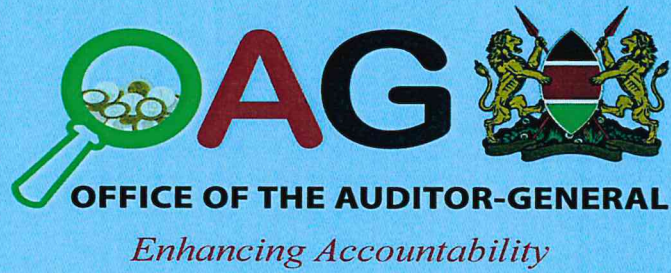


REPUBLIC OF KENYA



REPORT

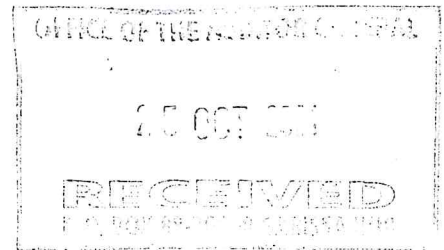
OF

THE AUDITOR-GENERAL

ON

GARISSA UNIVERSITY

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



GARISSA UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information

The Garissa University was established as a constituent college of Moi University on 12th August, 2011 through Legal Notice No. 116, the Moi University Act (Cap. 210A), and the Garissa University College Order 2011. The University became a fully pledged public University on 23rd October, 2017. At cabinet level, Garissa University is represented by the Cabinet Secretary for Ministry of Education (MOE), who is responsible for the general policy and strategic direction of the University.

Garissa University continues to discharge its three core mandates; teaching/training, research and community outreach. The current student population stands at 1,912 majority been self-sponsored students. The students are spread into four major schools which offer Postgraduate and Bachelor degree programs in Pure & Applied Sciences, Business & Economics, Education, Arts & Social Sciences and Dry Land Environment and Natural Resources. The University has limited physical infrastructure and inadequate academic staffing level to train students in these fields but optimistic to grow if funded well by the government and donor funds.

(b) Principal Activities

The principal activities of Garissa University is teaching, research and community outreach and its mission is to nurture talent through research, innovation, consultancy, community outreach, entrepreneurship, imparting knowledge and skills to meet the needs of the society.

(c) Key Management

The Garissa University's day-to-day management is under the following key organs:

1. University Council
2. Vice-Chancellor
3. University Management Board

(d) Fiduciary Management

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



S.No.	Designation	Name
1.	Ag. Vice-Chancellor	Prof. Ahmed Abdikadir Osman
2.	Ag. Deputy Vice Chancellor (Academic & Students' Affairs)	Prof. Hussein Sheikh Adams Golicha
3.	Ag. Deputy Vice-Chancellor (Finance, Administrative & Planning)	Prof. Stephen Irura Ng'ang'a
4.	University Librarian	Dr. Iddi Juma
5.	Registrar (Academic and Student's Affairs)	Dr. Stephen Rotich
6.	Ag. Registrar (Administration and Planning)	Mr. Abdulrahman Hamo
7.	Head of Finance	CPA Mohamed Ali Elmi
8.	Head of Procurement	Mr. Hussein Noor
9.	Assistant Dean of Students	Dr. Noor Mohamed

THE UNIVERSITY COUNCIL




The following council members completed their term of 3 years on 26th January 2021 and only four (4) members were left in office and have been overseeing the operations of the University during the remainder period of the financial year.

1. Dr. Christopher G. Gakahu - Chairman of Council
2. Dr. Bertha K. Kaimenyi - Council Member
3. Mr. Jacktone Akelo - Council Member
4. Eng. Mohamed A. Farah - Council Member
5. Mr. William O. Motari - Council Member


The Council members in office as at the end of the financial year are as shown below with Mrs. Amina R. Masoud Elected to Chair the Council in the interim period pending recruitment, appointment and bringing on board replacement of the council members whose term has expired.

 <p>Mrs. Amina R. Masoud Council Member and Acting Chair</p>	<p>Mrs Amina Rashid Masoud was born in 1971</p> <p>She holds a Master’s degree in Business Administration from University of Nairobi and a Bachelor’s degree in Education from Kenyatta University.</p> <p>Ms Amina Masoud has worked in Kenya in different capacities in several sectors for over 20 years.</p> <p>She has served as the first Lamu county executive committee member in charge of lands, urban development, infrastructure, water and natural resources.</p> <p>She has also served in the corporate/strategic planning in different capacities at Telkom Kenya Ltd for over 10 years and shortly at the National Museums of Kenya.</p> <p>She is an independent member of Council</p>
 <p>Mr. Bonface K. Ngigi Rep. PS National Treasury</p>	<p>Mr. Boniface Ngigi was born on 13th March 1978.</p> <p>He holds a Master’s Degree in Project Planning Management from The University of Nairobi and a Bachelor’s of Science in Mathematics (Statistics) form The Catholic University of Eastern Africa.</p> <p>He has vast experience in negotiation of Agreements, Investments, Regional Integration, National Budget preparation, Economic Policy formulation and analysis in areas related to Environment and Natural Resource Governance; Low Carbon, Sustainable Development, Climate Financing, as well as Disaster Risk Financing. Over 12 years in Planning and Budgeting</p> <p>He is the Representative of PS- National Treasury.</p>
	<p>Hassan Duale was born 17th June 1977</p> <p>He holds Master’s degree in Education Management and Administration and Master’s Degree in Business Administration</p> <p>Mr. Duale has 20 years’ experience in the education administration and management cutting across the field administration.</p>

UNIVERSITY MANAGEMENT BOARD

Name	Key Professional/Academic Qualification	Area of Responsibility
 Prof. Ahmed A. Osman	<p>PhD (Curriculum and Instruction; Supervision of Instruction, Ohio University); M.Ed. (Secondary Education, Ohio University); MA (International Studies, Ohio University); BA (English & History, Ohio);</p> <p>School Administration and Supervision of Instruction, Curriculum planning and Development. Over 30 years of experience in Education.</p> <p>Currently the acting Vice Chancellor, Garissa University and Secretary to the Council</p>	<p>Ag. Vice-Chancellor</p>
 Prof. Hussein Sheikh Adams Golicha	<p>PhD (Physics) - Egerton University (1999); MSc (Polymer Physics) – Kenyatta University (1990); Bed (Science) Physics/Maths – University of Nairobi (1984).</p> <p>Over 30 years of experience in teaching/ administration</p>	<p>Ag. Deputy Vice Chancellor- Academic and Students’ Affairs</p>
 Prof. Stephen Irura Ng'ang'a	<p>Doctor of Philosophy in Planning - Maseno University (2011), Master of Philosophy in Entrepreneurship - Moi University (2003), National Diploma in Business Management - The Kenya Institute of Management (1996), Master of Science in Forest Industries Technology - University College North Wales (1993), Graduate Diploma in Timber Technology- Bucks College in United Kingdom (UK) (1990). Diploma in Industrial Education- Kenya Technical Teachers College (1986).</p> <p>Over 30 years’ experience in Teaching/Administration</p>	<p>Ag. Deputy Vice-Chancellor-Finance, Administration and Planning</p>

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	<p>PhD International Islamic University Malaysia (IIUM)</p> <p>Master of Education (Guidance & Counselling) International Islamic University Malaysia (IIUM)</p> <p>Bachelor Degree in Islamic Law (Sharia) Islamic Univesrity Medina – Saudi Arabia</p> <p>Instittute of Arabic language in Medina University – Arablic langauge</p> <p>Over 10 years of experience in the field of counseling. Well versed in theology and Islamic religion</p>	<p>Assistant Dean of Students</p>
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Council and management will strive to ensure government resources are prudently managed to achieve the core mandate and business of the university. However, I would like to make special appeal to the GoK for more funding to enable the University establish the necessary infrastructure considering it is still at its infancy stage requiring enormous resourcing to take off.

Finally, I wish to thank the management, staff, parents/guardians, students, our clients/suppliers and all stakeholders for their continued support. We hope that all stakeholders will continue with zeal to assist Garissa University in its endeavour to achieve greater heights of academic excellence.

We look forward to a greater 2021/2022 Financial Year.

Thank you.



Ms. Amina Rashid Masoud
Ag. CHAIR OF COUNCIL

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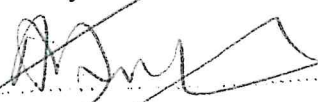
control our expenditure. As a result a number of plans we had for the year were not executed. As a University, we continue to explore other sources of revenues to avoid being over-reliant on government capitation and student fees. One of the key areas we are venturing into is resource mobilization through partnerships with different stakeholders in Kenya and abroad particularly in funding our development projects. We are already in advanced stages in getting support from the Swiss Embassy in Kenya who are willing to fund a few activities in the Institute of Peace and Security Studies. We hope to finalize on the MoU and have some funds to boost our FY 2021/2022 budget.

The focus to seek development partners is majorly because the University, for the third year now, has not been allocated any funds for development projects. This is as a result of the current projects taking a longer time to be completed than anticipated. We however recognize the need to start off key projects such as the construction of the tuition block and the library hence the push towards getting some funding to start off the projects. The current projects are at the very last stages with the Perimeter Wall being at 100% completion pending a few items in the snag list and the 750 Hotel Project being at 99% completion pending external works and some paint work. We are hopeful that the projects will be completed and handed over before the end of the first quarter of the FY 2021/2022.

In FY 2020/2021 the University has performed better than in the previous years in the implementation of the Performance Contract. This is majorly attributed to having less targets that require funding. This was deliberate in our development of the contract since insufficient funding was the key inhibitor in implementing the contract. The University is currently preparing for external evaluation and at the same time preparing the draft PC for the FY 2021/2022

I would like to appreciate our staff and student who went over and above the challenges we've had this year, our partners who have stood by us despite a lot of uncertainty and the Government of Kenya for prompt financial support despite the difficult financial situation in the Country brought on by the Covid 19 Pandemic. We are grateful to all our stakeholders and remain steadfast in carrying out our mandate.

Thank you.



Prof. Ahmed A. Osman, PhD
AG. VICE CHANCELLOR

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	graduate education		standards and national academic quality regulatory bodies requirements ✓ Establishing linkages with other international universities.	fully operationalized to insufficient budget, but it is ongoing. ✓ Signed MoU with the Embassy of Switzerland incorporates exchanges programmes
Pillar 4: Management of Human Resources.	✓ To attract, develop, motivate and retain efficient staff of the highest integrity and make GaU an employer of choice.	<ul style="list-style-type: none"> ✓ Additional Staff Recruited ✓ Staff appraised to gauge productivity ✓ Management staff trained ✓ No. of staff leadership trainings & Compliance ✓ Increase in productivity and effectiveness. 	<ul style="list-style-type: none"> ✓ Undertake staff performance appraisal based on the negotiated and agreed performance targets. ✓ To capture, organize and process data and information on staff recruitment, career progression, training data, absenteeism figures, and competency profiles and staff satisfaction ✓ Instill integrity in the workforce. ✓ Provision of high quality & accessible medical care. 	<ul style="list-style-type: none"> ✓ All staff appraised by 30th June 2021 and reports assessed. ✓ Recruited 8 new staff ✓ Staff placed under comprehensive medical cover ✓ Developed and approved HR Procedure Manual ✓ Staff sensitized on the HR Manual and Procedure Policy and integrity in service ✓ Data base of staff information in place
Pillar 5: Infrastructure (facilities and space management)	To provide adequate space, facilities and services and managing them effectively and responsively for the benefit of stakeholders.	<ul style="list-style-type: none"> ✓ Ongoing Development/construction projects completed ✓ Forest cover increased ✓ Rehabilitated and renovated facilities 	<ul style="list-style-type: none"> ✓ Upgrade and expand the existing facilities to provide secure working environment. ✓ To renovate, repair and maintain the existing facilities. ✓ Champion sustainable environmental conservation and protection. ✓ Develop bills of quantities for new proposed development projects 	<ul style="list-style-type: none"> ✓ Perimeter wall project 100% complete ✓ Student Hostel project 99% complete ✓ Planted 1000 trees during the world environmental day with water system for their sustainable growth. ✓ Bills of quantities for renovations and repairs of existing projects are in place ✓ Two laboratories renovated & fitted with modern equipment

CORPORATE GOVERNANCE STATEMENT

Garissa University's corporate objective is to create long-term value in academic and research through creation, conservation and dissemination of knowledge. This will be done by nurturing of talent through research, innovation, consultancy, community outreach, entrepreneurship, imparting knowledge and skills to meet the needs of society as prescribed in the mission statement and through the provision of innovative customer and market-focused academic programmes.

In line with PFM Act of 2012, Sec. 68, Garissa University accounting officer is accountable to the National Assembly for ensuring that the public resources are used in a way that is; lawful and authorised; and effective, efficient, economical and transparent.

Corporate Governance Principles

In pursuit of the corporate objective, we have committed to the highest level of governance and strive to foster a culture that values and rewards exemplary academic excellence within clear ethical standards and corporate integrity with respect for others. The University Council's governance role, basis and conduct of business are guided by the University Act no. 42 of 2012; Mwongozo code 2015; Commission for University Education regulations and standards 2014 and Garissa University charter and statutes 2017. As per the Universities Act 2012, the Council is expected to Employ staff, Approve statutes of the University and cause them to be published in Kenya Gazette, approve policies of the university and the budget; Appoint the Vice Chancellor, Deputy Vice Chancellor and Principals of Constituent Colleges through a competitive process and undertake other functions set out under the Universities Act, the Statutes and the Charter of the University.

In our view, the Governance responsibility is not only a matter for the Council; good governance culture must be permeated through the entire University system. The current social-economic business and political environment that the University operates in underscores the need for continued high standards of corporate governance and accountability. The emerging realities unmasked by the implementation of the constitution and enlarged space for more enlightened clientele calls for diligence in governance. The Governance of the University has to be sound in order to deal with any of the unpredictability of today's world.

Appointment of Council

The initial 3 – year contract term for five (5) members of Council lapsed on 26th January, 2021. The Council has since been composed of four (4) members inclusive of the CEO/Secretary. The members possess extensive experience in various disciplines all which are applicable in the overall governance of the University.

The Council has the right balance of skills and experience appropriate for the University where they all participate in decision making.

current University Council members were gazetted and appointed on 26th January, 2018 vide gazette notice no. 924 and 926 and sworn into office on 26th March, 2018 to assume their oversight role as per the University Act of 2012.

Size and composition of Council

The current University Council consists of four (4) members inclusive of the CEO/Secretary. The University has written to the CS Education to fast track the appointment of new members of Council in line with the Mwongozo guidelines that the Board should consist of seven (7) to nine (9) members. The current Council composition has the right balance of skills and experience appropriate for the University where they all participate in decision making.

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In compliance with PFM Regulations, 2015, the committee members have the relevant qualifications and expertise in audit, finance and risk management in public service. At least there is a representative from Treasury and a member of a professional body with good standing. The committee has a charter that describes its oversight mandate.

The ARCC plays a key role with respect to the integrity of the entity's financial information, its system of governance, risk and internal controls, and the legal and ethical conduct of management and employees. The committee is required to review and report to the Council on the comprehensiveness, reliability and integrity of internal controls measures; quality assurance and standards required providing effective monitoring of processes, management of risk, recommend to the Council policies in respect to management and control systems on internal business processes including accounting policies, anti-fraud and whistle blowing consider an approved annual audit plan and advice the University Council on matters relating to the security of the University, staff and students and review and advice Council on all matters relating to the risk management framework and internal audit functions of the University.

Table 2: The ARCC Committee members and number of meetings held during the year are tabulated below:

S.NO	NAME	ATTENDED MEETINGS	MISSED MEETINGS	TOTAL
1.	Mr. William Ogwagwa Motari (Chairperson)	2	-	2
2.	Mr. Jackton Akelo	2	-	2
3.	Mrs. Amina Masoud	2	-	2
4.	Mr. Boniface K. Ngigi	2	-	2

Finance, Development and General Purpose (FDGP) Committee

The committee critically scrutinizes the budget and other financial requirements before they are presented to the full Council. It oversees the University's financial affairs on behalf of the Council; develops strategies to guide the growth of the University and monitors its implementations; Reviewing the University's financial strategy for approval by the Council; Dealing with strategic issues concerning financial risk management and advising the Council appropriately; Reviewing the University's annual financial statements and reporting to the Council; Receiving and considering annual external audit reports submitted by External Auditors and, making recommendations to the Council; Reviewing the University's financial regulations from time to time and recommending any necessary changes in those regulations to the Council.

Table 3: The FDGP Committee members and number of meetings held during the year are tabulated below:

S.NO	NAME	ATTENDED MEETINGS	MISSED MEETINGS	TOTAL
1	Dr. Bertha K. Kaimenyi	5	-	5
2	Eng. Mohamed A Farah	4	1	4
3	Mr. Hassan Duale	4	-	4
4	Mrs. Amina R. Masoud	3	2	3
5.	Mr. Evans A. Atambo	1	-	1
6.	Mr. Boniface K. Ngigi	5	-	5
7.	Prof. Ahmed O. Warfa	5	-	5

NB: Mr. Hassan Duale replaced Mr. Atambo as the PS Education representative to Council

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important. The increasing requirement for prudent financial management has heightened the level of interest in the university's approach to risk management and assurance.

The Council governs the University consistent with the stated business strategy indicated in the University's values of equity, team work, meritocracy, accountability, academic freedom and excellence, and probity all contributing to the commitment to transparency and high-quality governance system.

Garissa University incurred a total expenditure of Kshs. 6,983,637 in facilitating the council to attend meetings, which includes a monthly allowance of Kshs 87,000 (Gross) for the chairman.

Table 6: The Council Gross Expenditure:

S/No.	Name	Position	QT1	QT2	QT3	QT4	GROSS AMOUNT
1	Prof. Hellen Sambili	Chancellor	300,000	300,000	300,000	300,000	1,200,000
2	Dr. Christopher G. Gakahu	Chairman	369,400	390,669	151,312	-	911,381
3	Mr. Hassan Dualle	Rep. PS MOE	92,000	309,636	217,545	231,387	850,568
4	Dr. Bertha Kaimenyi	Member	138,000	437,000	50,000	-	625,000
5	Eng. Mohamed Ali Farah	Member	121,000	485,069	316,338	-	922,407
6	Mr. Jacktone Akelo	Member	46,000	252,800	25,000	-	323,800
7	Mr. William Ogwagwa Motari	Member	46,000	457,578	25,000	-	528,578
8	Mr. Boniface Ngigi	Rep. PS Treasury	92,000	179,600	237,064	252,664	761,328
10	Mrs. Amina R Masoud	Member	92,000	342,275	185,850	240,450	860,575
	Total		1,296,400	3,154,627	1,508,109	1,024,501	6,983,637

Note: In fourth quarter only 3 council members were in office and the rest of the member time lapsed by January 2021.

iii) Medical Laboratory

iv) Water Harvesting, bore hole water treatment, storage and reticulation

Preparation of Drawings and Tender documents for the Tuition block and the Library have been developed and re-submitted to the MoE budget committee for consideration for funding during the 2021-2022 FY budget. In addition, GaU is working with development partners in setting up and developing Infrastructure for a GaU Institute for Peace and Security Studies

Section D: Major Risks Facing the University

The following are some risks that the University faced during the Reporting period:

- i. Covid 19 Pandemic- COVID-19 has posted huge challenge to the world and Garissa University is not exceptional. Covid 19 pose a lot of risk and still raging. However, below are key risk associated with it: -
 - a) **Business Continuity risk.** Critical staff may contract the disease and affect the university operation though in short terms. The University is encouraging all staff to get vaccinated.
 - b) **Revenue risk.** The University is closed indefinitely; this is lead to reduce or no revenue leading to inability to meet organization obligation. This risk has multiplier effect on other risk and can cause a lot of challenge (risk) to university
 - c) Reduced employees' **productivity** due to stress and absenteeism even if they are considered essential.

While Covid-19 pandemic risk has taken top position but other key risks remain as they are.

- ii. **Budgetary Provisions-** Following the award of charter, financial need of the university increased however the availability and allocation of resource from the government has moved from bad to worse, hence increasing the liquidity risk exposure, compound by this, is the fact that the university has low stream of internally generated revenue that is, it only relies on tuition and accommodation charges from students.
- iii. **Civil action-** There are employees in university who have been on casual terms for more than three years and may take action to seek redress. There also other staff members who have been on same grade for long without promotion as per negotiated CBAs.
- iv. **Strategic risk –** Strategic risk –The university face strategic risk because of its failure to attract enough students whether Government sponsored (GSSP) or Private sponsored (PSSP). This is due to several factors among them shared students facilitated by KUCCPS during the placement of students to Universities, programs offered since most of the clients ask for medical, Agricultural and engineering courses, Security due to historical attack, form four students' performance in KCSE and competition among others institutions.

v. Technological Risks

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

One of the key mandates of GaU is to develop an institution of excellence in community service through provision of sustainable educational, cultural, professional, technical and vocational services to the community and, in particular, the fostering of corporate social responsibility. This is further defined in our current strategic plan through the key result area on Community Collaboration and Corporate Social Responsibility.

Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile

GaU recognizes the importance of sustainable development and has established a clear and long term road map it requires to tackle impacts at a local and global level as outlined in its Strategic Plan. The University is focused on infrastructural and key policy and programmes to enable it to keep up with the competition and emerging trends. The University is at the verge of completing three key development projects i.e. the ERP, Perimeter Wall and 750 Hotel projects which will pave way for other development projects. The major challenge has been the lack of funding, especially since there was no allocation of development funds for the FY 2020/2021. Curricula developed during the period under review are cognisant of the local and international best practices as well as emerging trends. The Governance Curriculum in particular was developed to provide training in management of County affairs and devolution, a fairly new concept in Kenya.

2. Environmental performance

The University is in the process of implementing a comprehensive proposal to utilize waste water in the creation of nature parks both within the University and Garissa County in support of conservation and waste water management. In addition, the University has developed a framework to ensure 10% forest cover within the University by 2022. The greatest challenge to the University in its conservation efforts has been the lack of adequate water. However, we have proposals to desalinate the borehole water and utilize solar technology to pump water to aid in these efforts. The University also has a long term plan to shift to 100% use of solar power.

3. Employee welfare

The University has developed policies that will help in the management of staff and improve productivity. The policies had gone through the entire approval process and they are all approved by council. They include; communication policy, transport policy, Internship policy, Gender mainstreaming policy, Disability mainstreaming policy, security policy, the Human Resource Policies and Procedures manual. These policies provide guidelines on recruitment process that is based on gender ratio, disability ratio among other factors. The university is investing on staff training and Development. In the 2020/21 FY, over 10 training programs were organized on need basis.

In the 2020/21 financial year, the University has conducted performance appraisal for all its staff. Prior to the exercise, supervisors (Registrars, University Librarian, Deans, Directors and HoDs) were trained on the performance appraisal and its importance. All members of staff were also sensitized on performance Management and how it's connected to reward and recognition. The University has a robust policy on safety, staff and their legal dependants are under comprehensive medical insurance and group life assurance.

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The University donated assorted items during the event including surgical masks, Hand sanitizers, Bar Soaps and food items

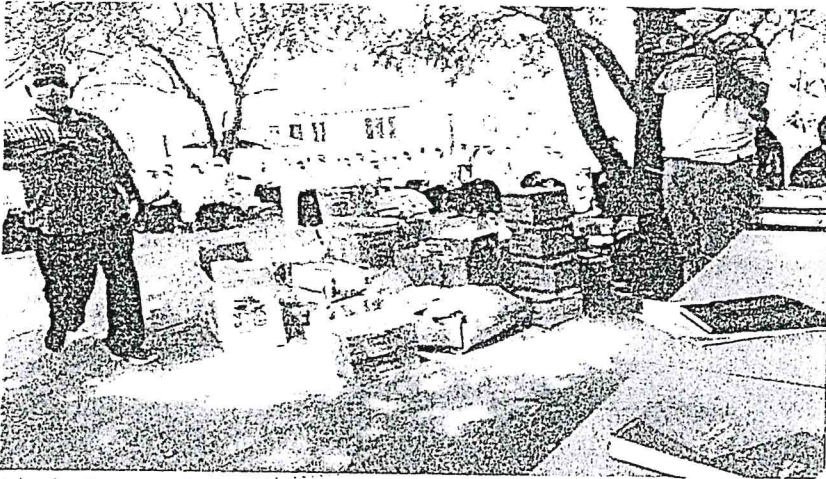


Fig 5.10: Donated items

Garissa University had engaged the community in the education sector through the Office of Career Services. This was particularly aimed at promoting career development and leadership skills of youths and young generations in secondary schools. Personnel from Career department visited several schools in Garissa County. In the financial year 2020/2021 social corporate related activities was delivered to five secondary schools in Garissa County. These outreach services included intensive career development, talk and motivation talk for candidates. Specifically, career development programme imparted skills on career exploration, career decision-making, information about world of work and choosing career trajectory. The table below provides details of the functions, dates and themes of the programmes.

Sno.	Programme	School	Date
1	Career guidance	County High School	16/03/2021
2	Career guidance	Al-Ibrahim Integrated High school	13/03/2021
3	Career development session	Mwangaza high school	30/06/2021
4	Career development session	Airport view secondary school	30/06/2021
5	Career development session	Iftin girls high school	30/06/2021

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STATEMENT OF UNIVERSITY COUNCIL'S RESPONSIBILITIES

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

The University Council are 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 and as at the end of the financial year period ended on June 30, 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 University Council accept 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, 2012 and University's Act Section 47 (1) to (3). The University Council are of the opinion that the University's financial statements give a true and fair view of the state of the University's transactions during the financial year ended June 30, 2021, and of the University's financial position as at that date. The University 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 Members to indicate that Garissa University will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The University's financial statements were approved by the University Council on **2nd September, 2021** and signed on its behalf by:



Mrs. Amina R. Masoud
Ag. Chair of Council



Prof. Ahmed A. Osman, PhD
Ag. Vice-Chancellor

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON GARISSA 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, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Garissa University set out on pages 1 to 37, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets,

physical Council meetings, evidence for submission of the annual Board's calendar of events to the State Corporation Advisory Committee (SCAC), copies of Board Member's appointment letters and report of Academic Research and Community Outreach Committee on inspection of the University on preparedness for in-person learning.

3.2 Security Allowances

The statement of financial performance and the corresponding Note 10 to the financial statements reflects employees costs expenditure of Kshs.387,140,000. The expenditure includes an amount of Kshs.6,519,000 in respect to allowances paid out to police officers offering security services to the University. Review of payment vouchers and other supporting schedules provided for audit, revealed that the officers were paid top-up allowances ranging from 50% to 72% of their normal basic pay. However, a written Memorandum of Understanding between the University and the National Police Service (NPS) was not provided for audit.

In the circumstances, the accuracy, completeness and validity of the expenditure totalling to Kshs.11,980,649 for the year ended 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Garissa 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 comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.725,207,000 and Kshs.547,263,000 respectively, resulting to an under-funding of Kshs.177,944,000 or 25% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.725,207,000 and Kshs.522,801,000 respectively, resulting to an under-absorption of Kshs.202,406,000 representing 28% of the budget.

The underfunding and under absorption may have negatively impacted on service delivery to the public.

and implement a risk management framework as a fundamental step towards establishing an accountable and innovative public service. In addition, the University Council's Audit Committee had two (2) members whose terms of contracts had lapsed forcing the Committee to hold only two (2) meetings during the year under review due to lack of quorum.

In the circumstances, Management was not guided on evaluation, ranking and prioritizing critical risks and on implementing measures to mitigate them.

2. Lack of a Business Continuity Plan/IT Disaster Recovery Plan

The University's Management has put in place several IT systems including ERP-Microsoft Dynamics, Memory Soft Payroll Management, Micro Invest-Catering Services Management and KOHA-Library Service Management. However, Management has not developed Business Continuity or IT Disaster Recovery Plan.

In the circumstances, loss of data, significant delays or disruptions of activities may occur in-case of a disaster.

3. Unsupported Payments on Part Time Lecturers

The statement of financial performance reflects an expenditure of Kshs.109,081,000 under use of goods and services. Included in the amount is Kshs.30,249,000 spent on remuneration to part time lecturers. However, review of payment records and supporting documents for expenditure amounting to Kshs.23,195,885, revealed that most appointment letters for the part time lecturers were issued and signed after services had already been rendered.

In the circumstances, Management exposed the Institution to the likelihood of litigations by the part-time lecturers where they were engaged without valid contracts.

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

Responsibilities of Management and the University Council

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

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

statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

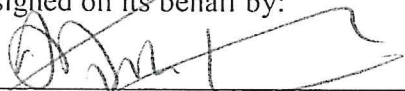
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

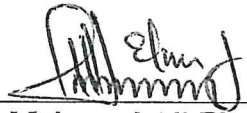
I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.


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

	Notes	2020-2021 Kshs'000'	2019-2020 Kshs'000'
Revenue from non exchange transactions			
Government Grants & Capitation	6(a)	408,131	537,460
Internal Borrowings	6(c)	-	-
Sub-Total		408,131	537,460
 Revenue from exchange transactions			
Tuition & Related Charges	7	102,526	75,751
Rental Revenue from facilities and equipment	8	2,827	31,316
Sundry Income	9	5,342	11,064
Sub-Total		110,695	118,131
 Total revenue			
		518,826	655,591
 Expenses			
Employee costs	10	387,140	361,165
Board Expenses	11	12,230	13,523
Depreciation and Amortization Expense	12	29,305	20,540
Repairs and Maintenance	13	4,328	5,139
Use of goods & Services	14	109,081	115,966
Total expenses		542,084	516,334
 Surplus before Tax			
		(23,258)	139,257
Taxation			
		-	-
Surplus for the period		(23,258)	139,257

The notes set out on pages 6 to 35 form an integral part of these Financial Statements
The financial statements were approved by the University Council on 2nd September, 2021 and signed on its behalf by:


Prof. Ahmed A. Osman, PhD
Ag. Vice-Chancellor


CPA Mohamed Ali Elmi
Head of Finance
ICPAK No. 12733


Mrs. Amina Rashid
A.g. Chair of Council

Date... 15/10/2021

Date... 15-10-2021

Date... 15.10.2021

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021**

	Capital Reserves Kshs ' Restated	Revaluation Reserves Kshs ' Restated	Revenue Reserves Kshs ' Restated	Total Reserves Kshs ' Restated
	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'
As at 1 July 2019	697,034	276,000	2,629	975,663
Surplus/(deficit) for the period	-	-	139,257	139,257
Transfers from Revenue Reserves	2,629	-	(2,629)	-
Transfers from Capital Reserves	-	-	-	-
Transfer of excess depreciation on revaluation	3,792	(3,792)	-	-
Grants received during the year	-	-	-	-
Revaluation for the year	-	16,183	-	16,183
Prior years adjustments	-	-	-	-
As at 30 June, 2020	703,455	288,391	139,257	1,131,103
As at 1 July 2020	703,455	288,391	139,257	1,131,103
Surplus/(deficit) for the period	-	-	(23,258)	(23,258)
Transfers from Revenue Reserves	-	-	-	-
Transfers from Capital Reserves	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-
Grants received during the year	-	-	-	-
Revaluation for the year	-	244,688	-	244,688
Prior years adjustments	-	-	-	-
As at 30 June, 2021	703,455	533,079	115,999	1,352,533

Note:

a) Capital reserve

This represents the net worth of the University at the end of the reporting period and forms the net assets of the institution.

b) Revaluation Reserve

The University carried out valuation of its buildings in the year 2020 and the revaluation reserve represents the value of buildings over and above the value before the valuation and hence forms the net asset of the institution.

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

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (ON COMPARABLE BASIS) FOR THE YEAR ENDED 30 JUNE 2021							
Description	Notes	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
		Ksh ''000''	Ksh ''000''	Ksh ''000''	Ksh ''000''	Ksh ''000''	
Revenue		a	b	c=(a+b)	d	e= (c-d)	f= (d/c)
Recurrent Capitation	a	518,625	-	518,625	408,131	110,495	21
Development Capitation		28,437	-	28,437	28,437	-	-
Tuition & related charges	b	161,780	-	161,780	102,526	59,254	37
Other Income	c	16,365	-	16,365	8,169	8,195	50
Total income		725,207	-	725,207	547,263	177,944	
Expenses							
Use of Goods & Services	c	237,004	6,948	243,951	109,081	134,870	45
Employee Costs		438,970	-6,598	432,372	387,140	45,232	90
Board Expenses		12,566	-350	12,216	12,230	14	100
Depreciation & Amortization		-	-	-	-	-	-
Repairs & Maintenance Costs	d	8,231	-	8,231	4,328	3,903	53
Capital Expenditure	e	28,437	-	28,437	10,022	18,415	35
Total expenditure		725,207	-	725,207	522,801	202,406	
Surplus for the period		-	-	-	-	-	

Budget notes:

1. Explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

(a) The variance amount in Recurrent Capitation reported in this statement of Kes. 110,495 is as a result of Supplementary No. II of 2019/20 FY, which was received in June 2020 and reported previously.

(b) & (c) The Adverse Variance is as a result of the university's inability to collect tuition fees & other associated charges and a result Covid-19 Pandemic that saw students learn from home from March 2020 to October, 2020.

(c) & (d) The Favourable Variance is due to subdued University activities and operations following the out break of the COVID-19 Pandemic and its ensuing impact from March 2020, through the end of the period under review.

(e) The variance is as a result of low absorption of development funds by the contractors

2. Explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29). The changes under Employee Costs and Board Expenses were mainly done to release and avail more resources to secure Staff Medical Cover in May 2021 and to finance the University's Second Graduation Ceremony held in March 2021, respectively.

3. ADOPTION OF NEW AND REVISED STANDARDS

1. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 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. <i>The University adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the University.</i></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 users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. 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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The University recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the University.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Rental income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly on 10th June, 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Kes. 94 Million on the 2020-2021 budget following the University Council's approval.

The University's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a

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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:

- 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
- 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) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. 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 fair value.

Fixed Assets Depreciation: Fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets acquired during the year are depreciated from the date of acquisition.

The annual depreciation rates in use are:

Buildings	2%
Furniture, Plant and Equipment	12.5%
Library Books	12.5%
Motor Vehicles	25%
Computers and peripheral devices	33 ¹ / ₃ %
Academic Gowns	5%

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Financial instruments

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 Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. 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. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. 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. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

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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.

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

Contingent liabilities

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

Contingent assets

The University does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

The University has a capital reserve which represents the government interest in the net assets/equity of the University and is a combination of contributed capital by the government and the aggregate of the University's accumulated surpluses or deficit and reserves that reflect the net assets/equity attributable to the University operations.

l) Changes in accounting policies and estimates

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

Retirement benefit plans

The University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The University made its fixed contribution to Moi University Pension Scheme during the period under review.

officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

t) Subsequent events

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the University'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 University 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 University. 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:

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

Provisions

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

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

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9. OTHER INCOME

Description	2020-2021	2019-2020
	Kshs '000'	Kshs '000'
Accommodation	2,092	2,866
Catering	2,433	2,666
Research Grants	803	44
Others (Donation)	-	30
Fines & other charges	14	5,458
Total	5,342	11,064

10. EMPLOYEE COSTS

Description	2020-2021	2019-2020
	Kshs '000'	Kshs '000'
Gross Salary	339,100	317,391
Employer Pensions & Provident Contributions	25,951	19,612
Casual Wages	15,293	17,734
Police Allowances	6,519	6,428
Gratuity	278	-
Total	387,140	361,165

11. BOARD EXPENSES

Description	2020-2021	2019-2020
	Kshs '000'	Kshs '000'
Council Remuneration	1,660	11,279
Council Expenses	10,570	2,244
Total Council Expenses	12,230	13,523
Senate & Deans' committee Expenses	-	-
Total Committee Expenses	-	-
Total Board Expenses	12,230	13,523

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. USE OF GOODS & SERVICE

Description	2020-2021 Kshs '000'	2019-2020 Kshs '000'
Insurance	930	-
Postage & Telegram Expenses	9	-
Office Expenses	-	58
News papers & Periodicals	-	14
Electricity Expenses	3,275	3,448
Water & Sewerage expenses	2,452	3,247
Advertising & Publicity	372	-
Legal expenses	-	38
Open Day & Cultural Expenses	-	-
Staff Medical Care	25,439	6,219
Medical Expenses-Drugs purchase	2,359	1,769
Recruitment Expenses	1,489	-
Computer Expenses & software	353	15
Internet services & communication Exps	2,795	1,848
ICT Infrastructure & ERP Expenses	602	837
Bank Charges	3,445	264
Subsistence & Travelling Costs	3,250	7,206
Cleaning Materials & Detergents	386	1,295
Security Services, System & Equipment	-	130
Catering Expenses-(Food)	9,256	20,861
Catering Expenses-(Fuel)	705	1,151
Vehicle Fuel and oil	585	718
ISO certification Expenses	211	85
Purchase of Plant & Equipment	-	10
Purchase of furniture & fitting	821	11
Stationeries	1,546	1,121
Purchase of Uniforms	350	-
Computers & Accessories	361	560
Purchase of Catering Equipment	-	1,219
Purchase of Hostel Material	257	1,527
Purchase of Sports Equipment	-	241
Purchahse of water supply equipment	-	32
Graduation Expenses	4,109	1,369

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CASH AND CASH EQUIVALENTS

	2020-2021	2019-2020	
Description	Kshs '000'	Kshs '000'	
(a) Cash and cash equivalents			
Current accounts	75,448	138,083	
Total	75,448	138,083	
(b) Current account			
Financial institution	2020-2021	2019-2020	
Bank Details	Kshs	Kshs	
Account No.			
KCB-Payment Account-	1136134727	5,858	6,262
KCB- Deposit A/c-	1136134816	1,323	110,871
KCB- Collection Account-	1136134514	1,539	1,873
Equity-GSSP Collection A/c-	0580261358416	24,121	6,362
Equity-PSSP Collection A/c-	0580261358406	31,403	3,603
Equity- Catering & Acc A/c-	0580261526380	11,204	9,112
Sub- total	75,448	138,083	
Grand total	75,448	138,083	

16. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2020-2021	2019-2020
Description	Kshs '000'	Kshs '000'
Student Receivables-Outstanding Fees	20,981	29,748
Staff Receivables- Imprest Debtors	-	-
Others(Specify)	-	-
Totals	20,981	29,748

17. INVENTORIES

	2020-2021	2019-2020
Description	Kshs	Kshs
Central-stores	1,978	1,846
Consumable stores	4,077	-
Medical supplies-Clinic store	185	1,210
Catering store	3,629	3,776
Labs stores	21	3,127
Total	9,890	9,959

19. INTANGIBLE ASSET

Description	2020-2021	2019-2020
	KShs	KShs
Cost		
At beginning of the year	16,895	-
Additions	-	-
At end of the year	16,895	-
Additions-internal development	-	-
At end of the year	16,895	-
Amortization and impairment		
At beginning of the year		-
Amortization	2,112	-
At end of the year	2,112	-
Impairment loss	0	-
At end of the year	2,112	-
NBV	14,783	-

20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021 Kshs '000'	2019-2020 Kshs '000'
Trade Payables	40,903	2,502
Unpaid Personal Claims	2,221	71,747
Accrued audit fee	-	-
Other Creditors	22,650	52,650
Total	65,774	126,899

Note:

- Trade Payables represent supplier and service providers invoices not paid as at close of the reporting period.

21. REFUNDABLE DEPOSITS FROM CUSTOMERS

Description	2020-2021 Kshs '000'	2019-2020 Kshs '000'
Caution Money	4,054	3,574
Retention fund	54,575	12,427
Prepaid fees	4,291	1,463
Total deposits	62,921	17,464

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b) Board expense

Description	<u>2020-2021</u>	<u>2019-2020</u>
	Kshs '000'	Kshs '000'
Council Remuneration	1,660	11,627
Council Expenses	10,493	2,688
Total Council Expenses	12,153	14,315
Senate & Deans' committee Expenses	-	-
Total Committee Expenses	-	-
Total Board Expenses	12,153	14,315

c) Repairs & Maintenance

Description	<u>2020-2021</u>	<u>2019-2020</u>
	Kshs '000'	Kshs '000'
Maintenance of Hostel facilities	-	100
University Vehicles	156	987
Buildings and Stations	-	3,001
Maintenace of water & Sewerage	-	163
Generator fuel & Maintenance	-	-
General Refurbishment	4,059	1,254
Total	4,215	5,505

NOTES TO THE FINANCIAL STATEMENTS (Continued)

GUSO Welfare	1,224	1,318
Conferences & Seminars	-	402
Research Programme Expenses	678	545
External Examiners	1,263	1,267
Development of academic Programmes	804	120
Subscriptions to Professional bodies	-	246
Performance Contracting	435	1,758
Teaching Materials	165	-
KUCCPS Charges	-	249
Commission for University Education expense (CUE)	1,580	-
Library Books & Journals	-	7,172
Library Subscription	1,330	270
Training & capacity building	627	320
Examination Materials & Expenses	1,070	1,056
Teaching practise	2,109	889
Industrial Attachment	2,944	2,917
Purchase of lab equipment	-	1,500
Part-Time Lecturers	24,490	26,667
Sports & Recreational Activities	152	1,199
Student fees Refund	48	253
Feasibility study, Project preparation & Design and Environment Impact Assessment	-	188
Hire of facilities	-	3,425
Maintenance of computers	-	5
Total	102,661	134,909

24. REFUNDABLE DEPOSITS FROM CUSTOMERS

Description	<u>2020-2021</u>	<u>2019-2020</u>
	Kshs '000'	Kshs '000'
Caution Money	480	428
Retention fund	-	12,427
Prepaid fees	4,291	1,463
Total deposits	4,771	14,317

25. FINANCIAL RISK MANAGEMENT

The University's activities expose it to a variety of financial risks including credit and liquidity risks. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to 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 these risks are minimised.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Less than 1 month Kshs'000'	Between 1-5 months Kshs'000'	Over 5 months Kshs'000'	Total Kshs'000'
At 30 June 2021				
Trade payables	-	65,774	-	65,774
Current portion of borrowings	-	-	-	-
Refundable deposit	-	-	8,345	8,345
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	65,774	8,345	74,119
At 30 June 2020				
Trade payables	-	126,899	-	126,899
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	126,899	-	126,899

iii) Market risk

The board 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 its purchasing power. 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.

The University's Internal Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

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

iv) Foreign currency risk

The University does not engage in foreign currency transactions and therefore no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The entity considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 Kshs'000'	Level 2 Kshs'000'	Level 3 Kshs'000'	Total Kshs'000'
At 30 June 2021				
Financial Assets	-	-	-	-
Quoted equity investments	-	-	-	-
Non- financial Assets	-	-	-	-
Investment property	-	-	-	-
Land and buildings	-	632,969	-	632,969
Total	-	632,969	-	632,969

At 30 June 2020				
Financial Assets	-	-	-	-
Quoted equity investments	-	-	-	-
Non- financial Assets	-	-	-	-
Investment property	-	-	-	-
Land and buildings	-	364,545	-	364,545
Total	-	364,545	-	364,545

There were no transfers between levels 1, 2 and 3 during the year.

iv) Capital Risk Management

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

	2020-2021 Kshs'000'	2019-2020 Kshs'000'
Revaluation reserve	533,079	288,391
Retained earnings	-	-
Capital reserve	703,455	703,455
Total funds	1,236,534	991,846

Total borrowings	0	0
Less: cash and bank balances	75,448	138,083
Net debt/(excess cash and cash equivalents)	(75,448)	(138,083)
Gearing	0%	0%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. SEGMENT INFORMATION

The University operates within Garissa County and specifically in the proximity of Garissa Township and does not have campuses in other places. Hence IPSAS 18 on segment reporting is not applicable

25. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

At the close of business on June 30th 2021, the University did not have any contingent asset or liability.

26. CAPITAL COMMITMENTS

At the close of business on June 30th 2021, the University did not have any capital commitments

27. EVENTS AFTER THE REPORTING PERIOD

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

28. ULTIMATE AND HOLDING UNIVERSITY


The University is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

29. CURRENCY

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

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Ref No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
5.	doubt on the recoverability of the debt. Use of Goods and Services – Review of payment vouchers revealed that expenditure amounting to Kshs.1,638,800 was irregularly paid to lecturers as subsistence and travelling allowances while at their work stations since most of the students were undertaking their attachment in Garissa Township.	In as much as many students were attached within Garissa, others were also in other counties and all lecturers went to assess students in Nairobi, Wajir, Mandera, Tana River, Kitui and Isiolo Counties.	Prof. Ahmed O. Warfa Ag. VC	Resolved	FY 2020/2021
6.	Irregular Payment of Part Time Lecturers audit review of the appointment letters revealed that some lecturers signed their appointment contracts with the University mid semester while others signed their appointment letters at the end of the semester.	The appointment letter clearly indicates the semester the part time lecturer was engaged (Due to approval process put in place including approvals by the school board, Committee of Deans and the senate which sit at different times and who have clearly stipulated almanac, the appointment letters were delayed. However, once the school approval is done, the part time lecturers were engaged to teach as the Committee of Deans and the senate plans to sit.	Prof. Ahmed O. Warfa Ag. VC	Not resolved	FY 2020/2021


Prof. Ahmed A. Osman, PhD
Ag. VICE CHANCELLOR
Date: 15/10/2021


Mrs. Amina Rashid Masoud
Ag. CHAIRMAN OF COUNCIL
Date: 15.10.2021

APPENDIX III: INTER-UNIVERSITY TRANSFERS

Recurrent	Bank statement Date	Amount Kshs. '000' 2019-2020				2020-2021	2019-2020
		1st Quarter 30th Sept 2020	2nd Quarter 31st Dec 2020	3rd Quarter 31st March 2021	4th Quarter 30th June 2021	Kshs '000'	Kshs '000'
	Jul-20	-	-	-	-	-	-
	Aug-20	68,022	-	-	-	68,022	67,828
	Sep-20	-	-	-	-	-	33,914
	Oct-20	-	68,022	-	-	68,022	-
	Nov-20	-	-	-	-	-	67,828
	Dec-20	-	34,011	-	-	34,011	33,914
	Jan-21	-	-	34,011	-	34,011	33,914
	Feb-21	-	-	34,011	-	34,011	-
	Mar-21	-	-	34,011	-	34,011	67,828
	Apr-21	-	-	-	34,011	34,011	33,914
	May-21	-	-	-	34,011	34,011	33,914
	Jun-21	-	-	-	68,022	68,022	133,914
	Jun-21	-	-	-	-	-	30,495
	Total	68,022	102,033	102,033	136,044	408,131	537,461
Development	Jul-19	-	-	-	-	-	-
	Aug-19	-	-	-	-	-	-
	Sep-19	-	-	-	-	-	-
	Oct-19	-	-	-	-	-	-
	Nov-19	-	-	-	-	-	-
	Dec-19	-	-	-	-	-	-
	Jan-20	-	-	-	-	-	-
	Feb-20	-	-	-	-	-	-
	Mar-20	-	-	-	-	-	-
	Apr-20	-	-	-	-	-	-
	May-20	-	-	-	-	-	-
	Jun-20	-	-	-	-	-	-
	Total	-	-	-	-	-	-
Direct Payments							
Donor Receipts							
	Grand Total	68,022	102,033	102,033	136,044	408,131	537,461

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



CPA Mohamed Ali
Head of Finance
Garissa University



CPA Robert S. Asmani
Head of Accounting Unit
MOE-State Department of University
Education & Research