



# REPORT

OF

THE AUDITOR-GENERAL

ON

COMMISSION FOR  
UNIVERSITY EDUCATION

FOR THE YEAR ENDED  
30 JUNE, 2019

|                                      |              |
|--------------------------------------|--------------|
| THE NATIONAL ASSEMBLY<br>PAPERS LAID |              |
| DATE: 10 AUG 2021                    | DAY: Tuesday |
| TABLED BY: LDM                       |              |
| CLERK AT THE TABLE: Gertrude Chebet  |              |







---

**COMMISSION FOR UNIVERSITY EDUCATION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE, 2019**

---

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

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

Table of Contents

Page

|  |      |
|--|------|
| KEY ENTITY INFORMATION AND MANAGEMENT .....                              | ii   |
| THE BOARD OF DIRECTORS .....   | vi   |
| MANAGEMENT TEAM .....  | ix   |
| CHAIRMAN'S STATEMENT .....   | x    |
| REPORT OF THE CHIEF EXECUTIVE OFFICER .....                              | xii  |
| CORPORATE GOVERNANCE STATEMENT .....                                     | xiii |
| MANAGEMENT DISCUSSION AND ANALYSIS .....                                 | xvii |
| REPORT OF THE COMMISSIONERS .....  | xxi  |
| STATEMENT OF DIRECTORS' RESPONSIBILITIES .....                           | xxii |
| REPORT OF THE AUDITOR GENERAL .....                                      | xxv  |
| STATEMENT OF FINANCIAL PERFORMANCE .....                                 | 1    |
| STATEMENT OF FINANCIAL POSITION .....                                    | 2    |
| STATEMENT OF CASH FLOWS .....  | 4    |
| STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS .....               | 5    |
| NOTES TO THE FINANCIAL STATEMENTS .....                                  | 6    |
| APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS .....       | 30   |
| APPENDIX II: PROJECTS IMPLEMENTED BY THE COMMISSION .....                | 30   |
| APPENDIX III: INTER-ENTITY TRANSFERS .....                               | 31   |
| APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES ..... | 32   |

---



## KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

The Commission for University Education (The Commission) was established by an Act of Parliament, Universities Act, No. 42 of 2012 as the successor to the Commission for Higher Education which was established under Universities Act Cap 210B of 1985. The Commission is domiciled in Kenya, Nairobi and has no branches. At cabinet level, the Commission is represented by the Cabinet Secretary for Ministry of Education.

### (b) Principal Activities

The vision of the Commission is a leading regulator of quality, relevant and sustainable university education. The principal activity of the Commission is to regulate and assure quality university education by setting standards and guidelines and monitoring compliance to achieve global competitiveness.

### (c) Key Management

The Commission's day-to-day management is under the following:

- i) Commission Secretary/CEO
- ii) Deputy Commission Secretary (Quality Audit & Standard)
- iii) Deputy Commission Secretary (Accreditation)
- iv) Deputy Commission Secretary (Administration & Finance)
- v) Deputy Commission Secretary (Planning, Research & Development)

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

| No. | Designation                     | Name  |
|-----|---------------------------------|---|
| 1.  | Commission Secretary/CEO        | - Prof. Mwenda Ntarangwi  |
| 2.  | Deputy Secretaries              | - Prof. Anne Nangulu<br>- Prof. Grace Njoroge<br>- Prof. Walter Oyawa |
| 3.  | Ag. Head of Administration & HR | - Margaret Kamoni   |
| 4.  | Head of Finance                 | - Linah Kiptoo  |
| 5.  | Head of Procurement             | - Phylis Karimi   |
| 6.  | Head of Legal                   | - Isaac Gathirwa  |

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**(e) Fiduciary Oversight Arrangements**

The activities of the Commission are transacted through the following committees:

Audit, Risk and Compliance Committee

1. Review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics
2. Evaluate adequacy of management procedures with regard to issues relating to risk management, control and governance
3. Review policies and programs developed in respect of significant compliance issues
4. Monitor compliance with Laws, regulations and the Commission Policies and Procedures in relation to key financial and operational controls and processes

Quality Assurance Committee

1. To consider and recommend to the Commission for approval standards and guidelines for physical facilities and other infrastructural requirements, academic programmes, library and information services, for quality assurance purposes
2. To consider and recommend to the Commission for approval establishment of universities, constituent colleges and campuses
3. To consider and recommend to the Commission academic programmes for accreditation
4. To consider reports on audited academic programmes and audited universities for recognition of quality status
5. To consider and recommend to the Commission grant of authority to foreign universities to collaborate with local institutions
6. To consider and recommend to the Commission grant of license to student recruitment agencies to operate in Kenya.
7. To oversee and give direction on difficult cases on recognition and equation of foreign qualifications

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

Strategy Committee

1. Oversee and monitor the effectiveness and integrity of the Commission's performance management systems, including performance contracting and ISO certification processes;
2. Develop and implement strategies and policies of the Commission that will guide university education in Kenya;
3. Fundraise and mobilize resources for the Commission and over see their prudent use and utilization;
4. Develop and implement policies to guide research, innovation and outreach both at the Commission and in the University sector in Kenya;
5. Develop and implement policies that shall guide planning, policy formulation, collaboration and partnerships at the Commission and within the University sector in Kenya;
6. Develop and implement policies that will help manage the Commission's externally funded projects;
7. Development and implement policies on postgraduate research training at Universities in Kenya;
8. Report to the Board of Commission regularly.

Human Resources & Finance Committee

1. Oversee and monitor the effectiveness of Administration, Human Resource and security functions, processes and activities of the Commission;
2. Oversee and monitor the effectiveness of financial systems, functions, processes and activities of the Commission;
3. Oversee the development and utilization of the Commissions assets;
4. Oversee and monitor the Commission's performance with regard to legal and regulatory requirements of Human Resource, Administration and Finance issues;
5. Report to the Board of Commission regularly.



**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**(f) Commission Headquarters**

P.O. Box 54999-00200  
CUE Building  
Red Hill Road  
Off Limuru Road, Gigiri  
NAIROBI, KENYA

**(g) Commission Contacts**

Telephone: (254) 020-7205000, 020-2021150, 020-2021154/56  
E-mail: [info@cue.or.ke](mailto:info@cue.or.ke)  
Website: [www.cue.or.ke](http://www.cue.or.ke)

**(h) Commission Bankers**

Kenya Commercial Bank  
Kencom House  
P.O. Box 30081  
NAIROBI

**(i) Independent Auditors**

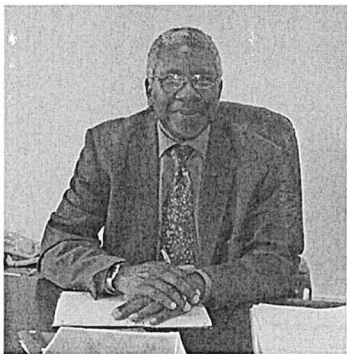
Auditor-General  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**




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

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

**THE BOARD OF DIRECTORS**

| Name   |  | Qualifications  | Experience  |
|--|--|---|---|
|  <p><b>Prof. Chacha Nyaigotti-Chacha</b><br/>Chairperson</p>  |  | <ul style="list-style-type: none"> <li>• PhD in Anthropological Linguistics ,Yale University</li> <li>• Master of Philosophy in Poetics, Yale University</li> <li>• MA Swahili studies University of Nairobi</li> <li>• Bed. Literature and Kiswahili, University of Nairobi</li> </ul> | <ul style="list-style-type: none"> <li>• Chairman of the Commission for University Education (CUE) and the Kenya Institute of Mass Communication (KIMC).</li> <li>• Executive Secretary of the Inter-University Council for East Africa</li> <li>• First CEO of the Kenyan Higher Education Loans Board (HELB).</li> <li>• Kenyan playwright and Swahili language educationalist.</li> <li>• Tutorial Fellow and Lecturer in Swahili Language and Linguistics at Kenyatta University and later Egerton University.</li> </ul> |
|  <p><b>Prof. Collette Suda, PhD, CBS</b><br/>Chief Administrative Assistant and Principal Secretary<br/>State Department of University Education, MOE, Member</p> |  | <ul style="list-style-type: none"> <li>• PhD (Rural Sociology)- Missouri-Columbia</li> <li>• MSc(Community Development)- Missouri-Columbia</li> <li>• MSc(Rural Sociology) Missouri-Columbia</li> <li>• BA(Hons)- University of Nairobi</li> </ul>                                      | <ul style="list-style-type: none"> <li>• Chief Administrative Assistant and Principal Secretary State Department of University Education, MOE</li> <li>• Secretary, Gender and Sports Services- Ministry of Gender, Sports ,Culture Social Services</li> <li>• Director, Board of Common Undergraduate courses, University of Nairobi</li> <li>• Director, Institute of African Studies, University of Nairobi</li> </ul>   |
|  <p><b>Dr. Kamau Thugge, PhD., CBS</b><br/>Principal Secretary, the National Treasury, Member</p>   |  | <ul style="list-style-type: none"> <li>• BA (Economics), Colorado College</li> <li>• MA (Economics), Johns Hopkins University</li> <li>• PhD (Economics) – Johns Hopkins University</li> </ul>  | <ul style="list-style-type: none"> <li>• Principal Secretary – National Treasury Ministry of Finance</li> </ul>   |

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

|  |  |  |   |
|--|--|--|---|
|  <p><b>Lucy Muthoni Kambuni-SC</b><br/>Independent Member</p> |  | <ul style="list-style-type: none"> <li>• Master of Laws (Public International Law), University of Nairobi</li> <li>• Diploma at the Kenya School of Law</li> <li>• Legal Associate: Kaplan &amp; Stratton Advocates, Nairobi.</li> <li>• LLB-University of Nairobi</li> </ul>  | <ul style="list-style-type: none"> <li>• Advocate of the High Court</li> <li>• Founder, LM Kambuni &amp; Associates Advocates</li> <li>• Member of the Law Society of Kenya</li> <li>• Member of the East Africa Law Society</li> <li>• Member of the National Bar Association (U.S.A.)</li> <li>• Commissioner, Independent Review Commission (IREC), (Kriegler Commission) March – September 2008</li> <li>• Acting Chairperson, Tourism Trust Fund, December, 2007-2012</li> <li>• Member, Masinde Muliro University Council, 2006-2010</li> </ul> |
|  <p><b>Prof. Anne W.T Muigai</b><br/>Independent Member</p>  |  | <ul style="list-style-type: none"> <li>• PhD Biochemistry-population Genetics and Molecular Biology(JKUAT)</li> <li>• Master of Science-Plant Genetics(Kenyatta University)</li> <li>• Bed (science)- Botany &amp; Zoology Kenyatta University.</li> </ul>   | <ul style="list-style-type: none"> <li>• Professor of Genetics</li> <li>• Associate Prof. of Genetics</li> <li>• Editor in Chief, Journal of Agriculture Science and Technology</li> <li>• Board Member, Journal of Agriculture Science and Technology</li> <li>• Director, Institute of Biotechnology Research (JKUAT)</li> <li>• Chairperson, Senior Lecturer, Lecturer Assistant Lecturer Dept. of Botany- JKUAT</li> <li>• Senate representative JKUAT Council</li> <li>• Consultant</li> </ul>   |
|  <p><b>Dr. Elizabeth Muli</b><br/>Independent Member</p>    |  | <ul style="list-style-type: none"> <li>• Doctor of the Science of Law (JSD), Stanford Law School, Stanford University, Stanford, CA</li> <li>• Master of Laws university of Bristol, Bristol, united kingdom</li> <li>• Diploma of law, Kenya school of law</li> <li>• Bachelor of Law-University of Nairobi,</li> <li>• Corporate governance training course for directors, 2015</li> </ul> | <ul style="list-style-type: none"> <li>• University of Nairobi School of Law Chairperson, Department Of Commercial Law (2008 to Date)</li> <li>• Commission For The Implementation Of The Constitution (2011-2015)<br/><i>Vice-Chairperson of The Commission</i></li> <li>• Judiciary Mediation Pilot Programme Mediator, Milimani Court, Family Division (2016 to Date)</li> <li>• Nexus Consulting Limited (2008 to Date)</li> <li>• Director, Research, ADR and Conflict Systems Design</li> </ul>   |



**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

|  |  |  |   |
|--|--|--|---|
|  <p><b>Eng. David Onyango</b><br/>Independent Member, HSC</p> |  | <ul style="list-style-type: none"> <li>• MSc. Construction Engineering and Management, Loughborough University</li> <li>• MBA, Maastricht School of Management</li> <li>• BSc. (Hons), University of Nairobi</li> </ul>  | <ul style="list-style-type: none"> <li>• Consultant, Midrock Consulting</li> <li>• Managing Director, Kisumu Water and Sewerage Company (2006-2018)</li> <li>• Board Member, Federation of Kenya Employers</li> <li>• Board Member, Global Water Partnership Alliance (2015-18)</li> <li>• Board Member, African Utility Week</li> <li>• Board Member, Stadia Management Board (2010-2012)</li> <li>• Board Member, National Council for Occupational health and Safety</li> <li>• Fellow, Aspen Global Leadership Network</li> </ul>   |
|  <p><b>Prof. Mwenda Ntarangwi</b><br/>CEO</p>                |  | <ul style="list-style-type: none"> <li>• PhD (Cultural Anthropology)-Univ. of Illinois</li> <li>• MA (Cultural Anthropology)-Univ. of Illinois</li> <li>• MA-Swahili Cultural studies-Kenyatta University</li> <li>• BEd. (Language Education)-Kenyatta Univ.</li> </ul> | <ul style="list-style-type: none"> <li>• Vice President, Theological Book Network (2015-2017)</li> <li>• Executive Director, International Association for the Promotion of Christian Higher Education (2012-2015)</li> <li>• Associate Director Office of Off-Campus Programmes, Calvin College (2012-2015)</li> <li>• Director, African and African Diaspora Studies, Calvin College (2008-2011)</li> <li>• Director and Assistance Professor St. Lawrence Univ.-Kenya Semester Programme (1999-2003)</li> <li>• Assistant Director Academic Programme&amp; students- St. Lawrence University-Kenya Semester Program (1998 to 1999)</li> <li>• Associate Professor of Anthropology (2008-2015)</li> </ul> |

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**MANAGEMENT TEAM**



**Prof. Mwenda Ntarangwi, PhD**  
**Commission Secretary/CEO**



**Prof. Grace N. Njoroge, PhD**  
**Deputy Commission Secretary**  
**Accreditation**



**Prof. Anne Nangulu, PhD**  
**Deputy Commission Secretary**  
**Quality Audits and Standards**



**Prof. Walter Oyawa, PhD**  
**Deputy Commission Secretary**  
**Administration and Finance**

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**CHAIRMAN'S STATEMENT**



**Prof. Chacha Nyaigotti-Chacha**  
**Chairman**

Ladies and Gentlemen, it gives me great pleasure once again to present to you the Commission for University Education Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2019. Let me first appreciate the fact that the University Regulator's performance has been on an upward trend due to a favorable economic environment, facilitated by the Government of Kenya.

During the year under review, the University Regulator undertook a broad spectrum of activities and functions. Key among them, conducting institutional Quality Audit of Universities countrywide as stipulated in the Commission's mandate and functions. As you are aware, Quality Audit is premised on commitments of a university based on set Standards and Guidelines and a functional Internal Quality Assurance System.

The Regulator also undertook the nationwide stakeholder fora to map out strategic direction for university education in Kenya. The fora deliberated on among other issues: aligning university academic programmes to national development goals, preparing universities for the competence-based curriculum transition, charting ways in which varsities can cultivate and effectively provide good governance and management systems and practices to foster quality education, follow up on the Tenure track system of employment for university academic staff and assessment of the role of the Commission in ensuring quality university education.

The regulator, through the universities, also spearheaded the formation of an inter-university taskforce in preparation for the paradigm shift from 8-4-4 to Competence-Based Curriculum (CBC). This indeed corroborated with one of the findings of the *CUE Survey on the Programmes Aligned to Development Goals and Job Market Needs, 2018* in which sensitization, training and preparedness for the competency Based Curriculum was found to be rather low. Consequently, as a start and urgent short-term measure, CUE directed all universities to re-orient their schools/faculties of education in particular to review teaching curriculum and pedagogical approaches in order to adequately equip teachers to handle learners transitioning to competency based curriculum.

The Commission also hosted its 2<sup>nd</sup> biennial international conference on the State of university Education in Kenya as part of its strategic engagement with stakeholders. The conference gave the Commission an opportunity to reflect on how best to align university education to the development needs of our country.



1  
2

3  
4

5  
6

7  
8

9  
10

11  
12

13  
14

15  
16

17  
18

19  
20

21  
22

23  
24

25  
26

27  
28

29  
30

31  
32

33  
34

35  
36

37  
38

39  
40

41  
42

43  
44

45  
46

47  
48

49  
50

51  
52

53  
54

55  
56

57  
58

59  
60

61  
62

63  
64

65  
66

67  
68

69  
70

71  
72

73  
74

75  
76

77  
78

79  
80

81  
82

83  
84

85  
86

87  
88

89  
90

91  
92

93  
94

95  
96

97  
98

99  
100

101  
102

103  
104

105  
106

107  
108

109  
110

111  
112

113  
114

115  
116

117  
118

119  
120

121  
122

123  
124

125  
126

127  
128

129  
130

131  
132

133  
134

135  
136

137  
138

139  
140

141  
142

143  
144

145  
146

147  
148

149  
150

151  
152

153  
154

155  
156

157  
158

159  
160

161  
162

163  
164

165  
166

167  
168

169  
170

171  
172

173  
174

175  
176

177  
178

179  
180

181  
182

183  
184

185  
186

187  
188

189  
190

191  
192

193  
194

195  
196

197  
198

199  
200

201  
202

203  
204

205  
206

207  
208

209  
210

211  
212

213  
214

215  
216

217  
218

219  
220

221  
222

223  
224

225  
226

227  
228

229  
230

231  
232

233  
234

235  
236

237  
238

239  
240

241  
242

243  
244

245  
246

247  
248

249  
250

251  
252

253  
254

255  
256

257  
258

259  
260

261  
262

263  
264

265  
266

267  
268

269  
270

271  
272

273  
274

275  
276

277  
278

279  
280

281  
282

283  
284

285  
286

287  
288

289  
290

291  
292

293  
294

295  
296

297  
298

299  
300

301  
302

303  
304

305  
306

307  
308

309  
310

311  
312

313  
314

315  
316

317  
318

319  
320

321  
322

323  
324

325  
326

327  
328

329  
330

331  
332

333  
334

335  
336

337  
338

339  
340

341  
342

343  
344

345  
346

347  
348

349  
350

351  
352

353  
354

355  
356

357  
358

359  
360

361  
362

363  
364

365  
366

367  
368

369  
370

371  
372

373  
374

375  
376

377  
378

379  
380

381  
382

383  
384

385  
386

387  
388

389  
390

391  
392

393  
394

395  
396

397  
398

399  
400

401  
402

403  
404

405  
406

407  
408

409  
410

411  
412

413  
414

415  
416

417  
418

419  
420

421  
422

423  
424

425  
426

427  
428

429  
430

431  
432

433  
434

435  
436

437  
438

439  
440

441  
442

443  
444

445  
446

447  
448

449  
450

451  
452

453  
454

455  
456

457  
458

459  
460

461  
462

463  
464

465  
466

467  
468

469  
470

471  
472

473  
474

475  
476

477  
478

479  
480

481  
482

483  
484

485  
486

487  
488

489  
490

491  
492

493  
494

495  
496

497  
498

499  
500

501  
502

503  
504

505  
506

507  
508

509  
510

511  
512

513  
514

515  
516

517  
518

519  
520

521  
522

523  
524

525  
526

527  
528

529  
530

531  
532

533  
534

535  
536

537  
538

539  
540

541  
542

543  
544

545  
546

547  
548

549  
550

551  
552

553  
554

555  
556

557  
558

559  
560

561  
562

563  
564

565  
566

567  
568

569  
570

571  
572

573  
574

575  
576

577  
578

579  
580

581  
582

583  
584

585  
586

587  
588

589  
590

591  
592

593  
594

595  
596

597  
598

599  
600

601  
602

603  
604

605  
606

607  
608

609  
610

611  
612

613  
614

615  
616

617  
618

619  
620

621  
622

623  
624

625  
626

627  
628

629  
630

631  
632

633  
634

635  
636

637  
638

639  
640

641  
642

643  
644

645  
646

647  
648

649  
650

651  
652

653  
654

655  
656

657  
658

659  
660

661  
662

663  
664

665  
666

667  
668

669  
670

671  
672

673  
674

675  
676

677  
678

679  
680

681  
682

683  
684

685  
686

687  
688

689  
690

691  
692

693  
694

695  
696

697  
698

699  
700

701  
702

703  
704

705  
706

707  
708

709  
710

711  
712

713  
714

715  
716

717  
718

719  
720

721  
722

723  
724

725  
726

727  
728

729  
730

731  
732

733  
734

735  
736

737  
738

739  
740

741  
742

743  
744

745  
746

747  
748

749  
750

751  
752

753  
754

755  
756

757  
758

759  
760

761  
762

763  
764

765  
766

767  
768

769  
770

771  
772

773  
774

775  
776

777  
778

779  
780

781  
782

783  
784

785  
786

787  
788

789  
790

791  
792

793  
794

795  
796

797  
798

799  
800

801  
802

803  
804

805  
806

807  
808

809  
810

811  
812

813  
814

815  
816

817  
818

819  
820

821  
822

823  
824

825  
826

827  
828

829  
830

831  
832

833  
834

835  
836

837  
838

839  
840

841  
842

843  
844

845  
846

847  
848

849  
850

851  
852

853  
854

855  
856

857  
858

859  
860

861  
862

863  
864

865  
866

867  
868

869  
870

871  
872

873  
874

875  
876

877  
878

879  
880

881  
882

883  
884

885  
886

887  
888

889  
890

891  
892

893  
894

895  
896

897  
898

899  
900

901  
902

903  
904

905  
906

907  
908

909  
910

911  
912

913  
914

915  
916

917  
918

919  
920

921  
922

923  
924

925  
926

927  
928

929  
930

931  
932

933  
934

935  
936

937  
938

939  
940

941  
942

943  
944

945  
946

947  
948

949  
950

951  
952

953  
954

955  
956

957  
958

959  
960

961  
962

963  
964

965  
966

967  
968

969  
970

971  
972

973  
974

975  
976

977  
978

979  
980

981  
982

983  
984

985  
986

987  
988

989  
990

991  
992

993  
994

995  
996

997  
998

999  
1000

1001  
1002

1003  
1004

1005  
1006

1007  
1008

1009  
1010

1011  
1012

1013  
1014

1015  
1016

1017  
1018

1019  
1020

1021  
1022

1023  
1024

1025  
1026

1027  
1028

1029  
1030

1031  
1032

1033  
1034

1035  
1036

1037  
1038

1039  
1040

1041  
1042

1043  
1044

1045  
1046

1047  
1048

1049  
1050

1051  
1052

1053  
1054

1055  
1056

1057  
1058

1059  
1060

1061  
1062

1063  
1064

1065  
1066

1067  
1068

1069  
1070

1071  
1072

1073  
1074

1075  
1076

1077  
1078

1079  
1080

1081  
1082

1083  
1084

1085  
1086

1087  
1088

1089  
1090

1091  
1092

1093  
1094

1095  
1096

1097  
1098

1099  
1100

1101  
1102

1103  
1104

1105  
1106

1107  
1108

1109  
1110

1111  
1112

1113  
1114

1115  
1116

1117  
1118

1119  
1120

1121  
1122

1123  
1124

1125  
1126

1127  
1128

1129  
1130

1131  
1132

1133  
1134

1135  
1136

1137  
1138

1139  
1140

1141  
1142

1143  
1144

1145  
1146

1147  
1148

1149  
1150

1151  
1152

1153  
1154

1155  
1156

1157  
1158

1159  
1160

1161  
1162

1163  
1164

1165  
1166

1167  
1168

1169  
1170

1171  
1172

1173  
1174

1175  
1176

1177  
1178

1179  
1180

1181  
1182

1183  
1184

1185  
1186

1187  
1188

1189  
1190

1191  
1192

1193  
1194

1195  
1196

1197  
1198

1199  
1200

1201  
1202

1203  
1204

1205  
1206

1207  
1208

1209  
1210

1211  
1212

1213  
1214

1215  
1216

1217  
1218

1219  
1220

1221  
1222

1223  
1224

1225  
1226

1227  
1228

1229  
1230

1231  
1232

1233  
1234

1235  
1236

1237  
1238

1239  
1240

1241  
1242

1243  
1244

1245  
1246

1247  
1248

1249  
1250

1251  
1252

1253  
1254

1255  
1256

1257  
1258

1259  
1260

1261  
1262

1263  
1264

1265  
1266

1267  
1268

1269  
1270

1271  
1272

1273  
1274

1275  
1276

1277  
1278

1279  
1280

1281  
1282

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**REPORT OF THE CHIEF EXECUTIVE OFFICER**



**Prof. Mwenda Ntarangwi, PhD**  
**Commission Secretary/CEO**

I am delighted to present to you the highlights of the Commission for University Education's Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2019.

During the financial year under review, the Commission set out varied interventions and strategic engagements which have lent themselves favourably to addressing the myriad challenges confronting the sector, with a view to seeking viable and sustainable solutions.

Further, the University Regulator made major strides in enhancing its operationalization structures. The Commission undertook Quality Audit Inspections in a number of universities across the country with the sole purpose of ascertaining that Internal Quality Assurance Systems work as intended, produce useful and relevant information for improvement of the University's operations, and result in effective improvement measures. This is also a major milestone as it prepares CUE to be audited by The International Network for Quality Assurance Agencies in Higher Education (INHAAHE).

The Commission's transition to ISO 9001:2015 is also a major milestone which will serve to equip us with standards against which it can be measured for conformity to globally acceptable and sound management practices and product features. As best benchmark practice, this gives CUE an objective standard of measurement that organizations can use to compare themselves to their counterparts globally.

In addition to the financial year under review, the Commission continually engaged stakeholders. Among our key achievements was conducting the nationwide stakeholder workshops and the 2<sup>nd</sup> Biennial conference on the Status of University Education. This indeed are clear indications of how the Commission adapts a collegiate and stakeholder-oriented approach to the challenges and opportunities within the sector.

The Commission has also reviewed its strategic plan for 2019-2020 to provide strategic direction for the next four years.

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

Despite our success, the Commission witnessed a fresh challenge of implementing the government's directive to have some universities merged.

To this end, we wish to thank our stakeholders for their continued partnership with the Commission in its endeavour to make Kenya an economy with globally efficient university education and enhanced consumer welfare.



**PROF. MWENDA NTARANGWI**  
**COMMISSION SECRETARY/CEO**



**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**CORPORATE GOVERNANCE STATEMENT**

Corporate Governance is central to the Commission's approach toward the enhancement of stake holder value. The Commission ("Board") recognizes that the maintenance and consistent practice and application of good corporate governance practices is key to the long-term success of the Commission's business and will enable it to deliver sustainable value to its publics.

During the 2018/2019 Financial Year, the Commission enhanced regulatory and risk management guidelines. The Commission fully embraced the changes and remains at the forefront in adopting best practices in corporate and risk management in the rapidly evolving university landscape.

The Board and management of the Commission continue to comply with the Corporate Governance Guidelines. The Board achieves such success by setting appropriate corporate strategy and overseeing delivery against the set strategy as stipulated in the Strategic Plan 2019-2023. It ensures that the Board manages risks effectively and monitors financial performance and reporting.

**Functions of Commission**

- a) To administer the property and funds of the Commission, donations, endowments, gifts, grants or other monies and to make legitimate disbursements there from;
- b) To provide for the welfare of the staff of the Commission;
- c) To generate and raise funds for the purposes of the Commission from within and outside the country;

**Committees of the Commission**

The following are the Committees of the Commission:

- 1. Strategy;
- 2. Human Resource Administration and Finance;
- 3. Audit Risk and Compliance Committee;
- 3. Quality Assurance Committee.

**Internal Controls**

The Commission has defined procedures and financial controls to ensure the reporting of true and fair representation of accounting information. These cover systems for obtaining authority for major transactions and for ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the organization remains structured to ensure appropriate segregation of duties.

## **Commission for University Education**

### **Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

#### **Communication with the Commission**

The Commission is committed to ensuring that stakeholders and the general public are provided with full and timely information about its performance. This is achieved by the distribution of the Commission's information and the release of notices in the media.

Periodically there are public notices, advertiser supplements and press releases informing the public on the major achievements and universities authorized to operate in the country and any other information that could be considered essential to improving understanding of the Commission's mandate.

#### **Commission Members Emoluments**

The Commission members are paid sitting allowance and other travel allowances which are included in the Commission expenses detailed in this Annual Report and Financial Statements 2018/2019.

#### **Board Charter**

The Board has adopted a Board Charter that clearly defines its role and how its powers and responsibilities are exercised, having regard to principles of good corporate governance, international best practice and applicable laws. The Board Charter regulates the composition, the meeting process and defines the relationship and interactions between the Board and Management.

The Board Charter sets out the roles and responsibilities of the Board to include:

- i) Reviewing the strategic direction of the Commission and adopting plans proposed by Management for the achievement of the stipulated strategic direction;
- ii) Approving specific financial and non-financial objectives and policies proposed by Management.
- iii) Reviewing processes for the identification and management of risk and processes for compliance with key regulatory and legal areas.
- iv) Reviewing succession planning for the Management team and making senior executive appointments, organizational changes and high level remuneration issues;
- v) Providing oversight of performance against targets and objectives.
- vi) Providing oversight of reporting to stakeholders on the direction, governance and performance of the Commission as well as other processes that need reporting and disclosure.

#### **Authority and Delegation**

The Board Charter sets out the Board authority and matters reserved for determination and approval by the Board. These include decisions concerning strategy and long-term objectives of the Commission, the capital, financial planning and financial budgets, significant contracts and various statutory and regulatory approvals.

Matters related to the approval of the remuneration policy, resource management, risk management framework and risk appetite are also Board reserve matters. To assist it in discharging these responsibilities, the Board has established Committees to give detailed consideration to key issues. Further details of the Board Committees including their respective roles, key responsibilities, composition and membership are provided later in this Statement.

## **Commission for University Education**

### **Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

The roles and responsibilities of the Chairman and the Chief Executive Officer are separate with a clear division of responsibility between the running of the Board and the executive responsibility of running the Commission. The Chairman is responsible for the strategic leadership of the Board and is pivotal in creating conditions for the overall effectiveness of the Board. He promotes an open environment for debate and ensures all members are able to speak freely and contribute effectively. The Chairman plays a pivotal role in fostering constructive dialogue between stakeholders, the Board and Management. The Board, in the Board Charter, delegates responsibility for the day-to-day management of the business to the Chief Executive Officer. The Chief Executive Officer in turn delegates aspects of his own authority to members of the Management Committee. The scope of, and limitations to, these delegations are clearly documented and cover areas such as operating expenditure, capital expenditure and investments. These delegations balance effective oversight with appropriate empowerment and accountability of senior executives.

#### **Composition of the Board**

The membership of the board is provided in The Universities Act 2012, Ammended 2018 as follows;

- (a) A chairperson appointed by the President;
- (b) The Principal Secretary in the Ministry for the time being responsible for university education;
- (c) The Principal Secretary in the Ministry for the time being responsible for national treasury;
- (d) One person appointed by the Cabinet Secretary who is a distinguished academic scholar with at least ten years' experience in management of university education;
- (e) One person nominated by the Federation of Kenya Employers and appointed by the Cabinet Secretary;
- (f) One person nominated by Chairpersons Councils of public universities in a forum of chairpersons of the Councils of public universities convened by the Cabinet Secretary for that purpose;
- (g) One person nominated by chairpersons Councils of private universities in a forum of chairpersons of the Councils of private universities convened by the Cabinet Secretary for that purpose; and
- (h) The Commission Secretary who shall be an *ex-officio* member.

## **Commission for University Education**

### **Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

#### **The Board and Committee membership**

The Commission has four committees whose membership is as follows:

##### **Audit, Risk and Compliance Committee**

Lucy Kambuni (SC)-Chairperson

Prof. Anne Muigai

Mugambi Nyagah-Representing PS, State Department of University Education

CPA John Kiragu – Representing PS, National Treasury

##### **Quality Assurance Committee**

Dr. Elizabeth Muli- Chairperson

Prof. Anne Muigai

Mugambi Nyagah-Representing PS, State Department of University Education

CPA John Kiragu – Representing PS, National Treasury

##### **Strategy Committee**

Prof. Anne Muigai- Chairperson

Dr. Elizabeth Muli

Lucy Kambuni (SC)

Eng. David Onyango

##### **Human Resources & Finance Committee**

Lucy Kambuni – Chairperson(SC)

CPA John Kiragu- Representing PS, National Treasury

Mugambi Nyagah-Representing PS State Department of University Education

Eng. David Onyango

---

#### **Number of Board Meetings**

During the year the Commission held the following meetings

Full Board- 15 meetings

Audit, Risk and Compliance Committee - 4 meetings

Quality Assurance Committee - 7 meetings

Strategy Committee - 4 meetings

Human Resources & Finance Committee - 8 meetings

#### **Independence of Board Members and conflict of interest**

The Commission maintains a register of conflict of interest where members sign at the beginning of the meeting to indicate their interest

# Commission for University Education

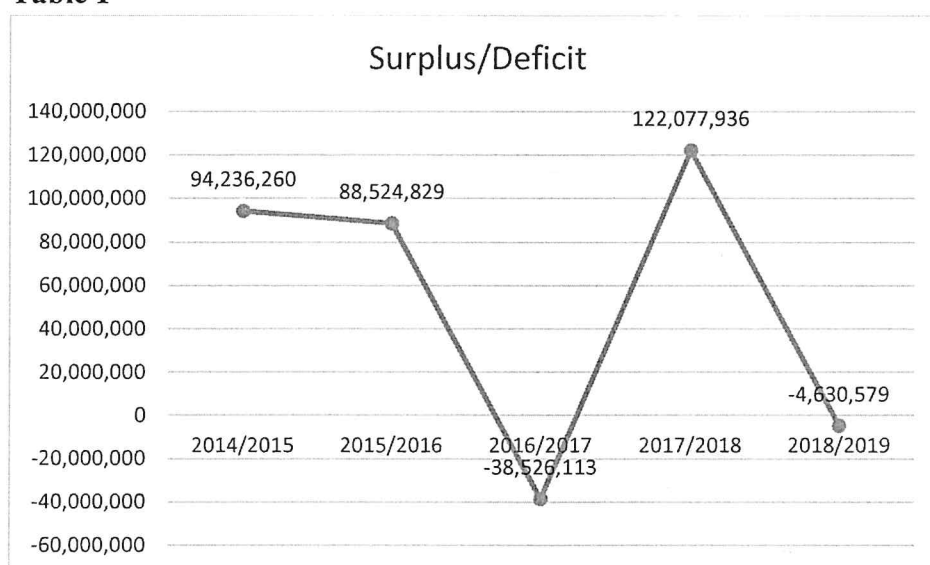
## Annual Reports and Financial Statements for the Year Ended 30 June, 2019

### MANAGEMENT DISCUSSION AND ANALYSIS

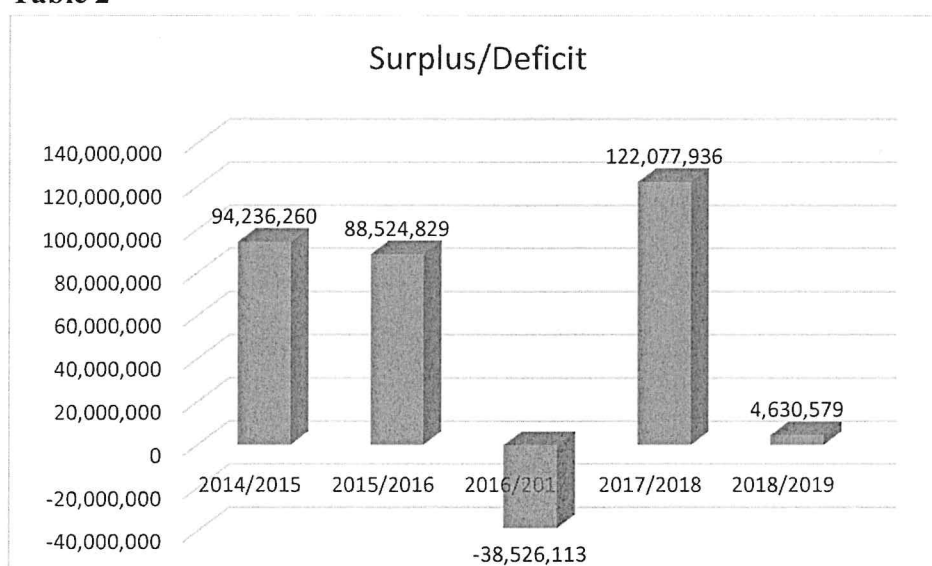
During the financial year, the Commission raised income of Kshs 371,053,593 against a budget of Kshs 379,271,077 while spending Kshs 377,918,331 against a budget of Kshs 379,271,080. The Commission recorded a deficit of Kshs 4,630,579, caused by shortfall on budgeted amount on other income(rent) following the exit of National Biosafety Authority as a tenant.

The performance of the Commission for the last 5 years is as illustrated in table 1 and table 2

**Table 1**



**Table 2**





# Commission for University Education

## Annual Reports and Financial Statements for the Year Ended 30 June, 2019

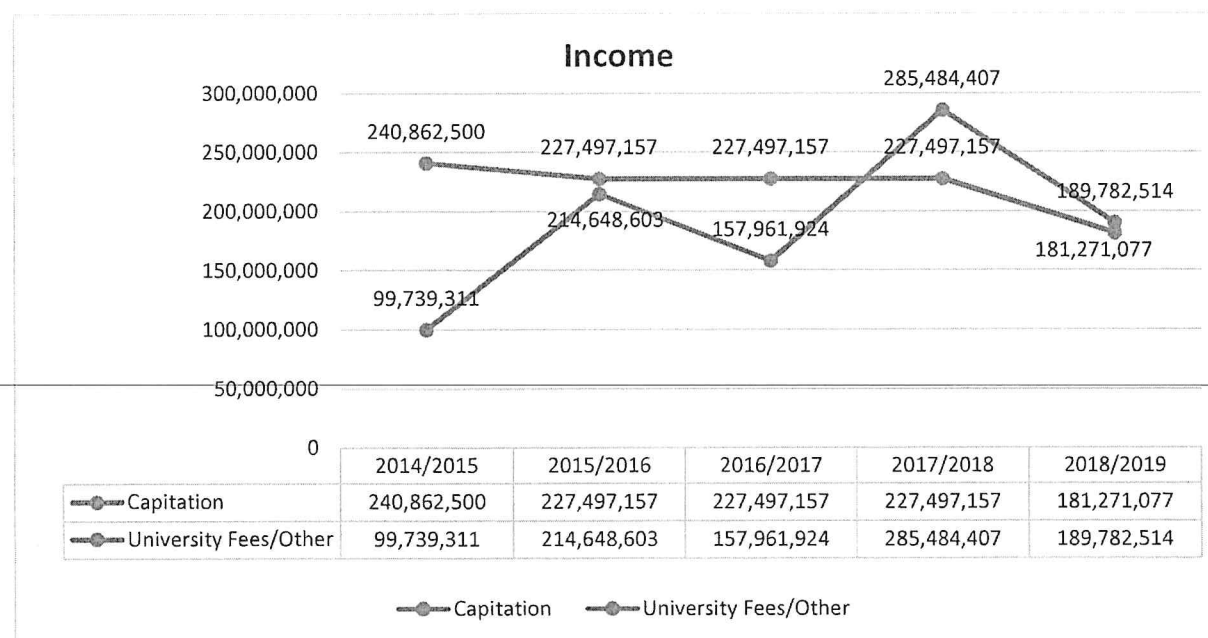
### Income

Following the approval of the service charge collection policy by the Commission in January 2017, management continues to intensively engage the universities to ensure that they pay their dues. The concerned universities have been promptly informed that failure to pay their dues to the Commission will result in sanctions including not being offered any service by the Commission amongst others.

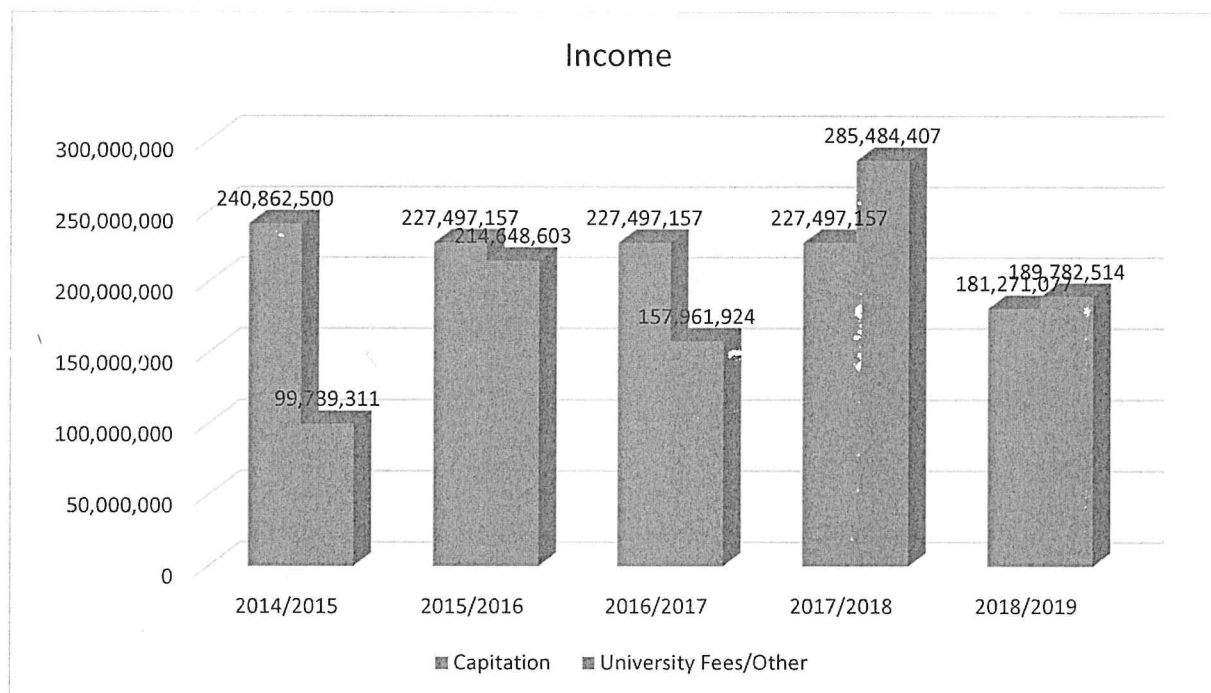
The Commission is currently pursuing the outstanding quality assurance charges debts which some universities have not yet cleared owing to cash flow challenges faced. As at the end of the financial year, the Commission was owed Kshs 1,110,807,750 on quality assurance charges.

Incomes of the Commission is as illustrated in Table 3 and Table 4. It is noted that though the Universities Act, 2012 increased the mandate of the Commission, capitation has reduced from Kshs. 259 million in 2011/2012 to Kshs.181 million in 2018/2019. This has become an impediment in advancing the mandate of the Commission.

**Table 3**



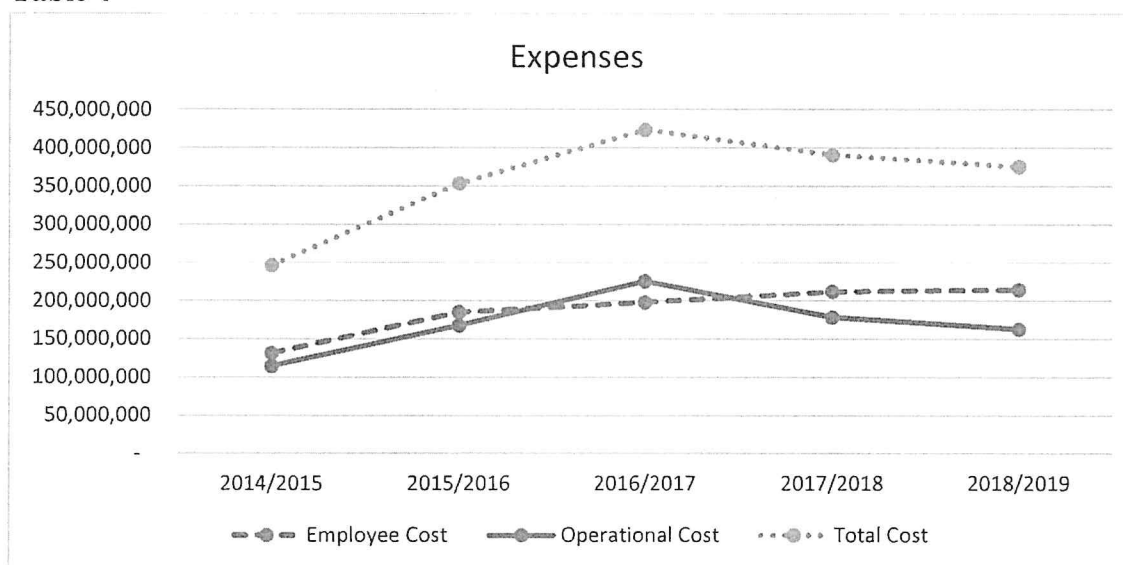
**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**



### Expenses

The Commission's expenses are as illustrated in Table. Over the last 3 years the Commissions' total expenses have increased reduced from Kshs 424 million in 2016/2017 to Kshs 378 million in 2018/2019 due to reduced capitation.

**Table 4**



The Commission will continue to steer the agenda of university education in Kenya to produce manpower required to drive the big 4 agenda.

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**REPORT OF THE COMMISSIONERS**

---

The Commissioners submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Commission's affairs.

**Principal activities**

The principal activities of the Commission are to regulate and assure quality university education by setting standards & guidelines and monitoring compliance to achieve global competitiveness.

**Results**

The results of the entity for the year ended June 30, 2019 are set out on page 1.

**Directors**

The members of the Board of Directors who served during the year are shown on page vii to viii.

During the year no Commissioners retired/ resigned and no new Commissioners were appointed.

**Dividends/Surplus remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year (FY 2018/19 Nil) and hence no remittance to the Consolidated Fund.

---

**Auditors**

The Auditor General is responsible for the statutory audit of the Commission in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Commission.



Prof. Mwenda Ntarangwi  
Commission Secretary  
Nairobi  
Date:

## Commission for University Education

### Annual Reports and Financial Statements for the Year Ended 30 June, 2019

---

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Universities Act, 2012 section 33, Section 81 of the Public Finance Management Act, 2012 and section 14(2) of the State Corporations Act, require the Commissioners to prepare financial statements in respect of the Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year/period and the operating results of the Commission for that year/period. The Commissioners are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Commissioners are also responsible for safeguarding the assets of the Commission.

The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Commissioners accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Commissioners are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2019, and of the Commission's financial position as at that date. The Commissioners further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

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

#### Approval of the financial statements

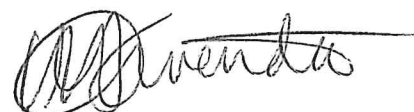
The Commission's financial statements were approved by the Commission on 30<sup>th</sup> September 2019 and signed on its behalf by:



Prof. Chacha Nyaigotti-Chacha  
Chairman



Eng. David Onyango, HSC  
Commissioner



Prof. Mwenda Ntarangwi  
Commission Secretary





# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



*Enhancing Accountability*

**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON COMMISSION FOR UNIVERSITY EDUCATION FOR THE YEAR ENDED 30 JUNE, 2019**

---

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Commission for University Education set out on pages 1 to 30, which comprise the statement of financial position as at 30 June, 2019, and the 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 effect 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 Commission for University Education as at 30 June, 2019, 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**

##### **Long Outstanding Receivables**

The statement of financial position reflects receivables from exchange transactions of Kshs.1,055,950,862 as at 30 June, 2019. Included in this balance is an amount of Kshs.1,045,795,218 relating to quality assurance - exchange receivables due from Universities. Examination of the aging analysis of the receivables revealed that an amount of Kshs.990,751,219 of the receivables related to financial year 2017/2018 and earlier years. Management has not availed, for audit review, confirmations from respective universities acknowledging the debts.

In the circumstances, the accuracy of the receivables balance could not be confirmed and full recoverability of the receivables amount of Kshs.990,751,219 is doubtful.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Commission for University Education 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 judgement, are of most significance in the audit of the financial statements. There are no Key Audit Matters to report in the year under review.

### **Other Matter**

### **Financial Performance**

The Commission's financial performance deteriorated in the year under review from a surplus of Kshs.122,077,937 in financial year 2017/2018 to a deficit of Kshs.4,630,579 representing 103% decrease. Should the Commission fail to put strategies in place to reverse the trend, the Commission may experience financial difficulties in future.

## **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. I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform 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. I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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



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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution.

My consideration of the internal 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 Commission's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the

audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to continue as a going concern or to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Commission 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**

**12 July, 2021**





**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2019**

|   | Note | 2018-2019          | 2017-2018          |
|---|------|--------------------|--------------------|
|   |      | Kshs               | Kshs               |
| <b>Revenue from non-exchange transactions</b>                   |      |                    |                    |
| Transfers from other governments – gifts and services-in-kind   | 6    | 181,271,077        | 227,497,163        |
|   |      | <b>181,271,077</b> | <b>227,497,163</b> |
| <b>Revenue from exchange transactions</b>                       |      |                    |                    |
| Rendering of services   | 7    | 142,723,627        | 238,505,332        |
| Rental revenue from facilities and equipment                    | 8    | 1,936,200          | 7,138,688          |
| Finance income - external investments                           | 9    | 44,607,983         | 39,233,072         |
| Other income  | 10   | 514,706            | 607,315            |
|   |      | <b>189,782,516</b> | <b>285,484,407</b> |
| <b>Total revenue</b>  |      | <b>371,053,593</b> | <b>512,981,570</b> |
| <b>Expenses</b>   |      |                    |                    |
| Use of goods and services/Bulk purchases of water & electricity | 11   | 3,052,736          | 2,888,375          |
| Employee costs  | 12   | 214,870,356        | 212,285,469        |
| Remuneration of Commissioners                                   | 13   | 17,183,420         | 12,240,368         |
| Depreciation and amortization expense                           | 14   | 18,529,869         | 21,383,156         |
| Repairs and maintenance   | 15   | 2,363,672          | 2,087,978          |
| Contracted services   | 16   | 41,120,209         | 44,672,245         |
| General expenses  | 17   | 78,563,910         | 95,346,042         |
| <b>Total expenses</b>   |      | <b>375,684,172</b> | <b>390,903,633</b> |
| <b>Surplus/( deficit) for the period</b>                        |      | <b>(4,630,579)</b> | <b>122,077,937</b> |

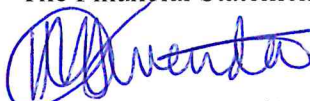
The notes set out on pages 6 to 29 form an integral part of these Financial Statements


**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**


**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

|   | Note | 2018-2019            | 2017-2018            |
|---|------|----------------------|----------------------|
| <b>Assets</b>                                       |      |                      |                      |
| <b>Current assets</b>                               |      |                      |                      |
| Cash and cash equivalents                           | 18   | 639,539,398          | 601,785,955          |
| Receivables from exchange transactions              | 19   | 1,055,950,862        | 1,131,055,958        |
|   |      | <b>1,695,490,260</b> | <b>1,732,841,913</b> |
| <b>Non-current assets</b>                           |      |                      |                      |
| Property, plant and equipment                       | 21   | 467,664,061          | 461,160,086          |
| <b>Total assets</b>                                 |      | <b>2,163,154,321</b> | <b>2,194,001,999</b> |
| <b>Liabilities</b>                                  |      |                      |                      |
| <b>Current liabilities</b>                          |      |                      |                      |
| Trade and other payables from exchange transactions | 27   | 67,307,000           | 98,399,449           |
|   |      |                      |                      |
| <b>Total liabilities</b>                            | 27   | <b>67,307,000</b>    | <b>98,399,449</b>    |
|   |      |                      |                      |
| <b>Net assets</b>                                   |      | <b>2,095,847,321</b> | <b>2,095,602,550</b> |
|   |      |                      |                      |
| Capital Funds                                       | 24   | 197,449,724          | 197,449,724          |
| Accumulated surplus                                 | 23   | 1,608,546,231        | 1,613,176,810        |
| Revaluation Reserves                                | 22   | 289,851,366          | 284,976,016          |
| <b>Total net assets and liabilities</b>             |      | <b>2,095,847,321</b> | <b>2,095,602,550</b> |

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:

  
 Commission Secretary/CEO  
 Prof. Mwenda Ntarangwi

  
 Head of Finance  
 Linah Kiptoo

  
 Chairman of the Board  
 Prof. Chacha Nyaigotti Chacha

Date... 30/9/2019

ICPAK Member No: 4426  
 Date... 30/9/2019

Date... 30/9/2019

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

|                                   | <b>Capital<br/>Funds</b> | <b>Revaluation<br/>Reserve</b> | <b>Accumulated<br/>surplus</b> | <b>Total</b>         |
|-----------------------------------|--------------------------|--------------------------------|--------------------------------|----------------------|
|                                   | <b>Kshs</b>              | <b>Kshs</b>                    | <b>Kshs</b>                    | <b>Kshs</b>          |
| <b>Balance as at 1 July 2017</b>  | <b>197,449,724</b>       | <b>287,181,716</b>             | <b>1,491,098,873</b>           | <b>1,975,730,313</b> |
| Surplus/(deficit) for the period  | -                        | -                              | 122,077,937                    | <b>122,077,937</b>   |
| Depreciation on revaluation       | -                        | (2,205,700)                    | -                              | (2,205,700)          |
| Revaluation gain                  | -                        | -                              | -                              | -                    |
| <b>Balance as at 30 June 2018</b> | <b>197,449,724</b>       | <b>284,976,016</b>             | <b>1,613,176,810</b>           | <b>2,095,602,550</b> |
| <b>Balance as at 1 July 2018</b>  | <b>197,449,724</b>       | <b>284,976,016</b>             | <b>1,613,176,810</b>           | <b>2,095,602,550</b> |
| Surplus/(Deficit) for the period  |                          |                                | (4,630,579)                    | (4,630,579)          |
| Depreciation on revaluation       |                          | (3,874,650)                    |                                | (3,874,650)          |
| Revaluations                      |                          | 8,750,000                      |                                | 8,750,000            |
| <b>Balance as at 30 June 2019</b> | <b>197,449,724</b>       | <b>289,851,366</b>             | <b>1,608,546,231</b>           | <b>2,095,847,321</b> |

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

|  | Note      | 2018-2019           | 2017-2018           |
|--|-----------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                  |           | <b>Kshs</b>         | <b>Kshs</b>         |
| <b>Receipts</b>  |           |                     |                     |
| Surplus/(Deficit) for the year                               |           | <b>(4,630,579)</b>  | <b>122,077,937</b>  |
| <b>Adjusted for:</b>   |           |                     |                     |
| Depreciation   | 21        | 18,529,869          | 21,383,156          |
| Gain on disposal of motor vehicle                            |           |                     | (599,175)           |
| <b>Working capital adjustment</b>                            |           | <b>13,899,290</b>   | <b>20,783,981</b>   |
| Increase/(Decrease) in payables                              | 27        | (31,092,449)        | (6,013,364)         |
| (Increase)/Decrease in receivables                           | 19        | 75,105,096          | (14,642,762)        |
| <b>Net cash flows from operating activities</b>              |           | <b>57,911,937</b>   | <b>(20,656,126)</b> |
| Cash flows from investing activities                         |           |                     |                     |
| Purchase of property, plant, equipment and intangible assets |           | (20,158,494)        | (12,538,283)        |
| Disposal of Motor Vehicle                                    |           |                     | 815,100             |
| <b>Net cash flows used in investing activities</b>           |           | <b>(20,158,494)</b> | <b>(11,723,183)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>  |           | <b>37,753,443</b>   | <b>110,482,610</b>  |
|  |           |                     |                     |
| Cash and cash equivalents at 1 JULY                          | 18        | 601,785,955         | 491,303,345         |
| <b>Cash and cash equivalents at 30 JUNE</b>                  | <b>18</b> | <b>639,539,398</b>  | <b>601,785,955</b>  |



**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

**FOR THE YEAR ENDED 30 JUNE 2019**

|   | Original<br>budget | Adjustments        | Final budget       | Actual on<br>comparable<br>basis | Performance<br>difference | Percentage<br>variance |
|---|--------------------|--------------------|--------------------|----------------------------------|---------------------------|------------------------|
|   | 2018-2019          | 2018-2019          | 2018-2019          | 2018-2019                        | 2018-2019                 |                        |
| <b>Revenue</b>                              | <b>Kshs</b>        | <b>Kshs</b>        | <b>Kshs</b>        | <b>Kshs</b>                      | <b>Kshs</b>               |                        |
| Government grants and<br>subsidies          | 184,970,000        | (3,698,923)        | 181,271,077        | 181,271,077                      | 0                         | 0                      |
| Rendering of services                       | 156,000,000        | -                  | 156,000,000        | 145,174,532                      | (10,825,468)              | -6.9 %                 |
| Finance Income                              | 42,000,000         | -                  | 42,000,000         | 44,607,983                       | 2,607,983                 | 6.2 %                  |
| <b>Total income</b>                         | <b>382,970,000</b> | <b>(3,698,923)</b> | <b>379,271,077</b> | <b>371,053,592</b>               | <b>(8,217,485)</b>        |                        |
| <b>Expenses</b>                             |                    |                    |                    |                                  |                           |                        |
| Compensation of employees                   | 246,600,000        | -                  | 215,764,288        | 214,870,355                      | 893,933                   | 0.4 %                  |
| Goods and services                          | 136,330,000        | -                  | 163,506,792        | 160,813,817                      | 2,692,975                 | 1.6 %                  |
| Finance Cost                                | -                  | -                  | -                  | -                                | -                         |                        |
| <b>Total expenditure</b>                    | <b>382,930,000</b> | <b>-</b>           | <b>379,271,080</b> | <b>375,684,172</b>               | <b>3,586,908</b>          |                        |
| <b>Surplus/(Deficit) for the<br/>period</b> | <b>40,000</b>      | <b>-</b>           | <b>3</b>           | <b>(4,630,579)</b>               | <b>(4,630,579)</b>        |                        |

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Commission is established by and derives its authority and accountability from Universities, No. 42 of 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to regulate, coordinate and assure quality university education in Kenya.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Commission. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**3. ADOPTION OF NEW AND REVISED STANDARDS**

- i. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

| Standard  | Impact  |
|---|---|
| <b>IPSAS 40:</b><br>Public Sector<br>Combinations | <b>Applicable: 1<sup>st</sup> January 2019</b><br>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 amalgamations.<br><br>The standard has no impact on the Commission |

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)**

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019**

| Standard                                  | Effective date and impact:   |
|---|--|
| <b>IPSAS 41:</b><br>Financial Instruments | <p><b>Applicable: 1<sup>st</sup> January 2022:</b></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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p>The standard has no impact on the Commission</p> |

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

| <b>Standard</b>                     | <b>Effective date and impact:</b>  |
|-------------------------------------|--|
| <b>IPSAS 42:</b><br>Social Benefits | <b>Applicable: 1<sup>st</sup> January 2022</b><br>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:<br>(a) The nature of such social benefits provided by the entity;<br>(b) The key features of the operation of those social benefit schemes; and<br>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.<br><br>The standard has no impact on the Commission |

**iii. Early adoption of standards**

The Commission did not early-adopt any new or amended standards in year 2019.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

---

**Fees & Charges**

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

**ii) Revenue from exchange transactions**

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

***Rendering of services***

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

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

***Sale of goods***

The Commission does not engage in the 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 Commission.

***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. The Commission does not have investment properties.

**b) Budget information**

The original budget for FY 2018-2019 was approved by the National Assembly.

The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance

**c) Taxes**

***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. 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.

**e) Financial instruments**

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**f) Provisions**

Provisions are recognized when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity 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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**



**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

***Contingent liabilities***

The Entity 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 Entity 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 Entity 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.

**g) Changes in accounting policies and estimates**

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

**h) Employee benefits**

**Retirement benefit plans**

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**i) 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.

**j) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**k) Related parties**

The Commission regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the commissioners, the CEO/Commission Secretary and senior managers.

**l) Service concession arrangements**

The Commission 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 Entity 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 Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**m) Cash and cash equivalents**

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

**n) Stocks**

The Commission stock is made up of consumables, largely in form of stationeries and as such stocks are expensed in the year of purchase

**o) 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, 2018.

**p) Depreciation**

Assets of the Commission are maintained at cost and depreciated using straight line method using the following rates:

| <b>Asset Type</b> | <b>Depreciation Rates</b> |
|-------------------|---------------------------|
| Motor Vehicles    | 25%                       |
| Equipment         | 12.5%                     |
| Furniture         | 12.5%                     |
| Buildings         | 2.5%                      |
| Computers         | 30%                       |

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Financial Performance**

The Commission's financial statements have been prepared on a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. As of 30 June 2019, the Commission had a deficit of Kshs 6,864,740 attributable to non-realization of budgeted income. There were also challenges of collecting quality assurance charges brought about by the transition from the 2014 gazette notice to 2016 gazette notice on fees collected by the Commission. The revision of the gazette notice reduced most charges by half since the Universities had raised the concern of the high charges in the 2014 gazette notice.

However, the Commission has now embarked in quality charges collection in 2017/2018 financial year following the development and implementation of Commission for University Education fee collection strategy and face to face engagement with the Universities

Despite the reported surplus in the year, the Commission has outstanding quality charges of 1,047,245,218 owed by various universities as at 30 June 2019.

**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 Entity 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Provision of Kshs 1,450,000 has been made in relation to Loresho unpaid rent by the previous tenant dating back to the period prior to the year 2011, the matter is a court case.

**6. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

| Name of the Entity sending the grant | Amount recognized to Statement of Comprehensive Income<br>KShs | Amount recognised in capital fund.<br>KShs | Total grant income during the year<br>KShs | 2018-2019<br>Kshs  | 2017-2018<br>KShs  |
|--------------------------------------|--|--|--|--------------------|--------------------|
| MOHEST Ministry/State Department     | 181,271,077  | -  | 181,271,077                                | 181,271,077        | 227,497,163        |
| <b>Total</b>                         | <b>181,271,077</b>   | <b>-</b>                                   | <b>181,271,077</b>                         | <b>181,271,077</b> | <b>227,497,163</b> |

**7. RENDERING OF SERVICES**

The Commission renders services to universities, agencies, and to those who seek Equation of Qualification

| Description   | 2018-2019<br>KShs  | 2017-2018<br>KShs  |
|---|--------------------|--------------------|
| Quality Assurance Charge                                    | 72,157,000         | 159,551,00         |
| Equation of Qualification                                   | 17,456,218         | 16,067,660         |
| Programme Accreditation & Student Recruitment Agency charge | 53,110,409         | 62,886,672         |
| <b>Total revenue from the rendering of services</b>         | <b>142,723,627</b> | <b>238,505,332</b> |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

**8. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT**

The Commission Rents out space to other parties

| Description                    | 2018-2019 | 2017-2018 |
|--------------------------------|-----------|-----------|
|                                | KShs      | KShs      |
| Rent from leasing office space | 1,936,200 | 7,138,688 |

**9. FINANCE INCOME - EXTERNAL INVESTMENTS**

| Description                         | 2018-2019  | 2017-2018  |
|-------------------------------------|------------|------------|
|                                     | KShs       | KShs       |
| Cash investments and fixed deposits | 44,607,983 | 39,233,072 |

**10. OTHER INCOME**

| Description                       | 2018-2019      | 2017-2018      |
|-----------------------------------|----------------|----------------|
|                                   | KShs           | KShs           |
| Prequalification Income           |                | 2,110          |
| Miscellaneous                     | 514,706        | 6,030          |
| Gain on Disposal of Motor Vehicle |                | 599,175        |
| <b>Total other income</b>         | <b>514,706</b> | <b>607,315</b> |

**11. USE OF GOODS AND SERVICES**

| Description                    | 2018-2019        | 2017-2018        |
|--------------------------------|------------------|------------------|
|                                | KShs             | KShs             |
| Electricity                    | 2,976,150        | 2,874,181        |
| Water                          | 76,586           | 14,194           |
| <b>Total good and services</b> | <b>3,052,736</b> | <b>2,888,375</b> |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**



**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

**12. EMPLOYEE COSTS**

|  | <b>2018-2019</b>   | <b>2017-2018</b>   |
|--|--------------------|--------------------|
|  | <b>KShs</b>        | <b>KShs</b>        |
| Salaries and wages                                 | 107,849,790        | 104,678,619        |
| Employee related costs - contributions to pensions | 22,961,920         | 22,289,809         |
| Transport Allowance                                | 14,933,373         | 15,131,936         |
| Housing benefits and allowances                    | 42,653,163         | 42,811,734         |
| Medical Expense                                    | 17,402,712         | 17,123,228         |
| Other Allowances                                   | 9,069,398          | 10,250,143         |
| <b>Employee costs</b>                              | <b>214,870,356</b> | <b>212,285,469</b> |

**13. REMUNERATION OF COMMISSIONERS**

| <b>Description</b>               | <b>2018-2019</b>  | <b>2017-2018</b>  |
|----------------------------------|-------------------|-------------------|
|                                  | <b>KShs</b>       | <b>KShs</b>       |
| Chairman's Honoraria             | 960,000           | 960,000           |
| Commission sitting Allowance     | 7,280,000         | 5,220,000         |
| Mileage allowances               | 106,468           | 541,132           |
| Lunch Allowance                  | 266,000           | 211,140           |
| Air Tickets                      | 1,448,715         | 772,470           |
| Per Diem                         | 5,531,312         | 3,392,696         |
| Telephone/Internet               | 382,872           | 984,210           |
| Medical Insurance/training       | 1,208,053         | 158,720           |
| <b>Total director emoluments</b> | <b>17,183,420</b> | <b>12,240,368</b> |

**14. DEPRECIATION AND AMORTIZATION EXPENSE**

| <b>Description</b>                         | <b>2018-2019</b>  | <b>2017-2018</b>  |
|--|-------------------|-------------------|
|  | <b>KShs</b>       | <b>KShs</b>       |
| Property, plant and equipment              | 18,529,869        | 21,383,156        |
| <b>Total depreciation and amortization</b> | <b>18,529,869</b> | <b>21,383,156</b> |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**15. REPAIRS AND MAINTENANCE**

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

| Description                          | 2018-2019        | 2017-2018        |
|--------------------------------------|------------------|------------------|
|                                      | KShs             | KShs             |
| Property                             | 1,486,255        | 1,309,017        |
| Equipment                            | 877,417          | 778,961          |
| <b>Total repairs and maintenance</b> | <b>2,363,672</b> | <b>2,087,978</b> |

**16. CONTRACTED SERVICES**

| Description                      | 2018-2019         | 2017-2018         |
|----------------------------------|-------------------|-------------------|
|                                  | KShs              | KShs.             |
| Resource Persons                 | 32,748,801        | 33,591,707        |
| Professional fees                | 8,371,408         | 11,080,538        |
| <b>Total contracted services</b> | <b>41,120,209</b> | <b>44,672,245</b> |

**17. GENERAL EXPENSES**

| Description                           | 2018-2019         | 2017-2018         |
|---------------------------------------|-------------------|-------------------|
|                                       | KShs              | KShs              |
| Travelling & accommodation            | 26,764,695        | 37,534,574        |
| Transport & Generator operating costs | 6,597,781         | 6,663,149         |
| Audit fees                            | 1,000,000         | 990,000           |
| Conferences and Seminars              | 5,633,763         | 4,468,497         |
| Insurance                             | 1,182,334         | 1,288,450         |
| Advertising                           | 1,804,040         | 3,646,752         |
| Library Expense                       | 272,650           | 270,000           |
| Hiring charges                        | 3,223,125         | 3,961,899         |
| Postage                               | 228,190           | 228,000           |
| Printing, photocopying & stationery   | 3,866,122         | 4,732,208         |
| Office expenses                       | 7,265,255         | 9,649,050         |
| Rent & Rates                          | 602,593           | 308,225           |
| Telephone & Internet                  | 5,662,976         | 6,004,650         |
| Training                              | 14,150,632        | 14,023,552        |
| Other                                 | 309,754           | 1,577,036         |
| <b>Total general expenses</b>         | <b>78,563,910</b> | <b>95,346,042</b> |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**18. CASH AND CASH EQUIVALENTS**

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

| <b>Description</b>                                   | <b>2018-2019</b>   | <b>2017-2018</b>   |
|--|--------------------|--------------------|
|  | <b>KShs</b>        | <b>KShs</b>        |
| Main Account-KCB<br>A/C No. 1108031625               | 32,431,033         | 18,813,143         |
| NICHE Euro account-KCB<br>A/C No. 1150742135         | 554,976            | 15,750,101         |
| NICHE Kshs account-KCB<br>A/C No.1173967656          | 1,088,654          | 4,949,994          |
| Fixed Deposit KCB-Car loan<br>KCB- Moi Avenue Branch | 11,181,535         | 10,969,664         |
| Fixed Deposit-KCB<br>KCB- Moi Avenue Branch          | -                  | 51,978,553         |
| Treasury Bills                                       | 594,283,200        | 499,324,500        |
| <b>Total cash and cash equivalents</b>               | <b>639,539,398</b> | <b>601,785,955</b> |

**19. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

| <b>Description</b>               | <b>2018-2019</b>     | <b>2017-2018</b>     |
|----------------------------------|----------------------|----------------------|
|                                  | <b>KShs</b>          | <b>KShs</b>          |
| <b>Current receivables</b>       |                      |                      |
| Staff Debtors/Imprest            | 717,900              | 3,425,057            |
| Prepayments                      | 3,333,380            | 3,938,282            |
| Exchange Receivables             | 1,045,795,218        | 1,109,357,750        |
| Accrued Dues                     | 6,104,364            | 14,334,869           |
| <b>Total current receivables</b> | <b>1,055,950,862</b> | <b>1,131,055,958</b> |

*Exchange in receivables relate to invoicing of quality assurance charges from FY2014/2015 to date*

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**20. INVESTMENTS**

| Description   | 2018-2019          | 2017-2018          |
|---|--------------------|--------------------|
|   |                    | KShs               |
| <b>a) Investment in Treasury bills and bonds</b>        |                    |                    |
| -Financial institution                                  |                    |                    |
| CBK   | 594,283,200        | 499,324,500        |
| CBK   |                    | -                  |
| <b>Sub- total</b>                                       | <b>594,283,200</b> | <b>499,324,500</b> |
|   |                    |                    |
| <b>b) Investment with Financial Institutions/ Banks</b> |                    |                    |
| KCB-Moi Avenue  | -                  | 51,978,553         |
|   |                    |                    |
| <b>Sub- total</b>                                       | <b>-</b>           | <b>51,978,553</b>  |
|   |                    |                    |
| <b>c) Equity investments (specify)</b>                  |                    |                    |
| Equity/ shares  | -                  | -                  |
|   |                    |                    |
| <b>Sub- total</b>                                       | <b>-</b>           | <b>-</b>           |
| <b>Grand total</b>                                      | <b>594,283,200</b> | <b>551,303,053</b> |

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

**21. PROPERTY, PLANT AND EQUIPMENT**

|                               | Land        | Buildings   | Furniture and fittings | Equipment  | Computers   | Motor vehicles | Intangible Assets | Work-In-Progress | Total        |
|-------------------------------|-------------|-------------|------------------------|------------|-------------|----------------|-------------------|------------------|--------------|
| Cost                          | Shs         | Shs         | Shs                    | Shs        | Shs         | Shs            | Shs               | Shs              | Shs          |
| At 1 July 2017                | 49,380,000  | 144,927,570 | 26,025,749             | 14,130,139 | 27,937,415  | 41,833,446     | 7,565,515         |                  | 311,799,834  |
| Revaluations 2009/2010        | 264,620,000 | 23,623,251  | -                      | -          | -           | -              | -                 |                  | 288,243,251  |
| Additions                     | -           | -           | -                      | 1,073,187  | 3,112,345   | 6,797,600      |                   |                  | 10,983,132   |
| Revaluations                  |             |             |                        | -          | (1,565,520) | -              |                   |                  | (1,565,520)  |
| Transfer/adjustments          | -           | -           | -                      | -          | -           | (863,697)      |                   |                  | (863,697)    |
| At 30 <sup>th</sup> June 2018 | 314,000,000 | 168,550,821 | 26,025,749             | 15,203,326 | 29,484,240  | 47,767,349     | 7,565,515         |                  | 608,597,000  |
| Additions                     | -           | -           | 1,996,217              | 622,580    | 2,640,500   | 7,082,000      | 370,000           | 7,447,200        | 20,158,497   |
| Revaluation/Cost Reversal     |             |             |                        |            |             | (15,783,471)   |                   |                  | (15,783,471) |
| Revaluation                   | -           | -           | -                      | -          | -           | 8,750,000      |                   |                  | 8,750,000    |
| At 30 <sup>th</sup> June 2019 | 314,000,000 | 168,550,821 | 28,021,966             | 15,825,906 | 32,124,740  | 47,815,878     | 7,935,515         | 7,447,200        | 621,722,026  |
| At 1 July 2017                | -           | 45,530,284  | 14,529,897             | 103,552,73 | 23,737,368  | 24,343,015     | 99,973            |                  | 126,061,352  |
| Depreciation                  | -           | 3,623,189   | 2,688,157              | 880,265    | 3,764,854   | 10,326,718     |                   |                  | 13,653,502   |
| Disposal                      | -           | -           | -                      | -          | (1,565,520) | (647,772)      |                   |                  | (2,213,292)  |
| Depreciation on Revaluation   | -           | 590,581     | -                      | -          | -           | 1,615,119      |                   |                  | 2,205,700    |
| At 30 June 2018               | -           | 49,744,054  | 17,218,054             | 11,235,538 | 26,036,675  | 35,637,080     | 7,565,515         | -                | 147,436,916  |
| Depreciation                  | -           | 3,623,189   | 2,390,474              | 879,030    | 2,856,278   | 8,669,898      | 111,000           |                  | 18,529,869   |
| Depreciation Reversal         | -           | -           |                        |            |             | (15,783,471)   |                   |                  | (15,783,471) |
| Depreciation on Revaluation   |             | 590,581     |                        |            |             | 3,284,069      |                   |                  | 3,874,650    |
| At 30 <sup>th</sup> June 2019 | -           | 53,957,825  | 19,608,528             | 12,114,568 | 28,792,980  | 31,807,576     | 7,776,488         |                  | 154,057,965  |
| Net book values               |             |             |                        |            |             |                |                   |                  | -            |
| At 30 <sup>th</sup> June 2019 | 314,000,000 | 114,592,996 | 8,413,438              | 3,711,338  | 3,331,760   | 16,008,302     | 159,027           | 7,447,200        | 467,664,061  |
| At 30 <sup>th</sup> June 2018 | 314,000,000 | 118,806,766 | 8,807,695              | 3,967,790  | 3,447,566   | 12,130,269     |                   |                  | 461,160,086  |

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**22. REVALUATION RESERVES**

|              | <b>2018-2019</b>          | <b>2017-2018</b>          |
|--------------|---------------------------|---------------------------|
| Balance B/F  | 284,976,016               | 287,181,716               |
| Depreciation | (3,874,650)               | ( 2,205,700)              |
| Revaluations | 8,750,000                 |                           |
| Balance C/F  | <u><b>289,851,366</b></u> | <u><b>284,976,016</b></u> |

**23. ACCUMULATED SURPLUS**

|                      | <b>2018-2019</b>            | <b>2017-2018</b>            |
|----------------------|-----------------------------|-----------------------------|
| Balance B/F          | 1,613,176,810               | 1,491,098,874               |
| Surplus for the year | (4,630,579)                 | 122,077,936                 |
| Balance C/F          | <u><b>1,608,546,231</b></u> | <u><b>1,613,176,810</b></u> |

**24. Capital Funds**

|         | <b>2018-2019</b> | <b>2017-2018</b> |
|---------|------------------|------------------|
| Balance | 197,449,724      | 197,449,724      |

**25. PROVISIONS**

The commission did not set any provision for bad debts during the year

**26. TAXATION**

The commission does not pay tax on surplus since it's a non-profit making entity.



**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**27. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

| <b>Description</b>                                       | <b>2018-2019</b>  | <b>2017-2018</b>  |
|--|-------------------|-------------------|
|  | <b>Kshs</b>       | <b>KShs</b>       |
| Audit Fees   | 990,000           | 980,000           |
| Research Funds   | 11,045,195        | 11,045,195        |
| McCormack Partnership A                                  | 2,112,000         | 2,112,000         |
| Other Funds-Needs Assessment/Charter Award/ 1st Biennial | 10,797,220        | 32,377,398        |
| Biennial Conference                                      | 3,501,152         |                   |
| Exhibition by Kenyan Universities                        | 2,662,905         | 2,662,905         |
| Sundry Creditors   | 14,997,140        | 15,636,551        |
| Creditors Control  | 3,650,980         | 7,772,602         |
| NICHE Project  | 16,350,408        | 21,338,746        |
| Rent Deposit-Touchstone                                  | 225,000           | 225,000           |
| Rent Deposit-Amin Nanji                                  | 225,000           | 225,000           |
| Rent Deposit-National Biosafety                          | 750,000           | 750,000           |
| Payroll Liability  | -                 | 3,274,052         |
| <b>Total Trade and Other Payables</b>                    | <b>67,307,000</b> | <b>98,399,449</b> |

**28. FINANCIAL RISK MANAGEMENT**

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

**(i) Credit risk**

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the

company's management based on prior experience and their assessment of the current economic environment.

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

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

**(ii) Liquidity risk management**

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

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

|                        | Less than 1<br>month | Between 1-3<br>months | Over 5<br>months | Total            |
|------------------------|----------------------|-----------------------|------------------|------------------|
|                        | Kshs                 | Kshs                  | Kshs             | Kshs             |
| <b>At 30 June 2019</b> |                      |                       |                  |                  |
| Trade payables         | 2,374,359            | 397,553               | 879,071          | 3,650,983        |
| <b>Total</b>           | <b>2,374,359</b>     | <b>397,553</b>        | <b>879,071</b>   | <b>3,650,983</b> |
| <b>At 30 June 2018</b> |                      |                       |                  |                  |
| Trade payables         | 4,176,398            | 2,587,386             | 1,008,817        | 7,772,601        |
| <b>Total</b>           | <b>4,176,398</b>     | <b>2,587,386</b>      | <b>1,008,817</b> | <b>7,772,601</b> |
|                        |                      |                       |                  |                  |

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Capital Risk Management**

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

|   | <b>2018-2019</b>     | <b>2017-2018</b>     |
|---|----------------------|----------------------|
|   |                      | <b>Kshs</b>          |
| Revaluation reserve                         | 289,851,366          | 284,976,016          |
| Retained earnings                           | 1,606,312,071        | 1,613,176,810        |
| Capital reserve                             | 197,449,724          | 197,449,724          |
|   |                      |                      |
| <b>Total funds</b>                          | <b>2,093,613,161</b> | <b>2,095,602,550</b> |
|   |                      |                      |
|   |                      |                      |
| Total borrowings                            | -                    | -                    |
| Less: cash and bank balances                | 639,718,478          | 601,785,955          |
| Net debt/(excess cash and cash equivalents) | (639,718,478)        | (601,785,955)        |
| <b>Gearing</b>                              | <b>100%</b>          | <b>100%</b>          |

**29. RELATED PARTY BALANCES**

**Nature of related party relationships**

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

**Government of Kenya**

The Government of Kenya is the principal shareholder of the Commission, holding 100% of the Commission'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:

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

**RELATED PARTY BALANCE (Continued)**  
**Government of Kenya (Continued)**

- i) The National Government;
- ii) Ministry of Education;
- iii) Key management;
- iv) Commissioners;

|  | 2018-2019          | 2017-2018          |
|--|--------------------|--------------------|
|  | Kshs               | Kshs               |
| <b>Transactions with related parties</b>               |                    |                    |
| <b>a) Sales to related parties</b>                     |                    |                    |
| Sales of goods to related parties                      | -                  | -                  |
| Sales of services to related parties                   | -                  | -                  |
| <b>Total</b>   | -                  | -                  |
| <b>b) Grants from the Government</b>                   |                    |                    |
| Grants from National Govt                              | 181,271,077        | 227,497,162        |
| Grants from County Government                          | -                  | -                  |
| Donations in kind                                      | -                  | -                  |
| <b>Total</b>   | <b>181,271,077</b> | <b>227,497,162</b> |
| <b>c) Expenses incurred on behalf of related party</b> |                    |                    |
| Payments of salaries and wages for employees           | -                  | -                  |
| Payments for goods and services                        | -                  | -                  |
| <b>Total</b>   | -                  | -                  |
| <b>d) Key management compensation</b>                  |                    |                    |
| Commissioners' emoluments                              | 17,183,420         | 12,652,305         |
| Compensation to the CEO                                | 10,155,120         | 9,214,560          |
| Compensation to key management                         | 21,694,380         | 19,104,073         |
| <b>Total</b>   | <b>49,032,920</b>  | <b>40,970,938</b>  |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

**30. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

The Commission had the following court cases.

|    | CASE NUMBER AND NAME  | FIRM AWARDED                        | COMMENCEMENT DATE | STATUS    | PRINCIPAL AMOUNT OF AWARD (KSHS.) | LEGAL FEES PAID |
|----|---|-------------------------------------|-------------------|-----------|-----------------------------------|-----------------|
| 1  | NAIROBI ELRC NO. 144 OF 2019 UNIVERSITIES ACADEMIC STAFF UNION V CS, MINISTRY OF EDUCATION & OTHERS               | MATTER FORWARDED TO AG FOR HANDLING | JULY 2018         | ONGOING   | -                                 | -               |
| 2  | NAIROBI COURT OF APPEAL C.A. NO. 55 OF 2019 KELVIN MBWAYA & OTHERS V COMMISSION FOR UNIVERSITY EDUCATION & OTHERS | MATTER FORWARDED TO AG FOR HANDLING | JUNE 2019         | ONGOING   | -                                 | -               |
| 3  | NAIROBI HCCC NO. 192 OF 2019 ROBINSON KIOKO V CS, MINISTRY OF EDUCATION & OTHERS                                  | MATTER FORWARDED TO AG FOR HANDLING | JUNE 2019         | ONGOING   | -                                 | -               |
| 4  | NAIROBI ELRC NO. 43 OF 2019 UNIVERSITIES ACADEMIC STAFF UNION V MACHAKOS UNIVERSITY & ANOTHER                     | KARANJA-NJENGA ADVOCATES            | FEB 2019          | ONGOING   | 430,000                           | 215,000         |
| 5  | NAIROBI HCCC NO. 69 OF 2019 ADRIAN KAMOTHO V C.S MINISTRY OF EDUCATION & ANOTHER                                  | KARANJA-NJENGA ADVOCATES            | FEB 2019          | ONGOING   | 275,000                           | 168,000         |
| 6  | NAIROBI HCPT NO. 387 OF 2018 ADAN MUKHTARE BARE V ALI BUNOW KORANE & OTHERS                                       | MUHORO & GITONGA ADVOCATES          | DEC 2018          | ONGOING   | 178,000                           | -               |
| 7  | NAIROBI COURT OF APPEAL NO. 119 OF 2018 KELVIN MBWAYA & OTHERS V COMMISSION FOR UNIVERSITY EDUCATION & OTHERS     | GITONGA MUREITH & CO. ADVOCATES     | MAY 2018          | ONGOING   | 145,000                           | -               |
| 8  | NAIROBI HCPT NO. 116 OF 2018 THOMAS NZIOKA KIVASU & OTHERS V COMMISSION FOR UNIVERSITY EDUCATION & OTHERS         | GITONGA MUREITH & CO. ADVOCATES     | APRIL 2018        | ONGOING   | 400,000                           | -               |
| 9  | NAIROBI HCPT NO. 596 OF 2017 VICTOR ANDOLLA OBOCK & 74 OTHERS V ATTORNEY GENERAL & 5 OTHERS                       | CM MAINA & CO. ADVOCATES            | DECEMBER 2017     | ONGOING   | 150,000                           | -               |
| 10 | NYERI E&L NO.332 OF 2017 KUDHEIA V COMMISSION FOR UNIVERSITY EDUCATION  | FEDERATION FOR KENYA EMPLOYERS      | OCTOBER 2017      | FINALISED | 330,000                           | 330,000         |
| 11 | GARSIN HCPT NO. 1 OF 2017 MOHAMED DADO HATU V DHADDO GODDAE GODHANA & 3 OTHERS                                    | MUHORO & GITONGA ADVOCATES          | OCTOBER 2017      | FINALISED | 440,000                           | 440,000         |
| 12 | NAIROBI HCPT NO. 307 OF 2017 GEORGE OMONDI V IEBC & 6 OTHERS  | GITONGA MUREITH & CO. ADVOCATES     | MARCH 2017        | ONGOING   | 185,000                           | -               |
| 13 | NAIROBI HCPT NO. 90 OF 2017 STEPHEN MACHARIA GITAU V COMMISSION FOR UNIVERSITY EDUCATION & KNEC                   | GITONGA MUREITH & CO. ADVOCATES     | MARCH 2017        | FINALISED | 185,000                           | 185,000         |
| 14 | NAIROBI HCPT NO. 49 OF 2017 COUNCIL OF LEGAL EDUCATION V ATTORNEY GENERAL & 2 OTHERS                              | TOM OJIENDA & ASSOCIATES            | FEBRUARY 2017     | ONGOING   | 680,000                           | -               |
| 15 | NAIROBI HCPT NO. 37 OF 2017 KENYA MEDICAL LABORATORY  | TOM OJIENDA & ASSOCIATES            | FEBRUARY 2017     | ONGOING   |                                   |                 |



**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

|    |   |                                   |               |           |         |         |
|----|---|-----------------------------------|---------------|-----------|---------|---------|
|    | TECHNICIANS AND TECHNOLOGIES BOARD & 5 OTHERS V ATTORNEY GENERAL & 2 OTHERS                         |                                   |               |           |         |         |
| 16 | NAIROBI HCPT NO. 106 OF 2017 ENGINEERS BOARD OF KENYA V ATTORNEY GENERAL & ANOTHER                  | PROF. TOM OJIENDA & ASSOCIATES    | MARCH 2017    | ONGOING   | 484,000 | -       |
| 17 | NAIROBI HCPT NO. 17 OF 2017 WERE SAMWEL & 14 OTHERS V ATTORNEY GENERAL & 2 OTHERS                   | GITONGA MUREITH & CO. ADVOCATES   | MARCH 2017    | FINALISED | 180,000 | 180,000 |
| 18 | NYAMIRA HCPT NO. 3 OF 2017 CHARLES M. NYAMIOBO & ANOTHER V KISII UNIVERSITY & ANOTHER               | MAGARE MUSUNDI & CO. ADVOCATES    | JANUARY 2017  | FINALISED | 383,625 | 383,625 |
| 19 | NAIROBI HCPT NO. 150 OF 2017 ABDALLA JUMA V ALI HASSAN JOHO & 7 OTHERS                              | GITONGA MUREITH & CO. ADVOCATES   | FEBRUARY 2017 | FINALISED | 145,000 | 145,000 |
| 20 | NAIROBI HCPT NO. 321 OF 2017 GEORGE OKOTH OMONDI V ORANGE DEMOCRATIC MOVEMENT & 5 OTHERS            | GITONGA MUREITH & CO. ADVOCATES   | FEBRUARY 2017 | ONGOING   | 130,000 | -       |
| 21 | ELDORET HCPT NO. 14 OF 2017 JUSTUS KIMELI ROTICH V COMMISSION FOR UNIVERSITY EDUCATION & OTHERS     | MAGARE MUSUNDI & CO. ADVOCATES    | FEBRUARY 2017 | FINALISED | 330,000 | -       |
| 22 | NAIROBI HCPT NO. 161 OF 2017 HUMAN RIGHTS AFRICA V RAILA AMOLLO ODINGA & 5 OTHERS                   | CM MAINA & CO. ADVOCATES          | FEBRUARY 2017 | FINALISED | 180,000 | -       |
| 23 | NAIROBI HCPT NO. 222 OF 2017 PATU OLE NAIKUNI V COMMISSION FOR UNIVERSITY EDUCATION & 5 OTHERS      | CM MAINA & CO. ADVOCATES          | FEBRUARY 2017 | ONGOING   | 180,000 | -       |
| 24 | NAIROBI HCPT NO. 511 OF 2016 KIRWA BITOK & 4 OTHERS V COMMISSION FOR UNIVERSITY EDUCATION & ANOTHER | PATRICK TEDDY & COMPANY ADVOCATES | DECEMBER 2016 | ONGOING   | 900,000 | 450,000 |
| 25 | ELDORET HCPT NO. 18 OF 2016 SIOKWEI TARITA LIMITED V COMMISSION FOR UNIVERSITY EDUCATION & ANOTHER  | MAGARE MUSUNDI & CO. ADVOCATES    | DECEMBER 2016 | FINALISED | 330,000 | 330,000 |
| 26 | ELDORET HCPT NO. 13 OF 2016 SOLOMON CHEMJOR & OTHERS L V COMMISSION FOR UNIVERSITY EDUCATION        | MAGARE MUSUNDI & CO. ADVOCATES    | AUGUST 2016   | FINALISED | 168,000 | 168,000 |
| 27 | NAIROBI HCPT NO. 176 OF 2016 GENCO UNIVERSITY V COMMISSION FOR UNIVERSITY EDUCATION & ANOTHER       | CHEGE KIBATHI & CO. ADVOCATES     | MAY 2016      | FINALISED | 340,000 | 340,000 |
| 28 | NAIROBI HCPT NO. 177 OF 2016 MOUNT KENYA UNIVERSITY V COUNCIL FOR LEGAL EDUCATION & ANOTHER         | PATRICK TEDDY & COMPANY ADVOCATES | MAY 2016      | FINALISED | 290,000 | 290,000 |
| 29 | NAIROBI HCPT NO. 132 OF 2016 ALICE WANJIRU NJIRU V KENYA SCHOOL OF LAW & OTHERS                     | PATRICK TEDDY & COMPANY ADVOCATES | MAY 2016      | FINALISED | 290,000 | 290,000 |
| 30 | NAIROBI HCPT NO. 117 OF 2016 V COUNCIL FOR LEGAL EDUCATION & ANOTHER V MOUNT KENYA UNIVERSITY       | TOM OJIENDA & ASSOCIATES          | MAY 2016      | ONGOING   | -       |         |
| 31 | NAIROBI HCPT NO. 116 OF 2016 V COUNCIL FOR LEGAL  | TOM OJIENDA & ASSOCIATES          | MAY 2016      | FINALISED | -       | -       |

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

|    |   |                                |              |           |                       |         |
|----|---|--------------------------------|--------------|-----------|-----------------------|---------|
|    | EDUCATION & ANOTHER V MOUNT KENYA UNIVERSITY  |                                |              |           |                       |         |
| 32 | NAIROBI HCPT NO. 354 OF 2016 KELVIN MBWAYA & 55 OTHERS V ATTORNEY GENERAL & 5 OTHERS                      | LM KAMBUNI & CO. ADVOCATES     | MAY 2016     | FINALISED | 464,000               | 464,000 |
| 33 | NAIROBI HCPT NO. 149 & HCPT NO. 148 OF 2016 COUCIL FOR LEGAL EDUCATION & ANOTHER V MOUNT KENYA UNIVERSITY | TOM OJIENDA & ASSOCIATES       | APRIL 2016   | FINALISED | 700,000               | -       |
| 34 | NAIROBI HCPT NO. 425 OF 2015 MOI UNIVERSITY V COUNCIL OF LEGAL EDUCATION & OTHERS                         | TOM OJIENDA & ASSOCIATES       | OCTOBER 2015 | FINALISED | 680,000               | =       |
| 35 | NAIROBI HCPT NO. 377 OF 2015 NABULIME MIRIAM & OTHERS V COUNCIL OF LEGAL EDUCATION & OTHERS               | TOM OJIENDA & ASSOCIATES       | OCTOBER 2015 | FINALISED | 700,000               |         |
| 36 | NAIROBI HCPT NO. 93 OF 2015 PETER NGATIA MATU V SPEAKER OF THE NATIONAL ASSEMBLY                          | LM KAMBUNI & CO. ADVOCATES     | MAY 2015     | FINALISED | 3,750,000<br>ALL INC. |         |
| 37 | NAIROBI HCPT NO. 28 OF 2015 ELSEK AND ELSEK CONSTRUCTION V PUEA & ANOTHER                                 | LM KAMBUNI & CO. ADVOCATES     | MAY 2015     | FINALISED |                       |         |
| 38 | NAIROBI HCPT NO. 132 OF 2015 KENAPCO V ATTORNEY GENERAL & 3 OTHERS  | LM KAMBUNI & CO. ADVOCATES     | MAY 2015     | FINALISED |                       |         |
| 39 | NAIROBI HCPT NO. 138 OF 2015 REP V CS, MOE & OTHERS   | LM KAMBUNI & CO. ADVOCATES     | MAY 2015     | FINALISED |                       |         |
| 40 | NAIROBI HCCC NO 504 OF 2011 CUE V TOUCHSTONE DEVELOPERS LTD   | MWANIKI GACHOKA & CO ADVOCATES | 2011         | ONGOING   | 153000                |         |

**31. EVENTS AFTER THE REPORTING PERIOD**

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

**32. ULTIMATE AND HOLDING ENTITY**

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

**33. CURRENCY**

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

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

---

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The Commission had no outstanding matters from the previous audit

**APPENDIX II: PROJECTS IMPLEMENTED BY THE COMMISSION**

**Projects**

Projects implemented by the Commission partially funded by development partners-NICHE

| Project title | Project Number | Donor | Period/duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---------------|----------------|-------|-----------------|------------------|---|---|
| 1. MIS        |                | NICHE | 18/10/2018      | Partial          | Yes   | Yes   |

**Status of Projects completion**

Summary of the Project Completion

|   | Project | Total project Cost | Total expended to date | Completion % to date | Budget     | Actual | Sources of funds |
|---|---------|--------------------|------------------------|----------------------|------------|--------|------------------|
| 1 | MIS     | 45,761,000         | 7,445,000              | 30%                  | 38,317,000 |        | Donor & A-in-A   |

**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

**APPENDIX III: INTER-ENTITY TRANSFERS**

|    |   |                                     |                      |  |
|----|---|-------------------------------------|----------------------|--|
|    | ENTITY NAME:  | Commission For University Education |                      |  |
|    | Break down of Transfers from the State Department of University Education |                                     |                      |  |
|    | FY 18/19  |                                     |                      |  |
| a. | Recurrent Grants  |                                     |                      |  |
|    |   | <u>Bank Statement Date</u>          | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
|    |   | 08/08/2018                          | 46,242,621           | FY 18/19   |
|    |   | 09/01/2019                          | 42,543,212           | FY 18/19   |
|    |   | 25/02/2019                          | 47,167,474           | FY 18/19   |
|    |   | 02/05/2019                          | 45,317,770           | FY 18/19   |
|    |   | Total                               | 181,271,077          |  |
|    |   |                                     |                      |  |
| b. | Development Grants  |                                     |                      |  |
|    |   | <u>Bank Statement Date</u>          | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
|    |   | Total                               | -                    |  |
| c. | Direct Payments   |                                     |                      |  |
|    |   | <u>Bank Statement Date</u>          | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
|    |   | Total                               | -                    |  |
| d. | Donor Receipts  |                                     |                      |  |
|    |   | <u>Bank Statement Date</u>          | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
|    |   | Total                               | -                    |  |

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

Head of Finance  
Commission for University Education

Sign 

Head of Accounting Unit  
Ministry of Education

Sign-----



**Commission for University Education**  
**Annual Reports and Financial Statements for the Year Ended 30 June, 2019**

**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

| Name of the MDA/Donor Transferring the funds | Date received         |                                      |                    |                                    | Where Recorded/recognized |                 |             |                           |                                 |  |
|--|-----------------------|--------------------------------------|--------------------|------------------------------------|---------------------------|-----------------|-------------|---------------------------|---------------------------------|--|
|  | as per bank statement | Nature: Recurrent/Development/Others | Total Amount - KES | Statement of Financial Performance | Capital Fund              | Deferred Income | Receivables | Others - must be specific | Total Transfers during the Year |  |
| Ministry of Education                        | Various               | Recurrent                            | 181,271,077        | 1                                  | -                         | -               | -           | -                         | 181,271,077                     |  |
| Ministry of Planning and Devolution          | -                     | Development                          | -                  | -                                  | -                         | -               | -           | -                         | -                               |  |
| USAID  | -                     | Donor Fund                           | -                  | -                                  | -                         | -               | -           | -                         | -                               |  |
| Ministry of Planning and Devolution          | -                     | Direct Payment                       | -                  | -                                  | -                         | -               | -           | -                         | -                               |  |
|  |                       |                                      | -                  | -                                  | -                         | -               | -           | -                         | -                               |  |
| Total  |                       |                                      | 181,271,077        | -                                  | -                         | -               | -           | -                         | 181,271,077                     |  |