

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**JARAMOGI OGINGA ODINGA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

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



**JARAMOGI OGINGA ODINGA UNIVERSITY OF
SCIENCE & TECHNOLOGY**

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)

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Jaramogi Oginga Odinga University of Science and Technology (JOUST) is a Public University established under University Act No.42 of 2012 to train dependable manpower, offer high quality University teaching, and carry out innovative research and community outreach programmes for sustainable socio-economic development. The University was chartered as an independent institution of higher learning in the year 2013.

(b) Principal Activities

JOUST is committed to deliver on its mandate of Teaching, Research and Innovation in support of the achievement of National Development Agenda. To this end, JOUST has differentiated itself as a centre of excellence in training, research and community outreach services offering practical and market-oriented courses. JOUST continually realigns her strategies and programmes in response to changes and emerging trends in operational environment and benchmarks with global best practices.

To further anchor the principal activity are the University Vision, "A beacon of excellence in University Education" and Mission Statements "To provide quality education that nurtures creativity and innovation through integrated training, research and community outreach for sustainable development". These espouses the philosophy of holistic scholarship service to humanity through wisdom. Science and technology. The core values of the University are: - Customer focus, Impartiality, Professionalism, Integrity and Meritocracy.

Strategic Theme

In the 2016-2021 Strategic Plan, JOUST will focus on the following strategic objectives:

- Achieve sustainable institutional growth and development.
- Provide quality education and training.
- Promote research innovation and consultancy.
- Strengthen the engagement in community outreach.
- Resource mobilization for sustainability.

Short-term objectives

The University short term objectives that this budget will go a long way in realizing are;

- Increase University physical infrastructure capacity
- Attain optimal level of quality human resource in line with the University staff establishment
- Strengthen corporate governance to improve university national ranking
- Diversify programme delivery modes and integrate ICT as well as increase technological innovations transferred to the community
- Strengthen participation in research and innovation
- Increase efficiency in management, utilization and mobilization of resources

(c) Key Management

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

- The University Council
- Council Committees
- The Vice Chancellor / CEO
- The University Senate
- Senate Committee
- The University Management Board

Members of the University Council

The following are the University council members who served in the financial year 2020-2021

- i) Professor Isaiah IC Wakindiki
- ii) Professor Stephen Gaya Agong
- iii) Ms. Joyce N. Karinge
- iv) Mr. Ibrahim M. Mutembei
- v) Dr. Jonah K. Kangogo
- vi) Mr. Zeth Ouma Omollo
- vii) Ms. Janet Nasimiyu Wekesa
- viii) Mr. Micah Origa - Alternate to CS, National Treasury.
- ix) Mr. Samuel Mugambi - Alternate to PS, MOEST.

(d) Fiduciary Management

The University direct fiduciary responsibility vests in the Vice Chancellor, with delegated responsibilities to the members of the University Management Board. During the financial year ended 30th June 2020, the key management personnel who held office and who had direct fiduciary responsibility were:

- i) Professor Stephen Gaya Agong - Vice Chancellor and Chief Executive Officer.
- ii) Professor Francis Ang'awa - Ag. Deputy Vice Chancellor – Planning Finance & Administration (PAF)
- iii) Professor Benson Estambale - Deputy Vice Chancellor – Research, Innovation & Outreach (RIO)
- iv) Professor Joseph Bosire - Deputy Vice Chancellor – Academic Affairs (AA)
- v) Dr. Walter Akuno - Registrar – Academic Affairs.
- vi) Dr. Patrick Akhaukwa - Registrar – Planning and Administration.
- vii) CS. Rosemary Ngesa - Registrar – RIO.
- viii) CPA Nancy N. Muchai - Chief Finance Officer.

(e) Fiduciary Oversight Arrangements

The University is answerable to key government organs on financial management and is from time to time oversighted by the following organs for compliance;

- i) Commission for University Education
- ii) The Public Accounts Committee of the National Assembly
- iii) Public Procurement Oversight Authority
- iv) Ethics and Anti-Corruption Commission
- v) University Council
- vi) Council Committees Activities

(f) Entity Headquarters

Main Campus, Bondo-Usenge Road
P.O Box 210-40601
Bondo, Kenya

(g) Entity Contacts

Telephone: (254) 057-2058000/2501804
E-mail: vc@jooust.ac.ke
Website: www.jooust.ac.ke

(h) Entity Bankers

Kenya Commercial Bank Ltd
Bondo Branch
P. O. Box 598 – 40601
Bondo, Kenya

Equity Bank Ltd
Bondo Branch
P.O Box 261 – 40601
Bondo, Kenya

Co-operative Bank of Kenya Ltd
Bondo Branch
P.O. Box 380 – 40601
Bondo, Kenya

ABSA Bank of Kenya Ltd
Kisumu Branch
P.O. Box 831-40100
Kisumu, Kenya.

(i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O.Box 30084
GOP 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

2. THE UNIVERSITY COUNCIL

	<p>NAME: Dr. Jonah K. Kangogo YOB: 20/12/1974 POSITION/KEY RESPONSIBILITIES: Chairman, Audit, Risk and Governance Committee. QUALIFICATION: ACAMS, ACI, Chartered MCSI, B.Ed (Hons) (Moi University), EMBA, MSc, PhD (JKUAT). WORK EXPERIENCE, Dr. Kangogo is a banker with expertise in Corporate Governance, Regulatory Compliance, Anti-Money Laundering (AML), Pensions Management, Operational Risk and Business re-engineering. He has been a lecturer in risk management and procurement at the Jomo Kenyatta University of Agriculture & Technology (JKUAT) and Africa Nazarene University (ANU). His banking experience spans over 19 years and focused mainly on risk management roles. Dr. Jonah K. Kangogo is the acting Chair to the University Council, appointed on 23rd August 2021</p>
<p>Prof. Stephen Gaya Agong, BSc, MSc, (UoN), PhD (Giessen), Post Doc (Hannover; Okayama), FAAS: YOB: 21/02/1960 POSITION/KEY RESPONSIBILITIES: Vice Chancellor & Chief Executive Officer QUALIFICATION: BSc, MSc, (UoN), PhD (Giessen), Post Dc (Hannover; Okayama), FAAS WORK EXPERIENCE: Professor of Horticulture with wide experience in University Management and Leadership spanning over 32 years in different Universities and International organizations. He is an academic of high standing with over 100 scientific publications in refereed journals. A fellow of the Africa Academy of Sciences and Matsume (Japan). The VC is the academic and administrative head of the University & Secretary to the Council.</p>	
	<p>NAME: Ms. Joyce N. Karinge YOB: 31/08/1979 POSITION/KEY RESPONSIBILITIES: Chairperson, Technical, Academic, Research and Projects Committee and Member of Finance Committee. QUALIFICATION: B.Ed. (KU), MBA (ANU), MSP WORK EXPERIENCE: She is a Certified Prince 2 professional with 14 years, wide private sector experience in the program and project management with diverse expertise in banking and leadership.</p>

NAME: Mr. Ibrahim M. Mutembei

YOB: 07/03/1966

POSITION/KEY RESPONSIBILITIES: Chairman of Finance, Human Resource and Administration Committee and Member of JOOUTES Board;

QUALIFICATION: LLB Hon (UON), MA (Moi), DIP Law (KSL) DIP DBM (UON), CPA Part One.

WORK EXPERIENCE: Member of the Law Society of Kenya (LSK); a Managing Partner with Hassan Mutembei and Co. Advocates, Vice Chairman of Communications and Multimedia Appeals Tribunal; Served as Chairman of Nyeri County Land Management board (NLC). Has worked as a former senior Accounts Administrator with Crown Paints (k) Limited. Serving as a Managing Director with Timhomes Limited for over 10 years.



NAME: CPA. Micah Origa

YOB: 20/06/1977

POSITION/KEY RESPONSIBILITIES: A member of Finance, Technical and Audit Committees of Council.

QUALIFICATION: B. Com, MBA (Calicut University) MSC Finance (UoN), CPA (K).

WORK EXPERIENCE: He has wide professional and work experience in the Public Sector stretching over 15 years in Public Finance Management, Public Sector Budgetary Formulation and Management coupled with outstanding corporate governance. Has served in several other Boards. He is the Alternate Member in the Council to Cabinet Secretary, the National Treasury.

NAME: Mr. Zeth Ouma Omollo

YOB: 05/08/1983

POSITION/KEY RESPONSIBILITIES: Member of Audit and Technical Committees of Council.

QUALIFICATION: BA (Strategic Management), BED Sc (KU), MBA (UoN), CPA-3, Dip HR, PhD (ongoing, UoN),

WORK EXPERIENCE: Management and Human Resource Consultant. A Member of the Kenya Bureau of Standards (KEBS) Technical Committees on Human Resource Management, and that of Statistical Tools and Measurement; the International Organization for Standardization (ISO) Technical Committee on Human Resource Management and the Institute of Human Resource Management (MIHRM) and the Kenya Institute of Management (MKIM). Is the Executive Director, Vicom Consultants Limited and a Partner at ZET-LAB Consulting; Is a Consultant with the World Bank Funded-Kenya Devolution Support Program (KDSP) under the Key Results Areas (KRAs). Has wide professional and work experience in both public and private sectors.



NAME: CPA Dismas Opande Ogot

YOB: 17/08/1968

POSITION/KEY RESPONSIBILITIES: CPA Ogot is the Representative of the Principal Secretary, State Department for University Education and Research.

QUALIFICATION: MBA (Strategic Management), and BA Economics, (Hons) Degrees (UoN).

WORK EXPERIENCE: He is the Senior Chief Finance Officer of the State Department for University Education and Research. He is a public sector financial management expert, with extensive experience, skills and competencies in cross-cutting senior level general management in both the public and private sectors spanning over 29 years. Previously, he served as Director of Finance and Economic Planning at Nairobi Metropolitan Services (NMS) and the Public Service Commission; Senior Chief Finance Officer (State Law Office & Department of Justice); Deputy Accountant General at the National Treasury, Principal Accounts Controller of the Kenya Judiciary, and in senior and middle level management positions in the private sector.

CPA Ogot has chaired Boards of schools and served as alternate to the Permanent Secretary/National Treasury in Maasai Mara University Council. He has mobilized and participated in several community transformational initiatives. He is married and blessed with children.



NAME: Janet Nasimiyu Wekesa

YOB: 07/01/1981

POSITION/KEY RESPONSIBILITIES: Member of Finance and Technical Committees of Council.

QUALIFICATION: LLB (Moi), PG Dip in Law (KSL), MBA (USIU), Arbitrator's (Chartered Institute of Arbitrators), CS-Section 4

WORK EXPERIENCE: An advocate of the High Court; a Partner at Gazemba Wekesa & Co. Advocates, a Private Law Firm that majors in Commercial, Conveyancing and Consultancy services. Wide experience in the private and public sectors. Has worked with Credit Bank Ltd, a Financial Institution for over Five years as the Head of Legal & Recoveries Department. Is a Board Member at the Advocates Benevolent Association (ABA), the Communication & Multi-Media Appeals Tribunal (CAMAT), Law Society of Kenya (LSK) and International Commission of Jurists (ICJ) and East Africa Law Society (EALS). Appointed as a Member of the Council on 10th March 2020

3. UNIVERSITY MANAGEMENT TEAM

NAME: Prof. Stephen Gaya Agong'
YOB: 21/02/1960
POSITION/KEY RESPONSIBILITIES: Vice Chancellor & Chief Executive Officer
QUALIFICATION: BSc, MSc, (UoN), PhD (Giessen), Post Doc (Hannover; Okayama), FAAS
WORK EXPERIENCE: Professor of Horticulture with wide experience in University Management and Leadership spanning over 32 years in different Universities and International organizations. He is an academic of high standing with over 100 scientific publications in refereed journals. A fellow of the Africa Academy of Sciences and Matsume (Japan). The VC is the academic and administrative head of the University & Secretary to the Council.



NAME: Prof. Joseph Bosire
YOB: 20/05/1959
POSITION/KEY RESPONSIBILITIES: Deputy Vice Chancellor – Academic Affairs & Ag. Deputy Vice Chancellor – Planning, Administration & Finance
QUALIFICATION: B.Ed. (UoN), M.Ed and Ph.D. (KU)
WORK EXPERIENCE:
 He has over 23 years of academic and administrative experience.

NAME: Prof. Benson Estambale
YOB: 22/01/1953
POSITION/KEY RESPONSIBILITIES: Deputy Vice Chancellor – Research Innovation & Outreach
QUALIFICATION: M.B. Ch.B (UoN), M.Sc; DTM&H, (LSTM), Ph.D (UoN)
WORK EXPERIENCE:
 A Professor of Medical Microbiology; has over 33 years of academic and administrative experience at University level and has wide publication record in the field of medicine.





NAME: Dr. Walter Akuno
YOB: 22/06/1965
POSITION/KEY RESPONSIBILITIES: Registrar – Academic Affairs
QUALIFICATION: Dip., B.Sc. M.Sc. and Ph.D. (Egerton)
WORK EXPERIENCE:
 He has over 24 years’ experience in administration in the public service and university environment. He is responsible to the DVC (AA) for administration of University academic programmes.

NAME: CS. Dr. Patrick J. Akhaukwa, PhD, CPS(K), MIHRM
YOB: 12/12/1963
POSITION/KEY RESPONSIBILITIES: Registrar – Planning & Administration
QUALIFICATION: BA (KU), M.Sc. (MMUST), Ph.D (Moi)
WORK EXPERIENCE:
 He has over 26 years administrative experience. He is a Member of the institute of Certified Public Secretaries of Kenya and the Institute of Human Resource Management. He is responsible to the DVC (PAF) for administration, general management and planning in the University.



NAME: CS Rosemary Ngesa
YOB: 27/12/1959
POSITION/KEY RESPONSIBILITIES: Registrar – Research Innovation & Outreach
QUALIFICATION: B.A (UoN), EMBA (JKUAT), ICPS-K
WORK EXPERIENCE:
 She has over 28 years’ experience in administration and management at university level.
 She is responsible to the DVC (RIO) for administration of research and community outreach programmes.

NAME: CPA Nancy N. Muchai
YOB: 15/02/1983
POSITION/KEY RESPONSIBILITIES: Chief Finance Officer
QUALIFICATION: B.Sc.Statistics (Maseno), MBA (Maseno), CPA-K, CSIA
WORK EXPERIENCE:
 She has over 16 years’ experience in financial management in University finance management system.



4. CHAIRMAN STATEMENT



On behalf of the University Council, it is my honor to present the Annual Report and Financial Statements for the 2020/ 2021 Financial Year (FY).

During the year under review, the unprecedented global pandemic brought huge uncertainty and upheaval to an already competitive higher education landscape, not the least one challenged by the continuing demographic dip in student numbers. The COVID-19 necessitated a rapid transition to online teaching and learning, alternative forms of assessment and a cessation of active research in the field. Many of our staff worked long hours and under intense pressure to find innovative solutions for our students under resource constrained environment.

The Council put deliberate effort to mitigate the impact and toll of the COVID-19 pandemic on training, teaching, research and outreach activities. A great deal of work took place to plan the new academic year and to create a 'COVID-19 secure' working and learning environment. At the onset of the pandemic the University adapted to specific teaching models for quickly and successfully coping with the remote teaching and assessment needs across the University. The University also invested considerable resources into the realization of a hybrid teaching method for the 2020/21 academic year.

While most students returned home in March 2020 and continued their studies online, the University campus remained open throughout the lockdown to support those students who remained on campus while observing the health protocols, to support research that could not be paused and to provide services and support to our health unit and key workers. Concurrently, the majority of staff were supported to switch, very successfully, to remote working. The first year students totalling 1,451 were received on the Campus on 21st September 2020. They were taken through a blended orientation programme and the Vice Chancellor's address (virtual on 25th September, and blended on 21st October 2020), taking a safety-first approach in providing quality, accessible and engaging teaching and learning, a positive student experience and wide-ranging support.

JOOUST's researchers and innovators responded with great agility to support the COVID-19 endeavor. A significant number of research projects were registered by July 2020. The University was formally awarded the USAID Boresha-Jamii grant on the 11th May 2020 worth Ksh7.4 billion that will run in four counties: Kisumu, Kakamega, Vihiga and Nyamira. This is a five-year project. Similarly, the University signed a tripartite agreement with VLIRUOS and Vrije Universiteit Brussel (VUB) to implement a Program to strengthen capacity building, research and outreach in five strategic areas, namely: natural resource management, agriculture and food security, human health, ICT and climate change mitigation and adaptation. Other Flemish Higher Education Institutions that the University will partner with include KU Leuven, Ghent University, and University of Antwerp. This is a 10-year programme expected to start with a Phase-In IUC Pre-Partner Programme for a period of one year with a project funding level of 6.0 billion.

The Covid-19 pandemic had a substantial impact on certain income streams like many universities, releasing students who left campus in March 2020. We acted quickly to preserve cash and achieved significant savings by freezing all but essential recruitment and by imposing tighter controls on

expenditure. Abetted by our decisive actions taken in 2019/20, cash balances coming into 2020/21 enable us to take a measured approach in refreshing our strategy while continuing to review all aspects of our operations.

The Council will continue working closely with the University Management in rolling out the next strategic planning cycle. The University has been operating on a five-year strategic plan that is reviewed after every five years. The current five-year plan came to an end in June 2021, the Council has made great strides in formulation of the next strategic planning cycle that we believe will take Jaramogi Oginga Odinga University of Science and Technology to the next level of academic excellence and continue playing a significant role in serving society.

This has been a fascinating period in the history of JOOUST, with much change and challenge, where obstacles have been approached as opportunities, and where crises have given cause for reflection and growth. Council has been steadfast in carrying out its governance obligations, has been future-focused in its wisdom and guidance, and generous in accommodating the extraordinary demands, often at short notice, on the time of members.

I extend my gratitude to the members and chairpersons of Council committees and task teams, for the work they have done, and to all members of staff, students and stakeholders for their commitment, hard work and support, which have been critical to our achievements over the past year.



Sign.....
Dr. Jonah K. Kangogo, PhD
Acting Chairman, University Council

Date: 24.09.2021

5. REPORT OF THE CHIEF EXECUTIVE OFFICER



It is an honor to present the Annual Report and Financial Statement for the year ended 30th June 2021.

It demonstrates the commitment and hard work of the University community which has led to the success in a wide range of activities, from national and international collaborations and partnerships, to valued local contributions. The period under review was characterized by unprecedented challenges especially highly resources constraint environment. The credence is to the entire University's community.

1st Virtual Graduation Ceremony

In response to the Government's restriction on social gatherings across the country and the indefinite suspension of learning across all levels, the University held its first ever virtual graduation ceremony on the 18th December 2020. The graduation was graced by the Council. A total of 2,183 candidates were conferred Degrees and awarded Diplomas and Certificates. These included 21 PhD and 51 MSc candidates. The Principal Secretary, State Department of University Education and Research, Amb. Simon Nabukwesi, Ministry of Education was the Chief Guest.

Partnerships and Collaborations

During the year under review, the University enhanced collaboration with the international partners, national and county governments, communities, industries, international organizations, peer institutions and other stakeholders towards meeting its core mandate of teaching, research and community outreach. During the year under review the University established partnerships with the various Institutions and Organizations; Egerton University: collaboration aimed at students and staff exchange leading to strengthening of JOOUST's Africa Centre of Excellence in Sustainable use of Insects as Food and Feed; PATH Kenya and Score Kenya for the implementation of USAID Boresha Jamii Program where JOOUST is the Prime Institution; County Governments of Kakamega, Kisumu, Nyamira and Vihiga to support HIV care and treatment, Family Planning/RMNCAH, Nutrition, WASH, KP/VMMC and OVC initiatives in the four counties.

International Partners brought on board included Vrije Universiteit Brussel (VUB), KU Leuven, Ghent University, and University of Antwerp partnership for the implementation of the project titled: Strengthening Jaramogi Oginga Odinga University of Science and Technology Capacity in Natural Resource Management, Food Security and Health.

Research and Development

The University continued to carry out resource mobilization by seeking funding support from both in-country and external funding sources. Similarly, the University continued in the year under review to build capacity in research by facilitating researchers to develop fundable research proposals. The University was formally awarded the USAID Boresha-Jamii program on the 11th May 2020 worth Ksh7.4 billion that will run in four counties: Kisumu, Kakamega, Vihiga and Nyamira. This is a five-year project.

The University's research, innovation and community outreach drive continues to gain prominence. The University signed a tripartite agreement with VLIRUOS and Vrije Universiteit Brussel (VUB) to implement a 6 million Euros grant program to strengthen capacity building, research and outreach in five strategic areas, namely: natural resource management, agriculture and food security, human health, ICT and climate change mitigation and adaptation. Other Flemish Higher Education Institutions that the

University will partner with include KU Leuven, Ghent University, and University of Antwerp. This is a 10-year programme, expected to start with a Phase-In IUC Pre-Partner Programme for a period of one year.

Furthermore, the University won a South Africa National Research Foundation's grant of Ksh. 10 million towards strengthening research in the diagnosis of cancer as well as a Ksh 20 million grant from the National Research Fund, Kenya towards monitoring and management of locust invasion.

Community Outreach & Corporate Social Responsibility

The University has engaged in strategic partnerships and collaboration in its niche research areas namely food and nutrition security and lacustrine ecosystem in line with its core mandate.

The University in collaboration with the Kenya Commercial Bank (KCB) Foundations', *jijiri* Programme carried out Capacity building on fish entrepreneurship. Through the Programme 95 participants were trained on Fisheries Policies, Legislation and Status of the Fishery Industry in Kenya & Globally. The training was held on 3rd June, 2021 through the School of Agricultural and Food Sciences.

As part of the Corporate Social Responsibility, the University through a partnership with Equity Bank of Kenya Ltd was also able to plant a total of over 1,000 trees in the month of April 2021, an event that brought on board stakeholders from the Bank and the University's fraternity.

The University held its first 1st Virtual Open Day, whose theme was "Diversity and Inclusivity" on 21st March, 2021. The purpose of the event was to open access to stakeholders on different opportunities available at the University. Key highlights of the items exhibited included: Silkworm production (Sericulture) whose value chain range from mulberry plantation to silk; Fingerlings production as part of the focus in addressing the dwindling fish resources in Lake Victoria and also the utilization of aquatic and fisheries resources; and, Insect for food and feed (Cricket and black soldier fly). The forum attracted participation from JOOUST students, staff and a number of stakeholders that included the farmers as well as other participants from the private sector.

Capital Projects

In the year under review, the University continued to construct a modern research hub at Miyandhe Campus, Tuition Block Complex at Achiego Campus and an Administration Block at the Main Campus. These capital projects are geared towards positioning the University globally as a center of excellence in teaching, research and outreach as well as being a leader in university education.

There has been notable progress in the Capital Projects, however due to a number of challenges; the projects are generally behind schedule. In addition to the prevailing challenges of COVID-19 pandemic, the projects have been facing inadequate and slow disbursement of funds hence significantly affecting the progress. The three new projects, once completed will greatly enhance infrastructural facilities and additional space required by the University to achieve its mandate.

Financial Stewardship

Overall, the financial results arising from the 2020-2021 FY for Jaramogi Oginga Odinga University of Science and Technology provides a reassuring foundation that even during this period and otherwise uncertain time; and turbulent financial inflows, the University was able to exercise its fiduciary responsibility by optimizing the utilization of the meagre resources. The University remains committed to responsible and conservative financial management to ensure that the university's ability to weather unforeseen financial shocks is upheld in its operations.

The University's operating results and net asset position have allowed us to continue to support the faculty, staff, and students during a difficult economic period for the country and the world, while continuing to invest in the academic and research priorities.

Conclusively, we are pleased to continue advancing the university's mission, despite the challenging times and inadequate resources. Our sincere gratitude is to all the faculty, staff, students, alumni, friends and all other stakeholders who directly and indirectly contributed to the University's course throughout year under review.


Sign.....
Prof. Stephen G. Agong', PhD, FAAS
Vice Chancellor/Chief Executive Officer

Date: 24.09.2021

6. REVIEW OF UNIVERSITY REGULATORY & NON-COMMERCIAL PERFORMANCE FOR FY 2020/21

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives. Jaramogi Oginga Odinga University of Science and Technology has five (5) strategic pillars and objectives within its Revised Strategic Plan 2016/2021. The strategic pillars and the achievements are as shown in the table below

OBJECTIVES	KPIs	ACTIVITIES	ACHIEVEMENTS
Pillar 1: Capacity Building			
1. Increase University physical infrastructure capacity to provide for additional 5,000 students from the current 13,000 to 18,000 students by 2021	Tuition Block to provide additional teaching and learning facilities	Construction of Structural frame up to 1st Floor	Target of scheduled works achieved. 48% level of completion.
	Research Complex	Construction of structural frame up to 2nd floor	Target of scheduled works achieved. 40% level of completion.
	Administration Block	Design, tendering and ground breaking and Foundation Slab	Completion of scheduled works. 28% level of completion.
	Ultra-Modern Library	Completion of third floor walling, electrical and plumbing works	Installation of electrical and plumbing works done. 89% level of completion
	Utilize Siaya Farmers Training Centre Facility	Relocate School of Agricultural and Food Sciences to Siaya ATC	School of Agricultural and Food Sciences relocated to Siaya ATC
	Efficient ICT services in all campuses	Expand ICT connectivity to all campuses	Wireless internet set up in Siaya campus
	Complete the infrastructure component in Bondo Hostel	Complete foot bridge and underground water tank	Completed superstructure works to the footbridge and elevated water tank. 99.7% level of completion
	Expanded quality outpatient services to students, staff and community	Equip the expanded internal Health Clinic	(i) Equipped the medical unit , (ii)Secured NHIF accreditation
	Increased bandwidth	Increase University bandwidth from 300mbps within the plan period	Total Bandwidth Connection is 529.15: i) Telkom Kenya Ltd and ii) KENET at 229.15
	Upgraded System with additional Modules	Automation of Business processes	Automation of business processes through ERP up to 68%
	Connection to fiber optic network	Connect to the national fiber optic cable broadband network	Connected to KPLC fiber from Siaya town in partnership with KENET
	Maintenance Schedule and implementation reports	Prepare and implement maintenance schedule for infrastructure /facilities/ equipment/ machinery	Maintenance, refurbishment and repairs of Building, machinery and other relevant facilities undertaken.

*Jaramogi Oginga Odinga University of Science & Technology
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2. To attain optimal level of quality human resource in line with the University staff establishment & FTSE	Competent and qualified teaching and administrative staff	Recruit additional staff to fill declared vacancies	Staffing Complement is at 539 as at end of Plan period
	Signed CBAs	Maintain good labor relations	Updated and implemented approved Collective Bargaining Agreements (CBAs) for the three respective unions within the University.
	Harmonization of Criteria for Appointments and Promotions with Schemes of Service (Career Progression)	Review the criteria for appointment and promotions regularly to comply with CUE standards and guidelines and best practices	Schemes of Service and Criteria for Appointments and Promotions were harmonized and approved for implementation.
	Disaggregated data on gender and disability mainstreaming	Ensure gender and disability mainstreaming in recruitment and retention of staff	The University complies with the requirements. The Current Staff Population comprises of 9% of PWDs
	Recognition of excellent and outstanding performance and behavior of individual employees and teams	Develop a Reward Management Policy	Rewards and Sanction Policy was developed and approved by Council for Implementation
	Enhance competence and skills of faculty and administrative staff	continually develop skills of staff	Training conducted for staff in various fields.
3. To strengthen corporate governance to improve University's national ranking	Efficient and effective service delivery	Implement Citizen's Service Delivery Charter	Service Charter revised in 2020, translated to Braille and cascaded to relevant Units for implementation.
	Improved webometrics ranking	Update and expand the University website to improve University webometrics ranking	University ranked position 7,401 globally.
	No. of Publication in refereed Journals	Increase Scientific publications.	Achieved 101 publications in peer reviewed journals
	Quarterly and annual reports on implementation of requirements	Comply with Statutory and Regulatory requirements	The University complied with all the requirements and implemented all directives
	Minimal disruption of University operations due to emergencies and critical incidences	Develop and implement Disaster management and Business Continuity Policy	Business Continuity Policy developed and approved by Council for implementation.
	Enhanced quality assurance on programmes and activities to improve service delivery	Strengthen Quality Assurance function	Quality Systems and Tools reviewed to enhance effectiveness in service delivery

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	External Audit Reports	Improve financial management and reporting systems,	2020/21 FY Reports prepared and submitted in compliance with accounting principles.
	efficiency in procurement of goods, works and services	Improve procurement System	Improvement an timeliness in procurement processes
	Enhanced customer satisfaction	Maintain Quality Management System (QMS) Certification	The University transited to the revised ISO 9001: 2015 Standard and ensures continued conformity with ISO 9001: 2015 Standard as well as customer, statutory and regulatory requirements
	Shared reports, repositories	Improve Data and Knowledge management system	Preservation undertaken through the University repository, and data shared with Government and Sector for continual improvement.
	Prompt resolution of all public complaints	Ensure 100% Complaints resolution	Prompt resolution of public undertaken in the 2020/21 FY. Composite score on performance from CAJ is 100%
	Automation index Report	Reengineer and automate business processes	Web-based ERP acquired to provide for bank gateways, mobile payment gateways, on-line portals for students and staff self-service
	Monitoring and evaluation to ensure achievement of Strategic Plan targets	SPIC and SPIMERS Operational	Strategic Plan 2016- 2021 was evaluated and the University performance was 78%
	Risk based approach in management	Develop and implement risk Management framework	Risk Management and Mitigation Directorate operationalized to support implementation.
	confidentiality, integrity and availability of information assets	Secure Information Security Management System (ISMS)Certification	ISMS Policy Statement and Asset Register developed.
	Safety, health and welfare of workers and all persons present in the University premises	Develop and Implement Occupational Health and Safety Policy	Policy developed and approved by Council for implementation
	Security of the University and local community	strengthen partnership with county and national government for security agencies	Collaborated with Sub-County and Siaya County Security apparatus during Graduation and other key functions
	Improved service delivery, cost reduction and improved efficiency	Rationalization of academic programmes and restructuring of Schools and Departments	Internal restructuring undertaken to improve efficiency.

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Pillar 2: Quality Education and Training			
To offer fully accredited and market driven programmes from the current 18 to 20	No. of Programmes developed	Develop two (2) new programmes annually	Two (2) programmes were developed: MSc. Agricultural Extension and PhD. Agricultural Extension
	Increase student admission	Admit Undergraduate students in STEM Programmes	Admitted 780 postgraduate students
		Admit Undergraduates in STEM	Admitted 234 Postgraduate students
To diversify programmes delivery modes from one (1) to two (2)	Increased admission in Virtual & e-learning Platforms	Expand Virtual and e-platforms	(i) Upgraded the Center for E-Learning server to increase its capacity to support 2000 concurrent access request internet bundle rate for students (ii) Supported off-campus learning by providing negotiated internet bundle rate for students
To achieve 100% students completion rate from the current 70%	Timely completion of studies	Ensure conformity to the academic calendar	i) Teaching and learning was disrupted by the Covid -19 pandemic. The University continued to provide online teaching in the ensuing period ii) Conducted One Virtual Graduation Ceremony
	Integrity of examinations is upheld	Conduct moderation of examinations	Examinations were moderated internally and externally
	Enhanced teaching and training skills	Train lecturers on pedagogical skills	Trained One Hundred (100) Lecturers on online pedagogies and virtual teaching skills
	Timely completion of programmes	Conduct one graduation ceremony annually	Conducted Graduation Ceremony in the 2nd Quarter for qualified graduands
	Strong student governance and leadership to facilitate student representation in University affairs	Students governance and leadership	Election of students successfully conducted
	Support on mental wellness for students	Guidance/Peer Councilors programme	(i) Physical and online guidance and Counselling Services available for students (ii) Student Peer Counsellors have been trained to support the student fraternity
To integrate ICT in delivery of programmes through mounting smartboards/ Projectors in 10 additional	Number of Lecture hall with smart Boards	i. Acquire 10 additional smartboards/Screens for lecture halls	6 Smartboards acquired and installed
	Number of Lecture halls with projectors	ii. Acquire 10 additional mounted Projectors for lecturer rooms	33 Projectors available for use

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lecturer rooms.			
Pillar 3: Research and Consultancy			
1. To strengthen research culture through five (5) capacity building initiatives	workshop on sensitization and grant proposal writing	Organize workshops to sensitize on research opportunities and train on grant proposal writing	Proposal writing workshop conducted
	no. of relevant calls responded to	Actively respond to relevant calls for proposals	Twenty-six (26) proposals each applying for more than Kshs. 10 million to the National Research Fund were developed and submitted and twenty three (23) to other funding local and international funding agencies.
	No. of research projects impacting on niche areas /Big Four agenda	Undertake research on niche areas /Big four agenda	2 proposals were developed and submitted under Universal Health Coverage
			Four research projects funded as follows: i) COVID-19 Containment; ii) Research Program on Lake Victoria ecosystem; iii) Boresha Jamii Health research program; iv) Sorghum for food security project
		Through the Association of Commonwealth Universities (ACU) the university conducted a six (6) month training for 35 early career researchers and 15 doctoral candidates on research skills	
2. To Strengthen Consultancy through two (2) initiatives	Operational consultancy	Operationalize the consultancy consortium	Two (2) consultancy bids submitted.
3. To increase opportunities for dissemination of research	Transfer of knowledge	Facilitate staff and students to exhibit during open days, expos, shows and University exhibitions	Facilitated Staff and student exhibitors during the annual ASK Show

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output.	No. of researchers facilitated	Facilitate researchers to participate in local, regional and international scientific seminars, workshops and conferences	Through the Association of Commonwealth Universities (ACU) the university conducted a six (6) month training for 35 early career researchers and 15 doctoral candidates on research skills
	No. of scholarly publications in peer reviewed journals	Enhance scholarly publications in reviewed journals	Achieved 101 publications in peer reviewed journals
To increase patentable technologies by four (4).	No. of focal leaders trained & nurtured	Train and nurture focal leaders in research	Staff supported to attend a patent drafting workshop sponsored by the World Intellectual Property Office
Pillar 4: Community Outreach			
To increase strategic partnerships and linkages at both national and international levels by four (4).	No. of linkages established	Operationalize the Directorate for Partnerships and International Linkages	Directorate was operationalized
		Establish new linkages with like-minded institutions and industry	The University entered into strategic partnership with three (3) institutions to facilitate research and training
	Enter into Partnership with Siaya County	Establish a partnership with Siaya County Government on areas of interest	Partnered with Siaya County Government on the acquisition and utilization of Siaya ATC as a Campus to expand access to education within the community
To increase the number of technological innovations transferred to the community by two (2) from the current four (4) to six (6)	No. of technological solutions transferred	Engage communities for trainings and transfer	The University entered into strategic partnership with four (3) county governments namely Kisumu, Nyamira, Vihiga and Kakamega for support in health services. Further the University is collaborating on research with (4) Flemish Universities led by Vrije Universiteit Brussel (VUB) others include Universities are KU Leuven, Ghent University, and University of Antwerp
			Held the 1st JOOUST Virtual Open Day on 25th March, 2021 and how cased academic and research program as well as other university activities to relevant stakeholders

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			Trained 27 farmer groups on cricket and black soldier fly rearing, value addition and marketing from 19th to 30th April, 2021 at the Siaya Campus
To increase corporate social initiatives by six (6) annually	Active Liaison Committee	Strengthen Community Liaison Committee	The Community Liaison Committee conducted regular meetings to follow-up and resolve challenges within the University locality.
	Enhanced social corporate responsibility	Initiate and participate in corporate social initiatives	The University donated liquid hand washing soap, hand sanitizers and disinfectants worth KShs. 273,000 to Siaya County COVID-19 Rapid Response Committee The University donated food stuffs to the Bondo Sub-County Covid-19 Response Committee
Pillar 5: Resource Mobilization			
1. To increase efficiency in management, utilization and mobilization of resources.	Reviewed financial, Internal Audit and Procurement Controls	Review and implement financial and procurement and internal audit control systems	Absorption of allocated funds from GoK at 96% in the 2020/21 FY
To grow University Income	Increased revenue	Mobilize resources through DRIP	Realized Kshs. 319,537,710 in A-in-A
	Increased revenue	Enhance performance of existing Income generating streams	

7. CORPORATE GOVERNANCE STATEMENT

Jaramogi Oginga Odinga University of Science and Technology (JOOUST) was granted Charter on 13th February 2013. The University is governed by the University Council, appointed in accordance with the University Act and enabling statutes. The University Council is responsible for the governance of the University and is accountable to the stakeholders in ensuring that the University complies with the laws and the highest standards of ethics and corporate governance. Accordingly, the Council attaches high importance to generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practices of good corporate governance.

Membership of the University Council

The Membership of the University Council is as follows:

- a) The Chairman to the University Council appointed by the Cabinet Secretary in charge of Education.
- b) Five (5) independent Council members appointed by the Cabinet Secretary in charge of Education.
- c) The Vice Chancellor who is also the Secretary to the Council.
- d) The Cabinet Secretary for the National Treasury or his alternate.
- e) The Principal Secretary for State Department of University Education or his alternate.

A member of the University Council other than the Vice Chancellor shall normally hold office for a term of three years, upon expiry of which the member shall be eligible for re-appointment. No member may be appointed to the Council for more than two consecutive terms. The profile of the current University council members is provided in pages *vi - viii*. The Cabinet Secretary may from time to time remove or replace a member of Council for a good cause. Vacancies may also arise in the Council when a member resigns, at the expiry of a member's term or death while serving in office.

Responsibility of the University Council

As stipulated in the Universities' Act No. 42 of 2012 and as amended in 2018, the Council performed the following roles: -

- (i) Employ staff;
- (ii) Approve the statutes of the University and ensure they are published in the Kenya Gazette;
- (iii) Approve the policies of the University;
- (iv) Approve the budget;
- (v) Recommend for the appointment of the Vice-Chancellor, Deputy Vice-Chancellors and Principals of Constituent Colleges through a competitive process; and
- (vi) Undertake other functions set out under the Act and JOOUST Charter.

Other functions and roles the Council performed during the year include:

- (i) Strategic Leadership: approving, monitoring, and guiding the implementation of the University's Strategic plan.
- (ii) Performance Evaluation: Setting performance targets and reviewing of the University's results so as to ensure the achievement of the operational plans.
- (iii) Integrity of Financial Reporting: Reviewing and monitoring controls, policies and procedures put in place to ensure integrity in the University's accounting records and the financial statements.
- (iv) Risk Management and Compliance: Monitoring and reviewing the policies and procedures put in place by the management to ensure that the various risks facing the University are effectively mitigated and various regulatory and legislative requirements are complied with.
- (v) Stakeholders' Interest: Guiding the University so as to ensure the fulfilment of the interests of various stakeholders besides reviewing and monitoring corporate governance and corporate social responsibility practices at the University.

Activities of the Council

The Chairman and the Chief Executive Officer worked closely in planning the annual program and agendas for council meetings. The meetings were structured to allow open discussions. All substantive agenda items had comprehensive briefing documents which were circulated early in advance before the meetings for members to study and be acquainted with beforehand. Besides regular Council meetings, there were a number of other meetings to deal with specific matters. When Council members were unable to attend a meeting, they were advised on the matters to be discussed and given the opportunity to discuss their views with the Chairman.

Role of the Chief Executive Officer

The Vice Chancellor who is an independent ex-officio member of the Council is responsible for leading and managing the work of the Council and ensuring that the decisions made were sound and well informed. On the other hand, the CEO was fully responsible to the Council for the day to day running of the University. The CEO bears responsibility for all management actions and functions. Furthermore, he performed his roles as the administrative and academic head of the University.

Training & Induction and Performance

The Council members were trained regularly to ensure they were abreast with contemporary management trends and also to be familiar with legal regime affecting Universities operations and changes that emerge in legislation from time to time. The trainings provided to Council members cover risk management, financial management, audit, ethics and governance. The Council members were evaluated annually by SCPC on their performance and their performance was rated at 95%.

Remuneration

The Council members were not entitled to salaries. The University covered the costs of travel and subsistence of Council members while on official duty and a sitting allowance for meetings attended as per the government guidelines. The Chairman was paid a monthly honorarium.

University Council meetings

The meetings of the University Council were held every quarter in a calendar year. In order to facilitate the smooth running of its affairs, the University Council establishes such committees with membership and with such terms of reference as it may deem fit. A calendar of University Council and its committees is prepared before the beginning of each financial year. The Chairperson called for meetings of the University Council after giving the requisite notice to all its members. During any meeting, the Council members so present signed declaration of interest forms, in accordance with governing statutes.

Committees of the Council

The code requires that Council has an Audit Committee and a maximum of three other committees to discharge the functions of Governance, technical matters, risk, strategy, compliance, human resources and finance. The Council has the mandatory Audit Committee and two other committees to assist in the discharge of the various mandates. Each Committee is headed by a member whose orientation, training and professional skills are in the area. Each committee is serviced by the head of the functional area in the University. The Committees derive their authority from the University Acts and report to the full council. From time to time, there are special Committees established to discharge specific mandates on ad-hoc basis. The following are the committees of JOOUST Council that were in place in the financial year.

- (i) Audit, Risk and Governance Committee
- (ii) Finance, Administration and Human Resources Committee
- (iii) Technical, Academic, Research and Projects Committee

The University Council nominates the Chairperson of each committee of the Council provided that in the absence of the Chairperson of any committee, the members present and constituting a quorum may elect a person from among them to chair the meeting. The Chairperson of the University Council and the Vice Chancellor are ex-officio members of every committee of the Council.

Audit, Risk and Governance Committee

The Committee had an approved Audit Charter that spells out its responsibilities. The mandate of the Audit Committee is to provide oversight on.

- (i) The integrity of the financial statements and disclosures of the University
- (ii) The effectiveness of the internal controls and accounting policies of the University.
- (iii) The effectiveness of the Internal Audit function of the University

The Committee has delegated authority and met on a quarterly basis. It is composed of five members one of whom is a registered and practicing accountant and a member of the Institute of Certified Public Accountants of Kenya. It has authority to authorize investigations. The membership of the Audit, Risk and Governance Committee who served were:

Name of committee	Members
Audit, Risk and Governance Committee	Dr. Jonah Kangogo - Chairperson
	Mr. Zeth Omollo – Member
	Mr. Micah Origa – Member
	Mr. Samuel Mugambi – Member
	Ms. Nelly Ako - Head of Internal Audit/Secretary

Finance, Administration and Human Resources Committee

The Finance, Administration and Human Resources Committee was responsible for providing oversight on mobilization and utilization of resources, financial reporting, staffing, salaries and terms of service. In addition, the Committee considered and made recommendations to full Council on University Policies. The membership of Finance, Administration and Human Resources Committee who served were:

Name of committee	Members
Finance, Administration and Human Resources Committee	Mr. Ibrahim Mutembei - Chairperson
	Ms. Janet Wekesa - Member
	Ms. Joyce Karinge – Member
	Mr. Micah Origa – Member
	Mr. Samuel Mugambi – Member
Prof Stephen Agong – Vice Chancellor/Secretary	

Technical, Academic, Research and Projects Committee

The Technical Committee had a delegated authority from the Council and was responsible for University's planning in the short-run, medium term and long-term. The Committee was responsible for providing oversight on infrastructure development, capital projects, major maintenance works, and development of teaching, research and outreach programmes and setting priorities for the University. The membership of the Technical, Academic, Research and Projects Committee who served were;

Name of committee	Members
Technical, Academic, Research and Projects Committee	Ms. Joyce Karinge - Chairperson
	Mr. Zeth Omollo - Member
	Ms. Janet Wekesa – Member
	Mr. Micah Origa – Member
	Mr. Samuel Mugambi – Member
	Prof Stephen Agong – Vice Chancellor/Secretary

Risk Management

The Council was responsible for risk management and had an approved policy and procedure document for risk management. The Council conducted risk assessment on a regular basis which informed the internal audit plan. The University conducted legal compliance reviews which were reported to the council. The University had an in-house legal officer and has appointed advocates and other consultants to advice on litigation risks. The identification and management of risk is a continuous process linked to the achievement of the University's objectives.

Meetings of Council and Committees of Council

The following is the membership and attendance of meetings of the Council and of Committees of the Council

Members	Full Council meetings	Finance, Administration and Human Resources Committee	Audit, Risk and Governance Committee	Technical, Academic, Research and Projects Committee	Appointments, Orientation and other Ad-Hoc Committee
Prof. Isaiah IC Wakindiki	6/6	-	-	-	7/7
Ms. Joyce N. Karinge	6/6	6/6	-	4/4	7/7
Mr. Ibrahim M. Mutembei	6/6	6/6	-	-	7/7
Dr. Jonah K. Kangogo	6/6	-	5/5	-	7/7
Mr. Zeth Ouma Omollo	6/6	-	5/5	4/4	7/7
Ms. Janet Nasimiyu Wekesa	6/6	6/6	-	4/4	7/7
Mr. Samuel Mugambi	6/6	6/6	4/5	4/4	7/7
Mr. Micah Origa	6/6	6/6	5/5	4/4	7/7

8. MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

Overview

The University managed to register a significant positive outcome in the financial year under review when the CBA was successfully negotiated and fully implemented. The University also successfully received an award to implement a US\$ 74 million USAID-BORESHA Jamii programme. These were achieved despite the numerous challenges faced by the University that hindered full implementation of all the planned programmes and realization of most set targets. The ripple effect of the economy lockdown occasioned by the COVID-19 pandemic impacted on the University revenues and programme implementations. However, there were notable achievement in the financial year key of which was the full implementation of the CBA.

Revenue

During the year under review, the University raised a total of Kes. 1,618M (2020: Kes. 1,613M) in income, comprised of Kes. 1,298M (2020: Kes. 1,123M) from Non-Exchange Transactions and Kes. 320M (2020: Kes. 490M) from Exchange Transactions.

Operating Expenditure

The total operating expenditure was Kes. 1,694M (2020: Kes. 1,545M) The dashboard below broadly illustrates the financial performance of the University. The amounts are reflected in millions.

Amounts in Kshs. Millions	AS AT 30.06.21	AS AT 30.06.20
	Kshs 'M'	Kshs 'M'
Revenue: Non-Exchange Transaction	1,298	1,123
Revenue from Exchange Transaction	320	490
Total Revenue	1,618	1,613
Total Expenditure	1,694	1,545
Operating Surplus /(Deficit)	(76)	68

The deficit amount was occasioned by a decrease in revenue due to decrease in student numbers as well Covid-19 impact. In addition, during the period, the university implemented enhanced salaries as per the signed CBA, which was a heavy consumer of the available revenue.

Development Projects

The main projects under construction included the Tuition block, Research Centre and Administration Block. These projects are funded by the Government of Kenya through the Ministry of Education. The University received Kshs. 145 million to facilitate development projects, which was a budget cut from the initial budget of Kshs. 290 million. This impacted negatively on the implementation of the capital projects.

Amounts in Kshs. Millions	AS AT 30.06.21	AS AT 30.06.20
	Kshs 'M'	Kshs 'M'
Development Grants Received (Capitation)	145	376
Development Expenditure - Grants	145	376
Development Expenditure – A-I-A	74	191
Total Development Expenditure	219	567

Emerging Issues.

The University continued to integrate contemporary and emerging issues and values into all projects, programs, and activities during the 2020/2021 FY in order to promote lifelong learning and infuse new knowledge in the provision of quality education, research, and community outreach. To earnestly contribute to the building of a just and cohesive society as envisaged in Vision 2030, the University has developed a framework to address different forms of socio-economic challenges owing to the legal, technological, social cultural and economic dynamics in the society. Some of the major issues included the Covid-19 pandemic, corruption prevention, HIV & AIDS, Alcohol and Drug Abuse among others. Emerging issues in the operational environment which the University needs to respond to going forward include: sustainable funding for university education in the face of reduced funding from the Government; quality access and relevance of university education and academic programmes; automation of processes, strong linkages with industry and restructuring of human resource, establishment of stronger partnerships and collaborations, remote teaching due to closure of the university as a result of Covid-19 pandemic.

The Big-4-Agenda

Kenya Vision 2030 is a long-term development blue print aimed at creating a globally competitive and prosperous country by transforming it into an industrialized middle income-economy by 2030, to improve the living standards of the citizenry. The Third Medium Term Plan (MTP III), 2018-2022 of Vision 2030 succeeds the Second Medium Term Plan (MTP) II which formed the pathway for devolution, socio-economic development, equity and national unity. Implementation of the MTP III is premised on the Presidential Initiatives, Big Four Agenda. In response to the Big Four Agenda, the University has developed and is implementing strategies that focus on key areas central to the realization of these initiatives.

One such initiative is the establishment of the World Bank funded Centre of excellence for sustainable use of insects as food and feeds (INSEFOODS) to foster research that enhances food and nutritional security. The Centre continues to facilitate production and transfer of agricultural technological solutions to the community for improved livelihoods. The University has the faculty that plays a central role in the realization of food and nutritional security which is the School of Agricultural and Food Sciences. To augment research on food and agricultural security, the University has acquired adequate space within Siaya town that houses the School which is currently offering a total of (7) seven accredited programs. The vast space provides for an integrated farming system and also acts as an agricultural technology demonstration site and training model.

To promote Universal Health coverage initiatives, the University opened up its internal Health Facility to provide Health Services to its staff, students and the general public by Securing NHIF accreditation for the facility. The University further expanded the facility to ensure availability of additional spaces for patient management and health services to the expanded community.

Still on Universal Health, the University equally bid for and received an award to implement US\$ 74 million project as the prime for USAID-BORESHA JAMII project. The project commenced in May 2021 and is being implemented in the four counties of Nyamira, Kisumu, Kakamega and Vihiga. The project will run for a 5 year period.

Under the manufacturing sector, the University has established and operationalized Pii Global Institute to facilitate human resource capacity building and undertake research activities on fresh water engineering and management. The University will develop programmes in the two domains to benefit from the comparative advantage of being located in the Lake Victoria Basin.

Under the decent housing initiative, the University developed a new programme on Masters of Arts (MA) in Spatial Planning and Design. The programme contains Units on housing and Units on land use and urban planning. This is aimed at fostering a knowledge based young populace that will contribute to sustainable housing and urban planning

The Covid-19 Pandemic

Since its outbreak in late December 2019, COVID-19 has wreaked havoc across the world and like any critical sector, education has been hit hard. Students, schools, colleges, and universities have been deeply impacted. Globally, over 215 million cases of the coronavirus have been reported in more than 180 countries, which have resulted in more than 4.4 million deaths. The COVID-19 pandemic has adversely impacted the progress some governments were making around increasing the education budget. Therefore, this is a crisis that requires urgent attention and collective action by all Governments, stakeholders, and communities.

In Kenya, economic growth has been and will be negatively impacted by COVID-19 shocks with direct consequences to the poor, vulnerable and marginalized households who rely on informal employment and businesses to fend for their children. Their ability to finance school related expenditure such as school kits, meals, learning materials has been severely compromised with the pandemic. With the Government adopting remote teaching to support distance learning and online education delivered through radio and television and internet, learners from poor, vulnerable, and marginalized household have no access to these mediums of learning further worsening inequality in access and quality of education.

There is need to navigate through these challenges to ensure continued access to provision of quality, equitable and inclusive education during and after the pandemic. Effective implementation of the proposed interventions by education managers and stakeholders will ensure uninterrupted learning in educational institutions in future.

Governments and civil society concerted efforts that mobilize resources, and expertise to address the impact of COVID-19 on education is urgently required. This process should include developing long term strategies to address the needs of education in emergencies. All concerned parties, regional networks, and national education coalitions must stand in solidarity to those affected by the COVID-19 pandemic. Players in the sector must work in close collaboration with governments and donor community to find appropriate solutions and mitigating measures to ensure the right to education throughout these challenging times.

OPERATIONAL PERFORMANCE

Academic Programmes

i. University Teaching and Learning through the Centre for E-Learning & Online Teaching
Teaching through on-line platforms has been enhanced by the Centre for E-Learning. The Centre developed a guidelines for an Open and Distance Electronic Learning (oDeL) and requirements for online teaching. Online Examinations, which were approved by Senate. The e-learning and online support to students was utilized to complete Second Semester that was interrupted by the COVID-19 related closure. Currently, students and faculty are enrolled on the e-learning platform and have participated in various activities organized by the CfEL.

Further, the Board of Postgraduate Studies successfully held online theses defenses and going forward, more online theses defences are planned towards enhancing. The University programmes continued on

virtual platform as well as physical contact where necessary with strict adherence to Covid 19 containment measure. This happened throughout the financial year. Examinations were successfully administered to students where they appeared physically to write examinations.

ii. 8th Graduation Ceremony-Virtual

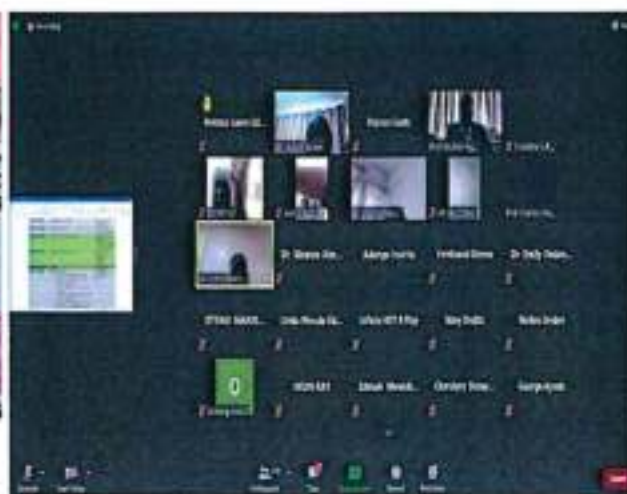
The University held its 8th graduation ceremony on 18th December, 2020. The first of its kind as a virtual graduation ceremony in line with the ministry of health recommendations on management of crowd due to Covid-19 pandemic. A total of 2183 graduands were conferred and awarded with PhDs, Masters, Bachelors, Diplomas and Certificates.



The University Chancellor and the Vice Chancellor conferring a doctoral degree.

iii. Dismantling the Ivory Tower: Applying Scholarship to Present African Realities and Needs

JOOUST held a Virtual Public Lecture themed “Dismantling the Ivory Tower: Applying Scholarship to Present African Realities and Needs.” This is the first virtual lecture that was meant to be a wakeup call to universities to demystify the theory that they were unreachable towers. The lecture was a big success and a number of scholars and public participated.



JOOUST Vice-Chancellor, Prof Stephen Agong' presided over the inaugural Virtual Public Lecture themed “Dismantling the Ivory Tower.”

iv. Student Affairs – Virtual Orientation for First Year Students

The Vice-Chancellor, Prof. Stephen Agong' led the University in conducting a one-week virtual orientation program to the first-year students, KCSE Cohort 2019. The Orientation week saw over 1000 students join the Institution and were given various talks ahead of their reporting. The highlight of the event saw the Vice-Chancellor give his keynote address at the University's sports pavilion at the close of the Orientation week on Friday 23rd August 2019. Different schools and departments gave talks on various expectations, achievements, and accomplishments. The Ag. Deputy Vice-Chancellor in charge of Planning, Finance and Administration (PAF) Prof. Francis Ang'awa, DVC Research Innovation and Outreach, Prof. Benson Estambale and DVC Academic Affairs, Prof. Joseph Bosire also addressed the students and gave their welcome remarks. The over 1000 students were given a warm reception during the week-long orientation programme by University Dons and staff. This culminated into the Vice-Chancellors' address that focused on creating their destiny in preparation for an unknown future. The Vice-Chancellor implored on first year students joining the University to embrace critical thinking and independent minds that are paramount to achieving academic and research excellence.

v. Lake Region Economic Block Conducts rapid assessment on JOOUST capacity to host Research Centre for Gender, DAPS and Youth

The University received delegation from the Lake Region Economic Block (LREB) to assess the capacity of the University to host a research Centre for Gender, Differently abled Persons and the Youth. The team led by the Vice-Chancellor University of Eastern Africa, Baraton, Prof. Phillip Maiyo, assessed the level of preparedness including conducting a site visit around the University facilities. Prof. Maiyo was highly impressed by the level of preparedness and organization exhibited by the JOOUST team. The University is looking forward to hosting the centres in the region.



vi. Research and Partnership Development

The University was awarded USAID Boresha Jamii program funding of USD 74 million on 11th May 2021. The program is currently on course with implementation in the four counties of Kisumu, Kakamega, Vihiga and Nyamira. The program has on-board PATH Kenya which handles the HIV service delivery. The Program has also sub-contracted local implementing partners (LIPs) from previous mechanisms to ensure uninterrupted health service provision in respective counties.

JOOUST was also awarded an Association of Commonwealth Universities (ACU), Early Career Researcher (ECR) Training Grant. The grant enables staff at ACU member universities to organize and deliver training for their early career researchers, including Doctoral candidates. The training will equip researchers with essential skills to enable them to succeed in their careers, whether they remain in academia or utilize their skills in other professional fields. In addition, the University is among 5 institutions of higher learning selected for a VLIR-IUC Partnership Programme following a successful presentation of the proposal titled, '*Strengthening Jaramogi Oginga Odinga University of Science and Technology Capacity in Natural Resource Management, Food Security and Health*'. This is a 10-year programme expected to start with a Phase-In IUC Pre-Partner Programme for a period. The actual Programme activities will start at the beginning of 2022, where each institution will receive a grant worth 6 million Euros for the 10-year period. The IUC Partner Programme aims at long-term collaboration with all Flemish universities and some university colleges. The other four institutions include; Université de Lubumbashi (DR Congo), Ardhi University (Tanzania), Mbarara University of Science and Technology (Uganda) and Quy Nhon University (Vietnam).

During the financial year, the University involved in a number of proposal writing from prospective donors. Among the proposals developed includes, global partnership for education, BRAC Institute for governance and development, BIODIVERSA among others. In addition, JOOUST entered into MOU with SOL on cultivation of mulberry and silk worm rearing (sericulture). The partnership is geared towards producing silk in the region.

vii. **JOOUST Council and UMB Undergo Capacity Building On ACE-II Insefoods Project**
JOOUST's Africa Centre of Excellence in Sustainable Use of Insects as food and Feeds (INSEFOODs) organized a capacity building for the University Council and the University Management Board members on ACE II INSEFOODS Project at Ciala Resort in Kisumu from 24th to 26th February 2021. The Chairman of the Council, Prof. Isaiah Wakindiki, presided over the training. The participants were taken through financial management, fiduciary practices and the overall implementation of the project. The overall success of the ACE II project requires the involvement of top University Management. The Vice Chancellor Prof. Stephen Agong' reaffirmed management's commitment to ensure that the project's continuity beyond the sponsor's funding period.



JOOUST Council members and Management during Capacity Building On ACE-II Insefoods Project – Ciala Resort, Kisumu

viii. ACK Archbishop pays a courtesy visit to the University

The Archbishop of the Anglican Church of Kenya, His grace, The Most. Rev. Dr. Jackson Nasoore Ole Sapit paid a courtesy visit to the Vice Chancellor. The Archbishop was accompanied by the Bishop Rt. Rev. Prof. David Kodia of the ACK Bondo Diocese. The visit coincided with the Archbishop's mission to visit schools and churches. His grace Rev. Dr. Ole Sapit encouraged the University to establish a value-based leadership that would provide long term solutions. The Archbishop opined that Science and Technology should not take over human values, but people should be innovative and be governed by a sound value system which connect the soul to God.



His grace Rev. Dr. Ole Sapit during a visit to the University

ix. JOOUST KUSU, UASU AND UMB Converge for Capacity Building

In the financial year under review, The Kenya University Staff Union (KUSU) and the Universities Academic Staff Union (UASU) JOOUST chapters undertook a two-day capacity building training organized by the University Management Board (UMB). The purpose of the training was to acquaint the newly elected officials on the Labor Relations, Employment Act, the role of trade unions, communication aspects in labor relations, complaints management and an overall insight on ethics of representation. The trainings were conducted by experienced facilitators from The Central Organization of Trade Unions (COTU), the Office of the Ombudsman and the Commission on Administrative Justice (CAJ) who encouraged the Union official to have a solid grasp of the labor relations guidelines, emphasizing that the Collective Bargaining Agreement (CBA) was their constitution and tool of trade.



UMB led by Vice Chancellor, Prof. S Agong, JOOUST KUSU, UASU and Trainers during Capacity Building Training in Kisumu.

x. JOOUST receives donations from KUB

The University secured collapsible cane donations from Kenya Union of the Blind (KUB), through the Regional Coordinator. The Union donated twelve canes that will be used for outreach as well as training activities for learners with visual impairment. Of the twelve, the University donated one to Dr. Rose Koweru, a lecturer in the Department of Special Needs Education and Early Childhood Education. The donation is a result of a partnership between the Kenya Union for the Blind and the University, through the Promoting Awareness and Participation of Persons with Disabilities in Education and Community based Programmes (PAPPS) Project.

The canes will enhance learning activities, with an array of equipment already available at the University supporting learning for the visually impaired students such as braille machines talking computers, embossers, which translate braille to text, and vice versa, as well as talking tablets. Kenya Union of the Blind works to promote the social inclusion of persons with visual impairments through uniting and empowering them as well as advocating for their rights. In the same quarter, there were donations from Commission of University Education (CUE).

xi. The New ERP Software

The university in the year under review implemented a new ERP software i.e. Microsoft Dynamics Navision system. The process though was occasioned by some challenges as a result of Covid-19 pandemic. A lot has been achieved both as a result of the implementation through virtual operation and in person under the strict adherence to the MoH protocols. The system went live and it has been embraced by the staff for efficiency and effectiveness.

xii. ISO, Strategic Plan & performance contracting.

The University implemented activities and targets outlined in the 2020/2021 FY Performance Contract as per the provision of the 17th Cycle Guidelines circulated by the Ministry of Public Service and Gender. The performance reports were prepared and submitted in the prescribed formats to relevant specialized agencies within the stipulated timelines by the end of every quarter. Negotiations, Vetting and Reporting of the 2020/2021 Performance Contract were successfully undertaken virtually on the Government Performance Contract Information System (GPCIS) guided by the Public Service Performance Management and Monitoring Unit (PSPMMU) which is domiciled in the executive office of the President.

During the period, the University continued to maintain Quality Management System Certification (QMS) based on ISO 9001: 2015. This is geared towards entrenching quality in services and products offered by the University based on customer as well as relevant statutory and regulatory requirements. To remain abreast with emerging trends, the office of the Quality Management Representative continued to build capacity through a myriad of activities to ensure efficiency and effectiveness of the QMS.

The University equally pursued its Vision, operationalized its Mission and upheld its core values (CIPIM - Customer focus, Impartiality, Professionalism, Integrity and Meritocracy) to successfully implement this Plan. The Plan however lapsed in June, 2021; setting the pace for development of a new Strategic Plan 2021-2026.

xiii. Staff Welfare

The University supported staff activities and sought to improve the welfare of its staff through facilitation of various activities such the full implementation of negotiated CBA; Capacity building on (CBAs) for the three respective unions within the University namely UASU, KUSU & KUDHEIHA by Central Organization of Trade Unions (COTU); Provision of comprehensive medical insurance cover for members of staff and their dependents as applicable; Consistent updates of Pension contributions for all members

and; Provision of Benevolent scheme to support staff during bereavement of family. During the year, 48 new staff were recruited and 139 promoted. Training was conducted for 430 staff and another 112 offered attachment and internship opportunities. 12 staff exited the service of the university.

xiv. Projects

There has been notable progress in the Capital Projects, however due to a number of challenges, key of which is the impact of Covid-19 pandemic, the projects are generally behind schedule. The three new projects, once complete, will greatly enhance infrastructural facilities and additional space required by the University to achieve its mandate. Pictorial impressions of the final completed projects, alongside the current project status are listed here below.



The Principal Secretary, State Department for University Education and Research, Amb. Simon Nabukwezi on an inspection visit of University Capital Projects.



Construction progress at the Research Center - Miyandhe



Construction progress of the Tuition Block - Achego



Construction progress on the Administration Block - Main Campus

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

COMMUNITY OUTREACH&CORPORATE SOCIAL RESPONSIBILITY

i. Ethics & Integrity Mainstreaming

During the 2020/2021 FY, the University continued to inculcate integrity and other principles of good governance among staff including respect for human dignity, professionalism, hard work, respect, good stewardship, protection of public property, prudent utilization of public resources among others. The University acknowledges the catalytic role played by these values in the promotion of ethics and integrity; and the building of a corruption-intolerant society. Twenty (20) additional Integrity Assurance Officers were commissioned and awarded certificates having undergone successful training by The National Integrity Academy (NIAca), the training arm of the Ethics and Anti-Corruption Commission (EACC). The new breed was challenged to ensure the University remains a corruption free zone even as it seeks to deliver on its mandate.



The Vice-Chancellor, Prof. Stephen G. Agong' present a certificate during the commissioning of Integrity Assurance Officers as other participants look on.

ii. Gender Mainstreaming

The University takes cognizance of the fact that a critical area for inclusion quality education, research and technology is the gender agenda. The key areas widely identified as entry points for applying a gender lens, include: Women in science, promoting gender equality in STEM education, careers and leadership. The overall objective is to encourage and support the role of women in societal transformation right from the grass root to national levels.

During the 2020/21 FY, the University fraternity witnesses its maiden 'Ladies Network' meeting whose idea was conceived by Council member Ms. Joyce Karinge. The initiative which is a network comprising of female researchers from the academic section and administrative section heads of the University aims at providing mentorship, networking and leadership skills training to female students and girls within and without the University. JOOUST Ladies network today held a virtual conference dubbed "The pinnacle woman" whose key note speaker was Dr. Dinah Mwinzi, Vice-Chancellor KAG EAST University.

Additionally, the University continued to mainstream gender in line with the existing policy, to address issues of promotion of the girl child interests, gender equity, gender-based violence and sexual harassment.

iii. Disability Mainstreaming

The University implemented the government policy on affirmative action for persons with disabilities. The Disability mainstreaming committee continued to oversee the implementation of the *Disability Mainstreaming Policy* and to ensure increase of equal and easy access to products and services/programmes by persons with disabilities including interpretation of the *Customer Service Charter, 2020* to Braille and use of sign language interpreters during key functions such as graduation ceremonies.



The Vice-Chancellor, Prof. Stephen Agong', flanked by the Deputy Vice-Chancellor Academic Affairs; Prof. Joseph Bosire receives collapsible cane donations from Kenya Union of the Blind (KUB), through the Regional Coordinator, Mr. Charles Juma George

The University continued to mainstream its programmes in order to accommodate students and staff from with disabilities and minority groups within its purview. The framework includes: a) A Special Needs Department, b) Upgrade of University facilities to accommodate staff and students with special needs; and c) Building capacity of University staff to deliver services to students with SN&D.

iv. 1st JOOUST Virtual Open Day

Jaramogi Oginga Odinga University of Science and Technology was opened to the public through a virtual Open day which took place on the 18th of March 2021. The Theme of the open day was "Diversity & Inclusivity". The event was a forum through which the public and students interacted with faculty staff to learn more about the University Programmes and other activities offered at the University and provide feedback on services rendered by the Institution. The University community showcased milestones on Research, academic programmes and outreach activities. Student support services and recreational programmes was also be exhibited to the public. Three seminars were held, i.e. Seminar on Sericulture held at Achiego farm, Seminar on fingerlings production held at the main campus and Seminar on insects farming for health and livelihoods held at the cricket farm.

Other activities included: - a) A video session on 'Living and Studying at JOOUST'; b) Promotion of awareness and participation of PLWDs in the community; c) Community liaison activities; d) Project on improvement of Eucalyptus tree species.; e) Value addition – Cricket biscuits.; f) Sorghum Value Chain for improved small holder food security and income.

JOOUSTES also showcased their various products i.e., bottled water, alcohol-based sanitizers, surface cleaning detergents and disinfectants.

To learn more about the events of the virtual open day, follow this link: - <https://openday.jooust.ac.ke>

10. REPORT OF THE COUNCIL

The University Council submit their annual report and financial statements together with the audited financial statements for the year ended June 30, 2021, which show the state of the University's affairs.

Principal activities

The principal activities of the University are to offer high quality university training, carry out innovative research and community outreach for sustainable socio-economic development.

Results

The results of the University for the year ended June 30, 2021 are set out on page 1 to 29

Council

The Council members who served during the year are shown on page iii of this report.

Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not remit any dividend to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the annual report and financial statements for the year/period ended June 30, 2021.

By Order of the Council.



Sign.....
Prof. Stephen G. Agong', PhD, FAAS
Vice Chancellor/Chief Executive Officer

Date: 24.09.2021

11. STATEMENT OF COUNCIL 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 that 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 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 entity; (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, 2012 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 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 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 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 Council on the 24/09/2021, and signed on its behalf by:



.....
Dr. Jonah K. Kangogo, PhD
Acting Chairman, University Council
Date: 24.09.2021



.....
Prof. Stephen G. Agong', PhD, FAAS
Vice Chancellor/Chief Executive Officer
Date: 24.09.2021

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY 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 Jaramogi Oginga Odinga University of Science and Technology set out on pages 1 to 28, which comprise of the statement of financial position as at 30 June, 2021, statement of financial performance,

Report of the Auditor-General on Jaramogi Oginga Odinga University of Science and Technology for the year ended 30 June, 2021

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 the Jaramogi Oginga Odinga University of Science and Technology as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012

Basis for Qualified Opinion

1. Revaluation of Fully Depreciated Assets in Use

The statement of financial position reflects property, plant and equipment balance of Kshs.3,263,699,919. Included in this balance are fully depreciated assets with a total cost value of Kshs.190,871,988. Although the assets were still in use, the University had not revalued them as required. Further, review of the fixed assets register revealed impaired and obsolete assets with a historical cost of Kshs.29,043,849. No disclosure has been made in the financial statements on the same.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.3,263,699,919 could not be confirmed.

2. Student Debtors

The statement of financial position reflects receivables from exchange transactions of Kshs.176,280,564 as disclosed in Note 18 to the financial statements. The balance is net of provision for doubtful debts of Kshs.238,924,695. Review of the supporting schedule provided for audit, indicates that the provision of Kshs.238,924,696 was based on 100% of debtors relating to 2015 and earlier years, 25% for those relating to the period between 2016 and 2019 while 10% for those relating to 2020 to 30 June, 2022.

However, the Management has not disclosed the policy on provision for bad and doubtful debts in the financial statements or how the provision rates were derived.

In the circumstances, the accuracy and completeness of the students' debtors balance of Kshs.176,280,564 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Jaramogi Oginga Odinga University of Science and Technology 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 receipts budget and actual on comparable basis of Kshs.1,972,020,418 and Kshs.1,763,030,697 respectively, resulting to an under-funding of Kshs.208,989,721 or 11% of the budget. Similarly, the University spent Kshs.1,926,892,850 against an approved budget of Kshs.1,972,020,418 resulting to an under-expenditure of Kshs.45,127,568 or 2% 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, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 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 the Management is aware of the intention to terminate the University or cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal 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'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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue to sustain services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

Jaramogi Oginga Odinga University of Science & Technology
Annual Reports and Financial Statements
For the year ended 30 June 2021

12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 Kshs.	2020 Kshs.
Revenue from non- Exchange Transaction			
Recurrent Grants	2	1,167,937,537	984,144,96
Research Grants	3	130,052,666	138,901,04
		<u>1,297,990,203</u>	<u>1,123,046,01</u>
Revenue from Exchange Transaction			
Tuition and Other Related Fees	4	287,747,195	444,926,56
Rental Revenue from Facilities and equipments	5	8,647,200	16,326,49
Financial Income - External Investments	6	-	42,73
Other Income	7	23,483,455	28,486,14
		<u>319,877,850</u>	<u>489,781,92</u>
Total Revenue		<u>1,617,868,053</u>	<u>1,612,827,94</u>
Expenditure			
Staff Costs	8	1,275,661,892	1,033,042,32
General Expenses	9	181,933,999	263,411,13
Finance Costs	10	17,378,627	19,457,45
Repairs and Maintenance	11	16,313,797	10,436,69
Amortisation and Depreciation	12	56,123,108	60,834,97
Research Expenses	13	132,981,603	146,157,19
Council Expenses	14	14,088,025	11,907,30
Total Expenditure		<u>1,694,481,049</u>	<u>1,545,247,07</u>
Gain/Loss on Foreign Exchange Transactions	15	(26,709)	67,80
Gain/Loss on Revaluation of Biological Assets	16	(197,000)	55,00
Operating Surplus		<u>(76,836,706)</u>	<u>67,703,66</u>

The notes set out on pages 6 to 30 form an integral part of the Financial Statements



Dr. Jonah K. Kangogo
 Acting Council Chairman
 Date: 24.09.2021



Prof. Stephen G. Agong
 Vice Chancellor
 Date: 24.09.2021



CPA Nancy N. Muchai
 Chief Finance Officer
 ICPAK No. 7974
 Date: 24.09.2021

13. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2021 Kshs.	2020 Kshs.
ASSETS			
Current assets			
Cash and cash equivalents	17	162,974,859	188,150,34
Receivables from exchange transactions	18	176,280,564	154,544,551
Receivables from non-exchange transactions	19	14,523,852	25,505,16
Inventories	20	16,218,703	21,032,65
		<u>369,997,977</u>	<u>389,232,692</u>
Non current assets			
Biological Assets	21	633,000	830,00
Intangible assets	22	6,618,001	6,423,977
Property, plant and equipment	23	3,263,699,919	3,101,111,20
Total Non-Current Assets		<u>3,270,950,920</u>	<u>3,108,365,25</u>
TOTAL ASSETS		<u>3,640,948,897</u>	<u>3,497,597,930</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Trade and Other Payables	24	26,252,603	7,925,04
Employee benefit obligation	25	91,429,985	16,530,07
Refundable deposits from customers	26	66,934,578	63,184,980
Deferred income	27	123,030,740	127,279,55
Prepayments and Deposits	28	52,310,169	56,301,37
Bank Loan	29	15,035,420	13,112,651
Total Current Liabilities		<u>374,993,494</u>	<u>284,333,68</u>
Non Current Liabilities			
Bank Loan	29	114,644,968	130,279,74
Total Non Current Liabilities		<u>114,644,968</u>	<u>130,279,74</u>
Total Liabilities		<u>489,638,462</u>	<u>414,613,434</u>
Net Assets			
		<u>3,151,310,435</u>	<u>3,082,984,45</u>
Capital Grants Reserves	30	3,243,515,076	3,098,352,431
Revenue Reserve	31	(92,204,641)	(15,367,937)
Total Equity		<u>3,151,310,435</u>	<u>3,082,984,45</u>
Total net assets and liabilities		<u>3,151,310,435</u>	<u>3,082,984,45</u>

The Financial Statements set out on pages 1 to 30 were signed on behalf of the Council by:



Dr. Jonah K. Kangogo
 Acting Council Chairman
 Date: 24.09.2021



Prof. Stephen G. Agong
 Vice Chancellor
 Date: 24.09.2021



CPA Nancy N. Muchai
 Chief Finance Officer
 ICPAK No. 7974
 Date: 24.09.2021

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

	Capital Reserves Kshs.	Revenue Reserve Kshs.	Total Equity Kshs.
Balance as at 1 July 2019	2,722,290,972	(83,071,600)	2,639,219,372
Surplus for the year	-	67,703,664	67,703,664
Capital Development Grants	376,061,459	-	376,061,459
Movement During the year	-	-	-
Balance as at 30 June 2020	3,098,352,431	(15,367,935)	3,082,984,495
Balance as at 1 July 2020	3,098,352,431	(15,367,935)	3,082,984,496
Surplus for the year	-	(76,836,706)	(76,836,706)
Capital Development Grants	145,162,645	-	145,162,645
Movement During the year	-	-	-
Balance as at 30 June 2021	3,243,515,076	(92,204,641)	3,151,310,435

15. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 Kshs	2020 Kshs.
Cash flows from operating activities			
Surplus/(deficit) for the year		(76,836,706)	67,703,664
Add back : Depreciation and Amotization	12	56,123,108	60,834,973
Less Gain on Revaluation	16	197,000	(55,000)
Operating cash before working capital changes		(20,516,598)	128,483,637
Increase/(Decrease) in Inventory	20	4,813,932	(624,515)
Increase/(Decrease) in Receivables	18&19	(10,754,699)	102,079,167
Increase /(Decrease) in Payables	24-28	88,737,039	7,688,724
Net Cash flow from operating activities		62,279,674	237,627,013
Cash Flows from Investing Activities			
Purchase of Plant Property & Equipment	23	(218,699,790)	(566,656,804)
Disposal of Assets		-	-
Purchase of Intangible Assets	22	(206,000)	(6,412,001)
Purchase of Investments		-	-
Net Cash Flow From investing activities		(218,905,790)	(573,068,805)
Cash flows from Financing activities			
Receipt of Capital Grants	30	145,162,645	376,061,459
Loan Repayment	29	(13,712,011)	(11,778,413)
Net Cash flow from Financing Activities		131,450,634	364,283,046
Net Increase in cash and cash equivalents		(25,175,482)	28,841,254
Cash and cash Equivalents at the beginning		188,150,341	159,309,087
Cash and cash Equivalents at the end		162,974,859	188,150,341



Dr. Jonah K. Kangogo
 Acting Council Chairman
 Date: 24.09.2021



Prof. Stephen G. Agong
 Vice Chancellor
 Date: 24.09.2021



CPA Nancy N. Muchai
 Chief Finance Officer
 ICPAK No. 7974
 Date: 24.09.2021

Jaramogi Odinga University of Science & Technology
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16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget		Adjustments		Final budget		Actual Outcome		Performance difference		Performance %	Remarks	Notes
	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs			
Revenue													
1 Recurrent Grants	1,290,535,299		(122,597,764)		1,167,937,535		1,167,937,537		(2)		100%	Favourable	
2 Development Grants & Loans	290,325,290		(145,162,645)		145,162,645		145,162,645		-		100%	Favourable	
3 Research Grants	250,000,000		-		250,000,000		130,052,666		119,947,334		52%	Unfavourable	Note. 1
4 Tuition and Other Related Fees	364,941,921		-		364,941,921		287,747,195		77,194,726		79%	Unfavourable	
5 Rental Revenue	19,656,000		-		19,656,000		8,647,200		11,008,800		44%	Unfavourable	
7 Other Income	24,322,317		-		24,322,317		23,483,455		838,862		97%	Favourable	
Total Income	2,239,780,827		(267,760,409)		1,972,020,418		1,763,030,697		208,989,721		89%	UnFavourable	Note 1
Expenses													
8 Employee Costs	1,255,519,467		28,000,000		1,283,519,467		1,275,661,892		7,857,575		99%	Favourable	
9 Finance cost	33,418,000		(2,200,000)		31,218,000		31,090,638		127,362		100%	Favourable	
10 General Expenses	296,001,788		(84,684,324)		211,317,464		181,933,999		29,383,465		86%	Unfavourable	Note. 2
11 Repairs and Maintenance	9,516,250		5,000,000		14,516,250		16,313,797		(1,797,547)		112%	UnFavourable	
12 Depreciation and Amortisation	58,000,000		(3,000,000)		55,000,000		56,123,108		(1,123,108)		102%	UnFavourable	Note. 3
13 Research Expenses	165,593,317		(28,870,985)		136,722,332		132,981,603		3,740,729		97%	Favourable	
14 Council Expenses	14,539,500		-		14,539,500		14,088,025		451,475		97%	Favourable	
15 Capital Expenses	407,192,505		(182,005,100)		225,187,405		218,699,790		6,487,615		97%	Favourable	
Total Expenditure	2,239,780,827		(267,760,409)		1,972,020,418		1,926,892,850		45,127,568		98%	Favourable	

Note.1: The unfavourable absorption of donor funds was due to the change in priority areas of most of the donors as a result of covid-19 interruption. In addition, the academic calendar was interrupted resulting to projected income from students in terms of fees (under tuition & other related fees) and rental income (student accommodation) due covid-19 interruptions.

Note. 2: The Underperformance of the general expenses was due the closure of the University so the activity uptake was slow. Repairs and maintenance absorption was high as the university tried to conform with ministry of health protocol in relation to covid- 19 precaution measures especially in terms handwashing facilities which had to be improvised.

Note 3: The Unfavourable performance of the depreciation and amortization was due to acquisition of new assets during the year.

17. NOTES TO THE FINANCIAL STATEMENTS.

1. GENERAL INFORMATION

Jaramogi Oginga Odinga University of Science and Technology financial statements have been prepared in accordance with and comply with the PFM Act, State corporations Act and International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the University. The accounting policies have been consistently applied to all the years presented.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis. The Statement of Comparison of Budget and Actual Amounts have been prepared on accrual basis taking into account all necessary provisions like depreciation and amortisation. This statement is prepared under economic classification as per National Treasury Practice.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of JOOUST. 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.

3. ADOPTION OF NEW AND REVISED STANDARDS

A new standard IPSAS 41: Financial Instruments was issued in August 2018. This standard is meant to replace IPSAS 29: Financial instruments: Recognition and measurement. The applicable effective date is 1st January 2022.

Early adoption of standards

The University did not early – adopt the new standards in year 2020.

a) Revenue recognition

i) Revenue from non-exchange transactions

Government Grants and other Donors Research Grants

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 entity 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 comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

• Student's fees

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. 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 entity.

- **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 applied yields to the principal outstanding in determining the interest income each period.

- **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.

A. Budget information

The annual budget is prepared on accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there is no basis, timing or differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. Subsequent revisions were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The entity'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 classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the realigned budget.

B. 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 entity 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. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation is calculated on the straight-line basis to write down the cost of each asset, or the re-valued amount, to its residual value over its estimated useful life using the following annual rates:

Description	Annual Rate
Buildings	2.50%
Plant, machinery and equipment	20%
Office equipment	20%
Computer equipment	33.30%
Motor vehicles	25%
Furniture and fittings	12.50%
Crockery & Utensils	33.50%
Library Books	20%

C. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets shall be amortised over their useful life on a straight line basis. Subsequent expenditures on intangible assets shall be recognized as an expense for the period that it is incurred. Amortisation is at the rate of 20%.

D. Research and development costs

All research costs are expensed as incurred. Development costs are capitalised only after technical and commercial feasibility of the resulting product or service have been established. All other treatments relating to research and development shall be as permitted by the standards.

E. Financial instruments

i.) 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.

Impairment of financial assets.

The University assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed impaired if there is objective evidence of impairment after the initial recognition and has an impact on the estimated future cash flows of the financial asset.

ii.) 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 as permitted by the standards.

G. Inventories

Inventories are stated at the lower of cost and current replacement cost. Cost is determined by the first-in, first-out (FIFO) method. Current replacement cost represents the cost the entity would incur to acquire the asset on the reporting date.

H. Provisions

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

i.) Contingent liabilities

The University recognizes contingent liability based on the previous years' experience on the dispute with the contractor, which was referred to arbitration. Currently the University is carrying out various projects with various contractors hence the need for the provision.

ii.) Contingent assets

The University recognizes a contingent asset and 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.

I. Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. The capital reserve relates to items of property, plant and equipment developed from capital grants from the National Government, inherited from the former Bondo teachers Training College. Revenue reserves relates to transfers on purchase of additional assets.

J. Changes in accounting policies, estimates and Errors

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. Changes in estimates are accounted for in the current and future periods. Prior period errors shall be corrected retrospectively after their discovery by restating comparative prior period amounts.

K. Employee benefits

The University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the University 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 also contributes to National Social Security Fund (NSSF) a statutory defined contribution scheme registered under the NSSF Act, 2013.

L. Foreign currency transactions

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

M. 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. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and cash at bank net of bank overdrafts.

N. Comparative figures

The comparative prior year figures are shown against every item in the financial statements. Consistent accounting methods have been applied and changes made will be reported and the effect on reported results disclosed.

O. 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. Management shall ensure compliance with the Standards where such events become manifest.

P. 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 30 June 2021.

Q. Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums on borrowings, and amortisation of ancillary costs incurred in the arrangement of borrowings. Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Any further borrowing costs are charged to the statement of financial performance as appropriate.

R. Leases

A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership of an asset are passed to the lessee. All other leases are classified as operating leases. The University shall charge all the payments on operating leases to the surplus or deficit on a straight line basis over the period of the lease.

S. Investment Property

Investment property is land or buildings held (whether by the University or under a finance lease) to earn rentals or for capital appreciation or both, rather than production or sale in the ordinary course of operations. The University shall recognize investment property as an asset if it is likely that future economic benefits or service potential will flow to the University and the cost or fair value can be measured reliably. The University shall measure investment property initially at cost and continually use the cost model. However, fair value shall be disclosed at each reporting period. Where the investment property is acquired through a non-exchange transaction at no cost or for a nominal charge, the University recognize it at fair value at the date of acquisition

T. Segment Reporting

The University will look at its organisational structure and internal reporting system for the purpose of identifying its service segments and geographical segments with a view to issue segment reports as permitted by the IPSAS

U. Impairment of cash generating assets

An impairment loss of a cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. An impairment loss shall be recognized immediately in surplus or deficit for the year.

V. Impairment of Non-cash generating assets

An impairment loss of non-cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount. An impairment loss shall be recognized immediately in surplus or deficit for the year.

W. Biological Assets

All biological assets (including those acquired biological assets through non-exchange transaction) are measured at fair value less costs to sell, unless fair value cannot be measured reliably. Any change in the fair value of biological assets during a period is reported in surplus or deficit.

X. Provision for Bad and Doubtful Debt

A bad debt arises when there is 'no hope' of receiving payment from the customer. The amount is written out of the debtor's account and written off as a charge against profits. Whereas a provision for doubtful debts, also complying with the principles of FRS 18, recognises the extent of the risk being taken by debtor's account and written off as a charge against profits. The provision is an estimate of the possible liability that may arise rather than that of a certain nature.

Y. Part-time Expenses Recognition

All part time expenses will be accrued in the year they were incurred. Part-time expenses spanning into two or more financial years will be recognised in the year the contract ends. All part-time claims that were omitted in the previous years will be recognised in the year the claims are submitted.

Z. Related Parties

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 University or vice versa. Members of key management are regarded as related parties and comprise the council, the CEO and senior managers.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 GOVERNMENT GRANT INCOME	2021	2020
	Kshs.	Kshs.
Quarter ending 30 Sept	389,787,564	246,036,242
Quarter ending 31st Dec	271,049,991	246,036,242
Quarter ending 31st March	261,049,991	246,036,242
Quarter ending 30 June	<u>246,049,991</u>	<u>246,036,242</u>
	<u>1,167,937,537</u>	<u>984,144,968</u>

Increase in revenue was as a result of CBA money received during the period

3 RESEARCH GRANT INCOME

Klip project	-	1,614,880
NASCOSTI	-	3,028,750
UHIV project	-	873,073
National Research Fund	2,399,199	41,287,945
Recycling Network Project	266,500	410,893
Conflict Violence and Environmental change Project	3,136,081	1,291,074
Compact Cities and Informal Settlements	-	807,376
Waste Governance	-	608,281
Neonatal Sepsis Study	48,000	1,297,709
Clean cooling solutions (NRF)	1,029,600	6,270,200
Promotion Awareness & Participation of Persons with Disability(NRF)	7,882,450	876,860
Pamoja Project	-	267,821
Mobility Fund	-	629,339
Whose Heritage Matters	1,301,481	616,948
ACE 11 -World Bank	75,113,275	64,791,242
Common wealth-TEL /DeltaProject	525,535	870,901
Grassroot Financial Innovation	11,468,573	9,273,999
Wheel Change	1,955,661	2,276,646
Clean cooling solutions (ADB)	-	99,200
IGAAD	-	573,750
WHO	-	322,160
SVERIGES LANTBR	-	812,000
Safe Water and Waste Management	2,467,595	-
WHO(One Health for Vector Born Diseases)	1,750,638	-
Maize yield	683,100	-
Waste Water Sampling	55,219	-
Perticipatory Innovation	92,386	-
Transformative Innovation	334,491	-
ACU-ECR Training	136,992	-
Institutional Development Fund(NFR)	17,597,071	-
Healthy Insect Project	1,808,820	-
	<u>130,052,666</u>	<u>138,901,046</u>

Research Grants Movement Schedule is shown in Appendix 1

The amount of research decreased due to low uptake of research activities after Covid-19 impact.

Jaramogi Oginga Odinga University of Science & Technology
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For the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 TUITION & OTHER RELATED CHARGES	2021	2020
	Kshs.	Kshs.
Activity Fee	6,995,200	8,117,200
Computer time income	28,632,500	33,533,500
Examination Fee	13,905,500	19,617,700
Field Practical work	6,480,000	25,801,000
Library Fee	5,640,225	6,763,000
Maintainance Fee	4,552,000	6,475,500
Registration fee	2,313,500	3,294,250
Students ID	679,300	491,000
Students Medical fee	14,025,000	16,759,250
Tuition Fees	204,305,970	324,074,161
Dissertation	218,000	-
	<u>287,747,195</u>	<u>444,926,561</u>

There was decrease in tution and related charges revenue due to decrease in student numbers and disruption of academic programs during the year.

5 RENT REVENUE

Students Accomodation Fees	4,465,400	11,263,708
Hall Hire	-	50,000
Hire of Transport and Equipment	168,140	402,270
Staff Rent Income	3,794,000	3,728,000
Hire of Gown	-	723,500
Lease of land	219,660	159,014
	<u>8,647,200</u>	<u>16,326,492</u>

The decrease in rental revenue was occasioned by restructuring of student accommodation to fit the social distance regulation.

6 FINANCE INCOME (EXTERNAL INVESTMENTS)

Interest Income	-	42,732
	<u>-</u>	<u>42,732</u>

7 OTHER INCOMES

Application Fees	1,163,709	1,331,399
Catering Income	6,466,322	13,013,022
Graduation fees	8,339,850	9,579,300
Library incomes and photocopy	471,267	548,846
Sale of water	315,413	361,995
Examination Resit charges	643,200	1,147,300
Nursery Income	343,550	246,500
Farm income	637,983	368,015
Sale of Bottled Water	766,080	1,100,560
Consultancy fees	-	705,450
Research Admin Charges	4,204,307	-
Other incomes	131,774	83,754
	<u>23,483,455</u>	<u>28,486,141</u>

*Jaramogi Oginga Odinga University of Science & Technology
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For the year ended 30 June 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 EMPLOYEE COSTS	2021 Kshs	2020 Kshs
Payroll Expenses	1,179,257,880	929,009,835
Medical Insurance Expenses	62,929,806	60,553,752
Staff Development	2,988,090	2,657,784
Office Entertainment	1,939,708	2,830,387
Part Time Lecturers	28,546,408	37,990,563
	1,275,661,892	1,033,042,320

The increase in staff costs was as a result on CBA implementation during the year and payment of the accumulated arrears

9 GENERAL EXPENSES

Accreditation & curriculum development Expenses	714,000	901,000
Admission Related expenses	428,953	802,907
Advertising & Publicity	2,693,144	14,077,898
Anti- corruption expenses	76,630	57,600
Auditing Services	580,000	580,000
Bank charges & commissions	1,253,064	2,328,320
Bill boards and rates	715,603	1,034,425
Chancellors expenses	-	70,288
Cleaning materials	781,560	1,154,949
Committee expenses	3,917,924	7,340,755
Computer Operating Expenses	1,796,013	2,375,430
Conference & seminars	916,916	6,775,298
Cooking Fuel & Gas	889,401	1,304,429
Covid 19 Response initiatives	1,195,507	-
Disability mainstreaming	-	223,250
Electricity expenses	12,294,377	12,962,223
Examination Materials	2,728,586	832,103
Gender mainstreaming and HIV Expenses	50,600	217,880
Graduation Expenses	4,647,114	12,803,896
ICT expenses	2,644,848	746,698
Insurance Expenses (Property & staff)	6,455,478	5,227,764
Internet Expenses	14,304,544	19,178,834
Investment seed capital	6,457,294	1,825,097
ISO Certification expenses	794,655	2,211,605
Laboratory chemicals	167,018	-
Lease and rental	10,412,610	14,627,940
Library expenses	259,292	1,021,880
License and Subscriptions	4,464,833	2,911,129
Medical Expenses-Students	3,646,745	8,790,968
Outreach Programmes	53,788	3,333,092
Performance Contract expenses	219,278	541,700
Postal & Courier expenses	321,852	606,909
Professional and legal services	8,781,788	418,380

NOTES TO THE FINANCIAL STATEMENTS (Continued)

General Expenses Continues.....

	2021	2020
	Kshs.	Kshs.
Purchase of foodstuff	8,061,695	14,741,887
Sanitary Expenses	977,224	827,400
Security expenses	20,733,600	20,248,450
Senate expenses	240,970	1,926,380
Shows & Exhibitions	-	1,942,229
Sports & Games	-	2,972,514
Staff Welfare	1,112,640	4,946,286
Stationery Expenses	5,070,288	5,015,298
Student Activities	2,203,054	9,960,678
Supervision of thesis	5,141,467	7,400,016
Teaching materials	1,181,940	2,961,008
Teaching Practice & Field Attachment	4,793,609	12,522,214
Telephone expenses	3,542,097	1,296,445
Transport operating expenses	7,956,757	9,795,741
Travelling & Accommodation	12,668,032	14,615,998
Uniforms & Clothing	330,600	691,287
Water & Sewerage expenses	2,290,551	2,583,548
Provision for bad & Doubtful Debt	10,966,061	21,679,112
	<u>181,933,999</u>	<u>263,411,138</u>

The decrease in general expenses is due to depressed finances hence lower expenditures

10 FINANCE COSTS

1st Installment	6,040,159	6,797,757
2nd Installment	5,810,418	6,541,818
3rd Installment	<u>5,528,050</u>	<u>6,117,879</u>
	<u>17,378,627</u>	<u>19,457,454</u>

The decrease in Finance cost was as a result of reduction in the loan balance due to repayments of the same.

11 REPAIRS & MAINTENANCE

Building repairs and Refurbishments	14,010,799	7,854,194
Maintenance of Plant and Equipment	<u>2,302,998</u>	<u>2,582,497</u>
	<u>16,313,797</u>	<u>10,436,691</u>

The increase is due to heavy repairs and reburbishments to restore the buildings that were not in use during the closure occasioned by Covid-19.

12 DEPRECIATION & AMORTIZATION

Depreciation expenses	56,111,132	58,636,912
Amortization	<u>11,976</u>	<u>2,198,061</u>
	<u>56,123,108</u>	<u>60,834,973</u>

The reduction in depreciation expense is as a result of most assets attaining full depreciation hence no further charge.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 RESEARCH EXPENSES.

	2021	2020
	Kshs	Kshs
Klip project	-	1,614,880
NASCOSTI	-	3,028,750
UHIV project	-	873,073
National Research Fund	2,399,199	41,287,945
Recycling Network Project	266,500	410,893
Conflict Violence and Environmental change Project	3,136,081	1,291,074
Compact Cities and Informal Settlements	-	807,376
Waste Governance	-	608,281
Neonatal Sepsis Study	48,000	1,297,709
Clean cooling solutions (NRF)	1,029,600	6,270,200
Promotion Awareness & Participation of Persons with Disability(NRF)	7,882,450	876,860
Pamoja Project	-	267,821
Mobility Fund	-	629,339
Whose Heritage Matters	1,301,481	616,948
ACE 11 -World Bank	75,113,275	64,791,242
Common wealth-TEL /DeltaProject	525,535	870,901
Grassroot Financial Innovation	11,468,573	9,273,999
Wheel Change	1,955,661	2,276,647
Clean cooling solutions (ADB)	-	99,200
IGAAD	-	573,750
WHO	-	322,160
SVERIGES LANTBR	-	812,000
Safe Water and Waste Management	2,467,595	-
WHO(One Health for Vector Born Diseases)	1,750,638	-
Maize yield	683,100	-
Waste Water Sampling	55,219	-
Participatory Innovation	92,386	-
Transformative Innovation	334,491	-
ACU-ECR Training	136,992	-
Institutional Development Fund(NFR)	17,597,071	-
Healthy Insect Project	1,808,820	-
University Research	<u>2,928,937</u>	<u>7,256,148</u>
	<u>132,981,603</u>	<u>146,157,195</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 COUNCIL EXPENSES

	2021	2020
	Kshs.	Kshs.
Honorarium	1,044,000	266,000
Sitting allowances	5,780,000	4,840,000
Travel and Subsistence	3,547,737	4,958,899
Capacity Building and Training	<u>3,716,288</u>	<u>1,842,410</u>
	<u>14,088,025</u>	<u>11,907,309</u>

The increase in council expenses is attributed to increased council activities and engagements during the year under review

15 GAIN/(LOSS) ON EXCHANGE TRANSACTION

ABSA Dollar	(17,384)	59,188
Equity Bank	<u>(9,325)</u>	<u>8,616</u>
Gain/Loss on exchange transaction	<u>(26,709)</u>	<u>67,803</u>

16 GAIN ON REVALUATION

Gains/Loss on Revaluations		
Balance B/f	830,000	775,000
Closing Balance	<u>633,000</u>	<u>830,000</u>
Gain on Valuation	<u>(197,000)</u>	<u>55,000</u>

17 CASH & CASH EQUIVALENTS

Equity Bondo Project Ac 0750 261 507 711	412,877	236,791
KCB Bondo Project Ac 1171196679	12,884,113	32,431,866
Barclays Dollar Account 2024 513 516	2,379,732	2,410,498
Co- Operative Bank Siaya 112 92557 09500	3,249,545	21,180,750
Equity Account 07502 9423 9156	11,612,773	2,353,910
Equity Accounts Angawa 1260 2997 51274	593,558	3,212,208
KCB Current Account 111 576 6643	5,242,543	20,319,821
KCB Development Account 111 387 3035	83,724	282,073
KCB HELB Account 111 712 2409	497,136	10,418,774
KCB Savings Account 111 304 6066	17,696,891	1,395,171
EQUITY KLIP 1 Account 0750298895605	149,047	2,681,823
EQUITY KLIP 2 Account 0750299070880	218,775	216,199
EQUITY ACE 11 Account 0750271748376	<u>107,954,145</u>	<u>91,010,457</u>
	<u>162,974,859</u>	<u>188,150,341</u>

18 RECEIVABLES FROM EXCHANGE TRANSACTION

Students Debtors	414,043,160	380,860,268
Provision for Doubtful debts	(238,924,696)	(227,958,635)
Staff Imprest	<u>1,162,100</u>	<u>1,642,918</u>
	<u>176,280,564</u>	<u>154,544,551</u>

The increase in student debtors was as a result of students who had registered for their second semester in June and had not cleared their fee by the end of June.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 RECEIVABLES FROM NON-EXCHANGE TRANSACTION

	2021	2020
	Kshs	Kshs
Deposit With Suppliers	467,000	467,000
Internal Debtors	2,329,035	1,226,390
Prepaid Expenses	8,452,943	20,035,881
Union Dues	-	129,740
Other Debtors	<u>3,274,874</u>	<u>3,646,154</u>
	<u>14,523,852</u>	<u>25,505,165</u>

20 INVENTORIES

Stocks Maintenance Stores	7,681,112	11,030,254
Stocks Stationery	4,351,058	6,011,856
Stocks Medical Drugs Reagents and Others	1,955,465	1,393,252
Stocks Cleaning Materials	1,329,215	1,055,052
Stocks Foodstuff	760,323	1,526,028
Bottling Plant	<u>141,524</u>	<u>16,194</u>
	<u>16,218,703</u>	<u>21,032,635</u>

21 BIOLOGICAL ASSETS

Opening Balance	830,000	775,000
Gain during the Year	<u>(197,000)</u>	<u>55,000</u>
	<u>633,000</u>	<u>830,000</u>

22 INTANGIBLE ASSETS (ERP SOFTWARE)

Opening Balance	6,423,977	2,210,037
Additions for the Year	206,000	6,412,001
Less Amortization	<u>(11,976)</u>	<u>(2,198,061)</u>
Closing Balance	<u>6,618,001</u>	<u>6,423,977</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 PROPERTY, PLANT AND EQUIPMENT

Current year Cost	Land	Buildings	Work in Progress	Motor Vehicles	Plant & Equipment	Crockery's	Library Books	Computers	Furniture & Fittings	Total
At 1 July 2019	190,501,760	1,010,452,023	1,383,723,285	108,985,845	77,989,849	2,232,874	41,685,915	56,415,792	72,921,992	2,944,829,335
Additions	-	-	548,190,650	4,460,000	6,916,428	205,200	359,907	3,791,040	2,733,579	566,656,804
At 1 July 2020	190,501,760	1,010,452,023	1,931,913,935	113,445,845	84,906,277	2,438,074	41,965,822	60,206,832	75,655,571	3,511,486,139
Additions	-	-	205,732,280	-	8,820,310	-	-	3,736,050	411,150	218,699,790
At 1 July 2021	190,501,760	1,010,452,023	2,137,646,215	113,445,845	93,726,587	2,438,074	41,965,822	63,942,882	76,066,721.00	3,730,185,929
Depreciation										
At 1 July 2019	-	73,226,714	-	81,706,204	62,715,767	2,044,464	34,612,801	50,485,214	46,946,805	351,737,967
Charge for the Year	-	25,261,301	-	12,122,014	6,872,368	171,152	2,997,775	4,084,529	7,127,774	58,636,912
At 1 July 2020	-	98,488,015	-	93,828,217	69,588,135	2,215,616	37,610,576	54,569,743	54,074,579	410,374,879
Charge for the Year	-	25,261,301	-	9,421,054	7,119,113	161,269	2,719,019	4,955,038	6,474,339	56,111,132
At 1 July 2021	-	123,749,315	-	103,249,271	76,707,248	2,376,885	40,329,594	59,524,781	60,548,918	466,486,011
Net Book Value										
At 30 June 2021	190,501,760	886,702,708	2,137,646,215	10,196,574	17,019,340	61,189	1,636,228	4,418,101	15,517,804	3,263,699,919
At 30 June 2020	190,501,760	911,964,009	1,931,913,935	19,617,628	15,318,143	222,458	4,355,246	5,637,089	21,580,993	3,101,111,260

Other disclosures in PPE: Included under PPE figure of Kshs. 3,263,699,919 are fully depreciated assets amounting to Kshs. 190,871,989 (at cost) that are still in use and obsolete assets amounting to Kshs. 29,043,849 (at cost) that are being held for disposal. The University have initiated the process dispose off the obsolete assets and has started the process of revaluation of the assets which will be incorporated in next year financial statement. The breakdown of these assets is as shown in the tables below;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Fully depreciated Assets

Asset Category	Cost (Kes)
MOTOR VEHICLES	49,261,632
PLANT AND EQUIPMENT	55,587,173
CROCKERY	1,934,074
LIBRARY BOOKS	20,032,209
COMPUTERS	49,739,360
FURNITURE AND FITTINGS	14,317,541
TOTAL	190,871,989

Obsolete Assets

Asset Category	Cost (Kes)
MOTOR VEHICLES	
Mitsubishi Van KAB 290D	1,500,000
Bus KAB 565B	9,000,000
Tractor KAD 307M	7,000,000
Bus KAE 206F	9,000,000
PLANT AND EQUIPMENT	
Cummins Generator with Stamford Alternator	1,350,000
Pedrello DM 12 with 5.5 HP Motor	1,193,849
TOTAL	29,043,849

24 TRADE AND OTHER PAYABLES

	2021	2020
	Kshs.	Kshs.
Payables on provision of services	11,313,769	3,776,801
Payables on Supply of Goods	<u>14,938,834</u>	<u>4,148,240</u>
	<u>26,252,603</u>	<u>7,925,041</u>

25 EMPLOYEE BENEFIT OBLIGATIONS

Employee Benefit Obligations	4,820,640	4,820,640
Part-Time Lecturers	25,056,296	7,122,601
KRA Withholding Tax Control-VAT	448,375	4,586,836
Payroll deductions obligations	<u>61,104,674</u>	<u>-</u>
	<u>91,429,985</u>	<u>16,530,077</u>

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26 REFUNDABLE DEPOSITS FROM CUSTOMERS

Student Caution Money	15,650,225	15,223,025
Contractors Retention Amount	44,564,969	44,564,969
General Third Parties	3,779,384	1,907,986
Commission for UE	-	1,489,000
KUCCPS	2,209,500	-
Student Union Fees	730,500	-
	<u>66,934,578</u>	<u>63,184,980</u>

27 DEFERRED INCOME

TNO FF Project	470,558	470,558
ACE 11-World Bank	73,043,730	91,010,457
National Research Fund	4,025,594	5,535,424
Health Sector support Project	3,307,816	3,307,816
Water Hycinth Project	104,245	104,245
Recycling Networks Project	242,658	509,158
Conflict Violence and Environmental Change Project	2,026,089	3,441,255
Scholarship Fund	69,242	69,242
Safe Water and Waste Management	3,758,372	6,225,967
Wheel Change	1,339,744	425,998
Neonatal Sepsis Study	391,911	439,911
Clean Cooking solutions(NRF)	809,350	1,838,950
Promotion of Awareness and Participation of Persons with Disability(NRF)	537,397	4,980,734
Clean Cooking solutions(ADB)	8,014	8,014
Pamoja Project	100,000	100,000
Common wealth-TEL /DeltaProject	44,698	-
Grassroot Financial Innovation	6,453,584	8,811,831
WHO(One Health for Vector Born Diseases)	2,283,613	-

Maize yield	86,900	-
COVID-19 Containment	4,176,708	-
Perticipatory Innovation	1,895,451	-
Transformative Innovation	523,518	-
ACU-ECR Training	4,560	-
Institutional Development Fund(NFR)	15,958,929	-
Healthy Insect Project	1,368,060	-
	<u>123,030,740</u>	<u>127,279,559</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 PREPAYMENTS

Continuing Students	41,337,921	43,906,919
Other Students	10,972,248	12,394,459
	<u>52,310,169</u>	<u>56,301,378</u>

29 BANK LOAN

Bal B/f	143,392,399	155,170,812
Less: Payments	<u>(13,712,011)</u>	<u>(11,778,413)</u>
Bal Cf	<u>129,680,388</u>	<u>143,392,399</u>

Current Loan (Due within 12 months)	15,035,420	13,112,651
Non-Current Loan (Due beyond 12 months)	114,644,968	130,279,748

30 CAPITAL GRANTS RESERVE

Capital Development Grants	145,162,645	376,061,459
EQUITY	3,098,352,431	2,722,290,972
Transfer from Retained Earnings	-	-
Total	<u>3,243,515,076</u>	<u>3,098,352,431</u>

31 REVENUE RESERVE

Opening Balance	(15,367,935)	(83,071,600)
For the year	<u>(76,836,706)</u>	<u>67,703,664</u>
	<u>(92,204,641)</u>	<u>(15,367,935)</u>

32 THE CAPITAL RESERVES

The capital reserve relates to items of property, plant and equipment developed from capital grants from the National Government, inherited from the former Bondo teachers Training College and other transfers from revenue reserves on purchase of additional assets. This is stated after accumulating subsequent capital grants from the National Government.

33 CONTINGENT LIABILITIES

The University had no contingent liabilities set to materialise within the next 12 months or in the financial year.

34 JOOUST ENTERPRISE LIMITED

The University registered JOOUST enterprises Limited in 2017-2018 financial year. The operations of the company are yet to fully take off as the University is still undergoing the legal framework for its operation. During the year under review, the enterprise made sales of Kshs. 1,408,983 comprising of Kshs. 766,080, Kshs. 637,983 and Kshs. 4,920 from sale of bottled water, farm income and sale of sanitizers respectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35 RELATED PARTY DISCLOSURES

- i. The National Government through the ministry of Education is the principal shareholder of the University holding 100% of the University equity interest. The Government of Kenya provides full guarantee to University loans.
- ii. The University is a single entity without controlling interest in any other entity and as such did not trade in that respect.
- iii. Council expenses relates to facilitative allowances paid to members during attendance of meetings as per the calendar of activities. The expenses as per note 14 and key management remunerations are as shown below:

	2021	2020
	Kshs	Kshs
Council	14,088,025	11,907,309
University Management Board	80,502,384	77,054,350

36 FINANCIAL RISK MANAGEMENT

The University's activities expose it to a variety of financial risks such as Market Risk (includes foreign exchange risk, cash flow and fair value interest rate risk), Credit Risk and Liquidity Risk. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

Financial risk management is carried out by the finance department under policies approved by the University Council. The University has also put in place an internal audit function to assist it in assessing the risk faced by the University on an on-going basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

I.) Market Risk

a) Foreign exchange risk

Foreign currency exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the university's functional currency. The university primarily transacts in the Kenya shilling and its assets and liabilities are denominated in the same currency. The university operates two USD accounts and also makes some payments for specialized equipment and services in U.S.D. Foreign currency risk exposures are minimal and all managed within the approved policy parameters.

The University is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from various projects funded in foreign currencies. The foreign exchange risk is to the extent of volatility of the foreign currency exchange rates from the time the contract is entered into and the time the final funding is disbursed.

b) Cash flow and fair value interest rate risk

The university's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the University to cash flow interest rate risk which is partially offset by cash held at variable rates. To manage interest rate risk, the University ensures that a portion of its borrowings are fixed rate borrowings. The University regularly monitors financing options available to ensure

optimum interest rates are obtained.

As at 30th June 2021 the University did not have any borrowings at variable rates.

II.) Credit risk

Credit risk is managed on a University-wide basis. Credit risk arises from deposits with banks, fees and other receivables. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the University. The major player under this risk are the students. Credit risk is managed primarily by the Chief Finance Officer. The University has a student's fee payment policy which defines how and when the fees are supposed to be paid hence minimizing the risk. Credit risk arises from cash at bank and short term deposits with banks, as well as tuition fees and other receivables.

The University has no significant concentrations of credit risk. For banks and financial institutions, only reputable well established financial institutions, are accepted.

The amount that best represents the University's maximum exposure to credit risk at 30 June 2021 is made up as follows:

	30-June-21 Kes.	30-June-20 Kes.
Cash at Bank	162,974,859	188,150,341
Receivable – Exchange Transactions	176,280,564	154,544,551
Receivable – Non Exchange Transactions	14,523,852	25,505,165
Total	353,779,275	368,200,057

No collateral is held in respect of the above assets. No receivables have had their terms renegotiated, and management does not expect any losses from non-performance by these parties.

iii.) Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying operations, Management and the Council maintains flexibility in funding.

Management performs cash flow forecasting and monitors rolling forecasts of the University's liquidity requirements to ensure it has sufficient cash to meet its operational needs by ensuring that the University has enough cash on demand to meet expected operational expenses within 90 days.

The University's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the University's reputation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The table below analyses the University's financial liabilities that will be settled on a net basis into relevant maturity groupings i.e. within the next twelve months and to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows:

Liabilities in KShs.	30 June 2021
Maturing within the next 12 months	
Trade Creditors	26,252,603
Other Liabilities	348,740,891
Total	374,993,494
Total Liabilities	
Maturing within the next 12 months	348,740,891
Non-current Borrowings	114,644,968
Total	463,385,859

In the year under review, the University did not face any major liquidity risk.

Financial Probity

As a public entity, the University ensures a strict following of the code of ethics that is based on integrity, professionalism and honesty, in the management of the University's financial resources, procurement and beyond the legal requirements.

Some of the measures put in place to promote probity aims at ensuring that:

- a) The Council, Management and Staff (Officers) act ethically at all times, in accordance with the Public Officers Code of Conduct as set out in the governing statutes.
- b) Officers do not make improper use of their position.
- c) Officers avoid placing themselves in a position where there is the potential for claims of biasness.
- d) Officers do not accept hospitality, gifts or benefits from any potential stakeholders that may lead to a compromise of their integrity.
- e) The University does not seek to benefit from stakeholder practices that may be dishonest, unethical or unsafe.
- f) All stakeholders are treated equitably and fairly.
- g) Conflicts of interest are managed appropriately.
- h) Probity and conflict of interest requirements should be applied with appropriate and proportionate measures informed by sound risk management principles.
- i) Value for money outcomes are best served by effective probity measures that do not skew in favor of any particular person or group of persons.
- j) Confidential information must be treated appropriately at all times.

The University did not have any major financial probity as of 30th June 2021 reported by Internal Audit/External Audit. Audit, Risk and Compliance Committee equally did not give any major probity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Sensitivity analysis

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

Ratio Analysis

	2020-2021	2019-2020	Benchmark
Current Ratio	0.99	1.37	2:1
Quick Ratio	0.94	1.29	1:1
Available Funds	0.43	0.66	0.75
Debt to Asset	0.04	0.05	33%and below
Debt Service	(0.01)	0.01	20% of operating Revenue
Net Operating Results	(0.04)	0.04	Positive ratio

Explanatory notes for the Ratio Analysis

Measures of Liquidity

Current Ratio = Unrestricted Current Assets/Unrestricted Current Liabilities

Quick Ratio = Unrestricted Current Assets - Inventories/Unrestricted Current Liabilities

Available Funds = Cash + Short-term Investment/Unrestricted Current Liabilities

Measures of Debt Structure

Debt to Asset = Debt (Loan) / Net Investment in Plant (Non-Current Assets)

Debt Service = Debt Service (loan repayment)/Operating Revenue (recurrent grants)

Expenditure ratios

Net Operating Results =Net Total Revenues (surplus or deficit) / Total Revenues

37 STATEMENT ON DEBTS GUARANTEED BY THE NATIONAL TREASURY

The Council reiterates that as at 30th June, 2021, there was borrowing that were guaranteed by the National Treasury as required by Sec 81(2) (c) of the Public Finance Management Act No. 18 of 2012

38 LEASE ARRANGEMENTS

The University continues to lease property in places where it operates but do not own the property. Currently the University has presence in Kisumu Town, Siaya Town, Nairobi City and Nambale Town. The University has secured operating leases paid for within the financial year for period ranging from 2 to 5years. The Council will continue to ensure that all requirements with respect to offering university education are met by all rented facilities. Previously Kisumu campus operated from a rented facility. The University has since secured a more spacious property at the Milimani area to run its activities.

39 EVENTS AFTER THE REPORTING PERIOD

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

40 ULTIMATE & HOLDING ENTITY

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

41 CURRENCY

The financial statements are presented in Kenya Shillings (Kshs)

42 RESEARCH GRANTS RECONCILIATION

Research Grants are receivable from institutions both local and foreign that have entered into funding agreements for purposes of furtherance of areas of common interest in training, research and community outreach activities. The terms of these grants are as specified in the agreements.

Research movement in the year is as shown in the table:

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JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY					
FINANCIAL REPORT STATUS ON RESEARCH GRANTS AS AT 30.6.2021					
S/NO.	PROJECT NAME	Balance as at 1/7/2020	Amount received	Expenditure as at 30.06.2020	Balance as at 30.6.2021
1	National Research Fund	5,535,424	889,369	2,399,199	4,025,594
2	TNO FF Project	470,558		-	470,558
3	Health Sector Support Project	3,307,816		-	3,307,816
4	Water Hycinth Project	104,245		-	104,245
5	Recycling Networks Project	509,158		266,500	242,658
6	Conflict Violence & Environmental Change Project	3,441,255	1,720,915	3,136,081	2,026,089
7	Neonatal Sepsis Study	439,911		48,000	391,911
8	Market based approach in clean cooking solutions in Kenya & Tanzania(NRF)	1,838,950		1,029,600	809,350
9	Promotion of Awareness & Participation of Persons with Disability (NRF)	4,980,734	3,439,113	7,882,450	537,397
10	Pamoja Project	100,000	-	-	100,000
11	Grassroot Financial Innovation	8,811,831	9,110,325	11,468,573	6,453,584
12	Wheel Change Project	425,998	2,869,408	1,955,661	1,339,744
13	Safe Water and Waste Management	6,225,967		2,467,595	3,758,372
14	Scholarship Fund	69,242	-	-	69,242
15	Market based approach in clean cooking solutions in Kenya & Tanzania(ADB)	8,014	-	-	8,014
16	WHO(One Health for Vector Born Diseases)	-	4,034,250	1,750,638	2,283,613
17	Whose Heritage (advanced from the account)	-	1,301,481	1,301,481	-
18	Common Wealth	-	570,233	525,535	44,698
19	Maize yield	-	770,000	683,100	86,900
20	Waste Water Sampling	-	55,219	55,219	-
21	COVID-19 Containment	-	4,176,708	-	4,176,708
22	Participatory Innovation	-	615,904	92,386	523,518
23	Transformative Innovation	-	2,229,942	334,491	1,895,451
24	ACU-ECR Training	-	144,050	136,992	4,560
25	Institutional Development Fund(NFR)	33,556,000	-	17,597,071	15,958,929
26	Healthy Insect Project	-	3,176,880	1,808,820	1,368,060
27	ACE II (Insefood)	57,454,457	90,702,548	75,113,275	73,043,730
	University Research			2,928,937	-
		127,279,559	125,806,344	132,981,603	123,030,740

Note: The University Research is funded from revenue received from sources other than research funds.

APPENDICES

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

In the year ending 30 June 2020, the University received unqualified report. The University has addressed the issues raised in the audit report and continues to enhance the internal control measures for continuous improvement of its service delivery.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status:	Timeframe:
				(Resolved/ Not Resolved)	
4.1	General expenses/ Dinner allowance	Payment of Kshs. 55,250 to officers involved in the preparation of data for the commission for University education was correct since the officers worked past the normal university working hours and were entitled to dinner allowance. Attached do find copy of collective Bargain Agreement.	CPA Nancy Muchai-CFO	Resolved	Jun-21
4.2	Un-surrendered Staff Imprests	Most of the outstanding staff imprests was due to staff who are no longer in the service of the University. Some staff terminated their service to the University and have never cleared with the Institution. Some members of staff are being deducted from their salary on a monthly basis to repay back the imprests.	CPA Nancy Muchai-CFO	Resolved	Jun-21
4.3	Non-compliance to the Employment Act a third rule	This was occasioned by staff instituting salary deductions, which affects their net pay without concept of the employer e.g. Insurance deduction. The University management instituted an action to correct this. Communication to all staff was made in FY 2018-19 and an action taken to ensure that no further commitment of salary for the staff below 1/3. Attached do find communication to all staff.	Dr. Patrick Akahukwa - RPA	Resolved	Jun-21



Dr. Jonah K. Kangogo
 Acting Council Chairman
 Date: 24.09.2021



Prof. Stephen G. Agong
 Vice Chancellor
 Date: 24.09.2021



CPA Nancy N. Muchai
 Chief Finance Officer
 ICPAK No. 7974
 Date: 24.09.2021

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY.

	Project	Total Project Cost	Expended to Date	Fund Absorption %age	2020-21 Budget	2020-21 Actual	Sources of funds
		Ksh	Ksh		Ksh	Ksh	Ksh
1	Ultra-Modern Library	511,331,302	455,807,000	89.0%	2,897,762	2,500,000	A-I-A
2	Administration Block	813,676,199	225,858,367	28.0%	84,673,067	81,257,682	GoK/ A-I-A
3	Research Centre	499,598,143	199,836,485	40.0%	48,060,889	47,604,006	GoK/ A-I-A
4	Tuition Block	715,026,599	343,661,103	48.0%	49,143,934	44,065,466	GoK/ A-I-A
5	1000 Capacity Student Hostel	828,088,371	826,155,163	99.7%	30,926,548	30,804,663	GoK/ A-I-A
6	ACE II	600,000,000	307,845,102	51.0%	116,152,088	89,654,925	Donor/ A-I-A
7	Other Projects funded by A-I-A	86,328,103	86,328,097		-	-	A-I-A
	TOTAL	4,054,048,717	2,445,491,317		331,854,288	295,886,742	

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APPENDIX III: INTER-ENTITY TRANSFERS

JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY			
Break down of Transfers from the State Department of Education			
FY 2019/2020			
a. Recurrent Grants	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	21-Jul-20	143,737,573.00	2019/2020
	14-Aug-20	82,016,664.00	2020/2021
	31-Aug-20	82,016,664.00	2020/2021
	1-Oct-20	82,016,663.00	2020/2021
	30-Oct-20	82,016,664.00	2020/2021
	2-Nov-20	25,000,000.00	2020/2021
	7-Dec-20	82,016,664.00	2020/2021
	4-Feb-21	82,016,663.00	2020/2021
	4-Feb-21	82,016,664.00	2020/2021
	9-Apr-21	82,016,663.00	2020/2021
	12-May-21	97,016,664.00	2020/2021
	20-May-21	82,016,664.00	2020/2021
	16-Jun-21	82,016,664.00	2020/2021
	28-Jun-21	82,016,663.00	2020/2021
	Total	1,167,937,537.00	
b. Development Grants	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	14-Sep-20	145,162,644.00	2020/2021
	Total	145,162,644.00	
c. Direct Payments	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
NRF	12-Aug-20	889,369.00	2020/2021
NRF	19-Mar-21	3,439,113.00	2020/2021
	Total	4,328,482.00	
d. Donor Receipts	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
World Bank	18-Feb-21	89,654,925.00	2020/2021
DANIDA	20-Jan-21	9,110,324.65	2020/2021
	Total	98,765,249.65	

