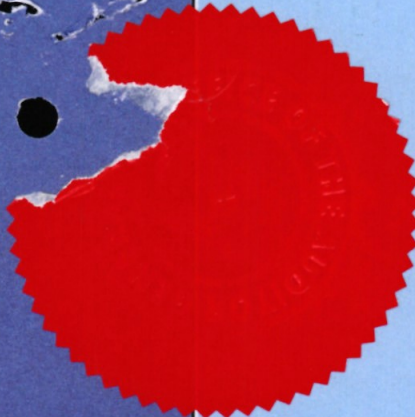


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 02 APR 2026 DAY: Thursday

TABLED BY:	Deputy Majority Whip Hon. Abromi Wagondi
CLERK-AT THE-TABLE:	Haliima Ahmed

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REPORT

OF

THE AUDITOR-GENERAL

ON

KENYATTA UNIVERSITY

FOR THE YEAR ENDED
30 JUNE, 2025



KENYATTA UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

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1. Acronyms and Definition of Key Terms

A: Acronyms

- ❖ KU-Kenyatta University
- ❖ KUCCPS-Kenya Universities and Colleges Central Placement Service
- ❖ SSP-Self Sponsored Program
- ❖ ICE-Institute of Continuous Education
- ❖ IGA-Income Generating Activities
- ❖ KUCC-Kenyatta University Conference Centre
- ❖ NCBH-North Coast Beach Hotel
- ❖ FASU-Federation of African Sports Universities
- ❖ YALI-Young African Leadership Institute
- ❖ KUSA-Kenyatta University Students Association
- ❖ VC-Vice Chancellor
- ❖ DVC-Deputy Vice Chancellor

B: Definition of Key Terms

- ❖ **Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organization.
- ❖ **Comparative Year-** Means the prior period.

2. Key Entity Information and Management

(a) Background Information

Kenyatta University is an international Public University based in Nairobi, Kenya. Its main campus is located 23 kilometres from the City Centre along Nairobi-Thika Super Highway. It is set on 1,105 acres of land providing a quiet and serene environment conducive to learning, research, and intellectual growth.

Kenyatta University began its long journey to the attainment of University status in 1965 when the British Government handed over the Templar Barracks to the Government of Kenya. These were converted into an institution of higher learning known as Kenyatta College. Following the Act of Parliament of 1970, Kenyatta College became a constituent College of the University of Nairobi. Consequently, the name changed from Kenyatta College to Kenyatta University College. Kenyatta University College admitted its first batch of 200 students in 1972 to pursue studies leading to the award of the Bachelor of Education of the University of Nairobi.

In July 1978, the Faculty of Education of the University of Nairobi was transferred to Kenyatta University College. As a result, the College became the only institution-training teachers at both undergraduate and postgraduate levels at that time. The University status was achieved on August 23, 1985, when the Kenyatta University Act received presidential assent making the institution a full-fledged University. The Act became operational on September 1, 1985 and the University was inaugurated on December 17, 1985.

In December 2012, the Government of Kenya brought the governance and Management of all Universities under one umbrella through the enactment of the Universities Act 2012, which repealed the individual public University's Acts including the Kenyatta University Act 1985. Under the new Universities Act 2012, Kenyatta University was granted Charter on 1st march 2013.

Kenyatta University has over the years established new schools and constituent Colleges. In this pursuit, Jomo Kenyatta University College of Agriculture and Technology became a constituent College of Kenyatta University in 1988 and in 1998 a full-fledged University, Jomo Kenyatta University of Agriculture, and Technology (JKUAT). In 2007, Pwani University College in Kilifi was established as a Constituent College. It became Pwani University, a full-fledged University in January 2013. Machakos University College established in 2009 became a full-fledged University, Machakos University in 2016. Mama Ngina University College established in 2017.

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(a) Background Information (continued)

The University has nine schools, these are;

1. School of Agriculture & Environmental Sciences
2. School of Business, Economics and Tourism
3. School of Education
4. School of Engineering & Architecture
5. School of Health Sciences
6. School of Law, Arts and Social Sciences
7. School of Pure and Applied Sciences
8. Graduate School
9. Digital School of Virtual and Open Learning

The University has established campuses at;

1. Ruiru (2004),
2. Parklands (2004),
3. Kitui (2004)
4. Mombasa (2007),
5. Nairobi City Centre (2010),
6. Nakuru (2010) and
7. Daadab (2014)

In Addition to the above campuses, Kenyatta University established Open Distance and e-Learning centers' in Mombasa Campus, & Nakuru Campus,

(b) Principal Activities

➤ **Our Vision**

To be a dynamic, an inclusive and a competitive Centre of excellence in teaching, learning and service to Humanity.

➤ **Our Mission**

To provide quality education and training, promote scholarship, service, innovation, and creativity and inculcate moral values for sustainable individual and societal development.

➤ **Our Identity**

A community of scholars committed to the generation and dissemination of knowledge and cultivation of wisdom for the welfare of society.

➤ **Our Philosophy**

Sensitivity and responsiveness to societal needs and the right of every person to knowledge.

(c) Key Management

No.	Designation	Name
1.	Chairman of the University Council	Dr. Ben Chumo
2.	Vice-Chancellor	Prof. Paul K. Wainaina
3.	Principal Secretary, State Department of University Education & Research	Dr. Beatrice M. Inyangala
4.	Principal Secretary, the National Treasury	Dr. Chris Kiptoo
5.	Member	Mr. Andrew Angenga Nyanhoga
6.	Member	Ms. Alice Waruguru Muita,
7.	Member	Major General (Rtd) Bashir Yusuf Haji
8.	Member	Mr. Weru Macharia,
9.	Member	Mr. Abdi Mude Ibrahim

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 are as listed below;

No.	Designation	Name
1.	Vice-Chancellor	Prof. Paul K. Wainaina
2.	Deputy Vice-Chancellor (Academic)	Prof. Waceke Wanjohi
3.	Ag. Deputy Vice-Chancellor (Admin, Finance & Development)	Prof. Paul Okemo Owuor
4.	Deputy Vice-Chancellor (Research, Innovation and Outreach)	Prof. Caroline Lang'at Thoruwa
5.	Registrar (Academic)	Prof. Bernard Kivunge
6.	Registrar (Admin, Finance & Development)	Dr. Paul Gachanja
7.	Ag. Registrar (Research, Innovation and Outreach)	Prof. Richard O. Oduor
8.	Ag. Registrar (Corporate Affairs)	Dr. Mildred.P.Nawiri
9.	Chief Finance Officer	CPA Mwai Samuel

(e) Fiduciary Oversight Arrangements

The governing organs of the University are:

The University Council;

- The Council shall exercise prudent leadership, innovative enterprise, and good judgment in directing the University and shall always charter in the best interest of the University.
- The Council shall ensure that a proper management structure is in place and make sure that the structure, functions to maintain corporate integrity, reputation and responsibility.
- The Council shall monitor and evaluate the implementation of strategies, policies, and management criteria and plans of the University.
- The council shall review the viability and financial sustainability of the University, and shall do so at least once every year.
- The Council shall ensure that the University complies with all the relevant laws, regulations, governance practices, accounting, and auditing standards.

The Senate of the University;

The Senate shall have the following powers and duties:-

- To satisfy itself regarding the content and academic standard of any course of study in respect of any degree, diploma, certificate or other award of the University;
- To propose regulations to be made by the Council regarding the eligibility of persons for admission to degree, diploma, and certificate programmes;
- To propose regulations to be made by the Council regarding the standard of proficiency to be gained in each examination for a degree, diploma, certificate or other awards of the University;
- To decide which person has attained such standard of proficiency and are otherwise fit to be granted a degree, diploma, certificate or other awards of the University;
- To make regulations governing such other matters as are within its powers in accordance with the charter or the statutes.

The University Management Board:

The University Management Board shall assist the Vice-Chancellor in;

- The management of urgent day-to-day academic, administrative, research, developmental and outreach issues;
- The efficient management of the human, physical, and financial resources of the University;

- Coordination of University and colleges strategic and development plans;
- Make proposal to Senate and Council on issues that have University-wide application;
- Receive proposals from different sectors of the University for Recommendation for Council consideration;
- The implementation of Council and Senate approved policies;
- Any other matters related to the management of the University.

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Key University Information and Management (continued)

(f) University Headquarters

Kenyatta University
Thika Road, Nairobi
P. O. Box 43844- 00100
Nairobi.

(g) University Contacts

Telephone: +254 020 8710901-19
Fax: +254 020 8711573
Telex 25483 KenUnKen
Website: <http://www.ku.ac.ke>

(h) University Bankers

Co-operative Bank of Kenya Ltd.
P.O. Box 48231 – 00100
Nairobi

National Bank of Kenya Ltd.
P. O. Box 41862 – 00100
Nairobi.

Kenya Commercial Bank Ltd
P. O. Box 30081
Nairobi.

Standard Chartered Bank Ltd.
P. O. Box 64355 - 00620
Nairobi.

Equity Bank Ltd
P.O. Box 75104 – 00200
Nairobi

Family Bank Ltd
P.O. Box 74145-00200
Nairobi

(i) Independent Auditors

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


(j) Principal Legal Adviser

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

3. Members of the University Council


University Council

The 13th Kenyatta University Council Members were appointed through Kenya Gazette Notices Vol. CXXIV-No. 131 dated 8th July 2022, Vol. CXXV-No. 249 dated 24th November 2023 and No. 5624 dated 7th May, 2024.

Ref	Directors	Details
1.	 <p><u>Chairman of the University Council</u> Dr. Ben Chumo, PhD., OGW B.A., M.BA (U.O.N), Ph.D. (J.K.U.AT) D.O.B 11/7/1956 Age 69</p>	<p>Dr. Ben Chumo is the chairman of the Kenyatta University Council and a renowned Human Resource Management Practitioner, Educator, Innovator and transformative leader. He is a holder of PHD (Human Resource Management from Jomo Kenyatta University of Agriculture & Technology, a Master's in Business Administration and a Bachelor's degree (Social Sciences) from the University of Nairobi.</p> <p>He is currently a director of the Board at Eagle HR Consultants based in Nairobi Kenya. He is also a member of the Institute of Human Resource management and in good standing. He previously had a long and engaging career at Kenya Power Company where he rose through the ranks to become the Managing director and Chief Executive Officer. He joined the Company in July 1986 and was the chief Manager in charge of Human Resource & Administration between 2008-2013. Between July 1, 2013, and January 7, 2014, he served as the Acting Managing Director & Chief Executive Officer of the Company. On January 7, 2014, he was appointed the substantive MD and CEO of the Company, a position he held until January 2017 when he left the company after attaining retirement age. He also served as the Chairman of Council Egerton University. In Recognition of his talent as a mover of Human Resources Management and transformative leadership for the benefit of the country, the continent and the world, Laikipia University conferred him the degree of Doctor of Philosophy in Business (<i>Honoris Causa</i>) and was also awarded the Order of the Grand Warrior (OGW) of Kenya by the third president of Kenya, H.E.Hon.Mwai Kibaki in 2008.</p>

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<p>2.</p>	 <p><u>VICE-CHANCELLOR</u> Prof. Paul K Wainaina Ph.D., B.Ed., M.A. Ed. (Nairobi), Ph.D. (Alberta) D.O.B 15/7/1950 Age 75</p>	<p>Prof. Wainaina is the Vice-Chancellor Kenyatta University, and is an ex-officio member of the University Council, having been appointed as the Vice Chancellor on 26th January 2018. He is also Professor of Philosophy of Education, Kenyatta University. Prior to his appointment, he held various positions including Deputy Vice-Chancellor (Administration) Kenyatta University, Professor of Philosophy of Education, University of Namibia, Professor of Philosophy of Education, and Moi University among others. He is an alumnus of University of Alberta, Canada.</p>
<p>3.</p>	 <p><u>Principal Secretary, State Department of University Education & Research</u> Dr. Beatrice M. Inyangala D.O.B 7/7/1971 Age 54</p>	<p>Dr. Beatrice Muganda Inyangala is the Principal Secretary, State Department for Higher Education and Research, Ministry of Education, Kenya Government. Her areas of expertise are public policy, gender inclusivity, quality assurance, teaching methodology, governance, and fundraising. Prior to her current appointment, she served as the Deputy Executive Director and the Director of Higher Education at the Partnership for African Social and Governance Research Dr. Muganda led the Pedagogical Leadership in Africa (PedaL) project, working closely with multiple partners in distinct contexts to drive sustainable change in the delivery of university programmes to strengthen graduate competencies. She oversaw the training of more than 1000 teaching staff in 60 universities on the African continent in innovative pedagogies.</p> <p>Dr. Muganda is an accomplished educationist with programme planning, design and implementation expertise. She has facilitated formal partnerships among African universities, with Northern partner universities and international knowledge networks around innovative projects that promote excellence.</p> <p>Dr. Muganda has extensive knowledge of issues, challenges, and opportunities in African higher education and has proactively engaged various policy actors in higher education transformation. She has also been involved in education policy debates globally: EU-Africa</p>

		<p>policy dialogues, Wilton Park dialogues, The Africa-America Institute, London School of Economics Africa Summit, Africa Sciedev, University World News, Guardian Global Development Professionals Network, and the Association of African Universities. She has contributed to Kenya’s national policy documents such as the Medium Term Framework on Education and Training for Vision 2030, and the National Manpower Survey. She holds a B.Ed. and M. Phil in Planning and Economics of Education from Moi University, a PhD from the University of Athens, and has received further training at the International Institute of Educational Planning in Paris.</p>
<p>4.</p>	<p><u>Principal Secretary, the National Treasury</u> Dr. Chris Kiptoo</p>  <p>D.O.B 31/Dec/1967 Age 58</p>	<p>Dr. Chris Kiptoo is the Principal Secretary, National Treasury. He was appointed Principal Secretary by President William Samoei Ruto on 1st December 2022. Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment, and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, and Trade & Cooperatives. In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority, and the International Monetary Fund, where he has served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national accounts/real sector and macroeconomic accounting, and modelling and forecasting. Additionally, Dr. Kiptoo has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organizational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as Trade Mark East Africa. Noteworthy, he also has four years of experience in economic policy coordination gained while Working at the then Office of the Prime Minister. Dr. Chris Kiptoo holds a Doctor of Philosophy Degree (PhD) in Finance (International Macroeconomics Finance specialization) from The Nairobi University, as well as a Master of Science (Ag. Economics) and Bachelor of Science (Ag. Economics) degree from Egerton University. He is also an Accredited Fellow in Macroeconomic Management Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI).</p>

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<p>5 Member Mr. Andrew Angenga Nyanhoga M.Sc. (Manchester University), B.A (UoN) D.O.B 27/07/1958 Age 67</p> 	<p>Mr. Andrew Angenga Nyanhoga was appointed as a member of the Kenyatta University Council with effect from 8th July, 2022. He holds a Master’s of Science Degree in Human Resource Management from Manchester University (UK) and a Bachelor of Arts Degree from the University of Nairobi. He is currently pursuing a Ph.D. Degree in Social Transformation at the Tangaza University College.</p> <p>Mr. Nyanhoga has had a long and engaging career as a human resource practitioner in the public service and this has refined his leadership skills in Human Resource Management and Development. He was the Director of Human Resource Management and Development in the Ministry of Education, State Department of Basic Education between the year 2013 and 2018.</p> <p>Prior to his appointment in the Ministry of Education, he was the Deputy Director, Human Resource, Ministry of Health from the year 2009 to 2013. In addition, he had served as the Deputy Director, Human Resource in the Ministry of Water and Ministry of Local Government.</p>
<p>6 Member Ms. Alice Waruguru Muita, M.Sc., (University of Manchester) B.A (UoN) D.O.B 31/07/1956 Age 69</p> 	<p>Ms. Muita was appointed as a member of the Kenyatta University Council with effect from 8th July, 2022. She holds a Master’s of Science Degree in Human Resource Management from the University of Manchester, UK and a Bachelor of Arts Degree in Government/Political Science & Literature from the University of Nairobi. Ms. Muita acquired vast professional experience at practice and policy formulation levels in the public service through working in various Government Ministries and the Public Service Commission and this culminated to her appointment as the Human Resource Secretary in the Directorate of Public Service Management.</p> <p>Ms. Muita has served as a Board Member (Alternate) at the Kenya Civil Aviation Authority, the National Hospital Insurance Fund (NHIF), the Public Service Remuneration Review Board (currently the Salaries & Remuneration Commission), the Transition Authority, the National Task Force on Police Reforms and the Police Reforms Implementation Committee. She has also served as Head, Human Resource & Administration at the Kenya Wildlife Service, and Chairperson of the Nyeri County Public Service Board.</p> <p>Ms. Muita has been conferred various National honors/awards including Moran of the Order of the Burning Spear (MBS) and Head of State’s Commendation.</p>

<p>7 Member Major General (Rtd) Bashir Yusuf Haji</p>  <p>M.A, B.A (Tangaza University) D.O.B 1958 Age 67</p>	<p>Major General (Rtd) Bashir Yusuf Haji was appointed as a member of the Kenyatta University Council with effect from 8th July 2022. He holds a Master of Arts Degree in Social Transformation: Sustainable Development, from Tangaza University College, and a Bachelor of Arts majoring in Sustainable Human Development. He is currently pursuing a PhD in Social Transformation: Security and Sustainable Peace. Major Gen. (Rtd) Bashir Yusuf Haji joined the Kenya Army as a Cadet in the year 1978 and on completion of his training; he was commissioned as a second Lieutenant and posted to an armoured recee regiment.</p> <p>In the course of his career, he was appointed to various levels and ranks including Colonel Operations, Commander of Armoured Brigade, Chief of Operations and Training, and Commandant. He retired as the Deputy Commandant, at the National Defence College in April 2015 in the rank of Major General. He served as the Deputy Chairman for the Inter-Governmental Authority on Development (IGAD) in Juba, South Sudan for the ceasefire and transitional security arrangement and monitoring mechanism (CTSSAMM) focused on implementing the IGAD-led peace agreement in South Sudan. He has been conferred various National honors/awards including Moran of the Order of the Burning Spear (MBS) and Chief of the Order of the Burning Spear (CBS), United Nations Medal, and various other medals.</p>
<p>8 Member Mr. Weru Macharia,</p>  <p>MSc (Health Services and Hospital Management) UK D.O.B 24/12/1952 Age-73</p>	<p>Mr. Weru Macharia is a Member of Kenyatta University Council and a renowned Health Services and Hospital Management Specialist. He has a Diploma and Master of Science Degree in Health Services and Hospital Management from London South Bank University (UK). He is currently a Board member of Elimu TV and a Development Committee member at St. Anthony of Padua Catholic Church. He previously worked in the Ministry of Health personnel department, before joining the University of Nairobi in 1979 where he rose through the ranks to become the Hospital Administrator in the University of Nairobi Dental Hospital and later to the position of Senior Assistant Registrar. He had actively participated in the Drafting of the University of Nairobi Parallel program (Module II) in the late '90s, now literary in practice in most of the universities and colleges in the country. As a health and hospital management specialist, he succeeded in overseeing the transformation of the University of Nairobi Dental School from a small departmental teaching clinic in the early '80s to a Highly specialized teaching University Hospital and the most highly rated of its kind in the region.</p>



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<p>9 Member</p> <p>Mr. Abdi Mude Ibrahim</p>  <p>MBA (Health) Keele University, (UK) D.O.B 15/06/1956 Age 69</p>	<p>Mr. Abdi was appointed as a member of the Kenyatta University Council with effect from 9th May2024. He holds a Masters of Business Administration (Health) from Keele University, Bachelors in Health Service Management Birmingham University (UK), Diploma in Health Services Management Birmingham University (UK) and Diploma in Nursing from Nairobi Medical Training College.</p> <p>Mr. Ibrahim has vast experience in Health Services Management having served the nation in various capacities including as a Nurse, District Nutritionist and Health Manager at the Ministry of Health; Project Manager, African Medical Research Foundation (Amref) and CSR (Kenya) Catholic Relief Services; Chairman, Kenya National Library Services; Regional Coordinator, National Aids Control Council (NEP); a Commissioner at the Electoral Commission of Kenya (Currently Independent Electoral and Boundaries Commission) and as the immediate former member of Parliament, Lafey Constituency.</p>
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4. Key Management Team



No.	Details	Designation
1.	 <p><u>CHANCELLOR</u> Ambassador Dr. Francis Kirimi Muthaura B. Com. (Accounting), MBA (Nairobi), CPA (K.)</p>	<p>The Chancellor performs such functions and enjoys such powers, rights and privileges as provided for under section 38 of the Act and the statutes.</p> <p>The Chancellor, from time to time, gives advice to the Council which the Chancellor considers necessary for the betterment of the University.</p> <p>The Chancellor has the right to take part in the formal and informal activities of the University.</p>
2.	 <p><u>Chairman of the University Council</u> Dr. Ben Chumo, PhD., OGW B.A., M.BA (U.O.N), Ph.D. (J.K.U.AT)</p>	<p>The Chairperson of Council chairs Council meetings and exercises the powers and privileges as provided for in the Universities Act, Kenyatta University Charter, and the Statutes.</p>
3.	 <p><u>VICE-CHANCELLOR</u> Prof. Paul .K. Wainaina, Ph.D., B.Ed., M.A. Ed. (Nairobi), Ph.D. (Alberta)</p>	<p>The Vice-Chancellor is the Chief Executive Officer of the University having the following powers and function:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Is the academic, administrative and financial head of the University; <input type="checkbox"/> Has the overall responsibility for the direction, organization, administration and programmes of the University; <input type="checkbox"/> Is the accounting officer of the University.

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No.	Details	Designation
4.	 <p><u>Deputy Vice Chancellor (Academic)</u> Prof. Waceke Wanjohi, Ph.D., FRSB, FKNAS B.Ed., MSc, Ph. D. Kenyatta University</p>	<p>The Deputy Vice-Chancellor (Academic) is the head of the Academic Division of the University and is responsible to the Vice-Chancellor and offers leadership, direction, organisation and administration of programmes of the Division</p>
5.	 <p><u>Ag. Deputy Vice-Chancellor (Admin & Finance)</u> Prof. Paul Okemo Owuor, B.Sc., M.Sc. (Wyoming), Ph.D., (Kenyatta)</p>	<p>The Deputy Vice-Chancellor (Finance and Development) is the head of the Finance and Development Division of the University with the following:</p> <p>Duties and functions:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Preparation of estimates, allocation of funds, control of expenditure and Financial accounting; <input type="checkbox"/> Physical developments; <input type="checkbox"/> Grounds and estates management; <input type="checkbox"/> Procurement services.

No.	Details	Designation
6.	 <p><u>Deputy Vice-Chancellor (Research, Innovation & Outreach)</u> Prof Caroline Thoruwa, B.Ed. (Nairobi), MSc, Kenyatta University, Ph. D. (UK)</p>	<p>Deputy Vice-Chancellor (Research, Innovation and Outreach) duties and functions include:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Drives the University’s research agenda in line with Country’s Vision; <input type="checkbox"/> Encourages research culture in the University; <input type="checkbox"/> Institutionalize networking, collaboration research, and outreach in the University; <input type="checkbox"/> Encouraging innovation and handling issues to do with intellectual property rights; <input type="checkbox"/> Ensuring dissemination of research findings.
7.	 <p><u>Registrar Academic</u> Prof. Bernard Kivunge, B.Ed., M.Sc. (Kenyatta), Ph.D. (Iowa State University)</p>	<p>The Registrar (Academic) is the principal assistant to the Deputy Vice-Chancellor (Academic) and performs duties delegated or assigned to him by the Vice-Chancellor or by the Deputy Vice-Chancellor (Academic).</p>
8.	 <p><u>Registrar (Admin, Finance & Development)</u> Dr. Paul Gachanja, B.A., M.A., Ph.D. (Kenyatta)</p>	<p>The Registrar (Admin, Finance and Development) is the principal assistant to the Deputy Vice-Chancellor (Finance and Development), and performs duties Delegated or assigned to him by the Vice-Chancellor and/or by the Deputy Vice-chancellor (Finance and Development).</p>
9.	 <p><u>Ag. Registrar (Research, Innovation and Outreach)</u> Prof. Richard O. Oduor, BSc. MSc. (Kenyatta) Ph.D., University of Cape Town, South Africa</p>	<p>The Registrar (Research, Innovation and Outreach) is the principal assistant to the Deputy Vice-Chancellor (Research, Innovation and Outreach), and performs duties delegated or assigned to him by the Vice-Chancellor and/or by the Deputy Vice-chancellor (Research, Innovation and Outreach).</p>

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No.	Details	Designation
10	 <p><u>Ag. Registrar (Corporate Affairs)</u> Dr. Mildred P. Nawiri B.Ed., M.Ed. Ph.D. KU</p>	<p>Ag. Registrar (Corporate Affairs) is responsible to the Vice-Chancellor and performs duties delegated or assigned to her by the Vice-Chancellor.</p>
11	 <p><u>Chief Finance Officer</u> CPA. Mwai Samuel, B.Ed., MBA (Nairobi), CPA (K.)</p>	<p>The Chief Finance Officer is the head of Finance Department and the technical officer responsible for financial strategy and policy matters. He is responsible to the Deputy Vice-Chancellor (Finance and Development) and work closely with the Vice-Chancellor as the Chief Accounting Officer of the University.</p> <p>The Chief Finance Officer superintends and manages the finances and financial reporting obligations, and performs such other duties delegated or assigned to him by the Vice-Chancellor and Deputy Vice-Chancellor (Finance and Development)</p>

5. Chairman's Statement



It is my privilege to present the Annual Report and Financial Statements for the year ended 30 June 2025 for this great university. During the year under review, Kenyatta University remained focused on its mission to provide quality education and training, promote scholarship, service, innovation, and research.

I want to highlight that in the year 2024/2025, the University reported a deficit of **Kshs. 370,997,440** reflects a better performance than the year 2023/2024 when the university had a deficit of **Kshs. 1,362,209,515**. This can be attributed to the new funding model, which has been in effect for the last two years.

I anticipate that by 2025/2026, the University will be even better off. The university has adopted the government's directive on austerity measures by aligning its operations to reduce operational costs through cost-cutting measures and revenue enhancement initiatives, aiming to improve performance.

The university held its 55th graduation ceremony in July 2024 and its 56th Graduation Ceremony in December 2024 at the main campus. The events saw 3,011 and 5,615 graduates, respectively, conferred with various Certificates, Diplomas, and Degrees in their respective disciplines.

Achievements

Kenyatta University secured the top position in Kenya in the 2024/2025 World University Rankings. This achievement placed Kenyatta University ahead of other Kenyan institutions. The rankings were based on five key pillars: Teaching, Research Environment, Research Quality, Industry, and International Outlook.

In a strategic step forward for engineering research and academic collaboration, Kenyatta University hosted the 2025 African Journal of Engineering Research and Innovation (AJERI) Scientific Conference, organized by the Institution of Engineers of Kenya (IEK). This collaboration has been in the making for over four years. In September 2023, IEK first visited the university to propose a partnership focused on engineering publication and capacity development. Since then, the University has seen tangible benefits: research publications featured in AJERI, increased mentorship for engineering students, and enhanced internship and employment opportunities.

Kenyatta University proved its commitment to academic and artistic excellence this year by winning the Best Learning Institution (University) award at the 4th Kenya Theatre Awards. This prestigious recognition highlights the university's dedication to nurturing creative talent, solidifying its position as a leader in theatre education in Kenya.

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In conclusion, Kenyatta University is among the leading universities in providing quality training and aligning the outcomes to Kenya's Bottom-Up Economic Transformation (BETA) Agenda. The university's infrastructural capacity, achieved over recent years, has provided a much-needed platform for quality training, research, and service. I take this opportunity to thank the Government of Kenya and all collaborating partners, both internal and external, for their continued support.

Lastly, I would like to thank my fellow council members, staff, and students for their tireless efforts and teamwork, which contributed to the achievements made in the fiscal year 2024/2025.



Dr. Ben Chumo, Ph.D., OGW,

CHAIRMAN, KENYATTA UNIVERSITY COUNCIL

6. Vice-Chancellor's Report



I am delighted to present the university's results for the year ended 30th June 2025. During the year under review, the university remained on course in the implementation of the 2022 - 2027 Strategic Vision Plan guided by the theme "Enhancing Higher Education, Transforming Lives". The theme is grounded on the principles of inclusiveness and participation, good governance, equity, environmental consciousness, and respect for diversity.

In the year 2024/2025, Kenyatta University received 10,480 government-sponsored students. According to the 2022 Kenya Universities and Colleges Central Placement Service (KUCCPS) admission results, Kenyatta University attracted the highest number of students, strengthening its position as the most preferred institution for those wishing to pursue higher education.

Education, Training, and Research

Kenyatta University secured the top position in Kenya in the 2024/2025 World University Rankings. This achievement placed Kenyatta University ahead of other Kenyan institutions. The rankings were based on five key pillars: Teaching, Research Environment, Research Quality, Industry, and International Outlook.

The university launched the Strategic Tourism Human Capital Initiative for Eastern Africa, setting a new benchmark for youth empowerment and innovation. This ambitious programme is designed to equip young people with the skills and leadership capabilities needed to thrive in the dynamic and evolving tourism sector. The event drew key government, academic, and international figures, underscoring the University's role in shaping the region's future.

The Global Tourism Resilience and Crisis Management Centre - Eastern Africa (GTRCMC-EA), a key Directorate of Kenyatta University, was established to address the pressing challenges facing the tourism industry in Eastern Africa. Through initiatives focused on policy development, capacity building, and crisis management, the Centre is at the forefront of fostering resilience and innovation in the tourism sector.

Achievements

Kenyatta University continues to excel in Research and innovation. During the year, the university witnessed the national and International awards bestowed upon a PhD student in Agronomy at the Department of Agriculture, Science, and Technology, who was honored with the Jeff Bezos Award for her work on a low-emissions agriculture project focused on upland rice and forages. Another student at the School of Pure and Applied Sciences developed a Smart Low-Cost LPG Usage Detection and Leakage Alert System using GSM technology. This innovation promises safer kitchens across Kenya by providing real-time monitoring of LPG gas usage and leakages.

The university boasts a vibrant community of over 1000 international students from more than 30 countries, enrolled in a range of programmes from diplomas to postgraduate studies. The university's Department of Sports and Culture hosted the International Cultural to bring together students, faculty, and dignitaries to celebrate the rich diversity that defines this institution.

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The university reaffirmed its steadfast commitment to sports excellence and student development during a vibrant flag-off ceremony for students participating in the 7th Afro Varsity 3x3 Basketball Championship and the 2nd FASU Badminton Showdown. The ceremony showcased Kenyatta University's strategic vision of nurturing holistic student growth through academic rigor and athletic achievement. Participation in such continental events reflects the University's investment in talent development, wellness, and its ambition to be a leading hub of sporting excellence across Africa.

Kenyatta University proved its commitment to academic and artistic excellence this year by winning the Best Learning Institution (University) award at the 4th Kenya Theatre Awards. This prestigious recognition highlights the university's dedication to nurturing creative talent, solidifying its position as a leader in theatre education in Kenya.

Appreciation

In conclusion, I take this opportunity to express my sincere appreciation and gratitude to the University Council, Management, and all staff members for their dedication to work and outstanding efforts, which have enabled the university to move towards attaining world-class status.

Finally, I would like to thank the Government, Local and International Donors, Suppliers, and Service Providers for their trust, guidance, and continued cooperation.



Prof. Paul .K. Wainaina, Ph.D.,
VICE-CHANCELLOR

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

Kenyatta University is guided by the following objectives;

Advancement of knowledge through quality teaching, scholarly research and scientific investigations

- i. Promotion of learning in the student body and society in general
- ii. Support and contribution to the realization of national economic and social development goals
- iii. Promotion of equalization for persons with disabilities, minorities and other marginalized groups
- iv. Promotion of cultural and social life of society
- v. Dissemination of research findings to the general community
- vi. Facilitation of life-long learning through provision of adult and continuing education
- vii. Fostering of the capacity for independent critical thinking among its students
- viii. Promotion of gender balance and equality of opportunity among students and employees

Kenyatta University has 5 Strategic pillars and objectives within the current Strategic plan for the FY 2023-2027. These strategic pillars are as follows;

- i. Excellence in Education and Training
- ii. Research, Innovation and Outreach for Sustainable Development
- iii. Corporate Governance and Management
- iv. Information Communication Technology
- v. Resource Mobilization and Financial Sustainability

Kenyatta University develops its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The *University* achieved its performance targets set for the FY 2023-2027 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Issue	Strategic Goals	Key Result Areas	Activities	Achievements
Strategic Issue Teaching and Learning	To produce competitive, skilled human resource	Curricula development Industry linkages for training Post graduate training Internationalization Teaching staff competencies Quality assurance in teaching	Curricula and programmes to be updated periodically. Industry involvement in teaching and learning. Retooling of teaching staff. Aligning curriculum and programmes to the Competence Based Education framework	Independent, self-reliant graduates
Research and innovation	To advance research, innovation and dissemination for sustainable development	Innovation and product development Dissemination of research output Researcher capacity	Strengthen capacity building on mobilizing resources for research, embedding innovation in research activities, entrepreneurship capacity through product development and IP commercialization. Enhancing research output dissemination and knowledge transfer	Strengthened research directorate

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Institutional Resources and Capacity	To acquire, upgrade, maintain adequate resources To strengthen institutional capacity	Infrastructure and facilities Corporate governance Human Resource Management	Increase physical facilities to cater for academic programmes including staff, students and clients with special needs. Invest in state of the art equipment for research on thematic areas. Implement measures to improve staff welfare and productivity. Capacity building for Council and University Management to improve corporate governance and strategic management.	Enhanced infrastructure. Good governance
Customer focus	To enhance customer satisfaction and increase market share	Student welfare Access to learning opportunities Stakeholder engagement Visibility and market demand Corporate Social Investment	Implement measures to enhance student welfare and satisfaction. Attracting the desired level of stakeholder support, in particular the Government priorities in BETA. Enhancing University brand and reputation identity. Effective Corporate Social Investment Programmes.	Enhanced student welfare. Enhanced stakeholder support. Enhanced University brand
Pertinent and Contemporary Issues	Mainstreaming pertinent and contemporary issues	Energy and water resources Environmental stewardship Disaster preparedness and management Wellness and health KRA 22: National Values	Optimize green energy. Implement measures to conserve and sustainably use water. Mainstreaming climate issues in curricula and ensure preparedness to cope with climate related disasters. Implement measures to deal with alcohol, drugs and substance abuse, mental health and gender based violence. Intensify efforts to promote national values and ethics	Efficient use of resources. Improved staff welfare.

8. Corporate Governance Statement

Introduction

The statement outlines the key aspects of the University's corporate governance framework. Corporate governance is the process by which the University is directed, controlled, and held to account. It provides the structure through which the strategic objectives of the University are set, and the means of attaining them as well as monitoring performance. Corporate Governance dictates the engagement between the University Council, Senate, Management Board, Regulators, and all Stakeholders.

The University in its decision-making processes observes the highest ethical standards and benchmarks on global best practices in compliance with the applicable legal principles, its vision, mission, and core values for sustainability of the University.

The governing organs of the University are:

- (i) The University Council;
- (ii) The Senate of the University;
- (iii) The University Management Board.

The University Council

Council Charter

The Council is guided by the Council Charter, which defines the governance guidelines within which the Council exists and operates. It clearly states the respective roles, responsibilities, and authorities of the Council and its Committees.

Council Appointment and Composition

In accordance with the Universities Act No. 42 of 2012, clause 36(1) the Council consists of nine persons appointed by the Cabinet Secretary for a period of three years and who are eligible for re-appointment for a further one term. The persons are as follows:

- The Chairperson
- Principal Secretary, Ministry for the time being responsible for the University Education
- Principal Secretary, Ministry for the time being responsible for Finance and The National Treasury
- Five members appointed by the Cabinet Secretary, Ministry for the time being responsible for University Education

The Vice-Chancellor who is an ex-officio member of the Council;

Succession Planning

The appointing authority which is the ministry of education ensures that the tenures of Council members are staggered to ensure a phased transition.

Council Diversity

The Council members possess a broad range of skills, expertise, experience, and knowledge essential to undertake the University's mandate as indicated on pages x to xiii of this Annual Report.

The powers and functions of the Council include among others:

- To make new or additional Statutes, alter, amend or revoke existing Statutes in consultation with the Senate;
- To establish such standing or other committees with membership and with such terms of reference as it may deem fit;
- To make regulations in accordance with the Charter for any purpose in respect of which regulations may be made, provided that no regulations shall be made until Senate has had an opportunity of reporting thereon;
- To make the appointments authorized by the Charter and the Statutes and to determine the terms and conditions of service for all staff of the University;
- To confer, after report from Senate, the title of Professor Emeritus, Adjunct Professor, Adjunct Faculty and other senior staff;
- To receive, consider and approve from University Management Board estimates of expenditure required to carry out the work of the University and to provide the requisite in so far as the estimates are approved and accepted by the Council;
- To borrow money on behalf of the University, and for that purpose and subject to the Charter, to mortgage or charge all or any part of the property unless the conditions of the property so held provide otherwise, and to give such other security whether upon moveable property or otherwise as the Council may deem fit;
- To select a Seal, Arms and Mace for the University and to have the sole custody and use of the Seal;
- To provide by Statutes for the creation of new Colleges, Campuses, Schools, Departments, Directorates, Institutes, Centers or other bodies of learning and research in the University and for the abolition from time to time of any such bodies, and to approve the establishment, abolition or sub-division of any such bodies on the recommendation of Senate;
- To exercise powers of removal from office for good cause of any officer or staff member and other disciplinary controls in the University;

Governance Audit

The Council in consultation with the ministry of education ensures it subjects the University to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.

The governance audit covers the governance practices of the University in the following parameters;

- a) Leadership and strategic management
- b) Transparency and Disclosure
- c) Compliance with Laws and Regulations
- d) Communication with stakeholders
- e) Council independence and governance
- f) Council systems and procedures
- g) Consistent shareholder and stakeholders' value enhancement
- h) Corporate social responsibility and investment.

Meetings of the Council

While the Council is responsible for its agenda, it is the responsibility of the Chairperson and the Council Secretariat working closely with the Vice-Chancellor, to come up with the Annual Council Work Plan and Agenda for the Council meetings.

Unless the Council otherwise determines, meetings of the Council are held at least four times in each calendar year at such a place and time as the Chairperson may determine.

At all meetings of the Council, a quorum is the nearest whole number above half the membership of the Council.

Where consensus is not achieved, decisions of the Council may be by a simple majority vote of those present and voting, provided that the Chairperson of the council shall have a casting vote in case of an equality of votes.

The Chairperson may at any time call a meeting of the Council within twenty eight (28) days of receiving request for that purpose addressed to him and signed by at least a half of the membership of Council.

Council Committees

The University has a total of four committees and five boards whose chairperson reports to the main Council and assists in executing the mandate of the Council and by extension, the University.

A) Council Committees

- 1) Finance and Strategy Committee
- 2) Terms of Service and Conditions Committee
- 3) Audit Committee
- 4) Governance, Risk and Compliance Committee

B) Boards

- 1) Staff Appeals Board
- 2) Appointment and Promotions Board (*For Professors, Associate Professors & Equivalent Grades*)
- 3) Disciplinary Board for Senior Staff (*Grade A-F, Graduate Assistants to Professor & Equivalent Grades*)
- 4) Honorary Degree Board
- 5) Sealing Board

Council Remuneration

The University Non-Executive Council Members are paid a sitting allowance for every meeting attended. They are not eligible for pension scheme membership. However, the Chairman of Council receives honoraria on a monthly basis as indicated in Note 15 of the Financial Statements.

Council allowances are based on approved rates and guidance provided in Government Circulars

Conclusion

The Council recognizes that practices and procedures can always be improved. Accordingly, the corporate governance framework of the University is kept under review to take account of changing standards and regulations.

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Number of Full Council, Committees, and Board Meetings held During the Year 2024/2025.

S.N	NAME OF THE COMMITTEE	NO OF TIMES MEETINGS WERE HELD
1	Full Council	11
2	Academic Governance & Strategy Committee	5
3	Audit, Risk & Compliance Committee	5
4	Finance & Development Committee	5
5	Human Resource Mgt. Committee	4

The Senate of the University

The membership of the Senate shall be:-

- The Vice-Chancellor, who shall be the Chairperson;
- The Deputy Vice-Chancellors;
- The Principals of each Constituent College;
- The Principals of each College within the University;
- Registrars;
- Executive Deans;
- Directors of Campuses;
- Chairpersons of Departments;
- One Professor representing each College;
- The Chief University Librarian;
- The Chief Finance Officer;
- Director of Student Affairs;
- Director Information, Communication, and Technology Services (ICT);
- Two members elected by the students' organization, who shall be entitled to attend
- Deliberations of the Senate on matters which are considered by the Chairperson of the Senate to be confidential of which relate to examinations, the general discipline of students, and other related matters; and
- Such other member as Council may determine in accordance with the Statute

The Deputy Vice-Chancellor in charge of Academic affairs shall be secretary to the senate.

The University Management Board

Members of the University Management Board shall be;

- The Vice-chancellor, who shall be the Chairperson;
- The Deputy Vice-Chancellors;
- Registrars;
- Chief Finance Officer
- Chief Legal Officer
- Such other member of senior management as the Council may determine and as provided for in the statutes.

The University Management Board shall assist the Vice-Chancellor in;

- 1) The Management of urgent day-to-day academic, administrative, research, development, and outreach issues;
- 2) The efficient management of the human, physical, and financial resources of the University;
- 3) Coordination of University and colleges strategic and development plans;
- 4) Make proposals to Senate and Council on issues that have University-wide application;
- 5) Receive proposals from different sectors of the University for Recommendation for Council consideration;
- 6) The implementation of Council and Senate approved policies;

9. Management Discussion and Analysis

The University’s Management discussion and analysis, provides an overview of the University’s financial activities for the fiscal year ended 30th June 2025. Since this information is designed to focus on the current year’s activities, resulting changes, and currently known facts, it should be read in conjunction with the University’s financial statements and Notes to the Financial Statements following this section.

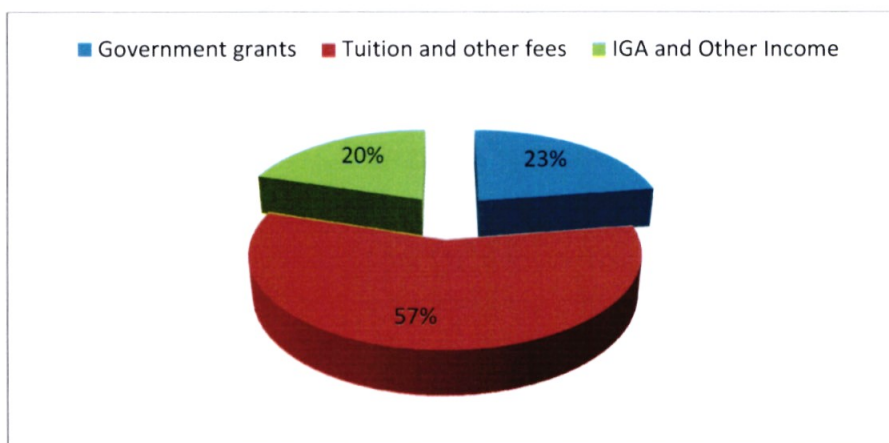
A. University Performance

University Sources of Funds

1. Government Grants – Recurrent and Development
2. Internally generated funds- Tuition and other income generating activities.
3. Externally sourced funds- Donations and grants from private sector, loans and overdrafts

In the year 2024/2025, the University received Kshs 2,279,170,459, Government Grants, Kshs 6,078,618,374 Tuition and other fees and Kshs. 2,076,600,426 from Income Generating Activities and other incomes.

Income for the year 2025



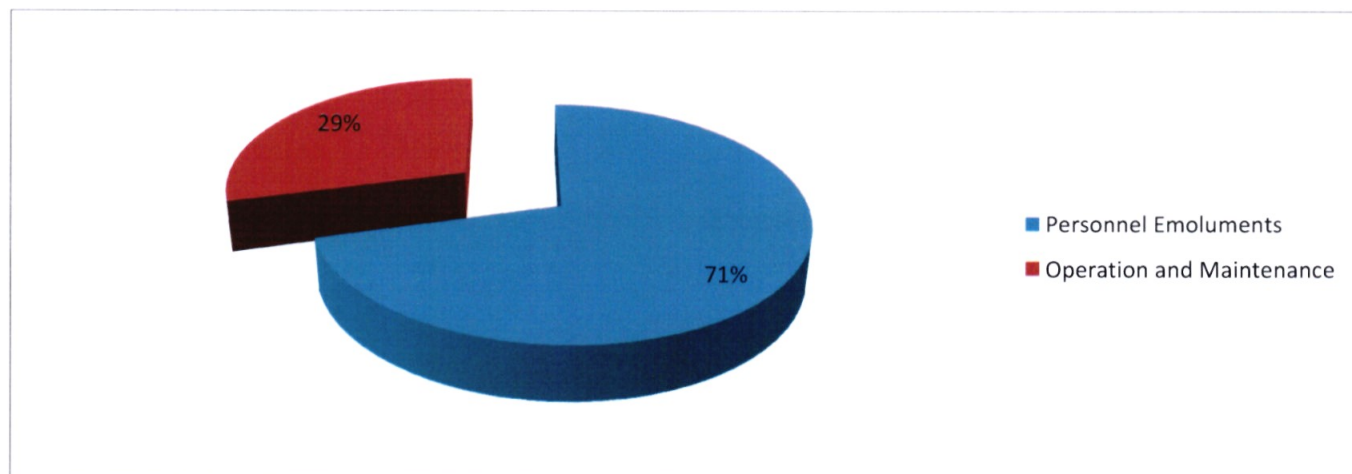
University Expenditure

University Expenditures are composed of Personnel Emoluments, Operations, and Maintenance.

The University’s expenditure increased slightly from Kshs 10,110,507,069 in the year 2024 to Kshs, 10,805,386,700 in the year 2025. The University’s major expenditures under the two categories were as follows;

Particulars	Amount in Kshs
1. Personnel Emoluments	7,147,565,397
2. Operation and Maintenance	3,657,821,303

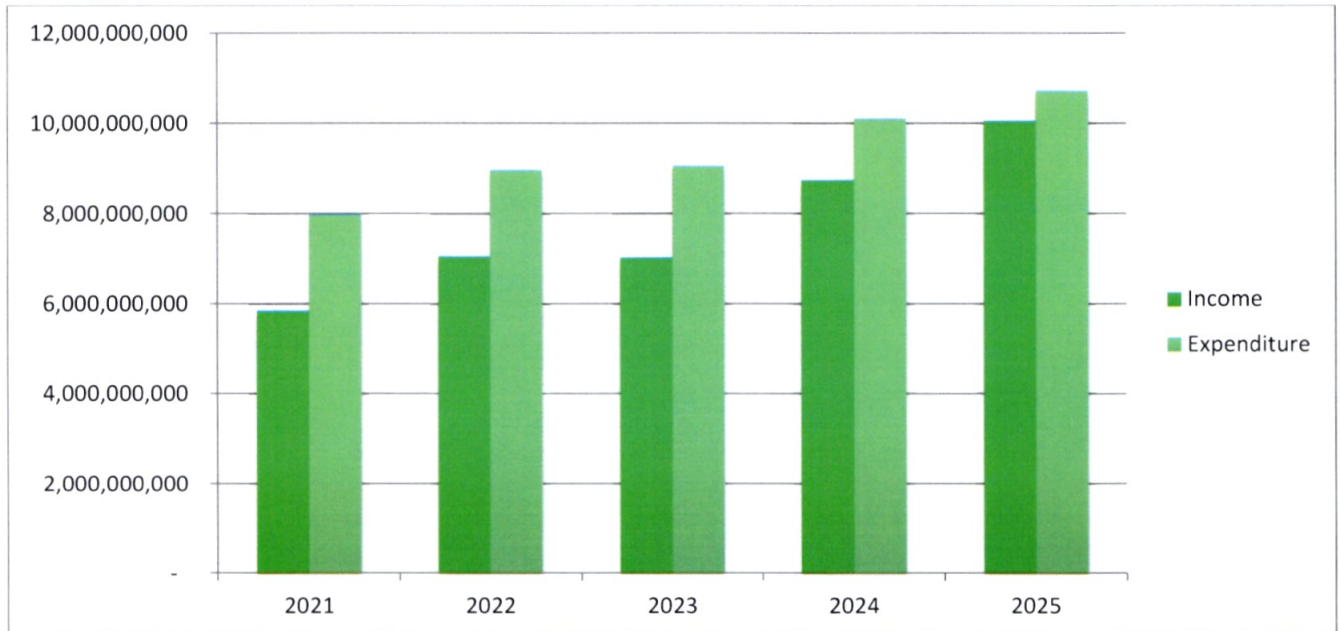
Expenditures for the year 2025



Five Years Financial Performance 2021-2025

KENYATTA UNIVERSITY					
Five Years Financial Performance 2021-2025					
	2021	2022	2023	2024	2025
PARTICULARS					
INCOME					
Government Grants: Recurrent	3,299,993,296	3,567,722,802	3,454,601,855	2,467,122,360	2,279,170,459
Tuition Fees	2,319,770,645	2,776,868,654	2,750,551,050	4,054,731,564	6,078,618,374
IGA and Other Income	233,610,413	523,714,437	829,970,230	2,225,973,742	2,076,600,426
Total Income	5,853,374,354	7,060,697,076	7,035,574,768	8,748,297,554	10,434,389,259
EXPENDITURE					
Personal Emoluments	6,011,916,820	6,361,441,604	6,711,751,937	6,586,013,505	7,147,565,397
Operation and Maintenance	1,971,087,824	2,385,521,511	2,750,551,050	3,545,295,879	3,657,821,303
Total Expenditure	7,983,004,644	8,970,981,265	9,096,275,641	10,110,567,068	10,805,386,700
Deficit/Surplus	(2,129,630,290)	(1,910,284,190)	(2,065,142,373)	(1,362,209,515)	(370,997,440)

Income and Expenditures Trend 2021-2025



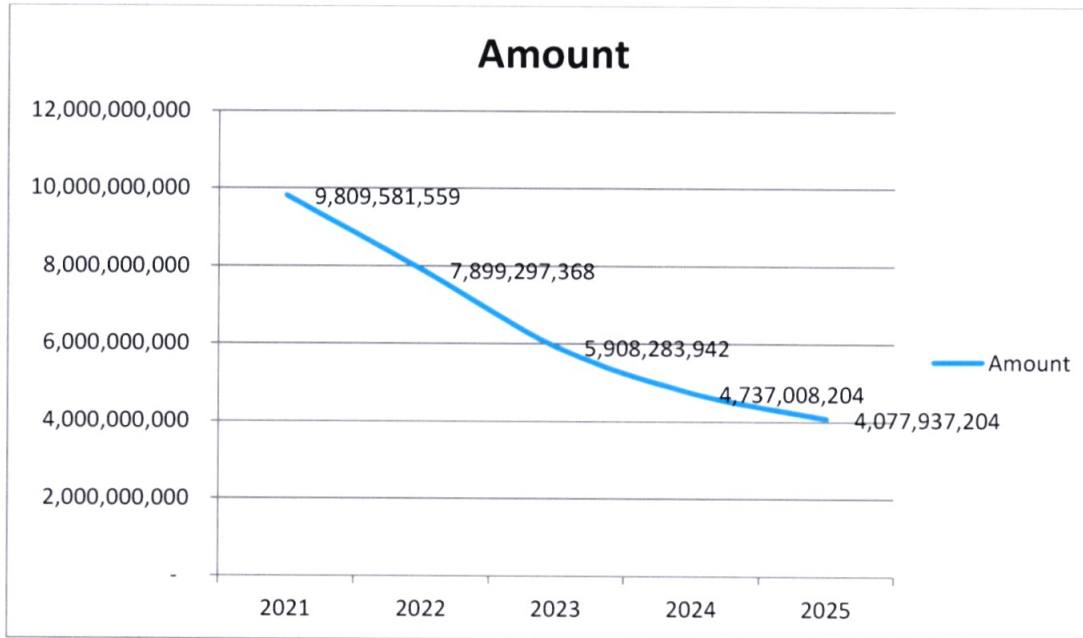
University Net Assets

The University Net Assets are composed of;

1. Revaluation Reserves
2. Accumulated Surplus
3. Capital Fund (Government Capital Grants)

The University’s Net Asset for the year 2025 is composed of Kshs. 4,401,485,064 Revaluation Reserves, Kshs. (3,059,406,478) Revenue Reserves and Kshs. 3,023,932,178 Capital Fund

University’s Net Assets for the year 2021 to 2025



Conclusion:

The University reported deficit in the last eight years, with its revenue increasing from Kshs 8,748,297,554 in the year 2024 to Kshs. 10,434,389,259 in the year 2025. In particular tuition and other fees which is a major component of the University revenue increased from Kshs 4,054,731,564 in the year 2024 to Kshs 6,078,618,374 in the year 2025. This can be attributed to the new funding model that has taken effect in the last two years. The University expenditure increased from Kshs 10,110,507,068 in the year 2024 to Kshs. 10,805,386,700 in the year 2025. With revenue enhancement and cost cutting measures implemented by Management we are optimistic that the situation will improve in the foreseeable future.

B. University’s Compliance with Statutory Requirements

The University has endeavored to comply with statutory requirement, however for the last eight years the University has not been able to remit payroll statutory deductions as indicated in Note 25a of the Financial Statements.

C. Key Projects and Investment Decisions the University is Planning/Implementing

SN	PROJECT NAME	COMMENCEMENT DATE	EXPECTED COMPLETION DATES	% OF COMPLETION	ESTIMATED PROJECT COST	COST INCURRED TO DATE	PROGRESS REPORT
1	REC Centre	July, 2015	December, 2018	19%	300M	56M	Stalled
2	School of Business	July, 2015	December, 2018	27%	300M	81M	Stalled
3	Kenyatta University Children Hospital	July, 2015	December, 2019	10%	2B	201.6M	Stalled
4	School of Architecture	July, 2015	December, 2018	3.5%	300M	10.6M	Stalled
5	Stadium Complex	July, 2015	December, 2019	4.9%	200M	9.8M	Stalled

D. Major Risks facing the University

The University has identified the following Key Risk

1. Financial Risk-the University is unable to meet its obligations as and when they fall due
2. Commercial Risk-the University has experienced drastic reduced number of self-sponsored students.
3. Infrastructural Risk-there is a number of stalled projects due to lack of funds.

E. Material Arrears in Statutory/Financial Obligations

The University has not been in a position to meet its expenditures as and when they fall due. At the end of the financial year 2024/2025 the University had not paid its obligations as per note 25 of the Financial Statement.

10. Environmental and Sustainability Reporting

Kenyatta University exists to transform higher education and enhance lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the student first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The University management is committed to raise Kenyatta University to a higher level of excellence as a world class institution. The University is committed to aligning her programmes and activities to make them contribute to the realization of the Sustainable Development Goals. Political issues emanating from national events like the general elections have not affected the running of the University, However, effects of COVID – 19 in the country that led to the closure of the university in 2020 are still felt financially.

ii) Environmental performance

Kenyatta University has promoted good environmental practices while upholding proper waste and pollution management ideas. We are aim to reduce, reuse and recycle and continually build capacity for environmental governance and management. Use of bio-resources, harvesting of rainwater and treatment of wastewater, exploitation of solar energy resources and tree planting are priority areas.

iii) Employee welfare

The University is committed to attracting, retaining and developing a community of talented and diverse individuals in support of the realization of its excellence agenda. With focus shifting from Millennium Development Goals to Sustainable Development Goals, the University aligns its human resources to contribute towards the realization of these goals. The University aims to have a work force that will ensure inclusive and equitable quality education and promote lifelong learning opportunities for all for achievement of sustainable development. Some of the human resource development and management concerns that are being addressed include recruitment, promotion and retention of high caliber staff. The presence of staff development policy has helped address issues related to work load, staff-student ratio and efficient service delivery by non-teaching staff.

i) Market place practices-

The organization should outline its efforts to:

a) Responsible competition practice.

Kenyatta University remains to be the University of Choice in terms of attracting quality staff, students and financial support. This has been achieved through offering quality education and training, promoting scholarship and community service.

b) Responsible Supply chain and supplier relations

Kenyatta University has maintained good business relationships with its suppliers by honoring contracts and respecting payment practices.

c) Responsible marketing and advertisement

The University is committed to maintain ethical marketing practices by practicing transparency, responding to consumer concerns and marketing in local dailies and social media to reach a wide target.

d) Product stewardship

Outline efforts to safeguard consumer rights and interests.

- Providing contact details which are easily accessible
- Responding to customer complains promptly
- An updated website

iv) Corporate Social Responsibility / Community Engagements

In the FY 2024-2025, Kenyatta University undertook a number of community outreach projects as follows;

1. Children Home Visit

19/10/2024- KUESA – Streets Children’s Home- Kamulu
16/11/2024- Red Cross Club-Familia Moja Children’s Home
22/2/2025-KUESA – Makimei Children’s Home- Gitaru

2. KU TV Focus on Health Talk Shows

- ✓ 28/11/24- HPV by Dr. Benjamin Odongo
- ✓ 5/12/24- Cervical Cancer by Dr. Benjamin Odongo
- ✓ 12/12/24- Fibroids by Dr. Boniface Musila
- ✓ 11/1/2025 – Ectopic Pregnancy by Dr. Francis Were
- ✓ 23/1/25 – Abortion by Dr. Antony Wanyoro
- ✓ 13/2/25- PCOS by Dr. James Njiru
- ✓ 20/2/25 – Breastfeeding by Dr. Antony Wanyoro
- ✓ 7/3/2025 – Preeclampsia by Dr. Boniface Musila
- ✓ 13/3/2025- Gestational Diabetes by Dr. Boniface Musila

3. Medical Camp

Sunday, 23rd February, 2025 PCEA, Siloam, Kimbo Church
Saturday, 22nd February, 2025 Mogotio Baringo County by Kenyatta University Pharmacy Students Association

4. Legal Aid Clinics

- 28th January 2025 Governance presented by Simiyu John Advocate.
- 4th February 2025 Abduction presented by Racheal Wahome Advocate.
- 11th February 2025 Gender based violence presented by Dr. Nancy Baraza Advocate and Former Deputy Chief Justice.
- 18th February 2025 African union presented by Imanuel Baraza Advocate.
- 25th January 2025 Civilian Trials in Military Courts presented by Emily Osiemo Advocate.
- 4th March 2025 Trade and Investment in Kenya: The current state presented by Quinter Atieno Advocate.
- 11th March 2025 Family and Technology presented by Job Musembi Titus Advocate.
- 18th March 2025 Personal Responsibility of Kenyan Government Officials presented by Pareno Solonka Advocate
- 25th March 2025 Conveyancing presented by Sharon Wawire Advocate

11. Report of Council Members

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the University's affairs.

i) Principal activities

The principal activity/mission of the University is to provide quality education and training, promote scholarship, service, innovation, and creativity, and inculcate moral values for sustainable individual and societal development.

ii) Results

The results of the Entity for the year ended June 30, 2025, are set out on page 1 to 46

iii) Directors

The members of the Council who served during the year are shown on page v

iv) Auditors

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

By Order of the Council

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PROF. PAUL .K. WAINAINA, PH.D.,

Kenyatta University Vice-Chancellor /Secretary to the Board

Date **30/08/25**

12. Statement of Council Members Responsibilities

Section 81 of the Public Finance Management Act, 2012, section 15 of the State corporation Act and section 47 of the University Act, 2012, require that the Council prepares financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University and is responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accrual, and in the manner required by the University Act, 2012 and Kenyatta University Charter. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2025, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

The University Council is committed to have the University be and remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

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



PROF. PAUL K. WAINAINA, PH.D.,
VICE-CHANCELLOR



DR. BEN CHUMO, PH.D., OGW
CHAIRMAN OF COUNCIL

REPUBLIC OF KENYA



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYATTA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Kenyatta University set out on pages 1 to 107, which comprise of the statement of the financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution 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 Kenyatta University as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Irregularities and Inaccuracies in Property, Plant and Equipment

1.1 Main Campus

1.1.1 Property, Plant and Equipment Detailed Analysis and Ownership Records

The statement of financial position and as disclosed in Note 26 to the financial statements reflects property, plant and equipment balance of Kshs.17,531,455,061. However, the insurance policy on the campus properties was not provided for audit review and there was no evidence of compensation of fire disaster on campus buildings. Further, details surrounding fire incidence in the Home Economics Building, extract of the Internal Auditor's report on fire incidences and state of affected buildings and Board deliberations on the same were not provided.

1.1.2 Stalled Projects

The statement of financial position reflects property, plant and equipment net book value of Kshs.17,531,455,061 which as disclosed under Note 26 to the financial statements include capital work in progress balance of Kshs.695,410,571 as analyzed under Note 30 to the financial statements. As previously reported, four (4) out of the projects initiated by the University had stalled with two (2) of the projects at initial stages as analysed below.

Project	Amount (WIP) (Kshs.)	Status
Recreation Centre	56,297,048	Stalled
Children Hospital	201,644,139	Stalled
School of Business	81,069,865	Stalled
Central Stores	20,456,693	Stalled
School of Architecture	10,620,712	Preliminaries done (No work on ground)
Stadium Complex	9,814,401	Preliminaries done (No work on ground)
Total	379,902,858	

Further, it was noted that all the stalled projects had building materials worth millions lying idle on sites and overgrown with bushes and perimeter walls around the site had fallen. In addition, capitalization of data centre computer and storage equipment amount of Kshs.97,497,547 was not disclosed under Note 26 to the financial statements.

1.1.3 Unconfirmed Ownership of Land

The statement of financial position reflects property, plant and equipment balance of Kshs.17,531,455,061 as disclosed in Note 26 to the financial statements. However, review of records provided for audit revealed that the University was allocated 32 hectares of land in Garissa County and paid registration fees amounting to Kshs.880,000. However, discussions with Management revealed that the University does not possess a title deed for this parcel of land. Further, the documentation confirming ownership of the land on which the Kenyatta University Teaching, Referral, and Research Hospital is domiciled was not provided. The total land area includes 7.97 hectares occupied by the Hospital. However, ownership status or whether compensation for this land was done could not be confirmed.

1.2. Mombasa Campus - Non-Operational Security Equipment

Review of documents provided in Mombasa Campus, revealed that a Euro Scan 6545 x-ray scanner had been installed at the two (2) main entrances, designed to detect potential threats such as explosives and sharp objects through detailed imaging. Despite its critical security function, the machine had reportedly been non-operational for a period of five (5) years, posing a significant security risk to the hotel. In addition, the initial cost of the machine could not be determined as no records were provided for the same.

1.3. Kigali Campus

As previously reported, Kenyatta University acquired Kigali Campus as one of its satellite campuses in the year 2015 at a cost of Kshs.314,894,910 and Management had spent a total of Kshs.312,819,454 on renovations. It was also indicated that assets worth Kshs.52,097,810 had been invested in the campus. To date, the campus is yet to admit any students but the University still incurs expenditure on the campus. No Board resolutions were provided on the current status and the way forward on the project.

In the circumstances, the accuracy, completeness, ownership and existence of property, plant and equipment balance of Kshs.17,531,455,061 could not be confirmed.

2. Unreconciled Capitation Funds and Missing Documentation for Mama Ngina University Project

The statement of financial position reflects a negative balance of revenue reserve of Kshs.3,059,406,478 as disclosed in Note 29b of the financial statements. However, review of capitation funds disbursed by the National Government for the construction of Mama Ngina University College revealed the following;

- i. The University received a total of Kshs.635,811,906 for the project. In the payables schedule the University owed Mama Ngina College Kshs.163,112,858 as at 30 June, 2024. However, a journal voucher was provided clearing the amount owed of Kshs.163,112,858. Further, an analysis of the journal voucher provided

indicated eighteen (18) vouchers that were not provided for verification totalling to Kshs.15,334,645.

- ii. No bank statements were provided for audit review to show how the payable to Mama Ngina College was settled.
- iii. Three payment vouchers amounting to Kshs.31,002,684 were paid for similar works, an indication of duplication of contractual works engaged.

In the circumstances, the accuracy, propriety and completeness of expenditure of Kshs.46,337,329 could not be confirmed.

3. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.13,659,440,957, an increase of Kshs.1,674,687,590 or 14% from the prior year balance of Kshs.11,984,753,367 as disclosed in Note 27a of the financial statements. Further, and as disclosed in the aging analysis, payables totalling Kshs.9,015,635,086 or 66% of the total payables have been outstanding for more than two (2) years. In addition, included in the payables balance is provision for audit fees totalling Kshs.24,400,000 owed to the Office of the Auditor-General which has been outstanding for over five (5) years. Management did not provide any reason for failure to pay the audit fee over the years records.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions balance of Kshs.13,659,440,957 could not be confirmed.

4. Unexplained Prior Year Adjustment

The statement of changes in net assets reflects revenue reserve balance of Kshs.3,059,406,478 as disclosed in Note 29b to the financial statements. Included in this balance is Kshs.209,543,093 in respect of prior year adjustment. However, Management did not provide adequate documentation, schedules, or explanatory notes to justify the nature and reasons for these adjustments.

In the circumstances, the accuracy and completeness of the revenue reserve balance of Kshs.3,073,786,619 could not be confirmed.

5. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.390,908,097 as disclosed in Note 22 to the financial statements. However, examination of the cashbooks, bank statements and bank reconciliation statements revealed that the University operates twenty-nine (29) bank accounts. However, no up-to date monthly bank reconciliations statements had been prepared for a Bank Account with a closing balance of Kshs.9,986,866 as at 30 June, 2025. Further, the board of survey report in support of the bank balances was not provided for audit review.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.390,908,097 could not be confirmed.

6. Long Outstanding Debtors

The statement of financial position reflects receivables from exchange transactions balance of Kshs.1,663,819,395 as disclosed in Note 23a of the financial statements, an increase of Kshs.1,475,180,901 or 782% from the prior year balance of Kshs.188,638,494. Review of the debtors' ledger extracted from the Campus Nexus Student Management System as at 30 June, 2025 revealed that 7,494 student accounts with cumulative balances amounting to Kshs.666,084,702, have remained unpaid for an extended period. Some of these debts relate to students admitted as far back as the year 2000, indicating a considerable accumulation of aged receivables.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.1,663,819,395 could not be confirmed.

7. Unsupported Finance Income

The statement of financial performance reflects finance income amount of Kshs.1,242,480 as disclosed in Note 12 to the financial statements. However, the following anomalies were noted:

- i) There was no evidence of existence of a formal investment agreement.
- ii) Authority to invest was not provided for audit.
- iii) Statement showing frequency of the earned interest was not provided for audit.

In the circumstances, the accuracy and completeness of finance income amount of Kshs.1,242,480 could not be confirmed.

8. Undisclosed Revenue

The statement of financial performance reflects sale of goods amount of Kshs.377,037,194 as disclosed in Note 10 to the financial statements. Review of the records provided revealed the following;

8.1 Regional Conference Centre for Development

Included in this amount is Kshs.3,085,905 in respect of Regional Centre for Capacity Development. This Centre is for research capacity building and consultancy services and also offers short courses such as German language course. However, payment schedules provided, reflect revenue of Kshs.1,530,500 generated from receipts from students taking German language course at the facility which were not reflected in the ledger of the income generating unit of the University.

8.2 Underperformance in Revenue Collection at Kenyatta University Gym House

The statement of financial performance reflects sale of goods amount of Kshs.377,037,194 as disclosed in Note 10 to the financial statements. Included in this amount is Kshs.24,689,535 in respect of other income. However, review of documents provided for audit revealed that the University owns a gym house as an income generating unit. A site visit to the KU Gym House revealed the following;

- i. The gym house Management relies on manual data collection to track active students who have paid for gym services. This approach posed challenges in verifying the actual number of students who had paid for the gym. Further the introduction of payment through e-citizen posed a challenge as Management was not able to verify genuine payments through M-pesa messages as they did not have rights access.
- ii. The gym Management indicated that the facility is lacking proper gym facilities to operate to optimum.
- iii. The gym Management stated that the facility operates semi-operational equipment which are prone to wear and tear due to frequent use. They stated that the University withdrew contract arrangements with suppliers who had repair and maintenance contracts running for an extended period ensuring constant service of the equipment. This posed a challenge as Management has to wait for a significant amount of time before repair and maintenance services are sourced by the procurement department.
- iv. The resistance area of the gym had broken mirrors which posed a potential health risk to the gym users.

In the circumstances, the accuracy and completeness of income from sale of goods amount of Kshs.377,037,194 could not be confirmed.

9. Failure by Kenyatta University to Disclose Accrued Rent Receivable from Kigali Campus

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.398,010,634 as disclosed in Note 23b to the financial statements. Review of Kenyatta University's financial statements for the year ended 30 June, 2025, revealed that the University did not disclose the accrued rental income relating to the lease of the Kigali Campus building amounting to Kshs.26,679,759 (Kshs.2,379,563.23*12 months less 1,875,000 paid) under receivables. The non-disclosure of the accrued rental income resulted in a material misstatement of the receivables balance and undermines the reliability and completeness of the financial reporting. In addition, Kenyatta University did not comply with the required accounting and disclosure principles in the preparation of its financial statements for the year 2024/2025.

In the circumstances, the receivables balance is understated with Kshs.26,679,759.

10. Unsupported Expenditure on Vice Chancellor's Committee Activities

The statement of financial performance reflects use of goods and services amount of Kshs.1,829,814,235 as disclosed in Note 14 to the financial statements. Included in this amount is Kshs.3,943,666 in respect to Vice Chancellor's Committees expenditure. However, review of sampled payment vouchers revealed that an amount of Kshs.545,220 was paid to various members of Vice Chancellor's Committee for activities outside office premises in Mombasa. These payments were not supported by documentary evidence of transport tickets.

In the circumstances, the accuracy, completeness and regularity of the expenditure totalling Kshs.545,220 incurred and the occurrence of the activities outside office premises in Mombasa could not be confirmed.

11. Revenue Misstatements

The statement of financial performance reflects revenue from rendering of services amount of Kshs.6,078,618,374 as disclosed in Note 9 to the financial statements. Review of information provided revealed the following;

11.1 Duplicate and Missing Receipt Numbers

Analysis of the receipts provided from student payments revealed that there was three thousand, seven hundred (3700) receipts that had duplicates. The existence of duplicate and missing receipts undermines the integrity of revenue records, increase the risk of misappropriation or loss of funds and may lead to incomplete and inaccurate financial reporting.

11.2 Active Students with Fee Balances

Comparison of Campus Nexus student Management System invoiced amounts against payments received as at 30 June, 2025 revealed that 25,503 active students had fee balances despite the deadline of fee payment having lapsed. These included 21,976 Government-sponsored students with outstanding balances amounting to Kshs.1,634,358,120, another 3,491 self-sponsored students with unpaid balances of Kshs.210,587,217, and 38 foreign students with unpaid balances of Kshs.3,742,878. The total fee balance of these active students amounted to Kshs.1,848,688,215 by 30 June, 2025.

In the circumstances, the accuracy and completeness of revenue from rendering of services amount of Kshs.6,078,618,374 could not be confirmed.

12. Employee Costs

The statement of financial performance reflects employee costs amount of Kshs.7,147,565,397 as disclosed in Note 16 to the financial statements. Review of records and data provided revealed the following;

12.1 Overstatement of Employee Costs

The statement of financial performance reflects employee costs amount of Kshs.7,147,565,397 as disclosed in Note 16 to the financial statements. However, scrutiny of the payroll data, revealed that, the payroll expenses amounted to Kshs.5,723,282,467 resulting to an unexplained variance of Kshs.1,424,282,930.

12.2 Irregular Payment of Allowances

12.2.1 Acting Allowance

Three (3) employees had an overpayment of acting allowance amounting to Kshs.231,686.

12.2.2 Health Risk Allowance

Thirty-nine (35) employees were irregularly being paid Health Risk allowance amounting to Kshs.2,040,000.

12.2.3 Payment of Acting Allowance for More than Six (6) Months

The payroll audit established that eleven (11) employees acted in substantive posts for more than six months. The acting allowance paid to these officers amounted to Kshs.649,385.

In the circumstances, the accuracy and completeness of employee costs totalling Kshs.7,147,565,397 could not be confirmed. Lack of a formal verification and approval mechanism increases the likelihood of ghost workers being included in the payroll, leading to unauthorized payments.

13. Undisclosed Research Projects

The statement of financial performance transfers from domestic and foreign partners and transfers to research projects amounts of Kshs.1,237,743,318 as disclosed in Note 8 and Note 15 to the financial statements. However, the specific projects and movement in expenditure within the year under review were not disclosed in the financial statements.

In the circumstances, the accuracy and nature of the respective projects totalling Kshs.1,237,543,318 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenyatta University 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.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final budget and actual on comparable basis of Kshs.9,193,018,747 and Kshs.8,262,713,894 respectively, resulting to an under funding of Kshs.930,304,853 or 10% of the budget. Further, the capital expenditure of Kshs.158,093,858 was not incorporated in the budget and approval for the repairs and maintenance over expenditure of Kshs.19,022,536 or 20% was not provided.

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

2. Material Uncertainty in Relation to Sustainability of Services

The statement of financial position reflects total current assets and total current liabilities balances of Kshs.2,508,268,980 and Kshs.13,863,277,729 respectively, resulting in a negative working capital of Kshs.11,355,088,749. Further, the University incurred a deficit of Kshs.370,997,440 (2023/2024 - Kshs.1,362,209,515). This casts significant doubts on the University's ability to continue to sustain services.

In the circumstances, the University is technically insolvent and may not be able to meet its current obligations as and when they fall due.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion/Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of Kenyatta University in 2024/2025 revealed that the matters as disclosed in **Appendix 1** remained unresolved.

Other Information

The Management is responsible for the Other Information set out on page iii to xxxviii which comprise of Key Entity Information and Management, Members of the University Council, Key Management Team, Chairman's Statement, Vice-Chancellor's Report, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of Council Members and Statement of Council Members Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kenyatta University financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Law and Effectiveness of Procurement Planning

1.1 Non-Operational Assets

Field verification exercise conducted in July, 2025 at Kenyatta University - Nakuru Campus revealed that several assets, were either non-operational or required servicing and calibration. Discussions with Management revealed that no repairs or replacements had been done and Management had not undertaken timely measures to resolve the status of these non-functional assets. This was contrary to Section 163(1) of the Public Procurement and Asset Disposal Act, 2015, that states; an Accounting Officer shall establish a disposal committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or assets.

1.2 Obsolete and Unserviceable Property, Plant and Equipment

Field exercise conducted at Kitui Campus revealed existence of assets that were not operational while others require servicing and calibration. Further, some chemicals in the laboratory of undefined value had expired as at the time of audit on 30 June, 2025. Discussions held with Management revealed that these items had not been repaired or replaced. It was not clear why timely action had not been taken to address these anomalies. This was contrary to Section 163(1) of the Public Procurement and Asset Disposal Act, 2015, which requires that; an Accounting Officer shall establish a disposal committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or assets.

1.3 Irregular Expenditure on Airtime

Review of the documents provided for audit revealed that the University incurred an expenditure of Kshs.1,910,300 on purchase of airtime. However, the airtime purchased exceeded the acceptable amount for low value procurement of Kshs.50,000 for purchase of goods. This was contrary to Regulation 91(1) of the Public Procurement and Asset Disposal Regulation, 2020 which requires a procuring entity that procures using the

request for quotations method pursuant to Section 105 of the Act, shall be subject to the procurement threshold in the Second Schedule.

1.4 Irregular Procurement of Goods and Services

Review of documents provided for audit revealed the University engaged suppliers through request for quotation method for supply and delivery of goods. However, the printing and stationery materials of Kshs.4,760,899 were procured but letter of acceptance of award, goods received notes, verification notes were not provided to support the expenditure. This is contrary to Regulation 104 of the Public Finance Management (National Government) Regulations, 2015 which requires that, all receipts and payment vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation.

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

2. Non-Compliance with Fiscal Responsibility Principles

2.1 Commingling of Revenue – Tuition Fees and Rental Income

The statement of financial performance reflects rental revenue from facilities and equipment amount of Kshs.208,989,926. Included in this amount is Kshs.83,860,186 in respect of rent/lease income. However, review of the tuition cash book and bank deposit slips in Kitui Campus revealed that an amount of Kshs.4,027,500 for rental income was deposited in the tuition account, an indication that there was commingling of funds in regard to tuition fees and rental income collected from tenants as shown below;

Month	Amount (Kshs)
July, 2024	249,500
August, 2024	296,000
September, 2024	255,500
October, 2024	347,500
November, 2024	301,500
December, 2024	263,000
January, 2025	316,500
February, 2025	345,000
March, 2025	465,500
April, 2025	380,500
May, 2025	373,500
June, 2025	433,500
Total	4,027,500

This was contrary to Regulation 64(4) of the Public Finance Management (National Government) Regulations, 2015 which states that, “all public moneys collected by a receiver of revenue or collector of revenue or collected and retained by a National

Government entity, shall be paid into the designated bank accounts of the National Government.”

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

2.2 Mismanagement of Standing Imprest - North Coast Beach Hotel

Review of imprest documents provided for audit revealed that the accountant received a standing imprest of Kshs.1,000,000 for operations of the hotel. However, the following anomalies were identified;

- i) Use of standing imprest to purchase items that should go through the normal procurement process for example fuel, major maintenance works, repair of motor vehicles, and purchase of office furniture and equipment.
- ii) Use of standing imprest to pay statutory deductions such as NHIF and catering levy.

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

2.3 Non-Surrender and Unverified Surrender of Imprests

Audit examination of the imprest register revealed the following anomalies;

- i) A total of four hundred and seventy-three (473) staff members had not surrendered imprests amounting to Kshs.75,824,947 within the required seven working days, contrary to the regulation.
- ii) A sample of sixty-three (63) staff issued with imprests amounting to Kshs.26,689,899 had been indicated to have surrendered their imprests. However, the supporting surrender documents were not provided during the audit. In the circumstances the surrender of imprest amounting to Kshs.26,689,899 could not be verified or confirmed.
- iii) Non-provision of back to office reports after the exercise

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

2.4 Restructuring of Bank Overdraft Facility to a Term Loan

The statement of financial position reflects long term borrowings balance of Kshs.546,673,739 as disclosed in Note 28a to the financial statements. However, review of the documents provided for audit revealed that the University received an approval for restructuring of bank overdraft of Kshs.700,000,000 to a long-term loan of Kshs.450,000,000 and retain an overdraft of Kshs.250,000,000 from Equity Bank vide letter Ref MOE/11/2/ (73) dated 15 October, 2021.

In addition, the University had outstanding loan of Kshs.550,331,070 from Cooperative Bank. However, Management did not provide information regarding loan ceiling in order to support credit facilities.

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

2.5 Long Outstanding Fee Balances

The statement of financial position reflects receivables from exchange transactions balance of Kshs.1,663,819,395 as disclosed in Note 23a to the financial statements is net of bad debts provision of Kshs.184,868,822. Examination of students' debtors listing revealed that there were 7,701 students who had fee arrears for more than four (4) months. Similarly, the students sat for the examinations with fees balances amounting to Kshs.680,806,125, contrary to the Institution Fees Policy that requires a student to pay fee to be eligible to sit for examinations. It is an indicator of the system of internal control override or weakness.

Further, Note 21(a) to the financial statements has not disclosed the aging analysis of the receivables from exchange transactions.

In the circumstances, Management was in breach of the University's approved fee policy.

2.6 Irregular Adjustments to Student Debtor Balances

Review of the student debtors' ledger as at 30 June, 2024, compared with the student debtors' list as at 30 June, 2025, revealed that thirty-one (31) students had been removed from the debtors' list. However, examination of the payment schedules provided did not show any evidence that the corresponding debts had been cleared, raising concerns over the validity of the adjustments made to the debtors' records. This is contrary to Regulations (23)(1)(c) and 23(1)(d), of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officers to be accountable to the National Assembly: (c) for maintaining effective systems of internal control and the measures taken to ensure that they are effective; and (d) for measures taken to prepare the financial reports that reflect a true and fair financial position of the entity.

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

2.7 Failure to Invoice Active Students Tuition Fees

Comparison of the Campus Nexus's Student Register against the invoice data as at 30 June, 2025 revealed that 8376 active students had not been invoiced for their academic fees. Among Government-sponsored students, 1911 active students had not been invoiced, creating a gap in expected revenue. For self-sponsored students, 6309 students were similarly not billed affecting tuition collections. Additionally, foreign students accounted for 156 active students who had not been invoiced. This was contrary to Section 149(1) of the Public Finance Management Act, 2012, which requires the Accounting Officers to ensure that all revenues due to the entity are collected and accounted for. Further, Section 35(1)(a) of the Universities Act, 2012, places responsibility on University Councils to manage, control and administer the revenue and property of the University. In addition, Part 5.1 of the University Fees Policy, 2020, provides that all fees shall be paid per semester or trimester in full by the stipulated deadline, failing which the student should call off the semester/trimester until the fees are settled.

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

2.8 Irregular Use of Income Generating Activities (IGA) Float

The statement of financial performance reflects revenue from sale of goods amount of Kshs.377,037,194 as disclosed in Note 10 to the financial statements. However, review of Income Generating Activities (IGA) float amounting to Kshs.15,230,564 revealed the following anomalies;

- i) Purchase of items that are already procured through regular procurement channels, contrary to Public Finance Management and procurement regulations.
- ii) Payments made for alcoholic beverages through the catering float, yet the Institution does not operate any hotel or kitchen facility that legally sells alcohol, raising questions about the legitimacy of such expenses that are not under North Coast Beach Hotel.
- iii) Payment for statutory deductions such as Social Health Authority (SHA) for North Coast Hotel, which should be processed through payroll.
- iv) Payment of casual workers using the IGA float.
- v) Purchase of air tickets.
- vi) Payment of catering levies.

These transactions were captured in the vouchers provided for audit verification. This is contrary to Regulation 91(2) of the Public Finance Management (National Government) Regulations, 2015 which provides that, "Imprests shall not be used as a method of payment for procurement of goods, works or services whose value exceeds the threshold prescribed in the Public Procurement and Asset Disposal Act."

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

3. Non-Compliance with Affirmative Action on Ethnicity and Regional Distribution

The statement of financial performance reflects employee's costs amount of Kshs.7,147,565,397 as disclosed in Note 16 to the financial statements. However, an analysis of employees in the Memory Soft System as at 30 June, 2025 established that 42% of the staff were from one dominant ethnic community contrary to Section 7(1) of National Cohesion and Integration Act, 2008, which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff. Section 7(2) 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. Irregularities in Leasing of Kigali Campus, Rwanda

Audit of Kigali Campus in Rwanda carried out in December, 2025 revealed the following anomalies;

4.1 Failure by the Lessee to Adhere to Lease Agreement on Rent Payment

Kenyatta University through Kenyatta University Limited (Lessor) entered into a lease agreement with Miami Wholesale Limited (Lessee), a Rwandan Firm. The lessor leased the whole building domiciled in Rwanda to the Lessee. Clause 1(a) of the Lease Agreement between Kenyatta University Limited and Miami Wholesale Limited dated 8 July, 2024 stipulates that the lessee is obligated to pay the rent to the lessors at the times and in the manner set out in the Schedule hereto. If the tenant does not pay rent for two consecutive months, the University shall repossess the premises. Further, according to Schedule 3 of the lease agreement, the rent payable is at the rate of Kshs.2,379,563.23 (RWF19,042,692.68) per month.

Audit inspection carried out in December, 2025 revealed that Miami Wholesale Limited, occupied the building from the agreement date of 8 July, 2024 to December, 2025 for approximately 18 months. The total rent payable was Kshs.42,832,138.23(18*2,379,563.23). However, the actual total rent paid for the period was Kshs1,875,000 (RWF 15,000,000) resulting to a balance of Kshs.40,957,138 (RWF327,657,105.12). Therefore, at the time of audit in December, 2025, Miami Wholesale Limited had rent arrears of approximately Kshs.40,957,138. Kenyatta University however, did not demonstrate how it intends to collect the rent arrears from the Lessee. Further, Kenyatta University has not effectively managed or enforced the rent collection process as required by the lease agreement.

In the circumstances, the lessee and Management are in breach of the lease agreement.

4.2 Failure by KU to Transfer Accounts for Water and Electricity to the Lessee

The audit revealed that there was no evidence provided indicating that Kenyatta University transferred the accounts in respect of the water and electricity supplied to the premises to the lessee's name. This is contrary to clause 1(d) of the Lease Agreement between Kenyatta University Limited and Miami Wholesale Limited, that requires the lessor to transfer the accounts in respect of the water and electricity supplied to the premises to the lessee's name within 30 days of the handover of the premises by the lessor to the lessee and pay to the suppliers and to indemnify the lessors against all charges for the electricity, water, telephone and conservancy charges consumed at or in relation to the premises.

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

4.3 Failure by Kenyatta University to Pay Land Rent

The audit revealed that there was no evidence provided indicating that Kenyatta University made any payment for land rent contrary to clause 2(a) of the Lease Agreement between Kenyatta University Limited and Miami Wholesale Limited, that requires the lessor to pay the Land rent and all existing and future Municipal or County rates and taxes payable in respect of the property.

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

4.4 Failure to Secure the KU Premises by the Lessee

Physical verification carried out on the premises by the audit team in December, 2025 revealed that there were no security guards on site. Further, no evidence was provided to ascertain that the lessee had insured the property and goods. This is contrary to clause 1(k) of the of the Lease Agreement between Kenyatta University Limited and Miami Wholesale Limited, that requires the lessee to ensure security of the premises and keep insured all the lessee's property and goods against all risks including but not limited to breakage, fire, burglary and/or theft as may be necessary with an insurer of repute and the lessee agrees and covenants with the lessor shall not be liable to the lessee for any loss or damage that may be suffered or sustained by the lessee, its agents, visitors, invitees and/or licensees due to any cause whatsoever.

In the circumstances, the lessee was in breach of the lease agreement.

4.5 Rental Charges per Square Metre

The total space rented by Ms. Miami Wholesale Ltd. Company is 2,133,635 square metres against total monthly rent of 19,042,692.68 rwf (or 8.925 rwf per square metre) an equivalent of 0.01 US Dollars as at 30 June, 2025 or Kshs.1.00 per square metre, per month. Based on market survey, the rate is highly understated comparing it with the prevailing average market rate per square metre per month at Remera, next to Amahoro International Stadium – Rwanda, which ranges at a current minimum of 12 USD per square metre per month.

In the circumstances, the University is not getting value for money expected from the rental space.

4.6 Budget Overrun for Clearing Services

Kenyatta University engaged a contractor to provide clearing services at a negotiated price of Kshs.499,800. This price was above the approved budget of Kshs.451,201 by Kshs.48,599. This is contrary to Section 45(3)(a) of the Public Procurement and Asset Disposal Act, 2015 that requires all procurement processes be within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan.

In the circumstances, Management was in breach of the procurement regulations.

5. Other Non-Compliance Issues

5.1 Lack of Assets Tagging

During the physical verification exercise at the Nakuru Campus, it was observed that some assets had not been tagged including chairs, computers printers and tables as indicated. Discussion with Management revealed that the Nakuru Campus Management had written an internal memo Ref KU/NKU/REG (F)/6/Vol 3/020 dated 1 April, 2025 to Registrar (Finance) requesting for physical verification and tagging of the non-tagged

assets. However, Management had not acted on the memo as at the time of audit in June, 2025.

In the circumstances, Management was in breach of the law and the University is exposed to loss of assets.

5.2 High Wage Bill

The statement of financial performance and Note 16 to the financial statements reflects employee costs totalling Kshs.7,147,565,397 against total revenue received in the year of Kshs.10,418,581,380. The total wage bill of the University translates to seventy-one (71%) which is above allowed limit of 35%. This was contrary to Section 224(3)(b) of the Public Finance Management Act, 2015 which provides that the compensation of National and County Government employees shall not exceed 35% of either level of Government equitable revenue share.

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

5.3 Employment Beyond Retirement Age

The statement of financial performance reflects employee costs amount of Kshs.7,147,565,397 as disclosed in Note 16 to the financial statements. However, review of employees' records revealed that the University has in service two (2) employees working beyond the mandatory retirement age as per the table below:

Staff No.	Gender	Name	Designation	Disability	1 st Appointment	Terms of Service	Date of Birth	Age
3709	Male	Mr. Johnson Maina Kimando	Principal Technician	Yes	20-May-1989	P	7-Feb-1959	66
718	Female	Prof.Mrs.Jane Igoki Murungi	Associate Professor	No	1-Dec-1975	P	1-Jan-1949	76

The Kenyatta University's Human Resource Policy 2019 and Collective Bargaining Agreement, 2016 stipulates that when different groups of employees are supposed to retire, it is not clear how the said officers have continued to be in service beyond their retirement age.

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

5.4 Non-Compliance in a Third of the Basic Pay Rule

The statement of financial performance reflects employee's costs amount of Kshs.7,147,565,397 as disclosed in Note 16 to the financial statements. However, review of payroll revealed that, two hundred and sixty-two (262) staff members are being paid below a third of their basic pay. This was contrary to Section 19(3) of Employment Act 2007, which provides that an employer is permitted to make deductions from an

employee's salary provided the employee takes home not less than one-third of their salary.

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

5.5 Irregular Appointment of Staff on Acting Capacity

The statement of financial performance reflects employee's costs amount of Kshs.7,147,565,397 as disclosed in Note 16 to the financial statements. However, review of the University human resource records revealed that the twenty-five (25) officers were appointed to serve in various acting positions during the year under review. However, it was observed that nine (9) officers were irregularly appointed as some did not have letters of appointment/renewal for the various acting positions, and some were acting for periods longer than 2 terms. No explanation was provided as to why the officers were acting without appointment letters contrary to the Section C.14 (1) of the Human Resource Policies and Procedure Manuals for Public Service of May 2016.

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

5.6 Lack of Annual Governance Audit and Performance Evaluation

The statement of financial performance reflects Council expenses amount of Kshs.15,297,037 as disclosed in Note 17 to the financial statements. However, review of records at the University relating to Council activities revealed no evidence of the Board having undertaken an annual governance audit during the year under review. The audit is expected to address governance practices including Leadership and strategic management, transparency and disclosure, compliance with laws and regulations, Board independence and governance, consistent shareholder engagement and value enhancement among others.

Further the Council did not conduct self-evaluation of its performance on an annual basis as required by the Mwongozo that states that the Board of directors to carry out annual performance evaluation and file a report with the parent ministry and the state corporations advisory committee. In addition, two Council Members were re-appointed without any Board evaluation contrary to Section 1.5(2) of Mwongozo Code of Governance for State Corporations, 2015 on Term Limits for Board Members which states that the renewal of a Board Member's tenure for a second term should be subject to a favorable evaluation.

In the circumstances, it was not possible to confirm the level of adherence to applicable laws, rules, regulations and policies of the Institution.

5.7 Lack of a Substantive University Secretary

The statement of financial performance reflects Council expenses amount of Kshs.15,297,037 as disclosed in Note 17 to the financial statements. However, examination of the University's records concerning the composition and appointment of Council members revealed that the Institution did not have a University Secretary, a key position necessary for the effective functioning and performance of the University Council.

This absence is a violation of Section 1.20 of the Mwongozo Code of Governance for State Corporations (2015), which outlines the requirement for appointing a Corporation Secretary.

In the circumstances, the University Council was not properly constituted and lacked the proper mandate to conduct its function.

5.8 Irregular Engagement of Casuals in Mombasa Campus

Review of records provided for audit revealed that Management engaged casual employees on a monthly basis and who worked continuously for a period of twelve (12) months as shown below. However, their employment terms have not been converted to service contracts. Further, the engagement had been sanctioned by the Vice-Chancellor.

S/No.	Name	ID No.	Designation	Gender
1	Ms. Diana Gichangi	22301350	Secretary	Female
2	Ms. Pauline Ng'ang'a	23976957	Receptionist	Female
3	Mr. Shedrack Mwendwa	27265035	Electrician	Male
4	Mr. Michael Karanja	10270482	Hostel Attendant	Male
5	Mr. Ezekiel Kibet	11731041	Hostel Attendant	Male
6	Ms. Zephrina Jefwa	30067457	Library Assistant	Female
7	Mr. Andrew Mbuitu	20392591	Hostel Attendant	Male
8	Ms. Josphine Mwongeli	28873722	Secretary	Female
9	Mr. Peter Kalama	26424408	Plumber	Male
10	Mr. Kennedy Waweru	34521270	ICT Technician	Male
11	Ms. Mercy Njeri	27313009	Cleaner/ Messenger	Female
12	Ms. Eunice Murithi	33774677	Hostel Attendant	Female

This was contrary to Section 37(1)(a)(b) of Employment Act, 2007 on conversion of casual employment to term contract that provides, notwithstanding any provisions of this Act, where a casual employee - (a) works for a period or a number of continuous working days which amount in the aggregate to the equivalent of not less than one month; or (b) performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly and Section 35(1)(c) shall apply to that contract of service.

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

5.9 Irregular Board Meetings

The statement of financial performance reflects Council expenses amount of Kshs.15,297,037 as disclosed in Note 17 to the financial statements. However, examination of the Council's records and payment vouchers revealed that members of the Council held thirty-four meetings (34) more than the allowable maximum of six (6) sittings per financial year, resulting to overpayment totalling Kshs.3,271,630. This was in contravention of Executive Order No. OP/CAB.9/1A of 2020, which limits the number of

sittings to a maximum of six annually. The excess sittings and related payments are therefore irregular and not in compliance with the established directive.

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

5.10 Irregular Attendance of Council Meeting by Non-Board Member

Review of the Minutes of the 4th Regular Meeting of the 13th Kenyatta University Council held in October, 2024 revealed that a Professor attended the meeting as an alternate of the Vice-Chancellor. However, records provided indicated that Professor is not a gazetted member of the University Council and there was no formal documentation authorizing him to attend the meeting in that capacity, which require that only duly gazetted members or officially appointed alternates attend and represent designated officials.

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

5.11 Lack of Qualifications and Expertise in Financial Management

Review and assessment of the qualifications of appointed University Council members revealed that the Council lacked a financial expert - member with the required qualifications and experience in financial management or accounting, and who is a bona fide member of a recognized professional accountancy body. This was in violation of the Mwongozo Code of Governance, 2015, which mandates that at least one Board member must possess such expertise and professional membership.

As a result, the Cabinet Secretary failed to comply with the legal requirements.

5.12 Late Settlement of Decretal Sum

The statement of financial performance reflects use of goods and services amount of Kshs.1,829,814,235 as disclosed in Note 14 to the financial statements. Included in this amount is an expenditure on Courts awards and penalties of Kshs.15,560,455. Review of records provided for audit revealed the following anomalies;

- i. Payment of decretal sum amounting to Kshs.5,411,108 to A.E Kiprono & Associates on behalf of Joel Menya Otendo in Nairobi Employment and Labor Relations Court (ELRC) No.160 of 2009 as per Court ruling. However, Court documents indicate judgement was passed on 22 March, 2019 and payment of the same made in 14 October, 2024. Management did not explain why it took close to five (5) years to settle the matter which exposed the Institution to an interest charge of up-to 6% per annum from the date of issue.
- ii. Payment of decretal sum amounting to Kshs.5,010,147 to A.E Kiprono & Associates on behalf of Lucy Njeri Mugwere in Nairobi Employment and Labor Relations Court (ELRC) No.160 of 2009 as per Court ruling. However, Court documents indicate judgement was passed on 22 March, 2019 and payment of the same made in 14 October, 2024. Similarly, Management did not explain why it took close to five (5) years to settle the matter which exposed the Institution to an interest charge of up-to 6% per annum from the date of issue.

In the circumstances, the Management incurred an avoidable expenditure totalling Kshs.10,421,255 towards decretal sum.

5.13. Non-Implementation of Contract Terms for Unicity Parking Provided by KAPS Limited

The statement of financial performance reflects rental revenue from facilities and equipment amount of Kshs.208,989,926 as disclosed in Note 11 to the financial statements. However, review of an analysis of KAPS income report provided for audit review revealed that KAPS was remitting monthly revenue to Kenyatta University at a rate of 40% of the total monthly collection contrary to the requirements of the contract terms 2.1.3 which requires a remittance of 50% in the fifth (2024-2025) and sixth (2025-2026) year of the contract. Non-adherence to the contract terms therefore results to under collection of Unicity parking revenue.

Further, clause 2.1.4 had inconsistency on the remittance percentage where wordings reported fifty five percent and figures 60% for fifth and sixth year and therefore not possible to determine the implementation percentage.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Proper Management of Kenyatta University Resources

The statement of financial position reflects property, plant and equipment balance of Kshs.17,531,455,061 as disclosed in Note 26 to the financial statements. Review of Kenyatta University's asset register, revealed that the institution owns several motor vehicles, which includes;

- i) Nissan Xtrail (KAV 266E)

- ii) Toyota Landcruiser (KAG 821F)
- iii) Toyota Hilux (018F)
- iv) Toyota Hilux (KAL 351U)
- v) Toyota Avanza (KBJ 510U)
- vi) Shuttle Bus (KCA 605F)
- vii) MF Tractor (KAJ 933S)
- viii) Fire Machine Motorcycle (KBT 801N).

However, concerns were raised regarding the utilization, storage, and maintenance of these assets. Field verification revealed that poor storage practices have left the vehicles vulnerable to accelerated wear and tear with some of the vehicles having stalled due to lack of spares.

In the circumstances, the internal controls on the management of the University's assets could not be confirmed.

2. Inefficiencies in Management of Unicity Mall

A site visit to Unicity Mall and discussion with the Unicity management revealed the following anomalies;

- i) Constant wetting and leakages on the rooftop causing roofing materials to weaken, corrosion of metal supports, and weakening of concrete, causing discoloration and bubbling of paint on the mall.
- ii) Exterior lighting, including security lights around the mall and along the perimeter fence, were not functional.
- iii) The mall experiences flooding due to a poor drainage system. Rainwater flows from the rooftop gutters to the ground level, but the drainage tunnels are blocked, preventing smooth water flow. As a result, water accumulates around the building, leading to frequent flooding.

In the circumstances, the internal controls on the management of the Unicity mall could not be confirmed.

3. Non-Recovery of Stolen Items from Pelt Security

The statement of financial performance reflects use of goods and services amount of Kshs.1,829,814,235 as disclosed in Note 14 to the financial statements. However, review of the payment vouchers under the use of goods and services, items amounting to Kshs.298,786 got lost in the Main Campus issued under the care of Pelt Security who provide security services. Pelt Security requested Kenyatta University to surcharge the

amount of the stolen items in four equal instalments, each amounting to Kshs.74,696, by way of issuance of credit notes in the subsequent credit notes. However, no information was provided on how the value of the stolen items was arrived at nor what items were stolen. In addition, Management has only recovered Kshs.149,393 vide Payment Voucher number 10-0420-25, out of the total amount of Kshs.298,786.

In the circumstances, effectiveness of internal controls in management of cash could not be confirmed.

4. Uncollected Student Fees from Active Invoiced Students

The audit of the Campus Nexus Student Management System revealed that 1,518 active students had been invoiced, but no corresponding payments were recorded during the review period. These comprised 632 self-sponsored students invoiced Kshs.78,618,572, 872 Government-sponsored students invoiced Kshs.35,887,425, and 14 Foreign Students invoiced Kshs.2,040,180. The total outstanding invoiced amount attributable to these students was Kshs.116,546,177. This was contrary to Part 5.1 of the Fees Policy 2020 that states; "fees shall be paid per semester/trimester. All fees shall be payable in full as per the University's communication deadline for fee payment in the particular semester. If the student has not raised full fees by the said deadline, he/she will be required to call of the semester/trimester and resume in the next applicable semester/ trimester after paying all required fees".

In the circumstances, the internal controls of collection of students' fees from active invoiced students could not be confirmed.

5. Unapproved Payroll at the North Coast Beach Hotel

Review of payroll data revealed that the hotel maintains its own payroll which is maintained and prepared by the hotel accountant. However, it was observed that:

- i) The staff are recruited by the University Council but the staff on the payroll could not be traced in the University bio data report.
- ii) The Hotel and University maintains two (2) distinct payrolls despite being one entity.
- iii) Payroll for the hotel has no approval of Kenyatta University Human Resource Department.

This was contrary to Kenyatta University Human Resource policy paragraph 5.1 on grading structure and Paragraph 11.8 on career development.

In the circumstances, the internal controls in the management of the payroll could not be confirmed.

6. Weaknesses in Payroll and Human Resource System Integration

The statement of financial performance reflects employee's costs amount of Kshs.7,147,565,397 as disclosed in Note 16 to the financial statements. However, review

of the payroll process revealed that there is no integration between the workflow system used for human resource functions and the Memory Soft system used for payroll processing, resulting in data silos and inefficiencies. In addition, the salary and allowance amounts were being keyed manually, which increases the risk of human error. Further, there is no formal verification or approval process for the inclusion of employees in the payroll, raising concerns of data integrity and the potential for fraudulent entries. It was also noted that the payroll earnings and deductions were not properly configured to produce a standardized monthly payroll report, making it difficult to track and interpret payroll components with accuracy. This was contrary to Regulation 110(1) of the Public Finance Management (National Government) Regulations, 2015 which requires that the Accounting Officer for a National Government entity shall institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity.

In the circumstances, the University is exposed to weak controls in respect to systems operations.

7. Underperformance in Revenue Collection of KU Swimming Pool

The statement of financial performance reflects sale of goods amount of Kshs.377,037,194 as disclosed in Note 10 to the financial statements. Included in this amount is Kshs.24,689,535 in respect of other income. However, during a site visit to KU swimming pool revealed that the facility offers swimming classes and access to students on weekends at a fee. However, the following anomalies were noted:

- i. The swimming pool has four (4) lifeguards who also act as pool attendants. The life-guards responsibilities lie with human life while pool attendants handle, cleaning and treating pool. This poses difficult working environments as the lifeguards are given responsibilities beyond their scope.
- ii. Management indicated that chemicals used in treatment of the pool are not sourced on time as procurement is handled centrally leading to a long waiting period before they are adequately replenished.

In the circumstances, the internal controls in collection of swimming pool revenue is weak.

8. Unfair Treatment of Staff

Review of Human Resource records provided revealed that the cook and steward employed as casual staff were caught sleeping on 21 April, 2025. The workers submitted an apology in writing to the Management. However, a surcharge of Kshs.2,000 was imposed on them and a summary dismissal despite being on a daily entitlement of Kshs.750 each. Further, documentary evidence to support that fair hearing took place or guidelines of the surcharge rates were not provided for audit review. This was contrary to No.10 Part b of the Collaborative Bargaining Agreement which provides that, "before issuing any warning to an employee, the employer shall ensure that the employee receives a fair hearing before an independent person not involved in the original dispute or the accusing person."

In the circumstances, the internal controls in management of staff affairs could not be confirmed.

9. Application Controls in Human Resource and Payroll System

Review of the payroll process revealed that there is no integration between the workflow system used for human resource functions and the Memory Soft system used for payroll processing, resulting in data silos and inefficiencies. In addition, the salary and allowance amounts were being keyed manually, which increases the risk of human error. Further, there is no formal verification or approval process for the inclusion of employees in the payroll, raising concerns of data integrity and the potential for fraudulent entries. It was also noted that the payroll earnings and deductions were not properly configured to produce a standardized monthly payroll report, making it difficult to track and interpret payroll components with accuracy.

In the circumstances, the internal controls in management of human resource and payroll system could not be confirmed.

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 the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 governance.

In preparing the financial statements, Management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to 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 comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 December, 2025

Appendix 1 – Unresolved Prior Year Matters

S/No	Financial Year	Audit Issue
1	2023-2024	Inaccuracies and Inconsistences in Financial Statements
2	2023-2024	Misstatements of Research Fund
3	2023-2024	Misstatements of University Consumables
4	2023-2024	Statement of Comparison of Budget and Actual Amounts
5	2023-2024	Unsupported Grants in the Financial Statements
6	2023-2024	Unsupported Deferred Income
7	2023-2024	Irregularities and Inaccuracies in Property, Plant and Equipment and Unsupported Value of Kigali - Rwanda Campus
8	2023-2024	Failure to Capitalize Completed Projects
9	2023-2024	Stalled Projects
10	2023-2024	Unsupported Additional Assets
11	2023-2024	Unconfirmed Ownership of Land
12	2023-2024	Misstatement of Revenue from Exchange Transactions
13	2023-2024	Material Uncertainty in Relation to Sustainability of Services
14	2023-2024	Irregular Payment of Board Mileage allowances
15	2023-2024	Lack of Qualifications and Expertise in Financial Management
16	2023-2024	Lack of Annual Governance Audit and Performance Evaluation
17	2023-2024	Lack of a Substantive University Secretary
18	2023-2024	Non-Adherence to Budgetary Limits
19	2023-2024	Irregular Procurement of Cleaning Services
20	2023-2024	Use of Expired LPO
21	2023-2024	Unremitted Statutory Deductions and Other Staff Deductions
22	2023-2024	Irregularities in Payroll
24	2023-2024	Irregular Engagement of Casuals
25	2023-2024	Unsupported Recruitment of Staff
26	2023-2024	Non-Compliance with Fiscal Responsibilities Principles
27	2023-2024	Irregular Conversion of Loan
28	2023-2024	Long Outstanding Receivables
29	2023-2024	Irregularities in Management of Fuel, Oil and Lubricants
30	2023-2024	Software Licenses
31	2023-2024	Irregular Procurement of Legal Services
32	2023-2024	Understaffing at North Coast Beach Hotel
33	2023-2024	Irregular Issuance of Standing Imprest
34	2023-2024	Irregular Engagement of Casuals


S/No	Financial Year	Audit Issue
35	2023-2024	Long Outstanding Trade and Other Payables
36	2023-2024	Late Submission of Financial Statements for Audit
37	2023-2024	Weak Students Invoicing Controls
38	2023-2024	Inefficiencies in Revenue Collection from Kenyatta University Conference Centre
39	2023-2024	Weakness in Payroll and Human Resource System Integration
40	2023-2024	Inefficiencies in Operations at Kenyatta University Coffee House
41	2023-2024	Inefficiencies of Operation at KU Gym House
42	2023-2024	Weak Controls in Banking of Cash Received in the Hotel


Kenyatta University
Annual Report and Financial Statements
for the year ended June 30, 2025.


14. Statement of Financial Performance for the year ended 30 June 2025

	Note	2024/2025	Adjusted 2023/2024
		Kshs.	Kshs.
Revenue From Non-Exchange Transactions			
Government Grant	6	2,279,170,459	2,467,122,360
Levies, Fines & penalties	7	440,886	469,887
Transfers from Domestic and Foreign partners	8	1,237,543,318	1,322,857,256
Sub Total		3,517,154,663	3,790,449,503
Revenue From Exchange Transactions			
Rendering of Services	9	6,078,618,374	4,054,731,564
Sale of goods	10	377,037,194	442,306,652
Rental revenue from facilities & Equipment	11	208,989,926	155,711,892
Finance Income	12	1,242,480	680,629
Other Income	13	251,346,622	304,417,314
Sub Total		6,917,234,596	4,957,848,051
Total Revenue		10,434,389,259	8,748,297,554
Expenses			
Use of goods and services	14	1,829,814,235	2,900,251,586
Transfers to Projects(Research)	15	1,237,543,318	1,322,857,256
Employee costs	16	7,147,565,397	6,586,013,505
Council Expenses	17	15,297,037	13,669,517
Depreciation	18	311,810,417	315,568,378
Repairs and Maintenance	19	115,022,536	143,526,960
Contracted Professional Services	20	9,776,234	17,749,233
Finance Cost	21	138,557,525	133,727,890
Total Expenses		10,805,386,700	10,110,507,069
DEFICIT FOR THE PERIOD		(370,997,440)	(1,362,209,515)

The Financial statements set out on pages 1 to 38 were signed on behalf of the University Council members by:


Prof. Paul K. Wainaina, Ph.D.
Vice Chancellor


CPA Mwai Samuel,
Chief Finance Officer
ICPAK Member No. 5257


Dr. Ben Chumo, Ph.D., OGW
Chairman of Council

Date:  30/08/25

Date:  30/8/2025

Date:  30/8/2025

15. Statement of Financial Position for the Year Ended 30 June 2025

	Note	2024/2025	Adjusted 2023/2024
		Kshs.	Kshs.
CURRENT ASSETS			
Cash and Bank Balances	22	390,908,097	638,981,104
Receivables from exchange transactions	23a	1,663,819,395	188,638,494
Receivables from non-exchange transactions	23b	398,010,634	539,826,429
Inventories	24a	32,682,955	45,700,730
Biological Assets	24b	3,333,650	3,800,000
Investments	25	19,514,249	18,271,769
Sub Total		2,508,268,980	1,435,218,526
NON - CURRENT ASSETS			
Property, Plant and Equipment	26	17,531,455,061	17,685,171,621
TOTAL ASSETS		20,039,724,042	19,120,390,146
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables from exchange transactions	27a	13,659,440,957	11,984,753,367
Refundable deposits from customers	27b	34,757,972	52,044,004
Payment received in advance	27c	106,944,248	136,793,249
Current portion of borrowings	27d	62,134,551	240,803,399
Sub-Total		13,863,277,729	12,414,394,020
NON-CURRENT LIABILITIES			
Borrowings	28a	546,673,739	675,959,122
Deferred Income	28b	1,264,228,160	1,293,028,800
Sub-Total		1,810,901,899	1,968,987,922
TOTAL LIABILITIES		15,674,179,628	14,383,381,942
NET ASSETS		4,365,544,414	4,737,008,204
FINANCED BY			
Revaluation Reserve	29c	4,401,018,714	4,401,485,064
Revenue Reserve	29b	(3,059,406,478)	(2,897,952,131)
Capital Fund	29a	3,023,932,178	3,023,932,178
Prior Years Adjustment to Revenue Reserve		-	209,543,093
TOTAL NET ASSETS AND LIABILITIES		4,365,544,414	4,737,008,204

Prof. Paul K. Wainaina, Ph.D.
Vice Chancellor

CPA Mwaj Samuel,
Chief Finance Officer
ICPAK Member No.
5257

Dr. Ben Chumo, Ph.D., OGW
Chairman of Council

Date: 30/08/25

Date: 30/8/2025

Date: 30/8/2025

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16. Statement of Changes in Net Assets for the Year Ended 30 June 2025

	Revaluation	Revenue	Capital
	Reserve	Reserve	Fund
	Kshs.	Kshs.	Kshs.
Balance as at 30th June 2023	4,399,292,064	(1,535,742,616)	3,023,932,178
Revaluation of Biological Assets	2,193,000	-	-
Deficit for the period	-	(1,362,209,515)	-
Prior Year Adjustment		209,543,093	
Balance as at 30th June 2024	4,401,485,064	(2,897,952,131)	3,023,932,178
Revaluation of Biological Assets	(466,350)	-	-
Deficit for the period	-	(370,997,440)	-
Balance as at 30th June 2025	4,401,018,714	(3,059,406,478)	3,023,932,178

Note: Capital Funds are grants received from the government for development projects.

17. Statement of Cash Flows for the Year Ended 30 June 2025

		2024/2025	Adjusted 2023/2024
Cash flows from operating activities			
Receipts		Kshs.	Kshs.
Transfers from other governments entities	6a	2,279,170,459	2,261,528,830
Levies, fines, and penalties	7	440,886	469,887
Transfers from Domestic and foreign partners	8	1,237,543,318	1,322,857,256
Rendering of services	9a	4,371,632,377	3,894,349,088
Sale of goods	10a	188,602,275	435,880,782
Rental revenue from facilities and equipment	11	38,440,656	143,204,724
Finance income	12	1,242,480	680,629
Other Incomes	13a	145,641,443	188,444,388
Total receipts		8,262,713,894	8,247,415,583
Payments			
Use of goods and services	14a	1,405,814,975	2,776,313,395
Transfers to Projects(Research)	15	1,237,543,318	1,322,857,256
Employee costs	15a	5,239,261,483	4,594,266,535
Council Expenses	16	15,297,037	13,669,517
Repairs and maintenance	18	115,022,536	143,526,959
Contracted services	19	9,776,234	17,749,233
Finance Cost	20	138,557,525	133,727,890
Total payments		8,161,273,109	9,002,110,785
Net cash flows from/(used in) operating activities		101,440,786	(754,695,202)
Net Cash flows from Investing Activities			
Investing in Short Term Deposit	24	19,514,249	18,271,769
Purchase of Property, Plant, Equipment & Intangible Assets	25	(158,093,858)	(90,646,515)
Net cash flows from Investing Activities		(158,093,858)	(72,374,746)
Cash flows from financing activities			
Proceeds from borrowings	26d	(62,134,551)	(240,803,399)
Repayment of borrowings	27	(129,285,383)	(125,169,881)
Net cash flows from financing Activities		(191,419,934)	(365,973,280)
Net increase/(decrease) in Cash & Cash Equivalents		(248,073,007)	(1,193,043,227)
Cash and cash equivalents at 1 July 2024	21	638,981,104	509,167,075
Cash and cash equivalents at 30 June 2025	21	390,908,097	638,981,104

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Notes to the Cash Flow

			Adjusted
		2024/2025	2023/2024
Transfers from other governments entities	6a	2,279,170,459	2,467,122,360
Less accrual for June		0	(205,593,530)
Net Transfers from Other Government Entities		2,279,170,459	2,261,528,830
Rendering of Services	9a	6,078,618,374	4,054,731,564
Less Uncollected Fees		(1,848,688,217)	(209,598,327)
Add Fees Paid in Advance		106,944,248	46,645,951.00
Caution Money		34,757,972	2,569,899
Net Rendering of Services		4,371,632,377	3,894,349,087
Sale of goods	10a	377,037,194	442,306,652
Catering		(181,241,450)	-
Cyber Café		(6,964,469)	(6,425,870)
IGA Other Income Gym		(229,000)	-
		188,602,275	435,880,782
Rental revenue from facilities and equipment		208,989,926	155,711,893
Rent Deposits		6,962,792	20,053,240
Uncollected Rent		(177,512,062)	(32,560,409)
Net Rental revenue from facilities and equipment		38,440,656	143,204,724
Other Incomes	13a	251,346,622	304,417,314
Commission		(2,417,525)	(3,219,506)
Grants Administrative Fees		(74,487,014)	(83,952,779)
Amortization of Deferred Income		(28,800,640)	(28,800,640)
Net Other Incomes		145,641,443	188,444,388
Use of goods and services	14a	1,829,814,235	2,900,251,586
Provision for Bad and Doubtful Debts		(170,995,405)	(2,245,397)
Audit Fees		(3,000,000)	(3,000,000)
General Creditors Paid		(206,799,412)	(174,543,240)
Departmental Transfers		(34,387,904)	(339,183,533)
Departmental Meetings		(8,816,540)	(5,705,666)
		1,405,814,975	2,776,313,395
Employee Costs	15a	7,147,565,397	6,586,013,505
Unpaid Salary Dues		(1,908,303,914)	(1,991,746,970)
Net Employee Costs		5,239,261,483	4,594,266,535

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18. Statement of Comparison of Budget and Actual Amounts as at 30 June 2025

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue	a	b	c=(a+b)	d	e=(d-c)	
Transfers from other government entities	1,777,160,102	523,529,750	2,300,689,852	2,279,170,459	(21,519,393)	99.06%
Rendering of services	5,219,849,229	(260,295,918)	4,959,553,311	4,371,632,377	(587,920,934)	88.15%
Sale of Goods	659,500,000	239,443,193	898,943,193	374,367,740	(524,575,453)	41.65%
Research Income	1,033,832,391	-	1,033,832,391	1,237,543,318	203,710,927	119.70%
Total Income	8,690,341,722	502,677,025	9,193,018,747	8,262,713,894	930,304,853	89.88%
Expenses						
Use of goods and services	2,041,455,007	(75,085,364)	1,966,369,643	1,405,814,975	(560,554,668)	71.49%
Transfers to Projects(Research)	1,033,832,391	-	1,033,832,391	1,237,543,318	203,710,927	119.70%
Employee Costs	5,600,054,324	577,762,389	6,177,816,713	5,239,261,483	(938,555,230)	84.81%
Council Expenses	15,000,000	-	15,000,000	15,297,037	297,037	101.98%
Repairs and maintenance	96,000,000	-	96,000,000	115,022,536	19,022,536	119.82%
Contracted Services	32,000,000	-	32,000,000	9,776,234	(22,223,766)	30.55%
Finance Costs	242,000,000	-	242,000,000	138,557,525	(103,442,475)	57.26%
Total Expenditure	8,690,341,722	502,677,025	9,193,018,747	8,161,273,109	1,031,745,638	88.78%
Deficit/Surplus For the Period				101,440,786		

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Statement of Comparison of Budget and Actual Amounts (Cont.)

Budget notes

		Description of Particulars	Amount in Kshs.
	Revenue		
2	Rendering of services	This was due to the effect of the new funding model that affected first and second year cohorts leading to the University generating less revenue from student fees.	(587,920,934)
3	Sale of Goods	There was a decrease in the number of students as well as delayed disbursement from HELB. Additionally USAID funded projects i.e. YALI and HERO were shut down leading to loss of revenue in our service centers especially KUCC.	(524,575,453)
4	Research Income	There was an increase in revenue, i.e., the University received from Research and other activities.	203,710,927
	Expenses		
5	Use of goods and services	The University continued to implement its cost cutting measures with merging of departments as well as rationalization of staff medical expenses.	(560,554,668)
6	Research Income	There was a high uptake of research activities leading to higher expenses in the financial year	203,710,927
7	Employee Costs	The University was not able to meet its various personnel emoluments obligations such as Pay As You Earn, Pension, NSSF, Sacco and Insurance deductions.	(938,555,230)
8	Repairs and maintenance	The University undertook various major renovations such as replacement of roofing for buildings with asbestos as per government directive leading higher maintenance costs.	19,022,536
9	Contracted Services	The University spent less on contracted professional services as there were few disputes and capital projects that would require these services.	(22,223,766)
10	Finance Costs	The University managed its liquidity effectively therefore reducing bank overdraft costs. Loan interest charges on the 2 main loans - Equity and Cooperative were also lower in the year.	(103,442,475)
	Closing Cash & Cash Equivalent as per the Statement of Cash Flows		390,908,097

19. Notes to the Financial Statements

NOTE 1: General Information

The University is established by and derives its authority and accountability from the University Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University’s principal activity is to provide quality education and training.

NOTE 2: Statement of compliance and basis of preparation

The University’s 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 the financial statements is in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying Kenyatta University’s accounting policies. The areas involving a high degree of judgment 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 University. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NOTE 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 2025

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st 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.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p><i>The University has not leased any property and as such this standard will not affect the University reporting</i></p>

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Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, 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: 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>This standard is not applicable to the University</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>This standard will impact the University Financial statements and its impact will be reflected in the 2026 Financial statements.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.

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Standard		Effective date and impact:
		<p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The University will disclose this in its financial statements</p>
IPSAS 47- Revenue		<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The University will adjust its financial statements to reflect in its 2026 financial statements</p>
IPSAS 48- Transfer Expenses		<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>This standard is not applicable to the University</p>
IPSAS 49- Retirement Benefit Plans		<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The University will disclose this in its financial statements</p>

iii. Early adoption of standards

The University did not early – adopt any new or amended standards in year 2025.

NOTE 4: Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to Kenyatta University and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realized in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

Kenyatta University recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Kenyatta University..

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying

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amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2024-2025 was approved by the National Assembly on 4th July 2024. There were no revisions or additional appropriations during the year under review and the same shown in the statement of Actual versus Budget

Kenyatta University'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. 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 section Actual Versus Budget Performance of these financial statements.

c) Taxes

i. 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 Kenyatta University operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial

performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in Joint

Ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:

<input type="checkbox"/> Furniture and Equipment	- 10%
<input type="checkbox"/> Motor Vehicles	- 25%
<input type="checkbox"/> Academic Gown	- 5%
<input type="checkbox"/> Buildings	- 2%

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- Computers Hardware - 30%
- Computer Software - 30%
- Patent & Rights - 20%

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the University. Assets held under a finance lease are capitalized at the commencement

of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The University also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the University will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

g) Intangible Assets

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

h) Biological Assets

The University recognizes biological assets when it controls the assets due to past events, and it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and Development Costs

The University expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the University can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.

- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

j) Financial Instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The University does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the University's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The University classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the University's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the University classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses

Which are recognized in surplus/deficit? Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The University assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The University recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL)

b) Financial liabilities

Classification

The University classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the

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estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

l) Provisions

Provisions are recognized when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

m) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The University recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the University will incur in fulfilling the present obligations represented by the liability.

n) Contingent liabilities

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

o) Contingent assets

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

p) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. The University maintains the Revenue reserve that maintains the prior year surplus/deficit. The Revaluation reserve is maintained to allow for any revaluations that may happen within the University's assets.

q) Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

r) Employee benefits

Retirement benefit plans

The University operates a defined contribution benefit scheme, Kenyatta University Pensions Fund for its employees who are on permanent employment. Defined contribution plans are post-employment benefit plans under which an University pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The University contributed Kshs.574,610,764 in the year 2025, Kshs 535,732,076 in the year 2024, Kshs. 546,344,472 in the year 2023, Kshs. 529,567,532 in the year 2022, Kshs 448,350,125 towards the pension scheme.

s) 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.

t) 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 borrowing costs have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

The University had an outstanding balance on long term borrowings of Kshs 332,017,918 (being loan borrowed from Co-operative Bank in the year 2015) as at 30th June 2024 and also Kshs. 214,655,821 (being loan borrowed from Equity Bank in the year 2022). The total interest paid for the year was Kshs. 89,347,030 recognized as an expense in the statement of financial performance.

u) Related parties

The University 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. The National Government, Council Members and Members of Management Board are regarded as related parties.

v) Service concession arrangements

The University analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the University recognizes that asset when, and only when, it Controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w) 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 various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents include short term deposits, cash on hand and cash at bank at the end of the financial year.

In the year 2025, the University had Kshs **390,908,097** as compared to 2024 when the University had Kshs **638,981,104** in cash and cash equivalent.

x) Comparative figures

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

y) 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, 2025.

NOTE 5: Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The University did not make any 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.

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

The University provides for bad and doubtful debts at the rate of 10% of the value of debtors at the end of the financial year. The amount recognized as an expense in the statement of performance is the difference between last year's provision (2024) and this year's provision (2025).

	2025	2024
Bad and doubtful debts	2,290,922,255	786,561,744
Provision for Bad debts @ 10%	(229,092,226)	(58,096,821)

Amount recognized in the Statement of performance 2025 is the difference between 2024 and 2025 provision which is Kshs. **170,995,405**

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Notes to the Financial Statements for the Year 2025 (Cont.)

Revenue from Non-Exchange Transactions

NOTE 6: Government Grants

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
A10001	Recurrent Grants: Kenyatta University	2,279,170,459	2,467,122,360
		2,279,170,459	2,467,122,360

NOTE 7: Levies, Fines and Penalties

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
A40007	Surcharge & Fines	40,900	39,086
A40038	Library Fines	399,986	430,801
		440,886	469,887

Revenue from Exchange Transactions

NOTE 8: Public Contributions & Donations

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
A40051	Research Donations	1,237,543,318	1,322,857,256
	Donations transferred to revenue on conditions being met.	-	
	Other Public Donations (Specify)	-	-
	Total Transfers and Sponsorships	1,237,543,318	1,322,857,256
	Reconciliation Of Public Contributions and Donations		
	Balance Unspent at Beginning of The Year	1,322,857,256	273,339,182
	Current Year Receipts	1,237,543,318	1,322,857,256
	Conditions Met - Transferred to Revenue	1,930,830,494	887,761,052
	Conditions To Be Met - Remain Liabilities	629,570,080	708,435,386

NOTE 9: Rendering of Services (Fees Income)

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
A20002	Tuition Fees	5,625,436,978	3,404,854,474
A20007	Activity Fees	27,154,000	29,325,000
A20008	Examination Fees	102,200,000	137,713,000
A20009	Library Fees	23,946,000	39,531,500
A20010	Registration Fees	23,946,000	39,531,500
A20011	Identity Card	3,874,000	10,750,100
A20012	Medical Fees	54,308,000	58,650,000
A20013	Material Development Fee	34,217,700	82,067,700
A20015	Accommodation Fees	74,539,146	134,566,190
A20025	Confucious Institute Chinese Fees	380,550	442,100
A20026	Computer Fees	108,616,000	117,300,000
		6,078,618,374	4,054,731,564

NOTE 10: Sale of Goods

			Adjusted
		2024/2025	2023/2024
	Income Generating Activities Income	Kshs.	Kshs.
A20020	Regional Centre for Capacity Development	4,616,405	1,315,850
A30003-A30013	Catering	48,493,611	51,154,169
A30008	Cyber Café	6,964,469	6,425,870
A30003-A30017	KU Conference Centre	109,873,522	177,512,162
A30004-A40028	KU Funeral Home	46,944,068	45,104,995
A30003-A30017	North Coast Beach Hotel	111,532,199	135,825,967
A20021-A30016	Other IGAs	24,689,535	22,257,064
A20027	KU Model School	23,923,385	2,710,575
		377,037,194	442,306,652

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Notes to the Financial Statements for the Year 2025 (Cont.

NOTE 11: Rental Revenue from Facilities & Equipment

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
A40015	Rent/Lease income	83,860,186	60,056,469
A30017	Accommodation-Mombasa Campus Hostels	20,338,304	14,184,255
A40047	Lease/Rent Income Unicity	52,619,654	35,737,123
A40048	Lease/Rent Income KU Plaza	15,193,522	13,894,941
A20045	Service Charge & Utilities Account	36,978,260	31,839,105
		208,989,926	155,711,893

NOTE 12: Finance Income

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
A40012	Interest Income	1,242,480	680,629
		1,242,480	680,629

NOTE 13: Other Income

		2024/2025	Adjusted 2023/2024
		Kshs.	Kshs.
A20022	Consultancy & other Prof. Services	2,715,686	5,813,770
A20030	KU Radio Service Income	25,000	-
A20031	Affiliation Fees	251,605	349,668
A20035	Fine Art Dept. Income	3,450	194,157
A20038	National Phototherapeutics Research Centre Income	1,113,410	464,165
A20040	Career Week Income	745,126	460,000
A20041	ICT Professional Training and Certification Centre Income	72,500	172,600
A20042	Teacher Professional Development Income	-	50,000
A20044	Farm sales	-	741,000
A30012	Conferences & Seminars fees	14,000	-
A30019	Hire of Hall & Conference Facilities	90,000	334,200
A40001	Convocation Fees	52,339,900	56,290,200
A40002	Hire of Gowns	-	1,950
A40008	Donations	226,233	8,650,690
A40009	Commission	2,417,525	3,219,506
A40011	Forex Gain	24,080,652	28,365,205
A40013	Sale Of Application Forms	4,841,123	15,343,018
A40014	Miscellaneous Income	39,217,034	50,448,842
A40016	Health Unit Income	6,693,357	860,564
A40017	Sale Of Obsolete Items	3,225,839	2,176,669
A40018	Security Staff Charge	957,600	963,800
A40019	Water Staff Charge	2,278,000	2,524,973
A40020	Dustbin Staff Charge	1,017	1,176
A40027	Sale of Tender Documents	668,536	10,280
A40029	Culture Week Income	-	1,164,944
A40030	Grants Administrative Research Fees	74,487,014	83,952,779
A40032	Disability Day Income	-	3,189,135
A40034	UN Women Leadership Centre	-	4,855,290
A40036	Income Ethics Review Board	1,087,005	594,420
A40040	Amortisation of Deferred Income	28,800,640	28,800,640
A40049	KU Unicity Parking Income	4,289,438	4,418,173
A40050	KU Electricity Staff Charge	204,931	5,500
A40051	KU Alumni Association	500,000	-
		251,346,622	304,417,314

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Notes to the Financial Statements for the Year 2025 (Cont.)

NOTE 14: Use of Goods and Services

		2024/2025	Adjusted
		Kshs.	2023/2024
		Kshs.	Kshs.
K19001	Stationery	48,885,923	55,701,233
K19002	Staff Uniforms	2,702,483	5,373,388
K19003	Photocopying & Printing	18,254,071	17,523,423
K19004	Cleaning Materials	8,279,135	9,224,295
K19006	Departmental Meetings	8,816,540	5,705,666
K19007	Other Office Consumables Office	56,109,055	50,158,193
K19008	General Office Equipment Office	6,066,279	3,391,574
K19009	Teaching Materials/Chemicals	14,251,620	12,162,887
K19010	Field Courses	37,133,925	27,666,682
K19011	Laboratory Glassware	2,752,276	2,147,576
K19012	Tools & Apparatus	1,082,516	1,877,900
K19014	Cutlery & Crockery	1,224,367	2,149,965
K19015	Animal Feeds Sciences	728,330	446,129
K19017	Food Purchases	108,453,860	107,185,511
K19018	Travelling & Accommodation	40,653,371	24,630,731
K19019	Fuel & Gases	9,446,586	7,608,920
K19021	Journal	8,000	-
K19023	Regional Expenses Open Learning	675,628	1,014,441
K19027	Examination Stationery	20,637,158	15,244,478
K19031	Catering Levy NCBH	-	659,267
K19033	Radio & TV Programs Production Expenses	8,061,740	11,952,534
K19038	Cost of Photocopying Papers	383,392	-
K19121	Advertising and Publicity	6,649,563	6,831,529
K19122	Inaugural & Public Lectures	-	2,036,496
K19123	Newspapers Magazines & Publications	1,037,800	978,900
K19126	Culture Week Expenses	7,167,412	6,263,396
K19127	Medical Drugs & Supplies Health Unit	23,925,299	19,643,677
K19133	Telephone And Postage	5,306,782	6,363,280
K19134	Electricity Expenses	215,075,703	223,923,474
K19135	Sanitary Services	1,607,279	2,828,894
K19136	Water Reticulation & Sewerage	84,082,930	72,920,302
K19137	Land Rent & Rates	3,153,260	2,934,180
K19138	Fumigation	45,690	271,100
K19140	Public Celebrations Events & Exhibitions	9,730,458	8,661,599
K19141	Undergraduate scholarship Bursary	4,046,600	-
K19142	Graduation Expenses	25,350,804	24,370,060
K19143	External Examiners Expenses	17,421,011	16,296,994
K19144	Interuniversity VC meetings	400,000	-
K19145	Staff Development & Training	5,826,182	2,718,339

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K19146	Funeral Expenses	5,380,064	5,988,699
K19147	Insurance Premiums	106,873,081	72,672,060
K19148	Bank Charges	5,469,931	18,828,361
K19149	Penalty & Fines	-	10,115
K19151	Provision for Bad & Doubtful Debts	170,995,405	2,245,397
K19152	Audit Fees	3,000,000	3,000,000
K19154	Ex gratia Payments	3,079,800	6,189,406
K19155	Fees Commission Awards & Honoraria	5,124,502	5,262,482
K19156	Rental/Hire Of Premises Expenses	1,223,301	1,514,704
K19171	Medical Expenses Students	422,547	2,047,844
K19176	Contracted Cleaning Services	101,357,513	93,788,599
K19178	Curriculum Review Seminar	204,480	369,200
K19181	Medical Examination & Vaccination Staff & Students	244,462	367,941
K19184	Legal Fees	16,331,336	4,945,520
K19200	Computerization & Networking	14,658,731	16,395,850
K19201	Motor Vehicle Fuel	35,080,206	47,948,325
K19202	Archive & Photography Main Campus	26,040	-
K19204	Senate Affairs	75,250	44,100
K19207	Games & Tournament Other Campuses	4,882,120	4,657,980
K19208	Games & Tournaments Main Campus	10,204,525	9,013,025
K19209	E.A. University Games	4,024,085	3,088,859
K19210	Vice Chancellor's Committees	3,943,666	2,719,154
K19212	Endowment Fund Main Campus	122,560	-
K19214	Foreign Exchange Loss	25,056,927	134,462,587
K19215	ISO Certification	1,629,821	993,745
K19216	Management Board Expenses	833,880	1,066,798
K19217	Hire Of Security	86,430,586	81,039,256
K19218	Hire of Sport Facilities	150,000	487,200
K19219	Clearing & Forwarding	3,579,431	-
K19220	Performance Contract	-	14,700
K19221	Board Room Supplies	-	9,900
K19222	Internet Connectivity	55,334,782	55,375,222
K19223	Sports Uniform	-	33,600
K19225	Career Week	4,093,219	5,247,018
K19227	Interuniversity Games	-	1,322,480
K19233	Academic Dress	255,200	86,000
K19235	Rented Accommodation for University Guests	-	352,500
K19237	Mentoring Activities	27,000	93,400
K19238	K.U Disability Services Office	35,829	-
K19239	Hire of Tents & Equipment	1,405,062	2,225,060
K19241	Needy Students Support KUSA Support	75,000	-
K19246	Invigilation Expenses	3,655,210	3,966,505
K19250	Braille Stationery for the Blind	561,800	156,800
K19252	Teacher Professional Development Expenses	-	180,000
K19253	ICT Professional Training and Certification Centre	1,174,395	179,307
K19255	Games and Tournaments KU Staff	480,905	127,490

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K19256	Hostels Mattresses	-	39,701
K19257	Moot Court and Law Conferences	2,089,880	-
K19500	Conference Seminars & Workshops	8,374,139	12,002,516
K19501	External Travel & Accommodation	14,592,668	30,268,542
K19502	Local Air Travel	2,176,588	544,533
K19503	Subscriptions	82,567,595	52,492,271
K19504	Placement Board Expenses	30,504,000	-
K19505	Postgraduate Stipend Expenses Bursary	1,499,550	2,315,733
K19506	Vc's Research Grants	702,200	3,756,687
K19507	Admission Expenses	2,316,400	5,363,295
K19508	Teaching Practice	41,670,575	35,538,540
K19509	Library Books & Journals	2,497,723	3,530,206
K19511	Library Bindery & Stationery	36,000	55,920
K19512	Student Amenities	13,152,125	8,896,296
K19513	Practicum & Attachments	29,250,907	14,795,297
K19516	Public Complaints office	46,000	-
K19518	University Staff Student Education Support	5,180,000	9,959,770
K19519	Peer Counseling	378,150	276,771
K19520	Printing University Magazines	3,703,500	5,571,678
K19523	OVS Fund	4,461,240	6,410,943
K19524	KUSA Expenses	24,131,954	-
K19525	Linen	2,084,169	368,689
K19526	Summer Programme	179,040	2,577,013
K19530	Kenya Military Collaboration	191,200	8,339,445
K19534	Excess Guests Accommodation	-	648,826
K19537	Wellness Centre Conferences and Seminars	538,850	99,600
K19538	Farm Expenses Kitui	984,775	1,191,550
K19539	Somesha Mwendako	1,200,000	-
K19540	KU Equity Bank Annual Conference	8,459,701	-
K19542	Incubation Centre Mentoring Activities	-	84,000
K19546	AIDS/HIV Awareness Activities	20,200	61,200
K19548	UN Women Leadership Centre	600,000	2,600,036
K19549	Hotel Accommodation & Conferences	12,975	513,450
K19554	Alumni Reunion Expenses	60,800	-
K19557	Software Licenses	30,680,808	21,052,384
K19558	KU Corporate Social Responsibility	87,000	216,780
K19559	KU Biometric System Smart Cards and Bar Coding	1,786,287	1,355,400
K19560	Courts Awards and Penalties	15,560,455	1,011,381
K19561	Consultancy Services Unit Training Expenses	4,144,747	9,231,927
K19571	FASU Games 10th Edition 2020 Expenditure	7,233,229	8,513,294
K19576	Tree Planting	328,345	1,128,777
K19577	Integrated ERP System	3,394,783	-
		1,829,814,235	1,598,196,648

NOTE 15: Transfers to Projects (Research)

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
K19578	Research Expenditure	1,237,543,318	1,322,857,256
		1,237,543,318	1,322,857,256

NOTE 16: Employee Costs

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
J18001	Salaries and Wages	3,501,833,296	3,067,964,076
J18002	House Allowance	1,167,213,215	1,176,618,146
J18003	Entertainment Allowance	9,631,991	8,290,394
J18004	Headship/Directorship Allowance	59,367,383	103,509,299
J18005	Responsibility	50,707,622	48,385,492
J18007	Domestic Servant Allowance	4,487,688	3,873,307
J18008	Commuting & Travelling allowance	486,152,128	486,904,847
J18009	Leave Travelling Allowance	37,693,280	35,863,203
J18010	Gratuity	112,894,919	97,647,132
J18011	Wages	194,947,903	198,366,952
J18012	Part Time Teaching	219,356,365	222,119,719
J18014	Passage & Baggage	2,134,000	3,254,425
J18016	NSSF Employer Contributions	97,769,661	50,381,505
J18017	Telephone Allowance	10,807,672	11,429,047
J18018	Book and Computer Allowance	672,269	598,075
J18019	Exam Coordination Allowance	16,016,278	17,916,171
J18020	Special Duty Allowance	5,408,735	6,423,357
J18021	Electricity & Water Allowance	1,648,829	1,761,097
J18023	Pensions Employer Contribution	574,610,764	535,732,076
J18024	Health Risk Allowance	38,752,838	38,579,784
J18025	Special Readers Allowance	3,893,828	22,514,036
J18026	Terminal Benefits	55,213,916	29,730,665
J18029	Emergency Call & Extraneous Allowance	188,479,047	188,883,101
J18031	Staff Uniform	-	270,000
J18034	Housing Levy Employer Contribution	82,615,188	66,696,226
K19129	Medical Reimbursement	17,364,880	9,573,959
K19132	Medical Referrals	207,891,705	152,217,413
K19236	Professional Boards Registration	-	510,000
		7,147,565,397	6,586,013,505

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NOTE 17: Council Expenses

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
J18027	Sitting Allowance	7,605,270	6,114,960
J18001	Honoraria	1,874,000	1,727,635
K19139	Council and Council Committees Expenses	4,326,322	5,826,922
K19566	Other expenses	1,491,445	-
		15,297,037	13,669,517

NOTE 18: Depreciation & Amortization Expense

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
K20152	Depreciation Of Buildings	292,298,403	291,540,047
K20153	Depreciation Of Motor Vehicles	3,767,500	3,473,438
K20156	Depreciation Of Computer Hardware	2,817,385	10,780,971
K20158	Depreciation Of Furniture & Fittings	12,366,790	8,944,088
K20159	Depreciation Of Academic Gowns	560,339	560,339
		311,810,417	315,298,883

NOTE 19: Repairs and Maintenance

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
K19029	Maintenance of Sports ground	34,000	-
K19157	Maintenance of Furniture & Equipment	18,856,633	18,105,008
K19158	Maintenance of Swimming Pool	893,030	96,234
K19159	Maintenance of Motor Vehicle	9,963,680	7,009,039
K19160	Minor Works & Alterations	47,546,299	80,156,291
K19161	Maintenance Of Hostels	5,038,474	3,681,508
K19162	Maintenance Of Residential Quarters	909,250	864,661
K19163	Maintenance Of Grounds & Roads Main Campus	1,264,612	2,020,093
K19164	Maintenance & Repairs of Building & Stations Main Campus	26,596,965	18,143,644
K19166	Repainting of University Building	3,919,594	13,450,482
		115,022,536	143,526,959

NOTE 20: Contracted Professional Services

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
K19153	Contracted Professional Services	9,776,234	17,749,233
		9,776,234	17,749,233

NOTE 21: Finance Cost

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
K19173	Bank Loan Interest - Coop Bank	58,483,081	52,601,387
K19173	Bank Loan Interest -Equity Bank 2022	30,863,949	41,027,672
K19248	Overdraft Interest	49,210,495	40,098,831
		138,557,525	133,727,890

NOTE 22: Cash and Bank Balances

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
F15003	Equity Bank - TOWA Project	427	427
F15005	Equity - North Coast Beach Hotel	4,164,796	1,554,380
F15006	Equity Community Outreach A/C No. 0180292575653	56,295	542,845
F15010	NBK KU Tuition Fees A/C No. 01003059150801	7,099,865	16,715,608
F15011	Std Fees Collection A/C No. 0102018814400	247,977	133,617
F15012	Std Dollar A/C No. 8702018780000	91,129,955	124,886,336
F15013	NBK Payments A/C No. 01003059002400	9,986,866	4,345,713
F15014	NBK Fees Tuition A/C No. 01003059150800	1,397,308	2,586,417
F15015	NBK Research Grants A/C No. 01021010781300	-	49,931,625
F15016	NBK Aicad A/C No.01021010781400	-	18,136,784
F15017	NBK Harambee Capitation A/C 01003010891603	-	15,021,423
F15018	KCB AVU A/C 1107093783	542,148	12,416,763
F15019	Co-op Fees Collection A/C No. 0112962461400	529,339	2,710,078
F15020	Std Pound A/C No. 2802018780000	8,481,832	18,127,781
F15021	Cash In Hand Main Campus	36,485	-
F15022	Equity Fees Collection A/C No. 0180290518859	5,795,148	2,614,781
F15025	KCB Ruiru Fees Collection A/C No. 1107783976	3,499,419	5,639,865
F15026	Standard Chartered Euro A/c 9302018780000	64,128,983	189,086,837
F15027	Equity - NCBH Dollar	33,879,769	1,639,863
F15028	Equity - NCBH Euro	69,729	63,851
F15031	KU Shuttle Bank A/c No. 1130296769655	-	103,118,428

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F15032	Equity KU Meals Bank A/c No. 1130296626107	398,463	334,319
F15033	Equity KU Application Bank A/c No. 1130296626073	603,916	3,833,644
F15034	Equity KU Rental Income A/c No. 113029701357	450,003	702,125
F15035	Equity Bank KUTTRH. A/c 1130298198435	123,395	1,230,482
F15037	Equity KU Imprest A/C 1130199002464	-	1,904,988
F15038	Equity Bank City Enterprises A/C 1130299385909	3,729,951	1,428,666
F15039	Equity Bank Rec Centre A/C 1130299618873	17,840	17,840
F15023	Equity Bank Ruiru A/C No. 0291051982	111,383,834	-
F15040	Family Bank Collection A/C 04500023316	6,046,373	17,746,630
F15042	NBK USD 02020059150800	10,911,165	21,374,427
F15043	222222 E Citizen	26,196,815	21,134,562
		390,908,097	638,981,104

NOTE 23: Receivables from Non-Exchange Transactions

		2024/2025	Adjusted 2023/2024
		Kshs.	Kshs.
M21003	Guarantee Deposits	29,954,962	29,954,962
M21006	Staff Debtors	6,399,440	6,399,440
M21008	Sundry Debtors	263,123,988	412,081,291
M21010	Imprest Control	34,202,539	30,371,886
M21012	Imprest Research	44,915,662	39,927,517
M21021	Staff Welfare Recoveries	37,200	151,093
M21023	Guarantee Deposit Letter of credit	16,512,032	16,512,032
M21027	Debtors-NCBH	47,088,215	41,565,198
	Total	442,234,038	576,963,418

Notes to the Financial Statements for the Year 2025 (Cont.)

NOTE 23a: Receivables from Exchange Transactions

M21009	Student Fees Arrears	1,848,688,217	209,598,327
	Total Receivables From Exchange Transactions	1,848,688,217	209,598,327
B11014	Provision For Bad Debts	(184,868,822)	(20,959,833)
	Note 23a Net Receivables form exchange Transactions	1,663,819,395	188,638,494
	Total Receivables From Non-Exchange Transactions	442,234,038	576,963,418
	Provision For Bad Debts	(44,223,404)	(37,136,989)
	NOTE 23b: Net Receivables from Non-Exchange Transactions	398,010,634	539,826,429
	Total Receivables	2,290,922,255	786,561,744
B11014	Provision For Bad Debts	(229,092,226)	(58,096,821)
		2,061,830,030	728,464,923

Note 23c: Ageing Analysis from Non-Exchange Transactions

	2024/2025		2023/2024	
Description	Kshs	% of the total	Kshs	% of the total
Less than 1 Year	371,262,379	83%	373,706,894	65%
Between 1-2 Years	31,854,059	7%	75,085,955	13%
Between 2-3 Years	8,694,432	2%	36,298,208	6%
Over 3 Years	30,423,168	7%	91,872,361	16%
Total (a+b)	442,234,038		576,963,418	

Note 23d: Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	2024/2025	2023/2024
	Kshs.	Kshs.
At the beginning of the year	(37,136,989)	(34,108,862)
Additional provisions during the year	(81,360,393)	(3,028,127)
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	(44,223,404)	(37,136,989)

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Note 23e: Ageing Analysis from Exchange Transactions

	2024/2025		2023/2024	
	Kshs	% of the total	Kshs	% of the total
Less than 1 Year	1,332,743,263	86%	194,165,737.62	93%
Between 1-2 Years	209,598,327	14%	15,432,589.00	7%
Between 2-3 Years	-			
Over 3 Years	-			
Total (a+b)	1,542,341,590		209,598,326.62	

Note 23f: Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	2024/2025		2023/2024	
	Kshs.	% of the total	Kshs.	% of the total
At the beginning of the year	(20,959,833)	11%	(21,742,563)	104%
Additional provisions during the year	(163,908,989)	89%	(782,730)	4%
Recovered during the year	-	-	-	-
Written off during the year	-	-	-	-
At the end of the year	(184,868,822)		(20,959,833)	

NOTE 24a: Inventories

		2024/2025	Adjusted 2023/2024
		Kshs.	Kshs.
H17002	Maintenance Store	7,512,330	6,675,414
H17003	Health Drugs Store	7,697,459	6,327,949
H17004	Petrol Stock	1,455,900	3,578,577
H17005	Food Stuff	1,519,041	1,307,596
H17006	Finance Store General	14,084,004	26,944,482
H17007	Accommodation	414,221	866,713
		32,682,955	45,700,730

NOTE 24b: Biological Assets

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
H17050	Biological Assets	3,333,650	3,800,000
		3,333,650	3,800,000

Detailed disclosure on inventories

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
Opening balance		49,500,730	32,288,036
Additional Inventory in the year		255,957,988	302,784,886
Inventory expensed in the year		269,442,113	285,572,192
Write-downs in the year		-	-
Others specify		-	-
Closing balance		36,016,605	49,500,730

NOTE 25: Investments

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
G16004	NBK Ruiru	19,514,249	18,271,769
		19,514,249	18,271,769
	<i>These are short term deposits that are renewable every three months at negotiated interest rates.</i>		

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NOTE 26: Property, Plant & Equipment

	LAND	BUILDINGS	MOTOR VEHICLES	FURNITURE & EQUIPMENT	COMPUTER HARDWARE	COMPUTER SOFTWARE	PATENT & RIGHTS	ACADEMIC GOWNS	CAPITAL WORK IN PROGRESS	TOTAL
	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
DEPRECIATION RATES	0%	2%	25%	10%	30%	30%	20%	5%		
COST / VALUATION										
As at 30th June 2022	6,085,271,458	12,897,999,753	465,941,864	2,160,144,191	475,565,022	77,116,824	7,830,375	11,206,780	835,833,972	23,016,910,239
Additions	-	1,415,032,000	-	36,137,239	793,644	-	-	-	22,710,923	1,478,887,052
As at 30th June 2023	6,085,271,458	14,313,031,753	465,941,864	2,196,281,430	480,571,912	77,116,824	7,830,375	11,206,780	858,544,895	24,495,797,291
Additions	-	13,798,577	-	53,303,641	4,383,403	-	-	-	19,160,893	58,010,878
Capitalizations		263,646,782							(263,646,782)	-
As at 30th June 2024	6,085,271,458	14,590,477,112	465,941,864	2,249,585,072	484,955,315	77,116,824	7,830,375	11,206,780	614,059,006	24,586,443,806
Additions	-	24,443,055	15,070,000	34,277,018	2,952,220	-	-	-	81,351,565	158,093,858
As at 30th June 2025	6,085,271,458	14,614,920,167	481,011,864	2,283,862,090	487,907,535	77,116,824	7,830,375	11,206,780	695,410,571	24,744,537,664
Depreciation and Impairment										
As at 30th June 2022	-	3,070,676,024	458,994,988	2,160,144,192	464,165,702	77,116,824	7,830,375	9,331,685	-	6,248,259,790
Charge for the Year		286,260,635	3,473,438	3,613,722	5,064,198	-	-	560,339		298,972,331
As at 30th June 2023	-	3,356,936,659	462,468,426	2,163,757,914	469,229,900	77,116,824	7,830,375	9,892,024	-	6,547,232,122
Charge for the Year		291,809,542	3,473,438	8,944,088	10,780,972	-	-	560,339		315,568,379
Previous Year Charge	-	38,471,685	-	-	-	-	-	-	-	38,471,685
As at 30th June 2024	-	3,687,217,886	465,941,864	2,172,702,002	480,010,871	77,116,824	7,830,375	10,452,363	-	6,901,272,185
Charge for the Year	-	292,298,403	3,767,500	12,366,790	2,817,385	-	-	560,339	-	311,810,417
As at 30th June 2025	-	3,979,516,289	469,709,364	2,185,068,792	482,828,256	77,116,824	7,830,375	11,012,702	-	7,213,082,602
NET BOOK VALUES										
As at 30th June 2025	6,085,271,458	10,635,403,878	11,302,500	98,793,298	5,079,279	-	-	194,078	695,410,571	17,531,455,061
As at 30th June 2024	6,085,271,458	10,903,259,226	-	76,883,070	4,944,444	-	-	754,417	614,059,006	17,685,171,621
As at 30th June 2023	6,085,271,458	10,956,095,094	3,473,438	32,523,517	11,342,012	-	-	1,314,756	858,544,895	17,948,565,170

NOTE 27a: Trade and other Payables from Exchange Transactions

		2024/2025	Adjusted 2023/2024
		Kshs.	Kshs.
B11015	Provision For Audit Fees	24,400,000	21,400,000
B11017	Tax Retention Electricity	66,210,643	42,125,925
C12001	Pay As You Earn	6,276,265,381	5,663,577,932
C12002	NHIF	-	4,623,264
C12003	NSSF	240,290,460	78,422,264
C12004	Pension Employee Contribution	4,663,412,234	3,943,390,832
C12007	VAT	106,854,000	106,721,695
C12008	Court Attachments	251,486	224,863
C12011	Nairobi City Council	78,670	78,670
C12013	Insurance Claim	21,999,364	6,435,148
C12014	Salary Arrears	265,892,417	239,344,975
C12015	Withholding Tax	20,900,813	20,823,138
C12020	Welfare Deductions	40,530,357	20,750,183
C12022	Insurance Deductions	6,427,255	6,904,701
C12023	Cooperative Deductions Cooperative	96,726,715	128,805,143
C12024	Students Clubs	617,355	563,155
C12025	Other Salary Deduction	89,555,912	74,769,518
C12026	Staff Loans Deductions	91,800,667	90,289,944
C12029	Housing Levy Employee Contribution	298,757,727	133,394,851
C12031	NITA Deductions Employer	19,466	19,466
C12032	SHIF	13,478,797	-
D13004	Assistance Fund	430,000	430,000
D13007	Rent Deposits Nakuru	27,016,032	20,053,240
D13011	Centre for Career Development & Placement	25,800	25,800
D13013	Debtors Overpayment	948,940	948,940
D13018	Recreation Centre Fund	168,000	168,000
D13019	Christian Union Chapel	25,101	25,101
D13020	KU Alumni	1,155,500	1,155,500
D13023	Rent Deposits Mombasa Campus Hostels	4,124,044	3,329,944
E14001-105	Research Fund	629,570,080	708,435,386
L20001	Hospitals	80,335,040	61,310,475
L20002	Drug Suppliers	15,420,086	8,388,852
L20003	Referral Doctors	610,450	2,328,435
L20004	General Creditors	575,142,166	595,488,028
	Sub-Total	13,659,440,957	11,984,753,367

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NOTE 27b: Refundable Deposits (Caution Money)

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
C12005	Students Caution Money	34,757,972	52,044,004

NOTE 27c: Payment Received in Advance

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
C12010	Fees Paid In Advance	106,944,248	136,793,249
	Total	106,944,248	136,793,249
		13,801,146,178	12,336,662,917

Ageing analysis: (Trade and other payables)

	2024/2025	% of the Total	2023/2024	% of the Total
	Kshs.		Kshs.	
Under one year	2,421,497,733	18%	2,014,609,594	16%
1-2 years	2,364,010,358	17%	1,957,122,219	16%
2-3 years	2,005,045,737	15%	1,598,157,598	13%
Over 3 years	7,010,589,349	51%	6,603,701,210	54%
Total	13,801,143,177		12,336,662,917	

NOTE 27d: Current portion of borrowings

			Adjusted
		2024/2025	2023/2024
		Kshs.	Kshs.
F15015	NBK Research Grants A/C No. 01021010781300	23,506,964	-
F15016	NBK Aicad A/C No.01021010781400	21,469,199	-
F15017	NBK Harambee Capitation A/C 01003010891603	13,298,137	-
F15023	Equity Bank Ruiru A/C No. 0291051982	-	240,803,399
F15037	Equity KU Imprest A/C 1130199002464	3,060,150	-
F15031	KU Shuttle Bank A/c No. 1130296769655	800,101	-
		62,134,551	240,803,399

NOTE 27e: Gain/Loss on foreign exchange transactions

		2024/2025	2023/2024
	Description	Kshs.	Kshs.
A40011	Gain on foreign exchange transactions	24,080,652.24	28,365,205
K19214	Loss on Foreign exchange transactions	(25,056,926.90)	(134,462,587)
	Total Loss	(976,275)	(106,097,382)

NOTE 28a: Long Term Liabilities

		2024/2025	Adjusted 2023/2024
		Kshs.	Kshs.
L20017	Co-operative Bank Loan 2015	386,596,206	445,722,685
	Repayment	(54,578,288)	(59,126,479)
	Coop Loan Balance	332,017,918	386,596,206
L20018	Equity Bank Loan 2022	289,362,916	355,406,318
	Repayment	(74,707,095)	(66,043,402)
	Equity Loan Balance	214,655,821	289,362,916
	Loan Balance	546,673,739	675,959,122

Co-operative Bank Loan: This is a long term (non-current) loan granted for part finance development of a mall "Unicity" and to finance purchase of properties for satellite campuses. In the year 2015, repayable over a period of 15 years (180 months) at an interest rate of 14.25% per annum computed on reducing balance basis.

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Notes to the Financial Statements for the Year 2025 (Cont.)

NOTE 28b: Deferred Income

		2024/2025	Adjusted 2023/2024
		Kshs.	Kshs.
D13008	Chandaria BIIC-Balance as at 1st July 2025	19,500,000	20,000,000
A40040	Amortization 2%	(500,000)	(500,000)
	Balance as at 30th June 2025	19,000,000	19,500,000
		2024/2025	2023/2024
		Kshs.	Kshs.
D13012	Chinese Building- Balance Confucious Institute	1,273,528,800	1,386,731,360
A40040	Amortization 2%	(28,300,640)	(28,300,640)
			1,358,430,720
	Prior Years Amortization		(84,901,920)
	Balance as at 30th June 2025	1,245,228,160	1,273,528,800
A40040	Amortization for the year	(28,800,640)	(28,800,640)
	Net Deferred Income	1,264,228,160	1,293,028,800
	Donation from Chandaria Foundation for the construction of Chandaria Business Innovation and Incubation Centre. Recognized as deferred income and amortized at the rate of 2% per annum of the original value of Kshs 25,000,000 .		
	Donation from the Chinese government for the construction of Chinese Language Centre (Confucius Institute). Recognized as deferred income and amortized at the rate of 2% per annum of the original value of Kshs 1,415,032,000 .		

NOTE 29a: Capital Fund

		2024/2025	Adjusted 2023/2024
		Kshs.	Kshs.
	Balance as at 1st July 2024	3,023,932,178	3,023,932,177
B11001	Balance as at 30th June 2025	3,023,932,178	3,023,932,177

NOTE 29b: Revenue Reserve

		2024/2025	Adjusted 2023/2024
		Kshs.	Kshs.
B11002	NOTE 29b: Revenue Reserve		
	Balance as at 1st July 2024	(2,688,409,038)	(1,535,742,616)
	Deficit for the Year	(370,997,440)	(1,362,209,514)
	Prior Year Adjustment State Department for Sports		63,750,000
	Prior Year Adjustment (Gatundu)		99,362,858
	Prior Year Adjustment Depreciation		(38,471,685)
	Prior Year Adjustment Ammortisation		84,901,920
	Balance Revenue Reserve 2025	(3,059,406,478)	(2,688,409,038)

NOTE 29c: Revaluation Reserve

		2024/2025	Adjusted 2023/2024
		Kshs.	Kshs.
	Balance as at 1st July 2024	4,401,485,064	4,399,292,064
	Revaluation for the Year	(466,350)	2,193,000
B11004	Balance Revaluation Reserve 2025	4,401,018,714	4,401,485,064

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Notes to the Financial Statements for the Year 2025 (Cont.)

NOTE 29d: Prior Year Adjustment

		2024/2025	Adjusted
	NOTE 29d: Prior Year Adjustment	2024/2025	2023/2024
		Kshs.	Kshs.
	Prior Year Adjustment State Department for Sports		63,750,000
D13022	Prior Year Adjustment (Gatundu)		99,362,858
K20153	Deficit for the Year		(38,471,685)
A40040	Prior Year Adjustment		84,901,920
	Changes to Revenue Reserve		145,793,093

Note 30: Capital Work in Progress

		2024/2025	2023/2024
		Kshs.	Kshs.
N23029	Teaching & Referral Hospital	72,896,867	72,896,867
N23064	Recreation Centre	56,297,048	56,297,048
N23068	Children Hospital	201,644,139	201,644,139
N23070	School of Business	81,069,865	81,069,865
N23071	Perimeter Wall Referral Hospital	64,669,351	64,669,351
N23072	School of Architecture	10,620,712	10,620,712
N23073	Stadium Complex	9,814,401	9,814,401
N23079	Central Stores	20,456,693	20,456,693
N23089	Water Tanks KU Teaching and Referral Hospital	77,429,037	77,429,037
N23091	Data Centre Computer & Storage Equipment	-	19,160,892
N23092	Replacement of Asbestos	3,014,910	-
		597,913,023	614,059,005
	Capitalized Projects		
N23081	Kitui Campus Boundary Wall	-	5,076,468
N23084	Rwanda Campus	-	229,069,813
N23086	International Languages and Cultural Centre	-	500,000
N23088	Underground Tank Kitui Campus	-	11,205,154
N23090	Thika Road KU Access Road	-	17,795,347
N23091	Data Centre Computer & Storage Equipment	97,497,547	-
		97,497,547	263,646,782

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Notes to the Financial Statements for the Year 2025 (Cont.)

Note 31: Cash and Cash Equivalent

		2024/2025	2023/2024
		Kshs.	Kshs.
	Cash and Bank Balances	390,540,418	638,981,104
	Short term deposit	19,514,249	18,271,769
	Net Cash and Cash Equivalent	410,054,667	657,252,873

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Notes to the Financial Statements for the Year 2025 (Cont.)

NOTE 32: Financial Risk Management

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

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

(i) Credit risk

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

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

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the University's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables from exchange transactions	1,663,819,395	1,663,819,395		-
Receivables from non-exchange transactions	398,010,634	365,913,885	32,096,749	-
Bank Balances	390,908,097	390,908,097		
Total	2,162,628,020	2,130,531,271	32,096,749	-
At 30 June 2024				
Receivables from exchange transactions	188,638,494	188,638,494		-
Receivables from non-exchange transactions	539,826,429	378,459,765	161,366,664	-
Bank Balances	638,981,104	638,981,104		
Total	1,368,719,821	1,207,353,157	161,366,664	-

The University's policy is payment on registration and thus students' receivables are categorised as either past due or impaired.

Past due amounts are those beyond the maximum established credit period of 30 days and represent slow but paying students. These receivables continue to be serviced even though this is not done on the contractual dates. The Students Finance Section is actively following these debts.

The overdue and impaired debt arises mainly from the students who have taken academic leave and the ones who have dropped out of school. These students have not completed their courses and the debt is payable whenever the student comes back to continue with studies. This debt has been fully provided for.

Concentration risk

Concentration risk is the risk posed to the University by any single or group of exposures which have the potential to produce losses large enough to threaten the ability of the University to continue operating as a going concern

The student receivables wholly relate to balances due from students, that are unrelated, and do not have the potential to produce large losses thus there is no concentration risk.

(ii) Liquidity Risk Management

Liquidity risk is the risk that the University may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

Ultimate responsibility for liquidity risk management rests with the University management board, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk by maintaining banking facilities and through continuous monitoring of forecasts and actual cash flows.

Prudent liquidity risk management includes maintaining sufficient cash to meet the University's obligations. Senior management reviews the cash forecasts monthly and determines the University's cash requirement.

The table below analyses the University's financial liabilities into relevant maturity based on the remaining period at the end of reporting period to the contractual maturity date.

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

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Notes to the Financial Statements for the Year 2024 (Continued)

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Current Portion of Borrowing	62,134,551		62,134,551	62,134,551
Payment Received in advance		106,944,243		106,944,243
Borrowings	45,556,145	136,668,435	364,449,159	546,673,739
Trade and other payables	1,138,421,609	3,415,264,827	9,105,757,522	13,659,443,958
Refundable Deposits			34,757,972	34,757,972
Total	1,246,112,305	3,658,877,505	9,504,964,653	14,409,954,463
At 30 June 2024				
Current Portion of Borrowing	20,066,950		220,736,449	240,803,399
Payment Received in advance		136,793,249		136,793,249
Borrowings	56,329,926	168,989,781	450,639,415	675,959,122
Trade and other payables	869,265,754	2,607,797,263	6,954,126,035	11,984,753,367
Refundable Deposits		-	3,419,344	52,044,004
Total	945,662,630	2,913,580,293	7,628,921,243	13,090,353,141

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign exchange risk

The University is exposed to foreign exchange risk because it has revenues and expenses denominated in foreign currency, primarily the US dollar. It also arises from exchange rate differences between when the currency is received from sponsors and when it is recognised in the books of accounts. The University also has various bank accounts denominated in other currencies other than the Kenya Shillings that is the Dollar, Euro and Pound.

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Notes to the Financial Statements for the Year 2023 (Continued)

Foreign currency denominated financial instruments solely consists of bank balances.

Financial Risk Management

The carrying amounts of the University’s foreign currency denominated bank balances at the balance sheet date are as follows:

FY 2024/2025

Description	KSH	USD	EURO	GBP	Total
At 30 June 2025	Sh.	Sh.	Sh.	Sh.	Sh.
Financial Assets					
Bank balances	118,641,612	135,920,890	64,198,712	8,481,832	390,908,097
At 30 June 2024	KSH	USD	EURO	GBP	
Bank Balances	42,998,609	147,900,626	190,424,481	18,127,181	638,981,104

b) Interest rate risk

Interest rate risk is the risk that the University’s financial condition may be adversely affected as a result of changes in interest rate levels. The University’s interest rate risk arises from bank deposits. This exposes the University to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the University’s deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavored to bank with institutions that offer favourable interest rates

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Notes to the Financial Statements for the Year 2023 (Continued)

Fair Value of Financial Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the University takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Fair value of financial assets and liabilities

Level 1 input are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability

This note provides information about how the University determines fair values of various financial assets and liabilities.

Fair value of the University’s financial assets and liabilities that are measured at fair value on a recurrent basis

Some of the University’s financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ liabilities	Fair values as at		Fair value hierarchy	Valuation technique (s) and key inputs	Significant unobservab le inputs	Relationship of unobservable inputs to fair value
	30/06/2025	30/06/2024				
Property & Equipment	17,531,455,061	17,723,912,801	Level 3	Observable Inputs	N/A	N/A

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Notes to the Financial Statements for the Year 2023 (Continued)

(iv) Capital Risk Management

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

	2024-2025	2023-2024
	Kshs	Kshs
Revenue Reserve	(3,349,501,586)	(2,897,952,131)
Revaluation reserve	4,401,018,714	4,401,485,064
Capital Fund	3,023,932,178	3,023,932,178
Capital and Reserves	4,075,449,306	4,737,008,204
Total borrowings	608,809,290	675,959,122
Cash and cash equivalents	410,054,667	416,449,473
Net borrowings	198,754,623	258,235,855
Gearing (Net debt to equity ratio)	0.050	0.057

Note 33: Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the University include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. The following are the related parties that the University dealt with during the year

- The Government of Kenya
- The Chairman of Council
- University Council
- University Management

i. Government of Kenya

The Government of Kenya is the principal shareholder of the University, holding 100% of the University's equity interest. The transactions with the government are primarily in terms of recurrent and capital grants as tabulated below;

Nature of Transaction	Amount in 2024/2025	Amount in 2023/2024
Recurrent Grant	2,279,170,459	2,467,122,360
Capital Grant	-	-

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ii. University Council

During the year under review, the Chairman of Council and the University Council received remuneration on full time equivalent basis as tabulated below;

S/no.	Category	Number of People	2024/2025	2023/2024
1	Chairman of Council	1	1,874,000	1,727,635
2	University Council Expenses	8	7,605,270	6,114,960

iii. Dues from Related Parties

Nature of Transaction	Amount in 2024/2025	Amount in 2023/2024
Dues from Students	1,848,688,218	209,598,327
Dues From Staff	6,399,440	6,399,440

iv. Dues to Related Parties

Nature of Transaction	Amount in 2024/2025	Amount in 2023/2024
Staff Dues	11,487,399,131	10,011,533,781
KRA	127,754,813	127,544,833

Note 34: Segment Information;

All financial transactions are centrally controlled from the Main Campus and hence there is no segment reporting for the University.

Note 35: Capital Commitments

The University did not have any pending Capital Commitments as at the end of the year under review that were carried forward to the next Financial Year.

Note 36: Events after the Reporting Period

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

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Note 37: Ultimate and Holding Entity

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

Note 37: Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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20. Appendices

Management Comments on Report of the Auditor General on Kenyatta University for the Year Ended 30, June 2025

The auditor general has concluded audit and issued finding on Kenyatta University Annual Report and Financial Statement for the year ended 30, June 2024. Below is the summary of issues raised by the external auditor, and management Comments on the same.

Ref . No.	Issue / Observations from External Auditor	Management Comments	Focal Point Person to Resolve the Issue	Status(Resolved/Not Resolved)	Time Frame Put a date when you expect the Issue to be Resolved
1. 1.1	<p>Inaccuracies in the Financial Statements Inconsistencies in the Financial Statements The statements of financial position reflects cash and bank balances totaling Kshs.638,981,104 as disclosed in Note 20 to the financial statements. However, the statement of cash flows reflects cash and cash equivalents balance of Kshs.416,449,473 at 30th June, 2024 resulting to unreconciled and unexplained variance of Kshs.222,531,631.</p>	<p>The statement of financial position and as disclosed in Note 20 reflects cash and bank balances totaling to Kshs 638,981,104. On the other hand the statement of cash flow reflects cash and cash equivalent balance of Kshs 416,449,473. Kindly note cash and cash equivalent shown in note 29 in the financial statements includes; Cash and bank balances Kshs 638,981,104 Short term deposits Kshs 18,271,769 Current portion of borrowings Kshs (240,803,399) Total Kshs 416,449,473 Enclosed please find Note 29 to the financial statement. (Doc. 1.1) Kindly note we have been guided by IPSAS 2 cash flow statements which states as follows <i>IPSAS 2—CASH FLOW STATEMENTS</i> <i>Cash and Cash Equivalents</i> 9. Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. For an</p>	Management	Resolved	

		<p><i>investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Equity investments are excluded from cash equivalents unless they are, in substance, cash equivalents.</i></p> <p><i>10. Bank borrowings are generally considered to be financing activities.</i></p> <p><i>However, in some countries, bank overdrafts that are repayable on demand form an integral part of an entity's cash management. In these circumstances, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.</i></p> <p><i>11. Cash flows exclude movements between items that constitute cash or cash equivalents, because these components are part of the cash management of an entity rather than part of its operating, investing, and financing activities.</i></p> <p><i>Cash management includes the investment of excess cash in cash equivalent.</i></p> <p>We therefore treated short term deposit and overdraft facility as cash and cash equivalent</p>			
1.2	Misstatement of Research Fund	The University received Kshs	Management	Resolved	

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	<p>The statement of financial position and as disclosed in Note 25a to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.11,984,753,367. Included in this balance is research fund balance of Kshs.708,435,385 which related to research grants that were received by the University for research. However, review of the bank balances in respect to the grants revealed a balance of Kshs.638,981,104 as at 30th June, 2024 resulting to an unexplained variance of Kshs.69,454,281.</p>	<p>1,322,857,256 for various research grants in the year 2023-2024. The bulk of it was on the fixed amount award arrangement unlike other grants which are received under cooperative agreements This is the first year for the University to be on such conditional grants an arrangement. We appreciate your concern and have reconciled all our research grants particularly the ones on fixed amount award to ascertain the correct balance. Attached please find the reconciled outstanding research grants funds as at 31st June 2024. The adjusted will be affected in the current financial year 2024-2025 financial statements. (Doc 1.2)</p>			
		<p>The opening loan balance as at 1 July, 2023 was Kshs 441,174,495 but was erroneously reported as Kshs 445,722,685. Please note that the same was corrected in the year ended 31 June, 2024 and the correct amount of Kshs 386,596,206 as at 30 June 2024 reported. The loan repayment for the year 2023-2024 was Kshs 59,126,479 as reported in the financial statements as evidenced by bank loan statement Enclosed please find the loan repayment schedule and an analysis of the loan that indicates the principal and interest amounts paid in the year 2024. (Doc 1.3a)</p> <p>Kshs 133,727,890 reported in note 19 to the financial</p>	Management	Resolved	

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		<p>statement is the finance cost i.e. Interest on loans and overdraft, whereas Kshs 125,169,881 reported in note 26a to the financial statement is the 2023-2024 principal loan repayment amounts.</p> <p>Kindly note based on the above the two are reported separately in the financial statements</p> <p>Enclosed please find note 19 and note 26a to the financial statement. (Doc 1.3b)</p>			
1.4	<p>Misstatement of University Consumables Expenditure</p> <p>The statement of financial performance and as disclosed in Note 13 to the financial statements reflects use of goods and services amount of Kshs.2,900,251,586. Included in this amount is Kshs.166,715,639 in respect of University consumables. However, review of the inventory system revealed that inventory was issued at fair value contrary to the provision of IPSAS 12 which requires inventory to be valued at the lower of cost or net realizable value.</p>	<p>The University’s inventory system allows issues to be valued at fair value. We appreciate your concern that inventory should be valued at lower of cost or net realizable value and have contacted our software providers and the same have been implemented in the year 2024-2025.</p> <p><i>Attached please refer to stem extract showing the changes in valuation mode in compliance with IPSAS 12 (Doc 1.4)</i></p>	CFO	Resolved	
1.5	<p>Statement of comparison of Budget and Actual Amounts</p> <p>The statement of comparison of budget and actual amounts reflects total income of Kshs.9,226,485,581. However, this amount differs with the reported</p>	<p>The statement of comparison of budget and actual amounts reflects total income of Kshs.9,226,485,581. However, this amount differs with the reported revenue of Kshs.8,748,297,554 resulting in un-reconciled variance of Kshs.478,188,027. Below is a reconciliation of the two statements.</p>	C F O	Resolved	

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	<p>revenue of Kshs.8,748,297,554 resulting in unreconciled variance of Kshs.478,188,027. In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.</p>	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Financial Performance</th> <th>Budget and Actual</th> <th>Variance</th> </tr> <tr> <th>Year</th> <th>2023-2024</th> <th>2023-2024</th> <th></th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Government Grants</td> <td>2,467,122,360</td> <td>2,467,122,360</td> <td>0</td> </tr> <tr> <td>Tuition & Other Fees</td> <td>4,054,731,564</td> <td>4,532,919,592</td> <td>478,188,027</td> </tr> <tr> <td>IGA Income</td> <td>903,586,374</td> <td>903,586,374</td> <td>0</td> </tr> <tr> <td>Research Income</td> <td>1,322,857,256</td> <td>1,322,857,256</td> <td>0</td> </tr> <tr> <td>Total Income</td> <td>8,748,297,554</td> <td>9,226,485,581</td> <td>478,188,027</td> </tr> </tbody> </table> <p>Kindly note that tuition and other fees amount was erroneously indicated in the statement of comparison of budget and actual amounts as Kshs 4,532,919,592 instead of Kshs 4,054,731,564 as indicated in the statement of performance.</p> <p>Attached please find the amended statement of comparison of budget and actual amounts for the year ended 30 June, 2024. (Doc1.5)</p>	Particulars	Financial Performance	Budget and Actual	Variance	Year	2023-2024	2023-2024		Revenue				Government Grants	2,467,122,360	2,467,122,360	0	Tuition & Other Fees	4,054,731,564	4,532,919,592	478,188,027	IGA Income	903,586,374	903,586,374	0	Research Income	1,322,857,256	1,322,857,256	0	Total Income	8,748,297,554	9,226,485,581	478,188,027			
Particulars	Financial Performance	Budget and Actual	Variance																																		
Year	2023-2024	2023-2024																																			
Revenue																																					
Government Grants	2,467,122,360	2,467,122,360	0																																		
Tuition & Other Fees	4,054,731,564	4,532,919,592	478,188,027																																		
IGA Income	903,586,374	903,586,374	0																																		
Research Income	1,322,857,256	1,322,857,256	0																																		
Total Income	8,748,297,554	9,226,485,581	478,188,027																																		
<p>2.</p>	<p>Unsupported grants in the Financial Statements The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.11,984,753,367 which, as disclosed in Note 25a to the financial statements, includes research fund balance of Kshs.708,435,385. Review of payment</p>	<p>The University discloses the grants received and amount spent in its statement of financial performance and therefore Kshs 102,837,879 incurred on United States Agency for International Development HERO project was disclosed as research expenditure in note 13 of the financial statement. Enclosed please find note 13 of the financial statements. (Doc.2a) Attached please find HERO project Financial Statements for the year ending 30th June 2024 (Doc 2b)</p>	<p>CFO</p>	<p>Resolved</p>																																	

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	<p>vouchers provided revealed that an amount of Kshs.102,837, 879 was incurred on United States Agency for International Development Hero Projects. However, Management did not submit the projects financial statements for audit as required. In addition, according to the agreement between YALI RLC EA and the University, the University was required to contribute 10% of the award amount of the grants, however, there was no evidence that the University performed its part by contributing an equivalent of 10%. The university was therefore in breach of the agreement. Further, out of 143 grants with an expenditure of Kshs.1,322,857,256 in the year under review as disclosed in Note 13 to the financial statements, the University only provided five (5) agreements, therefore, details relating to one hundred and thirty-eight (138) grants could not be confirmed. In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.</p>	<p>According to the agreement between YALI RLC EA and the University, the University was required to contribute 10% of the award amount of the grants. Kindly note that the University contributed the 10% through;</p> <ol style="list-style-type: none"> 1. Provision of office space for YALI RLC EA 2. Payment of all electricity bills incurred 3. Provision of staff for indirect support to the program 4. Provision of security. 5. Payment of telephone and internet costs <p>Please find submission of samples of monthly grants report to the Donor showing expected level of effort of 10 % (Doc 2c)</p> <p>All the 143 signed grants agreements are available for audit. Samples of the grants agreements are hereby enclosed. (Doc.2d)</p>			
3.	<p>Unsupported Deferred Income The statement of financial position and as</p>	<p>In July 2011 and October 2012, the University received a total of Kshs 25,000,000 from Chandaria</p>	CFO	Resolved	

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	<p>disclosed in Note 26b to the financial statements reflects deferred income balance of Kshs.1,293,028,800. However, Management did not provide supporting documents relating to Chandaria BIC amount of Kshs.19,500,000. Further, according to the memo ref: KU/VC/CILC/A37/VO L.3 dated 7 May, 2019 by Vice-Chancellor (VC) to the construction Engineering (Group) Corporation, the VC stated that the project was completed and all defect made good according to the standard of contract. However, it was not clear why the University started amortizing the Chinese Building – Confucius Institute amounting to Kshs.1,415,032,000 three years after completion and handing over of the building. In the circumstances, the accuracy of the deferred income balance of Kshs 1,293,028,800 could not be confirmed.</p>	<p>Foundation as part of the construction cost for the Chandaria Business Innovation and Incubation Centre Building. The amount was recognized as a deferred income as it was to be utilized in the construction of a fixed asset and is amortized at the rate of 2% per annum. Enclosed please find copies of the receipts for the same. (Doc.3a)</p> <p>In the year 2023 the University capitalized Confucius Institute building which was donated by the Chinese Government. The value of the building is Kshs 1,415,032,000 and being a fixed asset the value was recognized as a deferred income and is amortized at the rate of 2% per annum.</p> <p>We appreciate your concern on late amortization and the same has been corrected as per enclosed journal voucher and financial statements. (Doc. 3b)</p>			
4 4.1	<p>Irregularities and Inaccuracies in Property, Plant and Equipment Undisclosed and Unsupported Value of Kigali – Rwanda Campus</p> <p>The University acquired Kigali Campus as one of</p>	<p>As per The National Treasury approvals for purchase of Kigali campus, the University procured a ready to occupy building at a cost of Kshs 314,894,910 and incurred Kshs</p>	Manag ement	Not Resolved	

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	<p>its satellite campuses in the year 2015 at a cost of Kshs.314,894,910 and incurred repairs totaling Kshs.229,069,813 bringing the total value of the building to Kshs.543,964,723. However, the campus capitalized repairs totaling Kshs.229,069,813 which were not supported with signed contracts, pre-inspection reports, bill of quantities, award letter, inspection and acceptance report, and project implementation reports. Further, the expenditure on renovation was contrary to the national Treasury approvals for purchase of Kigali Campus which had recommended procurement of a ready to occupy building.</p>	<p>229,069,813 on renovation for purposes of making the building fit for use.</p> <p>A special audit was initiated by parliamentary investment committee in year 2023/2024 and University management is waiting for the report from office of auditor general. (Doc. 4.1)</p>			
4.2	<p>Fully Depreciated Assets Review of assets schedule reflected in Note 24 to the financial statements revealed that computer software, patent and rights and motor vehicles with cost values amounting to Kshs.77,116,824, Kshs.465,941,864 respectively, have been fully depreciated but are still in use. However, as at 30th June, 2024, Management had not revalued the assets.</p>	<p>The University is in the process of revaluing the fully depreciated assets to ascertain their value and reflect the same in the financial statements for the year 2024/2025. The University has initiated the procurement process with a target of finalization before the end of financial year 2024/2025.</p>	Manag ement	Not Resolved	3 Years
4.3	<p>Failure to capitalize completed projects</p>		Manag	Not	5 Years

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	<p>The statement of financial position and as disclosed in Note 24 to the financial statements reflects work in progress (WIP) totaling to Kshs.614,059,006. Analysis of the W.I.P reflected under Note 28 to the financial statements and the projects status report provided for audit indicated that two (2) projects perimeter wall referral hospital and water tanks KU Teaching and Referral Hospital valued at Kshs.64,669,352 and Kshs.77,429,037 respectively totaling to Kshs.142,098,388 which were completed had not been capitalized.</p>	<p>KUTRRH construction was supervised by Kenyatta University and is in the University land. Although the Hospital was made a Parastatal in the year 2019, the issue of ownership is still being addressed and the highlighted projects which were constructed by the University are currently utilized by KUTRRH.</p>	ement	Resolved	
4.4	<p>Stalled projects The property, plant, and equipment balance totaling Kshs.17,685,171,622 includes capital work in progress totaling Kshs.614,059,006 as disclosed in Note 24 to the Financial statements. Review of records revealed that six (6) projects with an estimated valued of Kshs.3,856,000,000 and with work already done valued at Kshs.323,605,810 had stalled.</p>	<p>The six projects which are in various stages of completion were internally funded by the University through income from fee collection and other university IGA's. Since 2016/2017 the University revenue has declined and management is not in a position to continue with the development projects. The management is optimistic that the trend will reverse and the University will be able to revive the stalled project in the near future. Kindly note the university have been budgeting for the projects however unfortunately we have not been allocated any development funds for the last 8 years</p>	Managem ement	Not Resolved	5 Years
4.5	<p>Unsupported Additional Assets The statement of financial position and as disclosed n Note 24 to</p>	<p>We appreciate your concern however please note some furniture and equipment bought within the year relates YALI and HERO projects which were not part of the</p>	Managem ement	Resolved	

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	<p>the financial statements reflects property, plant and equipment net book value balance of Kshs.17,685,171,622. Included in the balance is an amount of Kshs.76,883,070 in respect of furniture and equipment which include additions of Kshs.53,303,641.</p> <p>However, review of the procurement plan and procurement documents indicated that the University had budgeted to purchase furniture worth Kshs.15,000,000 through prequalified suppliers. The over expenditure totaling Kshs.38,303,641 was not explained. In addition, quotations from the prequalified suppliers, letters appointing quotations opening and evaluation committees, opening and evaluation committee's minutes, professional evaluation reports and inspection and acceptance reports were not provided for audit.</p>	<p>consolidated annual budget within the year and have put measures to ensure that the procurement plan is adhered to.</p> <p>Copies of Quotations, Appointment letters for Opening & Evaluation Committees, Quotation Opening Minutes, Quotation Analysis, Professional Opinion and Certificate of Verification enclosed. (Doc. 4.5)</p>			
4.6	<p>Unconfirmed Ownership of Land The property, plant, and equipment Balance of Kshs.17,685,171,622 includes land amounting to Kshs.6,085,271,458 as disclosed in Note 24 to the financial statements. As previously reported, the land amount includes</p>	<p>The illegally encroached portion of the University land by purported Kamae squatters has been a long standing issue for the University.</p> <p>The squatters have so far occupied more than the original 40.82 acres which included 10acres in the riparian reserve.</p>	Managem ent	Not Resolved	5 Years

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<p>the value of land measuring 12.472 hectares amounting to Kshs.123,281,555 that has been illegally encroached by informal settlers. Although the University filed a case in Court against the encroachment and obtained a favorable ruling, no eviction has been enforced. Further, review of records revealed that the university was allocated thirty-two (32) hectares of land in Carissa County. The University paid registration fees of Kshs.880,000. However, ownership documents for the land were not provided.</p> <p>In addition, the land amount includes the value of 7.97 hectares of land occupied by Kenyatta University Teaching, Referral and Research Hospital. However, the ownership and compensation of the land on which the hospital is built has not been determined.</p> <p>In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.17,685,171,622 could not be confirmed.</p>	<p>The following is the chronology of the measures the University has taken to recover the land</p> <ul style="list-style-type: none"> ➤ Pursuant to the Public Investment Committee (PIC) recommendations the University dug a trench measuring 1500*1500mm to mark its land. This was done since the earlier chain link fence had been vandalized. The illegal occupants defiantly backfilled the trench. ➤ In 2008, the University Management visited the Minister for Lands then to discuss the matter of illegal occupation of University land. The Minister advised the University Management to urge its lawyers to expedite the hearing of the case. In addition the Provincial Administration was urged to provide security to the University assets as a public property. ➤ In line with the recommendations of the public Investment Committee (PIC), in the year 2010, the University Management consulted with the permanent Secretary, Internal Security about the recovery of the grabbed land and the University was advised to put up standard temporary GCI units (uni-huts) to avoid encroachment. 			
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		<p>The uni-huts were erected by 2012 to cater for the administration Police officers who would camp at the site to prevent any further construction.</p> <ul style="list-style-type: none"> ➤ In mid-2014 the University held a meeting with the Hon. Charity Ngilu who also visited the affected land and promised to take action to remove the illegal occupants ➤ The University wrote to the National Land Commission to try to resolve the issue given the University comprehensive master plan for the area. A team lead by the Chairman of the National Land Commission visited the site on 14th January 2015 and requested the illegal occupants of the University Land at Kamae to forward to the Commission any document that could prove their ownership of the land within seven days. ➤ The University went to court to seek for immediate eviction of the illegal occupants. Caveats were issued but the squatters continued to build uncontrollably. The case has been pending hearing at the Court of Law for a very long time. However, as a result of vigorous follow up by the University and its lawyers, <p>The matter has been in court for</p>			
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		<p>over 20 years</p> <p>Management is happy to report that court ruling has been done in favor of the University. The Judge concluded as follows;</p> <p>(a) That a mandatory permanent injunction is hereby issued restraining the defendants from continuing with occupation of the plaintiff's land.</p> <p>(b) That an order is hereby granted for recovery of possession of the suit property namely LR NO 11026/2 by the plaintiff.</p> <p>(c) That an order of eviction is hereby issued against the defendants and other trespassers from LR NO 11026/2.</p> <p>(d) That a declaration is hereby issued that the occupation and user of a portion of LR NO 11026/2 by the defendants and other trespassers is illegal.</p> <p>Refer judgment dated 23rd September 2021. (Doc 4.6a)</p> <p>The University management request for support from Government agencies to be able to reclaim the grabbed parcel of land to utilized it as per the master plan for public good</p> <p>The thirty-two (32) hectares of land in Carissa County is Land that was allocated to the University by Lagdera Constituency Development fund in Garissa County is valued at</p>			
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		<p>Ksh 880,000. The amount was in respect of registration and other related charges. (Doc 4.6b)</p> <p>The University has at long last made some progress toward attainment of the ownership documents:</p> <ol style="list-style-type: none"> 1. The University has obtained Letter of No Objection from the County Government of Garissa in support of the allocation of the Dadaab campus- land by the then County Council of Garissa 2. The County Government of Garissa (Physical Planning Office) has drawn and completed the Partial Development Plan (PDP) and advertisement of the Public Notice, in accordance with Physical Planning Act Cap 286 has been done via Gazette Notice No. 8526 dated 6th September 2019 and in the Daily Nation and Taifa Leo newspapers on 28th August 2019. The advert is supposed to remain open for the next 60days from the date of advertisement before submitting the PDP to the National Director of Physical Planning for approval to facilitate issue of Allotment Letter. (Doc 4.6c) <p>The University has engaged the service of a consultant to fast track the exercise.</p> <p>On 26 November, 2023 the consultant requested to submit the plan to the Ardhisasa platform and management has facilitated the same. (Doc 4.6d)</p> <p>Upon issuance of a title deed, the</p>			
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		<p>Management will engage a valuer to give value of the property to be adjusted in the university financial records.</p> <p>This is work in progress and management is optimistic that the University will have the letter of allotment soon.</p> <p>The Statement of Financial Position balance of Property, Plant and Equipment includes 7.97 hectares of land occupied by Kenyatta University Teaching, Research and Referral Hospital which is now established as a State Corporation. Management wish to respond that records held by the University indicate the hospital belongs to Kenyatta University and that the University Hospital is built in Kenyatta University land. Though the Hospital was made a Parastatal in the year 2019, the issue of ownership is still being addressed. It is worth noting that Parliamentary Committees on Health and Implementation recommended as follows;</p> <ol style="list-style-type: none"> 1. The Cabinet Secretary for Education and Health should ensure that Kenyatta University has full access to the Kenyatta University Teaching Research and Referral Hospital facilities, as envisaged, for use by its college of Health Sciences, which comprises Schools of Medicine, Pharmacy, Nursing, Public Health and Dentistry. 2. H.E. the President should revoke Legal Notice No. 4 of 2019 and revert the Kenyatta University 			
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		Teaching Research and Referral Hospital to a University Hospital within six (6) months of the adoption of the report. (Doc. 4.6e)			
5.	<p>Misstatement of Revenue from Exchange Transactions</p> <p>The statement of financial performance reflects an amount of Kshs.4,054,731,564 in respect of rendering of services as disclosed in Note 8 to the financial statements, which further includes an amount of Kshs.3,404,854,474 in respect of tuition fees. However, analysis of system generated invoices provided indicated that the net tuition fees amount was Kshs.3,179,196,761 resulting to an unexplained variance of Kshs.225,657,713. In the circumstances, the accuracy and completeness of rendering of services amount of Kshs.4,054,731,564 could not be confirmed.</p>	Please note the University operated two system campus nexus and ACCPAC. Please find the analysis of tuition fee of Kshs 3,404,854,474.00 from campus nexus. (Doc 5)	CFO	Resolved	
	<p>Emphasis of the Matter</p> <p>Material Uncertainty in Relation to Sustainability of Services</p> <p>The statement of financial position reflects total current assets and total current</p>	For the last eight years the University has experienced drastic down turn in revenue streams caused by the following factors Reduced student's numbers especially self-sponsored students Government policy on differentiated unit cost funding which reduced University recurrent grants allocation	Manag ement	Not Resolved	5Years

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<p>liabilities balances of Kshs.1,435,218,526 and Kshs.12,414,394,021 respectively, resulting in a negative working capital of Kshs.10,979,175,490. Further, the University incurred a deficit of Kshs.1,362,209,515 (2022/2023 – Kshs.2,065,142,373). This casts significant doubts on the university’s ability to continue to sustain services.</p> <p>In the circumstances, the University is technically insolvent and may not be able to meet its current obligations as and when they fall due. My opinion is not modified in respect of this matter.</p>	<p>Low performance of already established Campuses</p> <p>Low performance of third stream income generating activities (IGA)</p> <p>This has resulted to the university reporting loss position and hence high trade and other payable.</p> <p>The Management has put in place the following measures to address the sustainability of service concern;</p> <ol style="list-style-type: none"> 1. Adoption of cost cutting measures that resulted to a saving of Kshs 720M per annum in 2021. (Doc 6a) 2. Management appointed a committee to further look on cost cutting and revenues enhancement measures. The Committee recommendation has been approved by council and implementation is ongoing which will result to saving of approximately 800 Million per annum. (Doc 6b) 3. Management is looking into ways of possibly increasing student enrollment through KUCCPS and SSP which will improve fee revenue 4. Negotiation with the Government to pay existing pending bills currently at Kshs 12.1 Billion as at 30th June 2024 5. The Management restructured the overdraft facility to a term loan to reduce on high interest expenses paid every month yielding a saving of 2 million per month 6. Management has relocated the School of Agriculture to Kitui Campus to concentrate on dry land agriculture. The expected income from the schools activities is Kshs 150 million per year. 7. Enhancement of rental 			
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		<p>revenue by leasing Kigali campus and any other available rental spaces in the University generating an average of 15 Million rent income per month</p> <p>8. The new funding model recently adopted by the Government to replace differentiated unit cost DUC projects more revenue to University as compared to DUC. The projection based on students numbers indicate that the University will be able to break even upon attainment of full cycle of implementation in year 2028.2029 financial year.</p> <p>If the above measures are achieved and with the new funding model, the management is optimistic that the University will remain a float and be in a position meet its obligation as and when they fall due.</p>			
	<p>Other matter Unresolved Prior Year Matters In the audit report of the previous year, several issues were raised under the report on financial statements, report on effectiveness of internal controls, risk management and governance. However, management has not resolved the issues or given any explanation for failure to do so, as provided for in the reporting template prescribed by the Public Sector Accounting Standards Board.</p>	<p>The issues raised under the report on financial statements, report on effectiveness of internal controls, risk management and governance have been addressed in our response to the report of the auditor general for the year ended 30 June, 2023 and is included in our 2024 financial statement. Enclosed please find a copy of our response. (Doc 7)</p>	<p>Management</p>	<p>Resolved</p>	

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1.	<p>REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES Basis for conclusion Irregular payment of board mileage allowances</p> <p>The statement of financial performance and as disclosed in Note 15 to the financial statements reflects council expenses amount of Kshs.13,669,517. However, review of payment vouchers revealed that the council members were reimbursed mileage claims of vehicle engine capacity more than the approved rated of 1800cc. In the circumstances, management was in breach of the law.</p>	<p>On Council mileage reimbursement please note;</p> <p>i) Though the Council members own motor vehicles with engine capacity above 1800 cc, the University had been reimbursing their mileages claims at the capped rate of 1800cc which has been established and provided by the AA Kenya.</p> <p>ii) The categorization of their vehicles to either Category “A” or Category “B”, has also been done and provided by the AA Kenya.</p> <p>Category A:- Average Loaded Model</p> <p>Category B:- Super Loaded Model</p> <p>iii)The University neither pays mileage claims above the capped rate of 1800 cc nor pay beyond the provided categories (Category A or B).</p> <p>Attached please find AA document and copies of payment vouchers. (Doc 8)</p>	Manag ment	Resolved	
2.	<p>Lack of qualifications and expertise in financial management</p> <p>Review of appointed members of the university councils’ member</p>	Kindly note, the council member	Manag ement	Not Resolved	3 Years

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	<p>qualifications revealed that the university council did not have at least one council member who is a financial expert with necessary qualifications and expertise in the financial management or accounting and is a bona fide member of a professional body regulating the accountancy profession. This was contrary to the provision of Mwongozo code of governance, 2015 which states that at least one board member should be a financial expert, with the necessary qualifications and expertise in financial management or accounting and is a bona-fide member of a professional body regulating the accountancy profession, and in compliance with the requirements thereof. In the circumstances, management was in breach of the law.</p>	<p>from The National Treasury is a qualified accountant and represents council on matter finance.</p> <p>University management wrote to the Ministry of Education requesting for a finance expert in independent council member appointee, we hope for a positive feedback on the same</p>			
3.	<p>Lack of Annual Governance Audit and Performance Evaluation</p> <p>The council did not undertake an annual governance audit during the year under review. The audit is expected to address governance practices including leadership and strategic management, transparency and disclosure, compliance with laws and regulations, board independence and governance, consistent shareholder engagement</p>	<p>The council did evaluation in august 2024. Attached please find minutes of council evaluation. (Doc.9)</p>	Manag ement	Resolved	

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	<p>and value enhancement among others. Further, the council did not conduct self-evaluation of its performance on an annual basis as required by the Mwongozo Code of Governance which requires the council to carry out annual performance evaluation and file a report with the parent ministry and state corporations advisory committee. In addition, two council members were re-appointed without any council evaluation contrary to section 1.5(2) of Mwongozo Code of Governance for State Corporations, 2015 on term limits for Board Members which states that the renewal of a board member's tenure for a second term should be subject to a favorable evaluation. It was therefore not possible to confirm the level of adherence to applicable laws, rules, regulations and policies of the university. In the circumstances, management was in breach of the law.</p>				
4.	<p>Lack of Substantive University Secretary The university did not have a substantive university secretary contrary to section 1.20(1) of the Mwongozo Code of Governance and section 5.8 of the council charter. Further review of the</p>	<p>At its meeting held on 16th May 2024, the Human Resource Committee of the Council: The Committee observed that: i) A corporation secretary was</p>	Manag ement	Not Resolved	3 Years

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	<p>human resource documents revealed that no one was appointed in acting capacity on the position. In the circumstances, management was in breach of the law.</p>	<p>needed to manage the affairs of the University Council.</p> <p>ii) Since the advert that had been done on the position was not responsive, the University was considering other possibilities on how the issue could be addressed.</p> <p>iii) The University wrote to the Solicitor General to seek their assistance but found that they had received similar requests from other public organizations.</p> <p>iv) The University will continue to seek for help from other Government agencies and also, could consider head hunting for the position.</p> <p>v) The University was looking forward to engaging a staff who would grow with the University, and thus, if need be, the University could consider employing at a lower level for the same work.</p> <p>Committee’s Recommendation</p> <p>The Committee recommended that the University explores various options including advertising, headhunting and hybriding in order to fill up the position of University Secretary.</p>			
5.	<p>Non-Adherence to Budgetary Limits</p> <p>The statement of financial performance and as disclosed in Note 15 to the financial</p>	<p>Kindly note that council expenses include;</p> <p>1. Sitting allowance</p>	Management	Resolved	

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	<p>statements reflects council expenses of Kshs.13,669,517. However, analysis of the annual work plan and budget revealed total budgeted amount of Kshs.8,000,000 resulting to an over expenditure of Kshs.5,669,517 or 41% of budget overutilization. This was contrary to the Mwongozo the code of governance for state corporation which requires that all bard/committee meetings and activities should be undertaken within an approved work plan. In the circumstances, management was in breach of the law.</p>	<p>2. Honoraria 3. Other expenses.</p> <p>Honoraria which are paid via payroll are budgeted for in personnel emoluments budget, while travelling and accommodation expense is budgeted for in the travelling and accommodation budget. This implies that honoraria amounting to Kshs 1,727,635 and mileage claims are not part of the Kshs 8,000,000 budget. Attached find budget for the year 2023-2024. (Doc 10)</p>			
6.	<p>Irregular procurement of cleaning services The university engaged a company for provision of cleaning services, ground maintenance and landscaping at unicity mall at a contract price of Kshs.432,224 per month and an annual cost of Kshs.5,186,943. However, review of the evaluation report revealed that the university did not award the tender to the responsive bidder with lowest evaluated quote, contrary to section 86(1)(a) of the public procurement and asset disposal act, 2015 which provides that the</p>	<p>Management Response The Tender for Provision of Cleaning Services, ground maintenance and landscaping at Unicity Mall was awarded to the Most Responsive Bidder who met the evaluation criteria as set out in the tender document.</p> <ul style="list-style-type: none"> • The Award Criteria as captured in both tender document and evaluation report was as listed:- Evaluation criteria Technical score = 70% <p>i. Scoring criteria for technical aspects: - The bidder with the highest marks will be awarded 70% and the other bidders score relative to the highest.</p> <p>ii. Financial score= 30% Financial scoring: - The bidder</p>	Management	Resolved	

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	<p>successful tender shall be the tender with the lowest evaluated price.</p>	<p>quoting the lowest price and having passed the technical score shall be awarded 30% and other bidders score relative to the highest</p> <p>a) Nineteen (19) bidders submitted their bids for consideration.</p> <p>b) Six (6) bidder passed the Mandatory and Technical evaluation and attained the minimum Pass Mark of 70%. The bidders technical ranking is as follows:-</p>			
	Sno	Bidder	Marks out of 100 %	Marks out of 70%	Rank
1	Spec and grow cleaning sol. Ltd	98.0	70%	1	
2	Candy & Candy Cleaning Services Ltd	97.0 0	69.2 9	2	
3	Glacier East Africa Ltd	96.3 0	68.7 9	3	
4	Dash growth cleaning services Ltd	96.0 0	68.5 7	4	
5	Neat Hygiene Services Ltd	96.0	68.5 7	5	
6	Garbage Hero Ltd	86.3 0	61.6 4	6	
<p>The six (6) bidders were subjected to the Financial Evaluation Score out of 30% and their financial ratings are as follows:-</p>					

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<p>Further, the evaluation of the tender for supply and delivery of linen at north coast beach hotel under tender no. KU/TNDR/G/009/SDI was carried out for more than 30 days. After. In addition, the winning bidder awarded was non-responsive since the bidder did not meet the specification requirement of the technical criteria as per tender document. The evaluation committee did not provide reasons for awarding the bidders who did not meet the criteria and proceeded to financial evaluation. This was contrary to section 79(1) of the public procurement and asset disposal act, 2015 which provides that a tender is responsive if it conforms to all the eligibility and other mandatory requirements in the tender documents. In the circumstances, management was in breach of the law.</p>	Sn	Bidder	Marks out of 30%	Tender Sum	Rank				
	1	Garbage Hero Ltd	30	349,700.00	1				
	2	Candy & Candy Cleaning Services Ltd	24.27	432,224.50	2				
	3	Neat hygiene Services Ltd	19.50	538,000.00	3				
	4	Dash growth cleaning services	18.93	554,150.00	4				
	5	Spec and Glow cleaning solutions	21.54	487,000.00	5				
	6	Glacier East Africa Ltd	23.55	445,440.00	6				
	The final combined Technical and Financial Score ranking for the six (6) bidders is as follows:-								
	Sno	Bidder	Technical score out of 70%	Financial Score out of 30%					
	1	Candy & Candy Cleaning Services	69.29	24.25					

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	Ltd		
2	Glacier East Africa Ltd	68.79	23.55
3	Garbage Hero Ltd	61.64	30
4	Spec and Glow cleaning solutions	70	21.54
5	Neat hygiene Services Ltd	68.57	19.50
6	Dash growth cleaning services	68.57	18.93

The (6) bidders who Passed the Technical Score and Financial Score were subjected to Price Comparison Schedule.-
M/s. Candy and Candy Services emerged as the Most Responsive Bidder and was awarded the contract at a tender sum of Kshs. 432,224.45 per month

**Doc 11A Evaluation Criteria.
Doc 11B Tender Evaluation Report.**

The University tendered for Supply and delivery of Linen at North Coast beach Hotel-KU/TNDR/G/009/SD1 The tender evaluation was carried out within 30 days. The evaluation committee began the evaluation of bid documents on 5/12/2023 as shown on the individual score sheets.

(Doc 12A individual Evaluation Worksheet).
It is worthy to note that between 05/12/2023 and 08/01/2024 there were four (4) public holidays. Jamhuri day 12/12/2023, Christmas day 25/12/2023, boxing day 26/12/2023 and New Year

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		01/01/2024. 08/01/2024 was the 30th day of the evaluation and therefore, we were compliant with Section 80 (6) of PPADA, 2015. The three (3) awarded bidders were responsive. They had Passed the Mandatory and Technical evaluations. Consequently, they submitted samples which were verified and approved. Doc 12 B Approved Sample Report Doc 12 C Evaluation Report			
7.	Use of Expired Local Purchase Order (LPO) Review of the payment vouchers relating to medical drugs revealed that the University issued local purchase orders to various companies for supply and delivery of medical drugs. However, it was established that deliveries were made after the lapse of local purchase order (LPO) validity period of thirty (30) days. In the circumstances, management was in breach of the law.	Management Response The L.P.Os were generated, approved and issued to respective suppliers. At the time of delivery, the drugs were needed and the prices were still valid. The increased lead time was occasioned by importation logistics. Moving forward we have put mechanisms to ensure all the deliveries are timely as per the L.P.Os issued.	Management	Resolved	
8.	Unremitted Statutory Deductions and Other Staff Deductions The statement of financial position and as disclosed in Note 25a to the financial statements reflects a balance of Kshs.11,984,753,367 in respect of trade and other payables from exchange transactions. Included in the amount is Kshs.9,722,263,780 relating to employee	As at 30 June, 2024, the University had not remitted employee payroll deductions totaling Kshs 9,722,263,780. With the exception of PAYE, Pension contribution, and cooperative deductions, the welfare deductions have since been remitted. Enclosed please find sample of remittance advices and the 2025 general ledger extract for the same. (Doc 13) However, Pension contributions,			

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	<p>payroll deductions being 81% of the total payables as indicated below:</p> <table border="1"> <thead> <tr> <th data-bbox="260 465 411 533">Description</th> <th data-bbox="411 465 571 533">Amount (Ksh)</th> </tr> </thead> <tbody> <tr> <td data-bbox="260 533 411 645">Pay As You Earn (PAYE)</td> <td data-bbox="411 533 571 645">5,663,577,93</td> </tr> <tr> <td data-bbox="260 645 411 757">Pension Contribution</td> <td data-bbox="411 645 571 757">3,943,390,83</td> </tr> <tr> <td data-bbox="260 757 411 790">VAT</td> <td data-bbox="411 757 571 790">106,721,695</td> </tr> <tr> <td data-bbox="260 790 411 857">Withholding Tax</td> <td data-bbox="411 790 571 857">20,823,138</td> </tr> <tr> <td data-bbox="260 857 411 958">Welfare Deductions</td> <td data-bbox="411 857 571 958">20,750,183</td> </tr> <tr> <td data-bbox="260 958 411 992">TOTAL</td> <td data-bbox="411 958 571 992">9,755,263,78</td> </tr> </tbody> </table> <p>However, the statutory deductions were deducted from the employees but were not remitted to relevant bodies. These deductions have attracted undetermined penalties and interests which have not been disclosed.</p> <p>In addition, Kenya Revenue Authority (KRA) issued a demand notice demanding corporation tax and PAYE amounting to Kshs.42,229,316 and Kshs.7,469,209,902 respectively, inclusive of penalties and interests, all totaling to Kshs.7,511,439,218.</p> <p>In the circumstances, management was in breach of the law.</p>	Description	Amount (Ksh)	Pay As You Earn (PAYE)	5,663,577,93	Pension Contribution	3,943,390,83	VAT	106,721,695	Withholding Tax	20,823,138	Welfare Deductions	20,750,183	TOTAL	9,755,263,78	<p>PAYE, and SACCO deductions have remained a challenge since the University has not been able to operate profitably for the last 8 years</p> <p>The University has been in communication with KRA, Pension Office, NSSF and Kenversity Sacco and has on various occasions agreed on payment plans.</p>			
Description	Amount (Ksh)																		
Pay As You Earn (PAYE)	5,663,577,93																		
Pension Contribution	3,943,390,83																		
VAT	106,721,695																		
Withholding Tax	20,823,138																		
Welfare Deductions	20,750,183																		
TOTAL	9,755,263,78																		

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9.	<p>Irregularities in Payroll Substantive payroll and staff complement analysis findings confirmed weaknesses in the integration between the payroll and human resource systems as detailed:</p> <p>i) Eight (8) non-teaching staff members, who were not persons with disabilities (PWDs), were above the compulsory retirement age of 60 years. Additionally, two (2) teaching staff members were above the retirement age of 75 years and had not exited as required.</p> <p>ii) Testing for compliance with the statutory requirements revealed PWD representation was below the 5% threshold while 46</p>	<p>i. All non-teaching members of staff who had attained retirement age their contracts have been terminated enclosed please find the support documents. (Doc14a)</p> <p>ii. We agree that the University have engaged slightly more than 41% of its workforce from one ethnic community i.e. 41.6%. The University's core mandate is teaching and we are within the required threshold with regard to teaching staff. For its lower cadre non-teaching staff, the University source for them from within the locality and are slightly above the threshold. It's worth noting that many of the employees in this cadre were employed before enactment of the act.</p> <p>Kindly note, the University has been having minimal recruitment due to financial challenges and has not been able to even replace the retiring members of staff. Deliberate effort is being made to comply with the act among them;</p> <p>Advertising strategy – increase the visibility and coverage of our adverts through use of print media like the nation and standard newspaper, our social media platforms e.g. Kenyatta University Facebook page in addition to the media we currently use (MyGov and website)</p> <p>Give priority to minority communities during appointments by amending the recruitment criteria. Instead of ranking candidates, the University to have a list of appointable candidates and prioritize engagement of non-</p>	Management	Resolved	
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	<p>staff members were indicated as PWDs, however, their specific disabilities were not documented. Further, the analysis revealed non-compliance with the ethnicity threshold of 33%, with one ethnic group comprising 42% of the workforce.</p> <p>iii) There (3) staff members were using their national ID Numbers as employee numbers contrary to the naming standard of KU Employee/PF numbers for staff were paid Confucius Allowance under code “776” totaling Kshs.3,667,098.</p> <p>iv) An additional 108 staff members</p>	<p>represented communities/special groups.</p> <p>Headhunting through the county governments to ensure we reach all the ethnic groups in the country.</p> <p>Review/adjust the requirement criteria during the shortlisting process to cater for marginalized/minority ethnic groups.</p> <p>iii. Three (3) staff members using their national ID numbers as employee numbers are Confucius institute staff seconded to teach Chinese and are paid using the Chinese fund. Confucius Institute remitted funds to KU for their salaries. Attached please find receipts for the funds received for the Confucius Institute staff salaries. (Doc 14b)</p> <p>vi. An additional 108 staff members without proper employee numbers are security staff on secondment paid special duty allowance. Enclosed please find sample of their appointment letters. (Doc 14c)</p>			
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	<p>without proper employee numbers were paid Kshs.21,576,406 during the period. In addition, four (4) staff members without national ID numbers earned a gross pay of Kshs.987,087 for the period.</p> <p>In the circumstances, Management was in breach of the law.</p>			
10	<p>Irregular Engagement of Casuals</p> <p>During the year under review, the University had seven hundred and thirty-five (735) seasonal (Casual) staffs earning a total wage of Kshs.198,366,925. However, casuals' personal records were not maintained by the Human Resource to show how they were recruited and on boarded via maintaining a record of all applications received in response to advertisements inviting applications. Further, some of the seasonal staffs have been serving the university for more than ten (10) years without written contracts contrary to section 9 of</p>	<ul style="list-style-type: none"> All Seasonal workers have personal files which are identified using their national identification numbers and the same is maintained in a register at the Human Resource Department. See samples profile analysis from the seasonal staff database. (Doc 15a) <p>Recruitment procedure for seasonal workers</p> <ul style="list-style-type: none"> Efforts were made in the year 2017 to vet all casuals (see communication dated 2nd June, 2017 (Doc 15b)) of which a database was created. The works are not permanent in nature, therefore they are engaged seasonally through the 		Resolved

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	<p>Employment Act that provides that a contract of services for more than three (3) months should be in writing. It was also not clear the basis used to pay the seasonal staffs since they didn't fall in either the University's salary structure or CBA grading system. In addition, the university had a budgeted amount on wages for casuals of Kshs.79,324,340. However, the university incurred Kshs.198,366,952 resulting to budget overutilization of Kshs.119,042,612 or 150% budget overutilization. In the circumstance, management was in breach of the law.</p>	<p>existing database when need arises and the duration varies from three (3) months or casual labourers for days indicated by heads of departments.</p> <p>All seasonal workers have written contracts signed by the Human Resource Manager and the seasonal worker. Sample contract letters attached (Doc15c)</p>			
11	<p>Unsupported recruitment of staff The University engaged two hundred and thirty-six (236) teaching and non-teaching staffs; however, Management did not provide recruitment plans, approval by the council to recruit staffs, advertisement, shortlisted candidates and interview reports for the sampled staff recruitments. Further, review of some of the personal files revealed that staffs were being recruited without floating an advert or a</p>	<p>- According to the Human Resource policy and procedure manual of 2019 item 4.2 (Doc.16a), an employee may be appointed in the University on any of the following terms of services depending on the position and qualifications; Permanent and pensionable, Contract, Temporary and Seasonal Appointment</p> <p>- The procedure for appointment on permanent and pensionable terms is outlined in Human Resource policy and procedure manual of 2019 item 4.4 – (Doc 16b). The recruitment on permanent and</p>	Management	Resolved	

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<p>need assessment from the departments and a memo to engage the staff was done for approval to the human resource manager. In addition, review of June, 2024 payroll revealed that the vice chancellor was still earning salary from the University. Management explained that the VC was on leave; however, the correspondence on his absence from duty from April, 2024 did not give duration of leave. In the circumstances, the audit could not confirm why the vice chancellor had been away and the university with an acting VC for more than six (6) months. In the circumstances, management was in breach of the law.</p>	<p>pensionable terms for the year adhered to the procedure (See departmental request, advert, shortlisting minutes and interview minutes (Doc 16c) – University Staff establishment is used to determine number appointable per position)</p> <ul style="list-style-type: none"> - The procedure is the same for contract appointments and is also outlined in the manual. However, to fill emerging gaps that are urgent or in instances where advert fails to yield, it is within the Vice Chancellors prerogative to appoint and make a report to the next meeting of the Council. See attached Human Resource policy and procedure manual of 2019 item 4.9 (Doc 16d) and Statutes VII (Doc 16e) - An employee will change terms from contract to permanent and pensionable terms upon fulfillment of set requirements for example completion of PhD degree and performance among others. - To note that one hundred and thirty seven (137) of the appointments are actually change of terms from seasonal appointments to temporary appointments. The change of terms necessitates assigning new Personal File numbers (PF.No's) and grades which is different from seasonal staff identification numbers. List of change of terms attached (Doc.16f) - As per policy, all the appointments for the year were reported to the Council for 			
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		<p>ratification and the process is to be finalized in this financial year. Minutes awaiting signature</p> <p>The University therefore adhered to the policy on recruitment of staff.</p> <p>Attached please find the Vice-Chancellor's letter on accumulated leave days. (Doc.16g)</p>			
12.	<p>Non-compliance with fiscal responsibilities principles</p> <p>The statement of financial performance and as disclosed in Note 14 to the financial statements reflects employee costs expenditure of Kshs.6,586,013,505. The amount represents approximately 75% of the total revenue of Kshs.8,748,297,554. This represents 40% points over and above the maximum allowed ceiling of 35%. In the circumstances, management was in breach of the law.</p>	<p>The continuous reduction in University Income in comparison to an almost constant wage bill has made the ratio to be on an increase trend. The University is optimistic that with the new funding model and the marketing strategies implemented by management, the University's income will increase and the revenue wage bill ratio will be better in the foreseeable future.</p>	Management	Not Resolved	5 Years
13.	<p>Irregular conversion of loan</p> <p>The statement of financial position and as disclosed in Note 26a to the financial statements reflects borrowings of Kshs.450,000,000 that the university acquired and an overdraft of Kshs.250,000,000 from Equity Bank. In December, 2022, management decided to change the financing model for the two facilities by combining them into one loan at an interest rate of 12.582%.</p>	<p>In the year 2016, the University was granted concurrence from The National Treasury to obtain an overdraft facility of Kshs. 700 million from Equity Bank (K) Ltd. In the year 2021, the University sought approval to restructure the existing overdraft facility of Kshs. 700 million to a term loan of Kshs 450 million and retain an overdraft of Kshs 250 million to reduce on high interest expenses paid every month on overdraft and the same was granted. Enclosed please find the concurrence letters for the Kshs 700 overdraft, Kshs 450M term loan and Kshs 250M overdraft. (Doc 17a)</p>	Management	Resolved	

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	<p>At the time of conversion, the university had outstanding loan and overdraft of Kshs.395,329,422 and Kshs.243,272,412 respectively. However, the following anomalies were noted:</p> <p>i. Management did not provide the national treasury approval to restructure the facilities as required by law.</p> <p>ii. The loan of Kshs.450,000,000 was charged on land LRNo.209/4868 which was valued at Kshs.715,000,000. However, when management combine the two facilities to a total of Kshs.638,601,834, management charged the loan to another property LRNo.209/4869 which was valued at Kshs.285,000,000. It was</p>	<p>According to loan agreement the banks required the two securities due to loan risk appetite. The same securities had been placed before restructuring to cater for an earlier loan and overdraft facilities with the banks.</p> <p>The University maintains a file for the loan and is available for audit. Enclosed please find correspondences extracts from the file. (Doc 17b)</p> <p>Kindly note that the University requests for the concurrence letter through the line ministry and treasury also forwards the approval through the same channel. The concurrence letter received from the line ministry upon approval by the National Treasury is hereby enclosed. (Doc 17c)</p>			
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	<p>not explained why management chose to over secure the loan facilities that it had received from the bank with more than Kshs.300,000,000 of what they had.</p> <p>iii. Management did not maintain a file for the loan facilities; therefore, it was not possible to obtain detailed information on the University loans.</p> <p>iv. The statement of financial position and as disclosed in Note 25d to the financial statements reflects current portion of borrowing of Kshs.240,803,399. However, management did not provide the</p>				
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	<p>national treasury approval for an overdraft of Kshs.240,803,399. In addition, the repayment schedule for the overdraft was not provided. In the circumstances, management was in breach of the law.</p>			
14.	<p>Long Outstanding Receivables The statement of financial position reflects receivables balance of Kshs.728,464,923 as disclosed in Note 21 to the financial statements. Included in this amount is Kshs.30,371,886 and Kshs.39,927,517 which relates to imprest control and imprest research respectively. Schedules provided by management revealed that the balances have been outstanding for over a year. With some balances dating back to 5 August, 2007 yet imprest should be surrendered within seven days after return to duty station. This was contrary Section 93(5) of the Public finance management (National Government) regulations, 2015 which requires holder of a temporary imprest to</p>	<ul style="list-style-type: none"> • Imprests <p>The University policy on imprest was to ensure that imprests were accounted for within a period of one month from the date of issue. This means that staff could have been issued with more than one imprest as long as both imprests were issued within the same month. With the use of technology, the practice has since changed and imprest taken must be accounted for before another is issued to same staff.</p> <p>Outstanding imprests that date back to 2007/2008 financial year emanated from employees who exited the University and had not accounted for imprest at the time of exiting. Since 2011, the University has put measures to ensure that imprests are fully accounted before a new one is issued and unaccounted imprests are recovered in full from staff salary.</p> <p>Research imprests are at times unique in that some research activities take a longer period to</p>	<p>Not Resolved</p>	5 Years

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<p>account or surrender the impress within 7 working days after returning to duty station. Further, included in receivables from non-exchange transactions is staff debtors balance of Kshs.6,399,440. Supporting schedules indicated that the amount had been outstanding for over 120 days and no evidence has been provided by management to the recoveries made. Note 21a also reflects receivables from exchange transactions (student fees arrears) amounting to Kshs.209,598,327. However, the student fee arrears aging analysis was not provided for audit review. In addition, review of students' debtors listing as at 30 June, 2024 indicated that there were 4,721 students who sat for the examination with fees balances amounting to Kshs.209,598,327 which is contrary to the university fees policy that requires a student to pay fee to be eligible to sit for university examinations. In the circumstances, management was in breach of the law.</p>	<p>complete and at times the researcher has more than one activity or project in progress. The University allows researcher to have multiple imprests and also take more than one month to account when need arises. However the research section in finance department is responsible in ensuring that the imprests are surrendered on completion of the activities or projects. The research imprests outstanding as at 30 June, 2024 have since been accounted for. Enclosed is a schedule of the imprests indicating date the imprest was accounted and copies of accounting forms.</p> <ul style="list-style-type: none"> • Staff debtors totalling Kshs.6,399,440 <p>The University policy is to recover staff debts from the staff salary.</p> <p>Parts of the Kshs 6,399,440 are debts owed by exited staff on medical bills and car loans.</p> <p>The car loan scheme facility was inherited from the University of Nairobi. This facility enabled staff to purchase vehicles using loan from National Bank of Kenya guaranteed by the University.</p> <p>During that time staff used to collect the log books for the purpose of renewing road licenses with the registrar of motor vehicles and often times some staff would return the log books on time. The pension benefit use to be utilized to offset any outstanding balance on car loan or other money owed by a staff member.</p> <p>However this became impossible after the enactment of the Retirement Benefits Authority Act of 2008 which prohibited the</p>			
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		<p>recovery of any staff debt from the pension fund. Subsequently car loan facility was withdrawn. The ex-employees have not been cleared by the University.</p> <p>The outstanding debts on imprests, medical and car loans have been handed over to the University lawyer for follow up through legal channel.</p> <p>The student fees arrears were as a result of late disbursement of Government funding under new funding model. The amount has since been remitted please find enclosed receipt. (Doc 18)</p>			
15.	<p>Irregularities in management of fuel, oil and lubricants</p> <p>The statement of financial performance and as disclosed in Note 13 to the financial statements reflects use of goods and services amount of Kshs.2,900,251,586 which includes an expenditure on motor vehicle fuel of Kshs.47,948,325. The university made payment to a company in respect of tender No.KU/TNDR/G/046/S DMFL&LPG/2019-2020 in the financial year under review. However, it was established that management did not adhere to the fuel card policies and procedures in management of the fuel cards. Further, work</p>	<p>Management Response</p> <p>Under Section 142 of the PPAD Act 2015, the performance bond should not be more than ten percent of the contract amount. Regulation 135 (1) of the PPAD Act 2015 states, ‘for purposes of Section 142 (3) of the Act, the threshold for providing performance security for goods, works and non-consultancy services shall be for contracts above five million shillings’. In this case, the contract captured the unit cost of the estimated annual quantities. Subsequently, the University would issue LPOs on ‘as and when required basis’. None of the LPOs issued surpassed the five million. The University held a meeting with Total Kenya on the changeover from the existing supplier National Oil. Total Kenya was requested to negotiate with National Oil to utilize their existing LPG tanks but if National Oil does not allow this arrangement Total Kenya would provide their own tanks. Minutes enclosed.</p> <p>Doc 19A Minutes of the meeting</p>	Management	Resolved	

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	<p>tickets for various vehicles were not updated to reflect the fuel drawn. In addition, review of the contract terms revealed the following anomalies;</p> <p>i. Management had not explained how the monies were intended to be spent and how the money was spent.</p> <p>ii. It was not clear why the university entered into a long term 5-year contract with the supplier yet the vendor had failed to execute a performance bond within 30 days. From tender document and contract agreement with Total Kenya, the supplier was to provide infrastructure, in this case install bulk tanks for the LPG gas to date the vendor has not yet</p>	<p>Total Kenya did not install the tanks so they could not service or calibrate the LPG tanks. National Oil wrote confirming ownership of the LPG tanks and maintenance of the tanks therefore rendering it a malpractice for any other LPG supplier to offload product into the tanks.</p> <p>Doc 19B Confirmation of tank ownership The University wrote to Total Kenya requesting them to urgently put in place the required infrastructure within 14 days, in the absence of the required infrastructure the university would have no option but to cancel the contract to avert a crisis in its supply chain for LPG gas.</p> <p>Doc. 19C Letter from KU to Total Kenya Total Kenya wrote back indicating that the infrastructure would take them two to three months to complete due to the nature of the product/process involved. As a stop-gap measure, Total Kenya agreed to supply the University with 50kg gas cylinders though they did not match the price of the bulk gas as quoted in the tender.</p> <p>Doc 19D response of KU letter from Total Kenya Given the above and to avert a crisis, the University engaged M/s. National Oil Corporation on a government-to-government procurement for continuous supply and delivery of LPG Gas.</p> <p>Doc 19E KU Gov to Gov engagement with National Oil</p>			
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	<p>installed despite numerous communication from the university.</p> <p>iii. Total Kenya was to carry out inspection, servicing and calibration of gas tanks every eighteen (18) months. No reports of the same were submitted for audit. No value for money assessments were undertaken annually to determine whether the terms designated in the agreement remained competitive.</p> <p>iv. The LPG Contract was awarded to Total Kenya but the institution has since stopped sourcing. The university did not close out the contract neither was a</p>				
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	<p>termination report presented to the authority as required under section 63(2) of the public procurement and asset disposal act, 2015 which states that an accounting officer who terminates procurements or asset disposal proceedings shall give the authority a written report on the termination within fourteen days. Further, the LPG gas is now supplied by national oil corporation. It was not possible to ascertain the procurement process in regards to the new vendor. In the circumstances, management was in breach of the law.</p>				
16.	<p>Software licenses The university entered into a 3-year contract with M/S DSL system & solutions limited for the supply, delivery, customization,</p>	<p>Management Response The payment of Ksh.2, 100,000.00 paid to Surestep systems and solution as per the contract agreement, was for the licenses</p>	<p>Management</p>	<p>Resolved</p>	

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	<p>installation, testing, training, commissioning and support for enterprise resource planning (ERP) system through tender number KU/TNDR/S/041/ERP/2023-2024 for a contract sum of Kshs.19,944,052. The University requested for a refund of deposit of Kshs.2,100,000. However, an internal memo dated 20 November, 2023. However, the University terminated the contract without evidence of refund of deposit. In the circumstances, value for money respect of the deposit of Kshs.2,100,000 could not be confirmed.</p>	<p>which were delivered on 19th October 2023.</p> <p>Doc 20a Copy of the Contract.</p>			
17.	<p>Irregular procurement of legal services The statement of financial performance and as disclosed in Note 13 to the financial statements reflects use of goods and services amount of Kshs.2,900,251,586 which includes legal feeds amounting to Kshs.4,945,520 made to various legal firms. However, whereas the prequalification record of legal services was provided, the audit could not confirm how the legal firms were engaged from the prequalified list in order to offer services. In the circumstances, management was in breach of the law.</p>	<p>We have regularized by sending quotations to prequalified law firms however we have not had a new legal case for the last eight months. Management is committed to ensuring compliance going forward with the now prequalification list.</p>	Manag ement	Resolved	
18.	<p>Under staffing at north coast beach hotel Review of the hotel’s approved staff established revealed that the hotel should have a staff establishment of</p>	<p>North Coast Beach Hotel reopened its doors in September 2020 after Covid-19 pandemic. Since then the hotel has been operating at 20% bed occupancy rate and even below during off peak periods. The staff</p>			

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<p>136 staff. However, the hotel had a staff establishment of 61 resulting to a shortage of 75 staff. The situation leads to an overstretched workforce hindering the service delivery and achievement of goals and objectives of the Hotel. Analysis and review of payroll data revealed that the hotel maintained its own payroll which was maintained and prepared by the hotel accountant. However, it was observed that, although staff are recruited by the University Council, the staff on the payroll could not be found in the University Bio data report. It was clear why the hotel and university maintain two payrolls. Further, review of contract for staff FB118 of the hotel revealed that his contract expired on 25 October, 2023, however, no renewal of the same was provided yet he continued to draw salary from the Hotel. In addition, the employment contracts for the hotel staffs were signed by the chairman north coast beach hotel board; however, it was not clear how the board was appointed. In the circumstances, management was in breach of the law.</p>	<p>establishment of 136 staffs is based on 50% bed occupancy rate. The 61 staffs are therefore sufficient to run the hotels operation taking into account the current occupancy rate. Kindly note the hotel engages casual workers during peak periods to cater for the shortage in staff.</p> <p>North Coast Beach Hotel maintains its own payroll which is maintained and prepared by the hotel accountant. At the end of every month the accountant prepares the payroll which is forwarded to the main campus for approval and processing through the University's normal process.</p> <ul style="list-style-type: none"> • Attached please find staff bio data for NCBH (Doc 21a) • North coast beach hotel is governed by The Kenya Association of Hotel Keepers and Caterers which provides a different salary structure hence the two payrolls. • Please note the payroll is forwarded to the main campus for approval and processing of payment through the normal process. Attached please find payments voucher for the same. (Doc 21b) • The employment contracts for the hotel staff are signed by chairman NCBH board who is the Deputy Vice-Chancellor (Administration & Finance). Enclosed please find the appointment letter for the board. (Doc 21c) 			
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		Contract for staff FB118 of the Hotel that expired on 25 October, 2023 has since been renewed. Enclosed please find the contract renewal letter. (Doc 21d)			
19.	<p>Irregular issuance of standing imprest Review of documents revealed that north coast hotel accountant received a standing imprest of Kshs.1,000,000. However, the following anomalies were identified.</p> <p>i. The holder of standing imprest did not maintain a memorandum cashbook to record all receipts payment as required by section 93(14) of public finance management regulations which requires the holder of a standing imprest to keep memorandum cash book to records all receipts and payments.</p> <p>ii. Use of standing</p>	<p>NCBH accountant received Kshs 1,000,000 operation imprest to cater for low value items and urgent expenditures for the hotel.</p> <p>The University operates a centralized system of payment, where all payments are done at the main campus and therefore to ensure that the hotel operates smoothly and to avoid delays in payment, the management approved Kshs 1,000,000 float.</p> <p>1. The accountant normally prepares a schedule of all items requested for reimbursement and the same is sent to the main campus for reimbursement. In addition the hotel maintains records of funds issued and also the cash receipts. Attached please find copy of schedule and hotel records extract. (Doc 22a)</p> <p>2. The hotel make use of the float to procure some items due to various reasons as highlighted below;</p> <ul style="list-style-type: none"> • Due to the demand of beverages both hard & soft within the locality the wholesalers demand cash on delivery. • The University has employed a driver/mechanic stationed at the hotel to 	Manag ement	Resolved	

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	<p>imprest to carry out procurements, while review of receipts revealed that standing imprests was used to purchase items that should go through the procurement process, for instance, procurement of fuel, major maintenance and repair of vehicles, and purchase of office furniture equipment.</p> <p>iii. Use of standing imprest to pay casuals. The hotel paid Kshs.6,236,280 to casuals through standing imprest. Management explained that they use the approved limit of Kshs.1,000,000 to pay casuals and then they are reimbursed.</p> <p>iv. The approved</p>	<p>ensure that the hotel vehicles are repaired when need be and serviced on due dates to facilitate smooth running of the hotel. Kindly note that the repairs and servicing are approved by the hotel manager.</p> <ul style="list-style-type: none"> The industry's acceptable quality of sausages and bacon is only supplied by Farmers choice Company who do not accept LPOs. <p>3. The hotel is allowed to pay casual workers using the standing imprest as they are employed for few days on need basis and it will not be prudent to have them wait for the hotel to request for payment from the main campus. Kindly note that the hotel manager authorises hiring and payment of the casual employees.</p> <p>4. The standing imprest for the hotel is Kshs 1,000,000 but during peak periods the hotel would request for an imprest to cater for the high expenditure. (Attached please find the December 2023 imprest copy. (Doc 22b))</p> <p>5. The hotel also makes use of the standing imprest to pay statutory deductions to avoid delays and penalties.</p>			
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	<p>limit for standing imprest for the hotel is Kshs.1,000,000, however, it was noted that the facility received more than approved limit during the year under review.</p> <p>v. Use of standing imprest to pay statutory deductions such as NHIF and catering levy. In the circumstances, management was in breach of the law.</p>				
20.	<p>Irregular engagement of casuals During the year under review, north coast hotel engaged daily casuals at Kshs.6,236,280. However, the following anomalies were identified:</p> <p>i. Casuals' personal records were not maintained by the Human Resource to show how they were recruited and on boarded</p>	<ul style="list-style-type: none"> • Casual workers at the hotel are employed on need basis during peak periods and authority to hire is given by the hotel manager. • Casual workers are paid between Kshs 600 to 1,000 as per the prevailing market rates at north coast. We appreciate your concern and will implement the Gazetted rate of 1 July, 2022 going forward. • Casual workers budget is included in the personnel emolument budget. The University prepares a consolidated budget for all its operations. 	<ul style="list-style-type: none"> • N Resolved 		<ul style="list-style-type: none"> •

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	<p>including maintaining a record of all applications received in response to advertisements inviting application.</p> <p>ii. The casuals were paid between Kshs.600 to Kshs.1,000 per day, however, it was observed that the rate used to pay the casuals was not in accordance with the gazette rate of 1 July, 2022.</p> <p>iii. Engagement of casuals was not approved by Kenyatta University council; instead, it was done by Hotel's general manager.</p> <p>iv. The engagement of daily casuals was not budgeted for during the year under review.</p> <p>v. The casuals were paid</p>	<ul style="list-style-type: none"> • NCBH casual workers are paid using the standing imprest to avoid delay in payment. 			
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	<p>using standing imprest.</p> <p>In the circumstances, the propriety of expenditure amounting to Kshs.6,236,280 could not be confirmed.</p>				
21.	<p>Long Outstanding trade and other payables</p> <p>The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.11,984,753,367 which as disclosed in Note 25a to the financial statements, includes general creditors of Kshs.595,488,028 out of which Kshs.585,274,756 related to amounts due to vendors that have been outstanding for over 120 days. This is contrary to Regulation 42(1) of public finance management (National Government) Regulations, 2015 which states that debt service payments shall be a first charge on the Consolidated Fund and the Accounting officer shall ensure this is done to the extent possible that the Government does not default on debt obligations. No explanation was provided on why the creditors were outstanding for more than 120 days and why they did not form first charge.</p>	<p>For the last eight years the University has experienced drastic down turn in revenue streams caused by the following factors</p> <ul style="list-style-type: none"> • Reduced student’s numbers especially self-sponsored students • Government policy on differentiated unit cost funding which reduced University recurrent grants allocation • Low performance of third stream income generating activities (IGA) <p>This has resulted to the university reporting loss position and hence high trade and other payable.</p> <p>The Management has put in place the following measures to address the sustainability of service concern;</p> <ol style="list-style-type: none"> 1. Adoption of cost cutting measures that resulted to a saving of Kshs 720M per annum in 2021. 2. Management appointed a committee to further look on cost cutting and revenues enhancement measures. The Committee recommendation has been approved by council and implementation is ongoing which will result to saving of approximately 800 Million per 	Manag ement	Not Resolved	5 Years

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	<p>In the circumstance, management was in breach of the law.</p>	<p>annum.</p> <ol style="list-style-type: none"> 3. Management is looking into ways of possibly increasing student enrollment through KUCCPS and SSP which will improve fee revenue 4. Negotiation with the Government to pay existing pending bills currently at Kshs 12.1 Billion as at 30th June 2024 5. The Management restructured the overdraft facility to a term loan to reduce on high interest expenses paid every month yielding a saving of 2 million per month 6. Management has relocated the School of Agriculture to Kitui Campus to concentrate on dry land agriculture. The expected income from the schools activities is Kshs 150 million per year. 7. Enhancement of rental revenue by leasing Kigali campus and any other available rental spaces in the University generating an average of 15 Million rent income per month 8. The new funding model recently adopted by the Government to replace differentiated unit cost DUC projects more revenue to University as compared to DUC. The projection based on students numbers indicate that the University will be able to break even upon attainment of 			
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		<p>full cycle of implementation in year 2028-2029 financial year.</p> <p>If the above measures are achieved and with the new funding model, the management is optimistic that the University will remain a float and be in a position meet its obligation as and when they fall due.</p>			
22	<p>Late submission of financial statements for audit</p> <p>The university financial statements for the year ended 30 June, 2024 were submitted to the office of the Auditor-General on 31 December, 2024, three months after the statutory deadline of 30 September, 2024. This was contrary to provisions of section 47(1) of the public audit act, 2015 which requires the board of governors to submit the financial statements to the Auditor-General within three months after the end of the financial year to which the respective accounts relate. In the circumstances, management was in breach of the law.</p> <p>The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the</p>	<p>Kindly note the University submitted the financial statements for the year ended 30 June, 2024 on 26 September, 2024 as per the enclosed copy of the financial statements extract and delivery book. (Doc 23)</p>	Manag ement	Resolved	

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	audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.				
1.	<p>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</p> <p>Basis for conclusion Weak student invoicing Controls</p> <p>Analysis of tuition fee invoices from the system revealed that the invoices did not have a unique serialized number for ease of identification. Further, instances of invoices recorded with nil values were also observed. These zero-value invoices raise concerns regarding the accuracy and integrity of the tuition invoicing system. The absence of unique serialization hinders the ability to accurately track and reconcile invoices. In the circumstances, the University is exposed to weak controls in respect to invoicing.</p>	<p>We appreciate your concern that tuition fee invoices from the system do not have a unique serialized number for ease of identification. We have engaged with our system provider to ensure that the system provide invoice numbers for all student invoices. Kindly note the nil value invoices, do not attract financial charge but are used for updating of students accounts for purposes of graduation and waived units.</p>	CFO	Resolved	
2.	<p>Inefficiency in revenue collection from Kenyatta university conference Centre</p> <p>The revenue collection schedules provided by management lacked independent categorization of revenue-generating components, such as room hire and conference facilities. Therefore, it was not possible to verify the revenue generated for each component. In addition, the facility uses manual collection of data during</p>	<p>(a) All the conference bookings follow a laid down procedure for Pre-conference and during the conference activities, which are strictly followed. In addition, KUCC liaise with the conference facilitators to ensure all the conference attendees are issued with meal cards for control purposes. A point to note, the conference organizers do fill their attendance list, which is reconciled before they sign KUCC captain order.</p> <p>(b) At KUCC reception, there is reservation diary, and weekly reservation schedules which reflect the nature of the reservation e.g. accommodation, conference packages</p>	Management	Not Resolved	1 Year

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	<p>the billing process and when doing reservations for rooms and check outs for clients. This manual data collection is prone to misuse, faces difficulty in data analysis, and at times data loss</p> <p>In the circumstances, the university is exposed to weak controls in respect to revenue collection from Kenyatta University Conference Center.</p>	<p>and events. At the same time the cashier's reports has detailed description of the nature of sale. Further, as KUCC raise the invoices for payment, the revenue stream is indicated.</p> <p>(c) Its true KUCC is operating manually, but there is an operational plan to track, verify and reconcile daily sales by categories including the payment methods, files are available for perusal.</p> <p>The University will ensure that KUCC is automated in the year 2025-2026.</p>			
3	<p>Weakness in payroll and human resource system integration</p> <p>Kenyatta university utilizes a payroll processing system known as memory soft and separate human resource management application referred to as the integrated management information system (IMIS). The IMIS is used for leave management, contract management, and staff records maintenance. However, the two systems are not integrated. Therefore, changes to staff records, such as new entries, promotions, or exits, are shared manually from the HR system to the payroll system using physical files, requiring manual updates in the payroll system. In addition, the payroll system does not automatically map earnings and deduction rates and annual salary increments. Instead a</p>	<p>The University is undergoing a system upgrade and the above payroll and human resource system integration issues will be addressed once the upgrade is complete.</p>	Manag ement	Not Resolved	3 Years

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	<p>manual update is done. In the circumstances, the university is exposed to weak controls in respect to systems operations.</p>				
4.	<p>Inefficiencies in operations at Kenyatta university coffee house Discussion with the Kenyatta University coffee house management revealed that coffee and khaki papers are purchased in cash with no standing imprest provided by management. The coffee house management did not provide records of all cash received from the University to buy coffee and khaki papers. Further, there was no existing agreement or formal documentation between Kenyatta university and Kenya coffee cooperation. In addition, delayed deliveries adversely affected the production rate at the coffee house. In the circumstances, the university is exposed to weak controls in respect to coffee house operations.</p>	<p>1. The University has a standing imprest for catering unit that is controlled by the Head IGA section. The KU coffee shop management will request for cash when need arises for the purchase of coffee and khaki papers and account the same through the Head IGA. Attached please find copies of requests. (Doc 24a)</p> <p>2. Attached please find memorandum of understanding between Agriculture and Food Authority (Coffee Directorate) and Kenyatta University. (Doc 24b)</p> <p>3. We appreciate your concern and will ensure that there are no delays in delivery of items from the KU central store.</p>	CFO	Resolved	
5.	<p>Inefficiencies of operation at KU Gym House Site visit to the KU Gym House revealed that the Gym House management relied on manual data collection and verification of payments to track active student who had paid for gym services. This</p>	<p>We appreciate your concern and will implement the following;</p> <ul style="list-style-type: none"> i. Install an automated system for verification of students who have paid for the gym facility. ii. Issue gym cards to students who have paid for the facility to avoid unauthorized access to students who have not 	Management	Not Resolves	1 Year

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	<p>approach posed challenges in verifying the actual number of students who had paid for the gym. Further, there were instances where students with expired or outdated cards were still granted access to the facility. In the circumstances, the university exposed to weak controls in respect to Kenyatta University Gym operations.</p>	<p>paid for the gym services.</p>			
6.	<p>Weak Controls in Banking of Cash Received in Hotel Review of the North Coast Beach Hotel's bank statement and the daily cards revealed that the daily cards cumulated for the 12 months had cash sales of Kshs.2,135,797, however, it was established that banking of funds arising from cash sales was often delayed. In the circumstances, the university is exposed to cash pilferage and subsequent loss of revenue.</p>	<p>We appreciate your concern and will put measures to ensure banking of funds arising from cash sales at the hotel is not delayed.</p>	CFO	Resolved	


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VICE-CHANCELLOR


for **DR. BEN CHUMO, PH.D., OGW**
CHAIRMAN OF COUNCIL