

REPUBLIC OF KENYA



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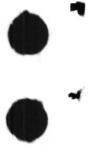
THE AUDITOR-GENERAL

ON



THE FINANCIAL STATEMENTS OF
COMMISSION FOR UNIVERSITY EDUCATION

FOR THE YEAR
ENDED 30 JUNE 2016



**COMMISSION FOR UNIVERSITY EDUCATION
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED
30 JUNE 2016**



COMMISSION FOR UNIVERSITY EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

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

COMMISSION FOR UNIVERSITY EDUCATION
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED
30 JUNE 2016

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I. KEY COMMISSION 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. At cabinet level, the Commission is represented by the Cabinet Secretary for Ministry of Education, Science and Technology.

(b) Principal Activities

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:

- Commission Secretary
- Deputy Commission Secretary (Quality Audit & Standard)
- Deputy Commission Secretary (Accreditation)
- Deputy Commission Secretary (Administration & Finance)
- Deputy Commission Secretary (Planning, Research & Development)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Commission Secretary	- Prof. David K. Some
2.	Deputy Secretaries	- Prof. Anne Nangulu - Dr. Florah Karimi - Dr. Eusebius Mukhwana - Prof. Walter Oyawa

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(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

Strategy Committee

1. Develop and implement strategies and policies of the Commission that will guide university education in Kenya.
2. Fundraise and mobilize resources for the Commission and over their prudent use and utilization.

Human Resources & Finance Committee

1. Deal with administrative, finance, human resource, ICT and other general issues.
2. Report to the Board of Commission regularly.

**COMMISSION FOR UNIVERSITY EDUCATION
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(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
Website: www.cue.or.ke

(h) Commission Banker

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





Prof. Tom Ojienda & Associates
Silverpool Office Suites
Suite No A8 Jabavu Lane
Off Argwings Kodhek Rd.
Kilimani
P.O. Box 13699-00100
NAIROBI

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II. MEMBERS OF THE COMMISSION

Name	Year Of Birth	Qualifications	Experience
 Prof. Henry M. Thairu Chairperson	1945	<ul style="list-style-type: none"> • PhD(Physical Chemistry)- Univ. of Trondheim, Norway-1975 • PGD(Education)-Nairobi Univ.-1972 • BSC(Chemistry & Physics)-Nairobi Univ.- 1971 	<ul style="list-style-type: none"> • 2008-2013: Vice Chancellor-Inoorero Univ. • 2005 -2006: Managing Director-Jomo Kenyatta Enterprises Ltd • 1995-2005: Deputy Vice Chancellor- JKUAT • 1992-1994: Deputy Principal Academic Affairs-JKUAT • 1990-1992: Dean, Faculty of Science, Kenyatta Univ. • 1988-1990: Chairman Dept. of Chemistry, Kenyatta Univ.- • 1987: Associate Professor-Kenyatta Univ. • 1978-1987: Senior Lecturer- Kenyatta Univ.
 Prof. Collette Suda, PhD, CBS Principla Secretary State Department of University Education, Member		<ul style="list-style-type: none"> • PhD (Rural Sociology)- Missouri-Columbia • MSc(Community Development)- Missouri-Columbia • MSc(Rural Sociology) Missouri-Columbia • BA(Hons)-University of Nairobi 	<ul style="list-style-type: none"> • Principal Secretary – State Department of University Education • Secretary, Gender and Sports Services- Ministry of Gender, Sports ,Culture Social Services • Director, Board of Common Undergraduate courses, University of Nairobi • Director, Institute of African Studies, University of Nairobi
 Dr. Kamau Thugge Principal Secretary, the National Treasury, Member		<ul style="list-style-type: none"> • PhD (Economics) – Johns Hopkins University 	<ul style="list-style-type: none"> • Principal Secretary – National Treasury • Ministry of Finance • International Monetary Fund

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 <p>Dr. JPR Ochieng'- Otero Member</p>	1957	<ul style="list-style-type: none"> • PhD (Zoology) – University of Auckland; 1989. • BSc (Zoology Principal) - Fergusson College; 1982. 	<ul style="list-style-type: none"> • 2008 to date: Deputy Director – Consortium for National Health Research • 1999 up to date: Project Monitoring Committee – COMESA • 2004-2008: Head of Capacity – ICIPE • 1999-2004: Manager - ICIPE • 1994-1996: Head of Programme and Planning – RANDFORUM • 1982-1991: Research, Beekeeping
 <p>Prof. Wilson K.A Langat , Member</p>	1948	<ul style="list-style-type: none"> • PhD(Pragmatism) – Drew University; 1988 • M. Phil (Medieval Philosophy) – Drew University; 1985. • MA (Philosophy) – Princeton Theological Seminary; 1983. • MA (Religion and Philosophy) – Asbury Theological Seminary; 1979 	<ul style="list-style-type: none"> • 2009-2012: Secretary of Sports – Ministry of Youth Affairs and Sports • 2008: Principal – Kisii University College • 2003-2008: Principal – Kenya Highlands University • 1999-2002: Dean of Students – Egerton University • 1998-1999: Professor of Philosophy – Egerton University • 1994-1997: Snr. Lecturer – Moi University • 1993-1994: Lecturer – Moi University • 1992-1998: Snr. Lecturer – Kenya Highlands University • 1986-1988: Asst. Lecturer – Drew University • 1979-1981: Lecturer – KHEU
 <p>Ms. Millicent Omukaga, Member</p>	1979	<ul style="list-style-type: none"> • PhD – Erasmus University of Rotterdam; Ongoing. • MBA – University of Nairobi; 2006. • B.Com (Management Science) – University of Nairobi; 2004. • Diploma – HRM – ICM. • Diploma – Banking. • CPA(K) – KASNEB. 	<ul style="list-style-type: none"> • 2009-2012: General Manager – Kenya Women Finance Trust • 2007-2009: Head of Audit – Family Bank • 2007: Consultant – Price Water House Coopers • 1999-2007: Treasury Officer – KCB
	1969	<ul style="list-style-type: none"> • LLM-Univ. of London-2005 • LLB-Nairobi Univ.-1992 	<ul style="list-style-type: none"> • 2008 to date: Practising Lawyer • Worked for 7 years as: <ul style="list-style-type: none"> -Secretary/Legal Officer-Lap Trust -Legal Officer-Kenya National Federation of Cooperatives Ltd -State Counsel-Advocates Complaints Commission

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<p>Ms. Lucy Wanja Julius, Member</p>			
 <p>Mr. Abudo Q. Mamo, Member</p>	<p>1979</p>	<ul style="list-style-type: none"> • MBA-Nairobi Univ.-2011 • BSC(Maths& Statistics)Catholic Univ.-2003 • Higher Diploma(HRM)-Institute of HRM-2004 	<ul style="list-style-type: none"> • 2011 to date: Assistant HR & Admin Manager-Hass Petroleum • 2010 (Jan-Oct): Committee of Experts on Constitution-Regional Coordinator • 2008-2010: Analyst, Asset Finance-CFC Stanbic Bank Ltd • 2006-2008: Program Officer- Adventist Development Relief Agency • 2005-2006: Customer Advisor/Processor-Barclays Bank of Kenya
 <p>Prof. David K. Some, CEO</p>	<p>1956</p>	<ul style="list-style-type: none"> • Ph.D – University of Newcastle upon Tyne - U.K. • M.Sc – Cranfield University, U.K. • B.Sc. (Hons) - University of Newcastle-upon Tyne U.K. • Post Graduate Diploma 	<ul style="list-style-type: none"> • Commission Secretary/Chief Executive Officer • Vice Chancellor-Moi University • Associate Professor • Sabbatical Fellow • Deputy Vice-Chancellor • Principal • Associate Professor & Head, Department of Agricultural Bio-systems Engineering • Chairman & Senior Lecturer • Ph.D. Candidate and Teaching Assistant

**COMMISSION FOR UNIVERSITY EDUCATION
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III. MANAGEMENT TEAM



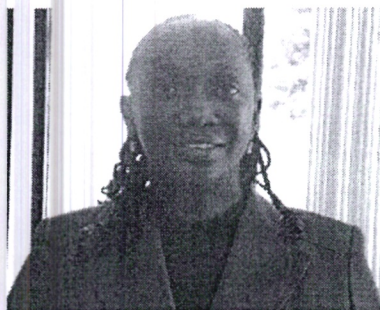
Prof. David K. Some
Commission Secretary



Dr. Eusebius J. Mukhwana, PhD, HSC
Deputy Commission Secretary
-Planning, Research and Development



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



Dr. Florah Karimi, PhD
Deputy Commission
Secretary-Accreditation



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

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Deputy Commission Secretaries (DCS)

Name	Area of Responsibility	Academic/Professional Qualifications
1. Dr. Florah K. Karimi DCS (Accreditation)	Accreditation	<ul style="list-style-type: none"> • 2005-2009: Doctor of Education in Psychology of Education from University of South Africa • 1991-1996: Masters of Education Degree in Educational Psychology from Kenyatta University • 1988-1991: Bachelor of Education (Science) - Kenyatta University
2. Prof. Anne K. Nangulu DCS (QAS)	Quality Audits and Standards	<ul style="list-style-type: none"> • 1996-2001: Doctor of Philosophy – West Virginia University (USA) • 1986-1990: Master of Arts – University of Nairobi (Kenya) • 1983-1986: Bachelor of Arts – UON
3. Prof. Walter O. Oyawa DCS (A & F)	Administration and Finance	<ul style="list-style-type: none"> • 2000: PhD in Civil Engineering (Kyoto University, Japan) • 2012: Executive Masters of Business Administration (JKUAT, Kenya) • 1995: Masters of Science in Civil Engineering (UON, Kenya) • 1989: BSc in Civil Engineering (University of Nairobi, Kenya) • Reg. Eng. (EBK, Kenya) • MIEK (IEK, Kenya) • Lead Expert, NEMA
4. Dr. Eusebius J. Mukhwana DCS (PRD)	Planning, Research and Development	<ul style="list-style-type: none"> • 2010: PhD, University of Wyoming (USA) • 1995: M.sc Pharmacology and Toxicology - UoN • 1991: Bachelor of Veterinary Medicine– University of Nairobi (Kenya)

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IV.

CHAIRMAN'S STATEMENT



Prof. Henry M. Thairu
Chairman

On behalf of the Commission, it is my privilege to present the annual report and accounts for the year ended 30th June 2016. Kenya boasts of a robust and vibrant higher education sector. To remain relevant universities must carve a niche for themselves in contributing towards the development of well-trained knowledgeable and innovative manpower.

The Commission for University Education takes cognizance of the fact that the predominant concern in the growth and expansion of university education is that of quality. The mechanisms and structures for quality assurance that the Commission has put in place signify the adoption of best practice and stakeholder involvement. It is through this interactive process that Regulations and Standards & Guidelines have been operationalized.

There is a growing demand for university education among Kenyans that has often been exploited by unscrupulous investors. This becomes more evident at university level, where some institutions of dubious governance and quality proliferate, offering courses that have little purpose to our economy.

The Commission has built a strong reputation of ensuring that such investors cannot continue to deceive Kenyans with worthless education and certificates. Through the website and periodic announcements in the print media, the Commission continues to keep Kenyans informed of all the institutions that are authorized to provide higher education in the country.

As we at the Commission embrace the changes that shape the destiny of higher education, we continue to strive for excellence in quality assurance as we strive to realize our mission: *To regulate and assure quality university education through setting and enforcing regulations and standards & guidelines for global competitiveness.*

A handwritten signature in black ink, appearing to be 'H. M. Thairu', written over a horizontal line.

PROF. HENRY M. THAIRU

CHAIRMAN

**COMMISSION FOR UNIVERSITY EDUCATION
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V. REPORT OF THE COMMISSION SECRETARY



*Prof. David K. Some
Commission Secretary*

The introduction of the Universities Act No. 42 of 2012 signaled the expansion of the Commission for University Education's mandate from an organization which assesses and accredits institutions and programmes in private universities to one that, in addition to this promotes a culture of quality in the entire university sector.

Through benchmarking and stakeholder engagement, the Commission has institutionalized internal quality assurance within universities. The Commission ascertains that continuous improvement is in-built into the accreditation process through self-assessment, peer review and site visits.

An ongoing debate has been whether university education is indeed 'fit for purpose', in the sense of providing education that students and society need. High on the agenda of the Commission is recognition of the fact that quality university education can only be achieved by keeping in mind the issues of relevance, cost, equity and international standards.

During the period under review, the Commission aimed to advise public universities on the need for adherence to the stipulated requirements in the establishment of campuses in the country, several campuses were put on notice and given definite time-lines within which to acquire the requisite academic resources or face closure.

The Commission also sent out a cautionary note to public universities against establishing campuses in foreign countries as this was in contravention of the Universities Act, 2012.

Institutional audits continued to be conducted to ascertain 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.

As the Commission actualizes its mandate it takes into account the overriding concerns about quality which are competition, customer satisfaction, institutional credibility and image visibility. Assuring quality is a continuous teamwork in which standards, benchmarks and quality audit play a significant role.

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Additional staff were recruited to enhance the capacity of the Commission to achieve its broadened mandate. They were taken through intense induction process to bring them up to speed on the mandate, operations, functions and activities of the Commission as governed by the legal provisions.

The low rate of enrolment into doctorate degree programmes was an area of concern for the Commission, especially taking into account the fact that come November 2018, all lecturers in universities will be expected to have PhD qualifications.

Nine members of staff of the Commission were awarded full PhD scholarships through Netherlands Initiative for Capacity development in Higher Education (NICHE).. It is a three (3) year project which commenced from 2016. The project also trains Commissioners and staff on Corporate Governance, ranking and rating, tracer and employer studies.

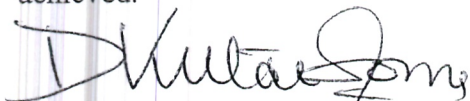
Staff were sensitized on drug and substance abuse; gender and disability mainstreaming, environmental conservation and sustainability, HIV and AIDS among other pertinent aspects regarding the Commission's Performance Contracting obligations.

To show case products and services offered to Kenyans within our universities and higher education agencies, the annual Exhibition by Kenyan Universities was held in March in the serene Coastal County of Mombasa under the banner *Celebrating University Expansion through Diversity and Integration*.

The High Council for the Evaluation of Research and Higher Education (HCERES) in France expressed the intention to collaborate with the Commission to establish a centre for research, accreditation and quality audit in Nairobi. The initiative which is geared towards enhancing scientific and academic cooperation credit lines for university expansion projects which include Masters and PhD scholarships, were among the key agreements signed between CUE and HCERES during my study tour of Paris.

During the year 2015/2016 the Commission continued with its good financial performance. The total revenue collected stood at Kshs 439,900,199 registering a surplus of Kshs 88,524,829 compared to Kshs 94,236,260 in the previous year. The Commission is committed to prudent utilisation of resources.

The Commission appreciates the continued support and commitment of the Government Ministries, Inter-University Council for East Africa, High Council for the Evaluation of Research and Higher Education (HCERES) and the government of Netherlands, for organizing and sponsoring training workshops aimed at enhancing the research, quality assurance and data analysis capacity in our university sector. We have continued to benchmark best practices with our partners in the regional and international sphere to ensure that quality, relevant and sustainable university education is achieved.



PROF. DAVID K. SOME

COMMISSION SECRETARY

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VI CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process by which organizations are directed, controlled and held to account. The Commission is responsible for the overall management of the governance of the organization and is accountable to the stakeholders for ensuring that the Commission complies with the Law and best practice in corporate governance as promulgated by relevant authorities.

Commission Members

The Commission members are appointed in accordance with the Universities Act, 2012 Part II Section 6 (1) and comprise eight (8) persons appointed by the Cabinet Secretary in the Ministry for the time being responsible for University education. The Commission Secretary is a member.

The full Commission meets at least four (4) times in each calendar year at such place and time as the Chairman may from time to time determine. The members receive all information relevant to the discharge of their obligations in accurate, timely and in a clear manner so that they can guide and maintain full and effective control over the strategic direction of the Commission, financial, operational and compliance matters. With the exception of direction and guidance on general policy, the Commission has delegated authority for the conduct of day-to-day business to the Commission Secretary and the staff of the Commission.

The Commission retains responsibility for establishing and maintaining the institution's overall control of financial, operational and compliance issues as well as implementing strategies for the long-term success of the organization.

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;

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Committees of the Commission

The following are the Committees of the Commission:

1. Human Resources & Finance
2. Audit Risk and Compliance Committee
3. Quality Assurance Committee
4. Strategy 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.

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.

The Annual Report and Accounts are published annually and distributed to the National Assembly.

Commission Members Emoluments

The Commission members are paid sitting allowance and other allowances which are included in the Commission expenses detailed in this Annual Report and Accounts 2015/2016.

**COMMISSION FOR UNIVERSITY EDUCATION
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VII CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Pursuant to the social responsibility objectives as stipulated in the Commission Corporate Social Responsibility (CSR) policy, the Commission's has continued to strive to institute measures towards improving the quality of life of its members of staff, their families as well as that of the local community and society at large.

This is well in synch with the global business operations as underscored by the World Business Council for Sustainability Development.

The Commission's CSR initiatives firms the belief that such is a worthy commitment to ensure mutual and sustainable benefit between the institution and its stakeholders. Besides, it being a base for operation to build trust and confidence in the stakeholders.

The Commission will continue to enhance its CSR even transforming it into Corporate Social Investment (CSI) well aligned with its mandate. This will not only lead to 'social business' as a way of doing things but also set precedence in the university sector the Commission regulates.

This year 2015/2016 the Commission in fulfilling the responsibility, under the umbrella of AIDS Control Unit (ACU) organized a family day for staff and its families under the theme "Towards Zero New HIV and Aids Infections and Zero Stigma and Discrimination against People Living with HIV and AIDS. The fun-filled day provided an invaluable opportunity for the staff and their families to interact, share and learn from various age-appropriate session on the topical issues under the main theme. On the day, the Commission Management gave their assurances and commitment to support such activity and other especially targeted to reach out for the less privileged in the society.

Other initiatives during the year was informative fora to educate the general public on various aspects of university education carried through live interviews & press statements via mass and social media. Other targeted activity was the 14th Exhibition by Kenyan Universities in which Mombasa County and its environs benefitted in intensely and extensively engaging accredited public and private universities and their constituent colleges, the Ministry of Education, Higher Education agencies participate. Specific areas of focus were among others: To showcase programmes and services available to the stakeholders, demonstrate university responses to diversity and integration, enhance networking and complementarity among universities, benchmark best practices in the university sector.

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VIII. REPORT OF THE COMMISSIONERS

The Commissioners submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the Commission 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, 2016 are set out on page 1

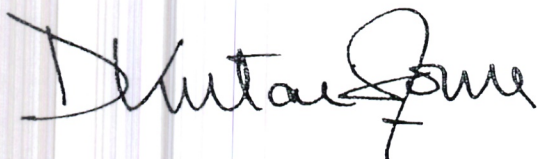
Commissioners

The members of the Commission who served during the year are shown on page v-vi in accordance with the Universities' Act 2012.

Auditors

The Auditor General is responsible for the statutory audit of the Commission in accordance with the Public Audit Act, 2015.

By Order of the Commission.



Prof David K. Some
Commission Secretary
Nairobi
Date

COMMISSION FOR UNIVERSITY EDUCATION
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IX STATEMENT OF COMMISSIONERS' 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 that 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.

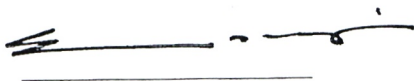
The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2016. This responsibility includes: (i) maintaining 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, 2016, 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.

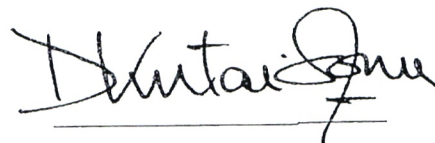
Nothing has come to the attention of the Commissioners to indicate that the Commission will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Commission's financial statements were approved by the Commission on and signed on its behalf by:



Prof. Henry M. Thairu
Chairman



Prof. David K. Some
Commission Secretary

REPUBLIC OF KENYA

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Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COMMISSION FOR UNIVERSITY EDUCATION FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Commission for University Education set out on pages 1 to 19, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution 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.

Management's Responsibility for the Financial Statements

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 such 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.

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standard of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

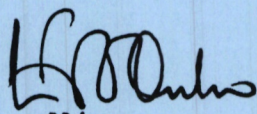
Report of the Auditor-General on the Financial Statements of Commission for University Education for the year ended 30 June 2016

error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Commission for University Education as at 30 June 2016, and 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 University Act, 2012 of the Laws of Kenya.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

26 April 2017

**COMMISSION FOR UNIVERSITY EDUCATION
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED
30 JUNE 2016**

**XI. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2015-2016 Kshs	2014-2015 Kshs
Revenue from non-exchange transactions			
Transfers from the Government–Capitation	3	<u>227,497,157</u>	<u>240,862,500</u>
Revenue from exchange transactions			
Rendering of services	4	148,130,942	61,187,383
Rental revenue from facilities and equipment	5	5,285,196	5,026,443
Finance income - external investments	6	53,969,135	31,182,674
Other income	7	7,263,329	2,342,811
Total revenue from exchange transaction		<u>214,648,602</u>	<u>99,739,311</u>
Total revenue		<u>442,145,759</u>	<u>340,601,811</u>
Expenses			
Bulk purchases of water and electricity	8	3,229,578	3,847,564
Employee costs	9	185,395,451	131,475,825
Remuneration of Commissioners	10	16,575,709	10,482,933
Depreciation and amortization expense	11	23,890,666	16,704,415
Repairs and maintenance	12	2,781,779	1,309,872
Contracted services	13	40,905,725	30,500,972
General expenses	14	80,842,022	52,043,970
Total expenses		<u>353,620,930</u>	<u>246,365,551</u>
Surplus before tax		<u>88,524,829</u>	<u>94,236,260</u>
Surplus for the period		<u>88,524,829</u>	<u>94,236,260</u>

The notes set out on pages 6 to 19 form an integral part of the Financial Statements

**COMMISSION FOR UNIVERSITY EDUCATION
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED
30 JUNE 2016**

**XII. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Note	2015-2016 Kshs	2014-2015 Kshs
Assets			
Current assets			
Cash and cash equivalents	15	513,507,008	398,563,489
Receivables from exchange transactions	16	<u>6,163,903</u>	<u>28,297,201</u>
		<u>519,670,911</u>	<u>426,860,690</u>
Non-current assets			
Property, plant and equipment	17	488,714,862	476,325,746
		<u>1,008,385,773</u>	<u>903,186,436</u>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	97,704,514	80,788,160
		<u>97,704,514</u>	<u>80,788,160</u>
Net assets		910,681,259	822,398,276
Capital Funds	21	197,449,724	197,449,724
Accumulated surplus	20	426,570,195	338,045,365
Revaluation Reserves	22	286,661,340	286,903,187
		<u>910,681,259</u>	<u>822,398,276</u>

The Financial Statements were signed on behalf of the Commission by:



Chairman of the Commission
Date: 29/09/2016



Commission Secretary
Date: 29.9.2016

**COMMISSION FOR UNIVERSITY EDUCATION
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED
30 JUNE 2016**

**XIII. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2016**

	Capital Funds Kshs '	Revaluation Reserve Kshs '	Accumulated surplus Kshs '	Total Kshs '
Balance as at 30 JUNE 2014	197,449,724	285,740,346	243,809,105	726,999,175
Surplus/(deficit) for the period	-	-	94,236,260	94,236,260
Revaluation		-	2,937,893	2,937,893
Depreciation on Revaluation	-	(1,775,054)	-	(1,775,054)
Balance as at 30 JUNE 2015	197,449,724	286,903,185	338,045,365	822,398,274
Revaluation		1,444,280		1,444,280
Surplus for the period	-	-	88,524,829	88,524,829
Depreciation on Revaluation	-	(1,686,125)	-	(1,686,125)
Balance as at 30 JUNE 2016	197,449,724	286,661,340	426,570,195	910,681,259

**COMMISSION FOR UNIVERSITY EDUCATION
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STATEMENT OF CASH FLOWS

	Note	2015-2016 Kshs	2014-2015 Kshs
Cash flows from operating activities			
Receipts			
Net cash flows from operating activities	19	<u>151,465,148</u>	<u>129,669,552</u>
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(36,521,626)	(19,708,847)
Gain and losses on disposal of assets		-	-
Net cash flows used in investing activities		<u>(36,521,626)</u>	<u>(19,708,847)</u>
Net increase/(decrease) in cash and cash equivalent		114,943,522	109,960,705
Cash and cash equivalents at 1 JULY		398,563,486	288,602,781
Cash and cash equivalents at 30 JUNE	15	<u>513,507,008</u>	<u>398,563,486</u>

COMMISSION FOR UNIVERSITY EDUCATION
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED
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XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2015-2016	2015-2016	2015-2016	2015-2016	2015-2016
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Revenue					
Government grants and subsidies	240,862,500	-	240,862,500	227,497,156	(13,365,344)
Rendering of services	406,500,000	(183,000,000)	223,500,000	148,130,942	(75,369,058)
Finance Income	22,000,000	-	22,000,000	53,969,135	31,969,135
Other Income and rental income	5,500,000	-	5,500,000	12,548,525	7,048,525
Total income	674,862,500	(183,000,000)	491,862,500	442,145,759	(49,716,741)
Expenses					
Bulk Purchase of water & electricity	3,500,000	-	6,700,000	3,229,578	3,470,422
Employee costs	213,832,500	(98,300,000)	216,832,500	185,395,451	31,437,049
Remuneration of Commissioners	15,000,000	-	16,500,000	16,575,709	(75,709)
Depreciation and amortization exp	19,000,000	-	19,000,000	23,890,666	(4,890,666)
Repairs and maintenance	12,200,000	(500,000)	12,200,000	2,781,779	9,418,221
Contracted services	82,500,000	(9,400,000)	69,500,000	40,905,725	28,594,275
General expenses	325,630,000	(150,804,370)	151,130,000	80,842,022	70,287,978
Total expenditure	674,862,500	(359,004,370)	491,862,500	353,620,930	138,241,570
Surplus for the period	-		0	88,524,829	88,524,829

**COMMISSION FOR UNIVERSITY EDUCATION
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED
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XV. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The Commission'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 and all values are rounded to the nearest shilling (Ksh). 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.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Transfers from the government and 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 Commission and can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The Commission recognizes revenue from rendering of services.

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 leases of office space and other property properties is accounted as provided in the contract terms for on a straight-line basis over the lease terms and included in revenue.

**COMMISSION FOR UNIVERSITY EDUCATION
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

b) Budget information – IPSAS 24

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

c) Investment property – IPSAS 16

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

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

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

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

d) Property, plant and equipment – IPSAS 17

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.

Depreciation is provided for at annual rates estimated to write off the cost of the assets over their expected useful life using the straight-line basis. The annual rates used are:

Buildings	2.5%
Furniture	12.5%
Equipment	12.5%
Motor Vehicles	25%
Computer Equipment	30%

**COMMISSION FOR UNIVERSITY EDUCATION
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED
30 JUNE 2016**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

e) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Commission determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

**COMMISSION FOR UNIVERSITY EDUCATION
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

i) 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 Commission 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.

IPSAS 29.65

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) Inventories – IPSAS 12

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

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

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

Inventories are recognized as an expense in the year of purchase.

**COMMISSION FOR UNIVERSITY EDUCATION
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

g) Provisions – IPSAS 19

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 Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

Contingent liabilities

During the financial year, the Commission was enjoined on five (5) cases which the Commission does not anticipate costs save for the normal legal fees provided under our budget.

Contingent assets

The Commission 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.

h) Nature and purpose of reserves

The Commission creates and maintains reserves in terms of specific requirements. The Commission has set aside funds for construction of Universities Research & Training Centre (URTC) from prior year savings.

**COMMISSION FOR UNIVERSITY EDUCATION
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

i) Employee benefits – IPSAS 25

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 Standard Chartered Bank fund, and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

j) Borrowing costs – IPSAS 5

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. During the period under review, the Commission did not incur any borrowing costs.

k) Related parties – IPSAS 20

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 Commission, or vice versa. Members of key management are regarded as related parties.

l) 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.

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

m) Comparative figures

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

n) Significant judgments and sources of estimation uncertainty – IPSAS 1

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.

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 Commission 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 Commission. 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

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, 2016.

COMMISSION FOR UNIVERSITY EDUCATION
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. Transfers from other governments

	2016 Shs	2015 Shs
Unconditional grants		
Operational grant	227,497,157	240,862,500

4. Rendering of services

Quality Assurance Charge	42,085,900	-
Equation of qualification	11,760,140	12,812,383
Programme & accreditation fees	94,284,902	48,375,000
Total revenue from the rendering of services	148,130,942	61,187,383

5. Rental revenue from facilities and equipment

Rent from leasing office space	5,285,196	5,026,443
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6. Finance income - external investments

Cash investments and fixed deposits	53,969,135	31,182,674
Total finance income – external investments	53,969,135	31,182,674

7. Other income

Prequalification Income	9,000	2,000
Miscellaneous	7,254,329	2,340,811
Total other income	7,263,329	2,342,811

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. Bulk purchases of water and electricity

	2016	2015
	Shs	Shs
Electricity	3,023,898	3,801,746
Water	205,680	45,818
Total bulk purchases	3,229,578	3,847,564

9. Employee costs

Basic pay - salaries and wages	86,967,805	63,805,636
Contributions to pensions and gratuity	19,208,614	14,055,621
Transport allowance	14,324,663	10,226,930
Housing benefits and allowances	39,903,805	25,661,547
Medical Expense	13,444,884	9,177,665
Other allowances	11,545,680	8,548,426
Employee costs	185,395,451	131,475,825

10. Remuneration of Commissioners

Chairman's Honoraria	960,000	960,000
Commission sitting allowance	8,311,000	6,102,000
Mileage allowance	1,943,039	823,589
Lunch Allowance	307,800	354,000
Air tickets	908,555	57,160
Insurance	27,884	167,163
Accommodation	3,122,977	1,276,313
Telephone/Internet	487,403	428,450
Medical Insurance/Training	507,051	314,260
Total Commissioners' remuneration	16,575,709	10,482,933

**COMMISSION FOR UNIVERSITY EDUCATION
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. Depreciation expenses

	2016 Shs	2015 Shs
Property, plant and equipment	23,890,666	16,704,415
Total depreciation	23,890,666	16,704,415

12. Repairs and maintenance

Property	340,852	679,779
Equipment	2,440,927	630,092
Total repairs and maintenance	2,781,779	1,309,872

13. Contracted services

Resource persons	28,513,298	20,738,251
Professional fees	12,392,427	9,762,721
Total contracted services	40,905,725	30,500,972

COMMISSION FOR UNIVERSITY EDUCATION
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14. General expenses

The following are included in general expenses:

	2016	2015
	Shs	Shs
Travelling & accommodation	28,322,368	13,178,580
Transport operating costs	5,194,768	3,380,076
Audit fees	1,160,000	870,000
Conferences and Seminars	6,469,835	6,597,131
Insurance	1,579,342	1,379,595
Advertising	9,264,125	6,080,074
Library Expense	822,709	702,860
Hiring charges	3,043,885	2,733,159
Postage	328,260	183,283
Printing, photocopying & stationery	6,025,490	3,848,958
Office expenses	7,842,849	6,821,397
Rent & Rates	325,183	337,072
Telephone & Internet	4,526,536	3,830,777
Training	4,373,549	1,427,239
Other	1,563,122	673,771
Total general expenses	80,842,022	52,043,970

15. Cash and cash equivalents

Main Account-KCB	8,277,237	19,427,125
NICHE Euro account-KCB	21,214,411	20,985,823
NICHE Kshs account-KCB	6,739,047	-
Fixed Deposit-Coop Bank	270,000,000	-
Fixed Deposit KCB-Car loan	10,543,001	10,186,497
Fixed Deposit-KCB	196,733,312	347,964,043
Total cash and cash equivalents	513,507,008	398,563,489

16. Receivables from exchange transactions

Current receivables

Staff Debtors/Imprest	105,000	78,060
Debtors	-	220,000
Prepayments	2,181,720	1,779,269
Accrued dues	3,877,183	26,219,873
Total current receivables	6,163,903	28,297,201

COMMISSION FOR UNIVERSITY EDUCATION
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17. Property, plant and equipment

Cost	Land	Buildings	Furniture & Fittings	Equipment	Computers	Motor vehicles	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2014	49,380,000	144,927,570	14,778,399	10,394,614	23,260,176	13,515,451	256,256,210
Revaluation 2009/10	264,620,000	23,623,251				1,800,000	290,043,251
Additions	-	-	2,291,061	-	3,708,513	13,709,273	19,708,847
Disposals	-	-	-	-	-	-7,569,554	-7,569,554
Transfers/adjustments/Revaluation	-	-	-	-	-	2,937,893	2,937,893
At 30 June 2015	314,000,000	168,550,821	17,069,460	10,394,614	26,968,689	24,393,063	561,376,647
Additions	-	-	7,401,141	1,171,244	7,149,241	20,800,000	36,521,626
Revaluation	-	-	-	-	-	1,444,280	1,444,280
Disposals	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-1,800,000	-1,800,000
At 30 June 2016	314,000,000	168,550,821	24,470,601	11,565,858	34,117,930	44,837,343	597,542,553
Depreciation and impairment							
At 1 July 2014	-	32,888,974	6,278,562	6,456,036	16,624,911	11,892,503	74,140,984
Depreciation	-	3,623,189	2,133,683	1,299,327	4,734,423	4,913,793	16,704,415
Disposal	-	-	-	-	-	7,569,554	7,569,554
Revaluation depreciation	-	590,581	-	-	-	1,184,473	1,775,054
At 30 June 2015	-	37,102,744	8,412,245	7,755,363	21,359,334	10,421,215	85,050,899
Depreciation	-	3,623,189	3,058,826	1,445,732	5,649,126	10,113,793	23,890,666
Disposals/Transfer/Adj	-	-	-	-	-	-1,800,000	-1,800,000
Revaluation depreciation	-	590,581	-	-	-	1,095,543	1,686,124
At 30 June 2016	-	41,316,514	11,471,071	9,201,095	27,008,460	19,830,551	108,827,689
Net book values							
At 30 June 2016	314,000,000	127,234,307	12,999,530	2,364,763	7,109,470	25,006,792	488,714,862
At 30 June 2015	314,000,000	131,448,077	8,657,215	2,639,251	5,609,355	13,971,848	476,325,746

**COMMISSION FOR UNIVERSITY EDUCATION
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30 JUNE 2016**

**NOTES TO THE FINANCIAL STATEMENTS
CONTINUED**

18. Trade and other payables from exchange transactions

	2016	2015
	Shs	Shs
Audit Fees	870,000	580,000
Research Funds	11,045,195	11,045,195
McCormack Partnership A	2,112,000	2,112,000
Other Funds-Needs Assessment	21,631,211	10,985,636
Exhibition by Kenyan Universities	3,510,950	7,052,847
Sundry Creditors	18,513,071	13,297,477
Creditors Control	9,940,477	13,346,316
NICHE Project	28,881,611	21,106,798
Unesco Project	-	61,892
Rent Deposit-Touchstone	225,000	225,000
Rent Deposit-Amin Nanji	225,000	225,000
Rent Deposit-National Biosafety	750,000	750,000
Total trade and other payables	97,704,514	80,788,160

19. Cash generated from operations

Surplus for the year before tax	88,524,829	94,236,260
Adjusted for:		
Depreciation	23,890,666	16,704,415
Gains and losses on disposal of assets	-	-
Working capital adjustments:		
(Increase)/Decrease in receivables	22,133,298	-20,854,655
Increase/(Decrease) in payables	16,916,355	39,583,531
Net cash flows from operating activities	151,465,148	129,669,552

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NOTES TO THE FINANCIAL STATEMENTS

20. Accumulated surplus

	2016	2015
	Shs	Shs
At 1 st July	338,045,365	243,809,105
Surplus/ (Deficit) for the year	88,524,829	94,236,260
Balance as at 30 th June	426,570,194	338,045,365

21. Capital Fund

At 1 st July	197,449,724	197,449,724
Balance as at 30 th June	197,449,724	197,449,724

22. Revaluation Reserves

At 1 st July	286,903,185	285,740,346
Revaluation	1,444,280	2,937,893
Depreciation on Revaluation	1,686,125	1,775,054
Balance as at 30 th June	286,661,340	286,903,185

23. Events after reporting date

There are no material non-adjusting events after the reporting date.

XVII PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

There were no outstanding audit matters

Commission Secretary

Date.....29.9.2016.....

Chairman of the Commission

Date.....29/09/2016.....

