

REPUBLIC OF KENYA



Enhancing Accountability



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OAG/CRRO/MOI-U/2021-2022-1-01-1062-04/16

30 June 2023

Prof. Isaac S. Kosgey, Ph.D., MBS
Vice Chancellor
Moi University
P.O. Box 3900-30100
ELDORET

*D. C.F.O.
Peruse and
t.m.a.
Dangid
03/07/2023*

Dear Sir

REPORT OF THE AUDITOR-GENERAL ON MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2022

Your responses dated 14 March 2023 in respect of the draft audit report for the financial year ended 30 June 2022 refers.

The additional information and evidence provided have been examined and issues that have not been satisfactorily explained and (or) supported are now included in the audit report.

Enclosed herein please find one set of the report of the Auditor-General on Moi University for the year ended 30 June 2022 duly certified and with the seal affixed thereon for your use and retention.

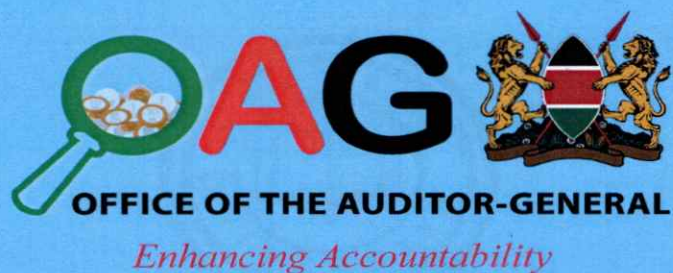
The invoice No.12397 amounting to Kshs.10,940,000.00 for audit services for the financial year ended 2019-2020, 2020-2021 and 2021-2022 payable within 30 days from the date of this letter is enclosed.

Yours sincerely,

Bonface O. Ong'wen
For: AUDITOR-GENERAL

Copy to: Principal Secretary
Ministry of Education
State Department for Higher Education and Research
Jogoo House "B"
P.O. Box 30040-00100
NAIROBI

REPUBLIC OF KENYA



REPORT

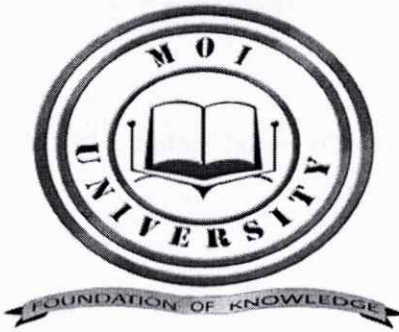
OF

THE AUDITOR-GENERAL

ON

MOI UNIVERSITY

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



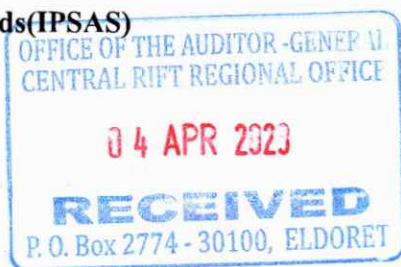
MOI UNIVERSITY

CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2022

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



Moi University
Consolidated Annual Report and Financial Statements
For the year ended June 30, 2022.

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1. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

The University was established under the Moi University Act in 1984 as the second Public University in Kenya. The University is a body corporate established under the Moi University Charter 2013 and is domiciled in Kenya. It has Campuses and Constituent Colleges as listed below.

Rivatex East Africa Limited Factory
Kipkaren Road, off Eldoret- Kisumu Road
P.O.Box 4744- 30100

Eldoret

Alupe University College
P.O.Box 845-50400
Busia

Nairobi Satellite Campus
P.O Box 63056-00200

Nairobi

Annex Campus,
P.O. Box 4603-30100,
Eldoret.

Coast Satellite Campus
P.O Box 3735-80100

Mombasa.

College of Health Sciences
P.O Box 4606-30100
Eldoret

Kitale Satellite Campus
P.O Box 1424-20200

Kitale

Bomet University College
P.O. Box 701-201400
Bomet.

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The Main Campus of the University is located in Kesses, 35 kilometers from Eldoret Town, and 310 kilometers Northwest of Nairobi, the capital city of Kenya. Moi University has expanded tremendously over the past decade largely based on the commitment of the entire Moi University fraternity, government investments, strategic partnerships, and the visionary leadership of the University Council and Management. These achievements are a testament to the resilience and fortitude of every faculty and staff member.

Since 1984, the University has experienced phenomenal growth leading to the establishment of several constituent colleges across the country, many of which have since grown to fully fledged Universities namely Maseno University, Masinde Muliro University of Science and Technology, Maasai Mara University, University of Kabianga, University of Eldoret, Karatina University, Rongo University and Alupe University which has now been granted a charter on 2nd August 2022 to be a fully-fledged university.

The University currently has the following Schools:

- School of Education
- School of Arts and Social Sciences
- School of Business and Economics
- School of Agriculture and Natural Resources
- School of Information Sciences
- School of Engineering
- School of Medicine
- School of Public Health
- School of Nursing
- School of Dentistry
- School of Law
- School of Tourism, Hospitality and Events Management
- School of Sciences and Aerospace Studies

School of Graduate Studies, Research and Innovation

Rivatex East Africa Limited (REAL) is a limited liability company, wholly owned by the University that was incorporated under the Companies Act. The University acquired the company in 2007 for training, research, extension and commercial purposes.

(b) Principal Activities

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The principal activity/mission of the University is to provide university education through teaching, research and outreach.

The University's vision, mission, core values and philosophy underpin every facet of the University's operations.

Vision

To be the University of Choice in nurturing innovation and talent in science, technology and development

Mission

To preserve, create, and disseminate knowledge, conserve and develop scientific, technological, and cultural heritage through quality teaching and research; to create conducive work and learning environment, and to work with stakeholders for the betterment of society.

Core Values

Intellectual freedom, excellence and the truth

Team work, networking and culture of peace

Transparency and accountability

Professionalism and social justice

Self-respect, institutional loyalty and patriotism

Continual improvement of services, competitiveness and relevance

Philosophy

Putting knowledge to work is the University's guiding philosophy. At Moi University, the discovery, dissemination, and application of knowledge are synergistically balanced. The University is driven by the process of involvement - involvement in world affairs; in the needs of individuals and their communities, businesses, industries, and governments; in the nurturing of inquisitive minds; in the transfer of ideas from the campus to the market- place; and involvement in societal problems in our country and beyond. The creation of new knowledge that will benefit society is at the heart of the University's mission. The distinction between basic and applied research has become more blurred as the processes of discovery, scientific inquiry and scholarship inform all aspects of the educational enterprise at Moi University.

(c) Key Management

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

- The University Council;
- The Vice Chancellor;
- The University Management Board;
- The University Senate.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Vice Chancellor	Prof. Isaac S. Kosgey
2.	Ag.DVC – Finance	Prof. Daniel K. Tarus
3.	DVC- Admin, Planning and Development	Prof. Nathan O. Ogechi
4.	DVC- Academics, Research and Extension	Prof. Isaac N. Kimengi
5.	DVC- Student Affairs	Prof. Nathan O. Ogechi
6.	Ag.Head of Procurement	Mr.Wilson Bett
7.	Ag.Chief Finance Officer	CPA George K. Aduda
8.	Principal – College of Health Sciences	Prof. Robert K. Tenge
9.	Senior Legal Officer	Ms.Petrolina Chepkwony

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(e) Fiduciary Oversight Arrangements

The University Council provides fiduciary oversight on the financial operations of the University through the Finance, Administration and Strategy Committee and the Audit, Risk and Compliance Committee.

The Finance, Administration and Strategy Committee reviews the University Quarterly Financial Statements before they are submitted to the Ministry of Education and National Treasury by the 15th day after the end of every quarter.

The Audit, Risk and Compliance Committee provides oversight on the University's financial statements and through the Internal Audit Unit of the University provides oversight on the internal controls and the maintenance of proper accounting records.

The Office of the Auditor General conducts annual audit of the operations of the University. The reports of the Auditor General are submitted to the National Assembly through the Public Investments Committee (P.I.C), which provides the overall fiduciary oversight on the operations of the University.

Regular audit and financial and progress reports are provided to development partners who have provided funds to the University. This is to ensure financial probity on the utilization of funds in the University.

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(f) University Headquarters

Moi University Main Campus
P.O. Box 3900-30100
Cheptiret – Kesses Road, Off Eldoret-Nairobi Road
Eldoret, KENYA

(g) University Contacts

Telephone: (254) 736 138770/771 336911
E-mail: info@mu.ac.ke
Website: www.mu.ac.ke

Rivatex East Africa Limited Contacts

Telephone: (254) 53 2030901
E-mail: info@rivatex.co.ke
Website: www.rivatex.co.ke

(h) University Bankers

- | | |
|---|--|
| 1. National Bank of Kenya
Moi University Branch
P.O. Box 22 - 30107
Moi University, Kenya | 2. Co-operative Bank of Kenya
Eldoret Branch
P.O Box 2948 - 30100
Eldoret, Kenya |
| 3. Kenya Commercial Bank
Eldoret Branch
P.O Box 560 - 30100
Eldoret, Kenya | 4. Equity Bank
Eldoret Branch
P.O Box 2210 - 30100
Eldoret, Kenya |
| a) Standard Chartered Bank
Eldoret Branch
P.O Box 7 - 30100
Eldoret, Kenya | 6. Absa Bank of Kenya
Eldoret Branch
P.O Box 22 - 30100
Eldoret, Kenya |
| 7. Access Bank
Eldoret Branch
P.O Box 4308 - 30100
Eldoret, Kenya | |

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(i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 GPO 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. MEMBERS OF THE UNIVERSITY COUNCIL

Name	Key qualifications
 <p>Dr. Dr. Humphrey Kimani Njuguna Chairman D.O.B - 18th July, 1961</p>	<p>PhD (Law) (UoN), PhD (Entrep.) (JKUAT), EMBA (JKUAT); LLM (Int. Trade & Invest. Law)UoN LL.B (Hons) UoN; B.A. Land Econ (Hons) Dip. K.S.L; Dip. I.S.K.; M.I.S.K.: F.I.S.K. MCI Arb.; Lead Expert- EIA/EA; CPM (MTI-EA) Valuer; Estate Agent; Arbitrator; Mediator; Adv. of H.C. of Kenya</p> <p>Dr. Dr. Njuguna has sound knowledge in Law, Land Economics, Public Administration and Entrepreneurship, Conflict and Dispute Resolution Management and related Consultancy Practices in Kenya spanning to close to 32 years.</p> <p>He is the current Chairman of Former Parliamentarians Association of Kenya, Managing Director Metrocosmo Limited, Senior Partner – Njuguna Kimani Nduhiu & Company Advocates, Director, Beyuz Communication Ltd, former Member of Parliament for Gatanga. He was the Lead Consultant in the drafting of the Valuers Act, Republic of Tanzania, and a former chairman and member of Institutions of Surveyors of Kenya (I.S.K) Chairman (Valuers and Estate Agents) I.S.K, Examiner (Valuers Chapter) ISK.</p> <p>He is a part time lecturer at JKUAT and University of Nairobi (School of Law).</p>

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Mr. Christopher Khaemba
Independent Member
D.O.B – 18th January, 1960

MBA, (Kenyatta University),

Diploma in Science Education, Kenya Science Teachers College (Constituent College of the University of Nairobi)

Mr. Khaemba is an educator, mentor and turnaround leader who thrives in challenging and new environments.

He is the co-founder and Director of Nova Pioneer Academies and Chair of the Kenya Board. He has been the County Executive for Urban Planning and Lands, Nairobi County, County Executive in charge of Education, Youth Affairs, Sports, Children, Culture and Social Services, Nairobi County.

He serves as a member of the Board of Housing Finance Foundation, was the Vice-Chairman of the Local Organizing Committee of the 2017 IAAF World Athletics Youth Championships. He has been the head of the following institutions: Friends School Kamusinga (Kenya), the Alliance High School (Kenya) and the founding head, African Leadership Academy (South Africa).

He has also been the Education Advisor in the Office of the Prime Minister, General Manager, Education Pillar, Equity Group Foundation where he helped to shape Wings to Fly Scholarship Programme and Deputy Director at the Teachers Service Commission focusing on teacher management.

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Prof. Clara Samiji M., Ph.D., EBS
Independent Member
D.O.B 15th September, 1954

PhD in Kiswahili Literary and Gender Studies (Kenyatta) M.A. in Kiswahili Studies (Kenyatta), B.Ed. (UoN)

Prof. Samiji is a Professor of Kiswahili and currently is the Managing Partner, Africa Trans lingual Translators (ATT). A Fulbright Programme Alumni, she has served as a member of the Senate Postgraduate Committee, Catholic University of East Africa, Chairperson, Language, Literature and Communication Department (CUEA), Chairperson, University Faculty Programmes Committee (CUEA), member of the Administrative Board, School of Postgraduate Studies (CUEA), member of University Senate (CUEA), Chairperson Kiswahili Department (CUEA and KU), Internal Quality Assurance Committee Member (CUEA), member of steering Committee, Academic Management Systems (CUEA) and Board Member, Intellectual Property Rights, Kenyatta University.

She has also been the National Secretary General of Chama Cha Kiswahili Cha Taifa (CHAKITA) and Coordinator Kiswahili Department Staff Seminars Committee (KU).





Dr. Guyo Malicha Roba
Independent Member
D.O.B – 10th February, 1977

PhD, Agricultural Sciences (University of Kassel, Germany), MSc. Energy Policy (University of Dundee, UK), BSc. Environmental Planning and Management, (Kenyatta University)

Dr. Guyo is a Natural Resource Management and Livestock Marketing expert with extensive experience in conceptualizing, managing and monitoring development programmes in Eastern and Southern Africa and the wider horn of Africa.




He is the Country Technical Analyst at International Fund for Agricultural Development. He has also worked as Senior Programme Officer, Global Drylands Initiative at the International Union for Conservation of Nature, Senior Programme Officer, Drylands Programme IUCN, Policy Analyst, Infrastructure and

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	<p>Economic Service Division at the Kenya Institute of Public Policy Research and Analysis (KIPPRA) and Project Officer (Drought and Emergency) at the Community Initiative Facilitation and Assistance (CIFA) Marsabit, Kenya.</p>
 <p>Mr. David K. Ronoh Independent Member D.O.B - 31st December, 1959</p>	<p>Master of Science (UoN) Postgraduate Diploma in Actuarial Science (UoN) Graduate of Advanced Management Programme (Strathmore/Logos/IESE Spain), B.Ed (Science) (Kenyatta University)</p> <p>Mr. Rono has vast experience in financial management, leadership and change management. He is currently the Chief Executive Officer, Pioneer Assurance Limited.</p>
 <p>CPA Anne H. Muchunku Independent Member D.O.B – 31st October, 1976</p>	<p>Master of Business Administration (Finance), Bachelor of Science, Business Administration (Finance) (USIU), Certified Public Accountant – CPA (K) Strathmore College</p> <p>CPA Muchunku is a Finance and Accounting Professional with 20 years Progressive Corporate experience. She has been the Regional Finance and Administration Manager - Africa at Water for People, an International Not-for-profit Organization, Finance Manager at Kenya Private Sector Alliance (KEPSA), Senior Accountant, Financial Reporting at Deacons Kenya Ltd, Financial Accountant USIU – African and Member of the Kenya Revenue Authority (KRA) Tax Agents Committee.</p>

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3. MANAGEMENT TEAM

Name of Staff and Area of Responsibility		Qualifications
<p>Prof. Isaac S. Kosgey Vice-Chancellor</p>		<p>Ph.D. (Animal Sciences), M.Sc. Animal Science (Wageningen), B.Sc Animal Production, Diploma in Animal Husbandry (Egerton), MBA (Kenyatta), Dip. Law (MKU), LL.B,PGDL (OUT)</p>
<p>Prof. Nathan O. Ogechi Deputy Vice-Chancellor, Students' Affairs &</p> <p>Ag. Deputy Vice-Chancellor, Administration, Planning & Development</p>		<p>B.Ed., M.Phil. (Moi), Ph.D (Hamburg)</p>
<p>Prof. Isaac N. Kimengi Deputy Vice-Chancellor, Academics, Research and Extension</p>		<p>B.Ed. (Sc.), M.A (Ed.) (Nairobi), Ph.D (Kenyatta)</p>

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<p>Prof. Daniel K. Tarus Ag. Deputy Vice - Chancellor, Finance</p>		<p>B.Com. M.B.A (Allahabad), Ph.D. (Moi), CPA(K), CPS(K)</p>
<p>Prof. Tenge Kuremu Ag. Principal, College of Health Sciences</p>		<p>MBChB, M.Med (Surg) (UoN), M.Med (Paediatric Surg) (Kwazulu Natal), FCS(ECSA)</p>
<p>CPA George K. Aduda Ag. Chief Finance Officer</p>		<p>B.Com (Accounting) (Nairobi), MBA (Finance), (Catholic –East Africa). CPA(K)</p>
<p>Petrolina C. Chepkwony Senior Legal Officer</p>		<p>LL.B. (Moi), Dip (Kenya School of Law), EMPA (Moi), LL.M. (Nairobi)</p>

4. CHAIRMAN'S STATEMENT

The financial year ended 30th June 2022 largely saw the academic and operational programmes run smoothly after the opening of the country social and economic activities after the effect of 2020/2021 Covid-19 pandemic. However, the negative effects of the pandemic challenges continue to be felt in the University and the University council alongside the Government support shall continue implementing strategies that will see the University grow from strength to strength so as to fulfil its mandate to the citizens of the country. Arising from these, the University's Appropriations in Aid was still below the expectation. The University is, therefore, implementing a raft of revenue generating strategies to widen its revenue base and increase internally generated revenue.

Business Environment

The Kenyan economic performance in the year 2021/2022 fairly did well despite the challenges experienced in the year 2021. As earlier indicated the economy had been projected to grow by 6.1% based on strong revenue growth, reduction in non-core expenditures and a gradual decrease in the public debt.

Over the past year, the University like other Government entities continue to make strides in its implementation of the turnaround strategies, and restructuring its governance processes to enable the University remain stable and deliver on its core mandate and achieve operational efficiency.

The University owned Company, Rivatex East Africa Limited, continued to produce a portfolio of new designs and fabric brands. The company is leveraging on newly installed machinery to produce superior textile products by expanding capacity and enhancing productivity initiatives to cut down on costs of production and increase efficiencies.

The preferential access to regional and world markets under a number of agreements/arrangements creates a roadmap for future sustainable market for export for Rivatex East Africa Limited. The ten (10) year extension of African Growth and Opportunity Act (AGOA) in 2015 has further increased the opportunities that Rivatex East Africa Limited can exploit in order to grow and be profitable upon completion of the modernization that is being undertaken. We are therefore confident that Rivatex will be able to improve its performance in the coming years.

Under the guidance of the national Government in its strategic effort to stabilise the economy despite the prevailing economic challenges the University was guided by the national programme the Government was undertaking. The education sectors continue to face a myriad of challenges ranging from reduction in the number of students qualifying to join universities to inadequate funding, hence resulting in being unable to fill all its declared capacities.

Nonetheless, the University and in tandem with acceptable practices of creating a conducive business environment is open to all forms of advice at local and international level so as to harness the knowledge and apply them to the desired level of modernising its resources to generate more funds and reduce dependency on the national Government. To this extent the University invites local and international investors to partner with us to strengthen bilateral relation and improve on our social-cultural ties and enhance academic exchanges

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Future Outlook

We expect that with the business environment after the Covid-19 pandemic and the positive recovery and growth of our economy, there shall be increased level of economic activities in the University.

The University expects that there will be an improvement in the higher education sector and funding of public universities to enable the University meet its financial obligations and recover from the negative effects of the Covid-19 pandemic.

As reported in the previous financial period, the University has put in place measures to achieve synergy and operational efficiencies in line with the Ministry of Education's directive for public universities to rationalize and harmonize their academic programmes.

The University started the Apple Farming Project, which is expected to have a huge impact in improving the University's internally generated funds. In addition, the University is engaging the Government to support us in the right sizing programme of our human resource aimed at reducing payroll cost which currently takes over 70% of the income.

The University expects to reduce its operational expenses by leveraging on ICT in its administration, academic programmes and processes. In order to attain the anticipated programmes, the University shall continue engaging the Government for additional funds to improve and increase our physical infrastructure, equipment and capacity development to match the number of Students admitted to the University.

Appreciation

On behalf of the University Council I would like to thank the Government for continued support to the University and Rivatex East Africa Limited through recurrent and capital development grants as well as our development partners.

I appreciate the University Management, staff and students for their tireless efforts in enabling the University meet its core mandate of teaching, research and community outreach.



.....
DR.DR. HUMPHREY K. NJUGUNA
CHAIRMAN – MOI UNIVERSITY COUNCIL

5. REPORT OF THE VICE CHANCELLOR

It is with great pleasure that I present this report for the financial year ended 30th June 2022.

This year was marked by a fairly good working environment following the opening up of economic activities in the country after the effects of the Covid-19 pandemic. Despite of all the challenges associated with the negative effect of the pandemic, the University's academic and operational activities ran smoothly. There were two graduation ceremonies during the year that saw more than six thousand students graduate and enter into the market.

Despite this Covid-19 pandemic, the University continues to grow in its development proposals with the support of the Government and other development partners. However recurrent capitation from the Government has not kept pace with the number of students at the University, including the rising costs of maintaining these students. It is our appeal that the Government reviews the current funding model and allocate recurrent capitation that is in tandem with the Institution's needs.

In addressing the funding challenges, the University has redefined its path progressively move towards modernisation of it operations to realise effectiveness in utilizing available resources and efficiency in service delivery. Digital technology is such an avenue the University is exploring to expand its visibility and attract potential players in the Public Private Partnership. Digital learning and operations will ensure that academic programmes are continuously provided to our student everywhere every time. To this end, the University has set up an MU-Digital Online Television station aimed at realization of the University's mission of enhancing lives through education.

Review of the University's Governing Structures

The University has set up governance structures, processes and systems to ensure effectiveness and efficiency in decision-making. During the year, the University reviewed its Statutes to align it to The Constitution of Kenya 2010, and relevant laws and regulations, including review of its governance structures to enhance clarity in University structures, ease of decision-making, implementation and follow-up, and provide clarity in organizational operations.

The University recognizes the importance of policies in the day-to-day running of operations. Consequently, the University Management Board and Council in the last one (1) year has developed key policies and reviewed existing ones in line with The Constitution of Kenya and relevant laws and regulations. In the last three years, the Council has approved thirty two policies and procedures aimed at improving service delivery. These policies include Cloud Governance Strategic Plan, Information Security Policy and Guidelines on Disposal of Electronic Waste.

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Resource Mobilization

The University has embarked on an ambitious plan to make use of its vast land by starting the Apple Farming Project. The plan has seen hundred acres of land put on this project and it's envisaged to reach five hundred acres in the next two to three years. This project is expected to generate revenue for the University and also achieve the University's efforts in empowering and assisting the neighbouring communities by giving them access to Apple seedlings and improved technology and value addition in Apple farming.

To increase the resource base of the University, efforts have been made on commercialization of research proposals for grants and projects. There are a raft of measures to improve the sustainability of Income Generating Units (IGUs) such as the establishment of a Directorate of Resource Mobilization, Enterprise Development and Institutional Advancement (RMEDIA) to focus on IGUs and mobilization of resources for the University and establishment of Advisory Committee to oversee their operations. In addition the University continues to collaborate with other Universities and Institution to widen research grants to the institution.

Currently the University has few running research project, notable of these is the World Bank supported project (ACEII-PTRE) that has been running for the last five years. The funds received from this Project have reached Kshs.740 Million and also teaching and operational facilities have been greatly improved. There are also other partnerships Centres of Excellence that have directed their resources to the University and enhanced the much needed support.

Staff and Students' Welfare

The University continues to provide a conducive working environment for our staff and comfortable facilities for our student. A number of student hostels have been improved to provide comfort and security to the students in addition the University continues to provide new facilities to ensure that this welfare is enhanced. The University continues to promote a harmonious working relationship with the surrounding communities to provide a cohesive business environment; comfort and security to our students also enjoy reciprocal business exchanges.

The University has started a new ultra-modern Amphitheatre that will provide the staff and students facilities to showcase their talents apart from providing teaching and recreational space. Further, the University is engaging with Alumni to explore possibilities of resource mobilization as well as seeking support for needy students in terms of scholarships.

Financial Performance

Like all other Universities in the Country, we are facing challenges arising from budgetary deficits and low cash flow due to the effects of Covid-19 pandemic. The former is due to limitation of the current funding model of the Differentiated Unit Cost (DUC) to address the unique needs of individual Universities. The matter is already with the National Government and it is expected that it will receive a positive response. This funding model is increasingly not able to meet the rising costs of operations within the University. The Appropriation In Aid (A-I-A) has also other had

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costs of operations within the University. The Appropriation In Aid (A-I-A) has also other had dropped because of change of policy by the Government on admission and support of all the students qualifying to join the Universities.

The University has put in place measures of harmonization and rationalization of academic programmes, courses, merger and Schools and Departments and turn-around cost reduction strategies that will begin to be realized in two to three years' time and see the University return to positive performance.

Appreciation

The University appreciates the support of the Government in providing financial support in form of recurrent and capital grants. This support has gone a long way in helping the University in achieving its goals and mandate.

I would also like to appreciate the support and advice of the University Council, Management Board as well as our dedicated staff and students.



PROF. ISAAC S. KOSGEY, Ph.D., MBS
VICE-CHANCELLOR

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6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/22

Section 81 subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statements, a statement of the national government University's performance against predetermined objectives.

Moi University has nine strategic pillars and objectives within its Strategic Plan for the FY 2015/2016- 2020/2021. These strategic pillars are as follows:

Pillar 1: Deliver an outstanding and innovative educational experience and conduct outstanding research and creative work for the public good.

Pillar 2: Secure the resources to achieve our vision, while being responsible stewards of these resources.

Pillar 3: Design viable programmes and activities aimed at enhancing students' welfare

Pillar 4: Conduct and revamp the physical facilities and ICT infrastructure

Pillar 5: Sustain an appropriate Quality Assurance and Performance Management Systems

Pillar 6: Provide resources to ensure effective and efficient library and information services

Pillar 7: Enhance the University's health care programmes, security and safety

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Pillar 8: Strengthen and broaden governance, corporate image and corporate social responsibility

Pillar 9: Create an entrepreneurial services unit for financial growth and sustainability of the University

The University develops its annual work plans based on the above nine pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2021/2022 period for its nine strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	1. Develop innovative academic programmes and review for relevance, marketability and competitiveness 2. Strengthen research linkages and collaborations	-New programmes -Number of academic programmes reviewed during the year -Increase in number of linkages and collaborations	-Review of academic programmes as per CUE requirements -Negotiate and conclude agreements with partners and collaborating institutions	Six academic programmes were reviewed during the year and two internationally programmes were Accredited. The University achieved eight new linkages and collaborations during the year
Pillar 2	Efficient and prudent use of human and financial resources	Percentage absorption of allocated GoK funds	The University to absorb the funds allocated to it by GoK	The University absorbed 100% of the funds allocated by GoK
Pillar 3	To attract international students and promote exchange	Percentage increase in number of new international students	Improve/intensify messaging for prospective international students	The University achieved an increase of 20% international students compared to the previous year. This was below average due

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				to Covid-19 Restrictions.
Pillar 4	To acquire, develop and maintain quality facilities and equipment	Construction of tuition and residential facilities	Renovation of Hostel J at Main Campus Construction of Library at Annex Campus	The completion level was at 70% against a target of 90%.
Pillar 5	To continually implement, monitor and evaluate quality assurance and performance management systems	Enhance implementation of QMS ISO 9001:2015 Institutionalize performance contracting	Continued ISO 9001:2015 certification Signed and implemented Performance Contract for FY 2020/2021	The University continued implementing the QMS ISO 9001:2015 Standards Performance Contract for FY 2021/2022 was signed and implemented
Pillar 6	Create awareness and build the e-capacity of the University community	Increase in number of MU Scholar Profile for online presence and visibility	Increase the number of MU Scholar Profiles from 205 to 400	The number was increased to 400
Pillar 7	To ensure all staff, students and University assets are safe and secure	Sensitization of staff and students on security and safety measures	Workshops/trainings to sensitize staff and students on security and safety	The University sensitized both staff and students on security and safety. The University coordinated with the County Security Team to conduct security assessments at its campuses
Pillar 8	Sustain good governance for effective performance and service delivery	Reviewed University Statutes	Undertake review of the statutes and have them approved by the University Senate and Council	The Statutes were reviewed and approved during the year

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Pillar 9	To encourage exploitation of potential business opportunities	Increase in MU revenue generated through business activities	Assembly of computer and IT related products	The University assembled computers to finalise ICTA project
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7. CORPORATE GOVERNANCE STATEMENT

Corporate governance comprises rules, procedures, regulations and processes through which the University is directed. The University is committed to the highest standards of corporate governance and ethics. Good corporate governance practices are therefore essential to the delivery of long term sustainability of the University.

Ownership

The University was established under the Moi University Act in 1984 as the second Public University in Kenya. The University is a body corporate established under the Moi University Charter 2013. It is headed by the Vice-Chancellor and Secretary to the University Council, who is responsible for implementation of the Council's policy decisions and day-to-day operations of the University.

Constitution, Appointment and Retirement of Members of Council

The Council consists on nine persons appointed by the Cabinet Secretary in charge of Education. The membership of the Council is as follows:

- (i) The Chairperson
- (ii) The Principal Secretary in charge of University Education
- (iii) The Principal Secretary in charge of The National Treasury
- (iv) Five persons appointed by the Cabinet Secretary through an open and competitive process
- (v) The Vice-Chancellor, who is an ex-officio member of the Council

Newly appointed members of Council are facilitated to undergo an induction process covering the business of the University by availing relevant information and also taking them through structured induction training.

The members of Council retire at the expiry of their term of appointment or when appointed to other offices that could bring a conflict of interest.

The University Charter and the Universities Act No 42 of 2012, Moi University has established the following organs of governance:-

- The Council
- The Senate
- Moi University Management Board

The University has continued to implement effective corporate governance by ensuring timely and relevant disclosures as provided in the Public Finance Management (PFM) Act 2012, ensuring strong audit procedures and audit independence, having clearly defined Council and Management duties and responsibilities and ensuring compliance with relevant laws and ensuring the highest levels of integrity at all levels in the University.

Council Charter

The Charter of the Council is crucial to the University's governance and defines the Council's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. The Charter provides guidance on the following:

- The separation of the roles, functions, responsibilities and powers of the Council and its individual members
- Nomination, appointment, induction, on-going training and performance evaluation of the Council and its committees
- Policies and practices of Council on corporate governance matters, Council members' declarations and conflict of interest, conduct of Council and Council committee meetings
- Powers delegated to Council committees as well as matters reserved for final decision making and approval by the Council

Council Size, Composition and Appointments

The constitution of Council is stipulated in the University Charter and the Universities Act No. 12 of 2012. The University Council is headed by the Chairman and is composed of Nine [9] members inclusive of the Vice-Chancellor who is the only executive member. The constitution of the Council takes into consideration requirements of the education sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the operations of the University.

Roles and Responsibilities of the Council

The roles and functions of the board are clearly defined and include giving the overall oversight of Management and giving the strategic direction of the University. The Council defines the University's strategies, objectives, values and ensures that procedures and practices are put in place to ensure effective control over strategic, financial, operational and compliance issues. The Council develops short and long term goals of the University, develops strategies to achieve those goals and monitors the performance of the University against the set goals. The Council also spearheads the preparation of financial statements and reports of the University, approves and reviews annual budgets and ensures that the University has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

While the Council sets the direction and general guidance on policy, the day to day running of the University has been delegated to the Vice Chancellor. However, the Council is responsible for the stewardship of the University and assumes responsibility for the effective control of the University.

The Council has unrestricted access to timely and relevant information as well as advice and services of the Corporation Secretary to discharge its duties effectively. The operates in compliance with the Mwongozo code of conduct that offers corporate governance framework for all state corporations and the Council members of Council have duly undergone training under this code.

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Council Meetings

The Council prepares an annual almanac showing the schedule of their meetings planned for each year. During the year, the University Council held regular quarterly meetings, while special meetings were called when necessary.

Meeting Date	Chairman Dr. Dr. Njuguna	Mr. C. Khaemba	Mr. D. Ronno	CPA H. Muchungu	Dr. M. Guyo	Mr. Obiero Charles	Prof. Clara Momanyi	Mr. I Memusi	Mr. Victor Momanyi
31.07.21	✓	✓	✓	✓	✓		✓	✓	
11.08.21	✓	✓	✓	✓	✓	✓	✓	✓	✓
12.08.21	✓	✓	✓	✓	✓	✓	✓	✓	✓
13.08.21	✓	✓	✓	✓	✓	✓	✓	✓	✓
31.08.21	✓	✓		✓	✓		✓	✓	
01.09.21	✓	✓		✓	✓		✓	✓	
29.09.21	✓	✓	✓	✓	✓	✓	✓	✓	✓
13.10.21	✓	✓	✓	✓	✓	✓	✓	✓	
15.10.21	✓	✓	✓	✓	✓	✓	✓		✓
27.10.21	✓	✓	✓				✓		
16.11.21	✓	✓	✓	✓	✓	✓	✓		✓
15.12.21	✓	✓	✓		✓	✓	✓	✓	
14.01.22	✓	✓		✓		✓	✓	✓	
20.01.22	✓		✓	✓	✓	✓	✓	✓	
18.03.21	✓	✓	✓	✓	✓		✓		
11.04.22		✓	✓	✓	✓	✓		✓	
22.04.22	✓	✓	✓			✓	✓		
03.06.22	✓	✓	✓	✓	✓		✓	✓	✓
22.06.22	✓	✓	✓	✓		✓	✓		
23.06.22	✓	✓	✓	✓		✓	✓		✓
30.06.22	✓		✓		✓	✓	✓		✓

Council Committees

The Council Members are appointed to various Council Committees, and hence, bring their diverse experiences in deliberations during Council meetings. The Council Committees have well defined terms of reference that are intended to facilitate efficient decision making by the Council in

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discharging its duties and responsibilities. The Council Committees and their functions are as indicated below.

The University has an Audit, Risk and Compliance Committee as required by law. The Council in appointing the members of this committee has ensured that at least one member of the committee has relevant qualifications and expertise in audit, financial management, or accounting with experience in public service and knowledge in risk management and is a member of a professional body in good standing.

Audit, Risk and Compliance Committee	Academic, Research, Extension and Students' Affairs Committee
Functions	Functions
To assist the Vice Chancellor in enhancing internal controls in order to improve efficiency, transparency and accountability.	To provide guidelines on University wide research activities
To review audit issues raised by both internal and external auditors.	To research set priorities and targets for research activities in the University
To resolve unsettled and unimplemented Public Investment Committee's (P.I.C) recommendations	To receive, consider and recommend to Council award of honorary degrees
To enhance communication between management, internal and external audit and to foster an effective audit function	To provide guidelines on University wide training
Finance, Administration and Strategy Committee	Human Resource and Governance Committee
Functions	Functions
To explore ways of raising funds for the University both internally and externally	To recommend to Council the appointment of suitable candidate(s) after considering all the requirements for the post or in case of there being no suitable candidates to recommend re-advertisement of the position.
To develop appropriate and conducive policies to guide and promote resource mobilization and income generation activities in the University.	To recommend to Council improvements in the job grading classifications as the Committee may consider appropriate.
To monitor and evaluate income generation and resource mobilization activities in the University.	To review and make recommendations to Council on Terms and Conditions of Service as and when necessary or when directed to do so by Council from time to time.

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To develop policies on utilization of resources (Income Generation) for the development of the core business of the University.	To examine and make recommendations to Council on salaries, terms and conditions of service for all University employees.
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Council Boards

Council Appeals Board

The mandate of this board is to consider appeals from members of staff and make recommendations to Council.

Conflict of interest

Council Members are obligated to disclose to the Council any real or potential conflict of interest which comes to the Council Member's attention, whether direct or indirect. The Council has a conflict of interest register and at every meeting, members are required to declare any conflict of interest with regard to the matters under discussion.

Ethics and code of conduct

The Council members and employees of the University are expected to act with honesty, integrity and fairness in all their dealings with one another and with all stakeholders and to respect the diverse cultures of all people. The University has a code of conduct that binds every council member and employee.

Procurement policies

The University has in place procurement policies in line with the Public Procurement and Asset Disposal Act, 2015 that promote fair and transparent procurement processes.

8. MANAGEMENT DISCUSSION AND ANALYSIS

i). University academic and operational performance

The University operations during the financial year were relatively smooth, with all academic programmes and other University activities proceeding as scheduled.

During the period, University implemented the 2017-2021 Collective Bargaining Agreement (CBA) on diagonal basis for the period November 2021 to April 2022. This arrangement was reached at following industrial action by staff in the University in October, 2021 that led to disruption of academic activities. The University Management and the Unions agreed on a return to work formula to implement the CBA diagonally for the period November 2021 to April 2022, and thereafter review the situation based on the available funding.

The University did not receive the necessary funding to implement the CBA diagonally and hence the University suspended the diagonal implemented and reverted to horizontal implementation from May 2022.

To address the financial challenges in the University, the University is undertaking restructuring of its operations and human resource requirements. In this respect, the University revised its Statutes, which are being implemented from 1st July 2022. Among the fundamental matters the University has restructured is its governance structure by harmonizing the management structures responsibilities. This arrangement will save the University in staff costs. The University is also anticipating to undertaking staff rightsizing in order to safe on payroll costs.

During the year under review, there was moderate increase revenue collections compared to the similar period in 2021. However, the University is still facing financial liquidity challenges caused by inadequate funding and decrease in Appropriations in Aid. This has led to increase in pending bills and inability by the University to meet all its obligations as and when they arise. To mitigate against this situation, the University continues to institute reforms and recovery measures aimed at cutting costs and increasing revenues.

The University attention is now focused on ambitious and key plans to utilize its vast land by planting over five hundred acres of apple seedlings and improving on other agricultural activities geared at expanding our revenue base and adding value to the land use and its production. This effort is being undertaken in a bid not only diversify revenue but also contribute to national food security and community empowerment. The University will continue to explore ways to strategically use its land to optimize benefit to the institution.

Going forward the University will continue engaging with the National Treasury & Planning and the Ministry of Education on its reform initiatives and financial support to sustain its optimal financial and operational performance

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Academic matters

During the year the University held two graduation ceremonies in the month of December 2021 and June 2022 where a total of 6,429 students graduated in the following Schools:

School	PhD	Clinical Fellowship	Masters	PGDs	Bachelors	Diploma	Total
Agriculture and Natural Resources	-	-	6	-	57	-	63
Arts and Social Sciences	17	-	15	-	1,355	48	1,435
Business & Economics	21	-	73	-	1,197	97	1,388
Dentistry	-	-	-	-	-	-	-
Education	12	-	23	3	1,929	32	1,999
Engineering	1	-	7	-	12	-	20
Information Sciences	7	-	14	-	302	-	323
Law	-	-	-	-	96	-	96
Medicine	-	5	69	-	49	-	123
Nursing	-	-	5	-	66	-	71
Public Health	-	-	18	-	3	-	21
Science and Aerospace Studies	11	-	9	-	301	-	321
Tourism, Hospitality & Events Management	2	-	5	-	157	44	208
Bomet University College	-	-	-	-	197	8	205
Alupe University College	-	-	-	1	146	9	156
Total	71	5	244	4	5,867	238	6,429

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Financial Performance

The University received recurrent capitation of Kes 4,367,513,000 during the year compared to Kes 3,417,761,000 received in FY 2020/2021 hence having a marginal increase of 27.7%

The University's internally generated revenue slightly improved as compared to that of the previous year. This was as a result of the full resumption of University academic activities after recovery from the Covid-19 pandemic

During the supplementary budget consideration, the University received an additional Kes.18,510,684 to support the implementation of the CBA 2017-2021.

Consolidated Income and expenditure for the last five financial years is as below;

Financial Year	*Income (Kes'000)	Expenditure (Kes'000)
2021/2022	6,322,836	7,021,964
2020/2021	4,905,543	5,880,071
2019/2020	7,719,037	8,543,619
2018/2019	6,184,006	6,511,005
2017/2018	6,752,775	7,484,587

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The breakdown of the incomes for the four years is shown below:

	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19
Recurrent Capitation MU	3,442,733	3,238,832	3,224,704	3,449,415
Recurrent Capitation ACEII	140,701	149,355		
Recurrent Capitation Rivatex		29,574		
Recurrent Capitation USAID	784,079	-		
CBA arrears	-	-	917,047	-
Total Recurrent Capitation	4,367,513	3,417,761		
A-I-A-Moi	2,199,696	1,487,782	3,477,286	2,734,591
Rivatex Loss	(244,373)	(380,932)		
Total Income	6,322,804	4,905,543	7,719,037	6,184,006

The University's net revenue during the year was Kes 6,322,804,000 against an expenditure of Kes 7,021,964,000 thus, having a deficit of Kes 699,160,000. The slight decrease in the overall deficit as compared to the previous year financial statements is as a result of an improvement of A.I.A. collected by the University during the period.

Implementation of Key Infrastructural Projects

The University is currently implementing the following key infrastructure projects that were approved in the Capital Development Budget for FY 2021/2022. The projects are expected to improve the learning atmosphere in the University and, therefore, improve the quality of teaching. The projects include:

- a) Construction of Auditorium and Amphitheatre
- b) Renovation of Hostel J
- c) Construction of ACEII PTRE Building.
- d) Construction of Digital Innovation Centre.
- e) Construction of Human Anatomy Laboratory
- f) Main Gate

Major Risks of the University

The University's activities are exposed to a number of risks that include credit risk, liquidity risk and market risks.

The credit risk emanating from trade receivables (students' fees) is managed by ensuring that students pay the requisite fees at the time of registration and signing of nominal rolls and also before sitting for their examinations. The University has procured an ERP system that will minimize risks.

Liquidity risk emanates from the University's challenges in meeting its obligations as and when there are due. The University is managing this risk by continuously reviewing its cash flow forecasts and agreeing on acceptable payment plans with creditors in order to meet the shortfall. The University is seeking financial support from the government to mitigate cash flow challenges as this has led to increased litigations and threatened executions.

The University is facing a risk from the reduction in the number of privately sponsored students admitted to the University. Decrease in the number of admissions has resulted in reduction in tuition fees, thus resulting in financial challenges. The University is dealing with this risk through vigorous marketing of PSSP programmes. There is renewed focus on admissions of post graduate students, whose numbers are not affected by the government policy on admission of new students.

In addition to the above risks, the University is also facing risks in its business continuity plan caused by changes in the operating environment and changes in policies affecting the higher education sector. These could lead to supply chain interruptions.

Material Arrears in Statutory/ Financial Obligation

The University has arrears in Pension and Provident Fund contributions, SACCOs, Welfares and Bank loan deductions amounting to Kes.4,308,279,609 and the University has made Remedial arrangements to make payments towards reducing the arrears.

The University's Financial Probity and Serious Governance Issues

There were no reported financial improbity issues by both internal and external parties. The University has put in place governance structures in place to ensure that any exposures are addressed promptly.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The University continues to focus on programmes that are of material importance to our students and various stakeholders, including the Government and industry. The University is committed to building a more sustainable future, despite the challenges and resource constraints that are currently being experienced by public universities.

In this report we indicate the strategic efforts that the University is engaging in to achieve sustainability in its operations and business model.

i) Sustainability strategy and profile

The year under review has been fairly favourable to the University after the opening up of the economy by the Government after the global Covid-19 pandemic that saw the University had unstable academic and operational activities. The sustainability efforts of the University during the year were aimed at keeping the University afloat, despite the challenging operating environment. In this regard the University diversified its operations in order to raise and increase its revenue base by investing on apple farming which is anticipated to earn the University considerable income that shall support the University budget and reduce reliance from the Government and donors. In addition the University shall continue liaising with Government and other interested parties on contractual works especially through the development and assembly of digital devices in its Assembly Plant in Eldoret. We are confident that these efforts will enable the University to continue delivering on its mandate.

The University has instituted measures to ensure effectiveness and efficiency in service delivery and cost management strategies by harmonizing and rationalising academic programmes, courses/units, departments, staff, facilities and other University operations. In the last two year, the University consolidated and merged common programmes, closed and disposed non-strategic centres, increased resource mobilization efforts with the aim at reducing operational costs and sealing waste streams. To mitigate teaching space requirements, the University is developing requisite infrastructure, including laboratories to improve on quality delivery of academic programmes. The next phase is rationalization of non-teaching staff to ensure optimization of their numbers, skills and competencies.

To increase the resource base of the University, the University has started mid-term Apple Farming project which now stands at 80 acres in the year under review. The project at its maturity is expected to provide the University with funds that will enable the University to discharge some of the liabilities that are currently choking the institution's operations. The target for this project was initially 1000 acres but the expansion was halted as the funds the University had requested from the exchequer (Kes.100 Million) for consideration in the supplementary budget was not approved.

In addition, the University has opened doors for other national and international donors to join hands together to improve on the quality of research and other academic exchanges that will see the University funded.

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The University has secured a number of well-funded projects, including Africa Clusters Centres (ACC) in Phytochemicals, Textile and Energy - ACE-II, Africa Centre of Excellence in African Studies, Incubation Centre, Digital Literacy Programme (DLP) Phase I and II, HEPSSA Project, ASALI Project, among others. There are a raft of measures to improve the sustainability of Income Generating Units (IGUs) such as establishment of a Directorate of Resource Mobilization, Enterprise Development and Institutional Advancement (RMEDIA) to focus on IGUs and mobilization of resources for the University and establishment of an Advisory Committee to oversee their operations.

Environmental performance

The University embraces environmental safety in its operations and has in place policies for handling e-waste, managing other waste generated in the University and ensuring that all our operations conform to best practices to reduce any negative impacts on the environment. Rivatex E. A. Ltd., in consultation with global design houses in the Export Processing Zone, is in the process of modernizing the factory's effluent treatment plant to meet the standards required under the African Growth and Opportunity Act for textile exports to the United States market.

The company has adopted greener production processes that protect the environment and minimizes damage to the environment. The University believes that this will immensely contribute to and sustain our future success.

Employee welfare

The University provides equal opportunity irrespective of gender to all the applicants who are seeking for the engagement in the University. This Employment criterion is contained in the University Human Resource Manual which provides guidelines on hiring and exiting the employment, and this manual has been incorporated with the Central Government manual.

The University engages its employees through open and transparent process and the employees engaged are expected to comply with constitutional and mandatory requirements, including the principles of affirmative action, gender and person enabled differently and mainstreaming of

National values and principles of Governance as espoused in the constitution that guide the hiring process. The performance of the employee are measured using appraisal instruments that provides feedback, review progress, identifies and addresses potential for rewarding and advancement

The University continues to provide a conducive working environment and comfortable and secure facilities for our staff in compliance with security and safety standards including provisions of protective gears in hazardous situations. The University continues to promote harmonious working relationship with the surrounding communities to provide cohesive business environment, comfort and security to our employees.

In addition the University encourages and builds on its pool of staff to improve and enhance their career development through in service training, promotions and support training from other Government Institutions and collaborative institutes.

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Market place practices-

Rivatex East Africa Limited, through the Ministry of Industry, Trade and Co-operatives collaborates with other Government institutions like the Fibre Crops Directorate of the Agriculture and Food Authority (AFA), the Kenya Plant Health Inspectorate Service (KEPHIS), Kenya Agriculture and Livestock Research Organization (KALRO), farmers, ginners and spinners have signed tripartite agreements for the creation of public awareness (sensitization), sustainability and multi-sectorial rural industrialization. Through these linkages the farmers will be assured of a ready market for their produce and at competitive prices, leading to job/wealth creation and poverty alleviation.

Corporate Social Responsibility / Community Engagements

The University recognizes that for sustainable growth and profitability it must play its role in society as an ethical and compliant entity that respects communities, legal requirements and the environment.

During the year, the University, through Rivatex E.A Limited, supported several projects and activities that impact positively on the lives of communities and the society at large. The company supported two students in secondary schools and donated fabrics to five children's homes

In meeting the agenda four consideration, the University provided community access to Health Services through AMPATH grants in counties of the North Rift, Nyanza and Western regions, among them are Turkana, Uasin-Gishu, Trans-Nzoia, Elgeyo-Marakwet, West-Pokot, Kisumu, Bungoma, Kakamega, Vihiga and Busia Counties.

The four schools in College of Health sciences participated in COBES activities by engaging the communities in health promotion, outreach and service delivery activities at level three (3) and five (5) facilities and participated in problem solving meetings with the community members on matters of health. COBES reports on health related issues with the findings and recommendations were shared with the Health facilities that the students went for COBES activities for further dissemination by the health facilities.

The University through its ACEII-TRE project conducted an outreach programme training to the surrounding communities and school on environments safety using modern technology of Biogas use. It also contributed in supplying and fitting Biogas equipment to three schools in the Counties of Uasin-Gishu; Nandi and Elgeyo-Marakwet.

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10. REPORT OF THE UNIVERSITY COUNCIL

The University Council submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the University's affairs.

i) Principal activities

The principal activities of the University continue to be the provision University education through teaching, research and outreach.

ii) Results

The results of the University for the year ended June 30, 2022, are set out on page 1-60

iii) Council Members

iv) The members of the Council who served during the year are shown on page ix to xiv.

v) 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.

By Order of the University Council



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**Prof. Isaac S. Kosgey, Ph.D.,MBS
Vice Chancellor/Secretary to the Council**

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11. STATEMENT OF COUNCIL RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 47 of the Universities Act, 2012 require the Council Members to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year. The Council Members are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council Members are also responsible for safeguarding the assets of the University.

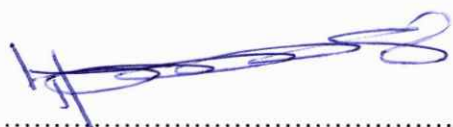
The Council Members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the University; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances. The Council Members accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Universities Act, 2012. The Council Members are of the opinion that the University's financial statements give a true and fair view of the state of Moi University transactions during the financial year ended June 30, 2022, and of the University's financial position as at that date.

The Council Members further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council Members to indicate that 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 University Council on 30.09.2022 2022 and signed on its behalf by:



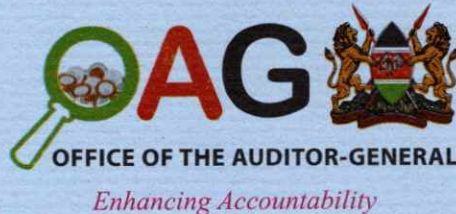
Dr. Dr. Humphrey Kimani Njuguna
Chairperson of Council



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

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the 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 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

Adverse Opinion

I have audited the accompanying financial statements of Moi University set out on pages 1 to 52, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended,

and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 10 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Moi University as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Universities Act, No.42 of 2012.

Basis for Adverse Opinion

1. Presentation and Disclosures in the Financial Statements

Review of the financial statements disclosed that the presentation was not in conformity with the template prescribed by the Public Sector Standards Board as noted below.

- i. The statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts are titled Moi University but include those of Rivatex East Africa Limited which is wholly owned by the University. In addition, Notes have not been provided to explain the method used to consolidate the financial statements of the two entities.

In view of these discrepancies, adherence of the financial statements to International Public Accounting Standard number 36, on Consolidated Financial Statements could not be confirmed.
- ii. The table of contents page has not been numbered and the font of the listed contents has been bolded, contrary to the approved financial reporting template and The National Treasury Circular Ref:AG.4/16/3Vol.II (66) of 6 July, 2022.
- iii. The amounts quoted in the management Discussion and Analysis report under Financial performance are not in agreement with the amounts disclosed in the statement of financial performance for the year ended 30 June, 2022.
- iv. The results of the university for the year ended 30 June, 2022 are set out on page 1-60 and not 1-56 as indicated in the report of the university council on page xxxvii.
- v. The consolidated statement of financial position is not titled.
- vi. The statement of changes in net assets has not been prepared as per the approved template. Transfer of Capital Depreciation adjustment has not been disclosed as required by the approved Template and no transfers have been made from capital fund to retained earnings.
- vii. Note 18 to the financial statements reflects receivables of Kshs.1,443,673, which differs with the balance disclosed in the statement of financial position of Kshs.1,413,364 resulting to a variance of Kshs.30,309.

2. Use of Goods and Services

2.1 Unsupported Accommodation and Catering Services Payables

The consolidated statement of financial performance reflects use of goods and services amount of Kshs.1,647,488,000 which includes student accommodation and catering expenditure of Kshs.62,637,000 as disclosed in Note 10 to the financial statements. However, the student accommodation and catering expenditure of Kshs.62,637,000 include accruals amounting to Kshs.12,746,447 whose supporting schedules were not provided for audit.

2.2 Misclassification of Apple Farm Wages

Note 10 to the consolidated financial statements reflect use of goods and services amount of Kshs.1,647,488,000, which includes an amount of Kshs.33,373,000 relating to Miscellaneous expense. Examination of documents in support of the expenses revealed that wages amounting to Kshs.11,327,709 for the apple farm employees were classified under miscellaneous expenses as opposed to employee cost.

2.3 Unsupported Expenditure for Field Courses

The consolidated statement of financial performance reflects use of goods and services expenses of Kshs.1,647,488,000 which includes field courses expenses of Kshs.92,859,000 as disclosed in Note 10 to the financial statements. Examination of documents in support of the expenditure revealed that an amount of Kshs.46,821,902 incurred under field courses were not supported by travel documents such as work tickets, prior approval for use of personal vehicles and relevant receipts.

2.4 Unsupported Student Welfare

The consolidated statement of financial performance reflects under use of goods and services an amount of Kshs.1,647,488,000, which includes student welfare expenses amount of Kshs.17,758,000, as disclosed in Note 10 to the consolidated financial statements. Examination of expenditure records revealed that an amount of Kshs.7,350,200 was paid to Kenya Universities and Colleges Central Placement Services (KUCCPS) up from Kshs.78,600 in the previous financial year. The University was billed via invoice number IN00011528 an amount of Kshs.7,267,500 by KUCCPS as placement fees for 4,845 students in the year 2020/2021. The following observation were made;

- i. The list of students who were registered through KUCCPS was not provided in support of the expenditure.
- ii. The computation method for the invoiced amount was not disclosed for audit confirmation.
- iii. It is not clear why the expense was not accrued in the financial year 2020-2021.

2.5 Unaccounted for Contracted Legal Fees

The consolidated statement of financial performance reflects contracted services amount of Kshs.34,483,000 which includes legal fees amounting to Kshs.8,997,000 as disclosed

in Note 15 to the consolidated financial statement. The amount is accrued expenses but has been omitted from the payables schedule.

In the circumstance, the accuracy and completeness of the amount of Kshs.1,647,325,000 in respect of use of goods and services for the year ended 30 June, 2022 could not be confirmed.

3. Employee Costs

3.1 Unremitted Pension Benefits

The consolidated statement of financial performance reflects employee costs of Kshs.5,010,606,000 which includes Gratuity and Retirement Benefits amount of Kshs.375,537,000 as disclosed in Note 11 to the financial statement, being deduction to be remitted to the respective statutory bodies. The RTGS's detailing how the amounts were remitted to the statutory bodies was however, not provided for audit review.

In the circumstance, the remittance of Gratuity and Retirement Benefits amount of Kshs.375,537,000 for the year ended 30 June, 2022 could not be confirmed.

3.2 Unfunded Provident Fund Contributions

The statement of financial position and Note 19 to the financial statements reflect receivables from non-exchange transactions amount of Kshs.1,335,689,000 being employers' pension and provident fund contributions, by the Ministry of Education, not paid. The details of the contributions are indicated below.

Details	Amount (Kshs.)
2010 - 2013	45,989,640
2013 - 2017	187,130,028
2017 - 2018	313,439,578
2018 - 2020	396,064,600
2020-2021	393,065,100
Total	1,335,688,946

The ledgers, account statements and other relevant supporting documents were however, not provided for audit review.

In the circumstance, the accuracy and completeness unfunded employer's contribution to the pension and provident fund balance of Kshs.1,335,689,946 as at 30 June, 2022 could not be confirmed.

3.3 Unsupported Payments for Casual Staff

The consolidated statement of financial performance reflects employee costs of Kshs.5,010,606,000 which includes an amount of Kshs.262,187,181 incurred on casual wages as per the analysis of bank statement and other documents provided. However, the following observations were made: -

- i. The expenditure was not planned and budgeted for.

- ii. The amount was not disclosed with a Note to the financial statements.
- iii. Statutory deductions were not provided for audit review.
- iv. There were no minutes or documents detailing how the casuals were engaged and how their positions were established.
- v. Individual bank account details of the casuals were not filed and provided and it was not possible to confirm bank accounts for the casuals.

In the circumstance, the completeness, accuracy and validity of casual wages amount of Kshs.262,187,181 for the year ended 30 June, 2022 incurred on casuals could not be confirmed.

3.4 Irregular Payment of Acting Allowances

The consolidated statement of financial performance reflects employee costs of Kshs.5,010,606,000 which includes an expenditure of Kshs.7,959,000 on staffs acting allowances. The officers have acted for more than six months and the positions have not been advertised. The staffs earned acting allowances during the period under review as per their acting appointment letters contrary to Section C14 of Part III of Human Resource Policies and Procedures Manual for Public Service, May 2016. Further, the positions are not supported by staff establishment and declaration of vacancies.

In the circumstance the validity of the expenditure of Kshs.7,959,000 for the year ended 30 June, 2022 incurred on acting allowance could not be confirmed.

3.5 Overpayment of CBA Amount

The consolidated statement of financial performance reflects employee costs of Kshs.5,010,606,000, which includes an expenditure of Kshs.2,810,476,000 incurred on basic salary. The expenditure includes an increase in basic salary of Kshs.256,179,000, which is attributed to CBA agreement amount of Kshs.200,000,000. Thus, an amount Kshs.56,179,000 was paid over the approved salary.

In the circumstance the propriety of salaries payment amounting to Kshs.56,179,000 could not be confirmed.

4. Unconfirmed Non-current Assets Balance

4.1 Biological Assets

The statement of financial position reflects biological assets balances of Kshs.44,908,000 as disclosed in Note 21 to the financial statements. The following balances were however, not disclosed in the financial statements.

- i. A gain or loss arising on initial recognition of a biological asset at fair value less costs and from a change in fair value less costs.
- ii. A reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period.

In the circumstance, the financial statement does not comply with the provisions of IPSAS 27 on accounting for biological assets.

4.2 Intangible Assets- Delayed implementation of ERP

The statement of financial position reflects intangible asset balance of Kshs.55,011,000 as disclosed in Note 24 to the financial statements. The balance include amount for an Enterprise Resource Planning (ERP) software procured through contract No.MU/RFP/47/2017-2018 at a contract sum of Kshs.26,595,959.48 which includes a one lifetime license fee of Kshs.11,500,000. However, the following observations were noted:

- i. The financial statements do not disclose whether the intangible asset useful life is indefinite or finite and, if finite, the useful life or the amortization rates used;
- ii. The Management did not provide evidence indicating commissioning of the software.
- iii. The ERP implementation is yet to be completed five years since 2017/2018 when it was tendered. Review of the records provided revealed that some of the modules or sub modules have not been implemented despite the contractor having been paid Kshs.15,955,175.70.

In the circumstance, the accuracy and completeness of intangible assets amount of Kshs.55,011,000 for the year ended 30 June, 2022 could not be confirmed.

4.3 Property, Plant and Equipment

The statement of financial position reflects net book balance of property, plant and equipment at Kshs.11,300,352,000 as disclosed in Note 22 to the financial statements. However, it was observed that:

4.3.1 Land

Land is reflected at a balance of Kshs.547,715,000 for nine (9) parcels of land. However, four parcels of land, with undisclosed values were excluded from the financial statement in unclear circumstances.

Title Number	Approximate Area	Date Given	Location	Values	Remarks
Mombasa/ Block XXI /543	0.0308Ha	04 December,2011	Mombasa	No values	Excluded in the financial statement
Mombasa/ Block XXI /544	0.0308Ha	04 December, 2011	Mombasa	No values	Excluded in financial statement
Mombasa/ Block XXI/ 547	0.0318Ha	04 December, 2011	Mombasa	No values	Excluded in financial statement
Mombasa/ Block XXI/ 571	0.0605Ha	04 December, 2011	Mombasa	No values	Excluded in financial statement

Further, the land revaluation has not been undertaken recently and the value of land could be understated.

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- i. The financial statements do not disclose whether the intangible asset useful life is indefinite or finite and, if finite, the useful life or the amortization rates used;
- ii. The Management did not provide evidence indicating commissioning of the software.
- iii. The ERP implementation is yet to be completed five years since 2017/2018 when it was tendered. Review of the records provided revealed that some of the modules or sub modules have not been implemented despite the contractor having been paid Kshs.15,955,175.70.

In the circumstance, the accuracy and completeness of intangible assets amount of Kshs.55,011,000 for the year ended 30 June, 2022 could not be confirmed.

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Mombasa/ Block XXI/ 547	0.0318Ha	04 December, 2011	Mombasa	No values	Excluded in financial statement
Mombasa/ Block XXI/ 571	0.0605Ha	04 December, 2011	Mombasa	No values	Excluded in financial statement

Further, the land revaluation has not been undertaken recently and the value of land could be understated.

4.3.2 Unsupported Work-In Progress

Note 22 to the financial statement reflects Work-In Progress (WIP) balance of Kshs.62,200,000. However, a detailed analysis including supporting schedule indicating among other information, Contract, Payee, Certificate of work done, amount paid for each certificate was not provided for audit review. Further, the financial statements do not disclose WIP that were capitalized during the year.

4.3.3 Unaccounted for Disposal of Assets

During the year under review the management made disposal of various assets at a total cost of Kshs.538,000 which included three motor vehicles (KYF 115-KShs.256,000, KAJ 930-Kshs.57,000 and KAH 095-Kshs.100,000). However, no disposal ledger was prepared and profit or loss in the sale of the motor vehicles was not determined.

4.3.4 Unsupported Capital Works

The statement of financial position reflects trade and other payables balance of Kshs.5,877,138, which includes capital works of Kshs.89,424,000 as disclosed in Note 25 to the financial statement. The balance was however, not supported by invoice register and monthly aging analysis. Further, a separate retentions account was not maintained for capital projects.

In the circumstance, the completeness, accuracy of net book value of property, plant and equipment of Kshs.11,300,352,000 as at 30 June, 2022 could not be confirmed.

5. Receivables from Non-Exchange Transactions

5.1 Unsupported Tuition Fees

The consolidated statement of financial performance reflects rendering of services amount of Kshs.2,118,763,000 for the year ended 30 June, 2022, which includes tuition fees amount of Kshs.1,262,736,000 as disclosed in Note 7 to the financial statements. Review of the tuition fees records revealed the following anomalies.

- i) A list of student invoices from the system was not provided for audit review and it was not possible to confirm complete invoicing of students as per approved fee structure.
- ii) A list of receipts from students was not provided for audit review and it was not possible to confirm how much of the tuition fees was paid and how much of the invoices were outstanding.

5.2 Error in Invoicing of Students Tuition Fees

The consolidated statement of financial performance reflects rendering of services amount of Kshs.2,118,763,000 for the year ended 30 June, 2022, which includes tuition fees amount of Kshs.1,262,736,000 as disclosed in Note 7 to the financial statements. Review of the tuition fees ledger revealed a private sponsored student, registration number BBM/2598/16 pursuing Bachelor of Business Management was invoiced an amount of Kshs.480,000,000 for year 4 semester 2 contrary to the approved fees of Kshs.60,000 as per the fees structure. The student was therefore over-invoiced Kshs.460,000,000.

In the circumstance, the accuracy of tuition fees, amount of Kshs.1,262,736,000 for the year ended 30 June, 2022 could not be confirmed.

6. Borrowings - GOK Loan

The statement of financial position and Note 27 to the financial statements reflect Government of Kenya (GOK) loan balance of Kshs.231,250,000. The University received GOK loan of Kshs.250,000,000 on 11 June, 2008 to facilitate the acquisition of Karatina Campus; which is now a fully chartered University.

However, the following anomalies were noted.

- (i) The purchase agreement or contract between Moi University and Kenya Tea Development Agency (KTDA) for purchase of Kagochi Training Institute indicated that Kshs.168,852,825 was agreed and Moi University paid Kshs.151,675,429 vide PV 212211 and Cheque Number 001718 dated 4 September, 2009. Provided information indicates that Kshs.16,852,825 was supposed to be paid to the vendor as deposit towards the purchase price on or before the execution of the sale agreement by the parties. There was however, no documentary evidence indicating that the payment was made to Kenya Tea Development Agency Ltd (KTDA).
- (ii) The Purchase Agreement indicated contract price of Kshs.168,852,825 and other expenditure of Kshs.24,640,300 totalling to Kshs.193,493,125 as analyzed below.

Date	Chq No	Purpose	Amount (Kshs.)
27 October, 2009	39	Licenses Fees	5,220,000
11 February, 2010	165	Licenses Fees	7,733,333
13 May, 2010	77	Licenses Fees	3,093,333
25 June, 2010	87	Licenses Fees	3,093,634
25 June, 2010	88	Moveable Assets	5,500,000
Total	1718	Purchase Price	24,640,300
4 September, 2009			168,852,825
Grand Total			193,493,125

The details and documents for the utilization of the balance of Kshs.56,506,875, out of the GOK loan of Kshs.250,000,000 were not provided for audit.

- (iii) There is no evidence that The National Treasury gave consent assigning the loan to Karatina University in accordance with legal notice establishing Karatina University College.
- (iv) The loan has not been serviced for the last twelve years and the university is in breach of GOK loan agreement terms.

In the circumstance, the university is likely to incur losses through fines and penalties for failing to service the loan as per the Agreement. Further, the accuracy of the loan balance of Kshs.231,250,000 as at 30 June, 2022 could not be confirmed.

7. General Trade Supplies

The statement of financial position reflects trade and other payables balance of Kshs.5,877,138,000 which includes General Trade Supplies of Kshs.1,152,242,000 as disclosed in Note 25 to the financial statement. The balance is however, not supported by invoice register/ creditors control ledger and creditors policy.

In the circumstance, the validity and accuracy of General Trade Supplies of Kshs.1,152,242,000 could not be confirmed.

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

Emphasis of Matter

Uncertainty on Sustainability of Services

The statement of financial position reflects current liabilities totalling Kshs.5,905,234,000 and current assets totalling Kshs.4,260,093,000 as at 30 June, 2022 resulting in a negative working capital of Kshs.1,645,141,000. Further, the group incurred an operating deficit of Kshs.699,128,000 in the year under review which increased its deficits balance to Kshs.4,510,106,000 as at 30 June, 2022.

The unfavorable performance and financial position cast significant doubt on the University's ability to meet its financial obligations as and when they fall due. The University may, therefore, have to largely depend on financial support from the National Government and the goodwill of creditors to sustain its services.

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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflects final budget of Kshs.7,602,132,000, which comprises of recurrent and development amount of Kshs.7,457,132,000 and Kshs.145,000,000 respectively. The printed estimates however, reflects recurrent expenditure budget of Kshs.5,079,851,497 resulting to unexplained variance of KShs.2,522,280,503. Further, analysis of the budget revealed that the management over expensed on some components by Kshs.478,729,985 without getting the necessary approval.

The accuracy of the final budget amount of Kshs.7,602,132,000 could not be confirmed. Further, the budgetary controls are ineffective.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the report of Qualified opinion, Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Ethnic Composition

During the year under review, the staff bio data provided for audit review revealed that the institution had 2500 employees. Out of the number, 1549 or 62% were from the same community contrary to Section 7(1) & (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Contracted Services-Insurance

The statement of financial performance reflects contracted services amount of Kshs.34,483,000, which includes insurance expenses amount of Kshs.25,486,000, as disclosed in Note 15 to the financial statements. Examination of expenditure records relating to the insurance expenses revealed that the University entered into a contract with two Insurance Brokers to provide insurance brokerage services between 1 September, 2019 to 31 August, 2021. The following matters were noted.

- i. The University requested for a 1-year extension for provision of insurance services vide letters referenced MU/ADM/13/5 and dated 31 August, 2020 which were promptly accepted by the Insurance Brokers.
- ii. The University requested for a further 1-year extension for provision of insurance services vide letters referenced MU/ADM/13/15 and dated 26 August and 30 August, 2021 which were promptly accepted by the Insurance Brokers.
- iii. During the year under review an amount of Kshs.33,272,000 was spent on contracted services.

The University directly procured the services by extending the contracts of the two Insurance Brokers without re-tendering for the services.

In the circumstance, Management was in breach of law.

3. Failure to Remit Statutory Deductions

The statement of financial position reflects trade and other payables balance of Kshs.5,877,138,000 which includes statutory deductions not remitted to respective statutory bodies, of Kshs.4,375,287,000 as disclosed in Note 25 to the financial statement. Management was in breach of Section 35 of Cooperatives Society Act Cap 490 and Section 53A, of Retirement Benefits Act.

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

Officers Retained Beyond Retirement Age

The consolidated statement of financial performance reflects employee costs of Kshs.5,010,606,000. Analysis of the staff data and payroll however, revealed that an amount of Kshs.19,621,404 was incurred on payments to five (5) academic staffs who had retired from the service but were in the payroll. It was not clear why the payroll system had not removed the employees who had attained the age 70 years. The documents supporting their terms of extension and engagement were not provided for audit review. The details of the employees aged above 70 years are as noted below.

S/No	PF No	Date of Birth	Grades	Designations	Net Pay Per Month (Kshs.)	Net Pay In 12 Months (Kshs.)
1	0881	23/11/1951	15	Professor	335,115.00	4,021,380
2	2425	3/9/1950	15	Professor	265,771.00	3,189,252
3	3252	1/1/1949	13	Senior Lecturer	192,775.00	2,313,300
4	5415	18/11/1950	15	Full Professor	568,740.00	6,824,880
5	6114	30/06/1951	12	Lecturer	272,716.00	3,272,592
		Total			1,635,117.00	19,621,404

The university statute provides that staff of the University shall retire from employment as follows – (a) for academic staff, on the thirtieth day of June next after the date on which the member of staff attains the age of seventy (70) years or such other age as may be determined by the council from time to time.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the University policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 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

29 May, 2023

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13. CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Moi Univ 2021- 2022 Kes'000	Rivatex E.A. Ltd 2021-2022 Kes'000	Consolidat ed 2021/2022 Kes'000	Consolidate d 2020/2021 Kes'000
Revenue from non-exchange transactions					
Grants from National Government	6	4,367,513	-	4,367,513	3,417,761
Total Revenue from non-exchange transactions		4,367,513	-	4,367,513	3,417,761
Revenue from exchange transactions					
Rendering of Services	7	2,118,763	-	2,118,763	1,701,378
Gain on foreign exchange transactions	16		32	32	2
Sale of Goods	8	76,610	(244,405)	(167,795)	(217,809)
Rental Revenue from Facilities and Equipment	9	4,323	-	4,323	4,213
Total Revenue from exchange transactions		2,199,696	(244,373)	1,955,323	1,487,782
Total revenue		6,567,209	(244,373)	6,322,836	4,905,543
Expenses					
Use of Goods and Services	10	1,597,717	49,771	1,647,488	632,642
Employees Costs	11	4,941,124	69,482	5,010,606	4,599,847
Remuneration to Council	12	29,703	4,850	34,553	20,936
Depreciation and Amortization	13	96,117	12,252	108,369	92,853
Repairs and Maintenance	14	177,699	8,766	186,465	166,493
Contracted Services	15	31,638	2,845	34,483	102,884
Total expenses		6,873,998	147,966	7,021,964	5,615,655
Other gains/(losses)					
Deficit for the year		(306,789)	(392,339)	(699,128)	(710,110)

The notes set out on pages 10 to 60 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 9 were signed on behalf of the University Council by:



Vice Chancellor
 Prof. Isaac S. Kosgey, Ph.D., MBS
 Date: 04/04/2023



Ag Head of Finance
 CPA Egla C. K. Samoei
 ICPAK M/No: 5141
 Date: 04/04/2023




Chairman of Council
 Dr. Dr. Humphrey K. Njuguna
 Date: 04/04/2023

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14 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	2021-2022 Moi Univ	2021-2022 Rivarex F.A. Ltd.	2021-2022 Consolidated	2020-2021 Consolidated
		Kes '000	Kes '000	Kes '000	Kes '000
Assets					
Current assets	Notes				
Cash and cash equivalents	17	924,024	18,049	942,073	1,017,209
Receivables from exchange transactions	18	1,333,757	109,536	1,413,364	1,310,976
Receivables from non-exchange transactions	19	1,335,689	-	1,335,689	1,335,689
Inventories	20	22,850	545,710	568,560	642,654
Biological assets	21	407	-	407	914
		3,616,727	673,295	4,260,092	4,307,442
Non-current assets					
Property, plant and equipment	22	5,122,430	6,177,922	11,300,352	11,486,239
Investment	23	1,000	-	-	-
Intangible assets	24	15,955	39,056	55,011	15,955
Biological assets	21	44,908	-	44,908	16,300
		5,184,293	6,216,978	11,400,271	11,519,407
Total assets		8,801,020	6,890,653	15,660,363	15,825,935
Liabilities					
Current liabilities					
Trade and other payables from exchange transactions	25	5,707,663	169,475	5,860,063	5,553,558
Other liabilities and provisions	25	10,690	290	10,980	7,250
Bank account	17	-	17,116	17,116	19,343
		5,718,353	187,261	5,888,539	5,580,151
Non-current liabilities					
GoK loan	27	231,250	-	231,250	231,250
		231,250	-	231,250	231,250
Total liabilities		5,949,603	187,261	6,119,789	5,811,401
Net assets		2,851,416	6,703,392	9,540,574	10,014,536
Capital Reserves		4,694,769	9,322,618	13,976,995	13,860,198
Share Capital			1,000	-	-
Revaluation Reserve		-	73,653	73,653	73,653
Revenue Reserve		(1,843,353)	(2,693,879)	(4,510,106)	(3,919,315)
Total net assets and liabilities		2,851,416	6,703,392	9,540,574	10,014,536

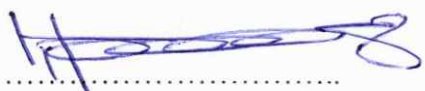
The financial statements set out on pages 1 to 9 were signed on behalf of the University Council by:


Prof. Isaac S. Kosgey, Ph.D., MBS
Vice Chancellor

Date 04/04/2023


CPA Eglia C.K. Samoei
Ag. Chief Finance Officer
ICPAK M/No:5141

Date 04/04/2023


Dr. Dr. Humphrey K. Njuguna
Chairman of Council

Date 04/04/2023

15 CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

As at July 1, 2020	13,650,429	73,653	(3,209,205)	10,514,877
Deficit for the year	-	-	(710,110)	(710,110)
Capital/Development grants received during the year	209,769	-	-	209,769
As at June 30, 2021	13,860,198	73,653	(3,919,315)	10,014,536
As at July 1, 2021	13,860,198	73,653	(3,919,315)	10,014,536
Capital/Development grants received during the year-Moi	30,000	-	-	30,000
Capital/Development grants received during the year-Rivatex	195,166	-	-	195,166
Transfer of depreciation/amortisation from capital fund to retained earnings	(108,369)	-	108,369	-
Deficit for the year	-	-	(699,128)	(699,128)
As at June 30, 2022	13,976,995	73,653	(4,510,106)	9,540,574



Prof. Isaac S. Kosgey, Ph.D., MBS
Vice Chancellor

Date 04/04/2023



CPA Eglia C.K. Samoeli
Ag. Chief Finance Officer
ICPAK M/No:5141

Date 04/04/2023



Dr. Dr. Humphrey K.Njuguna
Chairman of Council

Date 04/04/2023

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16. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

		2021-2022	2021-2022	2021-2022	2020-2021
		Moi Univ	Rivatex	Consolidated	Consolidated
		Kes'000	Kes'000	Kes'000	Kes'000
Cash flows from operating activities					
Transfers from other governments entities	6	4,367,513		4,367,513	3,417,761
Rendering of services	7	2,118,763		2,118,763	1,701,378
Sale of goods	8	76,610	(244,405)	(167,795)	(217,809)
Rental revenue from facilities and equipment	9	4,323		4,323	4,213
Finance income		-	32	32	2
Total Receipts		6,567,209	(244,373)	6,322,836	4,905,545
Payments					
Use of Goods and Services	10	1,597,717	49,771	1,647,488	632,642
Employees Costs	11	4,941,124	69,482	5,010,606	4,599,847
Remuneration of the Council	12	29,703	4,850	34,553	20,936
Depreciation and Amortization Expenses	13	96,117	12,252	108,369	92,853
Repairs and Maintenance	14	177,699	8,766	186,465	166,493
Contracted Services	15	31,638	2,845	34,483	102,884
Total Payments		6,873,998	139,516	7,021,964	5,615,655
Net cash flows from/(used in) operating activities		(306,789)	(392,339)	(699,128)	(710,110)
Adjustments for:-					
Depreciation	22	96,117	12,252	108,369	92,853
Provision for audit fees		3,730	290	4,020	4,020
(Decrease)/increase in provision for d. debts		21,231	2,266	23,497	4,374
Operating deficit before working capital changes		(185,699)	(377,537)	(563,241)	(608,863)
Changes in working capital					
Decrease in inventories	20	1,895	72,199	74,094	305,107
(Increase)/decrease in biological assets	21	(28,101)	184,964	156,863	(7,769)
Increase in trade and other payables	25	388,210	21,953	410,163	(3,344)
Provision for audit fees	10	(3,730)	(290)	(4,020)	(4,020)
Increase in doubtful debts provision	18	(21,231)	(2,266)	(23,497)	(4,347)
Increase in trade and other receivables	18	(162,706)	(38,900)	(201,606)	77,285
Total Changes in Working Capital		(11,373)	(139,871)	(151,244)	362,913
Cash flows from investing activities					
Purchase of property, plant, equipment and intangible assets	22	(102,245)	(28,009)	(130,254)	(255,433)
Proceeds on disposal of assets		538		538	
Net cash flows from investing activities		(101,707)	(28,009)	(129,716)	(255,433)
Net cash flows from financing activities					
Capital development grants from GoK	6	30,000	195,166	225,166	209,769

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Capital assets from Exim Bank					
Capital assets from Exim Bank					
Restatement of Rivatex capital grants					
Net cash flows from financing activities		30,000	195,166	225,166	209,769
Net (decrease)/increase in cash and cash equivalents		(83,081)	27,286	(55,975)	302,926
Cash and cash equivalents as at 1 July	17	1,007,104	(9,237)	997,867	1,308,824
Cash and cash equivalents as at 30 June	17	924,024	18,049	942,073	997,866

The financial statements set out on pages 1 to 9 were signed on behalf of the University Council by:




 Prof. Isaac S. Kosgey, Ph.D.,MBS
 Vice Chancellor

Date 04/04/2023



 CPA Eglia C.K. Sameoi
 Ag.Chief Finance Officer
 ICPAK M/No:5141

Date 04/04/2023



 Dr. Dr. Humphrey K. Njuguna
 Chairman of Council

Date 04/04/2023

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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Original budget		Adjustments		Final budget		Actuals on comparable basis		Performance difference	
	2021-2022	Kes'000	2021-2022	Kes'000	2021-2022	Kes'000	2021-2022	Kes'000	2021-2022	Kes'000
Revenue										
Exchequer grants	3,424,222		18,511		3,442,733		3,442,733		-	100%
Tuition and related charges	2,082,658				2,082,658		1,212,442		(870,216)	58%
Students accommodation and catering fees	83,127				83,127		62,567		(20,559)	75%
Students field trips/courses	146,025				146,025		162,658		16,631	111%
Students activities	56,009				56,009		64,899		8,890	116%
Research Funds	229,294		784,079		1,013,373		1,255,093		241,720	124%
Farm income	24,400				24,400		2,361		(22,039)	10%
Rental income	3,609				3,609		4,323		715	120%
MU Technologies income	604,812				604,812		11,570		(593,152)	2%(i)
Elimu Millers income	27,150				27,150		23		(27,127)	0%(ii)
Other income	118,234				118,234		75,882		(42,352)	64%
Total income	6,799,543		802,589,684		7,602,132		6,294,642		(1,307,490)	83%
Expenses										
Personal emoluments										
Basic salaries	2,632,668		18,511		2,651,178		2,746,052		(94,874)	104%
Gratuity and pensions contributions	395,919				395,919		360,194		35,725	91%
House allowance	1,078,941				1,078,941		997,706		81,235	92%
Other personal allowances	318,019				318,019		456,311		(138,292)	143%
Commuting allowance	355,627				355,627		333,154		22,472	94%
Sub-total	4,781,174		18,511		4,799,685		4,893,419		(93,735)	102%
Operations and maintenance expenses										
Medical expenses	193,428				193,428		187,315		6,113	97%
Transport operating expenses	7,307				7,307		7,029		27	96%
Travelling and accommodation expenses	10,095				10,095		8,118		1,977	80%
External travel and accommodation expenses	2,210		3,500		5,710		5,442		268	95%
External examiners	11,147		4,000		15,147		13,377		1,770	88%

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Postal expenses	423	100	523	484	39	93%
Telephone expenses	80		80	-	80	-
Internet expenses	36,111	4,000	40,111	40,070	41	100%
Official entertainment	309		309	15	294	5%
Deans committee and senate expenses	2,208		2,208	105	2,025	5%
Conferences and seminars	3,003		3,003	710	2,103	24%
Council expenses	28,803		28,803	27,822	980	97%
Staff welfare support and funeral expenses	1,583	1,000	2,583	2,186	397	85%
Graduation expenses	15,509		15,509	9,930	5,579	64%
Open and cultural day expenses	200		200	-	200	-
Electricity, water and conservancy expenses	95,287		95,287	82,181	13,106	86%
Teaching materials	65,709		65,709	2,928	62,780	4%
Publishing and printing expenses	1,384		1,384	630	754	46%
Purchase of uniforms and clothing	1,699		1,699	849	849	50%
Library expenses	30,235		30,235	1,840	28,394	6%
Purchase of stationery	14,792		14,792	4,714	10,078	32%
Advertising and publicity	10,967		10,967	657	10,310	6%
Audit fees and expenses	14,676		14,676	14,546	130	74%
Payment of rent and rates	60,087		60,087	49,361	10,725	82%
Computer expenses	4,117		4,117	8	4,109	-
Insurance expenses	69,119	(40,000)	29,119	23,786	5,333	82%
Legal expenses	20,261		20,261	7,852	12,409	39%
Cleaning materials and detergents	4,294		4,294	2,571	1,723	60%
Farm expenses	15,140		15,140	5,357	9,783	35%
Training expenses	4,632		4,632	808	3,824	17%
Post graduate programme	770	6,300	7,070	7,049	21	100%
University research programme	3,525		3,525	234	3,290	7%
Purchase of motor vehicles	30,000		30,000	-	30,000	-
Purchase of plant and equipment	50,230		50,230	-	50,230	-
Purchase of medical equipment	1,458		1,458	-	1,458	-
Maintenance of buildings	20,534		20,534	2,127	14,407	-
Maintenance of computers	209		209			

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Maintenance of catering and hostels facilities	19,230		19,230	17,269	1,960	90%
Maintenance of water supplies	4,912		4,912	2,850	2,060	58%
Maintenance of playgrounds	1,102	1,000	2,102	1,707	394	81%
ICT infrastructure	13,000		13,000	-	13,000	-
ERP expenses	6,700		6,700	-	6,700	-
IODL expenses	6,426		6,426	3,218	3,208	50%
Infrastructure development	145,000		145,000	567	144,433	-
Payment of outstanding debts	130,130	200,000	330,130	318,747	11,382	97%
Programme accreditation costs	15,240		15,240	328	14,912	2%
Contract services and subscriptions	20,240		20,240	9,623	10,617	48%
Research funds disbursements	189,294	784,079	973,373	989,155	(15,782)	102%(iii)
Students field trips/courses	146,028		146,028	92,860	53,168	64%
MU Technologies expenses	249,095	(140,000)	109,095	26,689	82,405	24%
Covid-19 intervention and mitigation costs	18,000		18,000	97	17,903	1%
Students activities	62,608		62,608	17,675	44,933	28%
Apple Farming Project	46,000		46,000	14,276	31,724	31%
Contingent expenses	4,155		4,155	4,589	(434)	99%
Satellite campuses expenses	1,986		1,986	1,361	625	68%
ISO and ISO related expenses	7,900		7,900	1,644	6,256	21%
Strategic plan implementation & monitoring	5,405		5,405	1,110	4,295	21%
Performance contracting expenses	6,981		6,981	3,032	3,948	43%
Revaluation of fixed assets	2,030		2,030	-	2,030	-
GoK loan repayment	13,457		13,457	-	13,457	-
Solar Project	40,000	(40,000)	-	-	-	-
Elimu Millers expenses	16,290		16,290	196	16,094	1%
KUCCPS placement costs	7,298	100	7,398	7,350	47	99%
Directorate of communication expenses	2,313		2,313	-	2,313	-
IPO and linkages expenses	4,010		4,010	-	4,010	-
Online teaching infrastructure	2,000		2,000	-	2,000	-
Sub-total	2,018,369	784,079	2,802,448	2,025,210	777,238	72%
Totalexpenditure	6,799,542	802,589	7,602,132	6,917,871	684,260	91%

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Moi University is established by and derives its authority and accountability from the Universities Act, 2012 and the Moi University Charter, 2013. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is the provision of University education through teaching, research and outreach

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Universities Act 2012, 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

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

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Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an University's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an University's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting University provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the University. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the University's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted

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Standard	Effective date and impact:
Instruments	<p>when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • IPSAS 39: Employee Benefits <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of the University.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p>

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Standard	Effective date and impact:
Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

The University did not early – adopt any new or amended standards in year 2021/2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the University's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly on 28th July, 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University upon receiving the respective approvals in order to conclude the final budget. Accordingly, the University recorded additional appropriations of Kes.3,375,320,018 on the 2021-2022 budget following the council approval.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section *xvii* of these financial statements.

c) Taxes

Current income tax

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

Deferred tax

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

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary

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

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

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

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

Sales tax

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

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30 year period.

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the University. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The University also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the University will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets

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.

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**Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)**

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.

h) Research and development costs

The University expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the University can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

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

i) Financial instruments

a) 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the University has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized

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cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.

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- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *University*.

k) Provisions

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.

l) Contingent liabilities

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

m) Contingent assets

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

n) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. The University's reserves and their purpose is indicated in the statement of changes in net assets.

Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The University provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an University pays fixed contributions into a separate University (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. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the

projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) 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.

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized 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. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

The University regards a related party as a person or an University 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 of the Council members, the Vice Chancellor and senior management.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Service concession arrangements

The University analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the University recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

s) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are accounted for in accounts receivable

t) Comparative figures

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

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Estimates and assumptions

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

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

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

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

6. Transfers from Other Government entities

Description	2021-2022	2020-2021
	KShs	KShs
Unconditional grants		
Operational (Capitation) Grants	4,367,523	3,388,187
Other grants		-
Total Unconditional Grants	4,367,523	3,388,187

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the University sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2021/22	Prior year 2020/2021
	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000
State Department for University Education and Research	4,367,523		30,000	4,397,523	3,469,603
Ministry of Industrialization and Enterprise Development			195,166	195,166	157,927
Total	4,367,523		225,166	4,592,689	3,727,530

7. Rendering of Services

Description	2021-2022	2020-2021
	Kes'000	Kes'000
Tuition fees	1,262,736	1,114,185
Registration fees	9,619	9,372
Students' ID fees	2,819	2,735
Examination fees	37,346	20,757
Medical fees	42,700	22,524
Activity fees	39,667	19,415
Games and sports fees	25,233	9,893
Computer fees	54,126	24,857
Internet connectivity fees	50,985	13,072
Application fees	4,221	2,058
Workshop/attachment fees	106,976	61,861
Amenity fees	27,323	14,490
Sundry Income	455,012	386,159
Total Rendering of Services	2,118,763	1,701,378

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

8. Sale of Goods

Description	2021-2022	2020-2021
	Kes'000	Kes'000
Accommodation and catering services	62,567	30,888
Elimu Millers	23	1,462
Farming activities	2,361	3,696
MU Technologies income*	11,659	127,077
	76,610	163,123
Rivatex gross profit	-	(380,932)
Total Sale of Goods	76,610	(217,809)

i). Elimu Milling

Description	2021-2022	2020-2021
	Kes'000	Kes'000
Sales	23	1,462
Opening stocks	3	116
Operating expenses	195	2,425
Closing stocks	-	(3)
Cost of sales	198	2,544
Deficit for the year	(175)	(1,082)

ii). Farm Revenue Account

Description	2021-2022	2020-2021
	Kes'000	Kes'000
Sales	2,361	3,696
Opening stocks	7,374	10,443
Operating expenses	3,831	5,175
Personnel costs	1,495	2,256
Closing stocks	(5,315)	(7,374)
Cost of sales	(7,385)	10,500
(Deficit)/surplus for the year	(5,024)	(6,804)

iii). MU Technologies

Description	2021-2022	2020-2021
	Kes'000	Kes'000
Sales	11,659	127,077
Cost of sales		
Opening stocks	875	849
Operating expenses	26,689	131,467
Closing stocks	(853)	(875)
	(26,711)	131,441
Deficit for the year	(15,142)	(4,364)

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

iv). Rivatex Trading Account

Description	2021-2022	2020-2021
	Kes'000	Kes'000
Sales		
Product sales	369,678	302,508
Less Return Inwards	-	(615)
Total Sales	369,678	301,893
Cost of sales		
Direct costs		
Opening stocks	130,443	307,512
Purchases	67,623	47,063
Closing stocks	(28,001)	(130,444)
Cost of raw materials	170,065	224,131
Direct labour	106,064	108,911
Factory electricity	35,467	48,849
Factory water	8,736	12,462
	150,267	394,354
Indirect costs		
Firewood expenses	14,318	22,103
Salaries and wages	52,282	52,671
Packaging materials	603	582
Designs and screens	9,981	544
Lubricants and oils	6,769	11,422
Staff uniforms and consumables	12,710	1,976
Spares and consumables	23	3,337
Tailoring consumables	7,880	5,795
Depreciation	168,179	168,654
	272,745	267,084
	593,078	661,438
Add: Opening Work in progress	309,621	324,285
Less: Closing Work in progress	(217,558)	(309,621)
Cost of good manufactured	685,141	676,102
Add: Opening Finished goods	79,097	85,820
Less: Closing Finished goods	(150,155)	(79,097)
Cost of Sales	614,082	682,826
Gross profit	(244,405)	(380,932)

9. Rental Revenue from Facilities and Equipment

Description	2021-2022	2021-2022	2021-2022	2020-2021
	Moi Univ Kes'000	Rivatex Kes'000	Consolidated Kes'000	Consolidated Kes'000
Rental income	4,323	-	4,323	4,213
Lease of motor vehicle				-
Total sundry income	4,323	-	4,323	4,213

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Notes to the Financial Statements (Continued)

10. Use of Goods and Services

Description	2021-2022	2021-2022	2021-2022	2020-2021
	Moi Univ. Kes'000	Rivatex Kes'000	Consolidated Kes'000	Consolidated Kes'000
Teaching materials	10,468	-	10,468	6,337
Travelling and Accommodation expenses	8,334	17,808	26,142	22,296
Stationery	4,714	1,771	6,485	9,588
Staff development	808	-	808	200
Research programme expenses	1,028,125	3,005	1,031,130	180,257
Field courses	92,859	-	92,859	16,025
CUE quality charges	4,963	-	4,963	4,899
Senate expenses	105	-	105	111
Advertisement & publicity	656	-	656	907
Office and computer expenses	40,070	2,112	42,182	21,576
Telephone	484	-	484	25,370
Purchase of uniforms	850	-	850	293
Passage and baggage	8	-	8	8
Leave allowance	14,573	-	14,573	14,852
Ceremonial and funeral expenses	2,186	-	2,186	1,175
Library books, periodicals & journals	1,856	-	1,856	294
ISO and ISO related expenses	1,644	-	1,644	9,944
Provision for audit fees	3,730	290	4,020	4,020
Increase in provision for doubtful debts	21,231	2,266	23,496	2,480
Postal and telegram	-	-	-	463
Graduation expenses	9,930	-	9,930	5,801
Student admission & examination expenses	1,694	-	1,694	145
Student welfare services	17,758	-	17,758	11,530
External examiners expenses	14,794	-	14,794	7,161
Staff development - non academic	-	-	-	25
External travel & accommodation	5,441	-	5,441	1,832
Conferences & seminars	710	-	710	427
Public Celebrations and Official entertainment	15	-	15	-
Programme Accreditation	328	-	328	-
Staff & student welfare	187,315	6,618	193,933	84,507
Recruitment expenses	-	-	-	600
Students accommodation & catering	62,637	-	62,637	28,317
Miscellaneous expenses	33,373	-	33,373	26,860
MU Technologies expenses	26,689	-	26,689	131,441
Farm expenses	5,357	-	5,357	10,500
Elimu expenses	195	-	195	2,544
Sales and Marketing Expenses	-	9,719	9,719	
Finance Costs	-	1,731	1,731	
Admin Expenses	-	5,922	5,922	
	1,597,717	49,771	1,647,488	632,642

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Notes to the Financial Statements (Continued)

11. Employee Costs

Description	2021-2022	2021-2022	2021-2022	2020-2021
	Moi Univ Kes'000	Rivatex Kes'000	Consolidated Kes'000	Consolidated Kes'000
Basic salary	2,756,337	54,139	2,810,476	2,537,688
House allowance	997,706	-	997,706	1,029,965
Gratuity and retirement benefits	360,194	15,343	375,537	353,256
Car and commuting allowances	333,153	-	333,153	343,280
Responsibility allowance	437,552	-	437,552	316,020
Entertainment allowance	18,759	-	18,759	19,638
Part time payments	37,421	-	37,421	-
Total Employee Costs	4,941,124	69,482	5,010,606	4,599,847

12. Remuneration to Council

Description	2021-2022	2021-2022	2021-2022	2020-2021
	Moi Univ Kes'000	Rivatex Kes'000	Consolidated Kes'000	Consolidated Kes'000
Honoraria to chairman	1,044	896	1,940	1,567
Council expenses	28,659	3,954	32,613	19,369
Total Remuneration to Council	29,703	4,850	34,553	20,936

13. Depreciation and Amortization

Description	2021-2022	2021-2022	2021-2022	2020-2021
	Moi Univ Kes'000	Rivatex Kes'000	Consolidated Kes'000	Consolidated Kes'000
Property, plant and equipment	95,677	12,252	107,929	91,662
Amortization	440	-	440	1,191
Total Depreciation and Amortization	96,117	12,252	108,369	92,853

14. Repairs and Maintenance

Description	2021-2022	2021-2022	2021-2022	2020-2021
	Moi Univ Kes'000	Rivatex Kes'000	Consolidated Kes'000	Consolidated Kes'000
Vehicle running expenses	23,103	4,842	27,945	10,071
Rent and rates	49,361	-	49,361	62,951
Electricity, water & conservancy	82,181	1,400	83,581	79,137
Maintenance of buildings	18,243	-	18,243	8,925
Maintenance of plant and equipment	4,811	2,524	7,335	5,409
Total Repairs and Maintenance	177,699	8,766	186,465	166,493

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

15. Contracted Services

Description	2021-2022	2021-	2021-2022	2020-2021
	Moi Univ	Rivatax	Consolidated	Consolidated
	Kes'000			
Insurance expenses	23,786	1,700	25,486	21,124
Legal expenses	7,852	1,145	8,997	81,760
Total Contracted Services	31,638	2,845	34,483	102,884

16. Gain on Foreign Exchange

Description	2021-2022	2021-	2021-2022	2020-2021
	Moi Univ	Rivatax	Consolidated	Consolidated
	Kes'000			
Foreign Exchange Gain	-	32	32	2
Total Contracted Services	-	32	32	2

17. Cash and Cash Equivalents

Description	2021-2022	2021-2022	2021-2022	2020-2021
	Moi Univ	Rivatax	Consolidated	Consolidated
	Kes'000			
Current accounts	923,234	17,897	941,131	1,017,154
Mpesa/cash at hand	790	152	942	55
Cash and cash equivalents	924,024	18,049	942,073	1,017,209
Bank account (Overdraft)	-	-	-	(19,343)
Total Cash and cash equivalents	924,024	18,049	942,073	997,866

17 (a) Detailed analysis of cash and cash equivalents

Financial Institution	2021-2022	2021-2022	2021-2022	2020-2021
	Moi Univ	Rivatax	Consolidated	Consolidated
	Kes'000			
Current Account				
Absa Bank of Kenya	67,925	-	67,925	77,544
Co-operative Bank of Kenya	2,661	-	2,661	4,550
Equity Bank	136	16,467	16,603	10,942
Kenya Commercial Bank	585,805	1,400	587,235	494,512
National Bank of Kenya	212,089	-	212,089	395,730
Standard Chartered Bank	171	-	171	1,232
Access Bank	54,449	-	54,449	13,301
Sub- total	923,234	17,897	941,131	997,811
Mpesa/Cash at hand				
Mpesa	790	151	941	10
Cash at hand	-	-	-	45
Sub- total	790	151	2,745	55
Grand total (Annex. iv)	924,024	18,049	942,073	997,866

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.Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

18. Receivables from exchange transactions

	2021-2022	2020-2021	2019-2020	2018-2019
	Kes,000	Kes,000	Kes,000	Kes,000
Students' fees debtors	1,486,395	-	1,486,395	1,205,664
Bookshop/imprest/other debtors	74,663	380	75,043	47,943
Trade and other receivables	28,652	94,921	112,875	257,730
Other PSSP debtors	-	-	-	-
Other trade receivables	84,812	19,361	79,333	122,326
Rivatex E.A. Ltd				
	1,674,522	114,662	1,753,046	1,634,463
Less: impairment allowance	(340,765)	(4,746)	(345,511)	(323,488)
Total	1,333,757	109,916	1,413,364	1,310,976

18(b) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment Allowance/Provision	2021-2022	2020-2021
	Kes,000	Kes,000
At the beginning of the year	323,068	223,685
Additional provisions during the year	22,023	99,383
At the end of the year	345,511	323,068

18(c) Rivatex receivables

Description	2021-2022	2020-2021
	Kes,000	Kes,000
Current receivables		
Trade receivables	94,921	66,804
Prepayments	-	7,786
Utilities deposits	380	380
Other Receivables Rivatex	19,361	-
Total Rivatex receivables	114,662	74,970

During the year Related Party debtors amounted to Kes. 5,478,682 to Rivatex a subsidiary to the university.

19. Receivables from non-exchange transactions

Description	2021-2022	2020-2021
	Kes,000	Kes,000
CBA Unfunded Employer's contributions to Pension and Provident Fund due from the State Department for University Education	1,335,689	-
	-	-
Total	1,335,689	1,335,689

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

The employers' Pension and Provident Fund contributions relating to Collective Bargaining Agreements relating to the periods 2010-2013 and 2013-2017 have not been funded. The amounts above relate to the amounts due to be received as a result of the CBAs and interest charged by the Pension and Provident Fund.

20. Inventories

Description	2021-2022		2020-2021	
	Moi U	Rivatex	Consolidat	Consolidat
	Kes 000	Kes 000	Kes 000	Kes 000
Main	18,504		18,504	21,074
Catering	3,057		3,057	2,633
Rivatex inventories	-	545,710	545,710	617,909
Farm	435		435	160
Elimu Millers	-		-	3
MU Technologies	854		854	875
Total inventories at the lower of cost and net realizable value	22,850	545,710	568,560	642,654

*Inventories are valued at lower of cost and replacement cost.

21. Biological Assets

Description	2021-2022		2020-2021	
	Moi U	Rivatex	Consolidated	Consolidated
	Kes 000	Kes 000	Kes 000	Kes 000
Maize	407	-	407	914
	407	-	407	914
Livestock	4,908	-	4,908	6,300
Crops in the field	40,000	-	40,000	10,000
	44,908	-	44,908	16,300
Total biological assets	45,315	-	45,315	17,214

Note;

There was gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of biological assets

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Notes to the Financial Statements (Continued)

22. Property, Plant and Equipment

a) Moi University

Cost	Land	Buildings	W.I.P	Furniture plant and Equipment	Computers	Motor vehicles & Aero planes	Total
	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000
At 1st July 2020	547,715	3,902,752	1,327,420	518,319	404,346	396,039	7,096,591
Additions	-	-	77,522	25,141	15,147	17,781	135,591
At 30 June 2021	547,715	3,902,752	1,404,941	543,460	419,493	413,820	9,232,782
At 1st July 2021	547,715	3,902,752	1,404,941	543,460	419,493	413,820	7,232,782
Additions	-	-	62,200	31,752	8,293	-	102,245
Disposals	-	-	-	(538)	-	-	(538)
At 30 June 2022	547,715	3,902,752	1,467,141	574,674	427,785	413,820	7,333,889
Depreciation and Impairment							
At 1st July 2020	11,507	1,070,752	-	357,542	365,920	226,118	2,031,838
Depreciation	-	56,473	-	12,677	7,747	6,166	83,063
Amortization	440	-	-	-	-	-	440
At 30 June 2021	11,497	1,127,225	0	370,219	373,667	232,283	2,115,342
At 1st July 2021	11,497	1,127,225	0	370,219	373,667	232,283	2,115,342
Depreciation for the year	-	56,473	0	16,646	8,784	13,774	95,677
Amortization	440	0	0	0	0	0	440
At 30 June 2022	12,387	1,183,698	0	386,866	382,451	246,057	2,211,459
Net book values							
At 30 June 2022	535,328	2,719,055	1,467,141	187,808	45,335	167,762	5,122,430
At 30 June 2021	535,768	2,775,527	1,404,941	173,240	45,826	181,536	5,116,840

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b) Rivatex

Cost/Descriptions	Land	Buildings	Buildings (WIP)	Plant & Equipment	Plant & Equipment (WIP)	Furniture & Fittings	Computers & Accessories	Office Equipment	Motor Vehicles	Total
	Kes'000'	Kes'000'	Kes'000'	Kes'000'	Kes'000'	Kes'000'	Kes'000'	Kes'000'	Kes'000'	Kes'000'
As at 1 st July 2020	50,322	84,514	-	112,272	-	3,166	323	255	-	250,852
At 1 st July 2021	50,322	601,638	80,622	6,099,806	16,100	4,515	6,739	2,144	57,595	6,919,481
Transfers		80,622	(80,622)	-	(12,480)	-	-	-	-	-
Exim Loan – Bank of India		-	-	-	-	-	-	-	-	-
Additions		-	8,755	13,399	17,929	-	204	201	-	40,488
Disposals		-	-	-	-	-	-	-	-	-
At 30 June 2022	50,322	682,260	8,755	6,113,205	21,549	4,515	6,943	2,345	57,595	6,959,969
Depreciations										
At 1 st July 2021	10,515	49,049	-	432,604	-	2,629	5,334	1,8145	48,137	550,082
Disposal/Obsolete		-	-	-	-	-	-	-	-	-
Charge for the year	751	17,056	-	152,969	-	564	1,596	293	7,199	180,429
As at 30 June 2022	11,266	66,105	-	585,572	-	3,193	6,931	2,107	55,336	730,511
Net book Values										
As at 30 June 2022	39,807	616,154	8,755	5,527,632	21,549	1,321	11	239	2,259	6,217,727
As at 30 June 2021	40,527	552,589	80,621	5,667,202	16,100	1,886	1,404	330	9,459	6,370,118

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Notes to the Financial Statements (Continued)

22(a) Valuation

Land and buildings/ Equipment (be specific) were valued by in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30th June 2020). These amounts were adopted on 2021.

22 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs'000	Kshs'000	Kshs'000
Land	598,037	43,479	554,558
Buildings	4,637,362	1,228,756	3,408,606
Furniture,Plant And Machinery	3,342,734	1,007,593	2,335,140
Motor Vehicles, Including Motorcycles	488,251	309,039	179,212
Computers And Related Equipment	449,728	406,778	42,950
Total	9,516,112	2,995,646	6,520,467

Property plant and Equipment includes the following assets that are fully depreciated:

	Cost or valuation-Moi Ksh'000	Normal annual depreciation charge
Plant and Machinery	-	-
Motor Vehicles,including Motorcycles ,Aeroplanes	139,822	139,822
Computers and Related Equipment	109,067	109,067
Office Equipment, Furniture And Fittings	6,858	6,858
Total	255,747	255,747

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**Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)**

23. Investment

Description	2021-2022	2021-2022	2021-2022	2020-2021
	Moi Univ Kes'000	Rivatex Kes'000	Consolidated Kes'000	Consolidated Kes'000
Shareholding Capital in Rivatex	1,000	-	-	-
Total	1,000	-	-	-

24. Intangible Assets

Description	2021-2022	2021-2022	2021-2022	2020-2021
	Moi Univ Kes'000	Rivatex Kes'000	Consolidated Kes'000	Consolidated Kes'000
Cost				
At beginning of the year	15,955	39,056	55,011	9,307
Additions	-	-	-	6,648
At end of the year	15,955	39,056	55,011	15,955

The useful life of Moi University Intangible Asset is Six years from the date of commissioning of the intangible asset.

25. Trade and Other Payables

a) General Creditors

Description	2021-2022Moi	Rivatex 2021-2022	Consolidated 2021-2022	2020-2021
	Kshs'000	Kshs'000	Kes'000	Kshs
General Trade Suppliers	1,151,562	-	1,151,562	1,460,453
Payroll and Related Payables	4,375,287	-	4,375,287	3,893,365
Student Holding Account	91,390	-	91,390	4,971
Capital Works	89,424	-	89,424	48,970
Rivatex E.A. Ltd	-	169,475	169,475	147,528
Total trade and other payables	5,707,663	169,475	5,860,063	5,403,789

25.b) Provisions

Description	2021-2022Moi	Rivatex 2021-	Consolidate	2020-2021
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		2022	d 2021-2022	
	Kshs'000	Kshs'000	Kes'000	Kshs
Audit Fees Payable	10,690,000	290,000	10,980,000	1,460,453

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

26. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2021-2022	2020-2021
				Kshs'000	Kshs'000
Current Benefit Obligation	4,308,280	-	-	4,308,280	3,893,365
Non-Current Benefit Obligation	-	-	-	-	-
Total Employee Benefits Obligation	4,308,280	-	-	4,308,280	3,893,365

27. Borrowings

Description	2021-2022	2020-2021
	Kshs'000	Kshs
a) Domestic borrowings		
Balance at beginning of the year	231,250	231,250
Domestic borrowings during the year	-	-
Repayments during the year	-	-
Balance at end of the year	231,250	231,250
Balance at end of the period- domestic and External borrowings c = a+b	231,250	231,250

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Description	2021-2022	2020-2021
	Kshs'000	Kshs'000
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	231,250	231,250
Total	231,250	231,250

28. Cash Generated from Operations

	2021-2022	2020-2021
	Kshs'000	Kshs'000
Surplus for the year before tax	(699,128)	219,180
Adjusted for:		
Depreciation	108,369	83,503
Gains and losses on disposal of assets	-	-
Contribution to provisions	4,020	3,730
Contribution to impairment allowance	23,497	420
Working capital adjustments	(563,241)	
Increase in inventory	74,094	109
Increase In Biological Assets	156,863	(7,769)
Increase in receivables	(201,606)	51,098
Increase in Provision for doubtful debts	(23,497)	(420)
Increase in payables	415,642	36,367
Provision for audit fess	(4,020)	(3,730)
Net cash flow from operating activities	(145,765)	(26,541)

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

29. Financial Risk Management

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

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

i) Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

:

	Total amount	Fully performing	Past due	Impaired
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
As at 30 June 2022				
Receivables from exchange transactions	1,675,374	911,572	763,802	340,765
Receivables from non-	1,335,689	-	1,335,689	-

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exchange transactions				
Bank balances	942,073	942,073	-	-
Total	3,953,136	1,853,645	2,099,491	340,765
As at 30 June 2021				
Receivables from exchange transactions	1,570,265	985,572	671,252	323,068
Receivables from non-exchange transactions	1,335,689	-	1,335,689	-
Bank balances	997,866	995,662	-	-
Total	3,903,820	1,981,234	2,006,941	323,368

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

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

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Financial Risk Management

i) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Trade payables	1,254	1,419	1,148,889	1,152,242
Current portion of borrowings	-	-	-	-
Provisions	3,730	-	6,960	10,690
Deferred income	-	-	-	-
Employee benefit obligation	90,084	131,479	4,086,717	4,308,280
Total	95,068	132,898	5,242,566	5,471,212

ii) Market risk

The University has 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.

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

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Financial Risk Management

The University's Risk Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The University has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The university manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

The carrying amount of the University foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

FY 2022

	In Kshs	Other currencies	Total
	Kshs'000	Kshs'000	Kshs'000
As At 30 June 2022			
Financial Assets	-	-	-
Investments	-	-	-
Cash	596,671	327,353	924,024
Debtors	1,674,522	15,331	1,658,991
Total Financial Assets	2,272,045	342,684	2,583,015
Financial Liabilities			
Trade And Other Payables	5,707,663	-	5,707,663
Borrowings	231,250	-	231,250
Total Financial Liabilities	5,938,913	-	5,938,913
Net Foreign Currency Asset/(Liability)	(3,666,868)	-	(3,355,898)

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Financial Risk Management

Foreign currency sensitivity analysis

FY 2022

	In Kshs	Other currencies	Total
	Kshs'000	Kshs'000	Kshs'000
As At 30 June 2022			
Financial Assets			
Investments	-	-	-
Cash	596,671	327,353	924,024
Debtors	1,674,522	15,331	1,658,991
Total Financial Assets	2,272,045	342,684	2,583,015
Financial Liabilities			
Trade And Other Payables	5,707,663	-	5,707,663
Borrowings	231,250	-	231,250
Total Financial Liabilities	5,938,913	-	5,938,913
Net Foreign Currency Asset/(Liability)	(3,666,868)	-	(3,355,898)

The following table demonstrates the effect on the University's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs'000	Kshs'000	Kshs'000
2022			
Euro	10%	-	(9,160)
USD	10%	-	(23,276)
2021			

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Euro	10%	-	(4,051)
USD	10%	-	(25,374)

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The University analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *University* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The University considers relevant and observable market prices in its valuations where possible.

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Notes to the Financial Statements (Continued)

Financial Risk Management

iv). Capital Risk Management

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

	2021-2022 Moi Kes'000	2021-2022 Consolidated Kes'000	2020-2021 Kes'000
Revaluation reserve	-	73,653	73,653
Retained earnings	(1,843,353)	(4,618,443)	(3,919,315)
Capital reserve	4,694,769	14,085,364	13,860,198
Total funds	2,851,416	9,540,574	10,014,536
Total payables	5,707,663	5,860,063	5,553,556
Less: cash and bank balances	(924,024)	(942,073)	(1,017,209)
Net debt	4,783,197	4,917,990	4,536,347
Gearing	167%	52%	51%

30. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the University include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the University, holding 100% of the University's equity interest.

Other related parties include:

- i) The Parent Ministry
- ii) University Council Members
- iii) University Senior Management
- iv) Rivatex East Africa Limited

Relates Party Disclosures

- i) Key management;
- ii) Board of directors

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Notes to the Financial Statements (Continued)

	2021-2022 Moi Kes'000	2021-2022 Rivatex Kes'000	2021-2022 Consolidated	2020-2021 Kes'000
Transactions with related parties				
a) Grants from National Government				
Grants from National Government	4,367,513	-	4,367,513	3,478,459
Total	4,367,513	-	4,367,513	3,478,459
b) Transfers to related party				
Transfer of capital development grants to Moi University	30,000	-	30,000	18,000
Transfer of capital development grants to Rivatex E.A Ltd	-	195,166	195,166	
c) Key management compensation				
Council members expenses	29,703	3,954	33,657	15,814
Compensation to key management	60,670	36,391	97,061	59,824
Total	90,373	40,345	130,718	74,638

31. Taxation

	2020-2021 Kes'000	2019-2020 Kes'000
At beginning of the year	3,227,026	(2,905,601)
Tax loss for the year	373,686	(321,425)
Income tax paid during the year	-	-
At end of the year	(3,600,712)	(3,227,026)

32. Events after the Reporting Period

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

33. Ultimate And Holding University

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

34. Currency

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

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19. APPENDIX

Appendix 1: Implementation Status of Auditor-General's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Improperly Titled Financial Statements	<p>The University financial statement is a consolidation with that of Rivatex E.A. Ltd.</p> <p>The word consolidation was erroneously omitted in the statement of financial position and the statement of cash flows. Otherwise all the data are a product of consolidation as shown in the notes to the accounts.</p> <p>In addition the University uses IPSAS basis whereas Rivatex Ltd use IFRS to prepare the financial statements.</p> <p>In order to harmonise the two set of accounts, a consolidation sheet was prepared in order to provide guidelines as to adoption to the IPSAS basis applicable to the University</p>	Resolved (By providing a consolidation sheet mutually agreed with audit team)	N/A
1.2		The Rivatex E.A. ltd financial statement reflects a figure of Kshs. 380,932,000 being the annual gross profit arrived as		N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Misrepresentation of Sales Balances	<p>follows: Sales Kshs. 301,893,000 CoS Kshs. 682,826,000 G/profit Kshs. (380,932,000)</p> <p>The amount of Kshs. 301,893,000 represents the company's period sales in the year that has been used to build up the company's gross profit of Kshs. 380,932,000.</p>	Resolved (These data was extracted from the approved financial statement of the company)	
2.1	Use of goods and Services	Use of Goods expenditure amounting to Ksh. 590,320,000 included were DLP, Elimu and Farm Expenses which the schedules and the Financial Figures varied with the financial statements	Resolved	
2.2	Employees cost	The employee cost of Kshs. 4,795,254,427 disclosed in the note 11 of the notes to the account was a figure that was initially in the draft financial statement and upon reconciliation and adaption of the salary working of Kshs. 4,530,838,000 by the audit team, of the notes to the accounts was inadvertently not adjusted hence the difference between the two figures.	Resolved (By adopting the audit team working analysis)	N/A
2.3	Cash and Cash Equivalents	There were two bank accounts belonging to the	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		University held at Cooperative Bank that were not inactive in the year with nil balance since their projects had ended.. These were 1.MU,SOM,CHs Global Fund round 9 TB (01128046350700) 2. MU,SOM,CHs Global Fund round 10 Malaria TB (01128046350701) 3. Account No. 1202596363 belong to Bomet University which was transferred to the College upon its upgrade to a University College	(By explaining and providing the existence of the Moi University accounts in the approved list by National treasury and that the bank accounts did not have any balance)	
2.4	Receivable from Exchange Transactions	The difference of Kshs. 800,000 relating to amount due from the Primary School had been inadvertently omitted hence causing the difference. The same has been included in the revised financial statement	Resolved (By providing correct schedule of receivables as indicated in note 17 of the notes to the accounts)	N/A
2.5.1	Variance in Payable Balances	There were payables differences between the schedules provided and the ERP system. This was occasioned by the duplication of customers in the ERP system which were reconciled and agreed to the schedule.	Resolved (By providing revised vendor statement indicating the correct amount)	N/A

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Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.5.2	Unremitted Payroll Deduction	The University has delayed in remitting the payroll deduction due to cash flow challenges arising from decline in the PSSP fees due to decline in student enrolment, low A-i-A from the effect of Covid 19 and the implementation of the Differentiated Unit Cost (DUC) model in funding Public Universities among the negative factors plaguing the higher education sector in Kenya	Not Resolved (The University is still negotiating with the Government for a bail out. It is also diversifying in revenue generation with a view to reducing the gap)	June 2023
2.6	Government of Kenya Loan	The University acquired an initial amount of Kshs. 250million for the purchase of Kagochi Training Institute the property of Kenya Tea Development Authority (KTDA). The institute was elevated to a University status (now Karatina University) and the two institution entered into an agreement of servicing the remaining balance of Kshs.231.25million The National treasury consented to the revision and restructuring of the loan to which subsidiary loan agreements are to be issued to the two institution. The transfer of the Loan is	Not Resolved	June 2033

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		yet to be completed and upon receipt of the new agreement the University will meet its part of the obligation		

.....

 Vice Chancellor
 Date: 06/04/2023

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Appendix II: Projects implemented during the period

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration/Expected Completion Date	Government commitment Kes'000	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Construction of Library - Annex		GoK	June 2021	-	-	Yes
Construction of PDN-Phase II		GoK	Nov. 2024	30,000	-	Yes
Construction of 2250 Hostels- Wing C		GoK	Nov. 2022	-	-	Yes
Construction of Sewer Line		GoK	June 2022	-	-	Yes
Renovation of Hostel J		GoK	June 2024	-	-	Yes
Construction of School of Science		GoK	Dec. 2028	-	-	Yes

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Status of Projects completion

No	Project	Total project Cost	Total expenditure to date	Completion %	Budget	Actual	Source of funds
1	Construction of Library - Annex	300,000	134,270	100%	-	125,494	GoK
2	Construction of PDN-Phase II	600,000	66,194	60%	-	56,251	GoK
3	Construction of 2250 Hostels- Wing C	150,000	66,129	94%	-	58,686	GoK
4	Construction of Sewer Line	255,000	95,084	94%	26,302	85,576	GoK
5	Renovation of Hostel J	150,000	30,335	58%	-	15,610	GoK
6	Construction of School of Science	4,200,000	1,058	1%	-	1,058	GoK
7	500No. Lecture Hall	11,395	9,546	93%	-	9,546	A.I.A

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Appendix IV: Transfers from Other Government Entities

Name of the Donor/Donor Transferring the funds	Date received as per bank statement	Nature Recurrent/Development/Others	Total Amount Kes' 000	Statement of Financial Performance Kes' 000	Where Recorded/recognized			3,618,779
					Capital Fund Kes' 000	Deferred Income Kes' 000	Receivables Kes' 000	
Ministry of Education		Recurrent	3,442,733	3,442,733	-	-	-	3,618,779
		Development	-		30,000			30,000
USAID		Donor Fund	784,079	784,079	-	-	-	784,079
		ACEII	140,701	140,701				140,701
Ministry of Industrialization		Recurrent	-	-	-	-	-	-
		Development	-	-	195,166	-	-	195,166
Total			4,367,513	4,367,513	225,166	-	-	4,592,679

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Appendix V- Inter-University Confirmation Letter

The University wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received by (KShs) as at 30 th June 2022 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT21215RBVL	03/08/2021	285,351,880	-	-	285,351,880	285,351,880	-
FT21244DF9T2	01/09/2021	285,351,880	-	-	285,351,880	285,351,880	-
FT21272L5HMT	29/09/2021	285,351,880	-	-	285,351,880	285,351,880	-
FT213069B585	02/11/2021	285,351,880	-	-	285,351,880	285,351,880	-
FT21330F1101	26/11/2021	285,351,880	-	-	285,351,880	285,351,880	-
FT213624ZNNN	28/12/2021	285,351,880	-	-	285,351,880	285,351,880	-
FT22032ZWIK8	01/02/2022	285,351,880	-	-	285,351,880	285,351,880	-
FT22061YVGD	02/03/2022	285,351,880	-	-	285,351,880	285,351,880	-
FT2209IRLTG5	01/04/2022	285,351,880	-	-	285,351,880	285,351,880	-

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FT22118JNOSV	28/04/2022	285,351,880	-	-	285,351,880	285,351,880	-
FT22157XH26K	06/06/2022	294,607,220	-	-	294,607,220	294,607,220	-
FT22170Z6H6L	28/06/2022	294,607,222	-	-	294,607,222	294,607,222	-
FT21224FR99TS	24/08/2021	-	15,000,000	-	15,000,000	15,000,000	-
FT22075DYKCD	16/03/2022	-	15,000,000	-	15,000,000	15,000,000	-
World Bank ACEII		140,701,000	-	-	140,711,000	140,711,000	
USAID for the Child		784,079,000			784,079,000	784,079,000	
Total		4,367,513,000	30,000,000	-	4,367,523,000	4,367,523,000	-

In confirm that the amounts shown above are correct as of the date indicated.

Ag: Chief Finance Officer

Name Egla Chebet Samvel Sign [Signature] Date 6/4/2023

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Appendix..Bank Account Balances

BANK NAME	ACCOUNT No.	TITLE OF ACCOUNT	Amount
Operations Accounts	003-1253799	Operations & Maintenance	605,923.70
	003-1083478	Income Generating Account	4,840,448.55
	003-1065674	Research Account	60,901,353.00
ABSA BANK	2029728030	PIRE Account	549,703.35
	2029437117	Linkoping Account	1,027,528.90
			67,924,957.50
	1021027998400	Moi University Staff Housing Scheme	44,142.00
	1021027998900	Moi University Bookshop	11,370.73
	1021027999600	Moi University Deposit	896,006.41
	1021027999700	Moi University Payment	2,659,597.11
	1021027999800	Moi University Capital Development	109,214,238.16
	1020062998800	Moi University Eatery & Guest House	384,813.26
	2020062982100	Moi University Confucious (Dollar)	14,797.48
	1020098111000	Moi University Elimu Millers '(C)	6,395.73
	1282098111000	Moi University Elimu Millers (S)	30,475.99
	1020112066100	MU School of Nursing	29,190.65
	1020112084300	MU School of Law	152,622.65
	1020112084400	MU School of Agriculture & Natural Resources	259,208.85
	1020112084500	MU School of Education	140,028.55
	1020112084600	MU School of Biological and Physical Sciences	788,850.85
	1020112084700	MU School of Arts & Social Sciences	88,929.30
	1020112084800	MU School of Tourism, Hospitality & Events Management	97,383.90
	1020112084900	MU School of Human Resource Development	111,834.65
	1020112085000	MU School of Information Sciences	1,121,951.72
	1020112085200	MU School of Aerospace Sciences	140,847.70
	1020112085300	MU School of Engineering	422,359.75
	1020112085700	MU School of Business & Economics	267,067.15
	1020112085900	MU School of Medicine	551,951.70
	1020112086300	MU School of Dentistry	7,322.45
	1020112087700	MU School of Public Health	713,844.30
	1020014461200	Nairobi Campus	1,568,020.62
	1020098111000	Mombasa Campus	241,982.85
1021029582000	Moi University GSSP	7,921,989.48	
1020062991100	Moi University PSSP Collection Account	2,813,913.95	
1020062992200	Moi University PSSP Payment Account	747,960.55	
1021027999200	Moi University Research	23,380,242.67	
1021028784800	Moi University VLIR	15,537,116.57	
NATIONAL BANK	3021028784800	Moi University VLIR/EURO	41,721,101.27
			212,087,559.00

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KENYA COMMERCIAL BANK	1101692235	Moi University Endowment Fund	6,625,874.75
	1102483567	Moi University Farm Account Main	146,865.84
	1102485691	Moi University Main Account	2,375,166.00
	1102486558	Moi University Students Accommodation	1,582,527.85
	1107753481	Moi University PSSP Payment A/C-Corporate	1,811,714.22
		Kitale Campus	2,189,822.30
	1102488690	Moi University Evening Studies Pro.	1,672,199.61
	1107758580	Moi University PSSP	1,800,472.98
	1102490296	Moi University GSSP	34,189.45
	1202447163	Moi University - ACE II World Bank Project	254,392,513.14
	1280216247	Moi University-ACCE Project	21,909,188.10
	1197817662	Moi University DLP (KSH)	55,523,255.36
	1254915494	Moi University DLP (USD)	235,741,291.07
		585,805,080.67	
STANDARD BANK	102017899500	Moi University GSSP	51,552.45
	102017899600	Moi University PSSP	119,008.20
		170,560.65	
COOPETATIVE BANK	1129046897100	Moi University GSSP	1,198,715.94
	1129046897300	Moi University PSSP	1,461,756.67
	1134517252500	Odero Akang'o Camus	191.98
	1128046350700	MU CHS Global Fund TB Round 9	-
	1128046350701	Global Fund Round 10 Malaria	-
		2,660,664.59	
EQUITY BANK	300291768839	Moi University GSSP	81,894.50
	300291768844	Moi University PSSP	53,961.29
		135,855.79	
MPESA	883181	MU Accommodation Fees	-
	883182	MU GSSP Fees	-
	883183	MU Application Fees	16,500.00
	883184	MU Graduation Fees	15,000.00
	883185	MU PSSP Fees	-
	536046	MU Car Park	77,100.00
	7017418	MU MUSACS	291,006.51
	7017456	MU Eatery	13,757.65
	7017458	MU MTL IGU	143,000.00
	1017504	CHS-IGU	125,388.40
	7018110	MU Farm	2,095.00
	7019142	MU Elimu Millers	-

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	7019144	CHS-OPS	106,047.80
		USAID	-
			789,895
Research Accounts	69080001	M.U. CERM-ERSA Project - EURO(S)	62,494.92
	69080002	M.U. CERM-ERSA Project - EURO - C	4,556,190.46
	69080003	M.U. CERM-ERSA Project - (KSHS)	3,371,588.70
	69151001	M.U. ASALI Project-Kshs. Account	1,201,597.21
	69151002	M.U. ASALI Project-EURO Account	45,257,103.07
			54,448,974.36
Grand Total			924,023,548