

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

EGERTON UNIVERSITY

FOR THE YEAR ENDED
30 JUNE, 2020

EGERTON



UNIVERSITY

www.egerton.ac.ke



ANNUAL REPORT
&
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR

ENDING

JUNE 30, 2020

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

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KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background Information

Egerton University is the premier Agricultural Public University in Kenya. It was founded in 1939 under the name Egerton Farm School. By 1955, it was upgraded and renamed Egerton Agricultural College. It became a constituent college of the University of Nairobi in 1986 and a year later in 1987 became a fully fledged University following the Enactment of the Egerton University Act of 1987. This Act was repealed and replaced by the Universities Act No 42 of 2012.

Egerton University has three (3) active Campuses and one Campus College. The main Campus is based at Njoro and houses the Faculties of Agriculture, Arts and Social Sciences, Education and Community Studies, Engineering and Technology, Environment and Resources Development, Science and Veterinary Medicine and Surgery. The Njoro Campus also houses the Board of Undergraduate Studies and Field Attachment, and the Board of Postgraduate Studies. The other Campus is the Nairobi City Campus, offering programmes from the Faculties of Arts and Social Sciences, Commerce, and Education and Community Studies. It also hosts the African Centre for Distance Education (ACDE). The third Campus, Kenyatta Campus, is located five (5) kilometres from Njoro Campus and is planned to house the Open and Distance Learning (CODL) programmes which is currently based at Njoro Campus. The only University's Campus College, Nakuru Town Campus College, hosts the Faculties of Commerce, Law and Health Sciences. The University currently has ten (10) faculties, one (1) institute of Gender and fifty-one (51) academic departments offering a wide range of programmes at diploma, undergraduate, and postgraduate levels. All of them are open to both Government-sponsored and self-sponsored students. The University also offers courses in computer literacy, computer repairs and maintenance, as well as accounting and bridging courses.

(b) Principal Activities

The Core business of the University as provided by the Universities Act No 42 of 2012 of the Laws of Kenya includes:

- Advancement of knowledge through teaching, scholarly research and scientific investigation;
- Promotion of learning in the student body and society in general;
- Promotion of cultural and social life of society;
- Support and contribution to the realization of national economic and social development;
- Promotion of the highest standards in, and quality of, teaching and research;

- Education, training and retraining higher level professional, technical and management personnel;
- Dissemination of the outcomes of the research conducted by the university to the general community;
- Facilitation of life-long learning through provision of adult and continuing education;
- Fostering of a capacity for independent critical thinking among its students; and
- Promotion of gender balance and equality of opportunity among students and employees.
- Promotion of equalization for persons with disabilities, minorities and other marginalized groups.

i. Vision

A world class University for the advancement of humanity.

ii. Mission

To offer exemplary education to society and generate knowledge for national and global development.

iii. Core Values

The University's activities and decisions will be guided by the following core values:

- National unity;
- Internationalism;
- Passion for excellence;
- Professionalism;
- Devotion to duty;
- Integrity, transparency, and accountability;
- Social fairness

(c) Key Management

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

- University Council
- University Management Board
- The Senate

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility are shown on pages 12 - 15.

(e) Fiduciary Oversight Arrangements

The University Council is responsible and accountable to the Government of Kenya through the Ministry of Education for ensuring that the University complies with the Universities Act 2012, the University Statutes (2013) and adheres to the highest standards of corporate governance as prescribed in the State Corporations Act and the University Council Charter.

The Council consists of nine members- the Chairman & five other members, representative of the National Treasury, Representative of the Principal Secretary Ministry of Education and the Vice Chancellor.

(f) Headquarters

P.O. Box 536 - 20115, **EGERTON**,
Njoro Campus,
Njoro Mau Narok Road,
NJORO, KENYA

(g) Contacts

Tel: (254) 051-2217891/2/051-2217781
E-mail: info@egerton.ac.ke
Website: www.egerton.ac.ke

(h) Bankers

1. Kenya Commercial Bank Ltd,
Egerton University Branch,
P.O. Box 248 – 20115,
EGERTON

2. Co-operative Bank of Kenya Ltd.
P.O. Box 2982 – 20100,
NAKURU

3. Barclays Bank of Kenya Ltd.
P.O. Box 66- 20100
NAKURU

(i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j)

Principal Legal Adviser

Sheth & Wathigo Advocates
Vickers Building
P.O. Box 611 – 20100
Nakuru, Kenya

CHANCELLOR



MR. NARENDRA RAVAL (GURU), EBS
B.Com (Kutch-Bhuj)
YOB: 1961

WORK EXPERIENCE

Chairman, Devki Group of Companies and a Philanthropist. A few noteworthy philanthropic initiatives: Acting as Trustee of Kenya Down Syndrome Society, Trustee of International Society for Krishna Consciousness (ISKCON), Trustee of The Loomba Foundation of Africa, Financially supported re-construction of 22 homes in the village of "Nastipar" Village in Tankara Taluka, Rajkot District in Gujarat India, which was totally destroyed in the 2001 Earthquake that struck the Bhuj region, Supporting an orphanage at Athi River, Provides support in cash and in kind to local educational institutions, medical clinics and scholarship support to needy and meritorious students, Facilitates free supply of water to the local communities and medical facilities.

He has received a number of accolades for his service, including the President's Award of Kenya in 2007 and the UK's philanthropy award in 2012. He was also honored by the Lions International Foundation with the Melvin Jones Fellowship in Nakuru, becoming the 12th person in the world to receive such recognition; Awarded Doctorate of Divinity by Champions Covenant Church (USA); Awarded The SOL Lions Favourite "Guru" of Entrepreneurs by Lions Clubs; Featured by Forbes Africa Magazine as the 46th richest person in Africa in 2016; Awarded "Entrepreneur of the Year 2020" for Kenya, in the Master Category by Ernest & Young.

THE UNIVERSITY COUNCIL



NAME: Amb. Dr. Luka.H.Wario, PhD, CBS

YOB: 1952

POSITION/KEY RESPONSIBILITIES:

Council Chairman; Chairman of Appointments Committee

QUALIFICATION:

B Ed, (UoN), M Ed (UoN) PhD (University of Reading)

WORK EXPERIENCE

Chairman, Taskforce on establishing the University of Marsabit; Chairman, Garissa University College Council; Management Consultant Selwood; Writer, Moran Publishers; Chairman, Transition Authority Selection Panel; Director, National Anti-Corruption Campaign Steering Committee; PS, Ministry of State for the Development of Northern Kenya and other Arid Lands; PS, Ministry of the East African Community; PS, Office of the Vice President and Ministry of Home Affairs; Head, Research & Policy Analysis Division; Head, Middle East Division; Director, Administration in the Ministry of Foreign Affairs; Coordinator, Somali National Reconciliation Conference; Ambassador, People's Republic of China; Kenya Representative, International Network for Bamboo and Rattan; High Commissioner, Republics of Zimbabwe and Mozambique and the Kingdoms of Lesotho and Swaziland; Assistant to Kenya's Special Envoy to Somalia; Lecturer, Moi University.



NAME: Mr. Joshua Nyangidi Otieno

YOB: 1976

POSITION/KEY RESPONSIBILITIES:

Council Member; Chairman Planning, Development & Fund-Raising Committee; Member Chairperson Audit, Governance & Risk Management Committee; Member Sealing & Honorary Degree Committee; Member Appointments Committee

QUALIFICATION: B.Ed. (KU), MBA. (KU)

WORK EXPERIENCE

KCA University: Manager, Centre for Entrepreneurship & Leadership; Lecturer KCA University; Lead Researcher in the Africa Bio-diversity Conservation and Innovation Centre & CIC Insurance Company, Business Consultant and Trainer at Kenya Market Trust and Parsons Ltd. Business Trainer, Africa Youth Trust; Part-time Lecturer: JKUAT, Kenyatta University & Moi University.

Retired on 9th March 2020



NAME: Mr. Julius K. Mutua

POSITION/KEY RESPONSIBILITIES:

Council Member - Rep. P.S. The National Treasury, Member Audit, Governance and Risk Management Committee; Member Planning, Development & Fund-Raising Committee; Member Sealing & Honorary Degree Committee

QUALIFICATION: B.A.(KU), M.A (University of Dar es Salaam)

WORK EXPERIENCE

Government of Kenya National Treasury: Programme Coordinator, Public Finance Management Reforms Secretariat; Senior Economist, Department Of Economic Affairs; Economist I, Department of Restrictive Trade Practices Tribunal; Economist II, Department of Monopolies & Prices Commission.



NAME: Dr. Charity C. Nyaga

YOB: 1955

POSITION/KEY RESPONSIBILITIES:

Council Member; Chairperson Audit, Governance and Risk Management Committee; Member Tegemeo, Academic and Research Committee; Member Grievances Handling and Appeals Committee; Member Appointments Committee

QUALIFICATION: B.Ed. (UoN), M.Ed (KU), Ph.D (KU).

WORK EXPERIENCE

Ministry of Education: Deputy Director of Education; Senior Assistant Director of Education; Kiini Mixed Boarding Secondary School: Principal Graduate Teacher I; Principal Graduate Teacher II; Njuri Mixed Boarding Secondary School: Principal Graduate Teacher II; Senior Graduate Teacher; Head Teacher; Graduate I Kyeni Girls High School: Graduate Teacher I; Graduate Teacher Mukuuni Secondary School: Untrained Teacher

Retired on 9th March 2020



NAME: Mr. James M. Ndung'u

YOB: 1973

POSITION/KEY RESPONSIBILITIES:

Council Member - Rep. P.S. Ministry of Education; Member, Finance, Human Resources & General Purpose Committee; Member Tegemeo, Academic & Research Committee; Member Grievances Handling & Appeals Committee; Member Appointments Committee.

QUALIFICATION:

B.Ed. (KU), M.Ed. (MU)

WORK EXPERIENCE

Ministry of Education; Senior Assistant Director of Education – State Department for University Education and Research; 20 years' experience in education sector.



NAME: Mrs. Alasa O. Hirsi

YOB: 1962

POSITION/KEY RESPONSIBILITIES:

Council Member; Chairperson Grievances Handling & Appeals Committee; Chairperson Sealing & Honorary Degree Committee; Member, Finance, Human Resources & General Purpose Committee; Member, Planning, Development & Fund-Raising Committee.

QUALIFICATION:

Dip. Clin. Med (KMTC), HND (KMTC), MPH (Western Cape), PGC Med (KMTC)

WORK EXPERIENCE

Consultant with UNFPA, Commissioner – Poverty Eradication Commission, Assistant Project Officer – UNICEF, Lecturer – KMTC Nairobi, District Clinical Officer – Garissa District

Retired on 9th March 2020



NAME: Ms. Esther Mukoa Wabuge

YOB: 1976

POSITION/KEY RESPONSIBILITIES:

Council Member; Chairperson Tegemeo, Academic & Research Committee; Member Audit, Governance & Risk Management Committee; Member Grievances Handling & Appeals Committee

QUALIFICATION:

B.Ed. (Moi), DIBM (KIM), M.Sc. (JKUAT), M.A. (University College London)

WORK EXPERIENCE

Coordinator, Kenya Country Core Group, World Bank Group (Joint Learning Network for Universal Health Coverage); Project Officer Training, Management Sciences for Health (MSH) – Leadership, Management & Sustainability (LMS) Project; Associate Consultant, Kenya National AIDS Strategic Plan; Kenya HIV/AIDS Private Sector Business Council (KHBC); Head of Programme & Stakeholder Development; Head of Training & Business Development; Namawanga Girls' High School: Biology & Home science teacher; Research Officer, Community Management & Training Services (CMTS.EA); Part-time Lecturer, Kisumu Polytechnic

Retired on 9th March 2020



NAME: Mr. John Nyakawa Ondari

YOB: 1970

POSITION/KEY RESPONSIBILITIES:

Council Member; Chairman Finance, Human Resources & General Purpose Committee; Member Tegemeo, Academic and Research Committee; Member Planning, Development & Fund-Raising Committee; Member Appointments Committee

QUALIFICATION: B.A. (UoN), M.A. (UoN)

WORK EXPERIENCE

Strategic Advisor, Kenya Water Security & Climate Resilience Program. Senior WASH Advisor, SNV Netherlands Development Organisation, Kenya. Long Term Technical Advisor, Kenya Water & Sanitation Programme. Lemma Development Consultants Ltd: Managing Director; Director Economist (WSS Financing Consultant), World Bank, Water & Sanitation Program – AF. Economist/ Statistician, Ministry of Planning & The Treasury.

Retired on 9th March 2020



NAME: Prof. Rose. A. Mwonya

YOB: 1950

POSITION/KEY RESPONSIBILITIES:

Vice-Chancellor

QUALIFICATION

Dip (Egerton), B.Sc., M.Sc, Ph.D. (Iowa)

WORK EXPERIENCE

Egerton University: Vice Chancellor; Deputy Vice-Chancellor (Academic Affairs); Dean of Students; Director Centre of Women Studies and Gender Analysis; Chairperson Dept. Of Agriculture & Home Economics; Professor, Associate Professor, Senior Lecturer, Lecturer

UNIVERSITY MANAGEMENT BOARD



NAME: Prof. Rose A. Mwonya

YOB: 1950

POSITION/KEY RESPONSIBILITY

Vice-Chancellor

QUALIFICATION

Dip (Egerton), B.Sc., M.Sc, Ph.D. (Iowa)

WORK EXPERIENCE

Egerton University: Vice Chancellor; Deputy Vice-Chancellor (Academic Affairs); Dean of Students; Director Centre of Women Studies and Gender Analysis; Chairperson Dept. Of Agriculture & Home Economics; Professor, Associate Professor, Senior Lecturer, Lecturer



NAME: Prof. Alexander K. Kahi

YOB: 1968

POSITION/KEY RESPONSIBILITY

Deputy Vice-Chancellor (Academic Affairs)

QUALIFICATION

B.Sc., M.Sc, (Egerton), Dr. Sc. Agr. (Hohenheim)

WORK EXPERIENCE

Egerton: Deputy Vice-Chancellor (Academic Affairs); Dean Fac. Agriculture; Chairman Dept. Of Animal Science; Professor, Associate Professor, Senior Lecturer, Lecturer, Asst. Lecturer; Teaching Assistant Dept. Animal Science.

Kyoto University (Japan): Visiting Professor, Postdoctoral Research Scientist.

Consultant ILRI – SLU Project; Consulting Scientist – Livestock Recording Centre (Naivasha); Visiting Scientist – AGBU (University of New England); Consultant – AGRP (Ethiopia); Consultant – Applied Genetic Network (Germany); Graduate Fellow – ILRI (Dairy Research Project); Visiting Researcher – Wageningen University.



NAME: Prof. Isaac O. Kibwage

YOB: 1954

POSITION/KEY RESPONSIBILITY

Deputy Vice-Chancellor (Administration, Planning & Development)

QUALIFICATION

B.Pharm (UoN), M.Pharm, Ph.D (K.U. Leuven), FPSK, CSci. C.Chem, MRSC

WORK EXPERIENCE

Egerton University: Deputy Vice-Chancellor (Administration, Planning & Development)

University of Nairobi: Principal of the College of Health Science, Dean of Faculty/School of Pharmacy, Chairman of Department, Professor, Associate Professor, Senior Lecturer, Lecturer, Assistant Lecturer, Graduate Assistant



NAME: Prof. Alfred C. Kibor

YOB: 1950

POSITION/KEY RESPONSIBILITY

Ag Deputy Vice-Chancellor (Research & Extension)

QUALIFICATION

B.V.M., M.Sc. (U.O.N), Ph.D. (Edinburgh)

WORK EXPERIENCE

Egerton University: Director (Research & Extension); Associate Professor; Senior Lecturer (Veterinary Pathology, Microbiology & Parasitology)

Retired in December 2019



NAME: Prof Bockline Omedo Bebe

YOB: 1963

POSITION/KEY RESPONSIBILITY

Ag Director (Research & Extension)

QUALIFICATION

Diploma, BSc (Egerton University), MSc, PhD (Wageningen)

WORK EXPERIENCE

Egerton University: Ag. Director (Research & Extension); Deputy Director, Extension outreach and consultancy; Professor of Livestock Production Systems; Consultant: Livestock Development Policies; University curriculum development: Strategic plan; Climate change and adaptation; Livestock value chains



NAME: Prof. Lenah Nakhone Wati

YOB: 1956

POSITION/KEY RESPONSIBILITY

Principal (Nakuru Town Campus College)

QUALIFICATION

B. Sc., M.Sc. (U.O.N), Ph.D. (Nottingham)

WORK EXPERIENCE

Principal NTCC; Director NTC; Egerton University – Associate Prof, Snr. Lecturer, Lecturer of Soil Science; Research Officer at Kenya Marine & Research Institute Kisumu; Research assistant UON; Research Officer – National Agricultural Laboratories.



NAME: Dr. Thomas K. Serrem

YOB: 1962

POSITION/KEY RESPONSIBILITY

Registrar (Human Capital & Administration)

QUALIFICATION

B.Ed (Nairobi), M.Ed. (Manchester), D.Ed. (Bristol)

WORK EXPERIENCE

Egerton University – Registrar (Admin); Ag. Registrar (Admin); Deputy Registrar (Admin); Snr. Assistant Registrar (Central Services); Deputy Registrar (Academic Affairs); Snr. Assistant Registrar (Admissions); Assistant Registrar (Academic Affairs); Administrative Assistant
Marketing Representative – Xerox Kenya Ltd.



NAME: Prof. Seth F. O. Owido

YOB: 1954

POSITION/KEY RESPONSIBILITY

Registrar (Academic Affairs)

QUALIFICATION

B.Sc., M. Sc. (U.O.N), Ph.D. (Illinois)

WORK EXPERIENCE

Egerton University: Registrar AA; Deputy Registrar AA
Kabarak University: Acting Academic Registrar, Academic Dean
Egerton University; Director Quality Assurance; Director Board of Undergraduates; Associate Prof., Snr. Lecturer, Lecturer in Soil Physics & Water Management; COD Soil & Water Management Dept; Research Officer National Agricultural Research Laboratories.



NAME: Prof. Nancy. W. Mungai,

YOB:

POSITION/KEY RESPONSIBILITY

Ag Director (Research & Extension)

QUALIFICATION

B.Sc. (Nairobi), M.Sc. (Sokoine), Ph.D. (Missouri)

WORK EXPERIENCE

Egerton University: Ag. Director (Research & Extension); Project Co-ordinator (TAGDev Program); Director Board of Undergraduate Studies; Associate professor of soil fertility and microbiology



NAME: Mr. Moses O. Ouma

YOB: 1978

POSITION/KEY RESPONSIBILITY

Finance Officer

QUALIFICATION

C.P.A (K), B.Agbm (Egerton), MBA (KU)

WORK EXPERIENCE

Finance Officer - Egerton; Accountant - Kenyan Rural Roads Authority; Auditor Kenya National Audit Office; Accountant - The Mater Hospital (Nairobi)



NAME: M/s Janegrace Kinyanjui

YOB: 1967

POSITION/KEY RESPONSIBILITY

University Librarian

QUALIFICATION

BA (Egerton), MSc. (SISA-Addis Ababa)

WORK EXPERIENCE

Egerton University – University Librarian;
Kabarak University – University Librarian, Deputy University Librarian, Senior Assistant Librarian;
Egerton University – Assistant Librarian, Senior Library Assistant

CHAIRMAN'S STATEMENT

In the year ended 30th June 2020, the university achieved a number of milestones key among them; the 7th Mau-Egerton University Cross Country and Diaspora Alumni visit to the University.

The 2020 Mau-Egerton University Cross Country was launched in January 2020 and was facilitated by key sponsors such as Kenya Commercial Bank Ltd and APA Insurance as well as partners from the local community, i.e. Ndarugu-Eritheia Water Project, Mwigito Community Water Project, and Entiyani Community representatives. APA Insurance and Kenya Commercial Bank Ltd have consistently made contributions not only in terms of money but also in planting tree seedlings at the University Botanic Garden. The Cross Country event was held on 29th February 2020. It drew participants in various race categories.

A group of Egerton University alumni from Canada, the United States of America, the United Kingdom, and Africa made a visit to the University on 21 August 2019. The group was made of former students of Egerton College who graduated in the 1960s and 1970s, most of whom have made outstanding achievements in their professional lives, for the most part in industries related to agriculture but also in other areas. Among them, for example, were Mr. Sadru Nazarali, who is currently the President and Chief Executive Officer of TECHNOsource International Inc, Canada (and who coordinated the visit), and Dr. Jack Githae, who is a practitioner of alternative medicine. The objectives of the re-union were not confined to catching up on one another's lives. They incorporated the alumni's concerns about their alma mater in general. To begin with, they were interested in exploring areas of collaboration with Egerton University in agribusiness and facilitating Egerton's market access abroad. And secondly, they wanted to explore modalities of supporting Egerton University's determination to fulfil its mandate through its various programmes.

We are focussed to position Egerton University as a centre of excellence in agricultural training, research; extension services and policy formulation to promote food security as part the University's contribution towards the achievement of vision 2030 through flagship projects.

Financing and Policies

During the year ended 30th June 2020, Egerton University was mainly funded through the Government Capitation (70%) and Appropriation in Aid (A-I-A) (30%) for its recurrent expenditure.

I wish to thank the Government of Kenya, Council members, Management and Staff for their dedication and participation during the year in striving to make Egerton University a world class University for the advancement of Humanity.



Amb. Dr. Luka H. Wario, PhD, CBS
Chairman, Egerton University Council

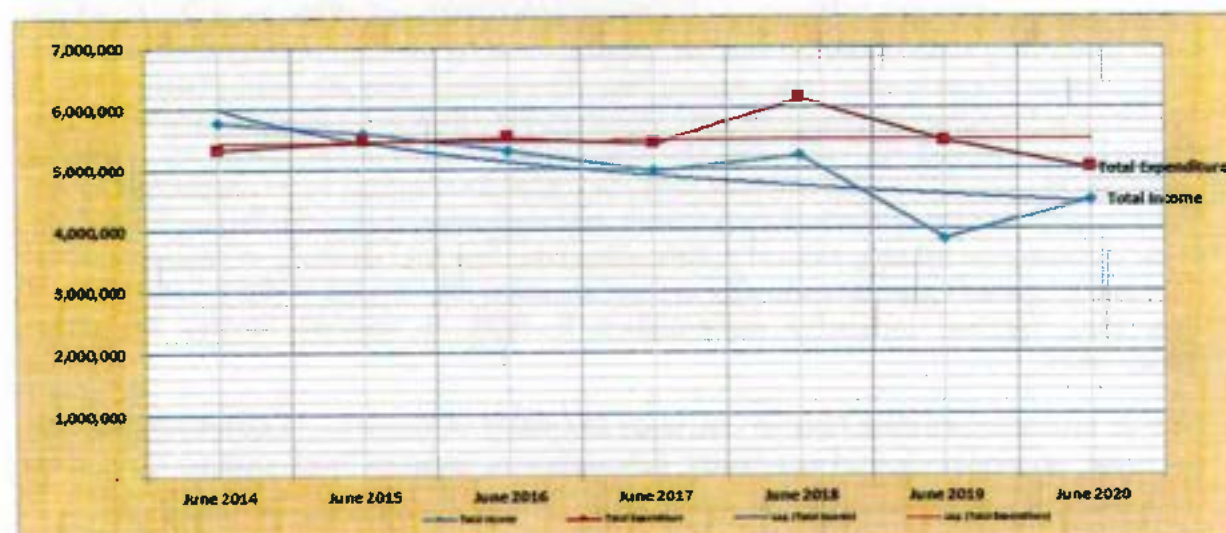
REPORT OF THE VICE-CHANCELLOR

During the financial year ended 30 June 2020, the university continued to stay focussed on the path to achieving its vision of being a world class university for the advancement of humanity. Towards this end, the focus remained on enhancing the quality of academic programs and research output including increasing collaborations with other institutions.

Over the last seven years the following are the trends of surpluses (deficits) realised by the end of each financial year:

Seven-year Surplus/Deficit Trends

Income/Expenditure (Kshs 000's)	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019	June 2020
Total Income	5,773,804	5,597,399	5,310,670	4,968,162	5,210,699	3,849,367	4,479,911
Total Expenditure	5,324,991	5,458,943	5,522,944	5,417,001	6,138,767	5,449,863	5,004,638
Surplus/(Deficit)	448,813	138,456	(212,274)	(448,839)	(928,068)	(1,600,496)	(524,726)



Seven-year Surplus/Deficit Trends

Revenue has been declining from the year 2014 to date. The rise in the year 2018 was due to arrears received from Government of Kenya in respect of 2013 - 2017 Collective Bargaining Agreement (CBA) implementation. In the year under review, the University received Ksh 499 million in respect of Collective Bargaining Agreement (CBA) arrears for the years 2017 to 2021 and doctors' call allowances in the year under review.

During the year ended June 2020, the university realized an operating deficit of Ksh 524,726,286. The university expected the future to get tougher in terms of the operating environment. The GoK funding is reducing by the year. At the same time the pool of self sponsored students from whom the university has been getting some revenue is also dwindling.

With the closure of learning institutions in the country due to COVID 19 from March 2020, the University experienced cashflow constraints which resulted into 60% payment of staff salary from April 2020. The University therefore owes staff 40%, which is equivalent to Kshs 480 million, as net salaries as at June 2020.

The university is therefore taking drastic steps to diversify its revenue sources away from reliance on students. The new focus is on Income Generating Units of the university like the firm, the hotel among others. At the same time the university is implementing austerity measures at all times and embracing automation so as to cut operating expenses in the coming years.

Prof. Isaac O. Kibwage, PhD, HSC
Ag. Vice Chancellor

CORPORATE GOVERNANCE STATEMENT

COMMITTEES OF COUNCIL

The University Council is responsible and accountable to the Government of Kenya through the Ministry of Education, Science and Technology for ensuring that the University complies with the Universities Act 2012, the University Statutes (2013) and adheres to the highest standards of corporate governance as prescribed in the State Corporations Act and the University Council Charter.

The Council consists of nine members- the Chairman & five other members, representative of the National Treasury, Representative of the Principal Secretary Ministry of Education Science & Technology and the Vice Chancellor. The functions of the Council are:

- (i) Administer the property and funds of the University in a manner and for purposes which shall promote the best interests of the University; but the Council shall not charge or dispose of immovable property of the University without prior approval of the Chancellor;
- (ii) Receive on behalf of the University or a constituent college, donations, endowments there from to the constituent college or other bodies or persons;
- (iii) Provide for the welfare of the staff and students of the University;
- (iv) Enter into association with other Universities or other institutions of learning, whether within or outside Kenya as the Council may deem necessary and appropriate; and
- (v) After consultation with the Senate, make regulations governing the conduct and discipline of the students of the University.

The Committees have delegated authority to assist the Council effectively carry out its obligations.

The University Council and its Committees are supported by the University Management Board which consists of ten members.

The Council has seven committees namely:

1. Finance, Human Resources and General Purposes Committee
2. Audit, Governance and Risk Management Committee
3. Planning, Development & Fund-Raising Committee
4. Tegemeo, Academic and Research Committee
5. Grievances Handling and Appeals Committee
6. Sealing and Honorary Degree Committee
7. Appointments Committee

The Terms of Reference for the Committees of Council are:

1. Finance, Human Resources and General Purposes Committee

The Committee recommends to the Council for its approval the annual report and financial statements, annual estimates and expenditure, recommend policies on Finance and Human Resource to Council for approval, decide on disciplinary matters for staff in Grade XIII-XV, and shall pay due regard to the necessity to refer matters of major importance to the Council for final approval.

2. Audit, Governance and Risk Management Committee

The Committee ensures compliance to internal control processes, accurate preparation of financial reporting of results, operations and statements in compliance with legal and statutory requirements and standards, ensures the University complies with internal and external audits, develop risk management strategies, monitor institutional governance, and monitor compliance of the performance contract, and quality assurance.

3. Planning, Development & Fund-Raising Committee

The Committee mobilizes financial resources for the development of the University, take charge for all arrangements for planning and development of the University and construction of new buildings, advocate on behalf of the University and enhance the marketing of the University locally and internationally, provide advice and assistance to Deputy Vice-Chancellor (Administration, Planning and Development) with respect to corporate sponsorship and private source fund raising activities, and pay due regard to the necessity to refer matters of major importance to the Council for final approval.

4. Tegemeo, Academic and Research Committee

The Committee advises on the development and implementation of academic and research programmes and policies; make recommendations for the sourcing, administration and distribution of scholarships; oversee a reward scheme for excellence in teaching, research and extension; receive regular reports from and provide advice to the Deputy Vice-Chancellor (Academic Affairs) and the Deputy Vice-Chancellor (Research and Extension) on the development of policy and procedures relating to academic and research; approve the Tegemeo Institute's annual budget, business plans and policies; ensure good management and identify risk and internal controls in the Tegemeo Institute; promote and integrate good corporate governance at the leadership management and in all levels of the Tegemeo Institute; strategize on the Tegemeo Institute's development and sustainability; and consider and report any matter referred to it by the Council and Senate.

5. Grievances Handling and Appeals Committee

The Committee oversees staff, students and other stakeholder's grievances; and staff and students appeal against disciplinary action.

6. Sealing and Honorary Degree Committee

The Committee authorizes affixing of the University seal to appropriate documents on behalf of the Council; and nomination of distinguished personalities in various fields for the conferment of honorary degrees of the University.

7. Appointments Committee

The Committee appoints Professors and Staff in Grade 15; search candidates for position of Principal's; Deputy Vice-Chancellors and Vice-Chancellor and make recommendations to the Council; and consider disciplinary matters for Principals and Deputy Vice-Chancellor's and recommend to Council.

Council Meetings Attendance Financial Year 2019/2020

a) Attendance – 8th July to 19th September 2019

	Council Member	SFHR&GP 8/7/19	AG&RM 11/7/19	I/RP 25/7/19	SFHR&GP 25/7/19	CM 26/7/19	RSL 30/7/19	PDF 30/8/19	TA&R 5/9/19	FHR&GP 6/9/19	SCM 19/9/19
1	Dr. L.H. Wario			X		X					X
2	James Muchiri Ndungu	X	X	X	X	X	X	X	X	X	X
3	Esther M. Wabuge		X			X			X		X
4	Mrs. Alasa O. Hirsi	X			X	X		X	X	X	X
5	Dr. Charity C. Nyaga		X	X		X			X		X
6	Joshua Nyangidi Otieno		X	X		X		X			X
7	John Nyakawa Ondari	X		X	X	X		X	X	X	X
8	Joseph Kamau Mwaura		X					X			X
9	Prof. Rose A. Mwonya	X		X	X	X	X	X	X	X	X

b) Attendance – 20th September to 22nd November 2019

	Council Member	CM 20/9/19	PCN 27/9/19	VPC 1/10/19	AG&RM 17/10/19	PDF 25/10/19	GHA 6/11/19	TA&R 7/11/19	FHR&GP 8/11/19	SHDC 22/11/19	CM 22/11/19
1	Dr. L.H. Wario	X	X	X							X
2	James Muchiri Ndungu				X	X	X	X	X	X	X
3	Esther M. Wabuge	X			X		X	X			X
4	Mrs. Alasa O. Hirsi	X	X	X		X	X	X	X	X	X
5	Dr. Charity C. Nyaga	X			X		X	X			X
6	Joshua Nyangidi Otieno	X			X	X				X	X
7	John Nyakawa Ondari	X				X		X	X		X
8	Joseph Kamau Mwaura	X			X					X	X
9	Prof. Rose A. Mwonya	X	X	X						X	X

c) Attendance – 29th November 2019 to 29th February 2020

Council Member	GC 29/11/19	EOPC 2/12/19	PDF 16/1/20	FHR&GP 17/1/20	IDR 21/1/20	IS 22/1/20	IS 23/1/20	CM 27/1/20	TA&R 13/2/20	AG&RM 14/2/20	CM 28/2/20	EMCC 29/2/20
1 Dr. L.H. Wario	X	X						X			X	X
2 James Muchiri Ndungu	X		X	X	X	X	X	X	X	X	X	X
3 Esther M. Wabuge	X							X	X	X	X	X
4 Mrs. Alasa O. Hirsi	X	X	X	X				X	X		X	X
5 Dr. Charity C. Nyaga	X							X	X	X	X	X
6 Joshua Nyangidi Orieno	X		X					X		X	X	X
7 John Nyakawa Ondari	X		X	X				X	X		X	X
8 Prof. Rose A. Mwonya	X		X	X	X	X	X	X	X		X	X
9 Julius Mutua	X		X	X				X		X	X	X

Key	Description
1 AG&RM	Audit, Governance & Risk Management Committee
2 CM	Council meeting
3 EMCC	Egerton Mau Cross country
4 FHR&GP	Finance, Human Resources & General Purposes Committee of Council Meeting
5 GC	Graduation Ceremony
6 GHA	Grievances Handling & Appeals Committee
7 PCN	Performance Contract Negotiation
8 PDF	Planning Developments & Fund raising Committee
9 SCM	Special Council Meeting
10 SHDC	Sealing and Honorary Degree Committee
11 TA&R	Tegemeo, Academic & Research Committee
12 EOPC	Evaluation of Performance Contract
13 SFHR&GP	Special Finance Human Resources & General Purpose Committee of Council Meeting
14 VPC	Vetting of Performance Contract
15 I/RP	Interviews/Reviews for Professors Grade 15
16 RSL	Review for the Post of Senior Lecturer Grade 13
17 IDR	Interview for Post of Deputy Registrar Grade 14
18 IS	Interview for Staff in Grade 13

MANAGEMENT DISCUSSION AND ANALYSIS

PART 1: ANALYSIS OF THE STATEMENT OF FINANCIAL PERFORMANCE

i. Revenue

The revenues of the University have been as shown in table 1 and figure 1 below over the last seven years:

Table 1: Seven-year Revenue trend

Income Type	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019	June 2020
Revenue from Exchange Transactions	2,413,910	2,134,677	1,890,334	1,572,899	1,474,061	1,454,601	1,345,088
Revenue from Non-Exchange Transactions	3,359,894	3,462,722	3,420,336	3,395,263	3,736,618	2,394,766	3,134,823
Total Income	5,773,804	5,597,399	5,310,670	4,968,162	5,210,699	3,849,367	4,479,911

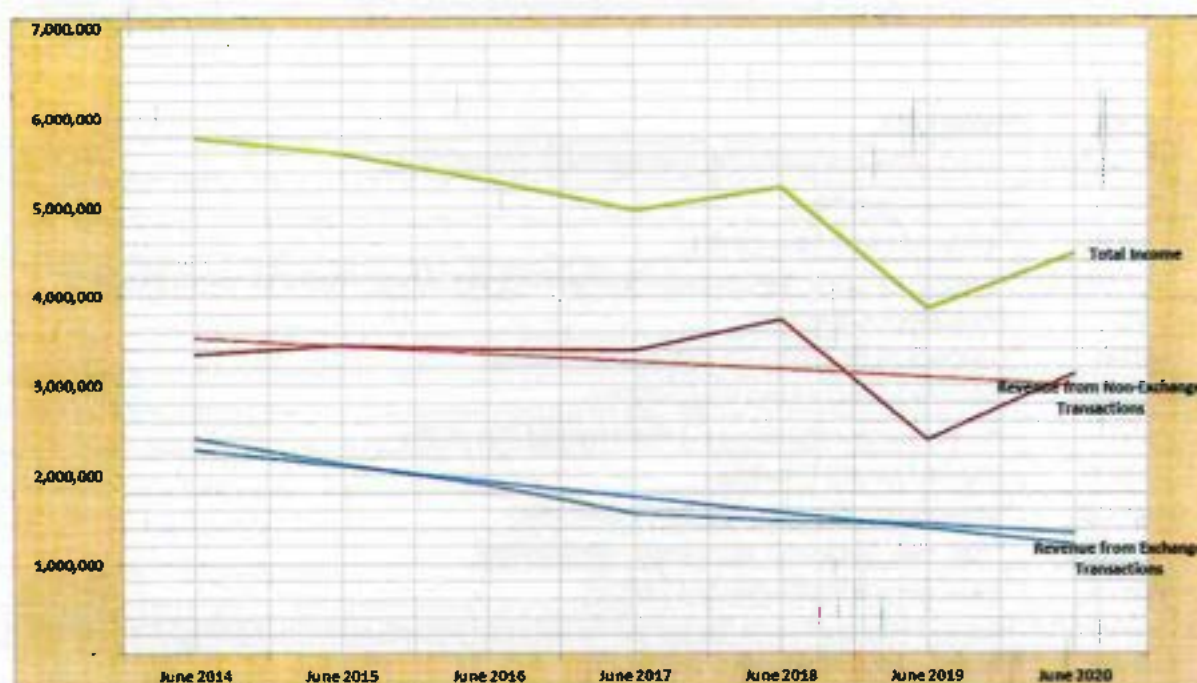


Figure 1: The trend of Revenue over the last seven years

The University's revenue has consistently declined over the years. However, GoK and other donors remained the biggest source of income over the last seven years averaging 70% (2019-62%) of all revenue. These are the sources described as revenue from Non-exchange transactions. This is higher than the seven-year average, meaning that the University is becoming more dependent on external funding, which is not very desirable.

During the year ended June 2020, the University received Ksh 396,991,653 and Ksh 102,840,000 being 2017-2021 Collective Bargaining Agreement (CBA) Staff basic salary arrears and Doctor-

Lecturers allowances arrears respectively hence the increase in Revenue from Non-exchange transactions in the year 2020.

There was a notable decline in revenue from exchange in the year under review which was caused by the closure of the University in March 2020 due to the Covid-19 pandemic. The closure adversely affected revenue collection in the third and fourth quarters of the Financial Year 2019/20.

Note that the external sources of funding accounted for 70% of all revenue for the year ended June 2020.

ii. Expenses

Notwithstanding the shortfalls in revenue as shown above, expenses remained largely constant especially those expenses that do not depend on level of activity in the University such as Staff costs.

Sensing the expected revenue shortfall after midyear, the Management instituted austerity measures aimed at containing expenditure to the best extent possible. The following table 2 and figure 2 indicate the expenditure trends over time:

Table 2: Seven-year expenditure trends

Expenditure Type	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019	June 2020
Staff Costs	3,213,145	3,094,213	3,158,178	3,113,900	4,030,809	3,395,430	3,552,270
Other Expenses	2,111,846	2,364,730	2,364,766	2,303,101	2,107,958	2,054,433	1,452,368
Total Expenses	5,324,991	5,458,943	5,522,944	5,417,001	6,138,767	5,449,863	5,004,638

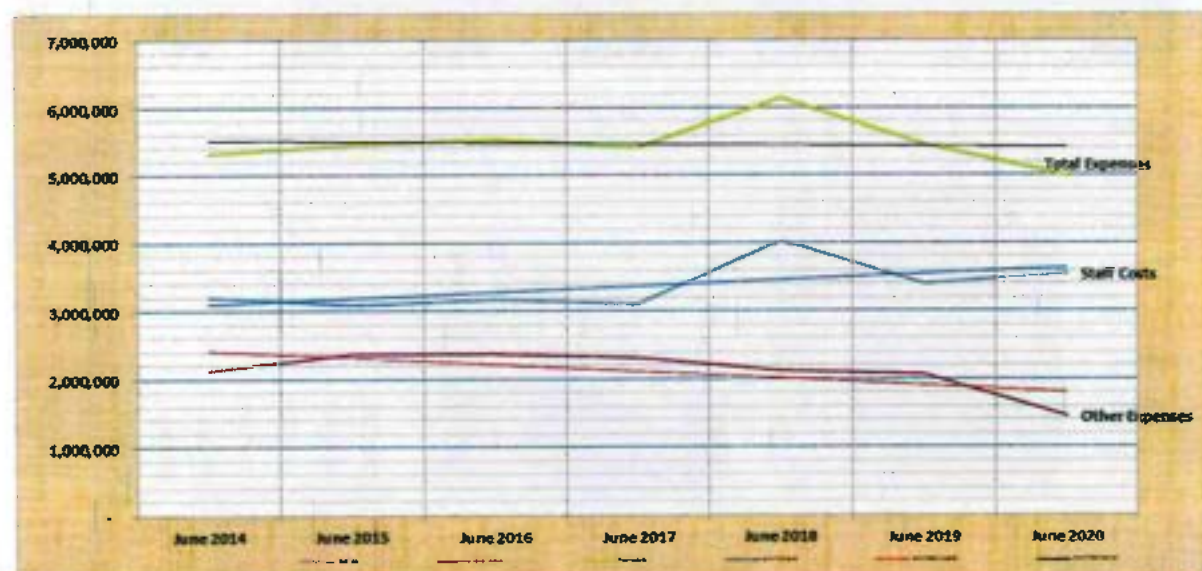


Figure 2: The trend of Expenditure over the last seven years

As shown above, the expenses of all categories continued to rise over the last five years as shown by the above trend analysis where staff cost constitute the highest proportion of expenses with a seven-year average being 66% (2020-60%). Included in the staff costs for the year 2019/20 is a figure of Ksh 359,842,720, salary arrears expended during the year ended June 2020 and Ksh 96,142,539, being arrears of emergency Call and Medical Risk Allowances to Doctors and Pharmacists paid during the year.

Because of the closure in March 2020 due to the Covid-19 pandemic, there was a general reduction in the other expenses. However, legal and bank charges went due to the financial challenges faced by the university during the year which caused many financial and legal challenges.

PART 2: ANALYSIS OF STATEMENT OF FINANCIAL POSITION

The following analysis presents a seven-year movement observed in the financial status of the University as at the end of each of the financial years:

i. Property, Plant and Equipment

Table 3: Seven-year Net Book Values of Property Plant and Equipment (Ksh "000")

Type of Property	Ksh "000"			Percentage proportions		
	Land & Buildings	W.L.P	Other Assets	Land & Buildings	W.L.P	Other Assets
30/6/2014	2,931,957	1,115,261	218,499	69%	26%	5%
30/6/2015	3,449,562	809,501	174,448	78%	18%	4%
30/6/2016	3,412,879	1,064,636	186,423	73%	23%	4%
30/6/2017	3,339,556	1,256,699	186,423	70%	26%	4%
30/6/2018	3,274,164	1,700,634	119,000	64%	33%	2%
30/6/2019	3,431,454	1,897,419	75,028	63%	35%	1%
30/6/2020	3,363,754	1,865,102	65,919	64%	35%	1%

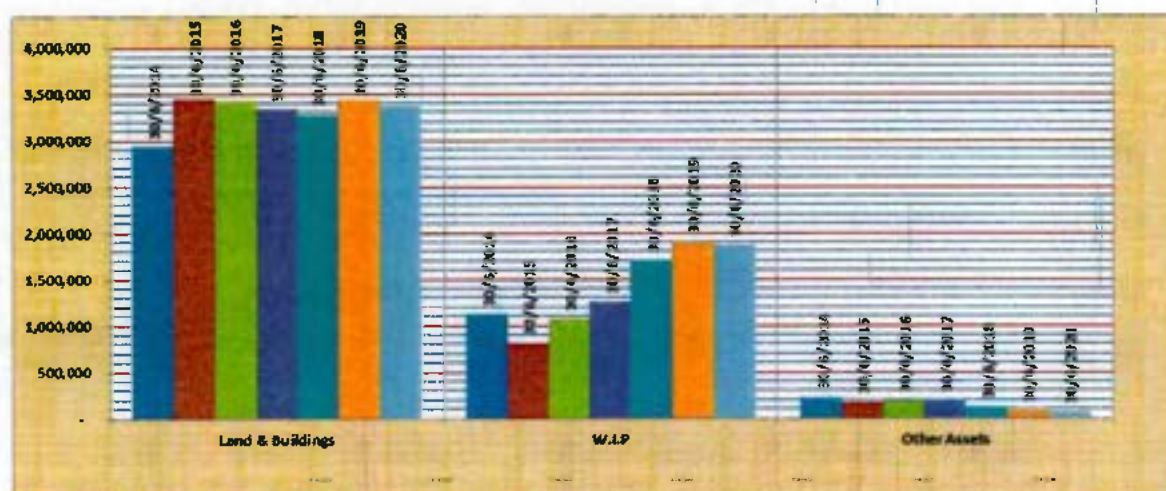


Figure 3: The make-up of Property, Plant and Equipment (Kshs "000")

The graphs in figures 3 & figure 4 above and below respectively show that work in progress (W-I-P), and land and buildings have remained relatively the same in the year 2019/2020. There were no works ongoing during the second half of the year due to COVID 19 pandemic.

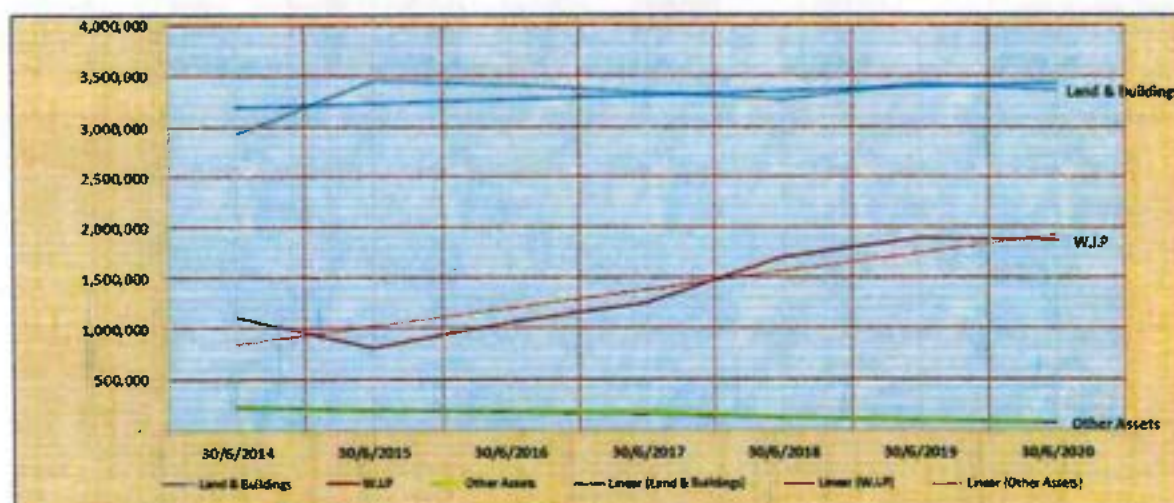


Figure 4: The composition of net book values of the University's assets over the seven-year period

The total assets of the University however continued to rise over the seven-year period as shown by the following trend in figure 5:

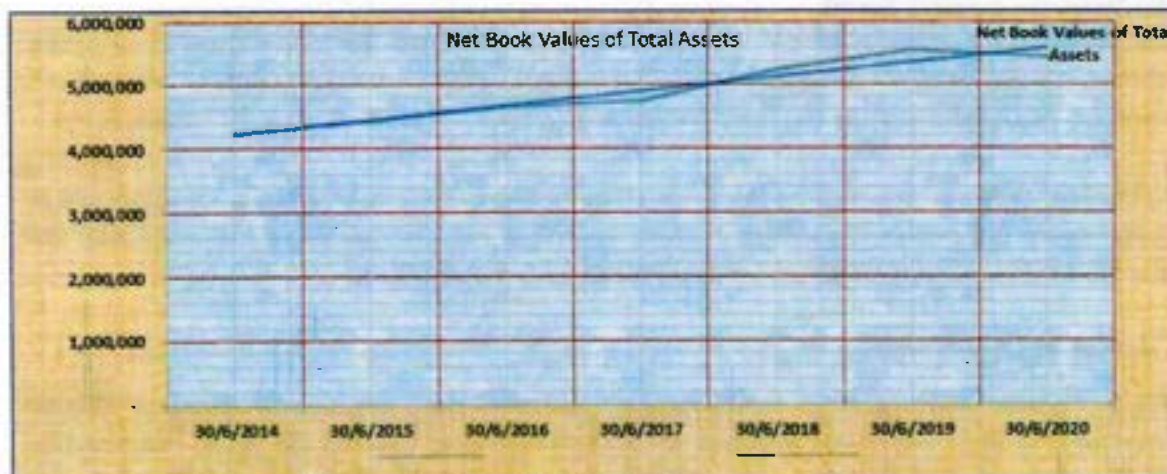


Figure 5: The trend of Total Property, Plant and Equipment over the seven-year period (Kshs "000")

ii. Working Capital

The Net Working capital is indicated by the difference between current assets and current liabilities. The following table 4 and Figure 6 indicate the net working capital of the University over the last seven years:

Table 4: Seven-year Net Working Capital figures (Ksh “000”)

Current Assets	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019	June 2020
Total Current Assets	1,714,188	1,983,942	1,529,420	1,450,774	1,134,684	1,805,894	2,047,092
Total Current Liabilities	1,012,161	1,376,617	1,252,520	1,571,436	2,522,447	4,586,329	4,729,574
Net Working Capital	702,027	607,325	276,900	(120,662)	(1,387,763)	(2,780,435)	(2,682,482)

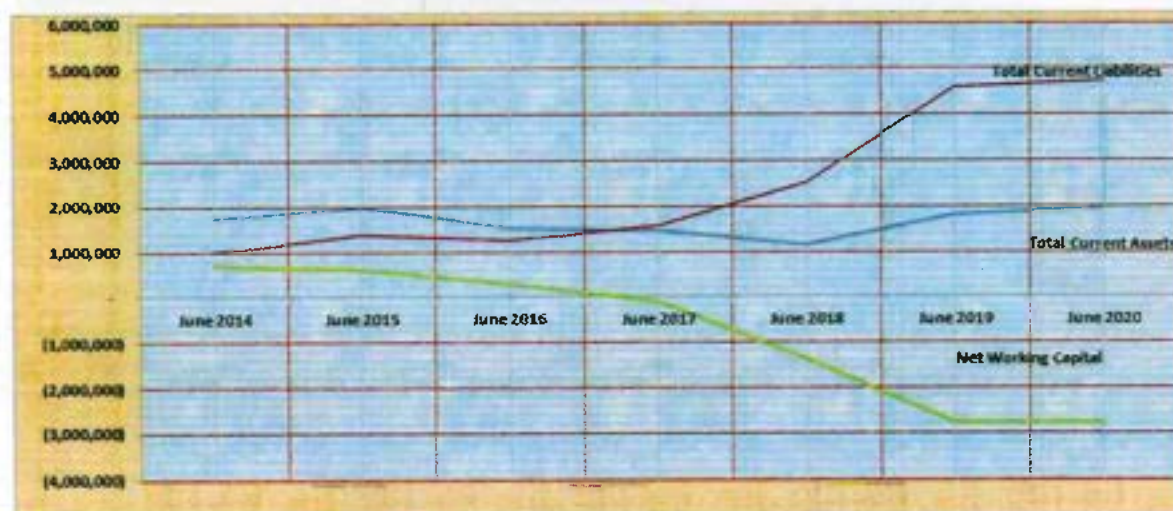


Figure 6: The trend of Net Working Capital over the seven-year period (Ksh 000”)

Net Working Capital Trend

The Net working capital remained in positive between 2013 and 2016 but dipped to negative territory in the last four financial years; 2017, 2018, 2019 and 2020. This is because we have not remitted salary deductions amounting to Ksh 2.7 million as at 30th June 2020.

Notwithstanding the above, the University remains constrained in terms of cash flows and is experiencing difficulties in meeting its short term financial obligations as and when they fall due. This difficulty is exemplified by the ratios indicated here below:

Current and quick ratios

While Current ratio (current assets/current liabilities) and quick ratio (Current Assets-Inventory)/Current liabilities) declined over the seven-year period, the ratios remained in healthy territory at more than 1:1 except in the year ended June 2020 when it fell to 0.35 and quick ratio of 0.34 as shown in Table 5 below.

Table 5: Seven-year trend of Current and Quick Ratios

Current Assets	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019	June 2020
Current ratio	1.69	1.44	1.22	0.92	0.45	0.35	0.43
Quick ratio	1.42	1.39	1.14	0.87	0.42	0.34	0.42

The optimal quick ratio is 1:1 or higher, but the University's ratio in June 2020 is 0.42 which means that current liabilities cannot be met from current assets without the need to sell inventory and agricultural assets. This is a challenge since the University inventories are not for sale, but rather for use in the processes of service delivery-hence may not be sold.

As shown in table 5 and figure 7, both ratios declined steadily over the last five years. It however still remained at above 1:1 up June 2016, only falling to levels below 1.1 in the years ended June 2017 to June 2020.

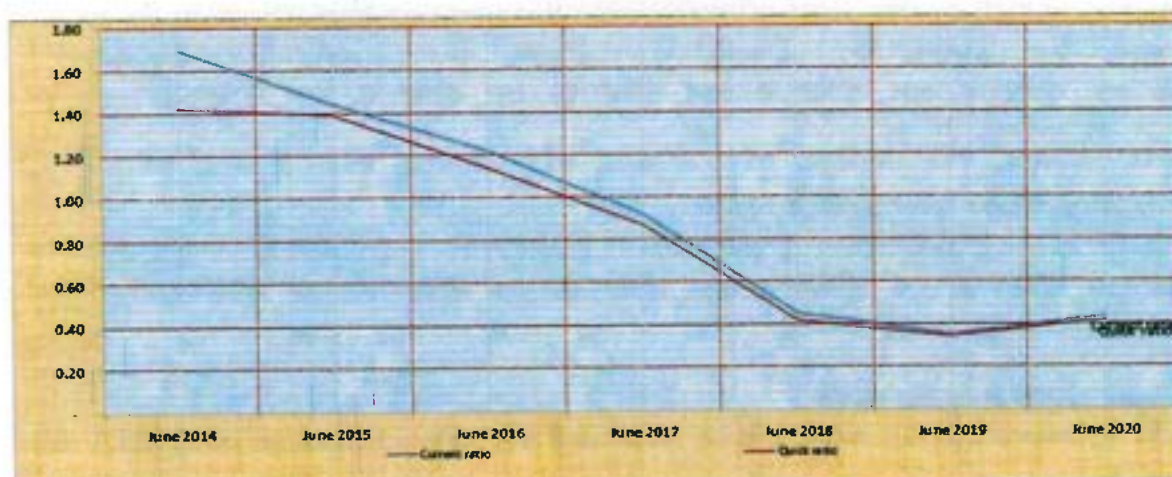


Figure 7: The trend of Current and Quick ratios over the seven-year period

Compliance with Budget

The actual expenditure for the year exceeded the budget. This is due to the fact that the university operated on a budget in which staff costs was budgeted only at 70%. In reality however, the total (100%) of the cost has been reported in the financial statements under the accruals basis even though part of it remains unpaid.

i. Illiquidity and inability to meet short term financial obligations

The statement of financial position indicates that the university is serious financial difficulty and may not be able to meet its short-term financial obligations as and when they fall due. This is shown by the poor ratio of Current Assets to Current Liabilities of 0.4 compared to June 2019 of 0.35. The ratio means that the university cannot meet its short-term financial obligations by

collecting/liquidating its current assets without the risk of having to dispose of non-current assets i.e. the university is extremely illiquid. The ratio of Current Assets/Current liabilities should always be 1 and above, ideally 1.5.

ii. Reduction in Net Assets and the risk of bankruptcy

The University's continued realization of deficits from operations and negative net current assets have an impact of reducing the total net assets. If this is sustained over a long period of time, outstanding liabilities could rise to a level beyond both current and non-current assets value. This can easily lead to total bankruptcy i.e. a situation in which all assets of the university (current and non-current) are not sufficient to meet its outstanding financial obligations.

Compliance with Statutory Requirements

The University has endeavoured to comply with all statutory requirements during the period under review. However due to financial constraints the University had not remitted Kshs.667 million relating to staff pension schemes and Kshs. 710 million for Pay-As-You-Earn for the year ended June 2020.

Key Projects and Investment Decisions

The University is constructing an ultra-modern library at the cost of Ksh 2.4 billion, which is fully funded by the Government, and a Main Gate Complex at the cost of Ksh 65 million funded by University's internal sources.

Major risks facing the entity

The University operates under a strict credit and debt policy to manage its liquidity risk exposure.

Material arrears in statutory/financial obligations

At the close of the year, in addition to the ones mentioned above, the University had other unremitted payroll deductions amounting to Kshs 2.8 billion out of which Kshs 1 billion, Kshs 824 million, 250 million were in relation to Pension Contributions, Pay As You Earn (PAYE) and Egerton University Sacco deductions respectively.

Financial probity and serious governance issues

The University has no major financial improbity as reported by internal audit/Board audit committee, external auditors, or other National Government Agencies.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

1. Mau – Egerton University Cross Country and Rehabilitation of River Njoro

As part of Corporate Social Responsibility (CSR), the University held the 7th Edition of Mau-Egerton University Cross Country on 29th February 2020. The main objectives of the cross country are

- To create environmental awareness and
- To raise funds for the rehabilitation of Njoro River and Mau Ecosystem.

The event was conducted through partnerships with various organizations, such as Kenya Commercial Bank Ltd, Athletics Kenya, KASS FM, Kenya Agricultural and Livestock Research Organisation (KALRO), Kenya Water Towers, Kenya Forest Service, Kenya Wildlife Service, Nakuru County Government, Narok County Government, Alexandria Cancer Centre, Kenya Red Cross, and Mediheal Group of Hospitals. As a University, we continue with our efforts to create environmental awareness and to rehabilitate Njoro River and the Mau Ecosystem.



The Vice-Chancellor, Egerton University, Prof. Rose A. Mwonya (second from right), and the Deputy Vice Chancellor (Academic Affairs), Prof. Alexander K. Kahi (right), receive a cheque of Ksh2 million from the Senior Corporate Relationship Manager of Kenya Commercial Bank Ltd, Mr. David Kemei, and his team towards the 7th Edition of the Mau-Egerton University Cross Country held on 29 February 2020.

Currently, the University has rehabilitated 12 kilometres of the river and 25 acres of forest at the source in partnership with Kenya Agricultural and Livestock Research Organisation (KALRO)

and other stakeholders. Other achievements include 19 community sensitization seminars and workshops that have been held, construction of three community livestock watering troughs, clearance of dumpsites along the river, planting of indigenous tree seedlings, community tree nursery support, and water quality monitoring. In the 2019/2020 financial year, the University mobilized staff and students in planting 6000 tree seedlings both at the source, along the river course, and within the University.



Participants in the 7th Edition of the Mau-Egerton University Cross Country compete in the Junior Men category on 29 February 2020

There has, however, been a challenge of limited funding to rehabilitate the whole river and sustain rehabilitated sites, leading to a tree survival rate of about 60%. Other challenges include uncontrolled dumping of waste, negligence in enforcement of environmental laws, conflicting laws on riparian boundaries, low adoption of solid waste management methods, low uptake of the concept by the community, and uncoordinated rehabilitation by other interested parties.

For the Njoro River to recover fully from degradation, there is urgent need for the concerted effort by all stakeholders from Nakuru County, the Environmental Management Authority (NEMA), the Water Resources Management Authority (WARMA), industries, institutions, the local administration, local authorities, the Kenya Wildlife Services (KWS), and community members. These are the key institutions whose presence is yet to be felt in the rehabilitation process.



A section along the River Njoro undergoing rehabilitation



The section after rehabilitation in 2020

2. Community Initiative

Egerton University hosted an eye camp in memory of Mr Harilal Shah in conjunction with Lions Club of Nakuru & Lions Sightfirst Eye Hospital, Loresho in July 2020. The free activity was held at Human Anatomy Complex at the main campus in Njoro. The University is committed to organizing similar social responsibilities to impact the community.



Malezi Bora (a nutrition programme in the Ministry of Health) activities are held twice in a year, May and October, to deliver a specific health package, which includes child immunization, Vitamin A supplementation, and de-worming of children aged between six months and 59 months. In line with Malezi Bora, a maternal, neonatal and child health 100-day Rapid Result Initiative, was held between 16 and 26 August 2019.

This year, the Medical Department of the University undertook vitamin A supplementation and de-worming in the Early Childhood Development Centres around the University. It did so in conjunction with the Njoro Health Centre. The aim was to boost the immune system and protect clients from illness, particularly infants and children. One of the targets of the project was to sustain the achievement of 62 per cent coverage for Vitamin A supplementation achieved in the first round of Malezi Bora activities.



Early Childhood Development pupils being supplemented Vitamin A by a nutritionist during the Malezi Bora Week.

3. Agricultural Show of Kenya (ASK) Nakuru National Show & Exhibition

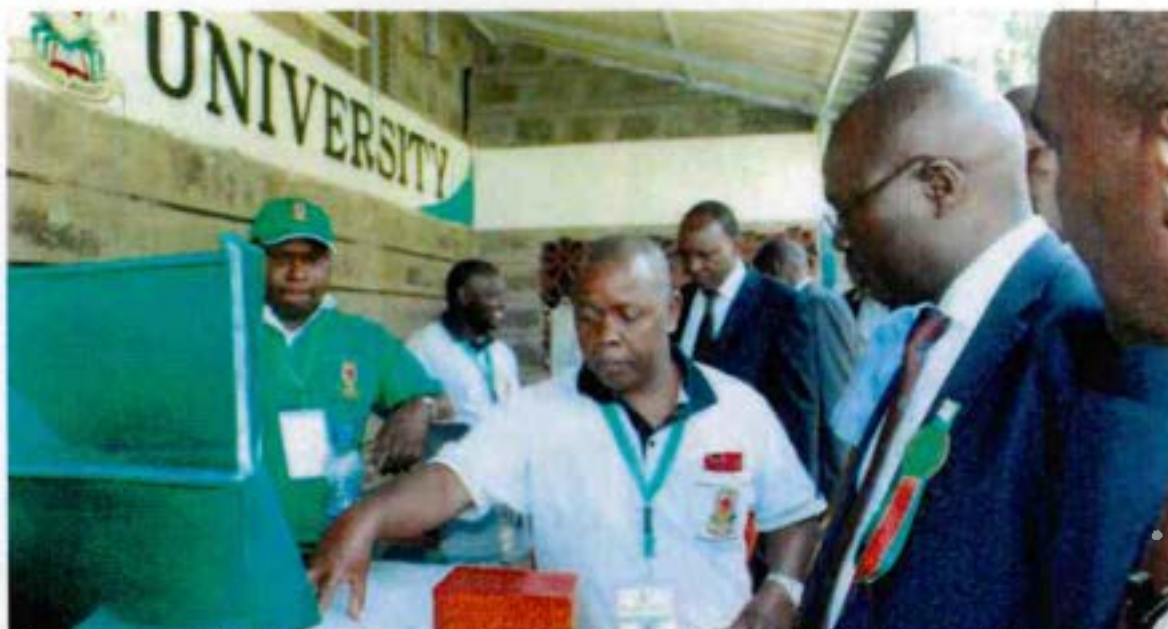
The University participated in the Nakuru National Agricultural Show which was held between 1st to 7th July 2019 under the theme “Promoting Innovation and Technology in Agriculture and Trade”.

The University won in three categories as follows:

1. The Best University Stand;
2. The Best Stand in Research and Development
3. The Best Stand in youth activities empowerment and capacity building

For the livestock section, Egerton won a number of awards, key among them:

1. Champion Guernsey; and
2. Reserve Champion Guernsey.



Dr. Musa Njue, Senior Lecturer in the Department of Agricultural Engineering explains to the then Cabinet Secretary, Ministry of Water and Sanitation, Hon. Simon K. Chelugui, the innovations exhibited at the Egerton stand during the Nakuru Agricultural Society of Kenya Show held on 1-7 July 2019

4. Seeds of Gold Magazine

The Seeds of Gold Magazine published by the Nation Media Group every Saturday since its launch on the February 15th, 2014 is a farmers' knowledge sharing magazine. Egerton University is contributing to the Magazine through writing of articles and providing expert answers to questions posted to the Magazine by readers of the magazine. In addition to offering expert answers posed by readers and farmers, various articles have been published, authored by staff from various faculties: Agriculture, Veterinary Medicine, Sciences and Environment.

REPORT OF THE COUNCIL

The Council submits their report together with the financial statements for the year ended June 30, 2020 which show the state of the University's financial affairs.

Principal activities

The principal activities of the University are shown on page 3.

Results

The results of the University for the Year ended June 30, 2020 are set out on pages 43 - 92.

Council

The members of the University Council who served during the year are shown on page 8 - 11.

Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with the Part VI of the Public Audit Act 2015.

By order of the Council

STATEMENT OF UNIVERSITY COUNCIL RESPONSIBILITY

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

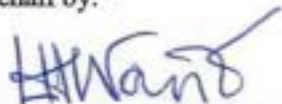
The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining 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 Public Finance Management (PFM) Act, 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 _____ and signed on its behalf by:



Amb. Dr. Luka.H.Wario, PhD, CBS
Chairman
Univeristy Council



Prof. Isaac O. Kibwage, PhD, HSC
Ag. Vice Chancellor

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Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON EGERTON UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Egerton University set out on pages 39 to 96, which comprise the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 Egerton University 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. Non-Disclosure of Material Uncertainty Related to Going Concern

The statement of financial performance reflects a deficit of Kshs.524,726,286 (2019-Kshs.1,600,496,151) resulting to accumulated deficit of Kshs.2,191,107,178 (2019-Kshs.2,042,432,562). Further, the current liabilities balance of Kshs.4,729,573,717 exceeds current assets balance of Kshs.2,047,091,649 resulting to a negative working capital of Kshs.2,682,482,068. Management has not disclosed the material uncertainty to going concern in the notes to the financial statements as required by the standards, which casts significant doubt in the ability of the University to continue as a going concern.

Consequently, the continued survival of the University as a going concern is dependent on continued Government and creditors support.

2. Inaccuracy in Cash in Hand and in Bank

As disclosed in Note 24(a) to the financial statements, the statement of financial position reflects cash in bank and in hand balance of Kshs.461,915,491. A review of the bank reconciliation statements revealed unreceipted deposits amounting to Kshs.36,809,837. Some of the deposits date back to 2012 and are yet to be recorded in the respective individual payee accounts. Further, analysis of the debits in fee collection bank accounts revealed transfer of Kshs.1,000,000 to an unknown payee.

In the circumstance, the accuracy and completeness of cash in hand and in bank balances of Kshs.461,915,491 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.

3. Long Outstanding - Receivables from Exchange Transactions

As disclosed in Note 25 to the financial statements, the statement of financial position reflects receivables from exchange transactions balance of Kshs.1,463,908,807. The balance includes student debtors amount of Kshs.953,060,554, an increase of Kshs.83,060,955 from Kshs.869,999,599 as at 30 June, 2019. Analysis of the debtors revealed that 88% or Kshs.835,512,420 had been outstanding for more than one hundred and twenty (120) days. Although Management explained the increase to be as a result of students sitting for exams and graduating with fee balances, no measures have been put in place for the recovery from students who have completed their course.

Further, a comparison of student balances as per the Admission Records Management System (ARMS) and the supporting schedules revealed an understatement of Kshs.78,221,220 due from four hundred and ninety (490) students. Discrepancies were also observed in the opening balances for one hundred and seventy (170) students while receipts from one-hundred and five (105) students were cancelled from their respective student accounts in ARMS, but the reason for the cancellation was not disclosed.

In addition, the balance includes outstanding imprest amounting to Kshs.77,438,613 which includes research debtors of Kshs.50,762,892 that was outstanding since 2013 while an amount of Kshs.8,845,621 in relation to general debtors had no aging analysis to confirm the duration it has been outstanding.

In the circumstances, the accuracy, completeness and validity of the receivables from exchange transactions of Kshs.1,498,243,160 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.

4. Agricultural Assets

As disclosed in Note 27 to the financial statements, the statement of financial position reflects agricultural assets balance of Kshs.36,623,003. However, as previously reported, the University revalued its agricultural assets in the financial year 2017/2018 resulting in an adjustment of Kshs.7,827,718 which has not been supported by a reconciliation of changes in the carrying amount of biological assets at the beginning and the end of the financial period in accordance with IPSAS 27-Agriculture disclosure requirements.

Consequently, the accuracy and fair value of the agricultural assets balance of Kshs.36,623,003 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.

5. Unsupported Property, Plant and Equipment

As disclosed in Note 28(a) to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.3,429,672,819. However, as previously reported, the balance includes parcels of land valued at Kshs.1,186,094,800 out of which an amount of Kshs.226,833,300 relates to three (3) parcels of land without ownership documents. Although the Management had indicated that the process of acquiring ownership documents for the parcels is at an advanced stage, no documentary evidence was provided to confirm this.

In the circumstance, the ownership of the three (3) parcels of land with a balance of Kshs.226,833,300 as at 30 June, 2020 could not be confirmed.

6. Unsupported Investment

As disclosed in Note 29 to the financial statements, the statement of financial position reflects investment balance of Kshs.150,091,002 which constitutes investment of 52,468 Kenya Airways - ordinary shares valued at Kshs.172,095 and long-term loan to Egerton University Investment Company amounting to Kshs.149,918,907. However, Management did not provided share certificates in respect of the 52,468 Kenya Airways ordinary shares as well as the Council resolution to support the decision to extend long-term loan to Egerton University Investment Company value of Kshs.149,918,907 for audit review.

In the circumstance, the existence and rightful ownership of the investments balance of Kshs.150,091,002 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.

7. Inaccuracy in Provisions and Accruals

As disclosed in Note 30(b) to the financial statements, the statement of financial position reflects provisions and accruals balance of Kshs.470,284,219. However, the balance was not supported by detailed schedules. A recalculation of the movement of the balances based on the information provided by the University yielded a balance of Kshs.821,284,597 resulting into a variance of Kshs.351,000,378 which had not been reconciled or explained.

In the circumstance, the accuracy and fair statement of accruals and provisions balance of Kshs.470,284,219 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.

8. Trade and Other Payables-Student Prepaid Fees

As disclosed in Note 30(a) to the financial statements, the statement of financial position reflects trade and other payables balances of Kshs.3,794,374,632 which includes Kshs.314,058,928 in respect to student prepaid fees. A comparison of the balance with

the supporting schedule from the Admission Records Management System (ARMS) revealed a variance of Kshs.5,468,924. Opening balances were overstated by Kshs.617,361.

Further, the balance includes an amount of Kshs.18,964,770 in respect of unidentified bank deposits. It was observed that the University operated two (2) separate bank accounts held in two (2) commercial banks to collect students' revenue. Examination of records revealed that the commercial bank system used for this purpose was integrated with the University's ARMS system. However, review of receipt data from ARMS system, revealed that the bank system was not communicating with the ARMS to obtain an updated copy of student numbers. Instances were observed where the student numbers were wrongly captured by banks or only a part of the student number was captured leading to cases of unidentified deposits.

In the circumstance, the accuracy and validity of the reported student prepaid fees balance of Kshs.314,058,928 and unidentified bank deposits of Kshs.18,964,770 as at 30 June, 2020 could not be confirmed.

9. Unsupported Other Services Rendered

As disclosed in Note 12 to the financial statements, the statement of financial performance reflects other services rendered balance of Kshs.358,298,922. Included in this amount are lab tests, drugs and clinical charges balance of Kshs.1,580,555, Kshs.1,482,338 and Kshs.1,171,320 respectively, all totalling to Kshs.4,234,213. However, a review of schedules in support revenue reflected a balance of Kshs.9,414,481 resulting to an understatement of Kshs.5,175,268. The scheduled balances had negative entries totalling to Kshs.24,563,291 which amounts to irregular offsetting expenses against revenues. No reconciliation or explanation has been provided for the above discrepancies.

In absence of any reconciliation and explanation, the accuracy and completeness of the revenue from exchange transactions-other services rendered amounting to Kshs.4,234,213 reflected in the statement of financial performance for the year ended 30 June, 2020 could not be confirmed.

10. Inaccuracy in Tuition and Related Fees

The statement of financial performance reflects tuition and related fees balance of Kshs.986,789,483. According to the Credit and Debt Management Policy dated January, 2014 section 2.1 (a) on mode of payments of fees and other charges payment of tuition fees per semester, the University requires that students pay fees and other charges in advance prior to registration. However, an amount of Kshs.242,043,459.35 was billed at the end of the semester and subsequent semesters. In addition, it was observed that students billed for Kshs.20,216,495 did not register for a new semester but continued to receive academic services contrary to the credit and debt management policy of the University.

Further, included in the balance is Kshs.2,569,874 in respect of application fees which comprised of mobile banking and direct deposits to the bank. Analysis of a sample of the

data from online application platform and comparison with mobile banking and bank statements revealed that there were 540 applications whose total fee was Kshs.929,884 which were unreceipted and the applications could not be traced to any of the University's bank accounts while forty (40) mobile banking transactions amounting to Kshs.40,000 in the mobile banking statements were not receipted or banked.

In the circumstance, the accuracy and completeness of tuition and related fees amounting to Kshs.986,789,483 reflected in the statement of financial performance for the year ended 30 June, 2020 could not be confirmed.

11. Unsupported Staff Cost

As disclosed in Note 13 to the financial statements, the statement of financial performance reflects staff costs of Kshs.3,552,269,890. The balance includes casual labour expenses amounting to Kshs.8,730,774. However, Management provided two schedules in hard copy from human resource and soft copy from finance department in which reflected amounts of Kshs.15,806,831 and Kshs.7,297,953 respectively. No reconciliation was provided between the three sets of records which should otherwise agree. Further, the daily casual register was not provided for audit review.

In the circumstance, the accuracy and completeness of casual labour balance of Kshs.8,730,774 included under staff costs in the statement of financial performance could not be confirmed.

12. Inaccuracy in MCF TAGDEV Expenses

As detailed in Note 22 to the financial statements, the statement of financial performance reflects Mastercard Foundation - Transforming African Agricultural Universities to Meaningfully Contribute to Africa's Growth and Development (MCF TAGDEV) expenses of Kshs.117,949,264. However, the schedules provided in support of the project expenditure revealed that the balance constitutes an expenditure of USD1,135,523 which was denominated in US dollar but was aggregated without conversion to Kenya shilling to the amount of Kshs.116,816,799 which was denominated in KES to arrive at the figure of Kshs.117,949,264. The expenditure has therefore, been understated by the exchange difference that would result from conversion of the expenditure in US Dollar to the reporting currency.

In the circumstance, the accuracy and validity of the MCF TAGDEV expenses of reflected in the statement of financial performance for the year ended 30 June, 2020 could not be confirmed.

13. Unsupported Teaching Claims

As detailed in Note 17 to the financial statements, the statement of financial performance reflects academic department expenses balance of Kshs.147,920,686. Included in the balance is Kshs.55,045,728 in respect to teaching claims (part time lecturers). However, the schedule provided in support of the balance did not have a detailed breakdown of the expenditure with names of lecturer, hours taught and amount payable. Further, the balance includes an amount of Kshs.8,462,300 paid through imprests as field attachment

expenses. However, the imprests surrendered vouchers were not supported by documents indicating the nature of work done and particulars of travels. The University, does not have in place the prescribed forms for assessment of the students during the field attachment.

In the circumstance, the accuracy, completeness and validity academic department expenses of Kshs.147,920,686 could not be confirmed.

14. Non-Disclosure of Contingent Tax Liability

During the year under review, the University signed a debt repayment plan with Kenya Revenue Authority for an accrued PAYE tax liability balance of Kshs.856,741,693. It was agreed that Kshs.40,000,000 was payable upon execution of the agreement and balance to be paid within twelve (12) months commencing in the month of October, 2019. The University deposited a title deed for a piece of land in Baringo County measuring 642 acres as security and undertook to remit a sum of Kshs.10,000,000 monthly commencing October, 2019. However, the agreed amount is yet to be remitted while the liability has not been disclosed in the financial statements. There is therefore the risk of loss of public assets in case of default.

In the circumstances, the accuracy and validity of the financial statements for the year ended 30 June, 2020 could not be confirmed.

15. Tegemeo Institute Financial Performance

As disclosed in Note 31 to the financial statements, the statement of financial performance reflects revenue balance of Kshs.56,136,333 from the Tegemeo Institute. This represents an increase of Kshs.2,066,264 or 4% in comparison to the prior year. However, the institute expenses balance of Kshs.71,476,584 were not in tandem with revenue generated resulting into a loss of Kshs.15,340,251. Further, the schedule provided in support of the income revealed a balance of Kshs.51,698,853 which was at variance with the reported amount of Kshs.56,136,333 resulting to an unreconciled difference of Kshs.4,437,480.

Management has not explained measures that are being put in place to reverse the trend to ensure sustainability of the Institute services.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparative basis of Kshs.5,412,303,885 and Kshs.4,479,911,274 respectively resulting to under collection of Kshs.932,393,611 or 17%. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.5,233,436,674 and Kshs.5,337,408,020 respectively resulting to over expenditure of Kshs.103,971,346 or 2% of the budget.

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

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management has indicated several issues as resolved yet the report has not been deliberated by Parliament. Management has not given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non Remittances of Statutory Deductions

As disclosed under Note 30(a) to the financial statements, the statement of financial position reflects trade and other payables balance of Kshs.3,794,374,632. Included in the balances are statutory deductions and taxes totalling to Kshs.1,949,189,832 which had not been remitted despite their due dates having long passed.

Further, analysis of payroll data revealed that the University deducted Kshs.2,518,950 as statutory payments due to NHIF for the month of April, 2020. However, analysis of bank statements revealed that the Management did not remit deductions on time. This is contrary to Section 18(2) of the National Hospital Insurance Fund Act, 2012 which states that if an employer fails to pay a standard contribution in respect of any person employed by him (a) that employer shall be liable to pay the penalty prescribed in subsection (1), and (b) the employee shall not be liable to any penalty under this section for as long as he is employed by that employer.

In addition, Note 13(a) and (b) to the financial statements discloses pension employer contribution of Kshs.258,871,658. However, examination of the bank statements for the period revealed that Management only paid Kshs.29,467,574 resulting to an unpaid amount of Kshs.229,570,406. There is no evidence of remittances of employees' contribution for the year amounting to Kshs.129,217,254. This is contrary to Section 53A (1) of the Retirement Benefits Act, 1997 which states that where an employer, having with the agreement of an employee who is a member of a scheme, made a deduction from the employee's emoluments for remittance to the scheme, fails to remit the deduction within fifteen days of the deduction, the scheme may, after giving such employer not less than seven days' notice, institute proceedings for the recovery of the deduction.

Failure to remit the statutory deductions on time may result in the University incurring interests and penalties.

2. Irregular Expenditure

As disclosed in Note 15 to the financial statements, the statement of financial performance reflects an expenditure amounting to Kshs.527,524,264 under administration and central services expenses. A review of the expenditure revealed the following unsatisfactory matters:

2.1. Contracted Security Services

The balance includes contracted security services of Kshs.51,447,846 out of which Kshs.5,679,473 relates to Mpeketoni Campus. However, no evidence was provided to confirm hire of security services at Mpeketoni campus. Examination of records revealed that payments were made to individuals. It is not clear how the persons were recruited to offer security services at the campus as the payment schedule revealed payments of varying amounts.

Consequently, the expenditure of Kshs.5,679,473 could not therefore be confirmed as a proper charge to public funds.

2.2. Legal Fees

Further, the balance includes an amount of Kshs.14,995,130 under legal charges. Examination of records indicated that the University contracted for legal services for the period between 01 December, 2015 to 30 June, 2018. However, during the year under

review, the University continued to use and paid for the services of the legal service provider of Kshs.3,948,337 without a valid contract in place.

In the circumstances, Management is therefore in breach of the law.

2.3. Unapproved Cleaning and Sanitary Services

The balance also includes an expenditure of Kshs.47,525,584 relating to cleaning and sanitary services. However, documents provided in relation to procurement of cleaning and sanitary services revealed that a company was contracted by the University on 22 August, 2017 for a contract which expired on 31 August, 2019 with extension being granted for a period of three (3) months. A new contract was awarded to the same company commencing on 01 December, 2019 to 31 December, 2021 where an amount of Kshs.13,809,804 was paid during the extension period. However, Minutes of an Ad-hoc Committee approving the extension of contract and the reasons thereof were not provided for audit review.

In the circumstances, Management is therefore in breach of the law.

3. Irregular Bank Overdraft

As disclosed in Note 24(c) to the financial statements, the statement of financial position reflects negative cash balances of Kshs.134,984,140. However, the negative cashbook balance of Kshs.134,984,140 is in excess of the overdraft facility of Kshs.100,000,000 approved by the University Council by Kshs.34,984,140. The Management has not provided satisfactory reasons why the cheques were drawn when there were no sufficient funds in the bank account.

In the circumstance, the Management is in breach of the approved overdraft limit.

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. Inventories

As detailed in Note 26 to the financial statements, the statement of financial position reflects inventories balance of Kshs.34,644,347. However, the University does not have an inventory control management system. The mechanism used does not give accurate stock operation reports. Verification of stock records revealed that there are no requisition records, bin and ledger cards in use to provide accurate records.

In the circumstance, existence of effective internal control on stocks could not be confirmed.

2. Lack of Human Resource Documents

Management has not filed their Human Resource Compliance Reports, including payroll reports for all cadres of staff with the State Corporations Advisory Committee. The University does not have an approved staff establishment. Further, a review of data maintained by a human resource management system revealed cases of missing NHIF Number; and NSSF Numbers for some employees.

In the circumstances, I am unable to confirm the effectiveness of the University staff hiring and rationalization policy and system including governance.

3. Failure to Invoice Students After Registration

Analysis of invoices and students' data revealed that there were one hundred and five (105) students who registered but were not billed. Of these students, eighty-nine (89) belonged a Department whose records the Management did not provide for audit review. It was however, observed that the Memorandum of Understanding between Egerton University and a Ministry on the training did not preclude invoicing of the students sponsored under the project upon registration.

Failure to invoice the students at the point of registration may lead to revenue loss thereby casting doubts on the internal control to safeguard against loss of revenue.

4. Weaknesses in Information Communication Technology (ICT)

A review of the ICT policies and other ICT governance documents revealed that the policy was approved in 2010. A review of the policy indicated that it is not comprehensive enough to cover the current status of the University ICT infrastructure and cyber threats as it is not aligned to the objectives of the organization and there were no procedures developed to operationalize the policy document.

Lack of governance structure may hinder effective use of information technology.

5. Integration Between ARMS and Sage System

The University uses the ARMS system to manage revenue from Students whereas financial reporting is done using the Sage system. Invoices and debit notes generated in ARMS are uploaded into the Sage system for financial management. However, review of invoices and debit notes generated in ARMS and uploaded into Sage revealed the two systems are not fully integrated and exhibited varied discrepancies which has not been explained.

In the circumstances, I am unable to confirm the effectiveness of internal controls including governance between the two systems.

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 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

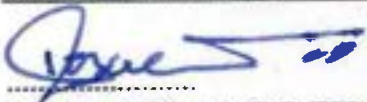


18 August, 2021

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Notes	2019-2020 Kshs.	2018-2019 Kshs.
<u>Revenue from Non-Exchange Transactions</u>			
GoK Recurrent Capitation Grant	6 (a)	2,080,549,506	1,838,824,413
Research & Extension Income	7	211,674,751	305,616,351
Other Revenue from Non-Exchange Transactions	8	502,007,253	405,000
CESAAM ACE 2 Income	9	166,503,732	126,922,657
MCF TAGDEV Income	10	117,949,264	68,927,373
Tegemeo Income for the period	31	56,138,363	54,070,069
Total Revenue from Non-Exchange Transactions		3,134,822,870	2,394,765,863
<u>Revenue from Exchange Transactions</u>			
Tuition and Related Fees	11	986,789,483	1,286,512,428
Other Services Rendered	12	358,298,922	168,088,900
		1,345,088,406	1,454,601,329
Total Revenue		4,479,911,275	3,849,367,191
<u>Expenditure</u>			
Staff Costs	13	3,552,269,890	3,395,430,455
Council Expenses	14	12,912,501	22,937,292
Administrative and Central Services	15	527,524,264	755,697,863
Repairs and Maintenance Expenses	16	38,106,839	47,642,116
Academic Departments Expenses	17	147,920,686	413,981,954
Research & Extension Expenses	18	185,999,967	292,161,367
Expenses-IGU Inputs	19	64,547,871	90,867,763
Depreciation Expenses	20	113,312,933	126,297,095
CESAAM ACE 2 Expenses	21	166,503,732	126,922,657
MCF TAGDEV Expenses	22	117,949,264	68,927,373
Tegemeo Expenses for the period	32	71,476,584	106,465,272
		4,998,524,531	5,447,331,207
<u>Other Gains/(Losses)</u>			
Gain/(Loss) on Shares		(35,154)	(351,536)
(Decrease)/increase in Provision for bad debts		(25,627,152)	(478,367)
Gain on Foreign Exchange	23	11,721,557	(2,404,142)
Gain/(Loss) on biological Assets		7,827,718	701,910
		(6,113,030)	(2,532,135)
Deficit for the Period		(524,726,286)	(1,600,496,151)
<u>Attributable to:</u>			
Owners of the controlling entity		(524,726,286)	(1,600,496,151)

The notes set out on pages 44 to 98 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

Particulars	Notes	2019-2020 Kshs.	2018-2019 Kshs.
ASSETS			
Current Assets			
Cash in Bank and in Hand	24 (a)	461,915,491	330,644,857
Contingent Deposit	24 (b)	50,000,000	50,000,000
Receivables from Exchange Transactions	25 (a) & (b)	1,463,908,807	1,363,081,043
Inventories	26	34,644,347	33,372,894
Agricultural Assets	27	36,623,003	28,795,285
		2,047,091,649	1,805,894,079
Non Current Assets			
Property, Plant & Equipment	28 (a)	3,429,672,819	3,506,482,206
Work in Progress (W-I-P)	28 (a)	1,865,102,229	1,897,419,465
Investments	29	150,091,002	150,126,156
		5,444,866,050	5,554,027,827
Total Assets		7,491,957,699	7,359,921,906
LIABILITIES			
Current Liabilities			
Negative Cash Balances	24 (c)	134,984,140	286,903,981
Trade and Other Payables	30 (a)	3,794,374,632	3,184,421,313
Provisions and Accruals	30 (b)	470,284,219	836,164,154
Deferred Income	30 (c)	329,930,726	278,839,746
		4,729,573,717	4,586,329,195
Total Liabilities		4,729,573,717	4,586,329,195
Net Assets		2,762,383,982	2,773,592,711
General fund		4,953,491,207	4,816,025,273
Accumulated Surplus(Deficit)		(2,191,107,178)	(2,042,432,562)
Total Capital and Liabilities		2,762,383,982	2,773,592,711
 Prof. Isaac O. Kibwage, Ph.D, HSC Ag. Vice Chancellor		 CPA Moses O. Ouma Finance Officer ICPAK Member No. 4924	 Amb. Dr. Lukia Huga Wario Chairman, University Council
Date:		Date:	Date:

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED
30 JUNE 2020**

Particulars	Note	Capital Reserves Kshs.	Revenue Reserves Kshs.	Total Kshs.
At July 1, 2018		4,310,588,326	(468,266,306)	3,842,322,021
Capital Grants	6(b)	284,936,947		284,936,947
Deficit from operations			(1,600,496,151)	(1,600,496,151)
Tegemeo Deferred income Transferred to Reserves			25,611,985	25,611,985
Mpeketoni Land		220,500,000		220,500,000
Prior year Adjustments			717,910	717,910
At June 30, 2019		4,816,025,273	(2,042,432,562)	2,773,592,711
At July 1, 2019		4,816,025,273	(2,042,432,562)	2,773,592,711
Capital Grants	6 (b)	137,465,934		137,465,934
Deficit from operations			(524,726,286)	(524,726,286)
Prior year Adjustments			376,051,671	376,051,671
At June 30, 2020		4,953,491,207	(2,191,107,178)	2,762,383,982

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Notes	2019-2020 Kshs.	2018-2019 Kshs.
Operating Activities			
Deficit for the year		(524,726,286)	(1,600,496,151)
Adjustments for			
Depreciation	20	113,312,933	126,297,095
Adjustments in Reserves for prior years items		376,051,671	717,910
Movement in Provisions for the year	30 (b)	(365,879,935)	219,079,443
Movement in Deferred Income for the year	30 (c)	51,090,980	(144,245,091)
(Gain)/Loss on Revaluation of Shares	23	35,154	351,536
		(350,115,484)	(1,398,295,258)
Changes in Working Capital			
(Increase)/Decrease in Biological Assets	27	(7,827,718)	(701,910)
(Increase)/Decrease in Receivables	25 (a)	(100,827,764)	(433,052,843)
(Increase)/Decrease in Inventories	26	(1,271,453)	10,186,066
Increase/(Decrease) in Payables	30 (a)	609,953,319	1,702,143,573
		500,026,384	1,278,574,886
Cash Generated from Operations		149,910,900	(119,720,372)
Investing Activities			
Purchase of Property, Plant and Equipment	28(a)	(4,186,310)	(436,399,957)
Tegemeo Deferred income Transferred to Reserves		-	25,611,985
Mpekotoni Land		-	220,500,000
		(4,186,310)	(190,287,973)
Financing Activities			
GoK Capital Grants	6 (b)	137,465,934	284,936,947
Net Cash from Financing Activities		137,465,934	284,936,947
Net Increase/(Decrease) in Cash and Cash Equivalents		283,190,524	(25,071,398)
Cash and Cash Equivalents at the start of the period		93,740,876	118,812,274
Cash and Cash Equivalents at the Close of the period	24	376,931,351	93,740,876

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2020

Particulars	Note	Budget 2019/2020 Kshs.	Actual on Comparable basis 2019/2020 Kshs.	Performance Difference 2019/2020 Kshs.
Revenue from Non-Exchange Transactions				
GoK Recurrent Capitation Grant	6(a)	2,080,549,506	2,080,549,506	-
Research & Extension Income-Main campus	7	402,802,154	211,674,751	(191,127,403)
Other Revenue from Non-Exchange Transactions	8	499,831,653	502,007,253	2,175,600
CESAAM ACE 2	9	201,853,406	166,503,732	(35,349,674)
MCF TAGDEV	10	127,050,900	117,949,264	(9,101,636)
Tegemeo Income	31	299,672,575	56,138,363	(243,534,212)
Total Revenue from Non-Exchange Transactions		3,611,760,194	3,134,822,870	(476,937,325)
Revenue from Exchange Transactions				
Tuition and Related Fees	11	1,528,605,748	986,789,483	(541,816,265)
Other Services Rendered	12	271,937,943	358,298,922	86,360,979
		1,800,543,691	1,345,088,406	(455,455,285)
Total Revenue		5,412,303,885	4,479,911,275	(932,392,610)
Expenditure				
Staff Costs	13	2,879,586,611	3,552,269,890	672,683,278
Council Expenses	14	18,580,000	12,912,501	(5,667,499)
Administrative and Central Services	15	664,815,595	527,524,264	(137,291,331)
Repairs and Maintenance Expenses	16	291,268,018	38,106,839	(253,161,179)
Academic Departments Expenses	17	302,203,967	147,920,686	(154,283,282)
Research & Extension Expenses	18	408,405,602	185,999,967	(222,405,635)
Expenses-IGU Inputs	19	40,000,000	64,547,871	24,547,871
Depreciation Expenses	20	-	113,312,933	113,312,933
CESAAM ACE 2 Expenses	21	201,853,406	166,503,732	(35,349,674)
MCF TAGDEV Expenses	22	127,050,900	117,949,264	(9,101,636)
Tegemeo Expenses	31	299,672,575	71,476,584	(228,195,991)
Total Expenditure		5,233,436,674	4,998,524,531	(234,912,143)
Other gains/(Losses)				
Gain on Revaluation Investment-Shares	23	-	(35,154)	(35,154)
(Decrease)/increase in Provision for bad debts		-	(25,627,152)	(25,627,152)
Gain on Foreign Exchange		-	11,721,557	11,721,557
Gain/(Loss) on biological Assets		-	7,827,718	7,827,718
		-	(6,113,030)	(6,113,030)
Surplus/ (Deficit) from Recurrent Budget		178,867,211	(524,726,286)	(703,593,497)
GoK Development Grant	6(b)	137,465,934	137,465,934	-
Capital Expenditure	28(a)	266,586,226	59,287,799	(207,298,427)
Deficit for the Period		49,746,919	(446,548,151)	(496,295,070)

Reasons for material variances refer to note 38 on page 89.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Egerton University is established by and derives its authority and accountability from Universities Act 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 outlined on page 3.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies.

The 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 Public Finance Management (PFM) Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

The Annual Report and Financial Statements for period ended 30th June 2018 and 2020 for Centre of Excellence in Sustainable Agriculture and Agribusiness Management (CESAAM) have been presented separately for audit purpose. However, the same have been consolidated in these Financial Statements.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2020: 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 are covered purely under Public Sector combinations as

Standard	Impact
	amalgamations. <i>The University does not have any business combinations arising from non-exchange transactions and therefore the standard does not apply.</i>

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to	Applicable: 1st January 2022:

Standard	Effective date and impact:
Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>

iii. Early adoption of standards

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

i) Revenue from Non-Exchange Transactions

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.

Rendering of Services & Fees

The University recognizes revenues from fees when the event occurs and the asset recognition criteria are met.

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.

ii) Revenue from Exchange Transactions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

iii) Revenue from Exchange Transactions (Continued)

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.

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

Budget Information

The original budget for Financial Year 2019-2020 was approved by the National Assembly on 4th July 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. Accordingly, the University recorded additional allocation of recurrent funds totalling to Ksh 499,831,653, broken down as follows:

- a. Ksh 396,991,653 to cater for arrears of the 2017-2021 Collective Bargaining Agreement (CBA)
- b. Ksh 102,840,000 to cater for Doctors/Lecturers allowances and new medical risk allowance.

There was a reduction in the development funding allocated to the Ultra-Modern Library project from Ksh 200 Million to Ksh 137,466,934.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the University. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or University differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes

The University is tax exempt as per the Income Tax Act, 2014.

d) Property, Plant and Equipment

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

Land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the assets during their estimated useful life, using the straight- line method. Assets acquired during the year attract full depreciation charge.

The annual rates used are: -

Buildings	-	2.5%
Machinery & equipment	-	20%
Furniture & fittings	-	12.5%
Dairy equipment / plant / tractors	-	10%
Motor vehicles	-	25%
Library books	-	20%
Computers and Appliances	-	33.3%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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.

f) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Financial Instruments

Financial Assets

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 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 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Financial Instruments (Continued)

Evidence of impairment may include the following indicators:

- The debtors or an 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

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.

h) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Inventories (Continued)

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.

i) Agricultural Assets

Agricultural activity is the management by the University of the biological transformation and harvest of biological assets. Biological Asset is a living animal or plant. There are three groups of agricultural assets: -

Agricultural Produce: Is the harvested product of the University's biological assets.

Bearer Biological Assets: Are those that are used repeatedly or continuously for more than one year in an agricultural activity e.g. breeding stocks (including fish and poultry), dairy animals, and sheep

Consumable Biological Assets: Are those that are held for harvest as agricultural produce such as animals and plants for one-time use e.g. beef animals, fish in farms, crops such as maize and wheat.

Biological assets are measured on initial recognition and at each reporting date at its value less costs to sell except where fair value cannot be measured reliably. In such case the biological asset shall be measured at cost less any accumulated depreciation and any impairment loss as per IPSAS 27.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Provisions (Continued)

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.

Provision for bad debts

A general provision for bad and doubtful debts is provided for at the year-end at 1% of outstanding general and student debtors.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in Accounting Policies and Estimates

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

m) Employee Benefits

Retirement Benefit Plans

The University provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which the University pays fixed contributions into a separate trustee administered 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 the 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.

The University also contributes to the National Social Security Fund (NSSF) for staff in grade I to IV. The University's obligations under this scheme are limited to specific contributions legislated from time to time, and are currently limited to a maximum of KSh 200 per employee per month while the employer contributes a similar per month. The University's obligation to staff retirement benefit schemes are charged to the statement of the financial performance in the year to which they relate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) 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.

o) Related Parties

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

p) 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.

q) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Cash and Cash Equivalents (Continued)

Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Comparative Figures

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

s) 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.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and Assumptions

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

1.140

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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. Additional disclosure of these estimates of provisions is included in Note 25(b).

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 6 :- Income - GoK Recurrent Capitation Grants

Particulars	2019-2020 Kshs.	2018-2019 Kshs.
GoK Capitation Grants		
July	173,379,125	126,687,811
August	173,379,125	126,687,811
September	173,379,126	126,687,811
October	173,379,125	126,687,811
November	173,379,126	119,086,542
December	173,379,126	119,086,542
January	173,379,125	124,154,055
February	173,379,126	124,154,055
March	173,379,126	116,552,787
April	173,379,126	126,687,811
May	173,379,126	126,687,811
June	173,379,125	475,663,566
Total GoK Recurrent Grants	2,080,549,507	1,838,824,413

Note 6 (b) Income-GoK Development Grants

Particulars	2019-2020 Kshs.	2018-2019 Kshs.
November	74,095,610	
December		139,460,617
March	63,370,324	145,476,330
Total GoK Development Grants	137,465,934	284,936,947

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 6 (c) Transfers from the Ministry of Education

Bank Statement Date	Amount recognised to Statement of Financial Performance	Amount recognised in the Reserves	2019-2020
	KShs	KShs	KShs
8-Aug-19	173,379,125		173,379,125
28-Aug-19	173,379,125		173,379,125
28-Sep-19	173,379,126		173,379,126
01-Nov-19	173,379,125		173,379,125
22-Nov-19	173,379,126		173,379,126
29-Nov-19		74,095,610	74,095,610
27-Dec-19	173,379,126		173,379,126
03-Feb-20	173,379,125		173,379,125
02-Mar-20	173,379,126		173,379,126
16-Mar-20		63,370,324.00	63,370,324
03-Apr-20	173,379,126		173,379,126
08-May-20	173,379,126		173,379,126
05-Jun-20	173,379,126		173,379,126
26-Jun-20	173,379,125		173,379,125
Total	2,080,549,507	137,465,934	2,218,015,441

Other Recurrent grants from the Ministry of Education			
25-Jun-20	102,840,000		102,840,000
06-Jul-20	396,991,653		396,991,653
Total			499,831,653

Bank Statement Date	Amount recognised to Statement of Financial Performance	Amount recognised in the Reserves	2018-2019
	KShs	KShs	KShs
3-Aug-18	126,687,811		126,687,811
30-Aug-18	126,687,811		126,687,811
1-Oct-18	126,687,811		126,687,811
07-Nov-18	126,687,811		126,687,811
03-Dec-18	119,086,543		119,086,543
17-Dec-18		139,460,617	139,460,617
27-Dec-18	119,086,542		119,086,542
01-Feb-19	124,154,055		124,154,055
07-Mar-19	124,154,055		124,154,055
23-Mar-19		145,476,330	145,476,330
28-Mar-19	116,552,786		116,552,786
02-May-19	126,687,811		126,687,811
6-Jun-19	126,687,811		126,687,811
28-Jun-19	126,687,811		126,687,811
9-Jul-19	348,975,754		348,975,754
Total	1,838,824,412	284,936,947	2,123,761,359

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 7 : -Research & Extension Income		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
AICAD-RE02-Income	6,105	1,450
DAAD/EBR-RE05-Income	1,720,080	22,984,165
Department of Defence-RE06-Income	41,621,300	63,794,912
Dryland Farming-RE07-Income	6,105	45,250
Economics Department-RE08-Income	136,510	711,165
Fingerponds-RE10-Income	5,182,372	14,680,228
Gift Shop-RE11-Income	662,150	616,100
Global Fund for TB-RE12-Income	12,155	2,415
Globalite-RE13-Income	3,596,324	75,250
Greenhouses-RE14-Income	504,160	1,507,551
KAPP GRANTS-RE18-Income	11,646,621	12,579,794
Natural Resources-RE20-Income	184,962	1,078,145
NORAGIC-RE21-Income	1,252,749	2,444,158
OSSREA Young Scholars-RE22-Income	17,679,068	29,473,456
PRA-RE23-Income	6,105	309,763
Research & Extension-RE25-Income	31,344,115	17,489,083
ROSA Project-RE27-Income	3,820,503	2,581,109
TAMOU 01C-RE29-Income	13,889,373	13,169,077
Training-RE33-Income	1,146,639	1,131,348
Vertisol Management-RE34-Income	6,105	257,570
OSSREA Post-Doctoral-RE37-Income	800,405	385,742
ECOLIVE Project-RE40-Income	1,331,706	1,874,635
Wetland Ecosystem-RE41-Income	2,636,824	3,923,518
Limnology-RE42-Income	5,757,727	10,055,761
ECO-HELB-RE43-Income	463,255	3,397,360
Global Fund-RE44-Income	12,977,373	6,433,043
Confucius Institute-RE45-Income	6,166,152	11,932,359
DOLLAR Account-RE46-Income	7,119,571	12,096,209
EURO Account-RE47-Income	30,227,308	61,988,382
AERC Account-RE50-Income	-	1,065
AGEC dollar Account-RE51-Income	5,521,258	4,130,432
AERC 2 Project - RE52-Income	4,249,672	4,465,856
	211,674,751	305,616,351
Note 8 : - Other Non-Exchange Income		
Mau Egerton Cross Country Income-MAIN	2,000,000	390,000
Income-Other Incomes- Advertising Income - Main	90,600	-
Partners Recurrent Grants -Other Recurrent Grants	499,831,653	-
Partners Donations & Grants -Donations	85,000	15,000
	502,007,253	405,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Note 9 : - CESAAM ACE 2		
CESAAM ACE 2	166,503,732	126,922,657
	166,503,732	126,922,657
Note 10 : - MCF TAGDEV		
MCF TAGDEV	117,949,264	68,927,373
	117,949,264	68,927,373
Total Non-Exchange Income	998,135,000	501,871,381
Note 11 : - Income-Tuition and Related Fees		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Application Fee	2,569,874	3,886,112
Registration Fee	21,441,500	25,242,500
Student I/D	2,809,800	2,282,500
Activity Fees	17,354,700	19,966,600
Student medical fee	33,976,500	34,575,567
Examination Fee	57,204,800	64,366,900
Material Development	61,922,400	71,248,700
Graduation Fees	13,020,137	18,617,290
Library Fee	37,624,500	42,895,200
Tuition Fee	649,442,865	911,739,609
Student Supervision Fee	11,780,000	10,345,000
Field Attachment fee	25,566,660	31,012,920
Student Laboratory fee	18,554,660	20,397,500
Academic Transcripts	3,000	109,400
Certificate Storage Charges	495,700	657,320
Library Fine	165,060	269,217
Test & Vaccination- NTCC	882,500	527,500
Gowns Hire & Penalties	523,500	832,900
Remarking & Retake	16,527,220	19,906,500
Short Courses	4,895,107	7,633,193
ICT Charges	8,472,500	
Re-registration	1,556,500	
	986,789,483	1,286,512,428

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 12 :- Income-Other Services Rendered

Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Accommodation Fees-Halls	54,140,753	68,319,105
Student Damages Charges	227,791,258	75,000
Ambulance Fee	3,500	9,000
Bed Charges	2,800	24,714
Clinical Charges-medical	1,171,320	998,732
Consultation Fees	402,440	576,325
Dental Fees	275,100	277,100
Drugs	1,482,338	2,605,689
Hire of Conference Facilities	68,000	-
Hire Of Furniture	11,350	-
Hire Of Transport	-	10,000
House Rent	25,675,011	34,690,234
Lab Test	1,580,555	2,728,880
Meals-catering	17,545,426	25,880,354
Photocopying Charges	14,977	61,547
Sale of Beef	1,518,450	3,500
Sale Of Birds	-	33,650
Sale of Cattle	413,365	1,017,850
Sale Of Eggs	-	36,220
Sale of Firewood	2,700	6,500
Sale Of Goats	-	22,000
Sale of Horticultures	3,800	42,035
Sale of Maize	-	2,600
Sale Of Milk & Dairy Products	6,246,631	11,655,886
Sale Of Pigs	402,000	980,843
Sale of Pork	1,500	-
Sale Of Rabbits	1,500	19,050
Sale Of Sheep	-	120,710
Sale of Stationery	123,535	168,681
Sale of Text Books	8,675	52,497
Sale of Wheat	-	1,500
Tailoring Income	1,955,160	284,578
Tendering Charges	27,000	62,000
Income from OUTZ-IGU	935,633	546,000
Mortuary Income - IGU	3,132,100	3,231,705
Visiting Group Levy- Main	3,950,000	4,334,650
Ward Charges-IGU	2,527,512	1,696,222
Insurance Payroll deduction Commission	1,413,300	2,047,750
Visitors Accommodation Charges	1,131,140	1,429,130
Electricity Charges	90,093	329,535

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Key-cutting Charges	50	
Manpower Development Income	3,043,298	3,274,328
Sale of Tree Seedlings	217,695	139,660
Income from Games	11,350	11,550
Salary Refunds/lieu of notice	753,728	166,792
Hire of Land	-	85,000
Hire of Linen	-	200
Certificate Verification	223,879	29,600
	358,298,922	168,088,900

Note 13 : - Staff Costs

Note 13 (a) : - Key Management Personnel Remuneration

Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Basic Salary	22,114,017	21,926,712
House Allowance	3,663,684	3,663,684
Duty/ Administrative Extraneous Allowance	2,184,000	2,184,000
Medical Risk Allowance	365,161	180,000
Medical Allowance	312,000	312,000
Entertainment Allowance	1,176,000	1,176,000
Professorial Allowance	296,333	300,000
Responsibility Allowance	2,676,000	2,676,000
Phone Allowance	564,000	564,000
Call Allowance	2,211,613	360,000
Book Journal/ICT Allowance	45,000	8,000
Domestic Servant Allowance	2,340,000	2,340,000
Home Water And Electricity Allowance	636,000	636,000
Non User Car Allowance	960,000	960,000
Medical Extraneous Allowance	420,000	420,000
Leave Allowance	109,052	109,052
Non Practice Allowance	660,000	660,000
Pension Employer Contribution	1,368,550	4,385,342
NITA	2,400	-
NSSF-Employer Contribution	7,400	-
	42,111,210	42,860,790

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 13 (b) : - Staff Personnel Remuneration

Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Basic Salary	1,575,109,690	1,643,477,015
House Allowance	722,403,264	760,131,413
Duty/Risk/Extraneous Allowance	5,341,824	6,022,773
Commuter Allowance	203,456,042	216,486,475
Medical Allowance	77,431,546	82,152,362
Hardship Allowance	1,754,400	2,586,431
Remunerative Allowance	35,373,222	36,780,453
Basic Salary Arrears	300,391,168	9,885,661
Examination Allowance	1,149,572	1,211,682
Non Practice Allowance	18,287,742	19,670,409
Entertainment Allowance	1,564,290	1,682,838
Acting Allowance	3,534,690	2,227,402
Professorial Allowance	6,056,575	6,771,935
Responsibility Allowance	3,636,968	3,924,800
Manpower	31,938	166,930
Leave Allowance	22,057,769	23,029,600
Special Duty Allowance	469,057	692,727
Uniform Allowance	180,000	210,000
Ambulance Allowance	63,906	72,000
Phone Allowance	1,711,027	1,747,112
Call Allowance	104,879,325	14,752,806
SSP Allowance	-	18,220
Book Journal/ICT Allowance	7,359,153	7,935,000
NSSF-Employer Contribution	1,479,400	1,625,400
Pension-Employer Contribution	257,503,108	264,533,483
Overtime Amount	3,234,944	39,626
Gratuities	10,044,754	150,510,964
Home Water & Electricity	612,968	567,097
Domestic Servant	280,645	-
Non use of Car	112,258	-
Pension Employer Arrears	49,445,411	-
Top-Up Allowance	-	237,132
Assistants Allowance	922,000	360,000
Medical Extraneous Allowance -Main	38,098,497	41,446,312
Medical Risk Allowance -Main	19,960,213	11,503,606
Veterinary Risk Allowance -Main	1,246,452	1,364,501
Night Travel -Library staff	5,811,700	1,156,000
Pay in lieu of leave days	4,554,573	2,156,731
Passage and Baggage	656,321	2,496,344
Staff Training Expenses	430,935	959,090
Graduate Scholarships	269,900	-
Staff Education Fund Expenses	85,622	4,599,108
Staff Fees Waiver	11,228,875	15,707,350
Staff Uniforms	2,147,412	1,733,682
NITA Charges	1,058,750	1,121,500
Casual Labor Expenses	8,730,774	8,815,697
	3,510,158,679	3,352,569,665
Total Staff Costs	3,552,269,890	3,395,430,455

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 14 :- Council Expenses		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Sitting Allowances	3,778,000	7,672,692
Mileage/Travel	2,440,501	4,208,464
Meals	118,000	205,200
Accommodation	4,093,000	6,527,400
Training Expense	-	2,479,535
Chancellors Honorarium	1,439,000	800,000
Chairman's Honorarium	960,000	960,000
Chairman's Phone Allowance	84,000	84,000
	12,912,501	22,937,292
Note 15 :- Administration and Central Services Expenses		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Office Stationery -Main	5,405,657	13,526,268
Advertising -Main	814,750	2,929,980
Postage And Telephone -Main	4,267,147	6,456,618
Electricity & Water -Main	70,953,030	102,284,147
Official Entertainment -Main	-	29,000
Vehicle - Insurance -Main	200,000	4,604,707
Cleaning Materials -Main	1,417,660	-
Contracted Security Services -Main	51,447,846	73,933,813
General Insurances - Properties -Ma	19,418,861	45,697,586
Legal Charges -Main	14,995,130	10,331,372
Strategic Initiative-ISO 22000/9001	1,146,983	1,028,598
Computer Stationery -Main	2,467,163	1,067,990
Audit Fees And Expenses -Main	1,431,600	7,093,756
Rent And Rates -Main	75,900,339	105,496,794
Conference And Seminars -Main	1,319,641	4,890,103
Staff Subscription to Professional	53,801	369,703
University Subscription to Other Bo	1,676,227	6,465,519
News Papers, Journals & Videos -Mai	1,734,600	3,618,640
Shows & Exhibitions Expenses -Main	2,837,708	3,196,510
Internet Services -Main	34,760,091	47,247,110
Office Running Expenses -Main	11,350,386	16,040,492
Students Union Expenses -Main	2,539,957	5,873,264
Computer Maintenance -Main	107,880	5,527,226
Bank Charges , Interest & Comm.-Main	17,263,865	16,270,631
Other Board Comm. - Jab, Fac., Dept	5,684,344	6,710,364
Cleaning And Sanitary Services -Mai	47,525,584	74,033,513
Strategic Initiative General Main	2,424,616	2,706,452
Fuel & Gas Main	12,000	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Publicity -Main	16,455,734	16,773,723
Open Days Expenses -Main	580,235	371,430
Production of Teaching Materials -EU Press	470,273	116,500
Other expenses-Man Egerton Cross Country	6,120	329,690
Performance Contract Service Delivery	71,940	217,170
Grade I-IV Retirement Benefit Scheme	3,664,000	4,800,000
Asset Tagging & Valuation Expenses	534,882	199,500
Environmental Impact Assessment	-	435,289
Disability Mainstreaming	152,700	373,620
Program Self Assessments	155,620	15,400
Integrity Promotion Activities	-	182,030
Students Medical Expense	5,719,121	8,786,453
EU Press Other Expenses	204,380	-
Photocopying Services	1,800,953	-
Travelling And Subs. Staff	46,902,359	66,112,422
External Travelling	3,421,487	1,295,187
Staff Funerals Expenses	1,612,600	1,620,000
Staff Hospitalization Expenses	66,012,856	85,606,967
Staff Sports Welfare -Main	587,140	734,725
Team Building Activities -Main	-	297,600
	527,524,264	755,697,863

Note 16: - Repairs and Maintenance Expenses

Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Equipments	260,062	132,124
Motor Vehicle Repairs	5,852,962	11,317,570
Water Supply & Sewerage	5,063,445	4,650,875
Buildings	637,150	-
Maintenance Of Stations	8,562,340	5,282,750
Motor Vehicles - Fuel And Oils	16,662,640	26,258,796
Student Damages Repairs & Replacement	1,068,240	-
	38,106,839	47,642,116

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 17 : - Academic Departments Expenses

Particulars	2019-2020	2018-2019
	Kshs.	Kshs.
Teaching Claims (Part Time Lecturers)	55,045,729	305,470,279
Printing And Publishing	-	5,000
Teaching Materials	4,840,033	13,766,888
Laboratory Materials	4,550,998	1,334,000
Graduation Expenses	14,535,332	24,073,221
Students Sports Expenses	1,237,160	481,940
Teaching Practice	15,871,626	17,718,754
Students Work Study Expenses	1,762,460	1,723,370
Academic Field Trips	6,914,119	3,966,470
Sports (Inter-Universities)	1,063,230	1,202,450
Subsistence & Accommodation -External Examiners	12,227,194	7,436,889
Students Registration Expenses	2,002,800	3,113,420
Students Scholarship Expenses	3,826,700	3,828,500
Students Leadership Development Program Expenses	1,497,030	1,401,140
Students ID Expenses	770,500	2,151,245
Teaching Services	785,247	608,900
Curriculum Review	1,971,934	1,081,640
E-Learning Expenses	1,149,885	8,314,919
Student Affairs Expenses	7,135,289	4,306,023
Student Attachment	9,777,980	11,996,907
Examination Materials	708,000	
External Practicals	247,440	
	147,920,686	413,981,954

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 18: - Research & Extension Expenses		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
AICAD-RE02-Expenses	6,105	1,450
DAAD/EBR-RE05-Expenses	1,720,080	22,984,165
Department of Defence-RE06-Expenses	36,783,426	42,989,935
Dryland Farming-RE07-Expenses	6,105	45,250
Economics Department-RE08-Expenses	136,510	711,165
Fingerponds-RE10-Expenses	5,182,372	14,680,228
Gift Shop-RE11-Expenses	982,788	552,473
Global Fund for TB-RE12-Expenses	12,155	2,415
Globalite-RE13-Expenses	3,596,324	75,250
Greenhouses-RE14-Expenses	504,160	1,507,551
KAPP GRANTS-RE18-Expenses	11,646,621	12,579,794
Natural Resources-RE20-Expenses	212,462	1,078,145
NORAGIC-RE21-Expenses	1,252,749	2,444,158
OSSREA Young Scholars-RE22-Expenses	17,679,068	29,473,456
PRA-RE23-Expenses	6,105	309,763
Research & Extension-RE25-Expenses	9,471,338	17,424,937
ROSA Project-RE27-Expenses	3,820,503	2,581,109
TAMOU 01C-RE29-Expenses	13,977,686	13,169,077
Training-RE33-Expenses	564,589	1,319,633
Vertisol Managemnt-RE34-Expenses	6,105	257,570
OSSREA Post-Doctoral-RE37-Expenses	800,405	385,742
ECOLIVE Project-RE40-Expenses	1,331,706	1,874,635
Wetland Ecosystem-RE41-Expenses	2,636,824	3,923,518
Limnology-RE42-Expenses	5,757,727	10,055,761
ECO-HELB-RE43-Expenses	463,255	3,397,360
Global Fund-RE44-Expenses	13,486,969	13,722,525
Confucious Institute-RE45-Expenses	6,166,152	11,932,359
DOLLAR Account-RE46-Expenses	7,119,571	12,096,209
EURO Account-RE47-Expenses	30,227,308	61,988,382
AERC Account-RE50-Expenses	-	1,065
AGEC Dollar Account-RE51-Expenses	5,521,258	4,130,432
AERC 2 Project Account - RE52 -Expenses	4,921,542	4,465,856
	185,999,967	292,161,367

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 19: - IGU Expenses		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Travelling And Subsistence	294,514	1,026,050
Staff Uniforms	-	305,050
Casual Labor Expenses	8,224,264	1,623,048
Cleaning Materials	-	13,920
Office Running Expenses	-	10,000
Bank Charges , Interest & Comm.	1,142,798	646,579
Other Board Committees - Faculty, Department	19,730	12,975
Cleaning And Sanitary Services	11,694,815	23,183,370
Repairs & Maintenance - Equipment	55,000	222,912
Motor Vehicle Repairs	697,593	-
Maintenance of Stations	8,414,056	10,414,062
Teaching Claims (Part Time Lecturers)	222,620	1,157,336
Medical Supplies	3,776,996	7,868,143
Production Inputs	29,867,000	41,623,932
Purchase Of Farm Inputs	118,485	2,521,559
Purchase Of Stationery For Resale	-	169,256
Funeral Home Expenses	20,000	69,570
	64,547,871	90,867,763
Note 20: - Depreciation Expenses		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Buildings-Egerton Buildings	74,843,767	74,665,187
Plant & Machinery-Dairy Institute machinery	5,730,523	5,767,483
Furniture	5,965,175	7,145,417
Equipments	14,368,626	16,852,160
Library Books	7,462,396	12,467,518
Motor Vehicles	2,289,511	3,990,310
Computers & Software	2,652,934	5,409,021
	113,312,933	126,297,095

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 21 : - CESAAM ACE 2 Expenses

Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Recruitment & interviews of students	281,150	-
Support continuing Ph.D. student	43,445,250	38,318,743
Support continuing Msc. students	40,013,366	25,280,879
Review of 1 Phd & 3 Msc Curriculum	1,394,400	1,266,700
Development of Phd & Msc Curriculum	357,300	518,791
Undertake self assessment	-	805,775
Short courses in Agric value chain	487,600	3,010,751
Conduct short courses agric & agri business	3,357,905	860,500
Jointly hold 2 summer schools	2,275,000	-
support staff & student presentation in int	1,835,725	-
Staff exchange fellowship	883,710	1,323,810
Ph.D. students exchange fellowship	1,608,032	1,131,260
Staff supported in collaborated research projects	5,031,496	1,835,319
Support publications on peer reviewed journal	146,518	286,000
Facilitate presentation in international con	933,400	2,237,240
Retooling workshop for staff	2,312,200	2,221,723
Support Agri Enterprises	596,356	864,538
Internship support for students	2,852,100	1,023,500
MOU signing and consultations	700,260	294,820
Support teams develop proposals	1,333,300	1,832,960
Procure equipments and ICT upgrading	673,860	2,668,450
Cesaam office block design	250,000	568,710
Procure motor vehicle	5,606,884	91,000
Procure soil testing TOC analyzer	-	1,663,680
Procure assorted seeds testing lab equip	-	2,263,385
Procure animal nutrition lab equip	-	2,962,575
One innovation Support Agro science park	1,454,017	529,560
Procurement of laboratory consumables	846,506	-
Conduct Tracer study of any graduates	-	580,650
Marketing Cesaam Project and its programs	1,554,420	1,406,525
Cesaam steering committee sub committees	1,000,720	623,049
Cesaam staff package (Salaries and wages)	2,242,000	1,192,000
Cesaam vehicle mtc & Travel, subs, costs	3,537,872	4,249,411
Effective CESAAM secretariat	2,045,245	613,246
Renovation of post graduate and tatton demon	1,908,243	-
ADB MOHEST- Dr Isaac Kariki	8,904,262	16,837,400
Cesaam Operational Expenses	136,277	807,590
SMAEA- APP - PROF James Tuitok	16,800	682,850
NAPROCLA Project - Prof Joshua Oendo	2,734,753	2,707,605
Inter-university Council for East Africa	4,080,000	1,440,000
CESAAM Fees Account	1,292,800	338,400

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Locust Mass Project - Prof. Ogendero	1,646,055	1,057,711
NRF Project - Dr Meshack Obonyo	7,348,613	525,550
EGU-BOWIE USA EXCH - Prof. Ogendero	2,731,776	-
Rwanda High Commission - Prof George Owuor	643,272	-
NMK ALOE Project - Prof. Ogendero	5,279,869	-
Global Scope Project - Dr Arnold Opiyo	724,420	-
	166,503,732	126,922,657

Note 22 :- MCF TAGDEV Expenses

Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Project Coordinator at Egerton University	4,283,334	4,338,999
Project Assistant at Egerton University	2,694,488	2,375,923
English language teacher at Egerton University	242,980	457,859
Faculty release time at Egerton University	1,876,675	2,036,298
Interview Students	-	1,221,181
Expense - Orientation	201,392	292,489
Cost of publicising the Project and its scholarship	-	101,275
Facilitation of linkages with industry and entrepr	218,666	1,594,593
Annual recruitment meetings	117,801	100,431
University meetings to disseminate project lessons	207,093	317,328
Monthly Seminars at the universities	97,708	257,831
University admission support	259,542	252,449
Internships	-	354,285
Business incubation training	3,052,924	1,876,179
University fees for undergraduate students	8,776,105	4,770,798
University fees for postgraduate students	6,780,026	2,806,718
Service Fees for Undergraduate students	3,192,748	843,506
Service Fees for Postgraduate students	9,831,298	1,869,640
Student Welfare Costs	65,277,153	33,095,084
Expense - other	51,387	24,513
Program Delivery Fee	311,496	302,108
MCF Potato Seed Project Prof Kibe	-	3,522,596
MCF Potato Seed Research Costs	-	585,301
MCF Potato Seed Coordination	-	60,445
MCF Potato Seed Other Costs	6,279,026	2,450,600
MCF Cassava CARP+ - Prof M.S.Mulwa	2,046,051	1,119,222
MCF AGLEAD - Prof. P. Mshenga	2,151,373	1,899,723
	117,949,264	68,927,373

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 23:- Other (Gains)/Losses		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Gain (Loss) on Revaluation Investment-Shares	(35,154)	(351,536)
Main Campus-Bad Debts w/off-(Increase)/Decrease in Provision	(16,860,625)	(140,292)
Nairobi Campus-Bad Debts w/off-(Increase)/Decrease in Provision	(3,254,656)	(46,533)
IGUs-Bad Debts w/off-(Increase)/Decrease in Provision	(13,652)	-
Nakuru Campus-Bad Debts w/off-(Increase)/Decrease in Provision	(5,212,759)	(229,036)
Baringo Campus-Bad Debts w/off-(Increase)/Decrease in Provision	48,097	7,047
Ecampus-Bad Debts w/off-(Increase)/Decrease in Provision	(333,557)	(69,553)
Bad Debts w/off- (Increase)Decrease in Provision	(25,627,152)	(478,367)
Main Campus Dollars- Gain (Loss) on FOREX	551,232	253,436
Dollars- Gain (Loss) on FOREX	477,186	(1,050,474)
EUROs- Gain (Loss) on FOREX	7,188,884	992,227
Dollars- Gain (Loss) on FOREX	3,382,793	(2,443,576)
Dollars- Gain (Loss) on FOREX	106,396	(155,756)
Dollars- Gain (Loss) on FOREX	15,066	-
Gain (Loss) on FOREX	11,721,557	(2,404,142)
Main Campus-Gain(Loss) on biological Assets	738	171,325
IGUs-Gain(Loss) on biological Assets	7,558,000	487,125
R& E-Gain(Loss) on biological Assets	268,980	43,460
Gain(Loss) on biological Assets	7,827,718	701,910
Gain(Loss) on Disposal Of Assets	-	-
	(6,113,030)	(2,532,135)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 24 (a) :- Cash in Hand and in Bank		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Bank balances		
Main - Bank Balances	7,563,571	159,018
Nairobi City Campus - Bank Balances	23,811	-
IGUs - Bank Balances	199,627	149,204
Research & Extension Bank Balances	361,541,860	325,329,024
Nakuru Town Campus College - Bank Balances	135,396	441,672
Ecampus - Bank Balances	59,466,517	-
Tegemeo Bank Balances	32,659,468	4,246,410
Total Bank Balances	461,590,251	330,325,329
Petty Cash		
Main - Cash In Hand	75,000	54,528
IGUs - Cash In Hand	-	50,000
Research & Extension - Cash In Hand	-	-
Nakuru Town Campus College - Cash In Hand	50,240	15,000
Tegemeo - Cash in Hand	200,000	200,000
Total Cash In Hand	325,240	319,528
Total Cash in Bank and in Hand	461,915,491	330,644,857
Note 24 (b) :- Contingent Deposits		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Staff Mortgage Scheme		
KCB Bank	50,000,000	50,000,000
Total Fixed Deposits	50,000,000	50,000,000
Note 24 (c) :- Negative Cashbook Balances		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Main - Negative Bank Balances	79,261,875	208,448,930
Nairobi City Campus - Negative Bank Balances	17,974,784	12,414,054
IGUs - Negative Bank Balances	17,633,114	23,110,051
Nakuru Town CC - Negative Bank Balances	14,394,147	42,351,353
Ecampus - Negative Bank Balances	-	579,593
Tegemeo Bank Balances	5,720,220	-
	134,984,140	286,903,981
Total Cash and Cash Equivalents	376,931,351	93,740,876

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 (d) Detailed Analysis of Cash and Cash Equivalents

Financial Institution	Account No	2019-2020	2018-2019
		Kshs	
1) Current Account			
a) Barclays Bank of Kenya			
EU Fees Account	271291000	(7,182,385)	(7,175,185)
Sub- total		(7,182,385)	(7,175,185)
b) Co-operative Bank of Kenya			
EU Main Campus account	1129025576700	(65,751)	(843,005)
EU Nakuru Town Campus	1129025576701	135,396	441,672
EU Global Fund	01139025576700	9,077	9,077
MCF Tagdev	02128025576700	23,048,117	16,742,163
Sub- total		23,126,839	16,349,907
c) Kenya Commercial Bank			
E U Endowment Fund A/C	1108550584	(53,317)	(110,926)
E U AICO Fees Collection/Press A/C	1101909579	(648,065)	(428,286)
E U Development Account	1101907681	(13,211,529)	(12,518,298)
Egerton University Paying Account	1101906812	(54,684,857)	(179,779,965)
E U Fees Account	1101910895	(2,817,764)	(4,708,448)
E U House Rent	1108044956	(598,207)	159,018
E U Fees Collection Account	1108550703	2,603,885	(2,884,817)
E U E- Learning Account	1101893680	59,466,517	(579,593)
Egerton University	1137209542	(14,058,076)	(41,415,998)
Egerton Univ Nkr Town Campus	1101909374	(336,072)	(935,356)
E U Nairobi City Fees	1101909781	23,811	(174,020)
Egerton University NCC A/C	1137209577	(17,974,784)	(12,240,034)
Egerton University Overhead Account	1101908718	(5,981,214)	(4,733,241)
E U Funeral Home Account	1101893796	199,627	149,204
E U Catering Account	1101862920	(2,273,085)	(2,317,627)
Egerton University Milk Account	1101910429	(2,114,361)	(2,182,889)
Egerton Uni Students Accom C Serv	1101862637	(3,431,548)	(5,581,149)
Egerton University Nutrition Account	1101908904	(872,384)	(3,625,379)
Egerton Uni Natural Resources Depart	1101913614	(701,732)	(710,482)
Egerton Univ. Outz	1101847530	(1,160,590)	(2,629,448)
Egerton Bookshop	1101908033	(191,187)	(161,137)
Egerton University Knit Tailoring	1101891920	(263,494)	(242,133)
Egerton University Tatton Farm	1101910089	(643,519)	(926,566)
AICAD	1101846704	2,634,755	2,640,860
EBR Project	1101911786	488,621	212,610
DOD Project	1101914025	12,093,482	623,595
Dryland Farming	1101911964	135,157	141,262
Egerton University Economic Dept	1101893370	2,893,390	2,620,050

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Institution	Account No	2019-2020 Kshs.	2018-2019 Kshs.
c) Kenya Commercial Bank			
Fingerpods Project	1101893567	5,655,861	4,230,595
GIR Shop	1101912499	1,115,555	2,607,094
Egerton Univ Biochemistry Dept	1101854197	297,210	309,365
Globalite Project	1101847719	10,745,756	6,904,719
Greenhouses Project	1101846437	5,909,072	6,393,627
KAPP	1101852763	8,900,025	13,206,396
ADSP	1101913886	307,224	275,585
Noragric Project	1101850396	6,110,027	7,277,591
Ossrea Project	1101853492	74,451,021	69,725,194
Partic Rural Project	1101911336	4,030,122	4,036,227
R&E Project	1101907525	41,040,243	15,645,036
EU Rosa Project	1101854138	1,495,060	5,315,563
Ta Mou	1101848995	79,817	361,266
EU Cesam Project	1184060347	62,396,480	61,085,968
Training Project	1101913185	2,835,775	2,846,217
Versitol	1101911654	5,468,585	5,474,690
Ossrea Pos Doc Project	1101859792	4,484,086	4,100,375
Ecolive Project	1112022317	1,850,862	77,266
Limnology Project	1114469297	4,733,803	6,923,695
Wetland Ecosystem	1114468789	8,774,550	3,911,605
Ecohealth	1115354132	1,249,531	1,712,786
Agra Project	1137209593	1,164,018	2,479,974
Confucius Institute	1138143936	2,235,681	2,303,421
COELIB Projects	1132129737	8,896,130	12,185,046
Pytochem Projects	1132129680	12,717,701	3,998,312
AERC Project/Graduation Account	1107933919	4,959,687	4,885,174
EU AGEK Dollar	1141810220	4,686,140	3,387,680
AERC Project Account 2	1137209518	38,608,927	50,678,940
Sub- total		283,722,409	30,000,215
d) National Bank of Kenya			
Egerton University Tegemeo Institute-NBK USD	0200-3005240200	9,062,993	(576,096)
Egerton University Tegemeo Institute-NBK	0100-3005240200	61,644	65,244
Egerton University PAM/KMDP -NBK	01003-043688-00	863,692	761,820
Sub- total		9,988,329	250,968
e) NIC Bank			
Egerton University A/C Tegemeo TAPRA-NIC	1000237228	466,507	125,357
Egerton University-Tegemeo Inst TAPRA II-NIC	1000020334	367,017	914,559
Egerton University-Tegemeo Institute-NIC	1001783811	97,304	96,275
Egerton University-Tegemeo Inst- RFCCP-NIC	1000015411	560,332	1,237,923
Egerton Univ. Tegemeo TAMPA II-NIC	1000235926	(5,720,220)	(1,888,116)
Egerton Univ-Tegemeo Institute - KBSP-NIC	1000015748	21,178,980	3,509,444
Sub- total		16,950,920	3,995,442
2) Staff mortgage			
Contingent Deposit -Staff Mortgage	1101906812	50,000,000	50,000,000
Sub- total		50,000,000	50,000,000
3) Cash in Hand			
Njoro Campus	1101906812	75,000	54,528
IGUs	1101862920	-	50,000
Tegemeo Institute	1000020334	200,000	200,000
Nakuru Town Campus	1101909374	50,240	15,000
Sub- total		325,240	319,528
Grand Total		376,931,351	93,740,875

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 25 (a) :- Receivables from Exchange Transaction

Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Outstanding Imprest	77,438,613	72,466,779
Salary Advance Staff	144,000	336,000
Student Debtors	953,060,554	869,999,599
General Debtors	8,845,621	8,726,866
Internal Debtors	27,846,294	25,148,037
Inter-bank Transfers	20,177,547	35,700,000
Due from GOK(Capitation)	396,991,653	348,975,754
Payroll Receivables	63,726	63,726
Application fees Receivable	2,362,303	
Revenue Receivable	616,366	
Deposits E A O Cyfidars	61,800	61,800
Deposits KPL CO Ltd	871,825	871,825
Rent Deposits	9,396,858	9,396,858
Deposits NAWASCO-NTCC	30,000	30,000
Tegemeo Staff Unsurrendered Imprests	-	11,000
	1,498,243,160	1,371,788,244

Note 25 (b) :- Provisions for Bad Debts

Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Provisions Main Campus	23,114,456	6,253,831
Provisions Nairobi City Campus	4,370,619	1,115,963
Provisions IGUs	13,652	
Provisions Nakuru Town Campus	6,344,705	1,131,946
Provisions Baringo Campus	38,289	86,386
Provisions Ecampus	452,632	119,075
	34,334,353	8,707,201
Net Receivables from Exchange Transaction	1,463,908,807	1,363,081,043

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 26 :- Inventories		
Particulars	2019-2020	2018-2019
	Kshs.	Kshs.
Inventories-Stocks Central & Substores	4,687,098	6,300,566
Inventories-Stocks Stationery	6,269,151	4,802,499
Inventories-Stocks Cleaning Materials	7,049	71,602
Inventories-Stocks Consumables	20,746,438	19,285,440
Inventories-Shop stock-IGU	2,934,611	2,912,786
	34,644,347	33,372,894

Note 27: Agricultural Assets

Note 27 (a) :- Biological Assets - Bearer Assets

Particulars	2019-2020	2018-2019
	Kshs.	Kshs.
Livestock TDU-IGU	21,104,000	22,432,000
Livestock Kenyatta Campus-IGU	4,105,000	3,760,000
Security Dogs-Main	110,000	110,000
Livestock Chemeron Field Station	2,099,000	1,839,000
	27,418,000	28,141,000

Note 27 (b) :- Consumable Assets

Particulars	2019-2020	2018-2019
	Kshs.	Kshs.
Crops TDU-IGU	9,000,000	459,000
Crops -Crops,Horticulture and Soil Science	25,663	111,885
Biological Assets-Crops-Lord Egerton Castle-Main	126,400	39,440
Crops Chemeron Field Station	52,940	43,960
	9,205,003	654,285
Total Agricultural Assets	36,623,003	28,795,285

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 25: Non Current Assets

Note 25 (a) : Property, Plant & Equipment

Particulars	Land	Buildings	W.L.P	Dairy Equipment/Fruit ratchers	Furniture, Fittings	Other Equipments	Library Books	Motor Vehicles	Computer and Appliances	Total
	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.
Cost or Valuation										
As at 01/07/2015	965,994,000	2,975,354,012	1,700,604,410	78,289,623	173,989,896	563,177,274	165,567,561	191,312,979	402,129,733	7,217,544,697
Year adjustments										
Additions During the year	220,450,000	11,435,354	196,783,046		500,000	2,796,452	4,077,610		321,425	486,399,957
As at 30/06/2019	1,186,094,000	2,986,689,467	1,897,418,455	78,289,623	174,489,896	565,973,726	169,645,171	191,312,979	402,451,158	7,654,244,654
Year adjustments										
Additions During the year										
WIP Transferred to Assets										
As at 30/06/2020	1,186,094,000	2,993,732,694	1,893,102,279	78,289,623	174,602,546	568,773,696	171,143,889	199,800,979	405,772,683	7,658,430,944
Depreciation										
As at 01/07/2015		666,584,657		40,331,490	150,810,724	530,644,208	143,296,673	187,145,409	396,211,715	2,134,045,387
Year adjustments										
Charge for the year		74,665,187		5,397,483	7,145,417	16,852,160	12,487,518	3,990,310	5,489,021	136,297,096
As at 30/06/2019		741,249,844		45,828,973	157,956,141	547,496,368	155,784,191	191,135,719	401,699,991	2,250,342,483
Year adjustments										
Charge for the year		74,145,787		5,730,423	4,965,175	14,368,626	7,462,596	2,280,511	2,652,954	113,312,933
As at 30/06/2020		815,395,631		51,559,396	162,921,316	561,864,994	163,246,787	193,416,230	404,352,945	2,363,655,415
Net Book Value										
As at 30/06/2019	1,186,094,000	2,177,659,882	1,893,102,279	16,460,617	10,533,755	22,353,457	7,915,312	6,366,759	2,319,171	4,294,775,443
As at 30/06/2020	1,186,094,000	2,145,399,622	1,897,418,465	22,210,640	16,555,546	20,268,213	13,875,000	167,262	1,931,165	5,403,991,671

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 28 (b) - Work-In-Progress					
Particulars	2019-2020 Kshs.	2019-2020 Additions	2019-2020 Adjustments	2019-2020 Transfers	2018-2019 Kshs.
WIP-Buildings-Const. Of Admin. Building-Main	20,096,000	-	-	-	20,096,000
WIP-Buildings-Const. Of Egerton Universi Main Gate-Main	76,514,057	1,806,756	-	-	74,707,301
WIP-Buildings-Construction Of Science Complex-Main	869,212,090	-	(34,612,871)	-	903,824,961
WIP-Buildings-Construction Of Agronomy & Horticulture-Main	177,377,480	-	-	-	177,377,480
WIP-Buildings-Const. Of ICT Infrastructure-Main	82,512,358	9,318,869	-	-	73,193,489
WIP-Buildings-Faculty Of Law-NTCC-Main	123,916,482	-	-	-	123,916,482
WIP-Buildings-NTCC Teaching Complex	110,105,947	-	-	-	110,105,947
WIP-Buildings-Renovation Of Buildings-Njoro-Main	15,421,171	452,759	-	-	14,968,412
WIP-Buildings-Faculty of Veterinary Medicine-Main	1,650,000	-	-	-	1,650,000
WIP-Buildings Construction- Police Post-Main	-	-	-	2,594,166	2,594,166
WIP- Zoning of the University	1,919,286	-	-	-	1,919,286
WIP- University Library	386,377,358	11,205,869	-	-	375,171,489
WIP- Construction of Incinerator Shed	-	-	-	17,894,453	17,894,453
Total	1,865,102,229	22,784,253	(34,612,871)	20,488,619	1,897,419,465

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 29:- Investments		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Kenya Airways- Ordinary Shares- 52468-	172,095	207,249
Investments-Long Term-Loan to E.U. Investment Company	149,918,907	149,918,907
	150,091,002	150,126,156
Note 30 (a) :- Trade and Other Payables		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Payroll Payables	2,754,290,097	1,977,626,598
Trade Creditors	285,184,908	406,306,398
Payable Clearing A/C	23,525,244	10,175,727
Internal Creditors-N	19,861,093	16,134,265
Taxes-Withholding Tax Payable	14,763,883	9,763,935
Taxes-Value Added Tax (VAT) Payable	30,449,819	23,124,930
Students Caution Money	84,218,180	81,371,940
Students Union Fees	1,242,000	457,600
CDF Clearing a/c	6,052,022	5,765,273
HELB Clearing a/c	6,321,155	6,549,234
Sponsors Clearing a	16,244,671	14,346,724
Akamu Fees-Main	20,689,530	17,862,530
Unidentified Bank Deposits - Main	18,964,770	21,484,944
CUE Charges	3,136,100	97,000
KUCCPS Charges	4,187,500	50,000
NTCC Teaching Complex Consultancy Fees	110,105,947	110,105,947
Due EUSACCO	183,130	183,130
Due to KCB	6,051,988	7,644,522
Rent Deposit-Tegemeo	777,153	777,153
University Library Consultancy Fees	73,876,330	73,876,330
Casual Wages Payable	100,183	
Rent Prepayments	90,000	
Student Prepaid fees	314,058,928	400,717,131
	3,794,374,632	3,184,421,313
Note 30 (b) :- Accruals and Provisions		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
Accruals Main Campus	163,537,540	296,951,250
Accruals Nairobi City Campus	80,621,327	181,812,980
Accruals Nakuru Town Campus	226,125,352	346,372,327
Accruals Baringo Campus		11,027,597
	470,284,219	836,164,154

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 30 (c) :- Deferred Income		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
AICAD Deferred Incomes R&E	2,634,755	2,640,860
EBR Project Deferred Incomes R&E	1,176,139	1,154,846
Dryland Farming Deferred Incomes R&E	135,157	141,262
Economic Dept Deferred Incomes R&E	2,893,390	2,620,050
Fingerponds Project Deferred Incomes R&E	2,136,523	1,368,097
Biochemistry Dept Deferred Incomes R&E	297,210	309,365
Globalite Project Deferred Incomes R&E	11,325,049	6,851,694
Greenhouses Project Deferred Incomes R&E	5,932,472	6,393,627
KAPP Deferred Incomes R&E	19,714,566	23,189,311
ADSP Deferred Incomes R&E	334,724	275,585
Noragric Project Deferred Incomes R&E	7,216,802	7,277,591
OSSREA Project Deferred Incomes R&E	88,084,380	76,840,994
Partic Rural Project Deferred Incomes R&E	4,148,708	4,154,813
ROSA Project Deferred Incomes R&E	1,481,187	5,301,690
TA MOU Deferred Incomes R&E	-	488,995
CESAAM ACE 2 Deferred Incomes R&E	74,765,612	65,605,781
Versitol Project Deferred Incomes R&E	5,468,585	5,474,690
OSSREA POS DOC Deferred Incomes R&E	4,648,903	4,265,192
Ecolive Project Deferred Incomes R&E	1,850,862	77,266
Limnology Project Deferred Incomes R&E	8,774,550	6,923,695
Wetland Ecosystem Deferred Incomes R&E	7,417,538	4,080,210
Ecohealth Deferred Incomes R&E	1,249,531	1,712,786
Confucius Institute Deferred Incomes R&E	5,097,119	7,208,404
US Dollar A/C Deferred Incomes R&E	2,989,309	7,925,932
EURO A/C Deferred Incomes R&E	8,422,510	6,637,557
MCF TAGDEV Deferred Incomes R&E	23,916,381	22,271,977
AERC Project Deferred Incomes R&E	-	2,396,114
AGEC Dollar A/C Deferred Incomes R&E	3,540,565	2,348,593
AERC Project 2 Deferred Incomes R&E	4,883,269	1,853,558
PAM KMDP Deferred Incomes Tegemeo	900,000	-
3ie Deferred Incomes Tegemeo	1,049,210	1,049,210
RENAPRI Deferred Incomes Tegemeo	2,041,449	-
AIGHD 2 Deferred Incomes Tegemeo	2,365,600	-
FAO/RAELOC Deferred Incomes Tegemeo	(1,068,676)	-
AATF Deferred Incomes Tegemeo	15,119	-
IFPRI Deferred Incomes Tegemeo	1,553,256	-
KEPHIS Deferred Incomes Tegemeo	1,284,521	-
BFAP Deferred Incomes Tegemeo	(5,369,957)	-
KCSAP Deferred Incomes Tegemeo	28,833,555	-
RTI Deferred Incomes Tegemeo	1,825,654	-
EXETER Deferred Incomes Tegemeo	404,707	-
	334,370,236	277,790,536

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

International funders	Balance brought forward (June 30, 2019)	Additions	Transfers to income statement	Transfers to RE52	Balance carried forward (June 30, 2020)
	Amount in KShs				
AICAD Deferred Incomes R&E	2,640,860		6,105		2,634,755
EBR Project Deferred Incomes R&E	1,154,846	1,741,373	1,720,080		1,176,139
Dryland Farming Deferred Incomes R&E	141,262		6,105		135,157
Economic Dept Deferred Incomes R&E	2,620,050	409,850	136,510		2,893,390
Fingerponds Project Deferred Incomes R&E	1,368,097	5,950,798	5,182,372		2,136,523
Biochemistry Dept Deferred Incomes R&E	309,365		12,155		297,210
Globalite Project Deferred Incomes R&E	6,851,694	8,069,679	3,596,324		11,325,049
Greenhouses Project Deferred Incomes R&E	6,393,627	43,005	504,160		5,932,472
KAPP Deferred Incomes R&E	23,189,311	8,171,876	11,646,621		19,714,566
ADSP Deferred Incomes R&E	275,585	244,100	184,962		334,724
Noragric Project Deferred Incomes R&E	7,277,591	1,191,960	1,252,749		7,216,802
OSSREA Project Deferred Incomes R&E	76,840,994	28,922,454	17,679,068		88,084,380
Partic Rural Project Deferred Incomes R&E	4,154,813		6,105		4,148,708
ROSA Project Deferred Incomes R&E	5,301,690		3,820,503		1,481,187
TA MOU Deferred Incomes R&E	488,995	13,400,378	13,889,373		-
CESAAM ACE 2 Deferred Incomes R&E	65,605,781	175,663,564	166,503,732		74,765,612
Versitol Project Deferred Incomes R&E	5,474,690		6,105		5,468,585
OSSREA POS DOC Deferred Incomes R&E	4,265,192	1,184,116	800,405		4,648,903
Ecolive Project Deferred Incomes R&E	77,266	3,105,302	1,331,706		1,850,862
Limnology Project Deferred Incomes R&E	6,923,695	4,487,679	2,636,824		8,774,550
Wetland Ecosystem Deferred Incomes R&E	4,080,210	9,095,055	5,757,727		7,417,538
Ecohealth Deferred Incomes R&E	1,712,786		463,255		1,249,531
Confucius Institute Deferred Incomes R&E	7,208,404	4,054,867	6,166,152		5,097,119
COELIB Projects Deferred Incomes R&E	7,925,932	2,182,947	7,119,571		2,989,309
Pytochem Projects Deferred Incomes R&E	6,637,557	32,012,262	30,227,308		8,422,510
MCF TAGDEV Deferred Incomes R&E	22,271,977	119,593,668	117,949,264		23,916,381
AERC Project Deferred Incomes R&E	2,396,114			2,396,114	-
AGEC Dollar A/C Deferred Incomes R&E	2,348,593	6,713,231	5,521,258		3,540,565
AERC Project 2 Deferred Incomes R&E	1,853,558	7,277,059	4,247,347		4,883,269
PAM KMDP Deferred Incomes Tegemeo		900,000			900,000
3ie Deferred Incomes Tegemeo	1,049,210				1,049,210
RENAPRI Deferred Incomes Tegemeo		2,043,479	2,030		2,041,449
AIGHD 2 Deferred Incomes Tegemeo		4,152,366	1,786,766		2,365,600
FAO/RAELOC Deferred Incomes Tegemeo		1,843,721	2,912,397		(1,068,676)
AATF Deferred Incomes Tegemeo		9,519,554	9,504,435		15,119
IFPRI Deferred Incomes Tegemeo		4,088,609	2,535,353		1,553,256
KEPHIS Deferred Incomes Tegemeo		1,284,521			1,284,521
BFAP Deferred Incomes Tegemeo		7,980,323	13,350,279		(5,369,957)
KCSAP Deferred Incomes Tegemeo		40,685,214	11,851,658		28,833,555
RTI Deferred Incomes Tegemeo		6,933,688	5,108,034		1,825,654
EXETER Deferred Incomes Tegemeo		1,510,375	1,105,668		404,707
TOTAL	278,839,746	514,457,070	456,530,465	2,396,114	334,370,236

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 31 :- Tegemeo Institute Income		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
PAM/KMDP Income	3,316,378	3,568,964
TAPRA I Income	5,294	276,220
Dollar A/c Income	24,511	178,609
RFCCP Income	5,928	43,466
World Bank Income	-	2,202,081
KBSP Income	166,011	45,589
GLCI Income	-	645,472
TAPRA II Income	4,586	172,590
MLE Income	1,029	402,876
ISSD Income	-	44,517
3ie Income	-	8,064,788
ELLA Income	-	270,866
RCT Income	-	106,287
TAMPA II Income	18,497	48,114
ReNAPRI Income	2,030	1,225,243
TZB Income	-	7,126,000
MMP Income	-	308,207
FAO/CPE Income	-	1,143,591
WFP Income	-	515,009
ODI Income	-	3,576,398
Africa Practice Income	-	625,411
EABL-Oxygen Income	-	577,129
AFA Income	-	2,310,795
AGRI BENCHMARK Income	-	227,956
AIGHD 1 Income	-	1,223,582
WFP -PHFW Income	-	3,782,350
AIGHD 2 Income	1,786,766	6,113,679
FAO/RAELOC Income	2,912,397	7,231,591
NML Income	-	578,815
AATF Income	9,504,435	1,433,873
IFPRI Income	2,535,353	-
BFAP Income	13,350,279	-
KCSAP Income	11,851,658	-
RTI Income	5,108,034	-
EXETER Income	1,105,668	-
	51,698,853	54,070,069

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 32 :- Tegemeo Institute Expenses		
Particulars	2019-2020 Kshs.	2018-2019 Kshs.
PAM/KMDP Expenses	7,714,506	6,739,886
TAPRA I Expenses	882,290	26,100,344
Dollar A/c Expenses	20,049	9,081
RFCCP Expenses	-	479,599
GISAMA Expenses	3,600	3,600
World Bank Expenses	-	2,198,790
KBSP Expenses	17,910	1,180
GLCI Expenses	-	645,472
TAPRA II Expenses	2,363,128	16,885,039
MLE Expenses	-	400,000
ISSD Expenses	1,515,129	44,517
He Expenses	-	8,056,929
ELLA Expenses	-	270,297
RCT Expenses	-	106,287
TAMPA II Expenses	4,263,984	9,872,470
ReNAPRI Expenses	2,030	1,221,011
TZB Expenses	-	7,126,000
MMP Expenses	-	307,665
FAO/CPE Expenses	-	1,142,319
WFP Expenses	-	515,009
ODI Expenses	-	3,569,328
Africa Practice Expenses	-	625,411
EABL-Oxygen Expenses	-	577,129
AFA Expenses	-	2,310,795
AGRI BENCHMARK Expenses	-	226,219
AIGHD 1 Expenses	-	1,223,582
WFP -PHFW Expenses	2,269,410	1,512,940
AIGHD 2 Expenses	1,786,766	6,998,504
FAO/RAELOC Expenses	2,912,397	5,312,160
NML Expenses	-	578,815
AATF Expenses	9,504,435	1,404,894
IFPRI Expenses	2,535,353	-
BFAP Expenses	13,350,279	-
KCSAP Expenses	11,851,658	-
ATI Expenses	4,269,957	-
RTI Expenses	5,108,034	-
EXETER Expenses	1,105,668	-
	71,476,584	106,465,272

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. CASH GENERATED FROM OPERATIONS

Particulars	Notes	2019-2020 Kshs.	2018-2019 Kshs.
Operating Activities			
Deficit for the year		(524,726,286)	(1,600,496,151)
Adjustments for			
Depreciation	20	113,312,933	126,297,095
Adjustments in Reserves for prior years items		376,051,671	717,910
Movement in Provisions for the year	30 (b)	(365,879,935)	219,079,443
Movement in Deferred Income for the year	30 (c)	51,090,980	(144,245,091)
(Gain)/Loss on Revaluation of Shares	23	35,154	351,536
		(350,115,484)	(1,398,295,258)
Changes in Working Capital			
(Increase)/Decrease in Biological Assets	27	(7,827,718)	(701,910)
(Increase)/Decrease in Receivables	25 (a)	(100,827,764)	(433,052,843)
(Increase)/Decrease in Inventories	26	(1,271,453)	10,186,066
Increase/(Decrease) in Payables	30 (a)	609,953,319	1,702,143,573
		500,026,384	1,278,574,886
Cash Generated from Operations		149,910,900	(119,720,372)

34. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. RELATED PARTY BALANCES (Continued)

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 entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Ministry of Education;
- iii) The University Council;
- iv) Key Management
- v) Egerton University Investment Company

	2019/2020	2018/2019
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government (Ministry of Education)		
Recurrent Grants	2,580,381,160	1,838,824,412
* Other Recurrent Grants	499,831,653	-
Development Grants	137,465,934	284,936,947
Total	3,217,678,747	2,123,761,359
b) Key management compensation		
Councils' emoluments	12,912,501	22,937,292
Compensation to the Vice Chancellor	12,684,370	13,576,684
Compensation to key management	29,426,840	29,284,106
Total	55,023,712	65,798,082

* Additional allocation of Ksh 499 million was received in the year in relation to 2017-2021 Collective Bargaining Agreement (CBA) arrears and doctors/lecturers' allowances and new medical risk allowance of Kshs 396,991,653 and Kshs 102,840,000 respectively.

35. EVENTS AFTER THE REPORTING PERIOD

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

36. ULTIMATE AND HOLDING ENTITY

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. CURRENCY

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

38. MATERIAL BUDGET VARIANCES

i. Income Variances

- The Government reviewed its initial funding of Ksh 2,080,549,506 in its supplementary II to Ksh 2,580,381,159 which now becomes the university's GoK recurrent funding budgeted and not the earlier figure.
- Research incomes reported positive inflows than had been anticipated except Tegemeo institute.
- The tuition & related income was not fully received due to the closure of the University due to the COVID 19 pandemic in the country. This also affected income from other services, mostly Income Generating Units (IGUs) that depend on students.

ii. Expenditures Variances

The actual expenditure for the year exceeded the budget. This is due to the fact that the university operated on a budget in which staff costs was budgeted only at 70%. In reality however, the total (100%) of the cost has been reported in the financial statements under the accruals basis even though part of it remains unpaid.

Appendix 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. 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.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
2.0	The deficit trend casts significant doubt in the future existence of the University as a going concern.	The University Management is working on its sustainability measures	Vice Chancellor		
3.1	Misstatement of sale of milk	The management has enhanced collection and banking of sales proceeds via mpesa in the financial year 2019/2020, disciplinary action will be taken on any reported under banking	Finance Officer	Resolved	
3.2	Misstatement of catering income	The management has enhanced collection and banking of sales proceeds via mpesa in the financial year 2019/2020, disciplinary action will be taken on any reported under banking.	Finance Officer	Resolved	
4.0	Unsupported staff costs	Support schedules were provided	Registrar (HCA)	Resolved	
5.0	Differences in comparatives for cash in bank and in hand	The opening balances were adjusted accordingly.	Finance Officer	Resolved	

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Reference No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Time frame:
6.1	Overdue outstanding imprest, and staff holding more than one imprest at a time.	Imprest is recovered for active staff from the payroll every month though recovery may take long depending on the amount. We have made provisions in the financial statements for those imprest whose recoverability is in doubt. Staff can take a second imprest only if authorized by the Deputy Vice Chancellor (Administration, Planning & Development) for special purposes.	Finance Officer	Resolved	
6.2	Student Debtors not supported by aging student list, and the recoverability of these debts are in doubt.	The student movement report is system generated and shows the opening balances, debits, credits and closing balances for the year. A student debtors' committee was set up to analyse the student fee balances, and a report forwarded to the management for review and necessary cause of action emanating from it.	Finance Officer	Not Resolved	Ongoing
6.3	Amounts due from Government not supported.	The university received an additional Kshs. 348,975,754.25 on 9.7.2019 as additional capitation for the year 2018/2019. Thus the amount was accrued in 2018/2019. The letter from the Ministry of Education on the same and copy of bank statement were provided.	Finance Officer	Resolved	
7.0	There was no basis for valuation of Agricultural assets.	Valuation is based on the productivity of the animal which accounts for 60% of the value of the animal while the other parameters account for 40%.	TAP Manager	Resolved	

Reference No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Time frame:
7.0	Unreconciled changes in carrying amounts biological assets at the beginning and end of the year,	In the last one year, there has been culling of nonproductive and old animals. There was also dry spell that negatively affected the body condition scores and productivity. These resulted to animals in lower parities (non progeny tested) and with low body condition scores. There have also been lots of imports of in-calf heifers in the market. This has resulted to drastic drop in prices of locally bred dairy cattle compared to 2016/2017.	TAP Manager	Resolved	
8.1	The net book value as disclosed under note 28(a) excludes the costs of fully depreciated though these assets are still in use by the University.	Note 28(a) shows the cost and accumulated depreciation of all university assets including the fully depreciated assets, though the net book value of the fully depreciated assets is zero.	Finance Officer	Resolved	
8.2	There was no status report in relation to the acquisition of the titles for the University's three parcels of land.	According to our records, the University does not have title deeds for two parcels of land namely: - Lamu Mpeketoni – The title is in its last stages. Lord Egerton Castle land – L.R No. 16672/37 - The University and the Church have agreed on how to proceed with the matter. First to facilitate acquisition of 19.9 acres title which is not contestable and one acre equivalent to the purchase price already paid by the University to the Church.	Legal Officer	Not Resolved	Ongoing

Reference No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Time frame:
8.3	Difference in the contract sum for the extension of the building occupied by Kenya Commercial Bank Ltd and the value in the asset register.	The Building was constructed in 2014 by Kenya Commercial Bank Ltd at a cost of Kshs 7,194,279.19. However the contract cost was Kshs 11,455,354.24 inclusive of the interests and other direct costs. The difference is the interest which were Capitalized to reflect the effective cost/value of the building as provided under IPSAS 5.	Finance Officer	Resolved	
9.1	Included in work in progress reported figure of Kshs 1,897,419,465 are stalled projects totaling Kshs.321,389,961 which are way behind their completion schedule. It is also not clear when these stalled projects will be completed and put to intended use.	The University has consistently prioritized the completion of these stalled projects over the years and has succeeded in completing a number of them e.g. the Faculty of Arts & Social Sciences (FASS) complex, Faculty of Education Complex, student hostels, faculty of science among others. The university has for a long time been requesting for financial support on capital development over the years and has not received a reasonable allocation to support the budget.	Vice Chancellor	Not Resolved	Ongoing
11.0	Unsupported Clearing Accounts: - Payable Clearing Account - Constitutional Development Fund (CDF) Clearing Account - Higher Education Loans Board (HELB) Clearing Account - Sponsors Clearing Account - Unidentified Bank Deposits	All support schedules for the clearing accounts were provided.	Finance Officer	Resolved	

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Reference No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Time frame:
12	Unsupported decrease in Nakuru Town Campus College (NTCC) Teaching Complex Consultancy	A reconciliation of the figures was provided together with copies of fee notes and a status report.	Finance Officer	Resolved	
13	Overdue outstanding teaching claims. Audit fees for year 2018/19 was not accrued.	Delay in payment of teaching claims has been occasioned by cash flow constraints. We have made a provision for audit fees for 2018/19, and the financial statements were adjusted accordingly.	Finance Officer	Resolved	
14	Non-Disclosure of Annual Leave Days Outstanding Balance	The leave days accumulated by staff and observed in the Human Resource Information System are for days accumulated up to and including 31st December, 2008. Thereafter no leave has been allowed to accumulate. Staff have been encouraged to take their accumulated leave days. Leave not taken within a given Calendar Year is automatically forfeited.	Registrar (Human Capital & Administration)	Resolved	
O1.0	The University had no disclosures notes or reasons of material variances between the actual revenue/expenditure and the budgeted amounts.	The material budget variances were disclosed in note 37 to the financial statements.	Finance Officer	Resolved	
L1	Unsupported Bank Overdraft	There were negative cashbook balances of Ksh 286 million and it does not mean our bank accounts were overdrawn. There cashbook balances not the bank which are caused by unrepresented cheques and unrepresented deposits.	Finance Officer	Resolved	

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Reference No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Time frame:
L2	Recurrent Capitation Grant Not Supported by Student Population Data	The Ministry requests students' population data from time to time and arising from this, the University is allocated funds, however, we do not know what criteria is used to allocate these funds.	Vice Chancellor	Resolved	
L3	Investment in Egerton University Investment Company	The company has planned to pay back the University as per the Business plan	Vice Chancellor	Not Resolved	Ongoing
L4	Overdue payroll payables and taxes which may attract interest/penalties	The University is facing cashflow constraints currently, and university has entered in Memorandum of Understanding (MOUs) with some creditors e.g Kenya Revenue Authority, on how to pay these debts.	Vice Chancellor	Not Resolved	Ongoing
E1	Lack of Income Invoicing for Tegemeo Institute	The Institute has now automated its processes.	Director (Tegemeo) Finance	Resolved	
E2	Irregular Staff Recruitment/Employment and irregular payment to staff	A comprehensive response was given by Human Resource department	Registrar (HCA)	Resolved	
E6	The University does not have an inventory control management system	The management is working on an arrangement to put in place a working inventory control system. For accounting purposes stock taking is always done and documented through stock sheets and compared with bin cards maintained at central stores and at departmental level.	Ag Deputy Chief Procurement Officer/ Finance Officer	Not Resolved	Ongoing

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Reference No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Time frame:
E7	Excessive Council Meetings	All council meetings held were justified and reasonable in light of the matters that needed council attention and discussion during the year under review. A schedule to support the need for University council meetings was provided.	Vice Chancellor	Resolved	
E8	Lack of an Offsite Data Recovery Centre	Information & Communications Technology (ICT) department does not have an off-site data recovery center but has identified Kenya Education Networks (KENET) which is the University's ISP as an ideal place to setup the off-site data recovery center (Co-Sage ACCPAC and Academic Records Management Systems (ARMS) are well interfaced. The University management is in the process of phasing out Student Records Maintenance System (SRMS) and fully implementing ARMS in the financial year 2020/2021.	Information & Communications Technology (ICT) Manager	Not Resolved	Financial Year 2020/2021
E9	Lack of Information Technology Systems Interface		Information & Communications Technology (ICT) Manager	Not Resolved	Financial Year 2020/2021
E10	There is lack of needs assessment in hiring of part time lecturers, policy on the minimum number of students per class and letters of appointment.	Need assessment is done at the faculty committee and forwarded to the Registrar (HCA) for appointment.	Registrar (Human Capital & Administration)	Resolved	

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Reference No.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Time frame:
E10	There were no class attendance registers and there is delay in processing claims for payments	All approved teaching claims are examined to verify that original appointment letters, class lists, examination processing forms and attendance sheets are attached, and fully approved before they are paid. Officer The same documents are in the custody of the heads of the departments since they are bulky. Delay in payments has been occasioned by cash flow constraints	Registrar (HCA) Finance Officer	Resolved	

Appendix 2: INTER-ENTITY TRANSFERS

ENTITY NAME: EGERTON UNIVERSITY			
Break down of Transfers from the State Department of Education, Ministry of Education			
FY 2019/2020			
a. Recurrent Grants			
	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	8-Aug-19	173,379,125	2019/2020
	28-Aug-19	173,379,125	2019/2020
	28-Sep-19	173,379,126	2019/2020
	01-Nov-19	173,379,125	2019/2020
	22-Nov-19	173,379,126	2019/2020
	27-Dec-19	173,379,126	2019/2020
	03-Feb-20	173,379,125	2019/2020
	02-Mar-20	173,379,126	2019/2020
	03-Apr-20	173,379,126	2019/2020
	08-May-20	173,379,126	2019/2020
	05-Jun-20	173,379,126	2019/2020
	25-Jun-20	102,840,000	2019/2020
	26-Jun-20	173,379,125	2019/2020
	06-Jul-20	396,991,653	2019/2020
	Total	2,580,381,160	
b. Development Grants			
	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	29-Nov-19	74,095,610	2019/2020
	16-Mar-20	63,370,324	2019/2020
	Total	137,465,934	
c. Donor Receipts			
	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	07-Nov-19	65,586,297	2019/2020
	Total	65,586,297	

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

Finance Officer
Egerton University

Head of Accounting Unit
State Department of Education, Ministry of Education

Sign

Sign