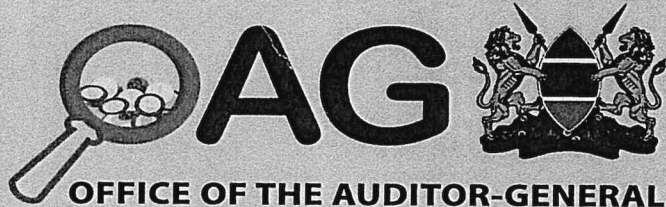


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS L AID

DATE: 11 AUG 2021

DAY:

Wed

TABLED

BY:

The Majority Whip
Hon. E. Wangwe

CLERK-AT
THE-TABLE:

Maimah W.

THE AUDITOR-GENERAL

ON

MASINDE MULIRO UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FOR THE YEAR ENDED
30 JUNE, 2020

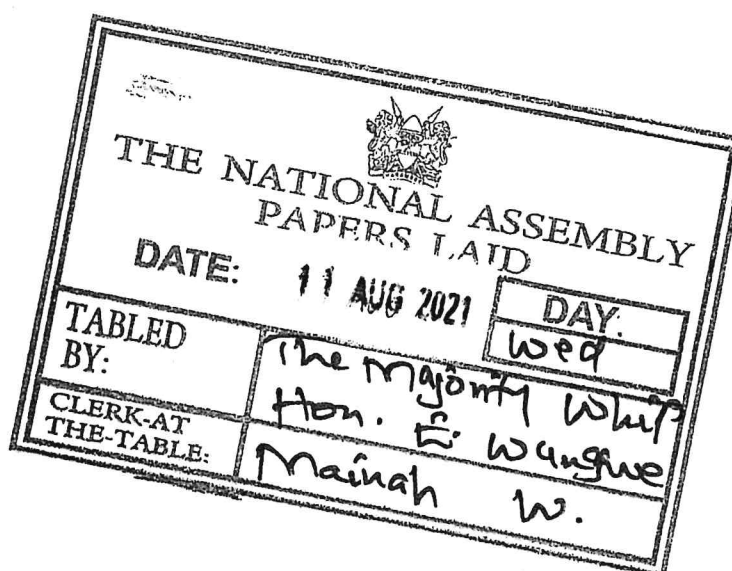


MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30TH, 2020

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



MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

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**MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

I. UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

Masinde Muliro University of Science and Technology (MMUST) is a separate Legal University under the Universities Act of 2012 (No 42 of 2012). The University is domiciled in Kenya.

(b) Principal Activities

The principal activities of the University are teaching, research, and innovation and extension services.

(c) VISION

To be the Premier University in Science, Technology and Innovation

(d) MISSION

To provide excellent University education, training and research through integrating science, technology and innovation into quality programmes to suit the needs of a dynamic world.

(e) PHILOSOPHY

MMUST holds the view that science and technology is an indispensable tool in harnessing resources of nature for sustainable development and in creating an environment in which human beings can survive and realize their potential. Thus, the human being has the moral obligation to creatively improve the environment. This can be achieved through a well-conceptualized educational, scientific and technological package through which every human being must rightfully experience and acquire the tools to facilitate this philosophy.

To meet the requirements of the Vision, Mission and Philosophy, MMUST upholds the following values:

- i. Customer focus
- ii. Accountability
- iii. Collegiality
- iv. Excellence
- v. Professionalism
- vi. Innovativeness
- vii. Integrity

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
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FOR THE YEAR ENDED 30TH JUNE 2020

(f) Key Management

The Council members who held office during the Financial Year ended 30th June 2020 and up to the date of this report were:

No.	Name	Designation	Appointment Date	Retirement Date
1.	Dr. Jeremy Bundi	Council Chairman	14-3-2017	20/3/2020
2.	Dr. Jane Musangi Mutua	Council Chairman	20-3-2020	
3.	Amb. Simon Nabukwesi	PS-SDUR/Member	20-3-2020	
4.	Prof. Solomon I. Shibairo	Vice Chancellor/Secretary	27-3-2020	
5.	Prof. Asenath Sigot	Vice Chancellor/Secretary	1-7-2019	20-3-2020
6.	Mr. David Watene	Alternate to PS-SDUR/Council Member	10-1-2019	20-3-2020
7.	Ms. Lucy Mugwe	Alternate to PS-SDUR/Council Member	27-5-2020	
8.	Ms. Dorothy Kimeu	Rep CS- Treasury/Council Member	16-6-2011	20-3-2020
9.	Mr. Hezbourne Mackobong'o	Rep CS- Treasury/Council Member		
10.	Mr. Don R.O. Riaroh	Council Member	14-3-2017	20-3-2020
11.	Ms. Joyce M. Nderitu	Council Member	14-3-2017	20-3-2020
12.	Dr. Samson Muchelule	Council Member	14-3-2017	20-3-2020
13.	Ms. Vayonda J.S. Koross	Council Member	14-3-2017	
14.	Dr. Ahmed Diriye	Council Member	15-5-2019	
15.	Ms. Connie Okwisa	Council Member	20-3-2020	
16.	Mr. Gad Gathu Kiragu	Council Member	20-3-2020	
17.	Mr. Stephen Mutoro	Council Member	20-3-2020	
18.	Mr. Joshua Onyango Ogango	Council Member	20-3-2020	

Key.

- i) PS -Principal Secretary
- ii) SDUR- State Department for University Education and Research
- iii) CS- Cabinet Secretary

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

(g) Fiduciary Management

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

No.	Designation	Name
1.	Ag. Vice Chancellor and Accounting Officer	Prof. Asenath Sigot (Retired 27-3-2020)
1	Ag. Vice Chancellor and Accounting Officer	Prof. Solomon I. Shibairo
2	Ag. Deputy Vice Chancellor (A&F)	Dr. CPA Patrick Ojera
3	Ag. Deputy Vice Chancellor (A&SA)	Dr. Benedette Sabuni
4	Ag. Deputy Vice Chancellor (PRI)	Prof. Charles Mutai
5	Head of Finance	CPA Jared G.O.O. Rading'
6	Head of Procurement	Ms. Scarlet Kavaya

(h) University Headquarters

Masinde Muliro University of Science and Technology
 Kakamega-Webuye Road,
 P.O Box 190- Kakamega, 50100, KENYA.

(i) Fiduciary Oversight Arrangements

The Fiduciary oversight is achieved through the following:

- i) Audit, Risk and Compliance Committee of Council
- ii) Finance and Resource Mobilization Committee of Council
- iii) Public Investment Committee of Parliament
- iv) Auditor General

(j) University Contacts

Telephone: 254 702 597360/1
 E-mail: info@mmust.ac.ke, vc@mmust.ac.ke
 Website: www.mmust.ac.ke

(k) University Bankers

1. Kenya Commercial Bank Ltd. (Main)
 P.O. Box 152
 Kakamega
2. Co-operative Bank Of Kenya Ltd.
 P.O. Box 1511
 Kakamega
3. Barclays Bank of Kenya Ltd.
 P.O. Box 1815
 Kakamega
4. Standard Chartered Bank Ltd.
 P.O. Box 6302
 Kakamega
5. National Bank of Kenya Ltd.
 P.O. Box 1815
 Kakamega

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
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6. Equity Bank Ltd.
P.O. Box 2512
Kakamega
7. Family Bank Ltd.
P.O. Box 1486
Kakamega

(l) Independent Auditors

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

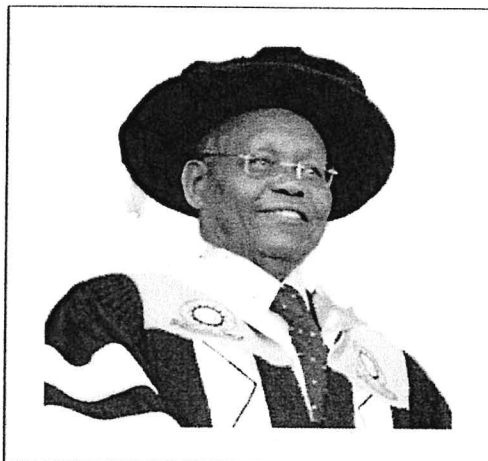
(m) Principal Legal Adviser

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

**MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

II. THE OFFICERS OF THE UNIVERSITY

i) CHANCELLOR OF THE UNIVERSITY



**Chancellor Dr. Peter Wanyaga Muthoka
D.ML, MA(Ed), BA (Hons), EBS, MBS, FKIB,
FKIM**

PROFILE

1. Dr. Peter Wanyaga Muthoka was appointed by His Excellency, the President of the Republic of Kenya as the Chancellor of Masinde Muliro University of Science & Technology (MMUST) on 14th December, 2017. He succeeded the third President of the Republic of Kenya His Excellency Hon. Mwai Kibaki who served the University for 10 years. MMUST specialises in key areas of development including, science, technology, innovation, research and entrepreneurship. Dr. Muthoka is also the Chairman: Board of Fellows of the Kenya Institute of Management (KIM) and Chairman of the Board of Trustees of The Management University of Africa (MUA). He is Chairman of the Old Mutual Investment Group (K) Ltd, the UAP-Old Mutual Foundation, Bel Air Management Ltd, the Advocates Plaza Ltd, Woodley Springs Ltd and Faulu Microfinance Bank. He is a Director of UAP-Old Mutual Holdings Ltd and Old Mutual Life Assurance Company (K) Ltd; and Director of the Institute of Directors, Kenya, as well as a Life Member of the Kenya Red Cross Society. He is a patron and initiator of a number of community projects.
2. He retired from Kenya Commercial Bank (KCB) in May 2012 in accordance with the Bank's Board Charter, having served the Board for the maximum 8 years from 2004 to 2012, as a Director, inclusive of the last 4 years as the Group Chairman. He was Chairman of KCB South Sudan, KCB Uganda and KCB Rwanda, Director KCB Tanzania, KCB Foundation, and Savings & Loan Ltd. This period, under his chairmanship, has seen the transformation of the Bank to a shining example of successful turn-around that has moved the Bank from "Good" to "Great". He was the Managing Director of the agricultural company, Sasini Ltd, for 5 years from 2004 to 2008 where he was part of the team that presided over far reaching reforms in this Nairobi Securities Exchange listed company. He is a transformational leader. Details available on request.
3. Dr. Muthoka is an alumnus of Nyeri High School (O-Level) and Strathmore College, (A-Level) and holds BA (Hons) Degree from University of East Africa (UEA), MA Degree from University of California, Los Angeles (UCLA), and Honorary Degree of Doctor of Management and Leadership (D.ML)(Honoris Causa) from The Management University of Africa (MUA), and Course Certificates from United Nations Educational, Scientific and Cultural Organization (UNESCO), Bank of England, International Monetary Fund (IMF), World Trade Organization (WTO), International Trade Centre (ITC), Japanese External Trade Organization (JETRO), Singapore Export Institute (SEI), Kenya Institute



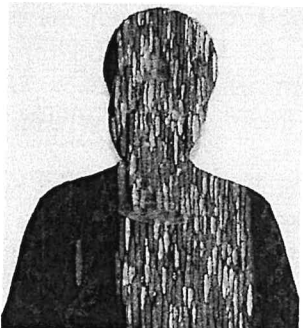

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
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of Administration (KIA), Centre for Corporate Governance (CCG), Strathmore Business School (SBS) etc.





4. He has served in senior positions with the Government Of Kenya (Office of the President and Ministry of Education), United Nations related bodies (UNESCO, UNDP, UNICEF, WTO, ITC), and the Central Bank of Kenya. He was founder and Chief Executive of the College of Banking and Finance of Kenya, founder and first Chief Executive of Export Promotion Council of Kenya and Kenya Commissioner-General at Expo 2000 in Hannover, Germany.
5. Dr. Peter Wanyaga Muthoka has been a corporate leader and an entrepreneur with a long and varied experience in public and private sectors in the fields of management, education, finance, investment, export promotion, agriculture, real estate, corporate governance, international diplomacy, and community voluntary work. He has been an initiator and implementer of development programmes at national, regional and international levels under the auspices of the Government of Kenya (GOK) and multilateral and bilateral agencies. He has served in many other Boards and/or capacities including Export Processing Zones, The Ark Ltd, Sasini Ltd, Kenya Joint Industrial and Commercial Consultative Council, National Committee on Investments, Capital Markets Authority Education and Promotion Committee, Coordinator of Kenya Post Lome ACP Steering Committee, Chairman of Old Mutual Investments Services Ltd, Director of Old Mutual Holdings (K) Ltd , Director of Old Mutual Africa Holdings, Director of Old Mutual Emerging Markets, Member of the Panel of the World Bank Conciliators of International Centre for Settlement of Investment Disputes, and Member of a Justice and Peace Committee. He continues to have close association with the industry and academia as he is a frequent facilitator in various Universities and the corporate world in lectures related to management, leadership and governance. He is a trainer and trainer of trainers.
6. Dr. Muthoka is a Fellow of the Kenya Institute of Management (FKIM) and Fellow of Kenya Institute of Bankers (FKIB). In 2004, he was awarded the medal of Moran of the Burning Spear (MBS), by H.E The President of Kenya for “devotion, commitment, loyalty and exemplary service” rendered to the Kenyan Public Service and international organizations for 38 years from 1966 to 2004, whereas in 2012, he was awarded the medal of Elder of the Burning Spear (EBS), by H.E The President of Kenya for distinguished service rendered to the Nation, especially in areas of finance, investments, corporate social responsibility and philanthropy.

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
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(ii) THE UNIVERSITY COUNCIL

	<p>Dr. Jane Musangi Mutua</p> <p>Holds PhD (Business Administration- Strategic Management), Masters in Public Administration, Higher Diploma (HRM) and BA (Government). She has also served as Chair of Council at Pwani University (2017-2020), and Member of Council at University of Eldoret (2013-2017). She worked at the Directorate of Personnel Management (DPM), Post Bank, and East African Portland Cement Company. She holds membership to Institute of Human Resource Management and Kenya Institute of Management.</p>
	<p>Prof. Solomon I. Shibairo, B.Sc, MSc, PhD, MKNAS</p> <p>He has over 35 years of University teaching, research, supervision and academic leadership. He is a Professor of Horticulture, specialized in Olericulture. He is a member of the Horticultural Association of Kenya, a member of Kenya National Academy of Sciences. He has undergone professional trainings in corporate governance, leadership and performance management among others. Held various leadership positions from Chairperson of Department, Dean of a School, and Deputy Vice Chancellor. He was appointed as acting Vice Chancellor with effect from 27th March 2020.</p>
	<p>Ms. Connie Okwisa Mogaka</p> <p>PhD on-going (JKUAT) MA (Sociology) JNU; Bachelor of Education (Science) University of Nairobi; PGDEP&A (NIEP-India), Higher Diploma in Professional Counselling (KAPC); Has had close to forty years of working experience in various sectors in education, training and consultancies with various organisations.</p>
	<p>Mr. Hezbourne Mackobong'o</p> <p>Holds a Masters of Science in Statistics and curent pursuing his Ph D at JKUAT</p> <p>Alternate to the Cabinet Secretary to the National Treasury</p> <p>He is an expert in developing Monitoring and evaluation systems for development programmes. Developed several M&E systems as well as overseeing implementation of Monitoring and Evaluation Systems in numerous areas including EAC-EU Economic Partnership Agreement, EAC Development Strategies and NIMES in Kenya. In addition to the programme management experience, he also has a good understanding of budgeting and financial management procedures particularly the Government of Kenya procedures.</p>

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 <p>Member</p>	<p>Gad Gathu Kiragu Master of Laws (LLM), UoN; Dip. in Law, Kenya School Of Law; Bachelor of Laws (LL.B) UoN; Has had about eleven years of private legal practice on various law firms specializing in corporate governance, civil and commercial litigation, arbitration, negotiation and legal drafting. He is also a Certified Public Secretary of Kenya and MCI Arb</p>
 <p>Member</p>	<p>Mr. Joshua Onyango Ogango MA in Economics & Social Studies (University of Manchester, UK); PGDPA&M (Glasgow College of Technology). Has over 40 years in Teaching and Public Administration. Held various positions from District Officer III rising through the ranks to District Commissioner in 2007. He chaired various District Security Committees, District Procurement Committees, District Education Board, and District Development Committee.</p>
 <p>Member</p>	<p>Mr. Stephen Mutoro He holds a Bachelors Degree in Literature and a Masters Degree in Criminology, both from the University of Nairobi. He holds short-term training in Innovation in Governance (from the Ash Institute of the JF Kennedy School of Government at Harvard University); Project Management (from the British Council) and Conflict Transformation Across Cultures from School of International Training, Brattleboro, Vermont, USA among others. He is the Secretary General of the Consumers Federation of Kenya (COFEK) having previously worked with The Kenya Alliance of Resident Associations (KARA) and the Nairobi Central Business District Association (NCBDA)</p>
 <p>Member</p>	<p>Dr. Amb. Simon Nabukwesi PS - State Department for University Education and Research (PS-SUEDR), Ministry of Education. Holds PhD, M.Ed and B.Ed. Held various teaching positions in high schools for twenty years. Held various positions in diplomatic service including serving as High Commissioner to Canada and Ambassador Plenipotentiary and Extra-ordinary to Cuba, Director of Foreign Service Institute.</p>

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Member

Ms. Lucy Waithira Mugwe

Works as Deputy Internal Auditor General at the State Department for University and Research with vast experience in the audit field having worked as an internal auditor for 22 years in various government institutions namely, Teachers Service Commission (TSC), Ministry of Foreign Affairs, Ministry of Commerce & Tourism, Ministry of Labour & Social Protection and currently at the Ministry of Education. She holds a Master's degree in Finance, Certified Public Accountant (CPA (K)) and is a Certified Information System Auditor (CISA) and member of the Institute of Internal Auditors (IIA) and Institute of Certified Public Accountants (ICPAK) as well as ISACA.




Member

Dr. Mohammed Ahmed Diriye







PhD (Business administration-HR) and MSC (HR) both from University of Nairobi, Executive Master's in Business Administration (EMBA) (JKUAT), BBA (KeMU). He is a member of Institute of Human Resource Management (IHRM) and Kenya Institute of Management (KIM). He has undergone professional training's on Corporate Governance, Performance Management and the Mwongozo code of ethics among others.

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III. UNIVERSITY MANAGEMENT BOARD

Name	Academic and Professional Qualifications
 Prof. Solomon I. Shibairo	Ag. Vice Chancellor He has over 35 years of University teaching, research, supervision and academic leadership. He is a Professor of Horticulture, specialized in Olericulture. He is a member of the Horticultural Association of Kenya, a member of Kenya National Academy of Sciences. He has undergone professional trainings in corporate governance, leadership and performance management among others. Held various leadership positions from Chairperson of Department, Dean of a School, and Deputy Vice Chancellor. He was appointed as acting Vice Chancellor with effect from 27 th March 2020.
 Dr. Patrick Ojera	Ag. Deputy Vice Chancellor, Administration and Finance. Ph.D. (MSU), MBA (ESAMI), BCOM (Accounting) (UoN), CPA (K). Has taught accounting, auditing, and finance, strategic and general management and supervised numerous postgraduate students at various universities since the year 2003. He is the Executive Dean, School of Business & Economics He held a similar position previously at Maseno University. He left industry as Acting Chief Executive to take up new career challenge in the academia in 2003. Appointed to act w.e.f 5 th June 2018 and retired on 31 st July 2020
 Prof. Charles Mutai	Ag. Deputy Vice Chancellor, Planning, Research and Innovation BSc (UON), MSc. (Liverpool), PhD (Athens), Postdoc (China). He is an Associate Professor in the Department of Medical Laboratory Sciences and has over 20 years' experiences in the public service. His expertise is in teaching and research in the areas of Pharmacology, Pharmacognosy and Complementary /Alternative Medicine. He is the founder dean of School of Public Health and Biomedical Sciences & Technology and has also served as Deputy Principal in charge of Academic and student Affairs at Turkana University College in Lodwar
 Dr. Eng. Benedette Sabuni	Ag. Deputy Vice Chancellor, Academic and Student Affairs. MSc, (UoN); MPhil, (University of Glamorgan); PhD. (MMUST), Has had over 15 years of University teaching. Registered Civil Engineer. Professional practice, supervision, research, leadership and consultancy. Held various leadership positions from Chairman of Department; Director, Quality Assurance; Faculty Dean. He has been trained in performance based and has contributed widely in organisational performance improvement in universities. She was appointed to the University Management Board in November 2018 and retired on 31 st July 2020

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

	<p>Finance Officer Holds B. Com-Accounting(KU), MBA-Accounting, (Maseno) with over 17 years of practical and hands on experience in Accounting, Finance, Administration, Procurement and Strategic Leadership. He is a Certified Public Accountant and a registered member of the Institute of Certified Public Accountants of Kenya. He is a Certified Pensions Trustee. He joined the University Management Board in October 2016.</p>
	<p>Registrar in charge of Administration She is responsible for Human Resource Management, Central Services and General Administration in the university. She holds a Bachelor of Arts Degree from the University of Nairobi and a Master of Business Management (MBA in Human Resource Management option) from Egerton University. A career public servant, she worked in the Civil Service and Egerton university before joining MMUST in December 2003. She is a member of the Institute of Human Resource Management (IHRM) and Kenya Institute of Management(KIM)</p>
	<p>Ag. Registrar in charge of Academic Affairs He holds BSc.M.Phil.and M.Phil (Moi) He has over 20 years of university teaching and management. He is a member of Kenya National Academy of Sciences, KIM, and MPSK. He was appointed to Management Board in January 2019.</p>
	<p>Senior Medical Officer He holds a Bachelor of Medicine and Bachelor of Surgery. M.B.Ch.B (U.O.N) 1989. He has vast experience in medical administration especially in Health Systems Management application of efficiency measures in control of health expenditure in organizations.</p>
	<p>Dean of Students She holds M.ED (Counseling Psychology) (KU) and PhD (MMUST).Responsible to the DVC (A&SA) on student affairs.</p>
	<p>Ag. University Librarian He holds Dip LIS (STTI), B.Sc LIS (Moi), M.Phil LIS (Moi), with over 20 years of practical and hands on experience in Library and Information Resources Management. He is a registered Member of KLA, IFLA, and KLISC. He joined the University Management Board in November 2015.</p>

**MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020
IV. CHAIRMAN OF COUNCIL'S STATEMENT**



On behalf of Masinde Muliro University of Science and Technology Council, it is with great pleasure that I present the Annual Report and Financial Statements for the year ended 30th June 2020 of the University. I wish to state that during the financial year, the University maintained prudent financial management strategies and controls to avoid wastage of resources. This effort worked out well as is reflected in the results hereby presented.

The current University Council was appointed at a time when our country and the world at large were under COVID-19 Pandemic which saw disruptions in various activities at the University and the country as a whole. The Council and Management made various strides in ensuring continuity in operations.

The University Council has committed to the highest level of probity in the conduct of its business and continued to offer leadership and guidance to the Senate and the University Management Board in order to achieve the University's strategic objectives as set out in the University Charter, Statutes and the Strategic Plan.

The key achievements during the period were the completion of New Tuition Block and Perimeter Wall Phase I. The University managed to equip various laboratories with modern equipment in order to improve quality learning outcomes and position our graduates to be competitive in the job market. We managed to roll out online learning during the third and the fourth quarter of the financial year as a means of ensuring sustainability of our University. Our University also secured various compliance certificates notably from Kenya Revenue Authority, National Social Security Fund, National Hospital Insurance Fund and National Industrial Training Authority as a show of compliance with statutory requirements by paying all the requisite taxes and remittances as permitted by legislation. The University Quality Management System also achieved ISO 9001:2015 certification standard towards the financial year.

The University Council wishes to thank all stakeholders including the teaching staff, non-teaching staff, suppliers, students, the community surrounding the University and, most importantly, the Government of Kenya who contributed in one way or another to make the year successful for continuing to fund the University. God bless them all.

A handwritten signature in black ink, appearing to read 'Dr. Jane Musangi Mutua'.

**Dr. Jane Musangi Mutua
Chairman of Council**

**MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

V. REPORT FROM THE VICE CHANCELLOR



It is with great pleasure that I present to you the Annual Report and Financial Statements for the year ended 30th June 2020. As a University, we continue with our quest to make Masinde Muliro University of Science and Technology the Premier University in Science, Technology and Innovation. We are striving towards providing better services to all our stakeholders, quality teaching, research and consultancy all of which form our core mandate as a University. The University is undergoing an internal self-review in line with the National Government policy of improving quality university education and sustainability of public universities.

Governance and Leadership

The University Council continued to offer leadership to the University under its chairman Dr. Jane Mutua who took over from Dr. Jeremy Bundi in March 2020 together with other new members following appointment by Cabinet secretary for Education. The position of the Vice Chancellor has been held in acting capacity following the expiry of the term of Prof. Fredrick Otieno on 30th November 2018. The Cabinet Secretary of Education appointed Prof. Joseph Bosire to act for a period of seven months upto 30th June 2019. Prof. Asenath Sigot took over from 1st July 2019 to 27th March 2020 when I was appointed to take charge of the University in acting capacity as the search for a substantive Vice Chancellor continues. All the positions of Deputy Vice Chancellor have been held in acting capacity invariably from June 2018.

Financial Stewardship

The University Council has continued to implement reforms aimed at improving the financial health of the University. The reforms have borne certain fruits namely, timely preparation of quarterly financial statements, compliance with statutory obligations, increase in staff morale and general improvement in service delivery to our key stakeholders and customers.

In the FY 2019/2020, the University recorded increase in its surplus position to Kshs. 296,203,031 from Kshs 248,255,676 for the previous year. This performance resulted from suspended expenditures owing to the scaling down of operating activities in the fourth quarter of the financial year when we closed following the COVID-19 Pandemic. The Balance Sheet of the University declined in terms of assets to Kshs. 6,681,724,116 in June 2020 from Kshs. 7,010,910,402 in June 2019. The Council has maintained a full recovery position with respect to student debtors in order to assure the liquidity and sustainability of our University. We have automated receipting of all revenues with our bankers in order to reduce cases of double receipting, erroneous allocations and bank reconciliations. The closing cash position as at 30th June 2020 was Kshs.481, 145,104 up from Kshs. 349,924,329 as at 30th June 2019. We

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

obtained compliance certificates from KRA, NHIF, NSSF and NITA as clear testament of the prudent financial management practices at the University.

COVID-19 Pandemic

Since the first case of COVID-19 Pandemic was reported in March 2020 in Kenya, the operations of our university were significantly reduced in order to observe the guidelines issued by the Ministry of Health towards the containment of the pandemic. Learning was affected since the students were sent home before the completion of the second semester of academic year 2019/2020. Staff especially those with underlying medical conditions and those whose engagements were non essential were required to work from home. This nosedive in activities slowed down cashflows of the university. The University spent Kshs. 4,263,262 for preparations and interventions to contain the pandemic. Staffs were trained by our dedicated MMUST COVID-19 Response Team led by Prof John Okoth. We bought basic PPEs and sanitizers to keep the University safe. We also donated food, PPEs and sanitary towels to children's home, Kakamega Prison and Budalangi residents who were affected by the floods and the pandemic during the trying moments in our country.

Online Learning

As a response to managing the effects of the COVID-19 Pandemic, the University has fully adopted the online learning mode to continue delivering on its academic programmes. A total of 300 academic staff has been trained by the Directorate of Open Distance and Electronic Learning (ODEL). All courses are being delivered through this platform. Postgraduate examinations were conducted in June 2020 through the online platform. We have provided data bundles to both students and staff through contracts with Safaricom and Telkom to support this initiative. The University is assured of staying afloat financially during these tough times thanks to adaptation to online learning.

Conclusion

I wish to take this opportunity to thank the Council, the University Management Board, Senate and other organs of the University for their leadership and commitment to the course of this institution in the FY 2019/2020 despite a number of challenges. I wish to thank all our students who remained calm to ensure smooth running of the University programmes. My appreciation also goes out to the entire staff for their steady commitment that realized the progress recorded in the year ended 30th June 2020. Finally, I wish to particularly appreciate the support of the National Government and other stakeholders in fulfilling their commitments to our University and we assure you of our continued cooperation and prudent utilization of resources bestowed on us.

Thank you very much. God bless you.



Prof. Solomon I. Shibairo, PhD
AG. VICE CHANCELLOR

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VI. REVIEW OF MMUST 'S PERFORMANCE FOR FY 2019/2020

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

MMUST has 6 strategic pillars and objectives within its Strategic Plan for the FY 2019/20-2022/2023. These strategic pillars are as follows:

Pillar 1: Academic Excellence

Pillar 2: Research, Innovation, Extension services and Internalization

Pillar 3: Consultancy Services

Pillar 4: Student Services

Pillar 5: Financial Growth and Sustainability

Pillar 6: Institutional Capacity

MMUST **developed** its annual work plan for FY 2019/2020 based on the above 6 pillars. All heads of cost centres signed cascaded performance contracts with their immediate supervisors. Assessment of the performance for each cost centre was done on quarterly basis. The University achieved its performance targets set for the FY 2019/2020 period for its 6 strategic pillars. A snapshot of the key achievements are given in the table I below

Table 1: MMUST achievement of 6 strategic pillars

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Academic Excellence	1. Offer market driven programs	1. Report of reviewed programs 2. No. of Curricula 3. No of online programmes	1. Review of programs 2. Curriculum development	1. 17 programs reviewed 2. 203 programmes online
Pillar 2: Research, Innovation, Extension services and Internalization	1. Generation of knowledge for informed decision making	1. No. of final research reports 2. No. of papers published 3. No of innovations	1. Rolling out research activities 2. Organizing conferences and seminars	1. Kshs.41,333,323 raised for research activities 2. Two patents applied for 3. Publication Of 354 papers 4. Three workshops held 5. One conference held

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Pillar 3: Consultancy services	1. Strengthen consultancy services	1. Staffing level for consultancies 2. Approved policy	1. Develop capacity for staff 2. Develop consultancy policy	1. Academic staff trained on proposal writing 2. Consultancy policy developed
Pillar 4: Student Services	1. Mentor Students to become responsible citizens	1. Approved mentorship program 2. %age of students engaged	1. Develop mentorship program 2. Enrol students on program	1. 120 students benefited from work study program 2. Mentorship program developed
Pillar 5: Financial growth & sustainability	1. Strengthen resource mobilization	1. Functional ERP system	1. Full automation of revenue collection	1. Improved revenue accounting 2. Automatic receipting by banks on ERP
Pillar 6: Institutional capacity	1. Promote corporate governance	1. Training & induction reports	1. Train Council & management on integrity & leadership	1. Council trained on Financial Management

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VII. CORPORATE GOVERNANCE STATEMENT

Masinde Muliro University of Science and Technology (MMUST) is committed to mainstreaming best practices in corporate governance. The University has a duty of care to conduct affairs in a responsible and transparent way and to take into account the requirements of funding bodies and other stakeholders.

The University's Council is responsible for enforcing a sound system of internal controls that support the achievement of aims, objectives and implementation of policies enacted while safeguarding the public and other funds and assets for which the Council is responsible. The systems of internal controls are designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness against material misstatement or loss.

The University Council has adopted a Statement of Primary Responsibilities which are published on the University's Strategic Plan and Website. These Statements set out the Council's responsibilities in respect of the proper conduct of public business, strategic planning, monitoring effectiveness and performance, finance, audit, estate management, human resource management, equality and diversity, student welfare, health and safety and the appointment of the University officers.

i) The Appointment and Retirement of the Council

The Council is the overall governing Board of the University. The Council is appointed by the Cabinet Secretary responsible for University Education as per the Universities Act No. 42 of 2012. The Council consists of nine (9) members including the Vice Chancellor who is ex-officio. The Council is appointed for a term of three (3) years to oversee good governance, and the Cabinet Secretary ensures rotation of key council positions to ensure continuity upon retirement or expiry of their term.

ii) The Role and Functions of the Council

Section 35(1) (a) of the Universities Act, No. 42 of 2012 provides for the following roles of the Council:

- a) Employ staff
- b) Approve the Statutes of the University and cause them to be published in the Kenya Gazette
- c) Approve the policies of the University
- d) Approve the budget
- e) Recommend for appointment of the Vice Chancellor, Deputy Vice Chancellors and Principals of Constituent Colleges through a competitive process; and
- f) Undertake other functions set out under the Act and MMUST Charter.

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iii) Committees of the Council

The Council has various committees that enable it perform its functions with more specialised skills. These committees are headed by a member whose training and professional skills are amenable to offer good work.

The Audit, Governance and Risk Management Committee have in place an approved Audit Charter that spells out the responsibilities of the Committee. It details the type of work and powers that the Committee has. The purpose of the Charter is to assist the Council members in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the University's process for monitoring compliance with laws and regulations and the Code of Conduct.

The following are the Committees of MMUST Council:

- a) Finance and Resource Mobilization
- b) Strategy, Planning and Development
- c) Human Resource
- d) Audit, Governance and Risk Management and Compliance

iv) Full Council and Committee Meetings

Table 2: Full Council meetings for 2019/2020

	NAME	1st	2 nd	3rd	4 th	5 th	6th	7th	8th	9th	10 th
1	Dr.Jeremy Bundi	12/7/2019	26/8/2019	24/9/2019	11/10/2019	5/12/2019	14/1/2020	6/3/2020	Retired	Retired	Retired
2	Prof. Asenath Sigot	12/7/2019	26/8/2019	24/9/2019	11/10/2019	5/12/2019	14/1/2020	6/3/2020	30/3/2020	9/4/2020	Retired
3	Mrs. Dorothy Kimeu	12/7/2019	26/8/2019	24/9/2019	11/10/2019	5/12/2019	14/1/2020	Absent	Retired	Retired	Retired
4	Mr. David Watene	12/7/2019	26/8/2019	24/9/2019	11/10/2019	5/12/2019	14/1/2020	6/3/2020	Retired	Retired	Retired
5	Dr.Samson Muchelule	12/7/2019	26/8/2019	24/9/2019	11/10/2019	5/12/2019	14/1/2020	6/3/2020	Retired	Retired	Retired
6	Ms. Joyce Nderitu	12/7/2019	26/8/2019	24/9/2019	11/10/2019	5/12/2019	14/1/2020	6/3/2020	Retired	Retired	Retired
7	Ms. Vayonda Sima	12/7/2019	26/8/2019	24/9/2019	11/10/2019	5/12/2019	14/1/2020	6/3/2020	Retired	Retired	Retired
8	Mr. Don Riaroh	12/7/2019	26/8/2019	24/9/2019	11/10/2019	5/12/2019	14/1/2020	6/3/2020	Retired	Retired	Retired
9	Dr. Ahmed M. Diriye	12/7/2019	26/8/2019	24/9/2019	11/10/2019	5/12/2019	14/1/2020	6/3/2020	30/3/2020	9/4/2020	23/6/2020
10	Dr.Jane Mutua Musangi								30/3/2020	9/4/2020	23/6/2020
11	Prof. Solomon I. Shibairo								30/3/2020	9/4/2020	23/6/2020
12	Ms. Connie Okwisa								30/3/2020	9/4/2020	
13	Mr. Hezbourne Mackobong'o										
14	Amb. Simon Nabukwesi								30/3/2020		23/6/2020
15	Ms. Lucy Mugwe								30/3/2020	9/4/2020	23/6/2020
16	Mr. Gad Gathu Kiragu								30/3/2020	9/4/2020	23/6/2020
17	Mr. Stephen Mutoro								30/3/2020	9/4/2020	23/6/2020
18	Mr. Joshua Onyango Ogango									9/4/2020	23/6/2020

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Table 3: The Finance and Resource Mobilization Committee Attendance for 2019/2020

	NAME	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th
1	Mr. Don Riaroh	12/7/2019	26/8/2019	24/9/2019	11/10/2019	13/01/2020	26/02/2020	Retired	Retired	Retired
2	MS. Joyce Nderitu	12/7/2019	26/8/2019	24/9/2019	11/10/2019	13/01/2020	26/02/2020	Retired	Retired	Retired
3	Mrs. Dorothy Kimeu	12/7/2019	26/8/2019	24/9/2019	11/10/2019			Retired	Retired	Retired
4	Mr. David Watene	12/7/2019	26/8/2019	24/9/2019	11/10/2019	13/01/2020	26/02/2020	Retired	Retired	Retired
5	Dr. Samson Muchelule	12/7/2019	26/8/2019	24/9/2019	11/10/2019	13/01/2020	26/02/2020	Retired	Retired	Retired
6	Prof. Asenath Sigot	12/7/2019	26/8/2019	24/9/2019	11/10/2019	13/01/2020	26/02/2020	Retired	Retired	Retired
7	Prof. Solomon I. Shibairo							7/4/2020	8/4/2020	11/6/2020
8	Mr. Joshua Onyango							7/4/2020	8/4/2020	11/6/2020
9	Mr. Stephen Mutoro							7/4/2020	8/4/2020	11/6/2020
10	Ms. Lucy Waithira Mugwe							7/4/2020	8/4/2020	11/6/2020
11	Mr. Hesbourne Mackobong'o							7/4/2020	8/4/2020	11/6/2020

Table 4: Strategy, Planning and Development

	NAME	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th
1	Mr. Don Riaroh	11/7/2019	30/7/2019	27/8/2019	18/9/2019	21/11/2019	25/11/2019	26/2/2019	Retired
2	Ms. Joyce Mugure	11/7/2019	30/7/2019	27/8/2019	18/9/2019	21/11/2019	25/11/2019	26/2/2019	Retired
3	Mr. David Watene	11/7/2019	30/7/2019	27/8/2019	18/9/2019	21/11/2019	25/11/2019	26/2/2019	Retired
4	Dr. Samson Muchelule	11/7/2019	30/7/2019	27/8/2019	18/9/2019	21/11/2019	25/11/2019	26/2/2019	Retired
5	Ms. Vayonda Sirma	11/7/2019	30/7/2019	27/8/2019	18/9/2019	21/11/2019	25/11/2019	26/2/2019	Retired
6	Prof. Asenath Sigot	11/7/2019	30/7/2019	27/8/2019	18/9/2019	21/11/2019	25/11/2019	26/2/2019	Retired
7	Prof. Solomon I. Shibairo								30/4/2020
8	Ms. Connie Okwisa Mogaka								30/4/2020
9	Mr. Stephen Mutoro								30/4/2020
10	Ms. Lucy Waithira								30/4/2020
11	Mr. Hesbourne Mackobong'o								30/4/2020

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Table 5: The Human Resources Committee

	NAME	1st	2nd	3 rd	4th	5th	6th
1	Ms. Vayonda Sirma	18/7/2019	16/8/2019	3/10/2019	22/11/2019	25/2/2020	
2	Mrs. Dorothy Kimeu	18/7/2019	16/8/2019	3/10/2019	22/11/2019	25/2/2020	
3	Mr. David Watene	18/7/2019	16/8/2019	3/10/2019	22/11/2019	25/2/2020	
4	Dr.Samson Muchelule	18/7/2019	16/8/2019	3/10/2019	22/11/2019	25/2/2020	
5	Ms. Joyce Ndiritu	18/7/2019	16/8/2019	3/10/2019	22/11/2019	25/2/2020	
6	Prof. Asenath Sigot	18/7/2019	16/8/2019	3/10/2019	22/11/2019	25/2/2020	
7	Dr. Ahmed M. Diriye	18/7/2019	16/8/2019	3/10/2019	22/11/2019	25/2/2020	15/5/2020
8	Prof. Solomon I. Shibairo						15/5/2020
9	Mr. Gad Gathu Kiragu						15/5/2020
10	MS. Lucy Mugwe						15/5/2020
11	Mr. Joshua Onyango						15/5/2020

Table 6: The Audit, Governance, Risk Management and Compliance Committee

	NAME	1 st	2nd	3rd	4th
1	Mr. Don Riarih	15/8/2019	22/11/2019	25/2/2020	Retired
2	Dr. Ahmed M. Diriye	15/8/2019	22/11/2019	25/2/2020	29/5/2020
3	Mrs. Dorothy Kimeu	15/8/2019	22/11/2019	Absent	Retired
4	Mr. David Watene	15/8/2019	22/11/2019	25/2/2020	Retired
5	Dr.Samson Muchelule	15/8/2019	22/11/2019	25/2/2020	Retired
6	Ms.Vayonda Sirma	15/8/2019	22/11/2019	25/2/2020	Retired
7	Mr. Gad Gathu Kiragu				29/5/2020
8	Ms. Connie Okwisa				29/5/2020
9	Ms. Lucy Mugwe				29/5/2020
	Mr. Hesbourne				
10	Mackobong'o				29/5/2020

A Register of Interests is maintained and declarations of any Conflicts of Interest are made at the start of each Committees and Council meetings.

In order to ensure the effectiveness of the system of internal control, in addition to meeting at regular intervals, the Council regularly receives the minutes and a report from the Chair of the Audit, Governance, Risk Management and Compliance Committee at each Council meeting which includes steps being taken by the University to manage risks. Audit, Governance, Risk Management and Compliance Committee also provides oversight of the University's risk management processes and considers regular reports from the University's independent internal audit, which includes the internal auditor's independent opinion on the adequacy and effectiveness of the University's system of internal control.

The Council's review of the effectiveness of the system of internal control is also informed by the work of the senior management within the University who have the responsibility for

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the development and maintenance of the internal control framework, and by comments made by the external auditors in their management.

v) Remuneration of Council

Council members shall be remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration should include base pay, attendance allowances and bonuses.

The following shall apply:

1) Chairman

(a) Monthly Honoraria

A monthly taxable honorarium of up to a maximum of Kshs.80, 000 may be paid to the Chairman.

(b) Telephone Services for Chairman only

(i) Mobile phone airtime; up to a maximum of Kshs.5, 000/= per month.

(ii) Land-line prepaid telephone card: up to a maximum of Kshs.2, 000/= per month.

2) All Members

(a) Sitting Allowance

A taxable sitting allowance of up to a maximum of Kshs.20, 000/= per sitting may be paid to Chairman and members. In addition, sitting allowance may be payable when on official duty in and outside the country.

vi) Conflict of Interest

A conflict of interest may arise where a Council member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Council member's official duties and responsibilities. Conflict may also arise where a Council member uses their office for personal gain.

Council members are required to avoid conflict of interest and deal at arm's-length in any matter that relates to the organization. However, a Council member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Council. In so reporting, the Council member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Council member shall abstain from decisions where the conflict exists.

The Corporation Secretary should keep a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Council for recording, any other business or interest likely to create a potential conflict of interest.

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vii) Evaluation of Council Performance

The Council will conduct an annual evaluation to appraise its performance. This evaluation will be carried out in accordance with the Council Evaluation Tool.

The Council evaluation provides an opportunity for Council members to identify strengths, collective skill gaps and individual areas of improvement. The Council will also review the performance of each committee against the agreed Terms of Reference.

The Council will also evaluate the performance of the CEO and Corporation Secretary.

viii) Process of appointment and removal of Council members

i. The relevant appointing authority shall select and appoint Council members. Every appointment shall be by name and by notice in the Kenya Gazette but shall cease if the Council member:

- (a) Serves the appointing authority with a written notice of resignation; or
- (b) Is absent, without the permission of the Chairperson, from three consecutive meetings; or
- (c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
- (d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of Council; or
- (e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of Council.

ii. Any removal of a Councilmember under (i) above, shall be through formal revocation.

iii. The Corporation Secretary will ensure that a record of the appointment letter, gazette notice and written acceptance by the Council member are kept in the personal file of the Council member.

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VIII. MANAGEMENT DISCUSSION AND ANALYSIS

a) Financial Performance Review

The University achieved revenue of Kshs 3,224m in 2019/2020 up from Kshs. 2,984m in 2018/2019 resulting into a marginal increase of 8.00%. This income was 99% of the annual target of Kshs. 3,271m. There was an increase in recurrent grants from Kshs. 1528 in 2018/2019 to Kshs. 1852m in 2019/2020. Recurrent Grants achieved Kshs. 1,852m against a target of 2,058m realizing 90%. This performance was low on account of non receipt of Kshs. 206m that was meant for settling CBA 2017-2021 by 30th June 2020.

Tuition and related charges decreased from Kshs. 1,362m in 2018/2019 to Kshs. 1,279m in 2019/2020. Against a budget of Kshs. 1,129m this was 113% performance for the year ended 30th June 2020.

The University recorded growth in surplus of Kshs.84m from Kshs 248m in 2018/2019 to Kshs.296m in 2019/2020 giving an increase of 19.35%.

In terms of contribution to revenue by source, in FY 2019/2020 Recurrent Grants contributed 57.4% to all operating income followed by Tuition and related revenues at 39.7 % with the other sources recording 1.3%, 0.6% and 1.0% for Research grants, IGU and Other income respectively.

Table 7: Comparative Income Sources

Year	2019/2020	%age	2018/2019	%age	2017/2018	%age	2016/2017	%age
Revenue Source	Kshs. (M)		Kshs.(M)		Kshs.(M)		Kshs.(M)	
Recurrent Grants	1,852	57.4	1,528	51.2	1,865	62.9	1,315	48.2
Tuition & Related Charges	1,280	39.7	1,362	45.6	1,038	35	1,331	48.8
Research Grants	41	1.3	30	1	26	0.9	21	0.8
IGU	19	0.6	26	0.9	16	0.5	28	1
Other Income	33	1.0	38	1.3	22	0.7	33	1.2
TOTAL	3,225	100.0	2,984	100	2,967	100	2,728	100

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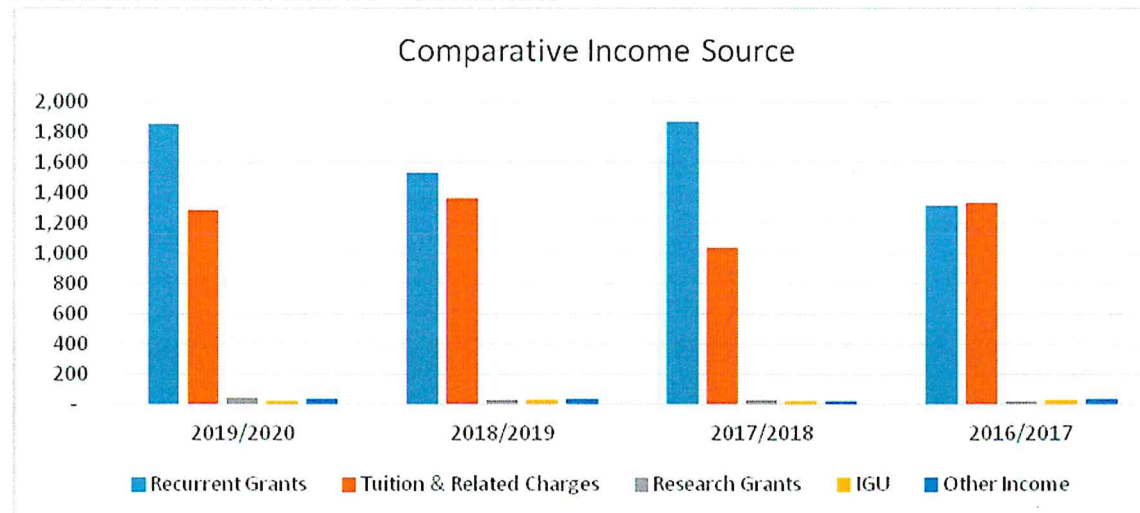


Figure 1: Bar Graph Showing the Comparative Income Sources

The growth of the University in terms of revenues and surplus over the last four years as shown in the table below;

Table 8: Comparative growth in revenue and surpluses

Year	2020	2019	2018	2017	2016
	Kshs.(M)	Kshs.(M)	Kshs.(M)	Kshs.(M)	Kshs.(M)
Revenues	3225	2,984	2,967	2,728	2,654
Operating Surplus(Deficit)	296	248	133	306	168
Net Profit Percentage	8.9	8.3	4.5	11.2	6.3

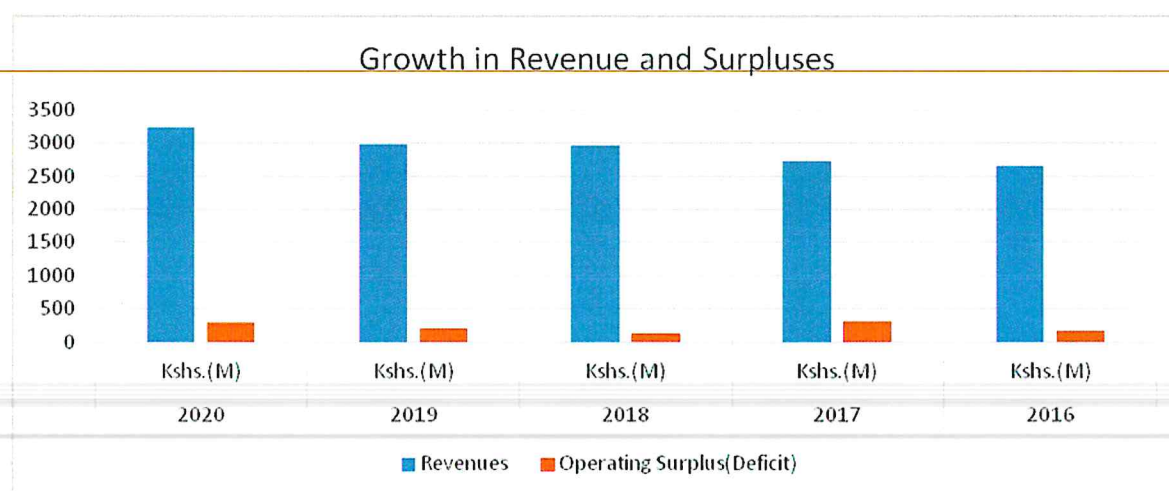


Figure 2: Bar Graph Showing the Growth in Revenue and Surpluses

Over the last four years we have continued to realize positive results as indicated in table 8. In the current year the university recorded 8.9% in surplus over the previous year an

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indication of financial efficiency over tough operating environment. With the on-going reforms the University will continue to look at all possible ways of maintaining the reported growth in order to allocate resources for investment in key areas.

Table 9: Comparative Financial Position and ratio Analysis

Year	30.06.2020	30.06.2019	30.06.2018	30.06.2017	30.06.2016
Assets	Kshs.(M)	Kshs.(M)	Kshs.(M)	Kshs.(M)	Kshs.(M)
Non- Current Assets					
Property & Equipment	5088	5,099	2,734	2,375	1,179
Total Non- Current Assets	5088	5099	2734	2375	1179
Current Assets					
Inventories	40	22	29	24	46
Accounts Receivables	1061	1529	1,366	1,287	1,074
Cash & Bank Balances	480	361	247	432	289
Total Current Assets	1583	1912	1642	1743	1409
TOTAL ASSETS	6671	7,011	4,376	4,117	2,588
EQUITY & LIABILITIES					
Capital Reserves	5643	5,886	3,411	3,181	2,081
Revenue Reserves(P&L)	296	428	26	-117	-546
Total Equity	5932	6,314	3,437	3,064	1,535
Total liabilities	732	697	939	1,053	1,053
TOTAL EQUITY & LIABILITIES	6682	7,011	4,376	4,117	2,588
Key Ratios					
(i) Current Ratio	2.19	2.74	1.75	1.66	1.34
(ii) Acid Test Ratio	2.13	2.71	1.72	1.63	1.29
(iii) Debt to Assets Ratio	0.11	0.10	0.21	0.26	0.41
(iv) Total Assets Turnover	0.5	0.6	0.7	0.8	1.0
(v) Average Assets	6846	5693	4247	3353	2588
(vi) Return on Investments(ROI)	5.0	3.9	4.0	10.0	11.0

Table 9 embodies the growth of the University over a five-year period. The total assets decreased from Kshs. 7011m in 2019 to Kshs. 6682m in 2020. This was due to the correction of errors on student debtors by Kshs 685m. The total liabilities have decreased over the years except for 30th June 2020 where there was an increase to Kshs. 732m from Kshs. 697m of 30th June 2019 with current assets also reducing indicating improved efforts to bring down student debtors.

Key financial ratios are indicative of a strong financial position with liquidity covered by more than 1 across all the years. Debts assets ratio shows only 11% debt on our balance sheet in FY 2019/2020. Management continues to deploy applicable strategies to ensure that all required minimal standards in terms of prudent financial management are complied with.

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The forecast for FY 2020/2021 remains unpredictable given on-going university reforms, the effect of COVID-19 Pandemic and tough competition for key customers in the sector. The strain imposed by reduction in government funding is likely to affect our investment priorities and Council shall continue to review the situation and manage it accordingly.

b) Key Investments

In the year 2019/2020, the Council oversaw the completion of the Tuition Block and Perimeter Wall Phase I. These investments are critical in the attainment of our key strategic objectives in the pursuit of our mandate. The University commenced the construction of the Perimeter Wall Phase II & III which will be completed in October 2020 at the Main campus in a bid to reduce security threats exposure.

IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

1. Sustainability strategy and profile

Masinde Muliro University of Science and Technology recognizes its obligations to act responsibly, behave ethically and with integrity in its dealings with students, staff and their families, customers, contact community, partners, society at large and the environment as a whole. The institution operates in a socially responsible and ethical manner, with high standards of integrity and practice. Key among these is:-

- i. The health and safety of individuals, including staff, students and other stakeholders, impacted by activities is protected,
- ii. Contribute to the economic development of the quality of life of its students, employees & their families and the communities around us.
- iii. The environment is managed sustainably as far as practicable
- iv. Students, staff and other stakeholders are treated with dignity
- v. Community access to and engagement in University activities is as wide as practical; and
- vi. The university is engaging with, learning from, respecting and supporting the communities and cultures

To this end:-

- (i) The University is undertaking a greening initiative clarifying its commitment to delivering a net positive impact on the environment.
- (ii) The University is proud that its Quality Management System is recognized through ISO 9001:2015
- (iii) The University has established a Talents scholarship fund through which it supports its social responsibility objectives.
- (iv) The University has established an internship program to assist young people gain work experience.
- (v) The University has MoUs with Kenya National Union of Teachers and Kenya Union of Post Primary Education Teachers in which it offers 15 per cent discount on tuition to members and their dependents.
- (vi) The University has a fees waiver of 50% for staff dependents.
- (vii) The Community Liaison Office activities are integrated with business operations and values of MMUST and resonate well with that of the contact community.

2. Environmental performance

The University has a functional environmental greening initiative aimed at ensuring compliance with current trends in environmental conservation.

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On environmental performance we have achieved the following:

- i) Appointed a committee on environment
- ii) Prepared a draft policy on environment
- iii) Planted trees in the University and its environs
- iv) Carried out landscaping
- v) Conducted environmental impact assessments for projects.

3. Employee welfare

The University continues to take the welfare of its staff very seriously and as such has developed and implemented various policies and regulations.

The following have been achieved in this area:

- i) Approval of Human Resource Policy Manual 2017
- ii) Terms of Service 2016
- iii) Negotiated three internal CBAs with unions.
- iv) Conducted staff training needs assessment.
- v) Conducted and effected staff promotions
- vi) Established Occupational Safety and Health Committee in compliance with OSHA 2007
- vii) Provided protective devices for staff working in risky areas.
- viii) Implemented Health Workers Allowances as per SRC Circular
- ix) Trained and mentored staff on new skills in various areas.

4. Market place practices-

MMUST efforts as a responsible service provider are as follows:

a) Responsible competition practice.

- i) All our charges are approved after all stakeholder consultations
- ii) We conduct all our procurements in accordance with the law.
- iii) We do not condone corruption in all our dealings
- iv) We are apolitical as an institution of higher learning

b) Responsible Supply chain and supplier relations-

MMUST continues to adopt best practices in its dealings with its suppliers and creditors by performing the following:

- i) Carrying out prequalification of suppliers
- ii) Promoting transparency and competitiveness in the tendering process
- iii) Compliance with the law in procurement
- iv) Prompt settlement of supplier accounts
- v) Timely resolution of supplier complaints

c) **Responsible marketing and advertisement-**

MMUST ensures responsible marketing and advertisement as follows:

- i) Allocate marketing opportunities equally to all players
- ii) Review of advertisement content and ethical selection of channels
- iii) Prompt payment to service providers

d) **Product stewardship-**

MMUST consolidates its offerings through:

- i) Differentiated product offering
- ii) Market research to inform consumer needs
- iii) Quality service delivery.

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5. Community Engagements-

MMUST has continued to be mindful of the environment it operates in and participated in community uplifting initiatives such as food, PPEs, Sanitary towels and mentorships to cultivate a positive image and give back to the community.

To this end, the following are major social investments in this financial year 2019-2020

i) MMUST STAFF UNIONS TAKE COVID-19 FIGHT TO DIVINE PROVIDENCE CHILDREN'S HOME AS PANDEMIC SOARS IN KENYAN COUNTIES

Masinde Muliro University of Science and Technology management in conjunction with the institution's Union leaders and representatives from KUSU, UASU and KUDHEIHA made a timely donation to Divine Providence Children's Home in Kakamega. Accompanied by Benard Ooko from Human Resource department and Director Corporate Communications and Marketing Dr. Lydia Anyonje, the team donated an assortment of food items, soaps and masks on Wednesday 10th June 10, 2020. The members of the MMUST unions present at the function included Prof. Stanley Omuterema- UASU, Ronald Wamalwa- KUSU, Meshack Onzere Mulongo- KUSU, Edwin Wafula- KUDHEIHA and Marko Komen- KUDHEIHA.

Speaking as he flagged off the activity, MMUST Acting Vice Chancellor, Prof. Solomon Shibairo pointed out that MMUST has played an important role in training health workers in Kakamega County and the community on Covid-19. The prolific scholar stated that as an organization, MMUST has also donated food items and PPE such as masks to street children, the Kakamega GK prison, Shikusa Prison and, Budalangi flood victims. Prof. Shibairo said a 6 million kitty was set aside for collaborative research on Covid-19 Vaccine and given to researchers from Masinde Muliro University of Science and Technology (MMUST). He commended the good-will by the unionists to offer help to the children who do not have families, adding that the donations will go a long way in helping them during this difficult time of Covid-19 in the country.

Sister Linet Kweya of Divine Providence Children's Home expressed gratitude for the help, saying that the children's home depends on help from well-wishers like MMUST and others. Indeed, the negative effects of covid-19 pandemic continue to be felt across the globe and homeless children are at risk of being left unattended with focus shifting to mitigation measures.



Fig 3: MMUST Staff with Sister Linet Kweya of Divine Providence Children's Home when they presented donations to help combat the impact of COVID-19 Pandemic.

**ii) MMUST DONATES RELIEF ITEMS AND FOOD TO FLOOD VICTIMS
CAMPED AT BUDALANGI CAMPUS**

Masinde Muliro University of Science and Technology (MMUST) has taken the lead in a bid to provide support and material assistance to flood victims camped at Budalangi campus. Led by the Ag. Vice Chancellor, Prof. Solomon Shibairo a delegation from MMUST on Friday 8th May, 2020 visited the flood victims and provided them with an assortment of items to enable them cope with the challenges occasioned by the raging floods currently being experienced in the region. The event was also attended by the Budalangi MP Hon. Raphael Wanjala, Prof. JSK Achoka, Prof. Kennedy Onkware, Prof. Silvery Otengi, Dr. Ferdinand Nabiswa, Dr. Lydia Anyonje, Dr. Regina Nabwire, Mr. Fidelis Mambo, Mr. Issa Kweyu, Ms. Tabitha Shisia, Mr. Elija Odhiambo and other members of the University.

The donations, which included chlorine for fumigation purposes, blankets, bales of maize flour, reusable face masks, assorted clothing and 500 liters of MMUST-Clean Dex multipurpose soap, approved by Kenya Bureau of Standards (KEBS), were coordinated by the School of Disaster Management and Humanitarian Assistance (SDMHA). The ongoing floods experienced across the country, have claimed 194 lives, destroyed property and displaced hundreds of families, with Budalangi Constituency in Busia County experiencing adverse effects of the floods. MMUST - Budalangi campus currently hosts 352 displaced households mainly from Bunyala South. Of the 2115 family members from the displaced households, 245 are children under the age of 5 and 59 others are living with disability.

Flood victims risk contracting diseases such as Cholera, Pneumonia and Malaria depending on the environment where they live. With the outbreak of Coronavirus, there is now greater need for the displaced families to get more attention and supplies such as sanitizers,

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facemasks and other personal protective equipment. Speaking during the donation's distribution exercise, Prof. Shibairo urged that it is important to maintain social distance and follow all the government's directives in order to be able to defeat this virus.

He further said that the elderly people in the society were the most vulnerable to Covid-19, and therefore it is prudent that people stay in their homes and avoid unnecessary movements. He expressed his sincere empathy adding that MMUST School of Disaster Management and Humanitarian Assistance is committed to mitigating such calamities and that the University would stand with the flood victims.

Budalangi Constituency Member of Parliament, Hon. Raphael Wanjala who was also present at the event said that he is working closely with the Deputy County Commissioner, Mr. Ruto to ensure that the property abandoned by flood victims who flee for safety were secure from theft. He further urged that the curfew guidelines set by the national government should still be adhered to in order to prevent unnecessary problems with the area police officers. The MP took the VC around the campus saying that plans are underway to see the institution start operations as soon as possible.



Figure 4(a):

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Figure 4(b): MMUST Ag. Vice Chancellor, Prof Solomon Shibairo addressing Budalangi Constituency leaders led by Hon. Raphael Wanjala after presenting MMUST donations to combat the effects of COVID-19 Pandemic.

iii) MMUST UPSCALES THE FIGHT AGAINST COVID-19 THROUGH DONATIONS TO THE KAKAMEGA AND SHIKUSA PRISONS INMATES

Masinde Muliro University of Science and Technology (MMUST) have taken the lead in empowering communities to cope with Covid- 19. On Monday 18th May, 2020, the MMUST Management jointly with the institution's unions namely; University Academic Staff Union (UASU), Kenya University Staff Union (KUSU) and Kenya Union of Hotels Education Institutions and Allied Workers (KUDHEIA), donated Sanitizers, water tanks for hand washing, bar soaps, face masks and sanitary towels to the inmates at Kakamega Prisons and Shikusa Farm Prison.

Speaking during the flagging off ceremony at the University, the Acting Vice Chancellor Prof. Shibairo expressed his gratitude to the Union officials who spearheaded the initiative to reach out to the vulnerable in the society. He emphasized the need of unity during this pandemic so as to overcome the challenges imposed by COVID-19. "Coronavirus is deeply rooted among us, therefore, as a higher learning institution in the region, it is our responsibility to teach the society regarding the safety measures necessary to fight Covid-19. We must also share the essential items our noble University is in a position to produce," said Prof. Shibairo.

The Corporate Social Responsibility activities at the Kakamega and Shikusa Prisons were spearheaded by MMUST's Deputy Vice Chancellor, Academics and Students Affairs, Dr. Bernedette Sabuni. She reiterated the need for universities to exhibit their expertise and change lives through their activities and projects. "MMUST prides itself with the ability to

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manufacture sanitizers within the institution through its able Chemistry department,” said Dr. Sabuni.

Dr. Sabuni was flanked by several Union leaders, including Prof. Stanley Omuterema of UASU, KUSU spokesman Mr. Ronald Wamalwa, Chairman of KUSU Mr. Onzere Mulongo, Chairman of KUDHEIA Mr. Edwin Wafula and Mark Komen. Others members of the university who attended the function were the Director of Corporate Communications and Marketing, Dr. Lydia Anyonje, and Mr. Benard Ooko from Human Resources department.

The Union leaders said that they are happy when University leadership works with other stakeholders to transform lives positively. They lauded the MMUST management for the special gesture. The Borstal Institution, a part of the Shikusa Farm Prison also benefited from the MMUST Union donations. The Borstal Institution is a correctional and learning institute that serves the under eighteen year old inmates.

It is our responsibility to take care of the vulnerable members of the society especially at this time when the world at large is at war to combat the spread of this deadly virus. Such generous activities foster good relations between people living within the society.



Fig 5: Former Ag. DVC ASA of MMUST Dr. Eng. Benedette Sabuni distributing donations of food and sanitary towels to Shikusa Prison inmates, Kakamega

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Fig 6: The Officer In-charge of Kakamega Main Prison receiving donations from MMUST for combating the impact of COVID-19 Pandemic.

**iv) MMUST OUTREACH TO STREET CHILDREN DURING COVID- 19
PANDEMIC AT SALVATION ARMY CHILDREN'S HOME, KAKAMEGA**

In the time of COVID- 19 pandemic, the street children are one of the most vulnerable groups worldwide to catching the disease, due to a number of reasons including lack of personal protective equipment and hand sanitizers. On Thursday, 14th May, 2020, a team from the office of the dean of students, together with other MMUST staff and student leaders, visited the Salvation Army Church, Kakamega, to present donations of hand sanitizers, soaps, masks, food and clothing.

This branch of the Salvation Army Church has been rehabilitating street children; providing them with education and entrepreneurial support. As a result of the rehabilitation programme, some of these children have posted impressive KCPE results, others have gone ahead to start their own businesses while some have repatriated to their homes.

During the visit, children were advised to maintain cleanliness and be their brother's keeper, that is, ask their friends to go to the hospital in case one of them falls sick.



Figure 7: Former Ag. DVC ASA MMUST, Dr. Eng. Benedette Sabuni donating food to Salvation Army Children's Home officials in Kakamega.

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X. REPORT OF THE UNIVERSITY COUNCIL

The University Council submit their report together with the audited financial statements for the year ended June 30th, 2020 which show the state of Masinde Muliro University of Science and Technology's affairs.

Principal activities

The principal activities of the University are teaching, research, and innovation and extension services.

Financial Performance

The results of the University for the Period ending June 30, 2020 are set out on pages 31 to 36. The University recorded a surplus of Kshs. **295,953,531** in 2019/2020 compared to Kshs. 248,255,676 in 2018/2019. This was an increase of 19.31% in performance.

Council

The members of the University Council who served during the year are shown on page 3 of this report

Auditors

The Auditor General is responsible for the statutory audit of the Masinde Muliro University of Science and Technology in accordance with the Public Audit Act of 2015.

By Order of the Council

Sign.....
Prof. Solomon I. Shibairo

Date:

Ag. Vice Chancellor/Secretary to Council

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XI. STATEMENT OF UNIVERSITY COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act and the Universities Act No. 42 Of 2012 require the Council to prepare financial statements in respect of that University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2020. 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 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, the State Corporations Act and the Universities Act No. 42 of 2012. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2020, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the Council on 28th September, 2020 and signed on its behalf by:



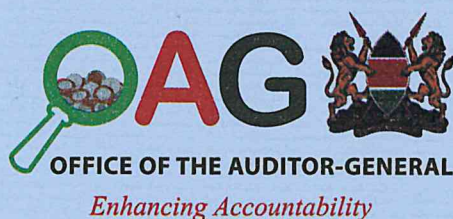
Dr. Jane Musangi Mutua
Chairman of Council



Prof. Solomon I. Shibairo
Ag. Vice Chancellor

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REPORT OF THE AUDITOR-GENERAL ON MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Masinde Muliro University of Science and Technology as set out on pages 39 to 84, which comprise of the statement of financial position as at 30 June, 2020, statement of financial performance, the statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Masinde Muliro University of Science and Technology as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified opinion

1.0 Unsupported Bad Debts Write off

As disclosed under Note 42 to the financial statements, the statement of financial performance reflects a restated comparative balance of Kshs.248,314,369 in respect to the operating surplus during the previous year. The restatement is explained to have been caused by reversal of bad debts amounting to Kshs.36,446,649 that had previously been provided for as it was not possible to pass journals in the system. This has resulted in the opening operating surplus/deficit being restated from Kshs.212,233,625 to Kshs.248,314,369 as disclosed under Paragraph 5 of Note 42(a). In practice, specific bad debts provided for, can only be written off when the specific debts earlier on provided for, have been collected in total. However, no documentary evidence was provided to

ascertain whether the bad debts of Kshs.36,446,649 previously provided for, were collected in total, during the year under review.

In the circumstances, the validity of the reversal of the bad debts written off of Kshs.36,446,649 for the year ended 30 June, 2020 could not be confirmed.

2.0 Unsupported Provision for Bad Debts

As disclosed under Note 20 to the financial statements, the statement of financial position reflects receivables from exchange transactions balance of Kshs.1,046,343,940. The balance includes provision for bad debts amount of Kshs.22,488,108. However, the provisions were not supported with specific schedules of debts provided for.

In the circumstances, the accuracy, completeness and validity of provision for bad debts of Kshs.22,488,108 as at 30 June, 2020 could not be confirmed.

3.0 Unsupported Expenditure for Fuel

During the year under review, Management entered into an arrangement for the supply of fuel worth Kshs.9,926,537. However, Management did not avail contract agreements for the fuel consumed with the vendor. Fuel consumed worth Kshs.3,732,051 was not supported with documents such as motor vehicle work tickets and detail orders.

In the circumstances, the accuracy, completeness and validity of fuel worth Kshs.9,926,537 for the year ended 30 June, 2020 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.3,566,402,631 and Kshs.3,359,758,492 respectively, resulting to an under-funding of Kshs.206,644,139 or 6% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis

of Kshs.3,566,410,000 and Kshs.3,063,804,961 respectively resulting to an under expenditure of Kshs.502,605,039 or 14% of the budget.

Based on the approved estimates, the under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

2.0 Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved all the issues contrary to provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular. Although the Management has indicated that some issues have been responded to, the matters have remained unresolved as Parliament has not deliberated on the same.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees at the University was nine hundred and fifty-one (951) out of which six hundred and forty-six (646) or 68 % of the total number were members of the dominant ethnic community in the county. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community".

Consequently, Management is in breach of the Law.

2.0 Non-Compliance with the One Third of Basic Salary Rule

Review of the payrolls revealed that some employees' salary deductions exceeded 2/3 of the basic salary. During the month of September, 2019, three hundred and fifty-six (356) employees earned a net salary of less than a third (1/3) of the basic salary contrary to

Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016 and Section 19 (3) of the Employment Act, 17 of 2007 which requires that deductions made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages.

In the circumstances, the University contravened Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016 as this may expose the staff to pecuniary embarrassment.

3.0 Irregular Engagement of Part-Time Lecturers

During the year under review, the University engaged a total of one thousand one hundred and sixty (1,160) part-time teaching staff at different departmental levels. A review of the human resource employee list provided for audit review dated 23 October, 2020 revealed that Management did not provide supporting documents such as advertisement for recruitment of part time teaching staff. Further, the University did not comply with the Part-Time Staff Management Policy requirements on course allocation where departmental heads and part-time teaching staff were allocated more than 3 courses per semester.

Consequently, Management is in breach of the Policy.

4.0 Late Remittance of Employees National Social Security Fund (NSSF) Deductions

During the financial year under review, the University paid penalties of Kshs.32,110,568 for late remittance of employees NSSF deductions. The penalties relate to the years 2008 to 2019. This is contrary to Section 19(4) of the Employment Act, 2007 which requires employers to remit the amounts deducted during the period they are made. Management did not avail any evidence of measures taken to avert recurrence of such delay. There is also no evidence of any disciplinary action taken against any officer(s) who may be culpable on the loss of public resources.

Consequently, the expenditure therefore, amounts to waste of public resources.

5.0 Co-operative Bank Debt

As disclosed under Note 41 to the financial statements, the Management has lodged a claim against a commercial bank in respect to a disputed reversal transaction effected by the bank in the University's bank account in the year 2012 that led to loss of Kshs.18,279,389. However, review of the internal audit reports and various correspondences with the bank revealed that the matter is not yet settled. Management has not explained further the action it intends to take to recover the funds given this matter has been outstanding for long.

In the circumstances, I am unable to confirm whether the loss occasioned by the reversal would be recovered.

6.0 Graduate Debtors

The University's graduation list for the year 2019 indicated that one hundred and ninety-three (193) students who owed the University a total of Kshs.8,968,848 in fees arrears were allowed to graduate. This is contrary to Section 6.3.2 of the University's Financial Regulations and Procedures which require that all students must clear their outstanding accounts by the 5th week of the semester, and any student who shall not have settled all fees after that period shall automatically defer the semester.

Consequently, the Management is in breach of University's Financial Regulations and Procedures.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Weaknesses in the Payroll Controls

Review of the personnel data revealed that forty-four (44) staff did not have Kenya Revenue Authority PIN numbers while fifty (50) had erroneous PIN numbers. Further, five hundred and twenty (520) staff had no National Social Security Fund (NSSF) numbers and two hundred and forty (240) had no National Hospital Insurance Fund (NHIF) numbers.

In the circumstances, I am unable to confirm existence of effective payroll controls and governance in the management of public resources.

2.0 Weaknesses in Information Communication Technology (ICT) Controls

Examination of the ICT systems and structures revealed that the University did not have approved IT strategic plan to provide guidelines to Management on implementing IT related issues while the installed fire suppression system at the server rooms was faulty. Further, there was no proof of training programs undertaken by the IT staff, hence users' skills are not being upgraded to meet the changing trends within the organization.

Consequently, I am unable to confirm the existence of effective ICT controls at the University.

3.0 Cancellation of Accounting Records

Review of the University's cash books and general ledgers revealed that there were cancelled receipts amounting to Kshs.463,345,636 (14% of total revenue) and cancelled payments amounting to Kshs.575,688,059 (20% of total expenses). There were journal entries (debits) amounting to Kshs.25,795,783 and journal entries (credit) amounting to Kshs.67,028,063. The cancellations contravenes Section 103(2) of the Public Finance Management Regulations which stipulates that journal vouchers shall be supported by sufficient explanations, authorizations and documentation to facilitate accounting. Numerous cancellations of financial transactions could easily lead to inaccurate and unreliable financial statements or fraudulent transactions.

In the circumstance, I am unable to confirm controls on accounting records including governance.

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 University Council

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

22 July, 2021

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
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XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH, JUNE 2020

	Note	2020	2019
		Kshs	
Revenue from non-exchange transactions			
Recurrent Grant (GoK)	5	1,851,777,606	1,528,040,330
Research Grants	6	41,333,323	30,349,534
Total revenue from non-exchange transactions		1,893,110,929	1,558,389,864
Revenue from exchange transactions			
Tuition and Related Charges	7	1,279,532,502	1,361,757,288
Income Generating Units	8	18,631,105	26,039,884
Other Income	9	32,913,862	38,278,992
Total revenue from exchange transactions		1,331,077,469	1,426,076,164
Total revenue		3,224,188,397	2,984,466,028
Expenses			
Employee costs	10	2,122,656,293	1,825,017,757
Depreciation and amortization	11	146,592,054	141,705,273
Repairs and Maintenance Expenses	12	24,095,911	28,083,900
Contracted Services	13	86,249,364	101,800,831
General Expenses	14	159,398,728	215,467,470
Academic (Teaching, Research and Extensions)	15	344,726,974	401,648,827
Remuneration of Council	16	20,795,234	21,151,001
Chancellor Expenses	17	1,232,200	1,276,600
Provision for bad debts	18	22,488,108	-
Total expenses		2,928,234,866	2,736,151,659
Surplus/(Deficit)		295,953,531	248,314,369

The notes set out on pages 41 to 83 form an integral part of these financial statements.
The figures in the Financial Statements for Financial Year 2018/2019 represents the restated figures as detailed in Note 42.

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XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020

	Notes	2020	2019
		Kshs	Kshs
ASSETS			
Current assets			
Cash and cash equivalents	19	480,996,728	361,383,041
Receivables from exchange transactions	20	1,046,343,940	1,511,994,669
Receivables from non-exchange transactions	21	15,651,809	13,674,311
Inventories	22	40,087,684	21,989,542
Total Current Assets		1,583,080,162	1,909,041,563
Non-current assets			
Property ,plant and equipment	23	5,081,973,378	5,087,587,771
Biological Assets	24	718,700	627,000
Intangible assets	25	5,500,345	10,907,910
Total non- current assets		5,088,192,422	5,099,122,681
TOTAL ASSETS		6,671,272,584	7,008,164,244
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	26	106,527,408	253,596,829
Refundable deposits from customers	27	370,364,819	390,583,504
Deferred income	28	20,838,325	18,740,817
Employee benefit obligation	29	234,533,410	36,788,484
Total current liabilities		732,263,962	699,709,634
NET ASSETS			
Capital Reserves		3,315,871,394	3,733,048,244
Revenue Surplus		295,953,531	248,314,369
Revaluation Reserves		2,327,183,697	2,327,091,997
Total Net Assets		5,939,008,622	6,308,454,610
Total Net Assets and Liabilities		6,671,272,584	7,008,164,244


The Financial Statements set out on pages 35 to 83 were signed on behalf of the Council by:



Prof. Solomon Shibairo
 Ag.Vice Chancellor



CPA Jared G. O. O. Rading'
 Head of Finance
 ICPAK Number 6143



Dr. Jane Musangi Mutua
 Chairman of the Council

Date.....28/9/2020

Date.....28th September 2020

Date.....28/9/2020

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XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2020

Details	Capital Development Reserves	Accumulated Revenue Reserves	Revaluation Reserves	Total
Balance at July, 01 2018	1,174,699,493	2,345,820,199	11,334,325	3,531,854,016
Surplus / Deficit for the year	-	248,314,369	-	248,314,369
Capital Development Grants	174,444,250			174,444,250
Prior Year Adjustment		38,084,304		38,084,304
Trial Balance Suspense				0
Revaluation Reserves			2,315,757,672	2,315,757,672
Balance at June, 30 2019	1,349,143,743	2,632,218,872	2,327,091,997	6,308,454,611
Balance at July, 01 2019	1,349,143,743	2,632,218,872	2,327,091,997	6,308,454,611
Surplus / Deficit for the year		295,953,531		295,953,531
Capital Development Grants				0
Prior Year Adjustment		-665,491,220		-665,491,220
Trial Balance Suspense	-	0		0
Revaluation Reserves			91,700	91,700
Balance at June, 30 2020	1,349,143,743	2,262,681,183	2,327,183,697	5,939,008,622

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XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

Cash flows from operating activities			
Surplus for the year		295,953,531	248,314,369
Add: Depreciation	11	146,592,054	141,705,273
Prior Year Adjustments/Suspense figure		13,101	64,726,678
Operating surplus before working capital changes		442,558,686	454,746,320
Working capital changes			
Increase/(decrease) in inventories		(18,098,142)	7,216,897
Increase/(decrease) in trade and other receivables	20 & 21	463,673,230	(141,123,401)
Increase/(decrease) in trade and other payables	26,27,28 & 29	32,554,328	(239,104,715)
Net cash flows from operations		478,129,417	(373,011,219)
Net cash flows from operating activities		920,688,103	81,735,101
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	20,22 & 23	(135,661,796)	(2,507,060,926)
Net cash flows used in investing activities		(135,661,796)	(2,507,060,926)
Cash flows from financing activities			
Capital fund		91,700	2,490,167,922
Revenue reserves	31	(665,491,220)	38,084,304
Net cash flows used in financing activities		(665,399,520)	2,528,252,226
Net increase/(decrease) in cash and cash equivalents		119,626,787	102,926,402
Cash and cash equivalents at the beginning of the year		361,369,941	258,443,539
Cash and cash equivalents at end of the year		480,996,728	361,369,941

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**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR
THE YEAR ENDED 30 JUNE 2020**

		Original budget	Adjustmen ts	Final budget	Actual Outcome	Performance Difference	Budget Vs Actual Variance
		2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	%
A	Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
1	Recurrent Grants	2,058,731,631	-	2,058,731,631	1,851,777,606	206,954,025	90
2	Retained Earnings	295,000,000	-	295,000,000	135,570,095	159,429,905	46
3	Research Grants	20,000,000	-	20,000,000	41,333,323	(21,333,323)	207
4	Tuition and Other Related Fees	1,129,947,000	-	1,129,947,000	1,279,532,502	(149,585,502)	113
5	Other Income	62,724,000	-	62,724,000	51,544,967	11,179,033	82
	Total Income	3,566,402,631	-	3,566,402,631	3,359,758,492	206,644,139	94
	Expenses			-		-	
6	Employee costs	2,207,103,000	-	2,207,103,000	2,122,656,293	84,446,707	96
7	Depreciation and amortization	128,000,000	-	128,000,000	146,592,054	(18,592,054)	115
8	Repairs and Maintenance Expenses	57,090,000		57,090,000	24,095,911	32,994,089	42
9	Contracted Services	107,450,000		107,450,000	86,249,364	21,200,636	80
10	General Expenses	271,616,000	-	271,616,000	159,398,728	112,217,272	59
11	Academic(Teaching, Research and Extensions)	473,151,000		473,151,000	344,726,974	128,424,026	73
12	Remuneration of Council	25,000,000		25,000,000	20,795,234	4,204,766	83
13	Chancellor Expenses	2,000,000		2,000,000	1,232,200	767,800	62
14	Provision for bad debts	-		-	22,488,108	(22,488,108)	
15	Capital Expenses	295,000,000		295,000,000	135,570,095	159,429,905	46
	Total Expenditure	3,566,410,000	-	3,566,410,000	3,063,804,961	502,605,039	86
	Surplus	(7,369)	-	(7,369)	295,953,531	(295,960,900)	

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Notes to the Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2020

This budget statement relates to the approved Budget for Financial year 2019/2020

1. The recurrent grants support from the National Government of Kshs. 1,851,777,606 was realized against planned amount of Kshs. 2,058,731,631 thus registering 90% performance. This showed commitment from the National government to continue supporting the University. The difference of Kshs.206, 954,025 was received in July 2020 for settlement of CBA 2017-2021 arrears for staff.
2. Retained Earnings was absorbed at Kshs. 135,570,095 against a target of Kshs. 295,000,000 for the year giving 46% performance. This low performance was as result of delay in procurement of planned non-financial assets acquisition which was caused by the impact of the Covid-19 pandemic.
3. Research Grants income was realized Kshs. 41,333,323 against a projection of Kshs. 20,000,000 resulting into a performance of 207%. The huge variance is due to unpredictability in receipt and usage of the funds by the academic staff engaged in research and proposal writing. The researchers attracted more funding the FY 2019/2020.
4. Tuition and related charges recorded Kshs. 1,279,782,002 against a target of Kshs. 1, 129, 97,000 resulting into a performance of 113% of the budget amounts. The good performance was attributed to full billing of all students for the Academic year 2019/2020 by March 2020 before the advent of COVID-19 pandemic. It should however, be noted that the students left for home before completing the second semester of the academic year.
5. Other income recorded Kshs. 51,544,967 against a target of Kshs. 62,724,000 realizing 82% of the target in performance. The main component of other incomes is catering income which realized significant drop in revenues as shown in note 8&9 in the detailed notes to the financial statements. The drop was largely attributed to the closure of most activities from 20th March 2020 when the Covid-19 pandemic set in and staffs were required to work from home in non-core areas of the university.
6. Employee costs recorded Kshs. 2,122,656,293 against a target of Kshs.2, 207, 103,000 yielding 96% of the budget. The savings was as result of inability to effect all planned recruitments for the year and resolution of Internal CBAs which would have consumed part of these funds.
7. Depreciation provision registered 115% against the budget. This largely depends on the level of Property, Plant & Equipment maintained in the year. The university received certificate of completion and occupancy for the office block which was then transferred from Work in Progress to Buildings & Civil Works thus increasing the cost of this asset class for depreciation. The details of this increase are contained in Note 23 of the financial statements.

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8. Repairs and Maintenance recorded 42% performance of Kshs.24,095,911 against a budget of Kshs.57, 090,000 for the year. This underperformance was caused by stoppage of repairs by casual technicians in March 2020 to keep social distance with the advent of COVID-19 pandemic. Materials for repairs and maintenance works were procured and it will resume in the FY 2020/2021.
9. Contracted services registered a performance of Kshs 86,249,364 which is 80% of the budgeted figure of Kshs. 107,450,000. There was significant drop in rental expenses owing to the fact that the University terminated the leases for rented facilities in Kakamega Town which were used to house the School of Business at the beginning of the year.
10. General expenses recorded 59% of the budget due to the suspension of most activities in March 2020 following the COVID-19 pandemic in March 2020. This meant that most planned activities did not take places thus the low absorption.
11. Academic (Teaching, Research and Extensions) expenses registered 73% against the budget. Most activities such as teaching practice and industrial attachment did not take place owing to the COVID-19 pandemic. All conferences which had been planned for June 2020 were suspended indefinitely thus the low absorption.
12. Council Expenses registered 83% performance against budget. All the meetings were conducted as planned and therefore this was prudent utilization of the budget by the governance wing of the University. This was largely due to virtual meetings in the fourth quarter following the advent of COVID-19 pandemic in March 2020
13. Chancellor's Expenses recorded 62% of the budget. This was as a result of reduction of activities under this vote due to COVID-19 pandemic.
14. Provision for bad debts realized Kshs 22,488,108 against a budget of Kshs. 50,000,000 yielding 45% performance. This was due to careful review of non-performing accounts and making specific provision as detailed in note 15 of the financial statements
15. Capital Expenses recorded 46% of the budget. This low absorption was due to slow pace of project implementation and lengthy procurement procedures together with the impact of slowed down activities as a result of COVID-19 pandemic.

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XVIII. NOTES ON THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Masinde Muliro University of Science & Technology (MMUST) is established by and derives its authority and accountability from the Universities Act of 2012 (No 42 of 2012). The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activities are teaching, research, innovation, and extension services.

2. (a) STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The asset valuation process was completed and the report prepared, thus the assets have been recognized in the financial statements. The financial statements were prepared in conformity with International Public Sector Accounting Standards (IPSAS), which allows the use of estimates and assumptions. IPSAS requires management to exercise judgment in the process of applying the University accounting policies. 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 (2012), the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

2. (b) ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

Standard	Impact
IPSAS 39: Employee Benefits	<p>Applicable: 1st January 2018</p> <p>The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.</p> <p>This has been implemented and has helped in matching expenses as and when they are incurred.</p>

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NOTES ON THE FINANCIAL STATEMENTS (Continued)

2 (b) ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

iii. Early adoption of standards

The University did not early – adopt any new or amended standards in year 2019.

3. 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 realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

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.

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 2019-2020 was approved by the National Assembly in May 2019. 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.

The University's budget is prepared on same 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 so is the budget.

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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 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.

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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:

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

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

d) 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.

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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. 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.

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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:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- 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

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 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

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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 a University of financial assets is impaired. A financial asset or a University 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:

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

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.

i) 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.

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Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor 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.

j) 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.

Contingent liabilities

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

Contingent assets

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

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k) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. Capital reserves are meant for development and expansion of long term assets while revenue reserves are for accumulation of operating surpluses which are then used for reinvestment purposes. Revaluation reserves are for asset maintenance and impairments.

i) 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.

j) 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.

k) 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.

l) 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.

m) Related parties

The University regards a related party as a person or a 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

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parties and comprise the Directors/ Council, the Vice Chancellor and Senior Managers.

n) 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.

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

o) Comparative figures

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

p) 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, 2020.

4. 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 judgments, estimates and assumptions made: e.g

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.

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However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

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

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

F/NO	DETAILS	2020	2019
		AMOUNT IN Kshs	AMOUNT IN Kshs
5.	Recurrent Grant(GoK)		
	July	172,487,330	129,833,191.00
	July	139,940,857	
	August	139,940,855	129,833,191.00
	September	139,940,857	129,833,191.00
	October	139,940,857	129,833,191.00
	November	139,940,856	122,043,201.00
	December	139,940,857	122,043,200.00
	January	139,940,857	127,236,527.00
	February	139,940,855	127,236,527.00
	March	139,940,855	119,446,537.00
	April	139,940,857	129,833,191.00
	May	139,940,856	129,833,191.00
	June	139,940,857	20,000.00
	June	0	1,182,000.00
	June	0	129,833,192.00
	Sub total	1,851,777,606	1,528,040,330.00

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6.	Research Grants	41,333,323	30,349,534
	Provide detailed reconciliation as a separate disclosure.(see note 43)		
7.	Tuition and Related Charges		
	Tuition Fees	846,526,902	941,547,510
	Student Opening Balances	16,214,300	(352,485)
	Registration fees	2,926,900	2,754,500
	ID charges	48,300	(1,000)
	Activity fees	15,427,400	16,838,335
	Amenity fees	15,382,500	16,531,850
	Medical fees	25,749,750	27,541,537
	Students Organizational Fee	6,131,300	6,759,100
	Examination fees	63,896,965	72,440,660
	ICT levy	78,086,599	84,887,145
	Teaching Practice	2,000	109,033
	Field Trips	506,500	331,000
	Thesis	15,742,000	13,180,830
	Supervision	25,250,500	21,788,340
	Professional Insurance Indemnity	538,500	555,000
	Library Fees	47,137,301	51,362,172
	Graduation Fees	26,005,836	20,590,375
	Skill Laboratory Fee	1,555,000	1,740,500
	KUCCPS Processing Fee	3,929,000	3,609,500
	Hospital Consumables	3,597,000	4,023,266
	Medical Insurance	119,000	202,500
	Appraisal Forms	4,300	(1,900)
	Psychiatry Case Presentation Forms	6,600	200
	Practical Fee /Clinical Placements	3,670,100	3,693,900
	Attachment	51,811,085	56,652,065
	Computer Laboratory Costs	2,656,000	2,158,800
	Laboratory Fees	1,302,600	1,528,100
	Board (KNDI)	2,000	211,800
	Training Fees	51,584	120,265
	Referral/Supplementary	3,834,360	1,562,410
	Collaboration Centre Fees	0	300,000
	Damages	10,983,710	48,900
	Application fees	3,730,720	4,714,750
	Project fees	1,656,000	0
	Extended Supervision fee (Fee)	2,000	0
	Examination for revised thesis	4,660	0
	Lesson Plan	227,455	373,480
	Supplementary Exam Fee	29,600	1,000
	Examination Fee - PHD	206,000	45,000

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	Old students receipts		
	Alumni	8,000	0
	Field work fee	2,000	5,000
	Student smart card charges	2,273,000	1,173,550
	Mmust-Inst Ethical review committee	2,282,175	2,695,300
		15,000	35,000
	Total Tuition and Related Income	1,279,532,502	1,361,757,288
8.	Income Generation Units		
	Farm income	924,340	224,640
	Catering	9,695,539	15,608,257
	Book Shop	1,674,910	492,019
	Workshop & Conferences	2,736,212	1,232,850
	Rental Estate Income	761,036	4,662,540
	Library Income	158,370	83,180
	Estate sell of Grass	80,500	81,120
	Sale from production unit	267,110	382,180
	Hire of Venues / Trappers/ Equipment	2,333,088	3,273,098
	Total Income From IGU	18,631,105	26,039,884
9.	Other Income		
	Accommodation	28,601,800	33,971,220
	Fines & Penalties	320,515	565,220
	Misc. Income	1,202,389	2,346,669
	Sale of Tender Documents	56,000	28,500
	Disposal of Boarded Item Sales	0	51,140
	Foreign Exchange gain	1,418,753	0
	Research Income	686,100	67,435
	Interest income	115,806	219,665
	Revenue from collaborations	512,500	1,023,643
	Pan African Congress Proceeds	0	5,500
	Total Sundry Incomes	32,913,863	38,278,992
10.	Employee Costs		
	Basic salaries	1,094,405,659	859,779,131
	Car Allowances	122,742,932	119,862,516
	Casual Workers	103,902	52,716
	Gratuity expenses	24,657,059	49,100,583
	House Allowances	367,345,501	366,405,343
	Management Allowance	1,216,129	1,150,000
	Medical Expenses	52,657,300	52,639,804
	OTHER PERSONAL ALLOWANCES	102,746,157	99,794,798
	Part-time Payments	100,599,550	125,635,901
	Passage and Baggage Allowances	418,600	305,700
	Pension contribution	244,416,722	145,048,723

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	Stipend	920,000	2,920,000
	Telephone Allowance	10,426,781	2,389,735
	Total Personnel Emoluments	2,122,656,292	1,825,017,757
11.	Depreciation and Amortization		
	Depreciation of Buildings	68,594,278	60,852,847
	Depreciation of Computers and appliances	22,521,129	24,054,851
	Depreciation of Furniture and Fittings	9,855,804	10,229,900
	Depreciation of Motor vehicles	8,657,995	9,695,570
	Amortization of Software	5,407,565	5,125,352
	Depreciation on Plant and equipment	28,057,904	26,161,471
	Depreciation on Library Books and Journals	3,497,379	5,585,282
	Total Depreciation	146,592,054	141,705,273
12.	Repairs and Maintenance		
	Repair and Maintenance of Motor vehicles	5,000,000	5,699,420
	Maintenance of Plant, Furniture and Equipment	2,220,677	3,704,693
	Maintenance of Computers	5,111,533	1,707,010
	Maintenance of Buildings	11,763,701	16,972,777
	Total Maintenance Expenses	24,095,911	28,083,900
13.	Contracted Services		
	Cleaning Services	10,340,564	9,654,379
	Insurance Expenses	5,420,829	7,414,019
	Legal Expenses	3,593,170	8,702,001
	Rent and Rates	33,168,984	50,188,000
	Security Services	33,725,817	25,842,432
	Total Contracted Services	86,249,364	101,800,831
14.	General Expenses/ Administration Expenses		
	Advertising and Publicity Expenses	7,379,873	11,266,157
	Affiliation fees	3,341,610	6,006,500
	Audit fee	382,000	1,160,000
	Careers week	94,600	1,063,680
	Corporate Social Responsibility	1,556,840	919,165
	couching and mentoring	290,790	1,029,620
	External Travelling and Accommodation Expenses	69,180	2,310,720
	Bank Charges	4,991,479	4,948,270
	CATERING EXPENSES	12,303,478	16,103,096
	IGU EXPENSES	7,524,195	5,167,828
	Forensic Audit	0	300,785

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	Inter-University Games	7,038,060	11,638,577
	MMUSO	6,021,770	10,274,204
	CAUTION		(110,518)
	Office Expenses	3,941,997	9,097,346
	Office Stationery	5,261,003	15,169,257
	Official entertainment	3,703,185	1,291,695
	Performance Contracting Costs	1,592,488	993,300
	Postal and Courier Expenses	1,150,890	890,990
	Senate Expenses	400,571	1,199,580
	Fumigation Expenses	1,068,984	0
	Show and Exhibitions	299,500	1,616,314
	Special Projects	4,263,262	6,212,557
	Sports Equipment	396,520	3,288,728
	Student Registration Expenses	1,361,827	672,900
	Tamasha	175,776	1,953,800
	Telephone Expenses	104,951	369,518
	Training and Staff Development Expenses	7,708,754	3,896,105
	Transport Operating Expenses	11,447,780	12,061,780
	Travelling and Accommodation	9,990,093	11,565,709
	UMB EXPENSES	1,473,411	3,345,811
	University Choir	2,678,326	2,089,634
	Electricity	14,406,665	15,339,238
	MMUST Enterprises	451,200	0
	Public Celebrations and Funerals	2,064,080	3,528,725
	Publishing and printing	1,532,080	201,934
	Purchase of Uniforms and Clothing	2,482,468	3,887,810
	Tender Expenses	81,400	363,423
	Water and Conservancy	20,086,903	19,641,048
	Commission for University Education Expenses	4,135,000	250,920
	SGS Election & Training	0	3,276,900
	Valuation Services	0	2,082,320
	KUCCPS Processing Expenses	3,792,000	14,713,500
	ISO- QA Activities	2,353,740	4,388,544
	Total General Administrative Expenses	159,398,728	215,467,470
15.	Academic (Teaching, Research & Extension)		
	Alumni expenses	620,350	713,450
	Disability Mainstreaming expenses	649,228	252,340
	Donor funded research expenses	41,333,323	30,349,534
	DRAMA Festivals	12,600	2,374,790
	Examination Expenses	5,903,272	5,428,200
	External examiners expenses	6,446,137	4,090,400
	Graduation Expenses	13,318,957	13,377,613

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	HIV/AIDS Expenses	161,780	76,520
	Internet connectivity expenses	36,571,667	26,407,690
	KNUT-Mmust Scholarship expenses	587,400	2,829,650
	Library expenses	501,426	378,485
	Mmust scholarship	1,694,250	2,139,500
	MMUST Talent Scholarship	3,540,000	5,449,000
	MMUST WORKSTUDY SUPPORT PROGRAMMES	3,672,644	4,175,032
	New Programmes	3,941,652	2,682,820
	PSSP Expenses	140,096,000	186,191,757
	Research Expenses	9,583,841	6,959,258
	Seminars and Conferences	3,530,357	9,150,670
	Students Practical Expenses	3,061,981	5,594,411
	Teaching Material	14,556,805	14,078,944
	Teaching Practice and Field Attachment	39,793,393	57,985,551
	Thesis Supervision Expenses	6,758,911	17,359,931
	Student Expenses	0	(78,719)
	University collaborations & exchange programme	0	31,000
	student smart refunds expenses	4,640,500	3,001,500
	MMUSO Somesha Mwenzako bursary	28,500	649,500
	Publicity of Academic Programmes	3,722,000	
	Total Academic(Teaching, Research and Extensions)	344,726,974	401,648,827
16.	Remuneration of Council/Chancellor		
	Council Expenses	0	(1,116)
	Council honoraria expenses	1,373,250	1,064,299
	Council travel expenses	3,532,729	3,737,074
	Council subsistence allowances	5,902,500	5,528,400
	Council training expenses	480,000	600,000
	Council catering expenses	802,515	706,678
	Council stationery expenses	271,440	207,666
	Council sitting allowances	8,432,800	9,308,000
	Total	20,795,234	21,151,001
17.	Chancellor Expenses	1,232,200	1,276,600
18.	Bad debts Provision		
	Less than 1 year Kshs. 40,859,883@15%	10,164,971	
	Under provision for 2018/2019 1,061,634@100%	1,061,634	
	Old Student Debtors 11,261,504@100%	11,261,504	
	Total	22,488,109	

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19.	Cash and Cash Equivalents		
	MMUST KCB 1101811269 (Deposit Recurrent)	152,359,041	110,604,274
	MMUST KCB Payments 1101922109(Tuition)	2,080,992	22,702,327
	MMUST KCB 1101922370(Seminar)	0	10,000
	MMUST BBK 8080317 IGU	2,556,385	7,674,954
	MMUST BBK 8086269 (Tuition)	0	10,449
	MMUST NBK 0100370554000 (Tuition)	10,322,027	17,023,612
	MMUST Standard Bank 0102002576500 (Tuition)	0	484,270
	MMUST Coop Bank 01129033999900 (tuition)	1,617,718	9,844,274
	MMUST Equity Bank 050029463103	294,470,713	143,574,862
	MMUST Family Bank 078000012655	8,700,945	18,897,234
	MMUST KCB 1101811331 (payment)	4,909,996	(6,598,845)
	MMUST Standards Bank 0102098712400(research grants	1,289,332	8,460,489
	MMUST Standard Bank 8702098712400(Research grants	2,689,580	27,244,613
	Provision for unbanked cash	0	181,876
	Petty Cash	0	1,268,652
	Total Cash and Cash Equivalents	480,996,729	361,383,041
20.	Receivables from Exchange Transactions		
	IGU Receivable	14,171,962	29,523,123
	Prepaid Expenses	1,500,000	0
	Sundry Debtors	88,500	88,500
	Student Debtors (See Note 32)	1,053,071,586	1,482,383,046
	Less provision for bad debts	(22,488,108)	0
	Total Receivables from Exchange Transactions	1,046,343,940	1,511,994,669
21.	Receivables from Non-Exchange Transaction		
	Staff Imprest	15,651,809	13,674,311
	Total Receivables from Non-Exchange Transactions	15,651,809	13,674,311
22.	Inventories		
	Clinical Drugs Stocks	8,178,461	5,530,338
	Dry Food Stock	908,663	980,689
	Estate Building Materials	22,599,604	9,710,675
	Stationery Central Stores	8,400,956	5,767,840
	Total Inventory and Stores	40,087,684	21,989,542

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Property, Plant and Equipment		Buildings	Work in Progress	Plant & Equipment	Computers	Furniture	Library Books	Motor Vehicles	Total
a	Current year	Land							
		0	0.025	0.2	0.33	0.125	0.25	0.25	
	Cost								
	At 30 June 2018	78,299,725	1,152,747,856	250,007,818	120,327,170	126,936,943	22,341,126	123,891,911	2,298,812,449
	At 01 July 2018	78,299,725	1,152,747,856	250,007,818	120,327,170	126,936,943	22,341,126	123,891,911	2,298,812,449
	Additions	-	-	20,370,808	20,224,885	8,207,000	-	-	172,194,703
	Transfers/Adjustments	-	117,547,522	(117,547,522)					-
	Revaluation	2,204,460,275	1,163,818,509	45,434,272	27,173,564	1,279,112	-	31,211,140	3,473,376,872
	At 30 June 2019	2,282,760,000	2,434,113,887	315,812,898	167,725,619	136,423,055	22,341,126	155,103,051	5,944,384,023
	At 01 July 2019	2,282,760,000	2,434,113,887	315,812,898	167,725,619	136,423,055	22,341,126	155,103,051	5,944,384,023
	Additions	-	-	12,992,165	10,922,401	4,412,475	5,032,457	54,578,740	135,570,095
	Transfers/Adjustments		309,657,227	(309,657,227)					-
	Revaluation								-
	At 30 June 2020	2,282,760,000	2,743,771,114	328,805,062	178,648,020	140,835,530	27,373,583	209,681,791	6,079,954,118

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Depreciation and b Impairment										
At 30 June 2018	-	(193,227,715)	-	(202,781,569)	(109,174,790)	(88,706,431)	(13,147,374)	(113,178,452)	(720,216,331)	
Charge for the year		(60,852,847)		(26,161,471)	(24,054,851)	(10,229,900)	(5,585,282)	(9,695,570)	(136,579,921)	
At 30 June 2019	-	(254,080,563)	-	(228,943,040)	(133,229,641)	(98,936,331)	(18,732,655)	(122,874,022)	(856,796,252)	
Charge for the year	-	(68,594,278)		(28,057,904)	(22,521,129)	(9,855,804)	(3,497,379)	(8,657,995)	(141,184,489)	
As at 30 June 2020	-	(322,674,841)	-	(257,000,945)	(155,750,770)	(108,792,135)	(22,230,034)	(131,532,017)	(997,980,741)	
NBV At 30 June 2018	78,299,725	959,520,141	424,259,900	47,226,249	11,152,380	38,230,512	9,193,753	10,713,460	1,578,596,118	
NBV At 30 June 2019	2,282,760,000	2,180,033,325	430,104,387	86,869,858	34,495,979	37,486,723	3,608,471	32,229,030	5,087,587,771	
NBV At 30 June 2020	2,282,760,000	2,421,096,274	168,079,017	71,804,118	22,897,250	32,043,395	5,143,549	78,149,775	5,081,973,378	

Notes:

- The transfer of Kshs 309,657,227 relates to the Anatomy Laboratory Building and Office Block building that have been classified as completed building due to the issuance of a certificate of completion by the Project Manager.

		2020	2019
24.	Biological Assets (Livestock)	KSHS	KSHS
	Opening Balance	627,000	320,000
	Additions during the year	0	455,000
	Loss/Profit on revaluation	91,700	(148,000)
	Closing Balance	718,700	627,000
	Biological assets relate to livestock kept for teaching and research purposes.		
25.	Intangible Assets		
	Opening Balance	10,907,910	15,662,147
	Addition for the year	0	371,115
	Amortized amount	5,407,565	5,125,352
	Closing Balance	5,500,345	10,907,910
26.	Trade and Other Payables from Exchange Transactions		
	Accounts recurrent Payables	218,154	9,236,180
	Accounts Payables	1,440,004	0
	Botanical Garden	0	2,000
	Insurance Claim	8,424	1,637,423
	Part time Payable Expenses	0	85,835
	Projects Retention Money	379,497	41,613,431
	KUSU MMUST Chapter	0	1,438
	With Holding Tax Payables	15,915,847	18,365,607
	Bank Staff Loans Deductions	0	1,547,705
	CBA Arrears	0	0
	Other Staff Deductions	76,122	2,804,326
	Payee	(2,256)	2,632,690
	Payroll Net pay	264,442	2,838,112
	PSSP Arrears	60,608,967	160,000,000
	Sacco Deduction	87,843	620,151
	Staff Pension Contributions	254,452	310,056
	Bank transfers clearing (Dollars)	(28,000)	24,400
	Opening Balances Suspense	(118,250)	0
	Provision for Consultancy Services	0	1,190,400

	Provision for Part time lecturers	130,753	130,753
	Provision for Payable -Parttime Lecturers	18,271,396	0
	Customer prepayments	0	71,501
	MMUST pan African congress	2,800	2,800
	Out Put Vat	7,283,541	10,415,913
	Withholding VAT @ 2%	807,118	66,107
	Withholding VAT @2% of 114	926,552	
	Total Trade and Other Payables	106,527,408	253,596,829
27.	Refundable deposits from Customers		
	Prepayments	252,705,237	239,629,427
	CDF Control	34,452,285	38,239,310
	Customer Prepayments	0	0
	HELB Control	25,606,699	40,706,901
	Direct deposit allocation fund acc.	23,561,539	41,413,972
	Caution Money	34,390,565	30,945,400
	Students refunds	(351,450)	(351,450)
	Total Refundable Deposits	370,364,875	390,583,560
28.	Deferred Income		
	Research Grants & Donations(note 42 for details)	20,838,325	18,740,817
	Total Research Grants & Donations	20,838,325	18,740,817
29.	Employee Benefit Obligation		
	Gratuity	27,579,109	28,147,311
	CBA Arrears	206,954,301	8,641,173
	Total Employee Benefit Obligation	234,533,410	36,788,484
30.	Capital Development Grants		
	MMUST- Capital	0	174,444,250
	Total Capital Grants	0	174,444,250
31.	Prior Year Adjustments		
	Details		
	Projects Retention Money	41,438,205	0
	Tuition fees and related charges	(685,884,646)	0
	Other Debits	(107,887,317)	(813,506,431)
	Other Credits	86,833,537	851,590,743
	Total	(665,491,220)	38,084,305

32.	Student Debtors Reconciliation		
	Balance as per General Ledger as at 1-07-2019	1,482,383,046	1,482,383,046
	Errors in Students Accounts corrected	-685,884,646	0
	Additions for the year	256,573,186	0
	Balances as at 30-06-2020	1,053,071,586	1,482,383,046

33. Contingent Liabilities

The University had a number of cases that were in court touching on various issues. The University discloses these liabilities herein for proper information.

S/NO	CAUSE NO./ PARTIES	Financial Implications
1	KSM Cause No. 397 of 2015 KUSU vs. MMUST	232,000
2	KSM Cause No. 307 of 2015 Richard Wepukhulu vs. MMUST	210,690
3	NRB HCCC No. 23 of 2009 HAIDCO vs. MMUST & Capital Construction Co. Ltd	2,534,141
4	KAK HCCC No.58 of 2012 Capital Construction Co. Ltd vs. MMUST	7,492,990
5	KSM Cause No. 292 of 2015 Almond Kutto vs. MMUST	116,000
6	NRB Public Procurement and Administrative Review Board App No. 32 of 2016 Harmo Engineering & Building Co. Ltd vs. MMUST	266,800
7	KAK CMCCC No. 330 of 2010 Fraca Servcom vs. MMUST	458,080
8	KAK ELC No. 257 of 2015 David Kiilu & Another vs. MMUST & Other	1,000,000
9	KSM Cause No. 379 of 2010 UASU vs. MMUST	116,000
10	KSM Cause No.350 of 2017 Joash Mabonga vs. MMUST	58,000
11	KSM Cause No. 351 of 2017 Leah Mbira vs. MMUST	58,000
12	KSM Cause No.352 of 2017 Beatrice Gorry vs. MMUST	203,000
13	KSM Cause No. 47 of 2018 Humphrey Ayiro vs. MMUST	116,000
14	KSM Cause No. 94 of 2018 KUSU vs. MMUST	232,000
15	KSM Cause No. 27 of 2019 Stephen Odamong & Another vs. MMUST	232,000
16	KSM Cause No. 239 of 2018 Johnson Simiyu Litiema vs. MMUST	174,000
17	KSM Cause No. 217 of 2018 Middlestone Kessesi vs. MMUST	1,497,576
18	NRB PET No. 444 of 2018 Rev. Sr. Regina Syombua vs. MMUST & VIP	37,000
19	LMR Traffic Case No. 536 of 2018 Republic Vs Joel Tandale Tuti	98,600
20	NRB Cause No. 850 of 2012 KUDHEIHA Workers Union vs. MMUST	137,000

21	KAK CMCCC No. 85 of 2018 MMUST & Another vs. Seth Musisi	312,000
22	KAK HCCC No. 24 of 2018 Midland Properties Investment LTD VS MMUST	46,590,578
23	KAK HCCC No. 77 of 2007 Midland Emporium Ltd vs. HAIDCO & MMUST	7,000,000
24	KAK CMCCC No. 330 of 2018 County Gvt of Kak vs. MMUST	6,400,000
25	KAK CMCCC No. 65 of 2019 James Amere Owich vs. MMUST	344,000
26	KSM Cause No. 64 of 2018 Meshack Onzere vs. MMUST	232,000
27	KSM CMCCC No. 164 of 2018 Jonathan Omunyolo vs. MMUST	3,713,327
28	KAK HCCC No. 237 of 2015 MMUST vs. Alfatech Contractors Ltd	585,573
29	NRB PPARB APP No. 53 of 2016 Mocam Security vs. MMUST	150,232,000
30	NRB JR No. 395 of 2016 MMUST vs. PPARB	745,800
31	NRB CAUSE No. 379 of 2010 UASU vs. MMUST	116,000
32	BG CMCCC No. 649 of 2016 Leah MBIRA vs. MMUST	8,040
33	KSM Cause No. 162 of 2017 Rhoda Mombo vs. MMUST	4,489,056
34	KAK CMCC ELC No. 35 of 2019 Registered Trustees of former ASK land vs. MMUST	3,977,220
	TOTAL	240,015,471

34. Related Party Disclosures

Details	2020	2019
Council Remuneration	20,794,234	21,176,759
Chancellor Expense	1,232,200	1,276,600
Turkana University College transfers	203,092,565	

35. Financial Risk Management

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

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

(i) **Credit risk**

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

30th June 2020	Fully Performing	Past Due but not impaired	Past due and impaired	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Financial Assets				
Receivables from Exchange Transactions	1,046,343,940			1,046,343,940
Receivables from Non-Exchange Transactions	15,651,809			15,651,809
Cash at Bank	480,996,728			480,996,728
Gross financial assets	1,542,992,477		-	1,542,992,477
30th June 2019	Fully Performing	Past Due but not impaired	Past due and impaired	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Financial Assets				
Receivables from Exchange Transactions	1,511,994,669			1,511,994,669
Receivables from Non-Exchange Transactions	13,674,311			13,674,311
Cash at Bank	361,383,041			361,383,041
Gross financial assets	1,887,052,021	-	-	1,887,052,021

(ii) **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the University's directors, 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.

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or 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.

The University's Finance 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.

Year ended 30th June 2020	US\$	Total
	Kshs.	Kshs.
Financial Assets		
Trade Receivables.		1,046,343,940
Trade Payables		(732,263,962)
Borrowings	-	0
Net Exposure		314,079,978
Year ended 30th June 2019	US\$	Total
	Kshs.	Kshs.
Financial Assets		
Trade Receivables.		1,511,994,669
Trade Payables		(699,709,690)
Borrowings		-
Net Exposure		812,284,979

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. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates no impact on the statement of financial performance. This is due to the fact that at the end of the financial year there was no investment that would be affected by fluctuations in the interest rate.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IFRS 7 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's 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.

a) Financial instruments not measured at fair value (Continued)

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

36. RELATED PARTY BALANCES

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. The Government of Kenya has provided full guarantees to all long-term lenders of the University, both domestic and external. Other related parties include:

- i) The National Government;
- ii) Ministry of Education
- iii) Commission for University Education
- iv) MMUST Council
- v) Turkana University College

37. EVENTS AFTER THE REPORTING PERIOD

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

38. ULTIMATE AND HOLDING UNIVERSITY

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

39. BIOLOGICAL ASSETS

Biological Assets are animals that are kept by the University for the purpose of teaching and research in the furtherance of its core mandate. The products such as milk and eggs derived from such biological assets are sold and income thereof recognized as per the relevant accounting policy.

40. CURRENCY

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

41. CO-OPERATIVE BANK DEBT OF KSHS. 18,279,388.65

The University sometimes in 2012 lodged a claim against Co-operative Bank of Kshs. 18,279,388.65 which was a result of reversals effected by the bank on the University bank account without justifiable grounds or reference to the University. The University is pursuing this matter and hopes to recover this asset in the future.

42. RESTATEMENT OF 2019 FINANCIAL STATEMENTS.

There were difficulties in reconciling some items of the financial statements and posting the corrections of errors detected in prior periods in Financial Systems.

In full compliance with IPSAS 3: Accounting Policies, changes in Accounting Estimates and Errors, we have implemented the correction of identified errors by restating the financial statements of 30th June 2019 as follows:

A: STATEMENT OF FINANCIAL PERFORMANCE

1. Tuition and other related charges.

Details	Reported	Restated	Variance
Tuition Fees	941,424,910	941,547,510	-122,600
Application fees	4,721,250	4,714,750	6,500
MMUST Inst. Ethical Review Committee	37,000	35,000	2,000
Total			-114,100

The net effect of these changes is kshs 114,101 making the total Tuition and other related fees to move from kshs 1,361,643,188 to Kshs 1,361,757,288. The changes were caused by instability of the ERP system which is now resolved. This is referenced to Note 7 in the Financial Statement.

2. General expenses

Details	Reported	Restated	Variance
Performance Contracting	389,400	993,300	(603,900)
Total	389,400	993,300	(603,900)

This is because there were two ledgers in the same name for the same purpose. This is referenced to Note 14 in the Financial Statement.

3. Academic Expenses

Research expenses under Pan African research congress of Kshs 56,703 was accounted for twice. This was an oversight that is now rectified. This is referenced to Note 15 in the Financial Statement.

4. Provision for bad debts:

The amount reported under provision for bad debts in 2019 of kshs 36,446,649 was dropped because it was not possible to pass it in the system. Thus the restated amount is zero. This is referenced to Note 18 in the Financial Statement.

5. **Operating surplus/ deficit:** The above changes affected/ increased the surplus from kshs 212,233,625 to Kshs 248,314,369 . This is referenced to Statement of Financial Performance on page 38.

B. STATEMENT OF FINANCIAL POSITION

1. Cash and cash equivalents.

The following ledgers/cashbooks changed:

Details	Reported	Restated	variance
MMUST KCB 1101811269 (Recurrent)	110,604,729	110,604,274	455
MMUST KCB Collection 1101922109	22,871,827	22,702,327	169,500
MMUST KCB 1101811331 (payment)	-16,763,885	-6,598,845	(10,165,040)
MMUST Family Bank Collection 078000012655	18,884,134	18,897,234	(13,100)
Petty Cash	0	1,268,651	(1,268,651)
Provision for unbanked cash	12,376	181,876	(169,500)
Total Cash and Cash Equivalents			(11,446,336)

The reported amount under cash and cash equivalents in 2019 was Kshs 349,924,329 and the restated figure is Kshs 361,383,041. This was occasioned by changes in Imprests running ledger. Imprests amounting to kshs 11,433,237 in prior years had been canceled but the system had not recognized the cancellation. This was finally rectified by the vendor and caused a change in the previous year cash balances. This is referenced to Note 19 in the Financial Statement.

2. Receivable from Exchange transactions

Details	Reported	Restated	Variance
Student Debtors	587,624,474	1,482,383,046	-894,758,572
Total	587,624,474	1,482,383,046	-894,758,572

The reported amount had taken into account adjustments which could not be passed in the system within the reporting period. The restatement of the amount has been done to recognize the figures as they are in the system and ledgers. This is referenced to Note 20 in the Financial Statement

3. Receivable from non-exchange transactions.

The reported amount in 2019 accounts was kshs 25,107,549 and the reinstated amount is kshs 13,674,311. This was occasioned by changes in Imprests running ledger. Imprests amounting to kshs 11,433,234 in prior years had been canceled but the system had not recognized the cancellation. This was rectified by the vendor thus affecting the running imp rest ledger. This is referenced to Note 21 in the Financial Statement

4. Refundable deposits

The following legers changed:

Details	Reported	Restated	variance
Caution Money	30,947,400	30,945,400	2,000
CDF Control	38,289,310	38,239,310	50,000
Prepayments	236,383,906	239,629,427	-3,245,521
Direct Deposits Allocation Fund	42,056,472	41,413,872	642,600
Students Refunds	0	-351,450	351,450
Total	347,677,088	349,876,559	-2,199,471

The changes were caused by instability of the ERP system which is now resolved. The above changes increased the Refundable Deposits amount to Kshs 390,583,560 as reflected by the system from Kshs 388,455,491. This is referenced to Note 27 in the Financial Statement.

5. Trade and other payables

The following legers changed:

Details	Reported	Restated	variance
Accounts recurrent Payable	7,922,034	9,236,180	-1,314,146
Project retention money	175,226	41,613,431	-41,438,205
Withholding Tax Payables	18,096,570	18,365,607	-269,037
MMUST Pan African University	0	2,800	-2,800
Output VAT	10,076,186	10,415,913	-339,727
Payroll Net pay	2,835,856	2,838,112	-2,256
PAYE	2,634,946	2,632,690	2,256
Total	41,740,818	85,104,733	-43,363,915

Projects Retention money: The reported amount was kshs 175,226 after effecting adjustment outside the system to write off nonexistence amounts of kshs 41,438,205. This figure has been restated to reflect the system amount of kshs 41,613,431.

The other changes were caused by instability of the ERP system which is now resolved. The above changes have increased Trade and other payables amount to kshs 253,596,829 as reflected by the system from Kshs 218,503,278. This is referenced to Note 26 in the Financial Statement

6. **Employee Benefit obligation:** This has gone up because the CBA arrears had been reported under Trade and other payable but restated to appear under employee benefit obligation. The amount of increase is Kshs 8,641,173; from Kshs 28,147,311 to Kshs 36,788,484. This is referenced to Note 29 in the Financial Statement

43. RESEARCH GRANTS FUNDS FOR 2019-2020 RECONCILIATION

S/NO.	FUNDING ORGANISATION	BAL B/F	RECEIPTS	MMUST EXP	EXPENDED	BALANCE
1	STS INTRAHEALTH INTER.(FUNZO KENYA)	0	226,275	10,775	215,500	0
2	INTER-UNIVERSITY COUNCIL FOR EAST AFRICA(UCEA)	37,727	0		0	37,727
3	KPHSE REARCH GRANT FUND	6,067,831	0	0	3,140,831	2,927,000
4	NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION	1,080,000	0		0	1,080,000
5	ACOSTINATIONAL REARCH FUND	400	0		0	400
6	NATIONAL REARCH FUND-MULTI DISC	7,930,880	5,273,568		5,749,514	7,454,934
7	NATIONAL REARCH FUND -UTAFITI	478,616	0	0	0	478,616
8	NATIONAL REARCH FUND -NRF	0	638,000	0	638,000	0
9	NATIONAL REARCH FUND -NRF		5,337,072		1,851,476	3,485,596
10	LUTHERAN WORLD FEDERATION	54,410	962,500	0	962,500	54,410
11	UNITED NATIONS UNIVESITY	1,975	0			1,975
12	MACNIGHT – CIAT	100	0			100
13	UNDP NDMA SYMPOSIUM	25,183	0		0	25,183
14	ASARECA	2,783	0		0	2,783
15	INTER-CHILD DEVELOPMENT	160,027	0		0	160,027
16	AFRINIC LTD	3,146	0		0	3,146
17	INSTITUTE FOR ADVANCED STAUDIES	22,026	0			22,026
18	PEJABA	410,679	0	349,422	0	61,257
19	UNESCO(TWAS)	65,777	0	0	0	65,777
20	TWAS- NRF	210,500	0	0	210,500	0
21	UNESCO(TWAS)	202,613	0		202,196	417
22	UNESCO(UNITED NATIONS SCI CULTURE)		160,127	0	160,126	1
23	AFRICAN MATHEMATIC MILLENIM SCIENCE	263	0		0	263
24	J HUTTON INSTITUTE	17,054	2,773,718	138,686	2,400,633	251,453
25	UNIVERSITY OF ST ANDREWS	2,649,687	1,520,214	0	4,165,988	3,913

26	DANISH REFUGE COUNCIL	2,162,440	0	0	1,357,900	804,540
27	UNIVERSITY OF CALIFORNIA	963,247	0	0	400,000	563,247
28	ROMININYI OLUFEMI BOLANLE	1,611	0		0	1,611
29	University of Cambridge (project 2)	32,020	0	0	0	32,020
30	University of Plymouth	762,550	408,156	0	1,170,706	0
31	WINDLE TRUST INTERNATIONAL	600,521	12,775,306	378,000	12,866,404	131,423
32	NATIONAL COMM FOR SCI TECH AND INNO	3,975			0	3,975
33	KARLO (KENYA AGR & LIVE STOCK ORG)	294,000	0	0	294,000	0
34	IAEA (ATOMIC PROJECT)	366,046	1,629,750	81,488	1,788,505	125,804
35	NEW YORK UNIVERSITY	213,692	492,800	23,592	682,900	(0)
36	WHOLE GENOME SEQ WORKSHOP	119,848	0	0	59,000	60,848
37	GLOBAL RESEARCH FUND(SOUTHAMPTON)	855,319	3,368,291	168,415	2,781,144	1,274,052
38	USN-EYE FK PROJECT(Norway)	1,775	248,642	0	0	250,417
39	INTERNATIONAL PLANT GEN RESOURCE CENTRE	236,412	146,130	7,307	235,500	139,736
40	Western college	0	831,250	0	0	831,250
41	CARL ZEISS MEDITEC INC	0	502,400	0		502,400
42	Ali Jafri	0	100	100	0	0
	TOTAL RESEARCH GRANTS	26,035,133	37,294,299	1,157,784	41,333,323	20,838,325

XIX. Appendix 1: PROGRESS REPORT ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS ON MMUST ANNUAL REPORT AND FINANCIAL STATEMENTS FOR 30TH JUNE 2019 AND PRIOR YEARS

The following is the summary of issues raised by the Auditor General and management comments on the status of implementation. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Cash and Cash Equivalents	The accuracy of the cash and cash equivalents balance Kshs.349, 924,329 as at 30 June 2019 could not be confirmed.	i) The variance of Kshs. 87,863, Kshs.4,066,830 and Kshs.26,529,950 was corrected and a bank reconciliation reports attached for review and settlement of the matter.(Appendix I) ii) The variance of Kshs. 13,083,412 is the difference between the cashbook balances and the bank balances and they are reconciling items as indicated in the reconciliation reports for each bank account as indicated in note 31. We have availed the bank reconciliation reports for further review. iii) The Kshs. 4,665,700 is a reconciliation suspense arising from the statement of cash flows.	Finance Officer	Resolved	January 2020

		Management has been conducting reviews on its financial systems in order to clear all outstanding items. This figure will be cleared as we continue to deal with the historical opening entries in the ERP system.			
	The accuracy of the receivables from non-exchange transactions balance of Kshs.25,107,547 as at 30 June 2019 could not be confirmed.	Management has properly stated the figure of receivables from non-exchange transactions to Kshs. 25,107,547 and a register has been provided for review. (Appendix II)	Finance Officer	Resolved	Immediate
2.Receivables from Non Exchange Transactions					
3. Receivables from Exchange Transactions	The accuracy of the receivables from exchange transactions balance of Kshs.617,248,473 as at 30 June 2019 could not be confirmed	The Management had earlier noted that the student debtor's ledger was not accurate and engaged an accounting firm to do reconciliation such that it could correct the ledger to carry only active and genuine students in the financial system. The Student ledger as presented as at 30 th June 2018 was Kshs. 1,485,142,302 which had errors and a	Finance officer	Resolved	30 th September 2019

		<p>reconciliation done and the account restated as provided in note 30.</p> <p>IPSAS 3 Accounting policies, changes in accounting estimates and errors and IPSAS 14 Events after the reporting period, both allow for correction errors when they are detected. The University has so far made adjustments to correct errors in the financial system amounting to Kshs. 601,157,570 out of Kshs. 861,071,179 that had been flagged out during reconciliation as errors to be corrected. The balance is being reconciled for accuracy before corrections are made in the form of adjustments in the ERP system.</p> <p>The objective of identifying and correcting these errors is to ensure that the information in the ERP is not only accurate but also reliable as a basis of making decisions. Management is therefore convinced that the receivables from exchange transaction figure of Kshs. 617,248,473 is correctly stated after the reconciliation and has provided a provisional report on error correction which is</p>			
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		currently underway for review.(Appendix III)		
4. Refundable Deposits from Customers	It was not possible to ascertain accuracy of the of the refundable deposits from customers balance of Kshs.388,455,491 as at 30 June 2019.	Management wishes to clarify that the prepayment figure of Kshs. 236,383,906 is accurate as far as the reporting template from the general ledger is concerned and that there could have been a problem a small variance from the ledger schedule and the trial balance figure.	Finance officer	Resolved 30 th Jun 2019
5.Accumulated Revenue Surplus	The validity of the prior year adjustment of Kshs.680, 011,773 and the accuracy of the accumulated revenue reserve of Kshs.452, 716,091 as at 30 June 2019 could not be confirmed.	Support documents were provided to show prior adjustments and explanations given. Appendix VII IPSAS 3 Accounting policies, changes in accounting estimates and errors and IPSAS 14 Events after the reporting period, both allow for correction errors when they are detected. The University has so far made adjustments to correct errors in the financial system amounting to Kshs. 601,157,570 out of Kshs. 861,071,179 that had been flagged out during reconciliation as errors to	Finance officer	Resolved 31st January 2020

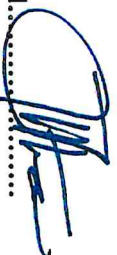
<p>2. 6. Provision for bad Debts</p>	<p>The accuracy of the provision for bad debts figure of Kshs.36, 446,649 for the year ended 30 June 2019 could not be ascertained.</p>	<p>Kshs.36, 446,649 is a makeup of outstanding fees for students who graduated with fee balances. Considering that most had collected their certificates, there is negligible possibility of collecting the monies owed by them. That is why the full amount of the reconciled amount as at 30th June 2019 was provided for. Appendix III</p>	<p>Finance officer</p>	<p>Resolved</p>	<p>30th September 2019</p>
<p>7. Unresolved Previous Year Audit Issues</p>	<p>ii) Misstatement of refundable deposits from customers iii) Migration of data in the ERP which affected the accuracy of opening balances iii) Student debtors'</p>	<p>ii) Reconciliation of these deposits is currently going on and by end of June 2020 will be correctly stated. iii) An ICT systems audit has been conducted by ICTA on the request of Management in order to remedy all the defects detected so far in the ERP systems. iii) Student Debtors reconciliation is complete and the report from the Consultant has been provided</p>	<p>Finance officer</p>	<p>ongoing</p>	<p>30th September 2020</p>

		<p>be corrected. The balance is being reconciled for accuracy before corrections are made in the form of adjustments in the ERP system.</p> <p>The objective of identifying and correcting these errors is to ensure that the information in the ERP is not only accurate but also reliable as a basis of making decisions. Management is therefore convinced that the receivables from exchange transaction figure of Kshs. 617,248,473 is correctly stated after the reconciliation and has provided a provisional report on error correction which is currently underway for review.(Appendix III)</p>			
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XX. Appendix ii: Inter-University Transfers


	UNIVERSITY NAME:			
	Break down of Transfers from the State Department of University Education			
	FY 19/20			
a.	Recurrent Grants			
	MMUST			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		10/7/2020	172,487,330	2019/2020
		8/8/2019	139,940,857	2019/2020
		29/08/2019	139,940,855	2019/2020
		27/09/2019	139,940,857	2019/2020
		1/11/2019	139,940,857	2019/2020
		29/11/2019	139,940,856	2019/2020
		31/12/2019	139,940,857	2019/2020
		5/2/2020	139,940,857	2019/2020
		16/3/2020	139,940,855	2019/2020
		6/4/2020	139,940,855	2019/2020
		15/5/2020	139,940,857	2019/2020
		8/6/2020	139,940,856	2019/2020
		26/06/2020	139,940,857	2019/2020
		TOTAL	1,851,777,606	
	Turkana University College			
		10/7/2019	19,666,507	2019/2020
		8/8/2019	15,285,505	2019/2020
		29/08/2019	15,285,505	2019/2020
		27/09/2019	15,285,504	2019/2020
		3/11/2019	15,285,505	2019/2020
		29/11/2019	15,285,505	2019/2020
		31/12/2019	15,285,505	2019/2020
		14/02/2020	15,285,505	2019/2020
		16/03/2020	15,285,505	2019/2020
		06/04/2020	15,285,504	2019/2020
		8/5/2020	15,285,505	2019/2020
		8/6/2020	15,285,505	2019/2020

	reconciliation iiv) Slow pace of work and default in contract implementation	for review. Currently corrective work is being conducted to properly state the debtors' balances in the ERP system. iv) The project implementation pace has improved largely based on the supervision by the project manager. We have ensured compliance with all provisions of the contract to ensure that the University gets value for money. The Management will continue to exercise prudence in project planning, procurement, implementation and management in order to ensure value for money and timely delivery of projects in order to benefit the University in the pursuit of its mandate. (Appendix VI)			
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Signed.....


Dr. Jane Mutua

Chairman of Council
Date.....

Signed.....


Prof. Solomon Shitbairo

Vice Chancellor
Date.....


		26/06/2020	15,285,505	2019/2020
		TOTAL	<u>203,092,565</u>	
b.	Development Grants			
	MMUST			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	2019/2020
			0	2019/2020
		TOTAL	<u>0</u>	
	Turkana University			
		Dec-19	45,750,000	2019/2020
		Mar-20	33,198,000	2019/2021
		TOTAL	<u>78,948,000</u>	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
		Total	XXX	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
		Total	XXX	

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

Finance Officer

Head of Accounting Unit

MMUST

State Dept. of University

Education

Sign 

Sign-----

CAPITAL PROJECTS COMPLETION STATUS AS AT 30TH JUNE 2020

	Project	Completion Status
1	Tuition Block	100%
2	Perimeter Wall Phase one	100%
3	Perimeter Wall Phase two	15%
4	Perimeter Wall Phase three	15%