

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
DATE: 20 JUN 2023  
Tabled BY: Hon. Owen Baya, MP  
Deputy Majority, Party  
Clerk to the Table: Irzofu mwale  
Tuesday

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

**THE AUDITOR-GENERAL**

**ON**

**COMMISSION FOR UNIVERSITY  
EDUCATION**

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



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
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**COMMISSION FOR UNIVERSITY EDUCATION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

**Commission for University Education**  
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**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) Commissioners
- ii) Commission Secretary/CEO
- iii) Deputy Commission Secretary (Quality Audit & Standard)
- iv) Deputy Commission Secretary (Accreditation)
- v) Deputy Commission Secretary (Administration & Finance)
- vi) 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 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Commission Secretary/CEO	- Prof. Mike Kuria
2.	Deputy Secretaries	- Prof. Grace Njoroge
3.	Ag. Head of Administration & HR	- Margaret Kamoni
4.	Head of Finance	- Linah Kiptoo
5.	Head of Procurement	- Phyllis Karimi
6.	Head of Legal	- Isaac Gathirwa

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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

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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 Commissioners 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 Commissioners of Commission regularly.

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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](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

Family Bank Limited  
Westlands Branch-Pamstech House,  
P.O. Box 74145 – 00200  
NAIROBI

**(i) Independent Auditors**



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

**(j) Principal Legal Adviser**




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

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**MEMBERS OF THE COMMISSION**

Name	D.O.B	Qualifications	Experience
 <p><b>Prof. Chacha Nyaigotti-Chacha</b>  <b>Chairperson</b></p> <p><b>Independent Member and</b>  <b>Chairman of the Commission</b></p>	<p>22/8/1952</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>Darius Mogaka Ogutu</b>  <b>Alternate Member to the</b>  <b>Principal Secretary</b>  <b>State Department of University</b>  <b>Education &amp; Research, MOE</b></p>		<ul style="list-style-type: none"> <li>• M.Ed, Educational Communication &amp; Technology, Kenyatta University</li> <li>• B.Ed.English &amp; Literature, Egerton University</li> <li>• Capacity development for the education policy formulation and analysis for learning improvement – JICA, Hiroshima University</li> </ul>	<ul style="list-style-type: none"> <li>• Director of Technical Training, State Department for University Education &amp; Research, MoE</li> </ul>

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Name	D.O.B	Qualifications	Experience
 <p><b>John Mose</b>  <b>Alternate to the Principal Secretary, The National Treasury</b></p>	2/01/1980	<ul style="list-style-type: none"> <li>• Masters in Economics- University of Nairobi</li> <li>• Bachelor of Arts (Economics), University of Nairobi</li> </ul>	<ul style="list-style-type: none"> <li>• Senior Deputy Director of Budget – National Treasury 2017 to date</li> <li>• Senior Analyst, Budget and Revenue Allocation, 2013 – 2017</li> <li>• Principal Analyst, Budget Implementation, Office of the Controller of Budget, 2011 – 2013</li> <li>• Senior Economist, Ministry of Planning, National Development and Vision 2030, 2005 - 2011</li> </ul>
 <p><b>Lucy Muthoni Kambuni-SC</b>  <b>Independent and Chairperson Human Resource and Finance Committee</b></p>	6/7/1962	<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>• 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>Dr. Elizabeth Muli</b>  <b>Independent Member and Chairperson Strategy Committee</b></p>	2/12/1969	<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</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) <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> </ul>



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Name	D.O.B	Qualifications	Experience
		Nairobi, <ul style="list-style-type: none"> <li>• Corporate governance training course for directors, 2015</li> </ul>	<ul style="list-style-type: none"> <li>• Director, Research, ADR and Conflict Systems Design</li> </ul>
 <p><b>Eng. David Onyango, HSC Independent and Chairperson Audit Risk and Compliance Committee</b></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. Mike Kuria CS/CEO</b></p>		<ul style="list-style-type: none"> <li>• Doctor of Philosophy, University of Leeds, UK</li> <li>• MA Creative Writing, Open University, UK</li> <li>• Master Of Philosophy(MPhil), Moi University</li> <li>• Bachelor of Education, Moi University</li> </ul>	<ul style="list-style-type: none"> <li>• Deputy Executive Secretary, Inter-University Council for East Africa ( 2016-2022)</li> <li>• Director, Centre for Quality Assurance at Daystar University(2006-2016)</li> <li>• Senior Lecturer, Daystar University(2004-2005)</li> <li>• Secretary General of the East African Quality Assurance Network (EAQAN) in 2012</li> </ul>



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**MANAGEMENT TEAM**

**1. Management Team**

	<b>Management</b>	<b>Details</b>
	Insert each key manager's passport-size photo and name, and key profession/academic qualifications	Indicate the main area of responsibility – without details
1.	 <p><b>Prof. Mike Kuria,</b></p> <ul style="list-style-type: none"> <li>• Doctor of Philosophy, University of Leeds, UK</li> <li>• MA Creative Writing, Open University, UK</li> <li>• Master Of Philosophy(MPhil), Moi University</li> <li>• Bachelor of Education, Moi University</li> </ul>	Commission Secretary/CEO
2.	 <p>Prof. Grace Njoroge</p> <ul style="list-style-type: none"> <li>• Doctor of Philosophy in Applied Botany from Jomo Kenyatta University of Agriculture and Technology (JKUAT)</li> <li>• Master of Science Degree in Plant Taxonomy and a Bachelor of Education (Science) from Kenyatta University.</li> </ul>	DCS( Accreditation) incharge of accreditation

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3.	 <p>Isaac Gathirwa Bachelor of Law ( Moi University) Dip kenya School of law MBA (KU) LLM ( UoN) CPS(K)</p>	Head of Legal
4.	 <p>Linah Kiptoo MBA(UoN) Bachelor of Education CPA(K)</p>	Head of Finance

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**Our Vision**

A leading regulator of quality, relevant and sustainable university education

**Our Mission**

To promote quality university education through regulation, monitoring compliance and policy advisory to achieve global competitiveness.

**Our Mandate**

To promote the objectives of university education, by regulating and accrediting Universities and programmes, among other functions.

**Our Core Values**

- Professionalism
- Integrity
- Equity
- Teamwork
- Accountability
- Responsiveness

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**CHAIRMAN'S STATEMENT**



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

On behalf of the Commission, Management and Staff of the Commission for University Education, I am pleased to present the Annual Report for the Financial Year ended 30<sup>th</sup> June 2022. This report seeks to highlight the Commission's key activities during the year, successes consolidated, challenges being faced and way forward for the Commission in actualization of its Mandate and Vision of creating accessible, relevant and quality university education. The achievements outlined herein are attributed to the continued implementation of the objectives of the Commission's Strategic Plan (2019-2023). The Commission continued to execute its mandate in line with the Universities Act No.42 of 2012(Rev.2019).

The implementation of the Strategic Plan (2019-2023) therefore continued to play an instrumental role in steering the Commission towards meeting the demands of higher education through enabling regulation of universities to enhance assurance, relevance and quality university education to our citizens and beyond.

During the year under review, eight institutions of higher learning, both private and public, were elevated to fully fledged universities. The Universities were awarded Charters by His Excellency President Uhuru Kenyatta. This brings to total 76 accredited universities in the Country.

The Commission also embarked on automating its systems to promote the Regulator's capacity to undertake its mandate and improve efficiency by providing a flexible, secure, scalable and high-performance integrated information management system (IMIS). The new system is envisioned to eliminate duplication of effort and allow sharing of information and improvement of service delivery across the subsector.

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In recognition of the dynamic and evolving nature of the University education, the Regulator introduced the University Education Management Information System (UEMIS), a system that aid universities in the collection, integration, processing, maintenance and dissemination of data and information to support decision-making, policy-analysis and formulation, planning, monitoring and management at all levels of an education system.

Within the period that ended June 2022, a Mid-term review of the Strategic Plan to align it with the current developments and ensuing realities of COVID-19 was undertaken. The Commission in ensuring full resumption of learning in universities amidst the Covid-19 pandemic developed a Self-Assessment Rapid tool (SAR) to guide universities in the preparation for digital and remote learning. The rapid adoption and increased use of Open and Distance Learning (ODEL) in universities.

In achievement of its Strategic objectives, the Commission implemented and shall continue to implement various initiatives in the university sub-sector. The Commission therefore, reaffirms its commitment to create an equitable, relevant and accessible university education in the Country. This shall be achieved through continued effective regulation, partnerships and collaboration with other university regulators in the World. I would like to express my sincere gratitude to the Parent Ministry, Ministry of Education, Higher education agencies, universities, students, strategic partners, all other stakeholders and the general public without whose support these achievements would not have been attained. I further wish to acknowledge the dedicated service and commitment of the members of the Commission, Management and the Staff of the Commission for their invaluable contribution and enthusiasm in supporting the achievement of our mandate. I look forward to a more vibrant, successful and transformative forthcoming year.



**PROF. CHACHA NYAIGOTTI-CHACHA**  
**COMMISSION CHAIRMAN**

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**REPORT OF THE CHIEF EXECUTIVE**



**Prof. Mike Kuria, PhD**  
**Commission Secretary/CEO**

It gives me great pleasure to present the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022 for the Commission for University Education. To achieve its key objectives for the Strategic Plan (2019-2023), the Commission invested in forward-looking strategies to drive its growth with the aim of enhancing its stakeholders' value, confidence and placing itself in the category of the best performing Regulators in Africa and beyond.

**Strategic Focus**

With the constant economic challenges and unforeseen market disruptions that continue to affect the way universities operate; the Commission creatively designed its Mid-term Strategy plan to counter and exploit the interruptions. In 2020, the COVID-19 pandemic presented a special opportunity to reassess further some of these challenges. This, we believe, will help us drive the growth of university sub-sector which is the core of our business as well as our investment portfolio as we increase the organization's shareholder value and enhance investor confidence.

During the year 2022, the Commission rolled out its main key automated processes to promote capacity to undertake its mandate and improve efficiency by providing a flexible, secure, scalable and high-performance integrated information management system (IMIS).

Some of the processes rolled out include and not limited to: Universities data collection module which provides a framework for CUE to collect and aggregate data from all universities in Kenya that is pertinent to CUE's role as a regulator of university education. All the 76 accredited universities countrywide currently have access to the module and are utilizing it to enhance efficiency in their services. The Commission is currently collecting data on various aspects in universities countrywide. The data will be used to inform policy formulation.

In addition, the other module, Quality Assurance has automated key aspects of quality assurance in university education, including but not limited to: Accreditation (licensing) of universities and academic programmes offered; Quality audit of universities, academic programmes offered; Recognition and Equation of Qualifications; and; Accreditation of Student Recruitment Agencies. Supply Chain Management module on the other hand has automated the processes of procurement planning and execution, including but not limited to vendor management, purchase and stores requisitions, purchase approvals, inventory management, document management, contracts & service level agreements management, e-procurement reports and related processes.

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To enhance financial management, the Commission automated its Finance processes and has successfully migrated data and module functionality from an existing Financial management system (Sage Pastel Evolution) running on an SQL Server database, into the new financial system.

Under this Human Resources & Payroll management module, the Commission has successfully migrated data and module functionality from an existing Human Resources and Payroll management system running on an Oracle database, into the proposed system. It is my hope that these modules alongside others that are still being tested will contribute to positive growth of the Commission as a regulator for University education in Kenya.

Additionally, the Commission has put in place a robust Virtual Private Network (VPN) connectivity that allows staff to connect from anywhere and access all systems and ICT resources away from the office.

**Business Development**

The Commission prides itself in offering assuring relevant and quality university education in Kenya. Currently, CUE oversees 76 accredited universities in Kenya both public and private universities.

In line with the law that every county should have a university, the Commission therefore recommended award of Charter to eight universities namely: Kaimosi University(Vihiga), Tom Mboya University (HomaBay), Zetech University(Kiambu), Kiriri Women's University(Nairobi), Lukenya University (Makueni), Alupe University(Busia), Tharaka Nithi University (Tharaka Nithi) and The East African University(Kajiado).

**Appreciation**

I take this opportunity to offer my sincere gratitude to the Government of Kenya through our parent Ministry of Education, stakeholders, regulatory authorities and agencies that provide support to the Commission for University Education. To our valued stakeholders, we appreciate your sustained support and confidence in us. We value your business and continued partnership. I wish to convey my utmost appreciation to my colleagues in the Commission for their invaluable contributions and unwavering dedication, to the management and staff for their tireless effort and steadfast commitment in a bid to ensure the Commission achieves its mandate.

God Bless you all.



**PROF. MIKE KURIA, PhD**  
**COMMISSION SECRETARY/CHIEF EXECUTIVE OFFICER**

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**STATEMENT OF CUE'S PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES FOR FY 2021/2022**

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

The Commission has four (4) strategic pillars and Seven (7) objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Quality Assurance
- Pillar 2: Strategy Policy and Research
- Pillar 3: Corporate Positioning
- Pillar 4: Institutional Capacity

The Commission develops its annual work plans based on the above four (4) pillars. Assessment of the Commission's performance against its annual work plan is done on a quarterly basis. The Commission achieved its performance targets set for the FY 2021/2022 period for its four (4) strategic pillars, as indicated in the diagram below:

Key Result Areas	Strategic Objectives	Activities	Key Performance Indicators	Achievements
Quality Assurance	To Re-engineer Quality Assurance Processes	Review the Universities Regulations	Gazetted Amendments to the Universities regulations	Amendments awaiting Gazettement by Ministry of Education
		Develop and review the Universities Standards and Guidelines	Approved Universities Standards and Guidelines	Review complete and approved by Commission. Awaiting Stakeholder validation
		Evaluate proposed universities for establishment	Number of proposed Universities evaluated	The Commission evaluated 4 proposals for establishment of universities
		Evaluate/Re-inspect university campuses and ODEL centres	Number of Campuses inspected/Re-inspected	Four (4)campuses and 6 ODeL centres were inspected
		Annually monitor/evaluate institutions with transitional accreditation for award of charter	Number of universities with transitional accreditation monitored	Seven (7) institutions were evaluated and awarded charter in August 2022
		Evaluate curricula for university programmes	Number of programmes evaluated	132 new programmes evaluated and 122 re-valuated yielding 111 recommendations for accreditation.
		Conduct Regular institutional quality audits	Number of universities audited	13 universities were audited
		Undertake issue based quality audits	Number of issue based/impromptu audits undertaken	One university was audited
		License student recruitment agencies	Percentage of student recruitment agencies evaluated and licensed	100% of 30 applications evaluated and those that qualified licensed
		Recognize and equate	Percentage of	100% of 1,718

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Key Result Areas	Strategic Objectives	Activities	Key Performance Indicators	Achievements
		foreign qualification	application evaluated for recognition and equation	applications were evaluated
Strategy Policy and Research	To Provide Evidence Based Policy Advisories	Develop indicator framework for university education	Approved indicator framework	Draft framework revised, awaiting stakeholder validation and approval
		Develop/review policy criteria and requirement for admission to universities in Kenya	Approved policy criteria for admission into universities	Draft Zero developed
		Collect, analyse and disseminate data on university education	Number of reports	Zero. 2019/2020 University data collected and analysed. The report to be uploaded on CUE's website
		Hold symposiums/ workshops/ conferences to promote sharing of research outputs	Number of symposiums/ workshops/ conferences to promote sharing of research outputs	One Research Symposium for CUE staff held  Preparation for the 4 <sup>th</sup> Biennial conference on Status of University Education in Kenya is ongoing
		Undertake research on topical issues on university education	Number of research undertaken	Zero. Research project on <i>Exploring the absorption of university graduates into formal employment in Kenya</i> is ongoing
Corporate Positioning	To Promote Corporate Image And Branding	Re-design the corporate website and continually update the website	Improved website functionality	Website re-designed and continuously updated
		Revise and Implement the Citizens Service Charter	Revised service charter	Service charter revised and cascaded and monitoring of the implementation of Service Charter done
Institutional Capacity	To Institutionalize use of ICT	Acquire and maintain ICT infrastructure	Number of ICT infrastructure acquired	30 New laptops, computers and other ICT equipment acquired
		Develop and implement an integrated Information Management System (IMS)	IMIS system developed	Automation of CUE processes completed
	To Enhance Human Resource Management	Develop and implement career progression guidelines	Career guideline developed	Guidelines submitted to SCAC, awaiting approval
		Recruit and place staff	Number of staff recruited	Zero. Internal staff placement done.
		Develop and implement training plan	Training plan developed	Training plan developed and 74% of staff trained
		Develop and implement	Succession	Draft policy developed

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<b>Key Result Areas</b>	<b>Strategic Objectives</b>	<b>Activities</b>	<b>Key Performance Indicators</b>	<b>Achievements</b>
		a succession management plan	management plan developed	
		Develop and implement mechanisms to promote culture change and organizational transformation	Develop change management and organizational transformation mechanisms developed	Recognition of long-service awards implemented
		Review and implement performance management framework	Reviewed performance management framework	Staff appraised
		Develop and implement rewards and sanction policy	Rewards and sanction policy developed	Draft policy developed
	To Enhance Resource Mobilization And Financial Management	Develop revenue collection strategy	Revenue collection strategy developed	Strategy developed and approved by Commission
		Develop program based budgeting	Programme based budget	Programme based budgeting to be effected through the IMIS
		Develop funding proposals	Funding Proposals submitted	3 funding proposals submitted. 1 funded, 2 awaiting response.
	To Enhance Institutional Planning	Develop and implement a 10 year master plan	Master plan developed	Requisition for services submitted to Supply Chain Management
		Mainstream internal quality assurance mechanisms	ISO certification	Commission has been ISO 9001:2015 certified since 2019
		Monitor and evaluate programme/projects and policies	Reports	16 PEBL quarterly reports submitted. 2 status reports on policies submitted

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**CORPORATE GOVERNANCE STATEMENT**

The Commission is responsible for the overall management of the organisation. The members of the Commission are committed to achieving the highest standards of good governance. In this regard, the members of the Commission and management have committed to work honestly and diligently and have put policies and strategies to ensure compliance with the law and highest standards of best practice in good governance and business ethics.

**Number of Commission meetings held and the attendance to those meetings by members**

The Commission holds quarterly meetings while special meetings are called when it is deemed necessary to do so.

The Commission held the following meetings during the year:

No.	Date	FULL BOARD MEMBERS IN ATTENDANCE
1	27/7/2021	Prof. Chacha Nyaiigotti-Chacha, Darius Mogaka Ogutu, John Mose, Lucy Muthoni Kambuni-SC, Prof. Anne W.T Muigai, Dr. Elizabeth Muli, Eng. David Onyango, HSC Prof. Mwenda Ntarangwi
2	11/10/2021	Prof. Chacha Nyaiigotti-Chacha, Darius Mogaka Ogutu, John Mose, Lucy Muthoni Kambuni-SC, Prof. Anne W.T Muigai, Dr. Elizabeth Muli, Eng. David Onyango, HSC Prof. Mwenda Ntarangwi
3	27/1/2022	Prof. Chacha Nyaiigotti-Chacha, Darius Mogaka Ogutu, John Mose, Lucy Muthoni Kambuni-SC, Prof. Anne W.T Muigai, Dr. Elizabeth Muli, Eng. David Onyango, HSC Prof. Mwenda Ntarangwi
4	05/05/2022	Prof. Chacha Nyaiigotti-Chacha, Darius Mogaka Ogutu, John Mose, Lucy Muthoni Kambuni-SC, Prof. Anne W.T Muigai, Dr. Elizabeth Muli, Eng. David Onyango, HSC Prof. Mwenda Ntarangwi
5	27/5/2022	Prof. Chacha Nyaiigotti-Chacha, Darius Mogaka Ogutu, John Mose, Lucy Muthoni Kambuni-SC, Prof. Anne W.T Muigai, Dr. Elizabeth Muli, Eng. David Onyango, HSC Prof. Mwenda Ntarangwi
6	27/6/2021	Prof. Chacha Nyaiigotti-Chacha, Darius Mogaka Ogutu, John Mose, Lucy Muthoni Kambuni-SC, Prof. Anne W.T Muigai, Dr. Elizabeth Muli, Eng. David Onyango, HSC Prof. Mwenda Ntarangwi
7	28/6/2021	Prof. Chacha Nyaiigotti-Chacha, Darius Mogaka Ogutu, John Mose, Lucy Muthoni Kambuni-SC, Prof. Anne W.T Muigai, Dr. Elizabeth Muli, Eng. David Onyango, HSC Prof. Mwenda Ntarangwi
		7 Meetings in total

# **Commission for University Education**

## **Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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### **Commission Charter**

The Commission Charter is critical to the Commission's governance framework, and offers guidance on matters including but not limited to the following; The separation of the roles, functions, responsibilities and powers of the Commission and its individual members; Powers delegated to the Commission committees; Matters reserved for final decision-making and approval by the Commission; Policies and practices of the commission on matters of corporate governance, commissioners' declarations and conflict of interest, conduct of commission and commission committee meetings; appointment, induction, ongoing training and performance evaluation of the commission and its committees.

The Charter is not a substitute or a replacement of any laws and regulations that govern the running of the Commission.

### **Commission Size, Composition, Appointment and Succession Plan**

The constitution of the Commission is as is stipulated by the University's Act in Section 6 and consists of seven members as follows:

A chairperson appointed by the President;

The Principal Secretary in the Ministry for the time being responsible for University Education;

The Principal Secretary in the Ministry for the time being responsible for National Treasury;

One person appointed by the Cabinet Secretary who is a distinguished academic scholar with at least ten years' experience in management of university education;

One person nominated by the Federation of Kenya Employers and appointed by the Cabinet Secretary;

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;

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 the Commission Secretary who shall be an *ex-officio* member.

The First Schedule stipulates the provisions as to the Conduct of the Business and Affairs of the Commission. The quorum for a meeting of the Commission is five (5) members. The Commission has the appropriate mix of skills, knowledge and experience to perform its role effectively.

The Commission has four (4) committees which are:

## **Commission for University Education**

### **Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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Human Resources Administration and Finance Committee,  
Strategy Committee,  
Quality Assurance Committee and  
Audit, Risk & Compliance Committee.

Each Committee has a formal and approved terms of reference. The Commission periodically reviews the terms of reference for each of these committees to ensure they are in line with current legislation and best practice. The Committees are provided with all necessary resources to enable them to undertake their duties effectively.

The Chairperson and Members of the Commission will hold office for a term not exceeding four years and shall be eligible for reappointment for one further term.

#### **Roles and Functions of the Commission**

The role and functions of the Commission is as prescribed under the Mwongozo Code of Governance and includes, among others, the following:

- Set and oversee overall strategy and approve policies for the organisation;
- Approve the organisational structure and budget of the organisation; and
- Ensure strategy is aligned with the organisation's mission, Vision and core values.

#### **Induction and Training**

Members undergo regular training and education to enable them fulfil their responsibilities. All Commission Members receive an induction upon joining. This provides an overview of the Commission, new developments in the environment in which the Commission operates, as well as any regulatory changes.

#### **Commission and Member Performance and Evaluation**

During the year, the Commission conducted a self-evaluation as provided for in law under the guidance of officials from the State Corporations Advisory Committee (SCAC). The evaluation provided members with an opportunity to interrogate their performance and point out issues that require the attention of both individual members and the commission as a whole.

# **Commission for University Education**

## **Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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### **Conflict of Interest**

The Universities Act in the First schedule stipulates that a member who has a direct or indirect interest in a matter being considered or to be considered by the Commission shall, as soon as the relevant facts regarding the matter come to knowledge of the member, disclose the nature of such interest, and shall not be present during any deliberations on the matter.

In addition, the Commission has a Conflict of Interest Policy that guides members in this matter.

### **Commission Remuneration**

Members are remunerated as per guidelines set out in the State Corporations Advisory Committee circulars, Salaries and Remuneration Commission and National Treasury directives in respect to sitting allowance, transport, airtime and accommodation costs.

### **Ethics and conduct as well as governance audit**

The Commission has approved policies which govern general conduct with persons interacting with the organisation; Human Resources Policies and Procedures Manual, CUE Code of Ethics, CUE Whistle Blowing Policy and CUE Conflict of Interest and Gift Policy.

The Commission governs the University consistent with its values of Professionalism, Integrity, teamwork, Accountability and Responsiveness all contributing to commitment with respect to transparency and high quality governance system.

### **The Commission and Committee Membership**

The Commission has four committees whose membership is as follows:

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

Eng. David Onyango -Chair Person  
Mr. John Mose-Representing PS National Treasury  
Dr. Elizabeth Muli  
Prof. Anne Muigai

#### **Quality Assurance Committee**

Prof. Anne Muigai- Chairperson  
Mr. Darius Mogaka-Representing-PS, MoE  
Mr. John Mose -Representing PS National Treasury  
Prof. Mike Kuria- CEO

**Commission for University Education**  
**Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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**Strategy Committee**

Dr. Elizabeth Muli-Chair Person  
Ms. Lucy Kambuni,SC  
Prof. Anne Muigai  
Eng. David Onyango  
Prof. Mike Kuria– CEO

**Human Resources & Finance Committee**

Ms. Lucy Kambuni ,SC- Chair Person  
Mr. John Mose - Representing PS National Treasury  
Mr. Darius Mogaka-Representing-PS, MoE  
Prof. Mike Kuria– CEO

**Number of Commission Meetings**

During the year the Commission held the following meetings  
Full Commission- 7 Regular meetings & 13 special meeting  
Audit, Risk and Compliance Committee - 4 meetings  
Quality Assurance Committee - 4 meetings  
Strategy Committee - 4 meetings  
Human Resources & Finance Committee - 6 meetings

**Independence of Commission 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

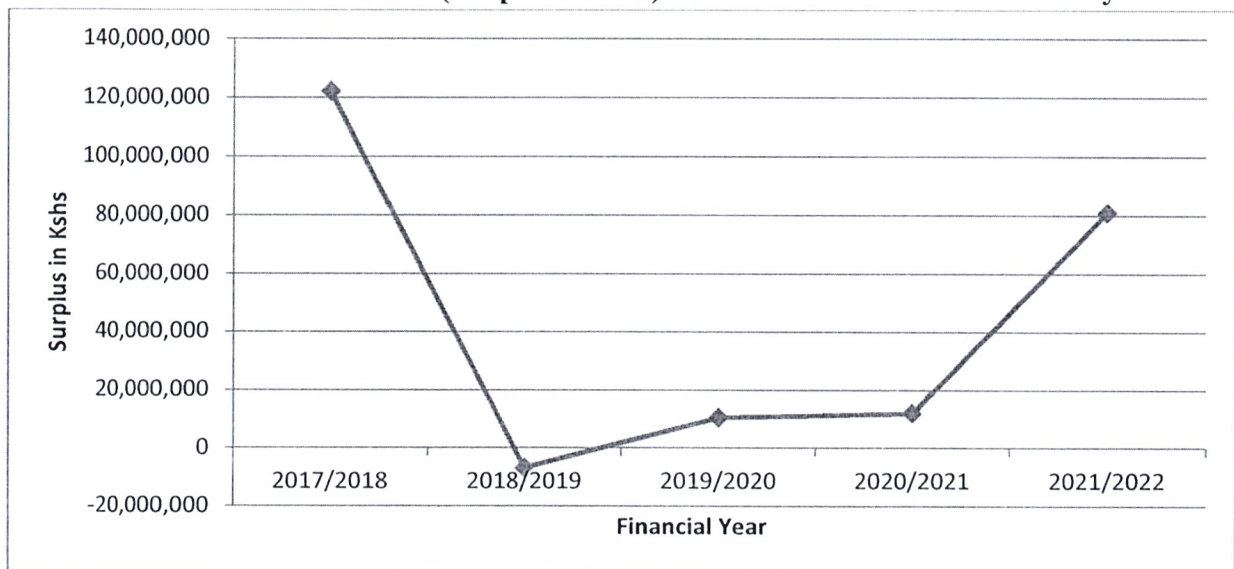
**Commission for University Education**  
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**MANAGEMENT DISCUSSION AND ANALYSIS**

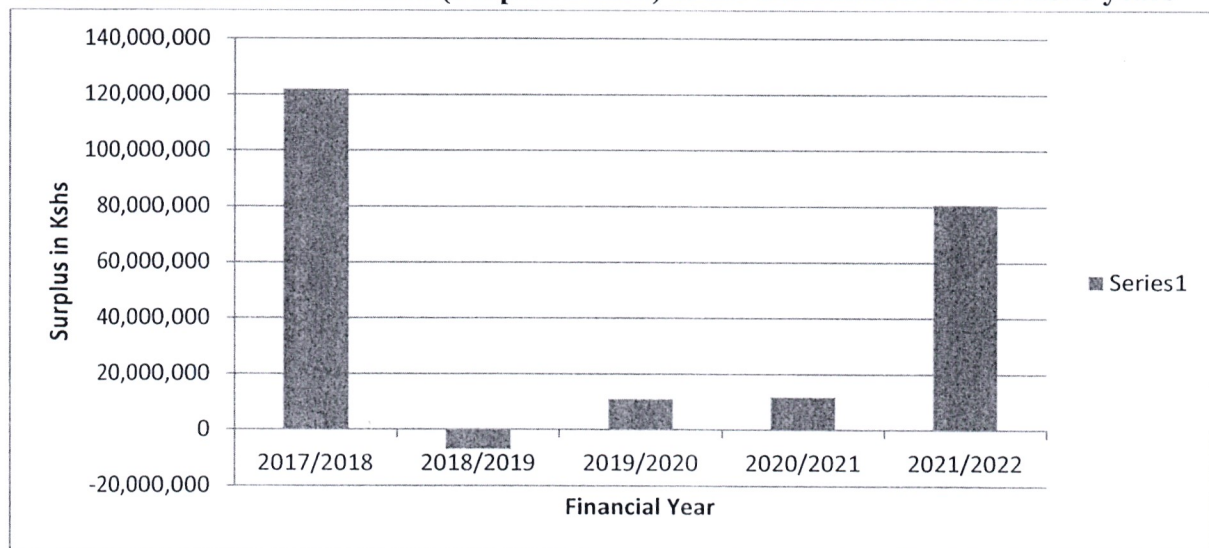
During the financial year, the Commission raised income of Kshs 426,393,745 against a budget of Kshs.393,050,487 resulting to 8% favourable variance while spending Kshs 346,270,911 against a budget of Kshs.393,050,487 resulting to 88% consumption of budget. The Commission recorded a surplus of Kshs 80,122,834.

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

**Table 1: Financial Performance (Surplus/Deficit) of the Commission for the last 5 years**



**Table 2: Financial Performance (Surplus/Deficit) of the Commission for the last 5 years**



## Commission for University Education Annual Report and Financial Statements for the Year Ended 30 June, 2022

During the five year period the performance recorded minimal surpluses except in the FY2021/22 where a surplus of Kshs 80 million was recorded attributable to non-replacement of staff who exited the Commission service and late approval of supplementary budget.

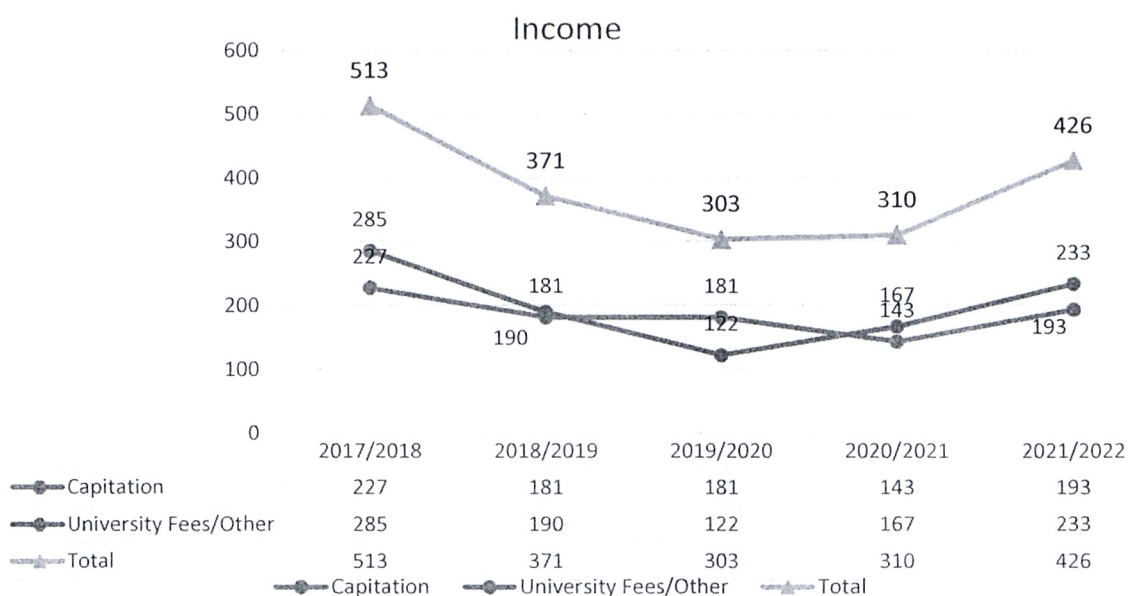
### Income

The Commission continued to raise its revenue as per gazetted charges and capitation from the government. The Commission collected 55% its revenue from A-I-A and 45% from government capitation.

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 among others. The Commission is in the process of finalising the reconciliation of the quality assurance charge so as to establish the amounts owed by the universities.

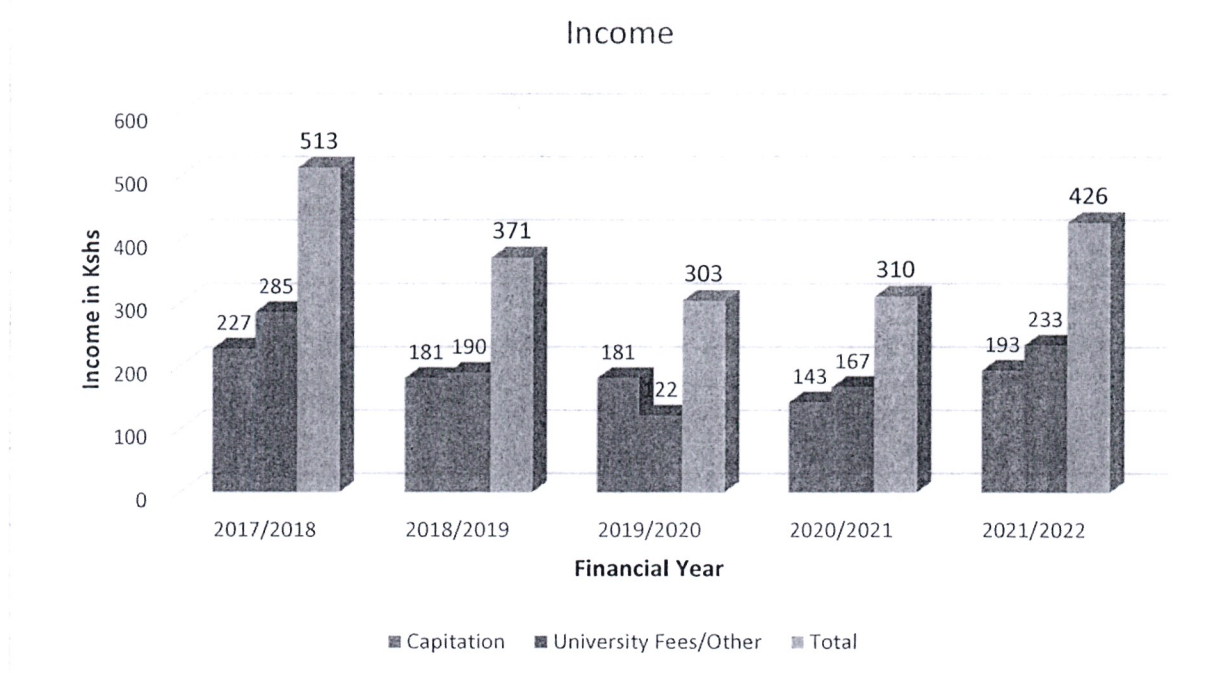
The Commission is currently pursuing the outstanding quality assurance charges debts which some universities have not yet cleared. As at the end of the financial year, the Commission was owed Kshs.1,032,348,350.

**Table 3: Revenue performance for the last 5 years (Ksh.Millions)**



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**Table 4: Revenue performance for the last 5 years (Ksh. Millions)**

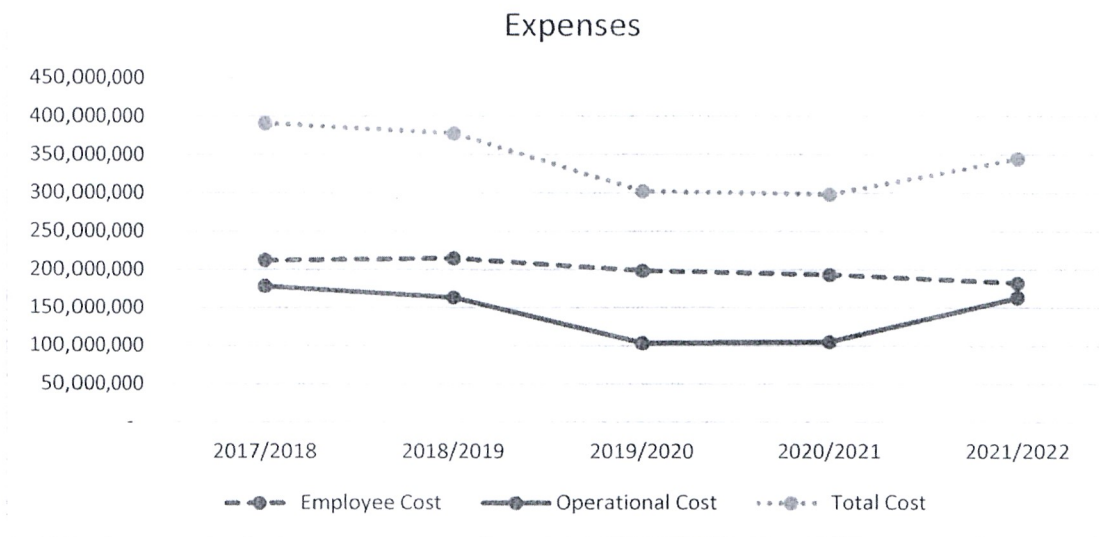


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**Expenses**

The Commission’s expenses are as illustrated in Table 5. Over the last 5 years the Commissions’ total expenses have reduced from Kshs.391 million in 2017/2018 to Kshs.346 million in 2021/2022

**Table 5: Expenses over the last 5 years**



The Commission will continue to steer the agenda of university education in Kenya to produce Manpower required to drive the Big 4 Agenda.

During the year the Commission continued implementing IMIS (Integrated Management Information System) which started in the financial year 2018/2019. All the phases are in various stages of implementation and the project expected to end on 15th July 2022 and thereafter the project will be under warrant for one year..

The Commission has an ERP system (Navision) being implemented from the beginning of financial 2018/2019 and the process is being carried out in three phases. All the phases are in various stages of implementation and the project ended on 15<sup>th</sup> July 2022 and the project is under warrant for one year.

**Statutory Requirements & Risks**

The Commission complied with statutory requirements with regard to deduction and remittance of PAYE, HELB, Withholding VAT, NHIF and NSSF.

The Commission’s activities are exposed to a number of risks that may hamper smooth operations. The Commission is faced with liquidity risk due to inability of universities to pay quality assurance charge which they collect from students on behalf of the Commission. In the recent past members of staff have exited service at the commission mostly by way of retirement and resignations and this

# **Commission for University Education**

## **Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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has created a big challenge in the performance of duties in various affected departments which in the long run will affect quality and efficiency. The risk needs to be addressed through replacement

### **University Education Sector review**

Commission for university Education is considered as a part of the University education Sub sector of the wider education Sector. In the University education Sub programme, it is set out to: expand access and participation in higher education; enhance equity and inclusion in University Education; enhance the quality and relevance of training and research; and strengthen governance and accountability in University Education. Overall, this program registered remarkable performance in access, quality and relevance of education, financing and governance with a majority of the targets being met in the year 2021/2022.

The number of universities remained at 74 in the period under review, comprising thirty-one (31) public chartered universities, seven (7) Public University Constituent Colleges, one (1) specialized degree awarding university (public) twenty-one (21) private chartered universities, eleven (11) universities operating with Letters of Interim Authority (LIA) and three (3) Private University Constituent colleges. Enrolment of students increased in both public and private universities from 542,005 in 2018/19 to 547,133 in 2019/20 and 566,042 in 2020/21. The numbers are projected to increase.

### **Review of the Economy, and future developments**

Under vision 2030, Kenya aims to increase annual GDP growth rates to an average of 10% over the vision 2030 horizon. In the last two financial years, 2019/2020 and 2020/2021 Kenya's GDP growth rate was greatly depressed. But in the current financial year, being the year the Government is weaning itself away from the Global crisis, it has come up with various measures to ensure the prior planned growth trajectory is maintained now and in the future. The Commission will spearhead the higher education agenda to ensure that universities contribute to the realization of the Vision 2030. The Commission will oversee six thrusts of the education and training sector: University expansion, increased access with particular emphasis on under-represented vulnerable groups, ensuring quality and relevance, promoting research and development, training and capacity building, and enhancement of linkages and partnerships.

# **Commission for University Education**

## **Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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### **Environmental & Sustainability Report**

The mandate of the Commission is to ensure maintenance of standards, quality and relevance in all aspects of university education, training and research. This is achieved through execution of the functions of the Commission as stipulated in section 5 (1) of the Act. These functions include: Promoting the objectives of university education; setting standards relevant to quality of university education; monitoring and evaluating the state of university education in relation to the national development goals; licensing student recruitment agencies; developing and advising on policy relating to university education; recognizing and equating foreign qualifications; inspecting and accrediting universities and programmes; and promoting quality research and innovation.

Through these functions, the Commission is guided to deliver on its strategy which is founded on six core values: Professionalism, Integrity, Equity, Teamwork, Accountability and Responsiveness. Here is a brief highlight of CUE's achievements in the following four sustainability pillars:

#### **i) Sustainability Strategy and Profile**

During the period under review, the Commission continued with the effective and efficient utilization of available resources.

The Commission also deployed resources in the implementation of Risk Management programmes, which ensures that risk management is effectively carried out by senior management with appropriate oversight. The implementation of business continuity programmes are continuous to ensure the Commission's sustainability.

#### **ii) Environmental performance**

The Commission embarked on the process of digitizing its work processes by setting up an intranet system, which has substantially reduced the use of paper-based processes.

In Addition, the Commission came up with initiatives to ensure that its environmental activities remain sustainable in the long run. This effort is demonstrated by policies relating to disposal of electronic waste, pooling of water dispenser units, sharing of printer services, preference to soft copies of documents as opposed to hard copies, just in time replenishment of store items (minimizes storage of large stocks), and printing on both sides of paper documents.

**Commission for University Education**  
**Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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**iii) Employee welfare**

The Commission has a clear HR policy, which subscribes to the tenets of Public Service Values and Principles in the recruitment of staff, as provided in Article 232 of the Constitution. Staff members are subjected to a fair performance appraisal system whose output, amongst other aspects, is the identification of areas of improvement and training. The Commission managed to build capacities for over 80 staff through trainings.

In the period under review, the Commission embarked on granting employees staff car loan and mortgage scheme loans as approved in the Staff Loan Scheme Manual. This commenced on 20<sup>th</sup> February 2020. It is worth noting that the Commission staff applied and successfully secured the loans.

**iv) Market place practices:-**

**a) Responsible competition practice**

- The Commission has contracted to undertake a Bribery and Corruption Risk Assessment, develop a Corruption Risk Mitigation Plan, implement measures emanating from the plan, Monitor, evaluate and review effectiveness of measures put in place and submit quarterly reports to EACC in the prescribed format to EACC.
- The Commission is responsive to the political environment especially on issues affecting amendments to the legal framework. Where issues have been raised in parliament, Commission through the Ministry of Education responds to the said issues.
- Commission as the only regulator of university education in Kenya, has no competitors. However, there has been cases of some other agencies purporting to offer services provided by the Commission. This has however been litigated in Court.
- The Commission for University Education (CUE) upholds fair competition by advertising for all the procurement opportunities to the prequalified suppliers if using RFQs and on its website and National Treasury Suppliers Portal for open tenders. This gives an opportunity for all eligible bidders to participate.
- CUE ensures that specifications for goods, works and services are not tailor made to any one product using brand names.

## **Commission for University Education**

### **Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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- All the details information from the bidders are handled with confidentiality in respect of the competitors rights.
- Evaluation criteria is always indicated in the bid document to enhance fairness and the tender evaluation is in compliance to the evaluation criteria.
- All bidders sign the form committing not to involve in any corruption as well as declaring their conflict of interest if any.

#### **b) Responsible supply chain and supplier relations**

- CUE honors all the terms of the contract with all bidders inclusive of the terms of payment. This is done through an inclusive inspection and acceptance process where both the contractor and the CUE Inspection Committee are involved.
- Suppliers are also encouraged to communicate to the Commission in writing on any deviations from the terms of contract and any proposed modifications. Negotiation meetings are held with the Suppliers where necessary.

#### **c) Responsible marketing and advertisement**

The Commission for University Education (CUE) is a government agency that is responsible for the quality assurance of universities in Kenya. In order to maintain ethical marketing practices within CUE and Universities, the University Regulator has developed Standards and Guidelines that all accredited universities must adhere to. By adhering to these guidelines, the Commission is able to ensure that all universities in Kenya are marketing themselves in an ethical and responsible manner. These guidelines are also in place to protect potential students from being taken advantage of or misled.

Any University that contravenes these provisions is subject to disciplinary action as per Section 30 (1) (f) of the University Act, 2012. The Commission's staff who may be involved in any form of unethical marketing practices is subject to the CUE's Code of Conduct.

The efforts to maintain ethical marketing practices within the Commission and beyond universities accredited by the Commission are outlined as follows:

- Ensure that all promotional materials disseminated to the public are accurate and truthful;
- Ensure that all adverts, communication advisories are approved by the Commission Secretary/CEO before they are released to external media or Public;
- Ensure marketing materials do not contain any false or misleading information;

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**Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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- Ensure promotional materials are not designed to prey on the fears or insecurities of potential students/ universities;
- Ensure promotional materials do not use language that is offensive or discriminatory;
- Children are not used on promotional materials;
- Marketing materials are not be used to promote unhealthy or dangerous behaviors or to promote illegal activities.
- Marketing materials are not used to promote products or services that are not approved by the Commission. For instance, all accredited student recruitment agencies that would wish to host higher education career fairs must seek license from the Commission prior to hosting such events;
- Marketing materials are not used to promote political or religious messages;
- Marketing materials are not used to promote the university in a way that is not factual or accurate;
- Ensuring that procurement opportunities are advertised through the National Suppliers Portal and the Commission Website. Advertisement for prequalification of suppliers are placed on local newspapers too.
- Holding sensitization of suppliers in the special groups' category on an annual basis.

**d) Product stewardship**

- In its efforts to ensure the provision of quality university education, CUE undertakes periodic accreditation of all university academic programmes. Through this rigorous and continuous process of self-evaluation and external peer review, CUE determines the standards of quality and relevance of university academic programmes, and assesses their compliance with those standards.
- Through the various regulatory instruments such as Standards and Guidelines for Quality Assurance in Universities (2015), CUE also stipulates the minimum requirements that universities should observe in their day-to-day operations, as well as the minimum academic and professional standards required of university staff.
- The Commission further spearheads the development and review of university academic programmes through the development of various policy documents and collaboration with other education sector agencies and stakeholders. To ensure that universities maintain the minimum standards required to offer university education, CUE regularly

**Commission for University Education**  
**Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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inspects the physical facilities and academic resources in universities. In this regard, the Commission has developed the minimum physical infrastructure standards for the establishment of university campuses and learning facilities.

- The Commission also plays a key role in providing linkages between universities and the world of work through research and innovation. Through research, Kenyan universities are able to contribute to the attainment of the country's development goals.
- Ensuring that the contractor/suppliers engaged are licensed by the relevant Government entities such as NCA, Food and Poisons Board, ICTA among others.
- During inspection, the Commission's Inspection and Acceptance Committee appointed by the CEO which comprises of the User department verifies supplier's compliance to the contract terms including certification of goods by the relevant Government entities such as KEBS.

**v. Corporate Social Responsibility/Community Engagements**

The Commission has consistently continued to give back to the community through its educational programmes and other programmes to transform lives. During the period under review, the Commission participated in the five higher education career fairs that were broadcasted live on national television. The Career fairs were organized by the Commission and our media Partners-Nation Media Group and Standard Group Limited.

The annual higher education career fair targets high school students and Form Four leavers seeking places in universities and tertiary colleges. The fair is also open to parents, guardians and teachers as well as career specialists and talent recruitment experts. The fairs were held in Mombasa, Kisumu, Nairobi and Nakuru County. The objective was to give guidance on career choices to high school students and all others seeking opportunities in higher education institutions. Managers of higher education institutions gave tips on career options, including where they are tenable, costs involved and job placement opportunities. They also talked about the capacity of the universities and colleges in terms of numbers and courses they offer. The Commission's participation in the fairs seeks to fill a void in the education system where school leavers are left on their own to make decisions on careers but without information and correct advice. The fair prepares Form Four candidates for selection of university and college courses. Students are better placed when they know the reason they are choosing particular courses or programmes, how long it takes to study it, the fees and the job prospects. Also, it rests on the ability of the student to pursue the course and

**Commission for University Education**  
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sustain interest in it. In 2021, there were 611,959 candidates who sat the Kenya Certificate of Secondary Education (KCSE), and 70,073 obtained grade C+, which is the minimum entry point to university. A total of 62,851 were selected to join the universities.

During the year ended June 2022, the Commission remained committed to its Corporate Social Responsibility (CSR) initiative of forest conservation by planting 6000 trees within the Commission offices and its environs. Additionally, the tree seedlings were also donated to staff to plant in their homes.

To motivate staff, the Commission initiated the Mortgage and Car loan in 2020 to improve the living and working condition of staff. The uptake of the loan schemes has increased in the past two years.

**Commission for University Education**  
**Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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**REPORT OF THE COMMISSIONERS**

The Commissioners submit their report together with the audited financial statements for the year ended June 30, 2022 which shows 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, 2022 are set out on page 1.

**Commissioners**

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

**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. During the financial year 2021/2022 the Commission has recorded a surplus of Kshs. 80,122,834, held in debtors as most universities have not settled their debts.

**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. Mike Kuria  
Commission Secretary  
Nairobi  
Date

# Commission for University Education

## Annual Report and Financial Statements for the Year Ended 30 June, 2022

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### 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 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, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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, 2022, 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 22<sup>nd</sup> September 2022 and signed on its behalf by:



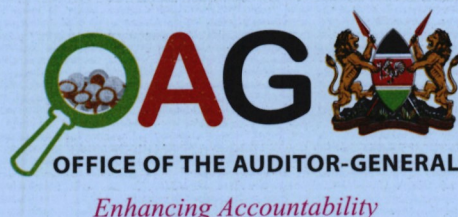
**PROF. CHACHA NYAIGOTTI-CHACHA**  
CHAIRMAN



**PROF. MIKE KURIA**  
COMMISSION SECRETARY

# REPUBLIC OF KENYA

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



**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, 2022**

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Commission for University Education set out on pages 1 to 42, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows, 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 matters 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, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act, 2012.

## **Basis for Qualified Opinion**

### **1.0 Inaccuracies in the Financial Statements**

#### **1.1 Variances Between the Financial Statements Balances and Notes**

The financial statements reflects ten (10) items which varies with amounts to the Notes as shown below:

<b>Component</b>	<b>Notes</b>	<b>Financial Statements (Kshs.)</b>	<b>Notes to the Financial Statements (Kshs.)</b>	<b>Variance (Kshs.)</b>
<b>Statement of Financial Performance</b>				
General Expenses	17	98,373,714	113,525,477	(15,151,763)
Repairs and Maintenance	15	1,537,770	748,478	789,292
Remuneration of Commissioners	13	14,386,024	12,309,974	2,076,050
Employee Costs	12	182,059,177	181,106,422	952,755
Water and Electricity	11	3,319,909	2,858,015	461,894
Rendering of Services	7	225,094,601	290,131,588	(65,036,987)
Rental Revenue from Facilities and Equipment	8	4,859,758	4,444,836	414,922
Other Income	10	753,199	5,749,827	(4,996,628)
<b>Statement of Financial Position</b>				
Property, Plant and Equipment	20&21	472,525,990	439,520,446	33,005,544
Intangible Assets	20&21	472,525,990	33,005,544	439,520,446

Further, review of the Notes to the financial statements revealed that, the Management included accrued adjustments amounts in respect of ten (10) and one (1) items as included in the statements of financial performance and financial position respectively were not supported by journals.

In the circumstances, the accuracy and completeness of the amounts in the statement of financial performance could not be confirmed.

## 1.2 Variances Between the Financial Balances and Comparative Balances

The statements of cash flows reflects nine (9) items which varies with 2020/2021 audited comparative balances as shown below:

Description	Amount in the 2020/2021 Audited Financial Statements (Kshs.)	Amount in the 2021/2022 Financial Statements (Kshs.)	Variance (Kshs.)
Rendering Services	161,779,176	168,153,154	(6,373,978)
Other Income	127,871	5,503,927	(5,576,056)
Total Receipts	353,156,092	321,802,286	31,353,806
Contracted Services	26,622,593	36,622,593	(10,000,000)
Total Payments	285,412,541	295,412,541	(10,000,000)
Net Cash Flows from Operating Activities	67,743,551	26,389,745	41,353,806
Increase in Non-Current Receivables	(52,135,962)	0	(52,135,962)
Increase in Payables	10,782,162	0	10,782,162
Net Cash Flows used in Investing Activities	(42,861,669)	(86,022,906)	43,161,237

In the circumstances, accuracy and completeness of the comparative balances in the statement of cash flows could not be confirmed.

## 1.3 Statement of Changes in Net Assets

The statement of changes in net assets reflects total net assets of an amount of Kshs.2,091,629,759 including accumulated surplus and revaluation reserve of the amounts of Kshs.1,598,406,412 and Kshs.295,773,623 respectively. However, review of the statement revealed that the accumulated surplus included prior year adjustments of an amount of Kshs.44,367,620 which was not supported with journal entries and other details explaining the nature of prior year adjustments as required by paragraph 54 of IPSAS 3. Further, included in the revaluation reserve is an amount of Kshs.22,350,000 in respect of revaluation of motor vehicles as disclosed in Note 20 to the financial statements for the year which was not supported with an appraisal of the value of an asset undertaken by a member of valuation profession as required by IPSAS17 paragraph 45. In addition, depreciation on revaluation of an amount of Kshs.10,136,081 was charged against an amount of Kshs.6,178,081 for the year as disclosed in Note 20 to the financial statements resulting to unreconciled and unexplained variance of Kshs.3,958,000.

In the circumstances, the accuracy and completeness of the amounts in the statement of changes in net assets could not be confirmed.

## 2.0 Unsupported Adjustments in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects amounts of Kshs.309,019,977, Kshs.84,030,494 and Kshs.393,050,487 in respect of original budget, adjustments and final budget respectively. However significant adjustments were noted on seven (7) items which were not supported with an approved revised budget estimates. See details of the adjustments in the table below:

Item	Original Budget (Kshs.)	Adjustments (Kshs.)	Final Budget (Kshs.)
Other Incomes	3,000,000	5,000,000	8,000,000
Rendering of Services	109,969,510	79,030,490	189,000,000
Water and Electricity	2,860,000	800,000	3,660,000
Employee Costs	202,260,000	17,030,487	219,290,487
General Expenses	67,650,000	51,900,000	119,550,000
Remuneration of Commissioners	10,950,000	3,300,000	14,250,000
Repairs and Maintenance	2,900,000	700,000	3,600,000
Contracted Services	9,400,000	13,300,000	19,700,000

In the circumstances, the accuracy and completeness of the amounts in the statement of comparison of budget and actual amounts could not be confirmed.

## 3.0 Unrecovered Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.1,038,137,359 which includes balances of Kshs.444,054,550 and Kshs.588,293,80 in respect of exchange receivables and exchange receivables long term respectively totalling to Kshs.1,032,348,350 and as disclosed in Note 19 to the financial statements. However, the balance of Kshs.1,032,348,350 relates to invoicing for quality assurance charges which has been outstanding for over eight (8) years. Further, included in the balance is accrued dues balance of Kshs.2,444,922 which further includes rental income balance of Kshs.1,830,000 due from National Biosafety Authority that has been outstanding since June, 2018. There is no evidence indicating that proper mechanism had been put in place to recover these long overdue debts. In additions, no provisions for doubtful debts have been made in the financial statements.

In the circumstances, the accuracy, recoverability and fair statement of receivables from exchange transactions balance of Kshs.1,038,137,359 could not be confirmed.

## 4.0 Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.439,520,446 and as disclosed in Note 20 to the financial statements. However, the property, plant and equipment balance include land and building that have been carried at revalued amounts of Kshs.314,000,000 and Kshs.168,550,821 respectively with the last revaluation having been done in 2010. Further, the Commission's accounting policy does not support revaluation model of accounting for assets. The property, plant and equipment balance also includes balance of Kshs.16,762,500 in respect of motor vehicle which were revalued and disposed/transferred at balance of Kshs.22,350,000 and

Kshs.42,615,878 respectively. The revaluation did not include three vehicles contrary to Paragraph 51 of IPSAS 17 which requires the entire class to be revalued. In addition, disposals/transfers during the year was not supported with Disposal Committee and relevant expert technical report as required by Section 164 of the Public Procurement and Assets Disposal Act, 2015.

In the circumstances, the accuracy, valuation and fair statement of the property, plant and equipment balance of Kshs.439,520,446 could not be confirmed.

## **5.0 Unsupported Mortgage and Car Loan Deposit**

The statement of financial position reflects mortgage and car loan deposit of Kshs.84,515,037 and as disclosed in Note 23 to the financial statements. However, review of the bank statements of the Commission for University Education Car Loan and Mortgage Scheme account revealed that the Scheme had a revolving fund of Kshs.87,067,296 resulting to unreconciled and unexplained variance balance of Kshs.2,552,259. Further, no supporting documents have been provided to support creation and operation of the mortgage and car loan Scheme by the Commission. In addition, details of loans issued by the Scheme, interest earned if any were not provided for audit review. The Management did not also provide any approved regulations governing the operations of the Scheme justifying the transfer of the amount to deposit account.

In the circumstances, the accuracy and regularity of the mortgage and car loan deposit of Kshs.84,515,037 could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Matter**

### **1.0 Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.393,050,487 and Kshs.346,270,911 respectively resulting to an under-absorption of Kshs.46,779,576 or 12% of the budget.

The under absorption of the available funds affected the planned activities and may have impacted negatively on service delivery to the public.

## **2.0 Unresolved Prior Year Matters**

Prior year audit issues remained unresolved as at 30 June, 2022. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues disclosed under the progress on follow up of auditor's recommendations section of the financial statements do not relate to the issues raised in the audited financial statements for the year 2020/2021 as required by the Public Sector Accounting Standards Board template and The National Treasury's Circular Ref: AG/4/16/3/Vol.3(66) dated 6 July, 2022.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1.0 Non-Compliance with the Public Sector Accounting Standards Board Requirement on Presentation of the Financial Statements**

The Commission submitted the financial statements for audit during the year under review. However, several pages were left blank resulting to wastage of printing papers. The statements of the preamble information are not numbered, not dated and some sections not customized in line with the commission details. Further, the report on the implementation status of the Auditor-General's recommendations is not dated as required by the prescribed reporting template. In addition, Note 11 and 13 to the financial statements reflects use of goods and services and remuneration of Commissioners respectively which is at variance with the statement of financial performance and cash flows reflecting the components as water and electricity and Board expenses.

In the circumstances, the financial statements provided for the audit review are not in line with the requirements and guidelines of the the Public Sector Accounting Standards Board (PSASB) approved template.

#### **2.0 Non-Remission of Surplus to the Consolidated Fund**

Review of comparative amounts and balances revealed that the Commission had a surplus of Kshs.80,122,834. However, Management had not remitted ninety per cent of its surplus funds equivalent to Kshs.72,110,550 in compliance with Regulation 219 (2) of the Public Finance Management (National Government) Regulations, 2015.

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

#### **3.0 Non-Compliance with Ethnic Composition Provisions**

Available records at the human resource department indicate that a dominant ethnic community constituted 35 % (consisting of twenty-nine (29) employees in permanent and pensionable terms). The Commission had contravened Section 7(2) of the National

Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

#### **4.0 Procurement of Integrated Management Information System**

As previously reported, the Commission engaged a company for the provision of Integrated Management Information System at a contractual sum of Kshs.45,760,840 inclusive of VAT with a commencement date of 19 October, 2018. The contract document provides for the duration of various planned activities and one-year support period. A total of Kshs.30,566,000 had been paid to the contractor as at the time of audit. However, there was no expected date of completion in the contract and the Committee for the implementation formed did not prepare reports as prescribed by Regulation 137 of the Public Procurement and Assets Disposal Regulations, 2020. The contract implementation documents were not complete, up to date and key milestones were not achieved as required by the contract agreement. Certificates of acceptance, progress reports and sign-off reports for the deliverables achieved were not provided to the audit.

Further, the revised project plan which was necessitated by the extension of work through circular reference CUE/10/7/VOL.13/8 was not provided for audit review thus raising doubt as to whether they were actually prepared after the extension of the contract period.

In the circumstances, value for money has not been realized from the project.

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

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 controls, 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 the Board of Directors**

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 controls, risk management and overall governance.

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

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

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

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

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

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

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

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

the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of 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 controls.
- 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the 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 controls that are identified during the audit.

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

29 May, 2023


**Commission for University Education**  
**Annual Report and Financial Statements for the Year Ended 30 June, 2022**

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from governments	6	193,050,487	143,050,487
		<b>193,050,487</b>	<b>143,050,487</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	7	225,094,601	161,779,175
Rental revenue from facilities and equipment	8	4,859,758	2,734,440
Finance income - external investments	9	2,635,700	2,360,378
Other income	10	753,199	127,871
Total Revenue from exchange transactions		<b>233,343,258</b>	<b>167,001,864</b>
<b>Total revenue</b>		<b>426,393,745</b>	<b>310,052,351</b>
<b>Expenses</b>			
water & electricity	11	3,319,909	2,766,409
Employee costs	12	182,059,177	193,115,329
Remuneration of Commissioners	13	14,386,024	5,544,258
Depreciation and amortization expense	14	9,040,618	12,760,791
Repairs and maintenance	15	1,537,770	3,718,294
Contracted services	16	37,553,699	26,622,593
General expenses	17	98,373,714	53,645,658
<b>Total expenses</b>		<b>346,270,911</b>	<b>298,173,332</b>
<b>Surplus/( deficit) for the period</b>		<b>80,122,834</b>	<b>11,879,019</b>

The notes set out on pages 7 to 46 form an integral part of these Financial Statements

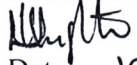
Commission Secretary/CEO  
 Prof. Mike Kuria

  
 Date: 19/04/23

Head of Finance

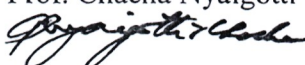
Linah Kiptoo

ICPAK Member No: 4426

  
 Date: 19/4/2023

Chairman of the Commission

Prof. Chacha Nyaigotti Chacha

  
 Date: 19/4/2023

**Commission for University Education**  
**Annual Report and Financial Statements for the Year Ended 30 June, 2022**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	568,980,095	431,708,635
Receivables from exchange transactions	19	1,038,137,359	1,057,929,772
<b>Sub- Total Current Assets</b>		<b>1,607,117,454</b>	<b>1,489,638,407</b>
<b>Non-current assets</b>			
Mortgage & Car Loan Deposit	23	84,515,037	84,515,037
Property, plant and equipment	20&21	472,525,990	440,931,781
<b>Sub- Total Non-current assets</b>		<b>557,041,027</b>	<b>525,446,818</b>
<b>Total assets</b>		<b>2,164,158,481</b>	<b>2,015,085,225</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	27	72,528,722	60,159,839
Tax payable and Provisions		-	-
<b>Total liabilities</b>	27	<b>72,528,722</b>	<b>60,159,839</b>
<b>Net assets</b>		<b>2,091,629,759</b>	<b>1,954,925,386</b>
Accumulated surplus	25	1,598,406,412	1,473,915,958
Revaluation Reserves	24	295,773,623	283,559,704
Capital Funds	26	197,449,724	197,449,724
<b>Total net assets and liabilities</b>		<b>2,091,629,759</b>	<b>1,954,925,386</b>


The Financial Statements set out on pages 1 to 46 include notes were signed on behalf of the Commissioners by:



Commission Secretary/CEO  
Prof. Mike Kuria



Head of Finance  
Linah Kiptoo  
ICPAK Member No: 4426



Chairman of the Commission  
Prof. Chacha Nyaigotti Chacha

Date.....19/04/23

Date...19/4/2023

Date...19/4/2023

**Commission for University Education**  
**Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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

	Notes	Capital Funds	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs	Kshs
<b>Balance as at 1 July 2021</b>		<b>197,449,724</b>	<b>286,337,785</b>	<b>1,418,933,199</b>	<b>1,902,720,708</b>
Surplus/(Deficit) for the period	25			11,879,019	11,879,019
Prior Year Adjustment	25			43,103,740	43,103,740
Depreciation on revaluation					
<b>Balance as at 30 June 2021</b>		<b>197,449,724</b>	<b>283,559,704</b>	<b>1,473,915,958</b>	<b>1,954,925,386</b>
<b>Balance as at 1 July 2021</b>		<b>197,449,724</b>	<b>283,559,704</b>	<b>1,473,915,958</b>	<b>1,954,925,386</b>
Surplus/(Deficit) for the period	25			80,122,834	80,122,834
Prior Year Adjustment	25			44,367,620	44,367,620
Revaluation	24		22,350,000		22,350,000
Depreciation on revaluation	24		-10,136,081		-10,136,081
<b>Balance as at 30 June 2022</b>	<b>25</b>	<b>197,449,724</b>	<b>295,773,623</b>	<b>1,598,406,412</b>	<b>2,091,629,759</b>

**Commission for University Education**  
**Annual Report and Financial Statements for the Year Ended 30 June, 2022**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

		2021-2022	2020-2021
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	193,050,487	143,050,487
Rendering of services	7	290,131,588	168,153,954
Rental revenue from facilities and equipment	8	4,444,836	2,734,440
Finance income	9	2,635,700	2,360,378
Other income	10	5,749,827	5,503,027
<b>Total receipts</b>		<b>496,012,438</b>	<b>321,802,286</b>
<b>Payments</b>			
Use of goods and services	11	2,858,015	2,766,409
Employee costs	12	181,106,422	193,115,329
Board Expenses	13	12,309,974	5,544,258
Repairs and maintenance	15	748,478	3,718,294
Contracted services	16	24,817,566	36,622,593
General expenses	17	113,525,477	53,645,658
<b>Total payments</b>		<b>335,365,931</b>	<b>295,412,541</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>160,646,507</b>	<b>26,389,745</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	20	-23,689,137	-1,507,869
Proceeds from sale of PPE	20	314,090	
Purchase of investments			
Transfer to Family Bank			-84,515,037
<b>Net cash flows from/(used in) investing activities</b>		<b>-23,375,047</b>	<b>-86,022,906</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>			
		<b>137,271,460</b>	<b>-59,633,161</b>
Cash and cash equivalents at 1 July	18	431,708,635	491,341,796
<b>Cash and cash equivalents at 30 June</b>	18	<b>568,980,095</b>	<b>431,708,635</b>

The financial statements set out on pages 1 to 46 were signed on behalf of the Members of Commission by

Commission Secretary/CEO  
Prof. Mike Kuria

Sign:

Date: 19/4/23

Head of Finance

Linah Kiptoo  
ICPAK Member No: 4426

Date: 19/4/2023

Chairman of the Commission

Prof. Chacha Nyaigotti Chacha

Date: 19/4/2023

**Commission for University Education**  
**Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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

	Original budget 2021-2022	Adjustments 2021-2022	Final budget 2021-2022	Actual on comparable basis 2021-2022	Performance difference 2021-2022	Percentage Utilization
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Government grants and subsidies	193,050,487	-	193,050,487	193,050,487	-	100%
Other Incomes	3,000,000	5,000,000	8,000,000	5,612,957	2,387,043	70%
Rendering of services	109,969,510	79,030,490	189,000,000	225,094,601	- 36,094,601	119%
Finance Income	3,000,000	-	3,000,000	2,635,700	364,300	88%
<b>Total income</b>	<b>309,019,997</b>	<b>84,030,490</b>	<b>393,050,487</b>	<b>426,393,745</b>	<b>-33,343,258</b>	
<b>Expenses</b>						
Water & Electricity	2,860,000	800,000	3,660,000	3,319,909	340,091	91%
Employee costs	202,260,000	17,030,487	219,290,487	182,059,177	37,231,310	83%
Remuneration of Commissioners	10,950,000	3,300,000	14,250,000	14,386,024	-136,024	101%
Depreciation and amortization expense	13,000,000	-	13,000,000	9,040,618	3,959,382	70%
Repairs and maintenance	2,900,000	700,000	3,600,000	1,537,770	2,062,230	43%
Contracted services	9,400,000	13,300,000	19,700,000	37,553,699	-17,853,699	191%
General expenses	67,650,000	51,900,000	119,550,000	98,373,714	21,176,286	82%
<b>Total expenses</b>	<b>309,020,000</b>	<b>84,030,487</b>	<b>393,050,487</b>	<b>346,270,911</b>	<b>46,779,576</b>	
<b>Surplus/ (deficit) for the period</b>				<b>80,122,834</b>	<b>-80,122,834</b>	
<b>Capital expenditure</b>	<b>52,050,000</b>	<b>-</b>	<b>52,050,000</b>	<b>28,420,910</b>	<b>23,629,090</b>	<b>55%</b>

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**Budget Notes**

The Commission received the approval of revision of A-i-A vide a letter from Ministry of Education, State Department for University Education and Research referenced MOE/11/14/39 dated 18<sup>th</sup> May 2022 following an appeal.

Explanation on 10% over/under differences between actual and budgeted amounts

- Other Incomes (70%): Budgeted income on administrative fees from projects was not realized.
- Rendering of services (119%): Data received from universities were higher than anticipated therefore the Commission raised more than anticipated
- Finance Income (88%): interest rate was not favourable
- Employee costs (83%): Vacant positions were not filled as the approvals took longer
- Depreciation and amortization expense (70%): We anticipated to amortize the software however the implementation of the system took longer than anticipated.
- Repairs and maintenance (43%): The service provider identified in identifying the repair did not complete the process
- Contracted services (191%): More programmes were received therefore necessitating more resource persons to be engaged and also more quality audits were undertaken
- General expenses (82%): Activities planned for were not undertaken as the budget approval was received in May 2022 therefore there was a challenge in procuring
- Capital expenditure (55%): conceptualization of research activity was not completed on time

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**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Commission is established by and derives its authority and accountability from Universities Act, 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 financial Statements have been prepared in accordance with IPSAS accrual.

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

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

The financial statements have been prepared in accordance with the PFM Act (2012), the State Corporations Act(2015), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

Standard	Effective Date and Impact
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</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. 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><i>(The Standard has no impact at the Commission)</i></p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p>

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Standard	Effective Date and Impact
	<p>(b) The key features of the operation of those social benefit schemes; and  (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>(The Standard has no impact at the Commission)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(The Standard has no impact at the Commission)</i></p>
<p>Other improvements to IPSAS</p>	<p><i>Applicable 1<sup>st</sup> January 2023</i></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><i>(The Standard has no impact at the Commission)</i></p>

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Standard	Effective Date and Impact
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The Standard has no impact at the Commission</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The Standard has no impact at the Commission</i></p>

*i. Early adoption of standards*

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

**Commission for University Education**  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

**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

**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.

***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.

**Commission for University Education**  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

*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 2021-2022 was approved by the National Assembly on through letter from Ministry of Education dated 28th July 2021 reference MOE/11/9(67). Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Commission upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Commission recorded additional appropriations of Kshs 84,030,490 on the 2021-2022 budget following the governing body's approval.

The Commission's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 of these financial statements.

**c) Taxes**

*Current income tax*

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

**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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

*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.

*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.

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

**Summary of significant accounting policies, accounting policies on reserves, revaluation reserves, and intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

**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.

**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.

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

**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 Deputy Commission Secretaries.

**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.

**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, 2022.

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

**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%
Software	30%
Intangible asset	30%
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.

**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

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

**Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the 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

**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 in court.

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

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

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount recognised in capital fund.	Total grant income during the year	2021-2022	2020-2021
		KShs	KShs	Kshs	KShs
MOE Ministry/State Department of University Education	193,050,487	-	193,050,487		143,050,487
<b>Total</b>	193,050,487	-	193,050,487		143,050,487

**7. RENDERING OF SERVICES**

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

Description	2021-2022	2020-2021
	Kshs	KShs
Quality Assurance Charge	126,649,567	124,889,000
Equation of Qualification	17,588,854	10,328,926
Programme Evaluation	64,597,412	17,600,000
Inspection Fees	8,999,940	6,000,000
Student Recruitment Agencies	2,998,828	2,556,250
Establishment Fees	4,260,000	405,000
<b>Total revenue from the rendering of services-Accrual</b>	<b>225,094,601</b>	<b>161,779,176</b>
Accrual Adjustment	65,036,987	6,374,778
<b>Total Cash Received</b>	<b>290,131,588</b>	<b>168,153,954</b>

The Commission received more programmes for accreditation and more universities paid for the regular quality audits.

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

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

The Commission Rents out space to other parties

Description	2021-2022	2020-2021
	KShs	KShs
Rent from leasing premise-Accrual	4,859,758	2,734,440
Accrual Adjustment	(414,922)	
<b>Total Cash Received</b>	<b>4,444,836</b>	<b>2,734,440</b>

**9. FINANCE INCOME**

Description	2021-2022	2020-2021
	KShs	KShs
Current Account Interest	2,635,700	2,360,378

Interest from the balance held in our current account

**10. OTHER INCOME**

Description	2021-2022	2020-2021
	KShs	KShs
Miscellaneous	221,076	127,871
Disposal	532,123	
<b>Total other income</b>	<b>753,199</b>	<b>127,871</b>
Accrual Adjustment	4,996,628	5,375,156
<b>Total Cash Received</b>	<b>5,749,827</b>	<b>5,503,027</b>

The income was earned through administrative fee on project undertaken and sale of scrap materials  
 Receipt

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. USE OF GOODS AND SERVICES

Description	2021-2022	2020-2021
	KShs	KShs
Electricity	3,261,520	2,525,361
Water	58,389	241,048
<b>Total good and services</b>	<b>3,319,909</b>	<b>2,766,409</b>
Accrual Adjustment	461,894	-
<b>Total Cash Paid</b>	<b>2,858,015</b>	<b>2,766,409</b>

12. EMPLOYEE COSTS

	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	91,743,996	94,910,875
contributions to pensions	17,223,322	18,540,395
Gratuity	1,882,320	1,882,320
Transport Allowance	12,554,819	14,697,869
Housing benefits and allowances	34,981,096	38,725,201
Medical Expense	17,156,714	16,999,102
Other Allowances- Leave/Entertainment	6,516,910	7,359,567
<b>Employee costs</b>	<b>182,059,177</b>	<b>193,115,329</b>
Accrual Adjustment	(952,755)	-
<b>Total Cash Paid</b>	<b>181,106,422</b>	<b>193,115,329</b>

Some staff members exited the service of the Commission during the year

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. REMUNERATION OF COMMISSIONERS

Description	2021-2022	2020-2021
	KShs	KShs
Chairman's Honoraria	960,000	847,398
Commission sitting Allowance	7,240,000	3,060,000
Mileage allowances	237,972	106,009
Lunch Allowance	82,000	74,000
Air Tickets	564,535	145,160
DSA- (Commission Accommodation)	2,966,600	418,600
Telephone/Internet	59,121	298,410
Medical Insurance	720,356	434,681
Training	1,555,440	160,000
<b>Total director emoluments</b>	<b>14,386,024</b>	<b>5,544,258</b>
Accrual Adjustment	(2,076,050)	-
<b>Total Cash Paid</b>	<b>12,309,024</b>	<b>5,544,258</b>

The Commission held more meetings to review the Universities Regulations and Universities Standards & Guidelines. During the year the commission also considered several policy documents which include Finance policy and Regulations, HR policy documents which include career guidelines, staff establishment, HR Policy and organisation structure among others. Several meetings were also held to deal with emerging election issues. Mid-term review of the strategic plan was also undertaken.

14. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	9,040,618	12,760,791
<b>Total depreciation and amortization</b>	<b>9,040,618</b>	<b>12,760,791</b>

Commission for University Education  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. REPAIRS AND MAINTENANCE

Description	2021-2022	2020-2021
	KShs	KShs
Property	776,420	2,546,954
Equipment	761,350	1,171,340
<b>Total repairs and maintenance</b>	<b>1,537,770</b>	<b>3,718,294</b>
Accrual Adjustment	789,292	-
<b>Total Cash Paid</b>	<b>748,478</b>	<b>3,718,294</b>

16. CONTRACTED SERVICES

Description	2021-2022	2020-2021
	KShs	Kshs
Resource Persons	29,253,914	13,894,076
Professional fees	8,299,785	12,728,517
<b>Total contracted services</b>	<b>37,553,699</b>	<b>26,622,593</b>
Accrual Adjustment	12,736,133	10,000,000
<b>Total Cash Paid</b>	<b>37,553,699</b>	<b>36,622,593</b>

During the year the Commission undertook more activities on programme accreditation especially site inspections which had been put in abeyance following the Covid restrictions and also quality audit was undertaken on 13 universities following reopening of universities.

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

**17. GENERAL EXPENSES**

Description	2021-2022	2020-2021
	KShs	KShs
Travelling & accommodation	54,055,057	22,094,945
Transport & Generator operating costs	7,634,764	5,012,308
Audit fees	1,010,000	1,000,000
Conferences and Seminars	12,418,017	2,340,170
Insurance(Property& staff)	2,849,023	2,131,682
Advertising	3,239,989	366,559
Library Expense	670,000	423,780
Hiring charges	304,460	437,189
Postage	181,107	135,915
Printing, photocopying & stationery	1,146,530	1,889,276
Office expenses	2,644,679	2,705,027
Rent & Rates	217,750	217,750
Telephone & Internet	5,654,034	6,976,719
Training (staff Development)	4,685,944	7,236,541
Bank Charges	272,640	213,468
Subscription	869,720	464,330
Retirement	520,000	
<b>Total general expenses</b>	<b>98,373,714</b>	<b>53,645,658</b>
Accrual Adjustment	15,151,763	-
<b>Total Cash Paid</b>	<b>113,525,477</b>	<b>53,645,658</b>

During the year the Commission undertook more activities towards quality assurance: in programme accreditation by accrediting 132 new programmes and 122 re-evaluations, institutional quality audit was undertaken on 13 universities, accreditation reports for 8 universities were prepared, 4 campuses and 6 ODEL centres were inspected. Capacity building was also undertaken on staff in the implementation of IMIS.

**Commission for University Education**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**18. CASH AND CASH EQUIVALENTS**

Description	2021-2022	2020-2021
	KShs	KShs
Main Account-KCB A/C No. 1108031625	568,980,096	431,683,078
Petty Cash	-	25,557
<b>Total cash and cash equivalents</b>	<b>568,980,095</b>	<b>431,708,635</b>
Receipts	431,708,635	491,341,796

**19. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Current receivables</b>		
Staff Debtors/ Imprest	72,070	-
Prepayments	3,272,017	3,341,604
Exchange Receivables	444,054,550	1,052,758,168
Exchange Receivables(Long Term)	588,293,800	
Accrued Dues	2,444,922	1,830,000
<b>Total current receivables</b>	<b>1,038,137,359</b>	<b>1,057,929,772</b>

*Exchange receivables relate to invoicing of quality assurance charges from FY2014/2015 to date , the Commission has a challenge in collecting the receivables as Universities are facing cashflow problem.*

*A provision of Kshs 1,450,000 was made in previous financial years for unpaid Loresho rent, the matter is in court*

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

**20. PROPERTY, PLANT AND EQUIPMENT**

	land	Buildings	Furniture and fittings	Equipment	Motor vehicles	Computers	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2020	49,380,000	144,927,570	29,403,016	15,825,906	47,815,878	34,219,897	321,572,267
Revaluations-2009/2010	264,620,000	23,623,251	-	-	-	-	288,243,251
Additions	-	-	-	-	-	1,507,869	1,507,869
At 30 <sup>th</sup> June 2021	314,000,000	168,550,821	29,403,016	15,825,906	47,815,878	35,727,766	611,323,387
Additions	-	-	988,530	523,256	-	-	1,511,786
Disposal/A dj/Transfer	-	-	-	-	42,615,878	-	42,615,878
Revaluation	-	-	-	-	22,350,000	-	22,350,000
At 30 <sup>th</sup> June 2022	314,000,000	168,550,821	30,391,546	16,349,162	27,550,000	35,727,766	592,569,295
Depreciation							
At 1 July 2020	-	58,171,594	21,959,390	12,966,874	38,200,476	31,285,881	162,584,215
Depreciation	-	3,623,189	2,245,962	678,912	3,469,900	2,493,578	12,511,541
Disposal	-	-	-	-	-	-	-
Depreciation on Revaluation	-	590,581	-	-	2,187,500	-	2,778,081
At 30 June 2021	-	62,385,364	24,205,352	13,645,786	43,857,876	33,779,459	177,873,837
Depreciation	-	3,623,189	1,951,643	744,319	-	1,335,660	7,654,811
Disposal/A dj/Transfer	-	-	-	-	38,657,876	-	38,657,876
Depreciation on Revaluation	-	590,581	-	-	5,587,500	-	6,178,081
At 30 <sup>th</sup> June 2022	-	66,599,134	26,156,995	14,390,105	10,787,500	35,115,119	153,048,853
Net book values							
At 30 <sup>th</sup> June 2022	314,000,000	101,951,687	4,234,551	1,959,057	16,762,500	612,647	439,520,446
At 30 <sup>th</sup> June 2021	314,000,000	106,165,457	5,197,664	2,180,120	3,958,002	1,948,307	433,449,554

During the year the Commission disposed a motor vehicle KAT 584X for Kshs 314,090 vide receipt number 29445.

Fully depreciated assets are: Computers Kshs 32,124, 741, Furniture & Fittings Kshs 14,778,399 and Equipment Kshs 10,394,614

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21. INTANGIBLE ASSETS

NOTES TO THE FINANCIAL STATEMENTS FY2021/2022(Continued)

	Intangible Assets	WIP	Total
Cost	Kshs	Kshs	Kshs
At 1 July 2020	8,273,015	7,447,200	15,720,215
Additions			
At 30 <sup>th</sup> June 2021	8,273,015	7,447,200	15,720,215
Additions	3,790,324.00	23,118,800	26,909,124
Disposal/Adj/Transfer			
Revaluation			
At 30 <sup>th</sup> June 2022	12,063,339	30,566,000	42,629,339
Depreciation			-
At 1 July 2020	7,988,738		7,988,738
Depreciation	249,250		249,250
Disposal			
Depreciation on Revaluation			
At 30 June 2021	8,237,988	-	8,237,988
Depreciation	1,385,807		1,385,807
Disposal/Adj/Transfer			
Depreciation on Revaluation			
At 30 <sup>th</sup> June 2022	9,623,795	-	9,623,795
Net book values			
At 30 <sup>th</sup> June 2022	2,439,544	30,566,000	33,005,544
At 30 <sup>th</sup> June 2021	35,027	7,447,200	7,482,227

Work in progress relates to implementation of IMIS system which is expected to end in July 2022

**Commission for University Education**  
**Annual Report and Financial Statements for the Year Ended 30 June, 2022**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. FAMILY BANK MORTGAGE ACCOUNT

Description	2021-2022	2020-2021
	KShs	KShs
Family Bank – Westlands Branch	-	84,515,037
<b>Total</b>	<b>84,515,037</b>	<b>84,515,037</b>

Receipts -84,515,037

24. REVALUATION RESERVES

	2021-2022	2020-2021
	Kshs	Kshs
Balance B/F	283,559,704	286,337,785
Depreciation	(6,178,081)	(2,778,081)
Revaluations	18,392,000	-
Balance C/F	<u>295,773,623</u>	<u>283,559,704</u>

An amount of Ksh. 295,773,623 represents the balances after revaluation of various assets. These have been the balances as from 31st April 2011 and additional revaluation on motor vehicles. The following are the classes of assets that were revalued:

- i) Land
- ii) Buildings
- iii) Motor vehicles
- iv) Furniture and Fittings
- v) Equipment

Kshs 22,350,000 represents the revaluation of motor vehicle as follows:

KAT 704X	KBR 764U	KBJ 021U	KBL 623G	KCE 183D	KCD 372G	KCE 613D	KCE 615D	KCE 732D	KCP 098K	KCP 956 K
350,000	1,550,000	550,000	600,000	2,600,000	2,400,000	2,000,000	2,400,000	2,000,000	3,900,000	4,000,000

**Commission for University Education**  
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**Depreciation on Revaluations**

30/06/2022	JV-1331	26301	Dep. Buildings-Revaluation-2021/2022	590,581.00
30/06/2022	JV-1315	26301	Dep-Revalued 21/22-KCP 956K	1,000,000.00
30/06/2022	JV-1315	26301	Dep-Revalued 21/22-KCP 098K	975,000.00
30/06/2022	JV-1315	26301	Dep-Revalued 21/22-KCE 732D	500,000.00
30/06/2022	JV-1315	26301	Dep-Revalued 21/22-KCE 615D	600,000.00
30/06/2022	JV-1315	26301	Dep-Revalued 21/22-KCE 613D	500,000.00
30/06/2022	JV-1315	26301	Dep-Revalued 21/22-KCD 372G	600,000.00
30/06/2022	JV-1315	26301	Dep-Revalued 21/22-KCE 183 D	650,000.00
30/06/2022	JV-1315	26301	Dep-Revalued 21/22-KBL 623G	150,000.00
30/06/2022	JV-1315	26301	Dep-Revalued 21/22-KBJ 021U	137,500.00
30/06/2022	JV-1315	26301	Dep-Revalued 21/22-KAT 704X	87,500.00
30/06/2022	JV-1315	26301	Reversal of previous Revaluation	4,345,500.00
			<b>Total</b>	<b>10,136,081.00</b>

**25. ACCUMULATED SURPLUS**

	2021-2022	2020-2021
	Kshs	Kshs
Balance B/F	1,473,915,958	1,418,933,199
Prior year adjustment	44,367,620	43,103,740
Surplus for the year	80,122,834	11,879,019
Balance C/F	<u>1,598,406,412</u>	<u>1,473,915,958</u>

**26. CAPITAL FUNDS**

	2021-2022	2020-2021
	Kshs	Kshs
Balance	197,449,724	197,449,724

The balance in capital fund is as follows:

	Ksh.
Opening balance	209,969,214
Adjustment	12,519,490
Balance	197,449,724

**Commission for University Education**  
**Annual Report and Financial Statements for the Year Ended 30 June, 2022**

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

**27. PROVISIONS**

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

**28. TAXATION**

The Commission has no payable taxes.

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

Description	2021-2022	2020-2021
	Kshs	KShs
Research Funds	11,045,195	11,045,195
Other Funds-Needs Assessment/PEBL/HAAQA	11,948,260	10,557,812
Biennial Conference	1,404,814	1,404,814
Sundry Creditors-Gratuity	28,677,334	28,988,638
Audit Fees Provision	2,000,000	2,990,000
Creditors Control	13,762,751	4,566,617
Payroll Liability	3,690,368	113,243
University Fee Prepayment/Other Creditors/Claims	-	493,520
<b>Total Trade and Other Payables</b>	<b>72,528,722</b>	<b>60,159,839</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. Cash Generated from Operations

Reconciliation of Net cashflow from operating activities

		2021-2022	2020-2021
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	193,050,487	143,050,487
Rendering of services	7	225,094,601	161,779,176
Rental revenue from facilities and equipment	8	4,859,758	2,734,440
Finance income	9	2,635,700	2,360,378
Other income	10	753,199	127,871
Prior Year Adjustment		44,367,620	43,103,740
<b>Total Receipts</b>		<b>470,761,365</b>	<b>353,156,092</b>
<b>Payments</b>			
Use of goods and services	11	3,319,909	2,766,409
Employee costs	12	182,059,177	193,115,329
Remuneration of directors	13	14,386,024	5,544,258
Repairs and maintenance	15	1,537,770	3,718,294
Contracted services	16	37,553,699	26,622,593
General Expenses	17	98,373,714	53,645,658
<b>Total Payments</b>		<b>337,230,293</b>	<b>285,412,541</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>133,531,072</b>	<b>67,743,551</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	21	(28,420,910)	(1,507,869)
Proceeds from sale of property, plant and Equipment			
Decrease/(Increase) in non-current receivables	19	19,792,415	(52,135,962)
(Decrease)/Increase in Payables	27	12,368,883	10,782,162
<b>Net cash flows from/(used in) investing activities</b>		<b>3,740,388</b>	<b>(42,861,669)</b>
<b>Cash flows from financing activities</b>			
Transfer to Family Bank- Mortgage	18A	-	(84,515,037)
<b>Net cash flows from /(used in) financing activities</b>			<b>(84,515,037)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>137,271,460</b>	<b>(59,633,155)</b>
Cash and cash equivalents at 1 JULY		431,708,635	491,341,796
<b>Cash and cash equivalents at 30 JUNE</b>		<b>568,980,095</b>	<b>431,708,635</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 31. 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 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Less Than 1 Month	Between 1-3 Months	Over 5 Years	Total
As at 30 June 2022				
Trade payables	13,260,953		501,798	13,762,751
Other Payables	14,914,583	19,453,119	24,398,269	58,765,971
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>28,175,536</b>	<b>19,453,119</b>	<b>24,900,067</b>	<b>72,528,722</b>
As at 30 June 2021				
Trade payables	2,501,120	-	2,065,497	4,566,617
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>2,501,120</b>	<b>-</b>	<b>2,065,497</b>	<b>4,566,617</b>

iii) **Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the manner in which it manages and measures the risk.

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

**Capital Risk Management**

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	295,773,623	283,559,704
Retained earnings	1,598,406,412	1,473,915,958
Capital reserve	197,449,724	197,449,724
<b>Total funds</b>	<b>2,091,629,759</b>	<b>1,954,925,386</b>
Total borrowings	-	-
Less: cash and bank balances	568,980,095	431,708,635
Net debt/(excess cash and cash equivalents)	(568,980,095)	(431,708,635)
<b>Gearing</b>	<b>100%</b>	<b>100%</b>

**32. RELATED PARTY DISCLOSURES**

Nature of related party relationships

Entities and other parties related to the Commission 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to the Commission	-	-
Rent income from govt. Agencies	-	-
Water sales to govt. Agencies		
Bank charges-KCB	-	-
<b>Total</b>		
B) purchases from related parties		
Purchases of electricity from KPLC	3,261,520	2,525,361
Purchase of water from govt service providers	58,389	241,048
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. Agencies	-	-
Bank charges-KCB	272,640	213,468
<b>Total</b>	<b>3,592,549</b>	<b>2,979,877</b>
b) Grants /transfers from the government		
Grants from national govt	193,050,487	143,050,487
Grants from county government	-	-
Donations in kind	-	-
<b>Total</b>	<b>193,050,487</b>	<b>143,050,487</b>
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
<b>Total</b>		
d) Key management compensation		
Directors' emoluments	14,386,024	5,544,258
Compensation to key management	14,127,648	14,127,648
<b>Total</b>	<b>28,513,672</b>	<b>19,671,906</b>

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

**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:

Commission for University Education

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. 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	REMARKS
1	NAIROBI HCPT NO. E335 OF 2022 ANTHONY MACHARIA MUTHEE V INDEPENDENT ELECTORAL & BOUNDARIES COMMISSION & OTHERS	MATTER BEING HANDLED BY THE AG OFFICE	JULY 2022	ONGOING	-	-	
2	MACHAKOS HCJR NO. 3 OF 2020 REPUBLIC V WAVINYA NDETI & 4 OTHERS EXPARTE – GIDEON NDEKWA & KISILU MUTISYA	MATTER BEING HANDLED BY THE AG OFFICE	JULY 2022	ONGOING	-	-	
3	GARISSA HCPT NO. 12B OF 2022 ABDINOOR TAKAL BASHIR V NATHIF JAMA ADAM & 3 OTHERS	MATTER BEING HANDLED BY THE AG OFFICE	JULY 2022	ONGOING	-	-	
4	GARISSA HCPT NO. 11B OF 2022 ISSA KUNOW V ALI BUNOW KORANE & 3 OTHERS	MATTER BEING HANDLED BY THE AG OFFICE	JULY 2022	ONGOING	-	-	
5	NAIROBI HCJR NO. E087 OF 2022 JOHNSON SAKAJA ARTHUR V COMMISSION FOR UNIVERSITY EDUCATION AND OTHERS AS INTERESTED PARTY	MATTER BEING HANDLED BY THE AG OFFICE	JUNE 2022	ONGOING	-	-	
6	NAIROBI HCJR MISC NO. E049 OF 2022 REPUBLIC V P.S MINISTRY OF EDUCATION & 2 OTHERS EXPARTE- GIDEON INDECHE T/A INTERGLOBAL ACADEMY CONSORTIUM	MATTER BEING HANDLED BY THE AG OFFICE	MAY 2022	ONGOING	-	-	
7	POLITICAL PARTIES TRIBUNAL (PPDT) AT MOMBASA NO E002 OF 2022 KENYA COUNCIL OF MIGRATION AND EMPLOYEMENT AND MIGRATION AGENCY V DHADHO GODANA AND OTHERS	MATTER BEING HANDLED BY THE AG OFFICE	MAY 2022	FINALISED	-	-	Petition dismissed
8	POLITICAL PARTIES TRIBUNAL (PPDT) AT MOMBASA NO E001 OF 2022 KENYA COUNCIL OF MIGRATION AND EMPLOYEMENT AND MIGRATION AGENCY V HUSSEIN DADO AND OTHERS	MATTER BEING HANDLED BY THE AG OFFICE	MAY 2022	FINALISED	-	-	Petition dismissed
9	THIKA ENVIRONMENT AND LAND COURT PETITION NO. E004 OF 2022 GICIRI THUO & 160 OTHERS V NATIONAL LAND COMMISSION & 5 OTHERS	MATTER BEING HANDLED BY THE AG OFFICE	APRIL 2022	ONGOING	-	-	
10	NAIROBI HCJR NO. E136 OF 2021 REPUBLIC V CS, MINISTRY OF EDUCATION & KENYA NATIONAL QUALIFICATIONS AUTHORITY & CUE & 4 OTHERS AS INTERESTED PARTY	MATTER FORWARDED TO AG FOR HANDLING	OCTOBER 2021	ONGOING	-	-	
11	NAIROBI ELRC NO. 118 OF 2021 UNIVERSITIES ACADEMIC STAFF UNION V UNIVERSITY OF NAIROBI, CS, MINISTRY OF	MATTER FORWARDED TO AG FOR HANDLING	JULY 2021	ONGOING	-	-	

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EDUCATION & OTHERS							
12	NAIROBI ELRC NO. E023 OF 2021 UNIVERSITIES ACADEMIC STAFF UNION V KENYATTA UNIVERSITY & COMMISSION FOR UNIVERSITY EDUCATION	MATTER AWARDED TO THE FIRM OF B. M. MUSAU & COMPANY ADVOCATES	MAY 2021	ONGOING	100,000/-	Pending	
13	NAIROBI COURT OF APPEAL NO. 190 OF 2020 KMPDU & 7 OTHERS V COMMISSION FOR UNIVERSITY EDUCATION & OTHERS	PROF. TOM OJIENDA & ASSOCIATES	JULY 2020	FINALISED	690,000/-	Pending	Appeal dismissed
14	NAIROBI HCPT NO. 213 OF 2020 DANIEL CHEGE KAMAU & OTHERS V UNIVERSITY OF NAIROBI & 3 OTHERS	MATTER FORWARDED TO AG FOR HANDLING	JULY 2020	ONGOING	-	-	
15	NAIROBI HCPT NO. 30 OF 2020 BEVERLYNE BIEGON CHERONO V KABARAK UNIVERSITY & OTHERS	MATTER FORWARDED TO AG FOR HANDLING	FEB 2020	FINALISED	-	-	Petition allowed
16	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	-	-	
17	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	-	-	
18	NAIROBI HCCC NO. 192 OF 2019 ROBINSON KIOKO V CS, MINISTRY OF EDUCATION & OTHERS	MATTER FORWARDED TO AG FOR HANDLING	JUNE 2019	ONGOING	-	-	
19	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	-	
20	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	-	
21	NAIROBI HCPT NO. 307 OF 2017 GEORGE OMONDI V IEBC & 6 OTHERS	GITONGA MUREITH & CO. ADVOCATES	MARCH 2017	FINALISED	148,000	Pending	Court dismissed the Petition in its entirety with no orders as to costs
22	NAIROBI HCPT NO. 321 OF 2017 GEORGE OKOTH OMONDI V ORANGE DEMOCRATIC MOVEMENT & 5 OTHERS	GITONGA MUREITH & CO. ADVOCATES	FEBRUARY 2017	FINALISED	130,000	Pending	Court dismissed the Petition in its entirety with no orders as to costs
23	NAIROBI COURT OF APPEAL NO. 264 OF 2018 GEORGE OMONDI V IEBC & 6 OTHERS	GITONGA MUREITH & CO. ADVOCATES	MAY 2018	ONGOING	99,000		
24	NAIROBI HCPT NO. 473 OF 2016 GATHONI KIMANI V COMMISSION FOR UNIVERSITY EDUCATION & ANOTHER	GITONGA MUREITH & CO. ADVOCATES	2016	ONGOING			

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

**34. EVENTS AFTER THE REPORTING PERIOD**

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

**35. 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.

**36. CURRENCY**

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

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**APPENDIX 1: Implementation Status of Auditor-General's Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Receivables from Exchange Transactions	<p>The statement of financial position reflects receivables from exchange transactions balance of Kshs.1,057,929,772 as detailed in Note.19 to the financial statements. Included in this balance is an amount of Kshs.952,809,329 which has been outstanding for over two years. The debts have also increased by an amount of Kshs.52,135,962 in the year under review. However, there was no evidence to indicate that proper mechanism had been put in place to recover these long overdue debts. Further, no provision for doubtful debts has been made in the financial statements.</p> <p>In the</p>	<p><i>The Commission has had an engagement with the Universities regarding the outstanding debt in the FY 2020/21 and FY 2021/2022. The Commission has visited all the Institutions and reconciliation of accounts has been undertaken</i></p> <p><i>Universities have expressed challenges in settling the amounts due to cashflow and a total of twenty six Institution have requested for credit notes amounting to Kshs 588 million being charges for 2014/2015 and 2015/2016 being the period the Universities were negotiating the charges. During the said period the Universities did not secure the charges from the students.</i></p> <p><i>The Commission is considering case by case with the view of escalating the matters to the Ministry of Education.</i></p>	Not resolve	30 <sup>th</sup> September 2023

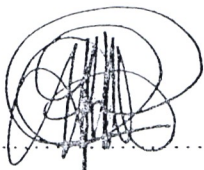
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>circumstances, the accuracy and recoverability of receivables from exchange transactions of Kshs.1,057,929,772 as at 30 June, 2021 could not be confirmed.</p>			
Ethnic Diversity	<p>Available records at human resource department indicated that the dominant ethnic community employed by the Commission constituted 35% (consisting of 29 employees in permanent and pensionable terms). The Commission had contravened Section 7(2) of the National Cohesion and Integration Commission Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community</p>	<p><i>I. Majority of staff from the dominant communities are the longest serving and were employed even before the Government initiative on ethnic diversity legislation was passed. Out of the 26 staff from the dominant Kikuyu community 16 staff have served for over 20 years.</i></p> <p><i>Strategies of the Commission in ensuring Ethnic diversity and balance:</i></p> <p><i>II. The Commission creates opportunities for appointment, training and promotion of marginalized groups to facilitate career progression.</i></p> <p><i>III. The Commission takes affirmative action measures to ensure proportionate representation of members of unrepresented and under-represented ethnic communities, minorities and marginalized groups.</i></p>	Not Resolved	31 <sup>st</sup> December 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>IV. The Commission has not recruited permanent staff for four years and has ensured that in future available job vacancies will be advertised in a manner that will reach the diverse ethnic groups including using established Government channels, television, radio and the internet.</i></p> <p><i>V. The Commission Board will adopt a shortlisting criterion that does not in any way disadvantage the diverse communities and groups.</i></p> <p><i>VI. The commission is committed to create conducive work environment that accommodates diverse groups through the use of official languages at the work place.</i></p> <p><i>VII. The Community regularly creates awareness on the need for work place diversity by sensitizing all the members of staff on ethnic diversity requirements.</i></p>		

The Commission resolved the other matters as per submissions



Commission Secretary/CEO

Date 19/04/23

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

**Projects**

**Status of Projects completion**

**Summary of the Project Completion**

	<b>Project</b>	<b>Total project Cost</b>	<b>Total expended to date</b>	<b>Completion % to date</b>	<b>Budget</b>	<b>Actual</b>	<b>Sources of funds</b>
1	MIS	45,761,000	30,566,000	66.8%	45,761,000		Donor & A-in-A

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		Commission For University Education		
Break down of Transfers from the State Department of University Education				
	<b>FY 21/22</b>			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		10/08/2021	48,262,622	FY 21/22
		02/11/2021	48,262,622	FY 21/22
		17/02/2022	48,262,622	FY 21/22
		28/04/2022	48,262,621	FY 21/22
		<b>Total</b>	<b>193,050,487</b>	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>	-	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>	-	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>	-	

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

Head of Finance  
Commission for University Education

Head of Accounting Unit  
Ministry of Education

Sign



Sign



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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	Various	Recurrent	193,050,487	-	-	-	-	-	193,050,487
Ministry of Planning and Devolution	-	Development	-	-	-	-	-	-	-
USAID	-	Donor Fund	-	-	-	-	-	-	-
Ministry of Planning and Devolution	-	Direct Payment	-	-	-	-	-	-	-
<b>Total</b>			<b>193,050,487</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193,050,487</b>

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**Appendix V - Inter-Entity Confirmation Letter**

The Commission did not disburse any money to any entity during the financial year

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

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30<sup>th</sup> June 2022

Reference Number	Date Disbursed	Amounts Disbursed by CUE(KShs) as at 30th June 2022			Total (D)=(A+B+C)	Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
Total	Nil	Nil	Nil	Nil	Nil	Nil	

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

Head of Accountants department of beneficiary Entity:

Name ..... Sign ..... Date .....