, plant & equipment are determined by reference to their carrying amount and are taken into account in determining the operating profit.

f) Leases- IPSAS 13

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the University. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets - IPSAS 31

Intangible assets acquired separately are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The University has elected to amortize its intangible assets over a useful life of 5 years.

h) Biological Assets - IPSAS 27

Maseno University recognizes a biological asset or agricultural produce when and only when:

- The University controls the asset as a result of past events;
- It is probable that future economic benefits or service potential associated with the asset will flow to the University; and
- The fair value or cost of the asset can be measured reliably.

A biological asset shall be measured on initial recognition and at each reporting date at its fair value less costs to sell. The fair value of the biological asset is based on its present location and condition.

Livestock are measured at their fair value less costs to sell. The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

Any gains or losses arising from the measurement at the yearend as a result of physical gains is recognized in the statement of financial performance.

i) Financial instruments- IPSAS 29

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The University determines the classification of its financial assets at initial recognition.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these financial assets are subsequently measured at cost, less impairment;

losses arising from impairment are recognized in the surplus or deficit. The policy on impairment of receivables was developed and approved in January 2017.

The University has elected to give an allowance of 5% of the total trade receivables and Student debtors as an impairment allowance for receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories- IPSAS 12

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

k) Provisions- IPSAS 19

Provisions are recognized when the University 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 University 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.

Provisions were raised and management determined an estimate based on the information available.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Changes in accounting policies and estimates- IPSAS 3

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

m) Employee benefits- IPSAS 25

Retirement benefit plans

The University provides retirement benefits for its employees. The University operates a defined contribution retirement benefit scheme for all employees. The Defined contribution plans are postemployment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the scheme are held in a separate trustee administered fund that is funded by contributions from both the University and the Employees. The University's contributions to this scheme are charged against income in the year in which they become payable. Benefits are paid to retiring staff in accordance with scheme rules.

n) Foreign currency transactions- IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Balances that are in foreign currency are carried in the books of the University at the closing rate.

o) Borrowing costs- IPSAS 5

Borrowing costs have been charged to the statement of financial performance. In the event that borrowing costs relate to funds borrowed for the construction of an asset, then these costs are capitalized.

p) Related parties- IPSAS 20

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

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Financial Risk Management

Objectives and Policies

The Audit and Risk Committee of Council has initiated a process that will see the enhancement of risk management. The University has an integrated risk management framework/strategy. The Council's approach to risk management shall be based on risk governance structures, risk management policies, risk identification, measurement, monitoring and reporting.

The risk management policies and systems are reviewed regularly to ensure they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered.

t) Subsequent events - IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

Note 6: Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in **Note 31**.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Note 7. Transfers from Government

	2020/21	2019/20
	KShs.	KShs.
Unconditional grants		
Operational grant- Capitation	1,680,469,479	1,600,312,961
Supplementary Allocation	-	204,196,000
Funds Received for Doctors Allowances Arrears	-	90,379,200
Funds Receivable to pay CBA 2017-21 Salary Arrears	-	256,363,067
	1,680,469,479	2,151,251,228
Conditional grants		
Development grant	59,407,844	210,923,487
	59,407,844	210,923,487
Total government grants and subsidies	1,739,877,323	2,362,174,715
Government grants and subsidies - Capital	59,407,844	210,923,487
Government grants and subsidies - Operating	1,680,469,479	2,151,251,228
Total government grants and subsidies	1,739,877,323	2,362,174,715

The capital grants are conditional grants from the national government; these amounts received from the government are for specific development projects as per the national government printed estimates for the specific year.

Note 8. Public Contributions and Donations - Research Grants

	2020/21	2019/20
	KShs.	KShs.
Research grants	156,610,209	98,726,701
	156,610,209	98,726,701

The research grants were received by various researchers on their successful project proposals to various donors.

Note 9. Rendering of Services - Tuition Fees

	2020/21	2019/20
Tuition Fees Incomes	KShs.	KShs.
KUCCPS - Tuition Fees	457,405,021	359,798,734
Direct Entry - Tuition Fee	72,397,506	243,390,533
Postgraduate Fees	40,506,878	25,256,610
	570,309,405	628,445,877
 Kisumu Campus Tuition fees	 185,998,180	 255,266,922
 E-campus	 12,820,100	 14,591,516
Collaborations (IAT, RIBM, KISE)	-	1,095,000
	12,820,100	15,686,516
Total Revenue from Tuition Fees	769,127,685	899,399,315

Note 10. Sale of Goods and Services

	2020/21	2019/20
	KShs.	KShs.
Bookshop sales	-	652,103
Farm Sales	9,444,490	3,132,547
Kisumu Hotel Restaurant sales	26,472,020	52,522,852
Kisumu hotel bar sales	5,359,630	9,473,510
Hotel and Stationery sales	1,592,400	1,285,700
Kisumu Hotel equipment Hire	1,194,400	1,308,100
Kisumu Hotel Laundry Charges	-	1,033,865
Kisumu Hotel - Hall Hire	1,937,300	2,084,600
Kisumu Hotel swimming pool charges	472,570	471,110
Kisumu hotel Tel, fax, internet & Airtime Sales	147,430	247,642
Kisumu Hotel - Room Income	9,860,200	17,857,967
Varsity Plaza Restaurant	1,808,644	2,338,722
City Campus cafeteria	737,680	1,636,050
Catering Food Sales	2,177,663	6,483,847
I.G.A. - Tent Food Sales	839,937	1,644,783
Total of Sale of Goods	62,044,364	102,173,398

Note 11. Rental Revenue from Facilities

	2020/21	2019/20
	KShs.	KShs.
Student Accommodation Fees	20,504,300	35,370,900
Operating lease revenues - Varsity Plaza	14,200,234	15,852,263
Staff Houses	4,830,000	5,253,500
	39,534,534	56,476,663

Note 12. Finance Income

	2020/21	2019/20
	KShs.	KShs.
Interest Income	-	4,329,719
	-	4,329,719

The University did not earn any interest during the year as there were no funds put on call deposit. In the year 2019/20 the University earned **Kshs.4,329,719** from call deposits held with Equity Bank and KCB. Further disclosures on this can be found in **Note 23**.

Note 13. Other Incomes

	2020/21	2019/20
	KShs.	KShs.
Convocation Fees	16,369,688	17,924,400
Imprest Under Exp.	23,380	1,041,623
Salary Pay In lieu of notice	240,047	-
Staff Surcharge/Fines	1,404,520	1,267,410
Tender Document Sales	-	20,000
Library Fines & Books Disposal	22,145	50,880
Misc Income	1,314,088	1,685,901
Water Sales	158,000	168,750
Salaries Overpayment Refunds	3,466,953	-
Misc.Income-Health	45,370	32,170
Sale Of Postgrad.Forms	588,050	123,500
T.P. Lesson Plan	884,375	59,000
Library Binding Services	386,050	385,850
Cyber Cafe Income	35,540	11,874
Disposal Catalogue	63,100	28,000
Ethical Review Charges	1,257,383	3,054,430
Total revenue from Other incomes	26,258,689	25,853,788

Note 14. Use of Goods and Services

	2020/21	2019/20
	KShs.	KShs.
Stationery & Stores	13,240,780	36,808,154
Travelling & Accommodation	6,993,256	10,329,836
Teaching materials	476,989	272,808
Computer Materials	-	171,040
Committee Expenses	30,500	83,295
Office Entertainment	1,173,335	1,281,140
Field Trips/Industrial Attach.	14,820,533	2,909,020
Supply of Electricity	24,402,396	30,666,204
Students Welfare & Games	204,445	98,900
Students Activity	7,139,340	11,047,685
Purchase of Cleaning Materials	1,747,648	3,073,200
Telephone Expenses	2,663,933	3,420,710
Legal Expenses & Fees	9,548,854	1,185,598
Advertising & Publicity	3,296,215	1,068,144
Contingency Fund	245,124	66,970
Senate Expenses	1,871,700	1,023,000
Postal & Telegram Expenses	55,800	24,900
Transport Operating- Fuel & Generator fuel	9,829,529	16,202,942
Transp. Oper. Exp-Tyres	2,609,157	1,167,395
External Travel	-	1,234,795
Rent & Rates	3,341,588	328,861
Water Bill Charges	5,918,181	9,831,151
Laboratory Reagents	80,000	1,089,531
Fuel for Boilers & Generators	492,905	-
Cooking Fuel/Gas	204,774	2,327,100
Bank Charges	1,219,707	668,749
Examination Material	259,553	80,000
Teaching Practice Expenses	5,571,530	1,464,100
Purch. of Library Books	11,360,412	3,751,655
Library Management System license renewal	-	1,020,000
Post Graduate Expenses	841,632	2,953,872
Research Operation & Outreach	82,000	2,450
Research Programme	73,696,919	68,235,212
Research Consultancy	5,000	-

	2020/21	2019/20
	KShs.	KShs.
Admission Related Expenses	161,500	101,000
Alumni Expenses	-	92,000
Bindery Material	89,960	16,960
External Examiners	4,964,550	3,973,485
Uniforms & Clothing	21,000	9,889
Licenses & Fees	100,000	40,963
IGA - Purch of Food	25,911,501	34,954,803
Review of curriculum	-	52,500
Renewal of Driving Licence	3,650	2,900
e- Campus Expenses	481,424	509,900
Calibration Of equipment	-	457,295
Broadcasting Frequency - License	-	30,000
Community Health Attachment	6,017,005	1,826,300
IAT Expenses	-	47,600
Audit Fees Expenses	952,000	755,000
Animal Feeds	4,509,079	10,670,575
Livestock Drugs	159,000	9,000
Crop Inputs and Land preparation	84,200	260,054
Farm Maintanance	243,200	288,000
Vertinery Services	-	18,563
Kisumu Hotel Purch. of Food	8,087,787	15,324,970
Ksm Hotel Bar Purchases	2,417,438	4,703,280
Kisumu Hotel Card Costs	4,000	45,270
Kisumu Hotel Accommodation Transfers	6,500	648,000
Catering Levy - Kisumu Hotel	7,174,333	1,462,463
Kisumu Hotel - Expenses	6,650,379	22,483,001
Bookshop purchases	-	464,539
Purchase of Drugs	16,100,600	20,615,479
Payment of Medical Bills.	37,542,149	41,865,525
Dental Optical Services	6,256,145	3,279,644
Staff Developments	1,330,000	882,870
Seminars & Conferences	135,000	547,950
Shows & Exhibitions	1,232,000	1,720,900
Staff Welfare - Misc	1,836,481	1,133,402

	2020/21	2019/20
	KShs.	KShs.
Student Work Study Programme	1,000,300	-
Environmental Awareness	37,000	-
Fee waiver benefit	1,095,700	1,103,000
Graduation Expenses	2,147,905	8,643,160
Kenya Music Festival	-	1,117,200
Glassware and Consumables	12,550	-
Capacity Building Trainers	279,960	-
PGDE- Teaching Expenses	231,600	707,600
PGDE- TP Supervision	-	369,200
Planning Studio	420,000	-
Students Smart Identification Cards	-	4,535,500
KUCCPS Expenses	-	12,724,500
CUE Expenses - Quality Assurance	9,916,000	-
Accreditation of New Programs - CUE	2,796,206	280,000
Subscriptions & Journal	285,120	630,000
Disposal Expenses	3,330	-
Honorarium	926,550	850,668
ICT Development	70,000	172,000
ISO Certification Expenses	480,455	144,000
Corporate Subscriptions	2,835,436	2,271,146
Professional Membership Fees	202,980	194,035
Gender Mainstreaming	10,000	-
HIV Mainstreaming	461,615	-
COVID 19 Mitigation	383,854	-
Registration and Licenses	501,127	-
Network Access & Expansion	238,000	-
Performance Contract Expenses	2,562,093	764,000
Laundry and Housekeeping	79,296	571,835
Software Development & Licenses	-	375,000
Prior Year Period expenses committed in current year	12,556,403	4,797,205
Loss on Biological Assets	-	806,087
Total on Use of Goods and Services	375,428,099	424,238,634

The University has provided for **Kshs.952,000** as audit fees expense in the current year. This is as per the approved budget as there was no invoice received from the Office of the Auditor General.

Note 15. Employee costs

	2020/21	2019/20
	KShs.	KShs.
Basic Emoluments	1,055,548,373	1,045,265,966
House Allowance	442,489,554	451,883,128
Car Allowance + non-use of official car	24,410,686	24,930,129
Entertainment allowance	22,070,084	22,046,161
Responsibility Allowance	31,431,938	32,099,986
Telephone Allowance	8,880,042	9,061,144
Water & Electricity Allowance	6,109,438	6,310,638
Acting allowance	2,318,453	1,728,137
Special Duty Allowance	556,622	668,182
Non-practicing allowance	23,002,731	20,963,242
Book Allowance	6,539,580	6,558,376
Leave Allowance	16,097,751	8,617,793
Commuting allowance	186,397,925	190,978,965
Risk Allowance	9,928,331	9,462,412
Passage and Baggage allowance	954,130	517,440
Gratuity & Retirement Benefits	212,327,210	220,486,843
Part-time Teaching Payments	40,880,252	99,851,705
Examination coordination	4,683,188	4,619,534
Thesis Examination	2,588,400	1,527,797
Domestic workers Allowance	2,798,534	2,700,000
Casual Wages	13,833,046	19,917,541
Other Allowances- Extraneous allowance	42,280,709	38,550,858
Call Allowance	12,692,048	11,900,226
MUERC Allowances	995,900	1,013,000
Management Support Allowance	2,580,000	2,635,000
Doctors Allowances CBA Arrears	-	90,379,200
CBA 2017-21 Salary Arrears (Accrued)	-	256,363,067
Total Employee Costs	2,172,394,925	2,581,036,471

Note 16. Council Expenses

	2020/21	2019/20
	KShs.	KShs.
Council Expenses	9,431,317	18,285,256
Council Chairman Honoraria	1,044,000	1,044,000
Chancellor's Honorarium	-	-
	10,475,317	19,329,256

Note 17. Depreciation and Amortization

	2020/21	2019/20
	KShs.	KShs.
Buildings	63,789,332	68,942,169
Motor Vehicles	20,390,820	18,081,270
Plant and Equipment	52,103,434	20,281,828
Furniture and Fittings	20,713,574	13,960,444
Computers	4,208,442	4,081,352
Management Information System	7,124,902	4,495,417
Total depreciation	168,330,505	129,842,480

Note 18. Repairs and maintenance

	2020/21	2019/20
	KShs.	KShs.
Maint. of Office Equipment	21,100	1,251,440
Maint-Water Supply/Sewerage	660,460	1,554,080
Maint-Office Buildings	353,357	28,612
Maintenance of Grounds	156,656	-
Repair & Maintenance of Generator	6,800	111,640
Minor Works & Construction	35,736,571	49,500,961
Maintenance of Fire Equipment	168,820	-
Main. Of Plant & Equip.	1,152,343	4,978,469
Transport Oper. Exp. Repairs	38,000	120,000
Total repairs and maintenance	38,294,107	57,545,202

Note 19. Contracted Services

	2020/21	2019/20
	KShs.	KShs.
Hired Security Services	64,114,800	70,115,480
Lift Maintenance	3,343,630	-
Offshore Moodle Hosting	5,080,608	1,132,500
Sanitary Expenses	2,181,388	1,851,824
Internet Services	28,174,301	33,502,160
Insurance Related Expenses	3,703,865	887,636
Valuation of Assets	-	38,068,100
	106,598,592	145,557,700

Note 20. Fiaance Costs

	2020/21	2019/20
	KShs.	KShs.
Interest on Loan from Commercial Bank	40,874,882	17,161,015
	40,874,882	17,161,015

The University has an approved loan facility from Equity bank. During the year the University paid **Kshs.40,874,882** as interest. Further disclosures on the loan facility are contained in Note 32.

Note 21. Gain on Sale of Assets

	2020/21	2019/20
	KShs.	KShs.
Proceeds from disposal	1,681,750	-
Net Book Value of assets at disposal	(1,408,000)	-
Gain on diposal	273,750	-

Note 22. Impairment Loss

	2020/21	2019/20
	KShs.	KShs.
Allowance for Impairment loss on receivables	8,695,252	12,587,987
	8,695,252	12,587,987

Further disclosures on this item are in **Note 24.**

Note 23. Cash and cash equivalents

	2020/21	2019/20
	KShs.	KShs.
Current Account	4,839,039	45,024,299
Savings Account	263,758,971	248,061,760
Others (Student Savings)	3,241	5,128,456
Others (Student Current)	282,068	219,180
Others (Bank Guarantee)	3,000,000	3,100,000
On-Call Deposits	179,058	179,058
Others (Cash in Hand)	4,210	-
Total Cash and Cash Equivalents	272,066,588	301,712,753

Cash balances held in foreign currency have been reported using the closing exchange rate by Central Bank and respective banks. Further disclosures are contained in Note 37.

Note 24. Receivables

(i) From exchange transactions

	2020/21	2019/20
	KShs.	KShs.
Current Non-Trade receivables		
Sundry Debtors	3,372,114	5,434,709
Prepaid insurance	10,042,439	11,241,975
Imprest Outstanding	9,627,568	5,194,270
Advances to MURBS	1,255,982	4,611,334
Advances to Tom Mboya University	-	10,344,439
Total non-trade receivables	24,298,102	36,826,727
	2020/21	2019/20
	KShs.	KShs.
Current trade receivables		
Kisumu Hotel Debtors	19,245,373	49,441,994
Varsity Plaza Rent Debtors	8,809,190	9,554,513
Bookshop Debtors	-	1,624,333
Student Debtors	145,850,469	191,138,890
	173,905,032	251,759,731
Less: Impairment Allowance	(8,695,252)	(12,587,987)
	165,209,781	239,171,744
Total Receivables From exchange transactions	189,507,882	275,998,472

Impairment assessment has been done on trade debtors and an allowance of 5% of total receivables outstanding provided in report for FY 2020/21.

Reconciliation of allowance for impairment of receivables

	Current Receivable	Non-Current Receivable	Total
	KShs.	KShs.	KShs.
At 30 June 2019	366,358,836	-	366,358,836
Charge for the Year	12,587,987	-	12,587,987
Utilized	-	-	-
Unused amounts reversed	-	-	-
At 30 June 2020	378,946,822	-	378,946,822
Charge for the Year	8,695,252	-	8,695,252
Utilized	-	-	-
Unused amounts reversed	-	-	-
At 30 June 2021	387,642,074	-	387,642,074

(ii) From non-exchange contracts

	2020/21	2019/20
	KShs.	KShs.
Current receivables		
Receivable from CBA 2010/13 (IPUCCF)	51,799,015	51,799,015
Receivable from CBA 2017-21 (Accrued)	-	256,363,067
	51,799,015	308,162,082
Other Assets		
Deposit with High Court from Court Judgement	-	11,643,986
Total from Non-Exchange Transactions	51,799,015	319,806,068
Total Receivables	241,306,897	595,804,540

The University had paid a deposit of **Kshs.11,643,986** as a result of a High Court judgment entered against the University in the FY 2019/2020. The case was concluded during the year though it went against the University. Thus **Kshs.10,135,431** was used to settle the claim while **Kshs.1,508,555** was received back by the University.

Note 25. Inventories

	2020/21	2019/20
	KShs.	KShs.
Farm Stocks	1,110,840	3,128,037
Bookshop Stores	-	5,746,233
Stationery Stocks	14,738,507	9,063,298
Catering Stores	3,452,594	2,111,646
Medical Stores	8,016,409	6,680,254
Maintenance Stores	13,727,970	17,238,157
Hostel Stores	6,790,855	6,555,864
Kisumu Hotel Store	10,007,366	11,408,805
Varsity Plaza Store	2,314,626	1,402,058
TOTAL	60,159,168	63,334,351

Note 26. Property, Plant and Equipment

	LAND KSHS	BUILDINGS KSHS	MOTOR VEHICLE KSHS	PLANT & EQUIPMENT KSHS	FURNITURE & FITTINGS KSHS.	COMPUTER KSHS.	W.I.P KSHS.	TOTAL KSHS
COST/VALUATION								
As at 30.06.2019	215,922,317	2,139,908,283	135,125,893	668,591,268	93,710,768	-	856,220,039	4,109,478,568
Additions	-	-	32,001,500	10,550,728	3,283,700	119,480	325,844,842	371,800,250
Revaluation (Net)	2,386,377,683	139,441,717	(66,675,893)	(516,887,370)	14,689,084	12,124,575	-	1,969,069,796
Transfers/adjustments	-	478,336,759	-	-	-	-	(478,336,759)	-
Disposals	-	-	-	-	-	-	-	-
As at 30.06.2020	2,602,300,000	2,757,686,759	100,451,500	162,254,626	111,683,552	12,244,055	703,728,122	6,450,348,614
Additions	-	-	3,702,600	79,176,984	5,844,762	508,800	344,086,932	433,320,078
Transfers/adjustments	-	431,779,866	-	39,367,386	-	-	(506,771,763)	(35,624,512)
Disposals	-	-	(2,200,000)	-	-	-	-	(2,200,000)
As at 30.06.2021	2,602,300,000	3,189,466,625	101,954,100	280,798,996	117,528,314	12,752,855	541,043,290	6,845,844,180
DEPRECIATION								
As at 30.06.2019	-	722,844,891	101,505,011	598,444,185	76,598,480	-	-	1,499,392,567
Disposals (Revaluation)	-	(722,844,891)	(101,505,011)	(598,444,185)	(76,598,480)	-	-	(1,499,392,567)
Charge for the year	-	68,942,169	18,081,270	20,281,828	13,960,444	4,081,352	-	125,347,063
As at 30.06.2020	-	68,942,169	18,081,270	20,281,828	13,960,444	4,081,352	-	125,347,063
Disposals (Revaluation)	-	-	(792,000)	-	-	-	-	(792,000)
Charge for the year	-	63,789,332	20,390,820	52,103,434	20,713,574	4,208,442	-	161,205,602
As at 30.06.2021	-	132,731,501	37,680,090	72,385,262	34,674,018	8,289,794	-	285,760,665
NET BOOK VALUE								
As at 30.06.2020	2,602,300,000	2,688,744,590	82,370,230	141,972,798	97,723,108	8,162,703	703,728,122	6,325,001,551
As at 30.06.2021	2,602,300,000	3,056,735,123	64,274,010	208,413,734	82,854,296	4,463,061	541,043,290	6,560,083,515

The University engaged an independent valuer to carry out a revaluation of its assets during the financial year. The effective date of the revaluation was October 2019.

Note 26. (i) Analysis of WIP

	As at 01/07/20	Additions	Transfers	As at 30/06/21
<u>Analysis of WIP</u>	Kshs.	Kshs.	Kshs.	Kshs.
Sewerage Project	39,919,253	-	-	39,919,253
Sewerage Project - II	5,755,400	-	-	5,755,400
Access Roads Maintenance	12,381,068	-	-	12,381,068
Tuition Block and Laboratory	394,038,348	37,741,518	(431,779,866)	-
Perimeter Wall & CCTV	24,318,017	124,900	-	24,442,917
Construction of Hostel	174,796,303	283,748,347	-	458,544,650
Network Upgrade	30,031,356	9,336,030	(39,367,386)	-
MIS Upgrade	22,488,375	13,136,137	(35,624,512)	-
	703,728,120	344,086,932	(506,771,763)	541,043,288

Note 27. Intangible Assets

	MANAGEMENT INFORMATION SYSTEM KSHS.
COST/VALUATION	
As at 30.06.2019	-
Additions	-
Transfers/adjustments	-
Disposals	-
As at 30.06.2020	-
Additions	-
Transfers/adjustments	35,624,512
Disposals	-
As at 30.06.2021	35,624,512
DEPRECIATION	
As at 30.06.2019	-
Disposals	-
Charge for the year	-
As at 30.06.2020	-
Disposals	-
Charge for the year	7,124,902
As at 30.06.2021	7,124,902
NET BOOK VALUE	
As at 30.06.2020	-
As at 30.06.2021	28,499,609

Note 28. Biological assets

	2020/21	2019/20
	KShs.	KShs.
Biological Assets	7,424,130	6,980,800
Reconciliation of Biological Assets	2020/21	2019/20
	KShs.	KShs.
Carrying amount at 1 July	6,980,800	7,786,887
Increases due to purchases	-	-
Gain/(Loss) on biological assets	443,330	(806,087)
Decreases due to sales	-	-
Carrying amount at 30 June	7,424,130	6,980,800

The University owns biological assets which are mainly livestock. The biological assets are measured at fair value less costs to sell; the fair value is established from quoted market prices less costs to sale. The gain on biological asset of **Kshs.443,330** arose from increases in fair values as a result of physical changes.

Note 29. Trade and other payables from exchange transactions

	2020/21	2019/20
	KShs.	KShs.
PAYE	44,555,815	28,833,789
NHIF	1,722,550	1,703,050
NSSF	602,500	297,450
PENSION & GRATUITY	29,345,990	24,065,823
BENEVOLENT FUND	8,244,156	6,699,556
HELB Loan Repayments	142,701	142,972
UNION DUES	1,452,607	1,317,622
OTHER LOANS	37,231,754	36,062,387
MASENO UNIV. SACCO	3,742,522	3,238,382
Other SACCOS	21,000	310,597
BOOKSHOP RECOVERIES	-	41,190
NET Pay	53,798	-
6% Withholding Tax	5,186,399	3,076,229
Chancellor's Scholarship Fund	3,430,000	3,430,000
Trade Payables	50,324,317	77,474,850
Doctors Allowances CBA Arrears Payable	-	90,379,200
Payable from CBA 2017-21 Salary Arrears (Accrued)	133,569,687	256,363,067
Retention on Construction contracts	107,027,249	86,602,295
Accrued Gratuity Payable	72,838,807	80,214,566
Siaya County Advances	5,000,000	5,000,000
Total trade and other payables	504,491,854	730,962,748

Note 30. Refundable Deposits and Prepayments from Customers

	2020/21	2019/20
	KShs.	KShs.
Current Refundable Deposits		
SOMU Activities	285,309	5,347,636
University Fees Prepaid	49,525,425	20,362,087
Current portion of caution money	15,158,000	11,562,400
Total Current Refundable deposits	64,968,735	37,272,123
Non-Current Caution Money		
Total Caution Money	37,370,800	28,464,800
Less: Current portion of caution money	(15,158,000)	(11,562,400)
Total non-current portion of caution money	22,212,800	16,902,400

Note 31. Current provisions- Audit Fees

	2020/21	2019/20
	KShs.	KShs.
Audit Fees		
Balance at the beginning of the year	2,657,000	1,902,000
Additional provisions raised	952,000	755,000
Provision utilized	-	-
Balance as at 30 June 2021	3,609,000	2,657,000

Note 32. Borrowings

	2020/21	2019/20
	KShs.	KShs.
Opening Balance	249,484,089	100,400,000
Add: Disbursements	192,154,492	149,084,089
Less: Repayments	(21,281,297)	-
Total Borrowing	420,357,284	249,484,089
Less: Total current portion of bank loans	-	-
Total non-current borrowings	420,357,284	249,484,089

	2020-2021	2019-2020
	KShs	KShs
Domestic Borrowings		
Kenya Shilling loan from Equity Bank	420,357,284	249,484,089
Total balance at end of the year	420,357,284	249,484,089

During the year the University received **Kshs.192,154,492** from Equity Bank Kenya Ltd., being disbursements of a **Kshs.500,400,000** loan. The University also repaid **Kshs.21,281,297** of the loan principal.

Note 33. Contingent Liabilities

Legal Cases

The University has a number of cases in court that are at various stages of litigation. In one of these, a judgment of **Kshs.12,760,718** has been entered against the University. However, the University has sought an appeal on this ruling. The outcomes of the other cases are not known and the amount of the obligation cannot be measured with sufficient reliability.

Note 34. Cash Generated from Operations

	2020/21	2019/20
	KShs.	KShs.
Surplus for the year before tax	(186,772,967)	(49,087,933)
Adjusted for:		
Depreciation	168,330,505	129,842,480
Gains and losses on disposal of assets	(273,750)	-
Contribution to impairment allowance	8,695,252	12,587,987
Finance income	-	(4,329,719)
Finance cost	40,874,882	17,161,015
Net cash flow from operating activities	30,853,921	106,173,830

Note 35. Financial Risk Management

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. 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 carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

(ii) Liquidity risk management

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

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

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The University has transactional currency exposures. Such exposure arises through holdings of cash that are in currencies other than the local currency and transactions that are denominated in other currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

b) Interest rate risk

Interest rate risk is the risk that the University's financial condition may be adversely affected as a result of changes in interest rate levels. The University's interest rate risk arises from bank deposits. This exposes the University to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the University's deposits.

Management of interest rate risk

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

iv) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	3,468,462,363	3,468,462,363
Retained earnings	(247,627,230)	(60,854,264)
Capital reserve	2,933,065,101	2,873,657,257
Total funds	6,153,900,234	6,281,265,356
Total borrowings	420,357,284	249,484,089
Less: cash and bank balances	(272,066,588)	(301,712,753)
Net debt/(excess cash and cash equivalents)	148,290,696	(52,228,665)
Gearing	7%	4%

Note 36. Related Party Disclosures**a) Nature of relationships**

Related party is an entity that is related to the entity preparing its financial statement. An entity is related to the reporting entity if the other entity has control or significant influence or member of key management personnel of the reporting entity. The related parties of Maseno University include;

- i) National government
- ii) Key management
- iii) Members of the University Council
- iv) Tom Mboya University College (A constituent of Maseno University)
- v) Maseno University Retirement Benefit Scheme
- vi) Kisumu Hotel (Fully Owned and operated by the University)

b) Related party transactions

Refers to transfer of resources, services or obligations between a reporting entity and the related party regardless of whether a price is charged.

Related party transactions	2020/21	2019/20
	KShs.	KShs.
Total grants received from government	1,739,877,323	2,362,174,715

c) Due from related parties

	2020/21	2019/20
	KShs.	KShs.
Receivable from CBA 2010/13 (IPUCCF)	51,799,015	51,799,015
Payable from CBA 2017-21 Salary Arrears (Accrued)	-	256,363,067
Advances to MURBS	1,255,982	4,611,334
Advances to Tom Mboya University	-	10,344,439
	53,054,997	323,117,855

Note 37. Detailed Bank Balances

		2020/21	2019/20
a) Current Account	Account Number	Kshs.	Kshs.
KCB - Main Current Account	1103898094	4,839,039	45,024,299
		4,839,039	45,024,299
b) Savings Account			
Equity - Main Campus Fee Collection Account	1120297065141	159,175,842	134,867,534
KCB - Development Account	1108378056	1,304,111	1,231,458
KCB - Research Account	1107735971	15,022,297	7,203,691
KCB - Kisumu Hotel Account	1101560894	4,163,064	9,703,764
KCB - Fee Collection Account	1101561076	6,356,657	879,428
KCB - IGA Account	1108378226	5,937,873	4,138,326
KCB - Bookshop Account	1101560703	986,155	775,685
KCB - K-LIP Account	1160049351	6,068,320	6,387,616
KCB Flood Disaster Management AC - (Kshs)	1176816284	23,266	30,436
KCB Flood Disaster Management AC - (Euro)	1176816365	16,281	13,133
Standard Chartered (RES. USD)	8752524018401	26,381,562	21,771,658
Standard Chartered (RES. EURO)	9352524018401	34,589,422	15,311,423
Standard Chartered (RES. KSH)	0102024018401	2,773,653	44,773,410
Standard Chartered (BSU USD)	8752524018400	709	700
Standard Chartered (BSU KSH)	0102024018400	959,760	973,500
		263,758,971	248,061,760
c) Others			
KCB - Student Activity S/A	1102264946	1,620	265,776
KCB - Student Welfare S/A	1102265055	1,621	4,862,680
KCB - Student Activity KCB Current	1108266207	282,068	219,180
KCB Bank Guarantee	N/A	3,000,000	3,100,000
Term Deposit	N/A	179,058	179,058
		3,464,368	8,626,694
Total Cash in Bank		272,062,378	301,712,753

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and Management comments that were provided to the auditor.

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported Cash and Cash Equivalents The cash and cash equivalents was not supported by a board of survey	The audit issue has been resolved. In 2020/2021 a board of survey summary was provided.	Resolved	
2.	Unconfirmed Student Debtors Some students with duplicated admission numbers appeared on the ledger	The university is resolving the issue through the New MIS where students changing courses are allocated new admission numbers after the old admissions are changed to a transfer status.	Ongoing	By end of 2022/2023
3.	Unsupported Research Expenses It is not clear on how the consultancy with Kisumu County was procured	Maseno University has a memorandum of Understanding with the County Government of Kisumu. Arising from the MOU, Kisumu County awarded the contract to the School of Planning and the Dean School of planning and Architecture was allocated the work since the school has the expertise.	Resolved	
4	Presentation of the Financial Statements Failure to disclose reasons for material performance differences from budget	This was as a result of University closure and suspension of academic Programs due to the Covid-19 Pandemic.	Resolved	
	Other Matter Budgetary Control and Performance Under spending on the budget equivalent to services budgeted for but not delivered	This was as a result of University closure and suspension of academic Programs due to the Covid-19 Pandemic.	Resolved	
1.	Non-adherence to Procurement Regulations			

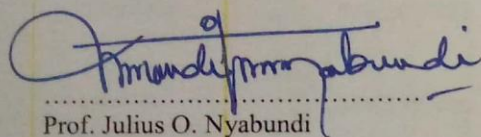
Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.	Delay in project completion Upgrading of Microsoft NAVISION ERP Project	The project is now completed with and the University has a completion certificate.	Resolved	
3.	Staff ethnic composition Staff representation 64% of staff from one ethnic community in the area.	The University has made deliberate efforts to comply with National Cohesion and Integration Act in all of its recent appointments where qualified candidates from minority communities are given priority.	Ongoing	
4.	Staffs on Contract Employment	Kisumu Hotel staffs are now serving on Term Contracts.	Resolved	
5.	Non- conformity to a third of basic pay rule policy	All staff are now on a third of their basic pay	Resolved	
6.	Non-compliance with Government circulars Investment in call deposits in Commercial Bank	The University is now complying with Treasury Circular on Investment	Resolved	
	Effectiveness of internal control, risk management and government	The procurement process to instal a cloud back up has been initiated.	Ongoing	6 months

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	1. No ICT data recovery plan			
	2. Lack of annual environment audit report	The University has initiated the process of environmental audit and the report will be ready in the course of the financial year 2022/2013	Ongoing	6 years

APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Sources of funds
1	Construction of Hostels	796,246,408	458,544,650	58%	300,000,000	106,637,176	66,178,778	60,307,431	50,624,961	Loan GoK & AIA
2	Tuition Block and Laboratory Complex	478,704,822	431,779,864	99%	150,000,000	25,714,708	12,026,810	-	-	GoK& A-I-A
					450,000,000	132,351,884	78,205,588	60,307,431	50,624,961	

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	management and government 1. No ICT data recovery plan	up has been initiated.		
	2. Lack of annual environment audit report	The University has initiated the process of environmental audit and the report will be ready in the course of the financial year 2022/2013	Ongoing	2 years



Prof. Julius O. Nyabundi
Vice-Chancellor

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/ Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount – KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others – CBA Grant	
Ministry of Education	06-07-20	Others	256,363,067	0	0	0	0	256,363,067	256,363,067
Ministry of Education	07-08-20	Recurrent	135,039,123	135,039,123	0	0	0	0	135,039,123
Ministry of Education	31-08-20	Recurrent	135,039,123	135,039,123	0	0	0	0	135,039,123
Ministry of Education	14-09-20	Development	59,407,844	0	59,407,844	0	0	0	59,407,844
Ministry of Education	01-10-20	Recurrent	135,039,123	135,039,123	0	0	0	0	135,039,123
Ministry of Education	30-10-20	Recurrent	135,039,123	135,039,123	0	0	0	0	135,039,123
Ministry of Education	07-12-20	Recurrent	135,039,124	135,039,124	0	0	0	0	135,039,124
Ministry of Education	04-01-21	Recurrent	135,039,123	135,039,123	0	0	0	0	135,039,123
Ministry of Education	04-02-21	Recurrent	185,039,123	185,039,123	0	0	0	0	185,039,123
Ministry of Education	10-03-21	Recurrent	135,039,123	135,039,123	0	0	0	0	135,039,123
Ministry of Education	09-04-21	Recurrent	135,039,124	135,039,124	0	0	0	0	135,039,124
Ministry of Education	10-05-21	Recurrent	145,039,123	145,039,123	0	0	0	0	145,039,123
Ministry of Education	16-06-21	Recurrent	135,039,123	135,039,123	0	0	0	0	135,039,123
Ministry of Education	25-06-21	Recurrent	135,039,124	135,039,124	0	0	0	0	135,039,124
Total			1,996,240,390	1,680,469,479	59,407,844	0	0	256,363,067	1,996,240,390

APPENDIX III: INTER-ENTITY TRANSFERS

Confirmation of amounts received by Maseno University as at 30th June, 2021

a) RECURRENT GRANTS

Date Received	Amount	Period	F/Y Disbursement
07-Aug-20	135,039,123	Jul-20	2020/21
31-Aug-20	135,039,123	Aug-20	2020/21
01-Oct-20	135,039,123	Sep-20	2020/21
30-Oct-20	135,039,123	Oct-20	2020/21
07-Dec-20	135,039,124	Nov-20	2020/21
04-Jan-21	135,039,123	Dec-20	2020/21
04-Feb-21	185,039,123	Jan-21	2020/21
10-Mar-21	135,039,123	Feb-21	2020/21
09-Apr-21	135,039,124	Mar-21	2020/21
10-May-21	145,039,123	Apr-21	2020/21
16-Jun-21	135,039,123	May-21	2020/21
25-Jun-21	135,039,123	Jun-21	2020/21
TOTAL	1,680,469,478		

b) DEVELOPMENT GRANTS

Date Received	Amount	Period	F/Y Disbursement
14-Sep-20	59,407,844	N/A	2020/21
TOTAL	59,407,844		

c) OTHER GRANTS (SUPPLEMENTARY ALLOCATION & CBA ARREARS)

Date Received	Amount	F/Y Disbursement	F/Y Disbursement
06-Jul-20	256,363,067	N/A	2019/2020
TOTAL	256,363,067		

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

Finance Officer
Maseno University

Sign-----

Head of Accounting Unit
State Department of Education

Sign-----