

REPUBLIC OF KENYA

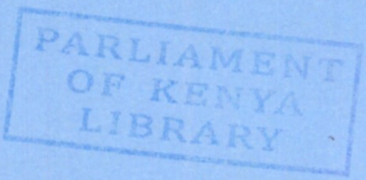


OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT

OF




THE AUDITOR-GENERAL

ON

COMMISSION FOR UNIVERSITY EDUCATION

FOR THE YEAR ENDED
30 JUNE, 2025

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 FEB 2026	DAY: WEDNESDAY
TABLED BY:	LEADER OF MAJORITY PARTY (HON. KIMANI ICHUNGWATH)
CLERK-AT-THE-TABLE:	J. LEMERELLE

Revised 30th June 2025



COMMISSION FOR UNIVERSITY EDUCATION

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

BETA	Botton-up Economic Transformation Agenda
CBC	Competency Based Curriculum
CBE	Competency Based Education
CS/CEO	Commission Secretary/Chief Executive Officer
CUE	Commission for University Education
HELB	Higher Education Loans Board
ICPAK	Institute of Certified Public Accountants of Kenya
IMIS	Information Management Information System
IPSAS	International Public Sector Accounting Standards
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KPLC	Kenya Power and Lighting Company
KSG	Kenya School of Government
MUA	Management University of Africa
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
PAYE	Pay As You Earn
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PWPER	Presidential Working Party on Education Reforms
SAGAs	Semi-Autonomous Government Agencies
SDGs	Sustainable Development Goals
TEPs	Teacher Education Programmes
VAT	Value Added Tax

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 Commission for University Education Information and Management

(a) Background information

The Commission for University Education (CUE) was established by an Act of Parliament, Universities Act, as the successor to the Commission for Higher Education which was established under Universities Act Cap 210B. At cabinet level, the Commission is represented by the Cabinet Secretary for Ministry of Education.

(b) Principal Activities

The principal activity of the Commission is guided by our mission which is to promote and assure quality, relevant and sustainable university education by setting standards, monitoring compliance, undertaking research and providing policy advisory. The Commission is committed to ensuring increased access to sustainable quality university education and training through planning, coordination, resource mobilization, quality assurance enhancement and information service, all this achieved through our:

Our Vision

Quality, Relevant and Sustainable University Education

Our Mission

To promote and assure quality, relevant and sustainable University Education by setting standards, monitoring compliance, undertaking research and providing policy advisory

Our Mandate

The mandate of the Commission is to assure quality and promote the objectives of university education in Kenya. The mandate is implemented through the functions spelt out under section 5 (1) of the Universities Act Cap 210.

Core Values and Principles

The core values of the Commission, as guided by Articles 10 and 232 of the Constitution, include the following:

1. Professionalism
2. Integrity
3. Teamwork
4. Innovativeness
5. Accountability
6. Responsiveness

Quality Policy Statement

The Commission is committed to ensuring quality and relevant, sustainable university education and training through planning, coordination, resource mobilization, quality assurance enhancement and data and information services. In pursuit of this commitment, the Commission shall:

- (i) Communicate the policy within the organization and ensure it is updated for continued suitability.
- (ii) Ensure that the quality objectives are implemented, monitored, and reviewed regularly.
- (iii) Align its quality management system with statutory and regulatory requirements.
- (iv) Endeavor to understand stakeholder requirements and their challenges.
- (v) Strive to meet and exceed stakeholder expectations.

The mandate of the commission as provided in section 5 (1) of the Universities Act CAP 210:

1. Promote the objectives of university education.
2. Advise the cabinet secretary on policy relating to university education.
3. Promote, advance, publicize, and set standards relevant to the quality of university education, including the promotion and support of internationally recognized standards.
4. Monitor and evaluate the state of university education systems in relation to the national development goals.
5. License any student recruitment agencies operating in Kenya and any activities by foreign institutions.
6. Develop policy for criteria and requirements for admission to universities.

7. Recognize and equate degrees, diplomas, and certificates conferred or awarded by foreign universities and institutions in accordance with the standards and guidelines set by the commission from time to time.
8. Undertake, or cause to be undertaken, regular inspections, monitoring, and evaluation of universities to ensure compliance with the provisions of this Act or any regulations made under section 70.
9. On a regular basis, inspect universities in Kenya.
10. Approve universities in Kenya.
11. Regulate university education in Kenya.
12. Approve and inspect university programmes in Kenya.
13. Promote quality research and innovation

(c) Key Management

The key management personnel who held office during the year ended 30th June 2025 were:

No.	Designation	Name
1.	Commission Secretary/CEO	Prof. Mike Kuria
2.	Deputy Commission Secretary-Accreditation	Prof. Urbanus Mutwiwa
3.	Deputy Commission Secretary-Standards & Quality Assurance	Dr. Eunice Marete
4.	Deputy Commission Secretary-Planning, Research & Innovation	Dr. David Muthaka
5.	Director – Corporate Services	Mr. Victor Ogunyo

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No	Designation	Name
1	Commission Secretary/CEO	Prof. Mike Kuria
2	Deputy Commission Secretary-Planning, Research & Innovation	Dr. David Muthaka
2	Deputy Commission Secretary-Accreditation	Prof. Urbanus Mutwiwa
3	Director Corporate Services	Mr. Victor Ogunyo

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for the year ended June 30, 2025.**

4.	Deputy Commission Secretary-Standards & Quality Assurance	Dr. Eunice Marete
5.	Deputy Director - Finance	Ms. Linah J. Kiptoo
6.	Deputy Director - Procurement	Ms. Phyllis Karimi
7.	Deputy Director, HR & Administration	Ms. Faith Marete
8.	Deputy Director – Legal & Enforcement	Mr. Isaac Gathirwa

(e) Fiduciary Oversight Arrangements

The following Committees provided oversight during the financial year:

Name of the Committee	Members
Audit, Risk & Compliance Committee	<p>CPA Vincent Nyabiosi - Chairperson Prof. Christopher Andrew Lagat Miriam Musyoki Fredrick Ndambuki</p> <p>Roles and responsibilities of the Committee</p> <ul style="list-style-type: none"> • Review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics • Evaluate adequacy of management procedures with regard to issues relating to risk management, control and governance • Review policies and programs developed in respect of significant compliance issues • Monitor compliance with Laws, regulations and the Commission Policies and Procedures in relation to key financial and operational controls and processes
Quality Assurance Committee (QAC)	<p>Laurence Okello – Chairperson Miriam Musyoki Prof. Christopher Andrew Lagat</p>

	<p>Prof. Mike Kuria – CEO</p> <p>Roles and Responsibilities of the Committee</p> <ul style="list-style-type: none"> • To consider and recommend to the Commission for approval standards and guidelines for physical facilities and other infrastructural requirements, academic programmes, library and information services, for quality assurance purposes • To consider and recommend to the Commission for approval establishment of universities, constituent colleges and campuses • To consider and recommend to the Commission academic programmes for accreditation • To consider reports on audited academic programmes and audited universities for recognition of quality status • To consider and recommend to the Commission grant of authority to foreign universities to collaborate with local institutions • To consider and recommend to the Commission grant of license to student recruitment agencies to operate in Kenya. • To oversee and give direction on difficult cases on recognition and equation of foreign qualifications
<p>Strategy Committee (SC)</p>	<p>Miriam Musyoki - Chairperson Prof. Christopher Andrew Langat CPA Vincent Nyabiosi Laurence Okello Prof. Mike Kuria – CEO</p> <p>Roles and responsibilities of the Committee</p> <ul style="list-style-type: none"> • Oversee and monitor the effectiveness and integrity of the Commission’s performance management systems, including performance contracting and ISO certification processes; • Develop and implement strategies and policies of the Commission that will guide university education in Kenya; • Fundraise and mobilize resources for the Commission and oversee their prudent use and utilization; • Develop and implement policies to guide research, innovation and outreach both at the Commission and in the University sector in Kenya; • Develop and implement policies that shall guide planning, policy formulation, collaboration and partnerships at the Commission and within the University sector in Kenya;

	<ul style="list-style-type: none"> • Develop and implement policies that will help manage the Commission’s externally funded projects; • Development and implement policies on postgraduate research training at Universities in Kenya; • Report to the Commissioners of the Commission regularly.
<p>Human Resource Administration and Finance Committee (HRAF)</p>	<p>Laurence Okello-Chairperson Fredrick Ndambuki Miriam Musyoki Prof. Mike Kuria – CEO</p> <p>Roles and responsibilities of the Committee</p> <ul style="list-style-type: none"> • Oversee and monitor the effectiveness of Administration, Human Resource and security functions, processes and activities of the Commission; • Oversee and monitor the effectiveness of financial systems, functions, processes and activities of the Commission; • Oversee the development and utilization of the Commissions assets; • Oversee and monitor the Commission’s performance with regard to legal and regulatory requirements of Human Resource, Administration and Finance issues; • Report to the Commissioners of Commission regularly.
<p>Public Finance Management Standing Committee</p>	<p>Prof. Mike Kuria – CEO (Chair) Victor Ogunyo – Director, Corporate Services Linah Lilan – Deputy Director - Finance Faith Marete – Deputy Director – Human Resource & Administration Phyllis Karimi – Deputy Director – Supply Chain Management</p> <p>Roles and responsibilities of the Committee</p> <ul style="list-style-type: none"> • ensuring that there is prioritization on resources allocated to CUE for the smooth implementation of its mission, strategy, goals, risk policy plans and objectives; • regularly reviewing and monitoring budget implementation and advice on the entity’s accounts and major capital expenditures and reviewing performance and strategies at least on a quarterly basis; • identifying risks and implementation of appropriate measures to manage such risks or anticipated changes impacting on the entity; • reviewing on a regular basis the adequacy and integrity of the entity's internal control, acquisition and divestitures, and management information systems, including compliance with applicable laws, regulations, rules and guidelines;

	<ul style="list-style-type: none"> • establishing and implementing a system that provides necessary information to the stakeholders, including stakeholder communication policy for the entity in line with Article 35 of the Constitution; (f) monitoring the effectiveness of the corporate governance practices under which the entity operates and propose revisions as may be required, from time to time; • monitoring timely resolution of audit issues.
<p>Budget Implementation Committee</p>	<p>Victor Ogunyo —Director, Corporate Services —Chairperson Linah Lilan —Deputy Director – Finance (Secretary) Faith Marete – Deputy Director – Human Resource & Administration Phyllis Karimi – Deputy Director – Supply Chain Management Joseph Musyoki – Deputy Director – Institutional Accreditation Gilbert Opanga – Deputy Director – SREQ</p> <p>Roles and responsibilities of the Committee</p> <ul style="list-style-type: none"> • Review and consider the cash flow plans • Review the utilization of cash limits and consider any changes as may be required • Review the budget to determine non-achievement of budget targets • Advise the Commission Secretary on any challenges related to the budget implementation, identify responsibilities for poor budget performance and recommend corrective actions • Receive and review suggestions necessary for budget reallocations and budget reviews and recommend reallocation of expenditures. • Review and approve the submission of the expenditure returns, non-financial reports, pending bills and A-I-A returns for CUE • Receive and review budget estimates for Divisions and Departments for consolidation • Review quarterly budget reports and make recommendations before submission to the top management • Ensure full compliance with the National Treasury planning circulars and other Government regulations on budgeting • Participate in Sector Working Groups • Prepare budgets for the Commission

(f) Commission Headquarters

P.O. Box 54999-00200

CUE Building

Redhill Road

Off Limuru Road, Gigiri

Nairobi, Kenya

(g) Commission Contacts

Telephone: (254) 020-7205000

E-mail: info@cue.or.ke

Website: www.cue.or.ke

(h) Commission Bankers

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

2. Kenya Commercial Bank

Kencom House

P.O. Box 30081

NAIROBI

Key Commission for University Education Information and Management (continued)



(a) Independent Auditor


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



(b) 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. The Board of Directors

Ref	Directors	Details
1.	 <p>Prof. Chacha Nyaigotti-Chacha HSC, OGW Chairperson</p> <p>Served from 25/5/2021 to 24/5/2025</p>	<p>Date of Birth: 22nd August 1952</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • PhD in Anthropological Linguistics – Yale University. • Master of Philosophy in Poetics – Yale University. • MA in Swahili Studies – University of Nairobi. • B.Ed in Literature and Kiswahili – University of Nairobi. <p>Work Experience:</p> <ul style="list-style-type: none"> • Chairman, Commission for University Education (CUE). • Chairman, Kenya Institute of Mass Communication (KIMC). • Executive Secretary, Inter-University Council for East Africa. • Founding CEO, Higher Education Loans Board (HELB). • Lecturer in Swahili Language and Linguistics, Kenyatta and Egerton Universities. <p>• Director Type: Independent Director</p> <p>• Board Committee Chair: Non</p>
2.	 <p>Fredrick Ndambuki</p>	<p>Date of Birth: 27/11/1965</p> <p>Key qualifications: Master of Arts in International Studies</p> <p>Work Experience:</p> <ul style="list-style-type: none"> • Joined public service in 1990.




	<p>Representative of the Principal Secretary State Department of University Education & Research, MOE</p>	<ul style="list-style-type: none"> Started as DO & DC and County Commissioner in various stations in the Country. Served as Secretary Administration in the Ministry of Petroleum and Mining. <p>Director Type: Alternate Board Committee Chair: Non</p>
<p>3.</p>	 <p>Miriam N. Musyoki Representative of the Principal Secretary The National Treasury</p>	<p>Date of Birth: 8/12/1982</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> Master of Economics in Public Finances Kenyatta University. Bachelor of Arts (Economics major), Egerton University. <p>Work Experience:</p> <p>Deputy Director of Budget – National Treasury</p> <ul style="list-style-type: none"> Possesses extensive knowledge in public finance and related areas, specializing in macro fiscal analysis, budget planning, preparation, and execution. Her proficiency extends to data analytics within Public Finance Management, encompassing tasks such as preparation of expenditure ceilings/sector allocations (Budget Review and Outlook Paper), Preparation of the National Government Budget Policy Statement (BPS), review of the budgets, expenditure analysis, and costing of the budget, among others. Her experience spans collaboration with diverse stakeholders, including government Ministries, Department and Agencies multilateral organizations, and the private sector. Excels in quantitative data management and analysis. Complemented by strong communication and team-building skills



		<p>characterized by attention to detail and the ability to successfully undertake demanding technical assignments within the constraints of time and budget.</p> <p>Director Type: Alternate</p> <p>Board Committee Chair: SC</p>
4.	 <p>Prof. Langat Andrew Christopher Served from 15/12/2023 to 21/2/2025</p>	<p>Date of Birth: 10/10/1971</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • Doctor of Philosophy in Education. • Master of Philosophy in English Language Education, Moi University. • Post Graduate Diploma in Human Resource Development Moi University. • Bachelor of Education Arts (English and English Literature), University of Nairobi. <p>Work Experience:</p> <ul style="list-style-type: none"> • Associate Professor of Applied Linguistics, Africa International University—Kenya. Moi University School of Human Resource Department. • He previously served as a senior lecturer at Kericho Teachers College. • He was the first principal of Siwot High School in Bomet. • He is a senior pastor at Emityot Africa Gospel Church. <p>Director type: Independent</p> <p>Board Committee Chair: QAC</p>
5.	 <p>Vincent Moseki Nyabiosi Ag. Chairman</p>	<p>Date of Birth: 28/9/1984</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • Bachelor of Laws Degree with Honors from the University of Nairobi in 2008. • Master of Laws Degree in Public Finance and Financial Services Law from the same University in 2010. • CPA-K and CPS-K qualifications from Strathmore University.

	<p>Representative of Private Universities</p>	<ul style="list-style-type: none"> • He is a practising Advocate of the High Court of Kenya, having been admitted to the Bar in 2011. • Member of the Institute of Certified Public Accountants of Kenya (ICPAK). • Member of the Institute of Certified Secretaries of Kenya (ICS). • Member of the Kenya Section of International. <p>Work Experience</p> <ul style="list-style-type: none"> • Consultant for Africa’s leading video entertainment broadcaster, overseeing tax, legal, and fiscal compliance across East, Central, and West Africa. • Beyond his professional endeavors, Commissioner Nyabiosi is a dedicated member of the academic community. member of faculty at Strathmore Law School and the Strathmore Institute, 2008 to present. • Independent Council Member of Kibabii University from 2017 to 2023. <p>Director type: Independent Board Committee Chair: ARC</p>
<p>7.</p>	 <p>Laurence Okello Representative Federation of Kenya Employers</p>	<p>Date of birth: 27/5/1970</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • Master of Business Administration degree Heriot-Watt University Edinburgh. • Master of Science Degree: Project Management University of Manchester. • Master of Engineering Degree (Honours) University of Manchester. • Chartered Global Management Accountant (CGMA). <p>Work Experience</p>

		<ul style="list-style-type: none"> • Chief Executive Officer at G4S Kenya <p>Director type: Independent</p> <p>Board Committee Chair- HRAF & QAC</p>
8.	 <p>Prof. Mike Kuria Commission Secretary/CEO</p>	<p>Date of Birth: 10/1/1966</p> <p>Key Qualifications</p> <ul style="list-style-type: none"> • Doctor of Philosophy, University of Leeds, UK. • MA Creative Writing, Open University, UK. • Master Of Philosophy (MPhil), Moi University Bachelor of Education, Moi University. <p>Work Experience:</p> <ul style="list-style-type: none"> • Deputy Executive Secretary, Inter-University Council for East Africa (2016-2022). • Director, Centre for Quality Assurance at Daystar University (2006-2016). • Senior Lecturer, Daystar University (2004-2005). • Secretary General of the East African Quality Assurance Network (EAQAN) in 2012.

4. Key Management Team

	Management	Details
1.	 <p>Prof. Mike Kuria CS/CEO</p> <p>PhD University of Leeds, UK MA Creative Writing, Open University, UK Master of Philosophy (MPhil), Moi University Bachelor of Education, Moi University</p>	<p>Commission Secretary/Chief Executive Officer</p>
2.	 <p>Prof. Urbanus N. Mutwiwa</p> <p>PhD and MSc Horticultural Sciences (Biosystems Engineering) Gotfried Wilhelm Leibniz University Hannover Germany BSc Agricultural Engineering, JKUAT, Kenya</p>	<p>Deputy Commission Secretary- Accreditation</p>
3.	 <p>Dr. Eunice Marete</p> <p>PhD in Food Science Univ. College Dublin (Ireland) Master of Science in Chemistry, Jomo</p>	<p>Deputy Commission Secretary- Standards and Quality Assurance</p>

	<p>Kenyatta University of Agriculture and Technology (JKUAT) Bachelor of Science in Chemistry, JKUAT</p>	
4.	 <p>Dr. David Muthaka</p> <p>PhD Economics, University of Nairobi Master of Arts (Economics), University of Nairobi Bachelor of Arts (Economics), University of Nairobi CPA1 in Economics, Financial Accounting and Law</p>	<p>Deputy Commission Secretary- Planning, Research and Innovation</p>
5.	 <p>Mr. Victor Ogunyo</p> <p>MBA (Strategic Management), Africa Nazarene University BCom (Accounting, Business Administration and Management), Daystar University. Higher Diploma in Business Technical Education Programme (Human Resource Management), College of Human Resource Management. CPA</p>	<p>Director - Corporate Services</p>

5. STATEMENT BY THE AG. COMMISSION CHAIRMAN



CPA Vincent Moseki Nyabiosi

Dear esteemed stakeholders,

The 2024/2025 financial year has been one of transformation and steady progress for the Commission for University Education. As the Chairman, I take great pride in sharing a journey that reflects both the strides we've made and the hurdles we have confronted head-on, with steadfast determination and a shared sense of purpose. This year, we successfully rolled out the University Management Information System (UMIS), a game changer in how we interact with universities and other stakeholders. This digital platform now forms the backbone of our accreditation, licensing, data reporting, and institutional audits. The efficiency gains are already clear, processes are faster, communication more fluid, and the visibility of our operations has improved significantly. We envisioned a regulatory system that is not only technologically capable but also responsive, and I am pleased to say that we are making that vision a reality. We also recognized the need to strengthen our internal capacity, which led to targeted training for 55 of our officers across different departments. These training courses were not just about compliance or formality; they were deliberate interventions to sharpen both technical knowledge and leadership ability. I've personally seen how this investment is translating into better coordination, more confident decision-making, and a renewed spirit of teamwork across the Commission. Another highlight of the year was our in-depth study into how Kenyan universities are implementing internationalization. We assessed 39 universities, holding conversations with students and faculty, and reviewing institutional policies and practices. One insight that stood out was the strong pull our nursing and engineering programmes have for international students. It's a clear indicator that Kenya is becoming a preferred destination for higher education in the region. This research not only reaffirms that standing but also gives us a data-driven foundation to help universities strengthen their global footprints.

From a financial perspective, the Commission remained grounded in principles of accountability and optimal resource use. We achieved an 95% budget execution rate and collected KES 530 million in revenue against a final budget of KES 494 million. This performance reflects both strategic planning and responsible stewardship. It enabled us to keep essential programmes running smoothly and sustain our regulatory responsibilities. In terms of public engagement, we remained visible and accessible. We published two editions of the CUE Newsletter, a powerful platform through which we shared sectoral updates, policy positions, and celebrated excellence across universities. These publications have allowed us to deepen our relationship with stakeholders, clarify regulatory expectations, and profile the sector's strengths. We've kept our eyes firmly on the bigger picture too, supporting the implementation of Competency-Based Education, aligning our work with the Bottom-Up Economic Transformation Agenda, and reforming governance practices within universities. These efforts are far from easy. They demand courage, policy coherence, and above all, patience. But we are fully committed to walking this path. Of course,

the year was not without its share of significant challenges. One that continues to occupy our attention is the jurisdictional overlap with professional bodies, particularly around programme accreditation. While a previous court ruling had reaffirmed our mandate as the sole academic quality assurance authority, a more recent judgement compelled us to defer to specific professional bodies such as the Engineers Board of Kenya. This contradiction creates confusion, not just for us but also for universities and students. To address it, we now advise universities to first seek input from relevant professional bodies before submitting programmes for validation. We are also pushing for clearer legislative provisions under the Universities Act, in consultation with the Ministry and other stakeholders. We've also had to tackle the proliferation of unaccredited institutions. Some of these entities have gone so far as to organise graduation ceremonies, misleading students and the public. Working with the Directorate of Criminal Investigations, we halted such a ceremony by a so-called Northwestern Christian University. Legal action is underway, and we are stepping up both enforcement and public awareness. The annulment of the Universities Regulations 2023 was another major setback. We had poured considerable effort into these regulations, only for Parliament to set them aside. But we haven't let that stop us. We are now actively engaging Members of Parliament, reiterating the importance of these guidelines in supporting CBE, digital learning, and the internationalisation agenda.

Staffing continues to be a major constraint. Out of an approved workforce of 131, only 61 positions are filled. The shortage has stretched us thin, especially in programme validation and quality assurance functions. Though a recent government circular froze further recruitment, we've used the downtime to review our HR instruments and signal our readiness to recruit once the freeze is lifted. The staff shortfall has naturally contributed to delays in programme accreditation. We responded by prioritising high-risk and high-demand programmes and conducting phased reviews to maintain quality while managing pressure. On the funding side, while we received approval for an additional KES 50 million, the funds came too late to be utilised within the financial year. We continue to engage the Treasury and Parliamentary Education Committee to advocate for more timely disbursements. Internally, we've taken tough but necessary steps to optimise costs and safeguard critical activities. We are also grappling with a historical debt of KES 935 million in unpaid quality assurance fees, accumulated over two financial years. It remains a major audit concern and financial risk. We've opened discussions with the affected universities and the Ministry of Education to explore policy-supported solutions, including staggered payments or conditional write-offs. What gives me hope and confidence is the resilience of our staff, the continued support from the Ministry of Education, the collaboration from our universities, and the engagement from partners. We are not where we want to be yet, but we are firmly on course. The Commission's vision of a robust, internationally respected higher education system remains within reach, and we will continue giving it our all.

Thank you for your continued trust and support.



**CPA VINCENT NYABIOSI
AG. CHAIRMAN, COMMISSION FOR UNIVERSITY EDUCATION**

6. STATEMENT BY THE COMMISSION SECRETARY/CHIEF EXECUTIVE OFFICER



Prof. Mike Kuria, PhD

Colleagues and Stakeholders in University Education,

It is both an honour and a duty to present to you the reflections and outcomes of the Commission for University Education for the 2024/2025 financial year. As the Commission Secretary and Chief Executive Officer, I am humbled by the journey we have collectively undertaken, marked by meaningful progress, resilience in adversity, and a shared vision for a quality-assured university education system in Kenya.

This year, we stood at a critical intersection of reform, innovation, and implementation. Despite persistent challenges in funding, staffing, and regulatory clarity, we remained grounded in our purpose and intentional in our execution.

One of the most transformative accomplishments was the full deployment of the University Management Information System (UMIS). This system did not just modernize our operations; it reshaped how we interact with universities and stakeholders. It integrated accreditation, licensing, audit functions, and data reporting into a streamlined, real-time digital platform. The impact is tangible: our processes are now faster, more transparent, and far more responsive. UMIS has shifted us from reactive oversight to proactive, client-oriented regulation.

We complemented this technological transformation with significant investment in people. Out of a target of 68, fifty-five of our staff underwent tailored training to enhance both technical and leadership capacity. These interventions, drawn from our strategic commitment to excellence, are already yielding results. We have observed improved service delivery, a quicker turnaround in decision-making, and stronger interdepartmental collaboration.

The Commission also focused on evaluating the internationalization agenda in 39 universities across the country. Through interviews and focus group discussions, we assessed how Kenyan universities are integrating global perspectives. Nursing and engineering programmes emerged as top attractions for international students. The data revealed that some institutions hosted between 4,000 and 10,000 students from across the continent and beyond. These findings reinforce Kenya's rising status as a regional hub for higher education and offer insights into strengthening our international education strategy.

On the regulatory front, we conducted 14 regular institutional audits and 3 issue-based audits. These quality assurance exercises go beyond routine compliance; they serve as strategic interventions to ensure alignment with national and global standards. The audits are helping universities reflect, refine, and realign their systems. Additionally, we performed 34 technical inspections of institutions seeking new status, including chartering, licensing, and accreditation of campuses and Open and Distance eLearning centres (ODEL). From these inspections, four universities were granted charters, two public constituent colleges were legally established, and multiple institutions had their ODeL centres accredited.

We reviewed 397 academic programmes and conducted 252 site inspections to verify resource adequacy. Of these, 186 programmes met the threshold for accreditation. We placed particular focus on teacher education, reviewing 137 programmes to align them with the Competency-Based Education (CBE) framework, a significant milestone as we gear up for the 2029 cohort.

In our continued efforts to regulate ethical student recruitment practices, we evaluated 64 recruitment agencies and licensed 46. Surveillance in 10 counties exposed 37 unlicensed agencies. Enforcement is underway to ensure only compliant actors operate. We also processed 2,420 applications for recognition and equation of foreign qualifications further evidence of the growing global academic mobility involving Kenya.

Our strategic engagement with stakeholders continued through the publication of two editions of the CUE Newsletter. These publications have enhanced transparency, fostered dialogue, and showcased institutional milestones and innovations. They have become a powerful tool in strengthening our accountability to the public and driving sector-wide collaboration.

From a financial standpoint, we demonstrated remarkable discipline. We realized a total revenue of KShs. 530 million against a final budget of KES 494 million. The surplus was primarily due to enhanced service delivery and more efficient revenue collection mechanisms. We utilized KShs. 488 million of these resources, adhering strictly to the Public Procurement and Asset Disposal Act. Our budget execution rate stood at 95%, and we managed to navigate the year without major financial disruptions. The surplus remains committed to future regulatory and developmental priorities, in line with our mandate.

Nonetheless, we continued to battle long-standing challenges. Chief among them is the acute staffing shortage. Out of the 131 approved positions, only 61 are filled. A moratorium on recruitment froze our plans to onboard 12 additional staff. This shortfall has impacted on critical functions, from programme validation to institutional audits. Despite these setbacks, we initiated the review of our Human Resource instruments in alignment with Public Service Commission guidelines. Once clearance is granted, we are ready to proceed with recruitment and ease this pressure.

Funding constraints also remain a serious concern. Although we secured an additional KES 50 million through a supplementary budget for programme accreditation, the funds were approved after the close of the financial year, making them inaccessible. These timing issues continue to delay key deliverables. We are in active dialogue with the National Treasury and Parliament to secure more predictable, flexible funding arrangements.

Another unresolved issue is the historical quality assurance debt of KES 935 million owed by universities, stemming from services rendered in the 2014/15 and 2015/16 financial years.

Although compliance improved after a revision of charges in 2016, this backlog remains an audit query and financial liability. We have engaged universities and the Ministry of Education to explore repayment plans or policy-backed write-offs.

We also face legal and regulatory ambiguities. The annulment of the Universities Regulations 2023 has left a gap that hinders our ability to align regulation with emerging trends like CBE and digital learning. Additionally, contradictory court rulings on the role of professional bodies versus the Commission in programme accreditation have introduced uncertainty. We are actively pushing for legislative amendments to clarify roles and ensure consistent quality assurance.

Amidst all these challenges, we continued to deliver. We implemented our new 2024–2028 Strategic Plan, launched performance contracts aligned to national goals, developed a higher education indicator framework, and introduced the University Quality Index for benchmarking performance. We also concluded a groundbreaking study on disruptive technologies in higher education, reaffirming our commitment to innovation.

As we close this financial year, I remain confident in the Commission's ability to steer the sector through uncertainty and reform. We are evolving, not just responding. I extend my deepest gratitude to the Ministry of Education, our partner agencies, university leadership, and our dedicated staff. Together, we are building a resilient, forward-looking higher education system that meets the aspirations of our nation and the demands of the global knowledge economy.



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

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

In line with Section 81(2)(f) of the Public Finance Management Act, 2012, it is my pleasure as the Commission Secretary and Chief Executive Officer to present the Commission for University Education's (CUE) performance against our predetermined objectives for the year under review. This is more than a statutory requirement as it reflects our accountability to the public, universities, and partners with whom we walk this transformative journey.

The Commission for University Education has five (5) Pillars also referred to as Key Result Areas and seven (7) Strategic objectives within the current Strategic Plan for the FY 2024-2028. These strategic pillars/ themes/ issues are as follows:

- a) KRA 1: Quality, relevant and sustainable university education
- b) KRA 2: Data driven decision making in university education
- c) KRA 3: Alignment of university education to CBE and other reforms
- d) KRA 4: Diversity, Equity and Inclusivity in university education
- e) KRA 5: Institutional Capacity

Within these pillars, there are seven objectives that serve as the foundation for the Commission's activities and initiatives. These are;

Strategic Objective 1: To enhance quality of university education

Strategic Objective 2: To promote relevant education, research and community outreach in universities

Strategic Objective 3: To enhance the adoption of evidence-based policy advisories

Strategic Objective 4: To align university education to reforms in the sector/market

Strategic Objective 5: To promote diversity, equity and inclusivity in university education

Strategic Objective 6: To improve institutional productivity and performance

Strategic Objective 7: To enhance Corporate Brand Visibility

The Commission for University Education develops its annual work plans based on the above pillars and strategic objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Commission achieved its performance targets set for the FY 2024/2025 period for its strategic pillars, as indicated in the table below:

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Key Result Areas	Strategic Objectives	Activities	Key Performance Indicators	Achievements
Quality, relevant and sustainable university education	To enhance quality of university education	Develop a Procedure for validating programmes for university placement	Approved Procedure	A procedure for validating programmes for university placement developed
		Reengineer the Peer Review process to be in line with service charter	Approved Peer Review Procedure	A Peer Review Procedure was developed
		Develop Academic Subjects Benchmarks	Academic Subjects Benchmarks developed	A Subject Benchmark on Hospitality and Tourism Management was identified, to be developed in the next FY
		Develop a framework for working with professional bodies and practitioners from industry on programme accreditation	Framework developed	Activity pushed to next FY
		Develop and Implement guidelines for pedagogy training for university staff	Approved Guidelines on pedagogy training	Draft guidelines on pedagogy training were developed
		Sensitize University staff on Developed Guidelines	University Staff Sensitized	Activity pushed to next FY
		Monitor the Implementation of guidelines	Guidelines Implemented	Activity pushed to next FY
		Evaluate proposed universities for establishment	Universities established under Charter, LIA or Legal Notice	Seven (7) institutions were evaluated; Iregi, Consolata, Nyandarua, Kamagambo, Kabaranet, Outspan and Talent.

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		Evaluate/Inspect ODEL Centres	ODEL Centres evaluated/ re-inspected	Twelve ODEL centres were evaluated; African Nazarene University, Laikipia, Maseno, Jaramogi Oginga Odinga University of Science and Technology, Management University of Africa, United States International University, KCA, Kibabii, Baraton, Machakos and Kaimosi
		Evaluate/inspect university campuses	Campuses evaluated/ re-inspected	Four (4) campuses were evaluated/inspected; Odera ka ngo' for Maseno University, Bungoma and Webuye campuses for Masinde Muliro University of Science and Technology and Chuka Nairobi campus.
		Monitor/evaluate institutions with interim accreditation	Institutions with LIA/ Constituent Colleges monitored/evaluated	Twelve (12) institutions were monitored/evaluated; Riara, Pioneer, Uzima, Gretsia, Bomet, Amref, Koitalel, Mama Ngina, KAIST, Marist, Hekima and International Leadership University
		Evaluate curricula for university programmes within the set timelines in the service charter	Curricula for university programmes evaluated	A total of 397 curricula for university programmes evaluated and 252 academic resources inspected. 186 programmes were recommended for approval.

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	Review of Library Standards and guidelines	Approved Library Standards and Guidelines	Activity pushed to next FY
	Organize stakeholder engagements for licensed student recruitment agencies	Stakeholder engagements organized	Activity pushed to next FY
	Evaluate student recruitment agencies for Licensing	Student recruitment agencies evaluated	A total of 65 applications received were evaluated and 64 inspections carried out. A total of 46 Licenses were issued; 8 are awaiting NIS clearance and 11 awaiting Board approval
	Develop and implement guidelines for the institutionalization of IQA.	Guidelines on institutionalization of IQA developed	Draft guidelines developed
	Undertake Capacity building for directors of quality assurance in universities	Capacity building of Directors of Quality Assurance Undertaken	Activity pushed to next FY
	Develop training Modules on aspects of Quality Assurance in universities	Training Modules Developed	Activity pushed to next FY
	Develop and implement Virtual learning Platform for QA conversations with universities	A virtual learning platform developed, and CUE e-class Quality Assurance conversation sessions held	Concept for LMS has been formulated and 4 e-class Quality Assurance conversation sessions held.
	Develop and implement surveillance framework for unlicensed institutions	Approved Surveillance framework	Draft framework prepared awaiting approval for implementation.
	Conduct surveillance on unlicensed institutions	Surveillance on unlicensed institutions reports	4 surveillance reports prepared.

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	Organize a forum with relevant County and National Government Agencies on legal framework on students' recruitment agencies	Regional fora organized	Fora involving Governors, Education officers, Ministry of Interior officers (County Commissioners and their staff), and the Police, including DCI as well as NIS held in Muranga, Mombasa, Eldoret, Meru, Garissa, Kisumu and Kakamega Counties.
	Enforce compliance to universities standards and guidelines	Enforcement activities undertaken	Enforcement activities undertaken on Fifteen (15) unlicensed institutions.
	Build capacity of CUE staff on Generative Artificial Intelligence and Big Data	Capacity of CUE staff enhanced	Activity pushed to next FY
	Undertake Regular Institutional Quality Audits	Number of Regular Institutional Audits undertaken	Fourteen (14) Regular Institutional Audits undertaken
	Library Audit & Monitoring	Library audit Report	The libraries of Zetech, Gresta, JOOUST, Taita Taveta, and Chuka universities were audited and reports done.
	Institutionalize and undertake Programme Quality Audits	Programme Quality Audits reports	Eight (8) Programme Quality Audits undertaken
	Undertake Issue-Based Audits	Issue-Based Audit reports	Three(3) Issue-based audits reports prepared
	Undertake Postgraduate training audit in universities.	Postgraduate audits undertaken	Activity pushed to next FY
	Evaluate collaboration proposals	Collaborations evaluated	All collaborations applications received were evaluated

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		Monitor implementation of audit recommendations	Audit Monitoring reports	4 Audit Monitoring reports prepared
		Harness data and analyze available data from audits, accreditation and other CUE reports	Policy Advisory developed.	Policy Advisory developed
		Develop and implement University Education Quality Index	University Education Quality Index developed	Draft University Education Quality Index developed
		Develop and implement a University Education Indicator framework.	University Education Indicator framework developed and implemented	University Education Indicator framework was approved and a monitoring report developed
		Re-engineer the procedure for recognizing and equating degrees, diplomas and certificates conferred or awarded by foreign universities	Foreign qualifications recognized and equated.	A total of 2296 applications were received and processed
		Develop guidelines on internationalization of university education	Guidelines on Internationalization developed	Guidelines on Internationalization developed, awaiting stakeholder validation
	To promote relevant education, research and community outreach in universities	No activities within this Strategic Objective were planned for Year 1		
Data driven decision making in university education	To enhance the adoption of evidence-based policy advisories	Collect, harness and process data on university education	Status of university education report	2024/25 University Statistics Report developed
		Build capacity of UEMIS users in universities	Capacity of UEMIS Users built	A total of 112 University UEMIS Data officers were trained
		Conduct and disseminate research on topical issues in University education	Research undertaken on topical issues	Research undertaken on Disruptive Technologies in University Education in Kenya:

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				Assessment of Preparedness, Opportunities and Challenges and report prepared
		Develop structure and guidelines for policy advisories	Structure and guidelines developed	Structure and Guidelines for policy advisories developed
		Develop policy advisories from research findings	Policy advisory developed	Draft policy advisory on Integrating Common Course Units into University Curricula for Globally Prepared University Students was developed
Alignment of university education to CBE and other reforms	To align university education to reforms in the sector/market	Develop Universities Competency Based Education Framework	Universities Competency Based Education Framework (UCBF) developed	Activity pushed to next FY
		Validate the National ODeL Policy	Validated ODeL policy	Validation workshop for the Draft National ODeL Policy was held
		Review Universities Regulations	Draft Universities Regulations reviewed	Activity pushed to next FY
		Develop guidelines for curriculum development and review	Guidelines for curriculum development and review developed	Activity pushed to next FY
		Undertake Sensitization of CUE and universities on curriculum review guidelines	CUE Staff and Universities Sensitization forums undertaken	Activity pushed to next FY
		Evaluate and accredit reviewed curricula to align with CBE	Reviewed curricula aligned to CBE	A total of 137 curricula aligned to CBE were reviewed.

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		Develop tools for resource gap audit	Resource gap audit tools developed	Resource gap audit tool developed & deployed.
		Develop and implement Strategy on Information, Education and Communication (IEC)	IEC Dissemination strategy developed	Activity pushed to next FY
		Develop Information, Education and Communication (IEC) materials for publicity (flyers, videos, audios, documentaries, podcasts, banners)	Information, Education and Communication (IEC) materials developed	Activity pushed to next FY
		Sensitize and build capacity of universities' staff on CBE	Universities staff sensitized	372 Universities staff sensitized
		Organize best practice forums on CBE among universities	Forum organized	Activity pushed to next FY
		Monitor implementation of CBE	Monitoring reports	A monitoring report on implementation of CBE was developed
Diversity, Equity and Inclusivity in university education	To promote diversity, equity and inclusivity in university education	No activities under this KRA were planned for Year 1		
Institutional Capacity	To improve institutional productivity and performance	Review HR instruments	Approved HR Instruments	HR instruments reviewed
		Implement the organizational structure	Number of staff recruited	Advert was cancelled due to State Corporations reforms
		Develop and implement succession management plan	Succession management plan developed	Succession management plan developed.

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	Undertake change management programmes	No. of change programmes undertaken	Activity pushed to next FY
	Engage Government for full budgetary support	% increase in capitation	Negotiation still going on
	Undertake resource mobilization	Resources mobilized over the capitation	A total of Kshs 2,104,140 was mobilized – finance to provide
	Establish collaborations with various development partners	No. of collaboration established	A memorandum of understanding was signed with the African Population and Health Research Centre was signed
	Manage Utility Costs	% reduction in utilities costs	Solar streetlights were installed towards cutting on KPLC cost
	Monitor budget implementation	No. of budget monitoring reports	Four (4) budget monitoring reports prepared
	Build capacity of staff on institutional planning	No. of Staff trained	Activity pushed to next FY
	Coordinate Annual Corporate planning	Approved PC Approved AWP	The 2024/25 AWP and PC were developed, approved and implemented
	Monitor institutional performance	Number of performance reports	A total of 8 performance reports were prepared during the FY
	Monitor and review the implementation of Citizen Service Charter	No. of monitoring reports	Four (4) monitoring reports were prepared
	Monitor and evaluate programmes/ projects and policies	No. of monitoring reports	Four status of policies report and one project monitoring reports prepared
	Undertake staff training and development	No. of staff trained	A total of 41 members of staff were trained

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		Implement performance management system.	% of implementation	Performance management system was 100% implemented
		Mainstream internal quality assurance (IQA) mechanisms	ISO Certification	Staff and the management Board were sensitized and a documentation workshop held towards Recertification. Auditors training to be undertaken in next FY
		Review CUE Master Plan	Number of Master Plans	Activity pushed to next FY
		Develop Concept of Universities Research and Training Centre (URTC)	No. of Concept	Not undertaken due to financial advisory on no new projects
		Develop and Implement Asset Management Policy	No. of Asset Management Policy adopted	Activity pushed to next FY
		Implement ICT Disaster Management and Recovery Plan	No. of Reports	A report on Implementation of ICT Disaster Management and Recovery Plan prepared
		Review Corporate Risk Register	No. of Reviews	Corporate Risk Register reviewed
		Undertake internal quality assurance and improvement programmes	No. of Systems	Activity pushed to next FY
	To enhance Corporate Brand Visibility	Develop and Implement a Brand Manual	Number of Brand Manuals	A brand manual was developed
		Review and Implement Communication Policy	No. of Policies	The Communication Policy was reviewed.
		Redesign the Corporate website	No. of website redesigns	Activity pushed to next FY

		Develop and implement a social media management plan	Approved Social media management plan.	Activity pushed to next FY
		Coordinate annual universities exhibitions	No. of exhibitions	Activity pushed to next FY
		Review Corporate Social Responsibility (CSR) Policy	Approved CSR policy	CSR policy was reviewed
		Undertake Corporate Social Responsibility	No. of CSR activities undertaken	Activity pushed to next FY

8. Corporate Governance Statement

Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter, Commission Size, Composition, Appointment and Succession Plan.

The constitution of the Commission is as is stipulated by the Universities Act CAP 210 in Section 6 and consists of seven members as follows:

1. A Chairperson appointed by the President.
2. The Principal Secretary in the Ministry for the time being responsible for University Education.
3. The Principal Secretary in the Ministry for the time being responsible for National Treasury.
4. One person appointed by the Cabinet Secretary who is a distinguished academic scholar with at least ten years' experience in management of university education.
5. One person nominated by the Federation of Kenya Employers and appointed by the Cabinet Secretary.
6. One person nominated by chairpersons Councils of public universities in a forum of chairpersons of the Councils of public universities convened by the Cabinet Secretary for that purpose.

7. One person nominated by chairpersons Councils of private universities in a forum of chairpersons of the Councils of private universities convened by the Cabinet Secretary for that purpose; and
8. the Commission Secretary who shall be an *ex-officio* member.

8a. Commission Charter

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

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

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

The Commission has four (4) Committees which are:

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

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

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

8.b Roles and functions of the Commission Board

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

1. Set and oversee overall strategy and approve policies for the organisation;
2. Approve the organizational structure and budget of the organisation; and
3. Ensure strategy is aligned with the organization's mission, vision and core values.

8c. Induction, training, and development

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

8d. Board and members' performance

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

8e. Number of Commission Meetings

During the reporting period, the Commission held the following meetings:

1. Full Commission - 4 Regular meetings
2. Audit, Risk and Compliance Committee - 4 meetings
3. Quality Assurance Committee – 4 meeting
4. Strategy Committee – 4 meetings
5. Human Resources & Finance Committee - 4 meetings

8f. Succession plan

The appointment of Board Members is a standard governance practice, and it is carried out in a staggered manner to ensure business continuity within the Commission.

8g. Policy to manage conflicts of interest.

The Universities Act CAP 210 in the First schedule stipulates that a member who has a direct or indirect interest in a matter being considered or to be considered by the Commission shall, as soon as the relevant facts regarding the matter come to knowledge of the member, disclose the nature of such interest, and shall not be present during any deliberations on the matter. In addition, the Commission has a Conflict-of- Interest Policy that guides members in this matter.

8h. Independence of Commission Members and conflict of interest

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

8i. Board remuneration

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

8j. Ethics and Conduct

The Commission has approved policies which govern general conduct with persons interacting with the organization; Human Resources Policies and Procedures Manual, CUE Code of Ethics, CUE Whistle Blowing Policy and CUE Conflict of Interest and Gift Policy. The Commission governs the University consistent with its values of Professionalism, Integrity, teamwork, Accountability and Responsiveness all contributing to commitment with respect to transparency and high-quality governance system.

8k. Policy on related party transactions

The Commission is responsible for the overall management and strategic direction of the organisation. Its members are fully committed to upholding the highest standards of good governance. In this regard, the Commission and the management team have pledged to work with integrity and diligence. They have put in place robust policies and strategies to ensure compliance with legal requirements and adherence to best practices in governance and business ethics.

8I. Communication Policy

The Corporate Communication policy states that the Commission Secretary/CEO is the overall spokesperson of the organisation. The Commission Secretary/CEO can delegate one of the top management staff to speak on his behalf. All correspondence going out of the Commission must be approved by the Commission Secretary/CEO.

9. Management Discussion and Analysis

As the Commission for University Education (CUE), we are pleased to provide this detailed narrative on our performance, challenges, milestones, and prospects, covering the last five financial years. This report draws a holistic picture of our regulatory journey, highlighting our dedication to ensuring the quality and relevance of university education in Kenya.

Operational and Strategic progress

Over the past five years, our work has revolved around strengthening quality assurance frameworks, aligning our processes with Competency-Based Education (CBE), and fostering a more data-driven, internationally connected higher education system. One of the most significant developments has been the phased implementation of the 2024–2028 Strategic Plan, which anchors five strategic result areas. Despite budget constraints, we have made progress in:

1. Institutional and programme audits;
2. Implementation of CBE roadmaps;
3. Accreditation and licensing;
4. Capacity building for Internal Quality Assurance (IQA);
5. Establishment of the University Education Indicator Framework and University Quality Index.

Key Programme Accreditations (FY 2024/25)

S/No.	Activity	Number Completed
1.	Curricula Evaluated	397
2.	Site Inspections Conducted	252
3.	Programmes Approved/Accredited	186
4.	Teacher Education Programmes (CBE-aligned)	137

In parallel, we conducted **34** technical inspections across universities, issued 46 licenses to student recruitment agencies, processed **2,420** applications for recognition of foreign qualifications, and facilitated four capacity-building sessions reaching over **1,000** participants

Financial and Statutory Performance

The Commission remains compliant with all statutory obligations, including PAYE, NHIF, NSSF, Housing Levy, and HELB deductions. However, we continue to face significant **liquidity risks**, primarily due to the longstanding arrears of **Kshs. 935 million** owed by universities. These are historical debts relating to Quality Assurance Fees from FY 2014/15 and 2015/16. While current compliance has improved, the unresolved debts continue to attract audit queries and pose risks to financial sustainability.

Despite our best efforts, **inadequate government capitation** remains a key bottleneck. We projected **Kshs. 714 million** for Year 1 and **Kshs. 826 million** for Year 2 of the Strategic Plan but only received **Kshs. 444 million** annually. The result has been postponed or scaled-down regulatory functions, especially in programme accreditation and digital system expansion.

Human Capital Challenges

Staffing is another critical pressure point. Of the 131 approved staff positions, only 61 are currently filled — a 46% staffing level. The State Corporation Reforms have put a moratorium on recruitment, making it difficult to replace retired or resigned staff. This affects technical departments the most and compromises our responsiveness and operational efficiency.

“We continue to do more with less, but we are reaching a point where staffing limitations threaten the very core of our mandate.” Management Observation

University Education Data Trends (FY 2024/25)

The Commission, through its Information Management System (IMIS), collected the following key statistics:

S/No.	Category	Student Enrolment	Academic Staff	Publications	Graduates
1.	Public Chartered Universities	469,688	10,555	2,735	91,210
2.	Private Chartered Universities	144,007	4,286	2,220	30,053
3.	Others (Constituent/LIA)	14,846	542	396	2,665
	Total	628,541	15,383	5,351	123,928

This data forms the basis of our **University Quality Index (UQI)**, a new benchmarking tool to rank and improve institutional performance across the board.

Project Implementation

Though no projects are currently under physical implementation, the Commission has two pending proposals awaiting funding:

S/No.	Project Name	Objective	Status
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1.	URTC (Univ. Research Centre)	Establish national training hub	Awaiting funding
2.	Gate & Perimeter Wall	Enhance physical security	Awaiting approval

Statutory Requirements & Risks

The Commission has remained fully compliant with all statutory requirements related to the deduction and remittance of obligations such as Pay As You Earn (PAYE), Higher Education Loans Board (HELB) contributions, Withholding VAT, Social Health Insurance Fund (SHIF), Housing Levy, National Industrial Training Authority (NITA) levies, and National Social Security Fund (NSSF) contributions.

In alignment with the recommendations of the Presidential Working Party on Education Reform (PWPER), the Commission has continued to implement key reforms, particularly the transition to Competency-Based Education (CBE). The first cohort of learners under the Competency-Based Curriculum (CBC) is expected to join universities in 2029. Guided by its strategic pillars, the Commission is committed to developing and operationalizing policies and procedures that will ensure the provision of high-quality and accessible university education across the country.

However, several risks threaten the smooth delivery of the Commission’s mandate. One of the most pressing is **liquidity risk**, arising from the persistent failure of some universities to remit quality assurance charges collected from students on behalf of the Commission. This has directly affected the Commission’s cash flow and capacity to effectively undertake critical regulatory functions.

Additionally, the Commission is experiencing significant human resource constraints following an increasing number of staff exits through retirements and resignations. The resulting understaffing in various departments has negatively impacted service delivery and operational efficiency. If not addressed through timely recruitment and succession planning, this risk may compromise the quality and consistency of regulatory oversight across the university sector.

Beyond liquidity and staffing, the Commission faces legal uncertainties due to contradictory High Court rulings on programme accreditation by professional bodies (e.g., Engineers Board of Kenya vs. CUE). These legal ambiguities limit the smooth execution of our accreditation function and create tension in the regulatory environment.

Sector and Economic review

The broader university education sector is recovering from funding shocks and declining numbers of self-sponsored students. With increasing pressure for accountability, the Commission has prioritized strengthening governance and data-driven oversight. The current economic climate, marked by inflation, high youth unemployment, and global uncertainties, underscores the urgency of aligning university outputs with labour market needs.

In FY 2025/26, we plan to:

- Finalize and implement the National Higher Education Information Management System (NHEIMS) to reduce data fatigue for universities.
- Engage in targeted advocacy to resolve the legal and statutory bottlenecks affecting our mandate.
- Expand our internal capacity through renewed dialogue with the National Treasury and Public Service Commission.
- Prioritize operationalizing the Policy Framework for Internationalization, aligning with SDG 4 and the African Union’s Agenda 2063.

We remain committed to building a higher education system that is globally competitive, locally relevant, and sustainable. While challenges persist, the Commission continues to adapt, innovate, and collaborate with stakeholders to realize its mandate for quality university education in Kenya.

FINANCIAL ANALYSIS

During the financial year, the Commission raised income of Kshs 530,085,714 against a budget of Kshs 494,438,964 resulting to 7.2% favourable variance while spending Kshs 488,048,186 against a budget of Kshs. 494,438,964 resulting to 98.7% consumption of budget. The Commission recorded a surplus of Kshs. 42,047,528.

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

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

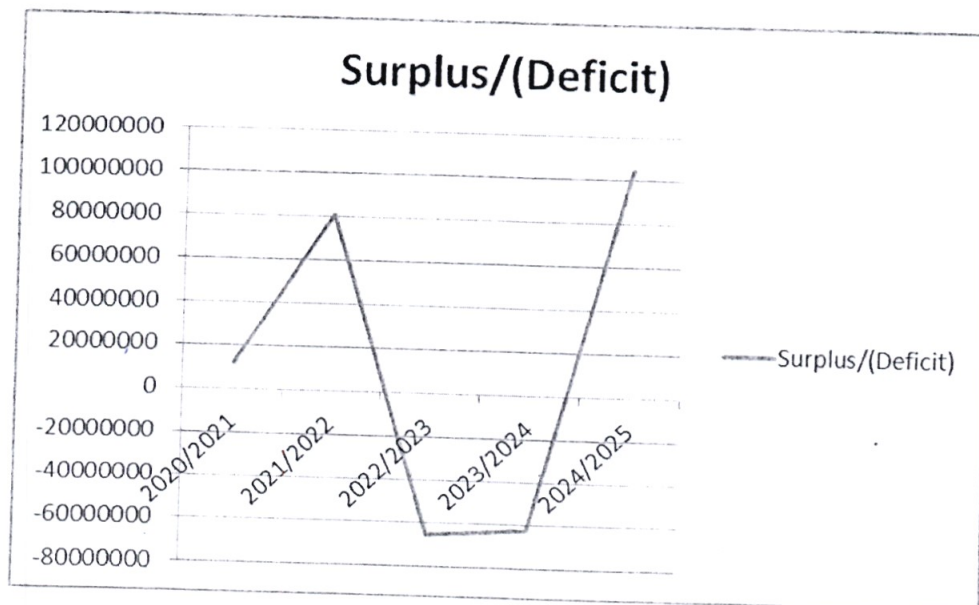
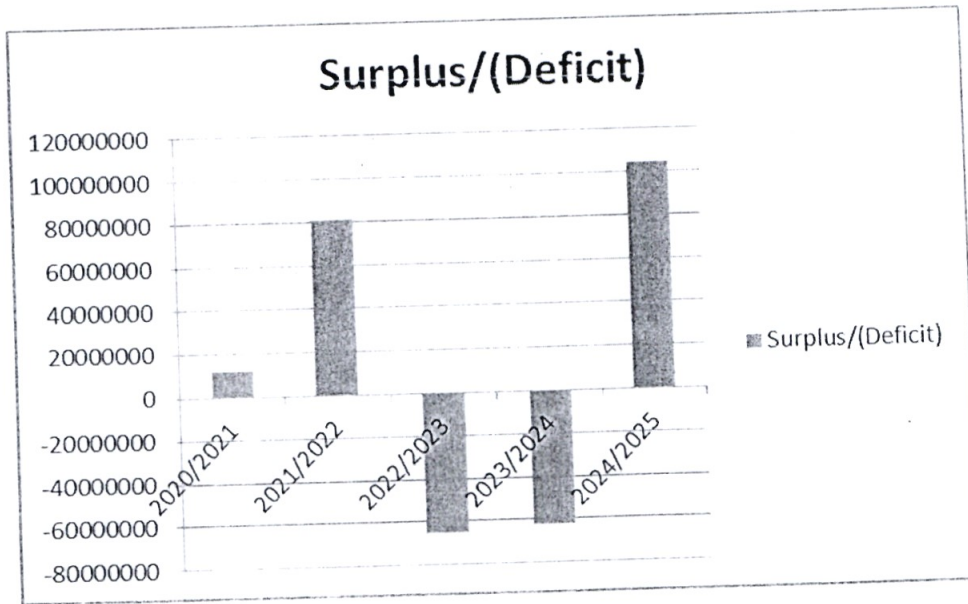


Table 2: Financial Performance (Surplus/Deficit) of the Commission for the last 5 years



During the five-year period the performance recorded minimal surpluses in three years and deficits in two financial years. The deficits are attributable provision for bad debts in the FY2022/2023 and transfer of Kshs 120,000,000 to the National Treasury in the FY2023/2024. During the financial year 2024/2025 the Commission made a surplus.

The Commission continued to raise its revenue as per gazetted charges and capitation from the government. The Commission raised its revenue from A-I-A 58.6% and 41.4% from government capitation. Following the approval of the service charge collection policy by the Commission in January 2017, management continues to engage the universities to ensure that they provide data on student numbers and pay the collected quality assurance fee.

The universities have had challenges in paying the quality assurance for the years 2014/2015 and 2015/2016 as same were not secured from the students, the Commission has reconciled the amounts. The Commission is following up the other balances and has informed universities that failure to pay dues will result in sanctions including not being offered any service by the Commission among others and this has yielded dividends, as some of the universities have requested for payment plans. The Quality Assurance debt stands at Kshs. 807,976,866

(After bad debt of Kshs 127,742,510)

Table 3: Revenue performance for the last 5 years (Kshs. Million)

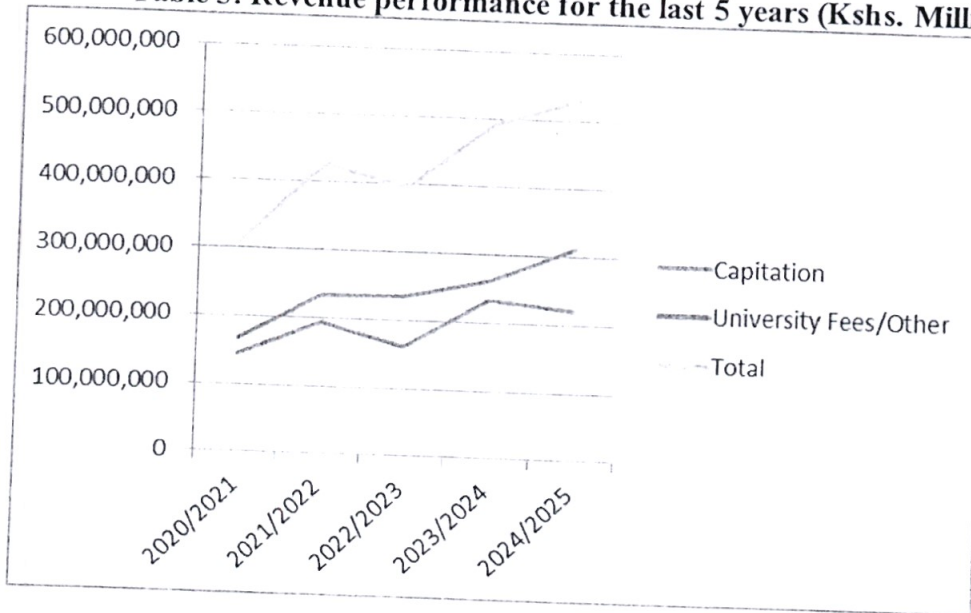


Table 4: Revenue performance for the last 5 years (Kshs. Million)

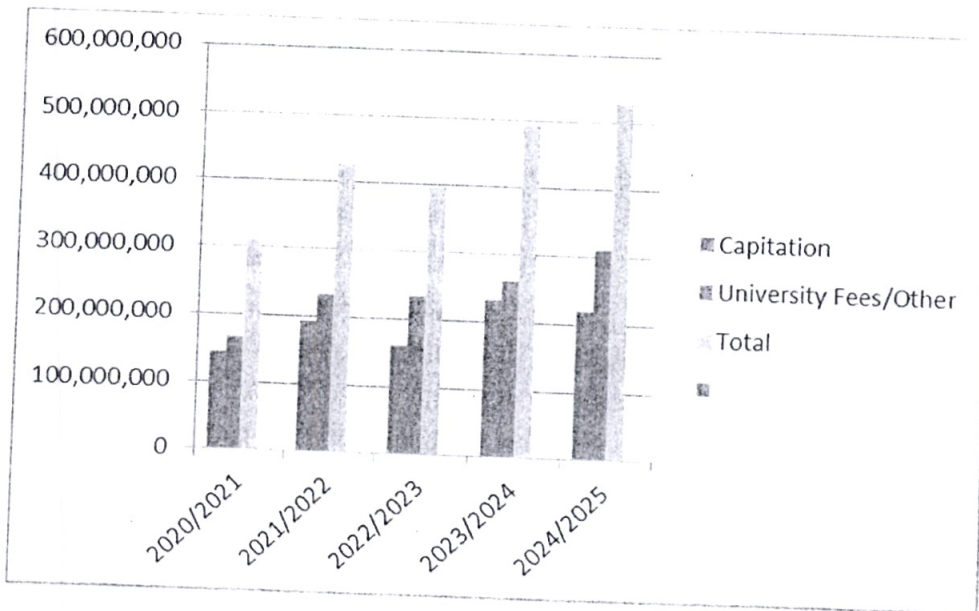
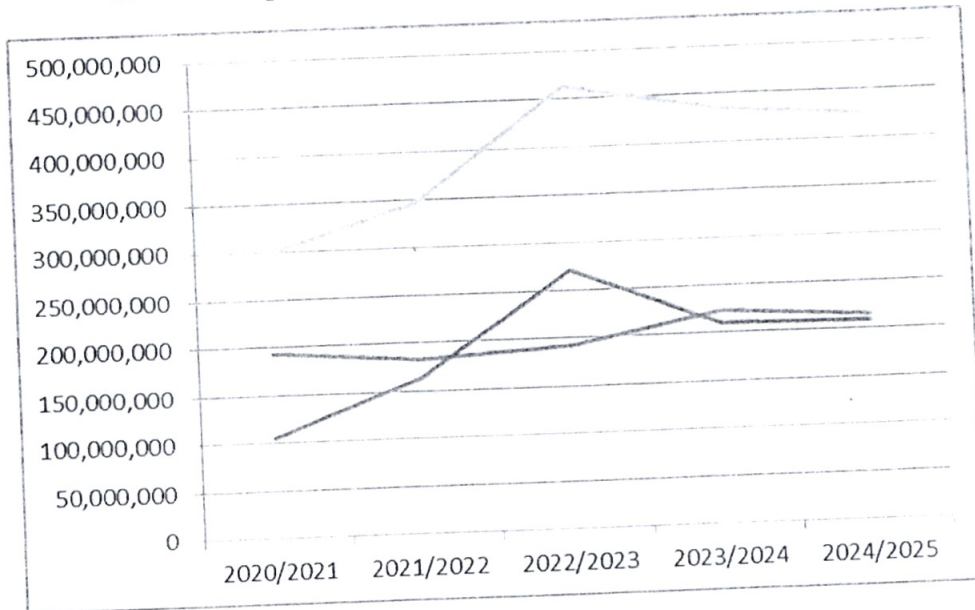


Table 5: Expenses over the last 5 years in (Kshs. Million)



The Commission's expenses are as illustrated in Table 5. Over the last 5 years the Commissions' total expenses have increased from Kshs.298 million in 2019/2020 to Kshs.488 million in 2024/2025. The Commission will continue to steer the agenda of university education in Kenya to produce the manpower required to drive the Bottom-Up Economic Transformation Agenda (BETA).

Statutory Requirements & Risks

The Commission complied with statutory requirements with regard to deduction and remittance of PAYE, HELB, Withholding VAT, SHIF, Housing levy, NITA, and NSSF.

The Commission is implementing the PWPER recommendations and in particular the CBE where the first cohort CBC learners will be expected in the university in the year 2029. Guided by the Strategic pillars of the Commission, we envision development and implementation of policies and procedures that will ensure quality accessible university Education.

Commission for University Education
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for the year ended June 30, 2025.

The Commission's activities are exposed to several risks that may hamper smooth operations. The Commission is faced with liquidity risk due to inability of universities to pay quality assurance charge which they collect from students on behalf of the Commission. In the recent past members of staff have exited service at the commission mostly by way of retirement and resignations and this has created a big challenge in the performance of duties in various affected departments which in the long run will affect quality and efficiency. The risk needs to be addressed through replacement.

10. Environmental and Sustainability Reporting



Commission Secretary/CEO, Prof. Mike Kuria, plants a tree at Zetech University as Vice-Chancellor, Prof. Njenga Munene, looks on.

(i) Sustainability Strategy and Profile

The Commission for University Education (CUE), under the leadership of Prof. Mike Kuria, is fully committed to promoting sustainable development and environmental stewardship in the higher education sector. Prof. Kuria has emphasized the importance of embedding sustainable practices within the Commission's operations and aligning them with global sustainability priorities.

The broader political and macroeconomic trends ranging from climate change to the post-pandemic economic recovery, continue to influence national priorities in Kenya. In recognition of these global dynamics, CUE aligns its sustainability efforts with internationally recognized frameworks such as the United Nations Sustainable Development Goals (SDGs), particularly Goal 13 on climate action and Goal 12 on responsible consumption and production. The Commission also supports the Paris Agreement by adopting environmentally responsible practices and engaging in global best practices for sustainability.

Key sustainability achievements during the reporting year included: Continued implementation of the green university initiative to integrate environmental conservation efforts into the operations of universities in Kenya. Adoption of energy-saving and eco-friendly solutions within CUE premises. Launch of internal waste reduction campaigns and reforestation partnerships with universities.

Challenges included financial limitations that delayed the implementation of some planned activities. However, these were mitigated through prioritization and stakeholder collaboration.

The Commission's service delivery charter continues to emphasize ethical procurement. During the 2024/25 financial year, 33.89% of procurement contracts worth Kshs. 27,155,585 were awarded to Youth, Women, and Persons with Disabilities (PWDs) under the AGPO framework. These figures highlight CUE's commitment to equitable procurement practices and inclusive economic participation.

(ii) Environmental Performance

CUE's environmental policy is anchored on principles of conservation, efficiency, and innovation. The Commission has made notable progress in implementing a sustainable operational framework that supports eco-conscious practices across its departments.

Key initiatives and examples include:

Waste Management: The Commission developed and implemented a three-tier strategy involving reduction, reuse, and recycling of materials. For instance, used toner cartridges from printers are collected and handed over to certified recyclers, reducing landfill waste.

Energy Efficiency: Replacement of traditional lighting with LED fixtures across the Gigiri offices led to a 25% drop in monthly electricity usage as recorded in internal utility audits. This was due to the installation of solar lighting systems, which supplanted the use of electricity during nighttime hours.

Biodiversity and Landscaping: CUE created green zones within its compound and planted over 1,000 native trees and ornamental shrubs. The Commission also introduced indoor potted plants in office corridors to promote cleaner indoor air.

In collaboration with the Ministry of Environment and Forestry, CUE took part in national reforestation programmes. Through its staff and stakeholder networks, the Commission participated in the planting of trees, both indigenous and exotic species across several counties including Nairobi, Kiambu, Garissa, and Meru.

In addition, efforts are underway to finalize Waste Management Standard Operating Guidelines. These will standardize practices across departments and offer clear guidance on sorting, reducing, and safely disposing of waste materials generated during Commission operations.

Sustainability at CUE starts at home. Our internal environmental practices are guided by a robust framework focused on conservation, energy efficiency, and innovation.

We've taken visible action: Reduced our energy consumption by adopting more energy-efficient equipment, planted thousands of native and indigenous trees in and around our facilities to enhance biodiversity and strengthened our waste management system through practices like reducing, reusing, and recycling.

Though we've made commendable progress, we're aware there's still work to be done particularly in managing waste comprehensively across all departments. That's why we're in the process of developing waste management Standard Operating Guidelines to enhance recycling efforts and minimize our overall waste output.

We're also proud of our participation in national tree planting drives and reforestation campaigns contributing meaningfully to the country's wider green agenda.

(iii) Employee welfare

CUE values its staff and is keen to ensure their welfare and inclusivity. The Commission has institutionalized policies that define employment terms, operational structures, and occupational safety.

Key interventions include:

Policy Reviews: The Human Resource Manual and the Terms and Conditions of Service were subjected to stakeholder engagement in 2024 and approved by the Board for implementation. These policies are reviewed every three years.

Disability Mainstreaming: Under the SDG 10 commitment, 33.89% of procurement was allocated to special interest groups. This included awarding contracts to women-led enterprises and registered groups of persons with disabilities.

Training and Development: Staff capacity building remained a key strategic priority for the Commission during the reporting period. Out of the targeted 68 staff members, 55 successfully underwent various training programs tailored to strengthen technical expertise, leadership capabilities, and professional competencies across departments. These interventions were designed not only to address identified skill gaps but also to foster a culture of continuous learning and institutional excellence.

As a result, the training contributed significantly to enhanced staff productivity, improved operational efficiency, and more responsive service delivery, ultimately reinforcing the Commission's ability to effectively execute its regulatory mandate.

Internship and Industrial Attachment: 6 interns and 3 attaches were absorbed by CUE to support departments such as ICT, Finance, Planning, Quality Assurance, and Communication. These engagements provided hands-on learning and mentorship.

Health and Safety: Staff are covered by comprehensive medical insurance, Workers Injury Benefits (WIBA), and Group Personal Accident (GPA) insurance. Fire safety is regularly practiced with two fire drills held in July and December 2024. Fire marshals and safety officers are duly trained. The Commission is also registered with the Directorate of Occupational Safety and Health (DOSH).

(iv) Marketplace practices

CUE's commitment to responsible competition practices is reflected in its proactive measures to combat bribery and corruption. The Commission's responsiveness to the political environment and its role in addressing legal framework amendments demonstrate its commitment to ethical practices. Ensuring fairness in procurement through open advertisement, impartial evaluation criteria, and measures to prevent corruption or conflicts of interest exemplify CUE's ethical and transparent market practices.

a) Responsible competition practice

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

- Evaluation criteria are always indicated in the bid document to enhance fairness, and the tender evaluation is in compliance with the evaluation criteria.

All bidders are assured of confidentiality and equal opportunity. Tender documents clearly outline evaluation criteria, and all awards are based on merit as per Public Procurement and Asset Disposal Act guidelines.

b) Responsible Supply chain and supplier relations

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

c) Responsible marketing and advertisement

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

- Any University that contravenes these provisions is subject to disciplinary action as per Section 30 (1) (f) of the University Act, 2012. The Commission's staff who may be involved in any form of unethical marketing practices is subject to the CUE's Code of Conduct.
- The efforts to maintain ethical marketing practices within the Commission and beyond universities accredited by the Commission are outlined as follows:
- Ensure that all promotional materials disseminated to the public are accurate and truthful.
- Ensure that all adverts, communication advisories are approved by the Commission Secretary/CEO before they are released to external media or Public.
- Ensure marketing materials do not contain any false or misleading information.
- Ensure promotional materials are not designed to prey on the fears or insecurities of potential students/ universities.
- Ensure promotional materials do not use language that is offensive or discriminatory.
- Children are not used on promotional materials.
- Marketing materials should not be used to promote unhealthy or dangerous behaviours or to promote illegal activities.

- Marketing materials are not used to promote products or services that are not approved by the Commission. For instance, all accredited student recruitment agencies that would wish to host higher education career fairs must seek a license from the Commission prior to hosting such events.
- Marketing materials are not used to promote political or religious messages.
- Marketing materials are not used to promote the university in a way that is not factual or accurate.
- Ensuring that procurement opportunities are advertised through the National Suppliers Portal and the Commission Website. Advertisements for prequalification of suppliers is placed in local newspapers too.
- Holding sensitization of suppliers in the special groups' category on an annual basis.

d) Product stewardship or Awareness creation

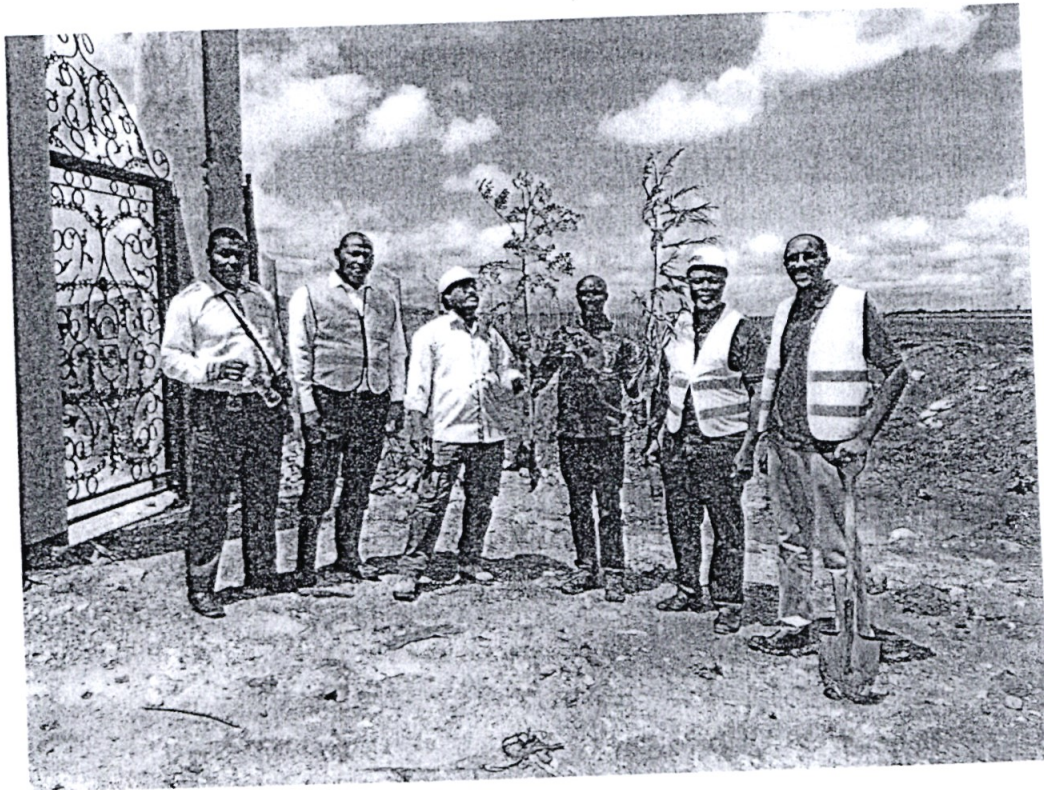
CUE's product stewardship lies in its dedication to quality assurance in university education. The periodic accreditation of academic programs, maintenance of minimum standards for facilities, and collaboration with education sector agencies uphold the quality and relevance of education. CUE's role in linking universities with the world of work through research and innovation aligns with Kenya's development goals. Additionally, ensuring licensed contractors/suppliers and inspection procedures safeguard the quality of services and goods procured.

- In its efforts to ensure the provision of quality university education, CUE undertakes periodic accreditation of all university academic programmes. Through this rigorous and continuous process of self-evaluation and external peer review, CUE determines the standards of quality and relevance of university academic programmes and assesses their compliance with those standards.
- Through the various regulatory instruments such as Standards and Guidelines for Quality Assurance in Universities (2015), CUE also stipulates the minimum requirements that universities should observe in their day-to-day operations, as well as the minimum academic and professional standards required of university staff.
- The Commission further spearheads the development and review of university academic programmes through the development of various policy documents and collaboration with other education sector agencies and stakeholders. To ensure that universities maintain the minimum standards required to offer university education, CUE regularly inspects the physical facilities and academic resources in universities. In this regard, the Commission has developed the minimum physical infrastructure standards for the establishment of university campuses and learning facilities.
- The Commission also plays a key role in providing linkages between universities and the world of work through research and innovation. Through research, Kenyan universities can contribute to the attainment of the country's development goals.

- Ensuring that the contractor/suppliers engaged are licensed by the relevant Government entities such as NCA, Food and Poisons Board, ICTA among others.
- During inspection, the Commission's Inspection and Acceptance Committee appointed by the CEO which comprises of the User department verifies supplier's compliance to the contract terms including certification of goods by the relevant Government entities such as KEBS.

(v) Corporate Social Responsibility / Community Engagements

Corporate Social Responsibility (CSR) and community engagement are integral to CUE's mission. The organization actively participates in a variety of CSR activities, demonstrating a strong commitment to societal well-being. One of the most significant initiatives undertaken recently is CUE's involvement in national tree planting efforts, in line with the President's commitment to grow 15 billion trees by 2032. This initiative underscored CUE's dedication to promoting a sustainable green environment through an initiative dubbed '*green universities for the future*'.



The Commission for University Education (CUE) partners with Riara University to support the 15 billion Tree Presidential Initiative, advancing environmental conservation and sustainability through tree planting and academic collaboration.

This initiative marked a significant milestone in CUE's sustainability journey as the Commission's staff took part in a large-scale tree planting initiative. This event not only symbolizes CUE's commitment to environmental consciousness but also highlights the positive impact that collective action can have on the planet. Embracing sustainability and environmental stewardship, CUE is making tangible contributions to the restoration and preservation of natural ecosystems. During the period under review, the Commission staff planted both indigenous and exotic trees. In summary, the Commissions' dedication to environmental and sustainability practices is evident across its strategic initiatives, environmental performance, marketplace practices, and community engagements. By integrating sustainability into its core operations, CUE not only fulfills its regulatory responsibilities but also contributes significantly to the broader goal of creating a sustainable and equitable future.

CUE is deeply rooted in the communities it serves. One of our flagship initiatives is the Green Universities for the Future campaign.

- In 2024/25, we made major contributions to Kenya's tree-planting agenda:
Thousands of trees were planted by staff, stakeholders, and university communities, all recorded on the Jaza Miti App.
Tree planting drives were held at:
Riara University – Konza Campus (250 trees)
Zetech University (500 trees)
Garissa University (15 trees)
Meru University of Science and Technology (33 trees)
Uzima University and Lower Kihara Primary School (over 200 trees combined)

These CSR activities show our belief in environmental stewardship, collaboration, and impact.

11. Report of the Directors

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

i) Principal activities

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

ii) Results

The results of the Commission for University Education for the year ended June 30, 2025, are set out on page 1 to 5.

iii) Directors

The members of the Board of Directors who served during the year are shown on page vii to xi. During the year 2025 Prof. Langat Andrew Christopher exited the Commission and Prof. Chacha Nyaigotti-Chacha retired, and no replacements have been made by the end of the financial year.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. During the period the Commission made a surplus of Kshs 104,607,952 and is expected to remit 90 % (Kshs 94,147,157) to the National Treasury.

V) Auditors

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

By Order of the Board



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

12. Statement of Directors Responsibilities

Universities Act CAP 210B Section 33 and Section 81 of the Public Finance Management Act, 2012 and require the Directors to prepare financial statements in respect of the Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year/period and the operating results of the Commission for that year/period. The Directors are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission for University Education. The Directors are also responsible for safeguarding the assets of the Commission for University Education.

The Directors are responsible for the preparation and presentation of the Commission for University Education's financial statements, which give a true and fair view of the state of affairs of the Commission for University Education for and as at the end of the financial year (period) 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 Commission for University Education;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Commission for University Education;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) – entities should quote applicable legislation as indicated under which they are regulated). The Directors are of the opinion that the Commission for University Education's financial statements give a true and fair view of the state of the Commission for University Education's transactions during the financial year ended June 30, 2025, and of the Commission for University Education's financial position as of that date.

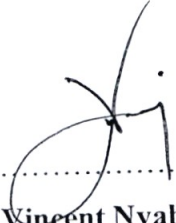
**Commission for University Education
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for the year ended June 30, 2025.**

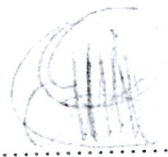
The Directors further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements, as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Commission's ability to continue as a going concern and nothing has come to the attention of the Directors to indicate that the Commission will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Commission for University Education's financial statements were approved by the Board on _____ 2025 and signed on its behalf by:


.....
CPA Vincent Nyabiosi
Ag. Chairperson of the Board


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

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COMMISSION FOR UNIVERSITY EDUCATION 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 Commission for University Education set out on pages 1 to 54, which comprise of the statement of 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Commission for University Education 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

Long Outstanding Receivables

As reported in the previous year, the statement of financial position reflects a balance of Kshs.807,976,866 in respect of receivables from exchange transactions as disclosed in Note 20(b) to the financial statements. Included in the balance is long outstanding balance of Kshs.701,075,545 or 87% of the balance relating to quality assurance fees from universities for 2014/2015 and 2015/2016 financial years. Although provisions for doubtful debts of Kshs.127,742,510 has been made, it is inadequate. Further, Management did not provide evidence of measures being taken to recover the long outstanding debts. In addition, Management did not provide evidence to confirm that a request for approval for write-off of the long outstanding debts was submitted in line with bad and doubtful debt policy of the Commission.

In the circumstances, the recoverability and fair statement of the receivables balance of Kshs.807,976,866 could not be confirmed while the Commission's effectiveness in the management of receivables could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Commission for University Education Management in accordance with ISSAI 130 on 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

The statement of comparison of budget and actual amounts reflects actual receipts (budget carryovers; Kshs.512,314,587 and receipts; Kshs.530,095,714) and expenditure on comparable basis of Kshs.1,042,410,571 and Kshs.396,903,768 respectively, resulting to surplus of Kshs.645,506,803 or 62% of actual receipts. Management has not provided explanations for failure to surrender the rolled over carryovers to The National Treasury despite failure to utilize.

The failure to surrender the budget carryovers may have impacted negatively on the implementation of other government priorities which may have impacted negatively service delivery to the public.

My opinion is not modified in respect of this matter.

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 effects of the matter described in the Basis for Qualified Opinion 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 year audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in the Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Commission in 2024/2025 revealed that the following four (4) matters remained unresolved as at 30 June 2025;

S/ No.	Matter
1.	Long Outstanding Receivables from Exchange Transactions
2.	Unsupported Direct Procurement of Short-Term Deposits Services
3.	Irregularities in the Implementation and Management of the ERP Contract <ol style="list-style-type: none">i. Irregular Training Expenses on ERP Modulesii. Delayed Implementation of ERP Software Contract
4.	Long Outstanding Trade and Other Payables from Exchange Transactions

Other Information

The Directors are responsible for the Other Information set out on pages iv to lvii which comprise of Key Entity Information and Management, The Board of Directors/Council, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and the Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Commission's 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. Delays in Evaluation of Programs

The statement of financial position reflects prepayments by customers balance of Kshs.143,541,391 as disclosed in Note 25 to the financial statements. Included in the balance is an amount of Kshs.101,760,000, being amount paid by various universities in respect to unevaluated programs. However, the some of the prepayments relate to requests dating back to July 2023. This points to delays in evaluating programs, poses a significant risk on the quality and credibility of programmes offered by universities.

In the circumstances, the Universities have not received value for money for the unevaluated programs.

2. Inconsistencies in the Accreditation Process

The following inconsistencies were noted on the accreditation process:

2.1 Inefficiencies in the Accreditation Process

Review of programmes undergoing accreditation revealed that three hundred and thirteen (313) programmes have been pending for over twelve (12) months after submission. This was contrary to the established service charter timelines of sixty (60) working days from the date of payment.

2.2 Non-Resolution of Previous Programme Accreditation Backlogs

Review of programmes submitted for accreditation revealed that programmes submitted as far back as 2017 were still recorded as undergoing accreditation. Further, the audit observed that the accreditation department had made limited progress in clearing the backlog, and as at the time of audit in November, 2025, 42% of the submitted programmes were still under evaluation. This was contrary to Regulation 48(3) of the Universities Regulations, 2014, which stipulates that "the evaluation of a proposed academic programme shall be terminated if the institution fails to meet the Commission's requirements within a period of four years."

2.3 Non-Adhere to Accreditation Process

Audit review of the accreditation processes for a sample of one hundred and sixty-three (163) submissions by various universities revealed non-compliance with internal accreditation workflows or inadequate documentation as prescribed in the

CUE/ACC/OP/001 – Procedures for Accreditation of Academic Programmes for Universities. These included critical stages such as peer review outcomes, technical committee decisions, and accreditation recommendations were not adequately documented. It was further observed that programmes were assigned to resource persons without completeness checks while site verification was conducted prior to formal evaluation, leading to inconsistent application of accreditation criteria. These deviations from established procedures raise concerns regarding the integrity and transparency of the accreditation process.

2.4 Weak Monitoring and Enforcement

Review of accreditation procedures revealed the absence of a standardized follow-up mechanism to monitor accreditation timelines or escalate cases of non-responsiveness. Further, response deadlines for universities were neither clearly established, communicated, nor enforced. In addition, it was observed that some programmes currently being offered though approved on various dates had not yet been accompanied by hard copies and stamped copies of the approved curricula. This lack of documentation undermines the ability to maintain a reliable audit trail post-accreditation.

2.5 Delays in Processing Payments for Programmes Undergoing Accreditation

Review of programme accreditation milestones for a sample of one hundred and seven (107) programmes revealed significant delays in the invoicing process, payment clearance, and lack of evidence that invoices had been issued for programmes submitted by universities. The delays directly affected the operations of the programme accreditation department, contributing to a growing backlog.

In addition, the invoicing process was not automated, which further slowed down processing. As a result, several universities had not yet been invoiced.

2.6 IMIS System Inadequacies

Review of the IMIS system revealed key inadequacies in supporting the programme accreditation process whereby the system itself generated inaccurate data and lacked the functionality to issue timely notifications. These shortcomings hindered the ability of resource persons to operate effectively within the online framework, thereby impacting the efficiency of the accreditation process.

2.7 Staffing Shortages Accreditation Department

Review of the staffing capacity within the accreditation department revealed major shortages. Although the authorized staff establishment provides for eleven (11) technical staff across levels three (3) to five (5), the department had only one (1) staff in post at the time of the audit in November, 2025.

This significant shortfall in staffing is likely to impede the department's ability to meet service delivery expectations, thereby exposing the Commission to operational delays and potential reputational risk in executing its core mandate.

2.8 Unaccredited Academic Program Offered by universities

Examination of the accreditation of academic programmes revealed one thousand six

hundred and ninety-five (1,695) unaccredited academic programmes as at 30 June, 2025 offered in various institutions. This was contrary to Regulation 48 of the Universities Regulations, 2014 and Section 5(2)(b)(1) of the Universities Act, 2012 which provide that only accredited programmes shall be offered. Further, it was observed that the accreditation process was not concluded within the stipulated timeline of four (4) years and as required under Regulation 48(3) of the Universities Regulations, 2014, which provides that “the evaluation of a proposed academic programme shall be terminated if the institution fails to meet the Commission’s requirements within a period of four years.”

Responses received from the affected universities attributed the delays to lack of timely feedback from the Commission on the status of programme approvals. As a result, students graduated from programmes whose quality could not be assured.

In addition, audit verification exercise in four (4) universities revealed the following unsatisfactory issues;

2.8.1 Machakos University

2.8.1.1 Delays in Processing Payments for Programmes Accreditation

Review of the accreditation application process revealed significant delays in the issuance of invoices, clearance of payments, and in certain instances, lack of evidence of invoicing for programmes submitted by the University. Specifically, for accreditation numbers 018, 164, 168, 169, 198, and 338, it was noted that while the University had made the requisite payments to the Commission, the corresponding payment records were not reflected on the Commission’s website. The application status for these programmes remained as 'Awaiting Payment', despite the University’s evidence of payment. This situation raises concerns regarding the effectiveness of the payment reconciliation process and may hinder timely accreditation decisions. It also risks misrepresenting the actual status of applications, potentially affecting student placements and program credibility.

2.8.1.2 Discrepancy in the Number of Accredited Programmes

Review of the University’s records revealed that sixty-three (63) academic programmes were listed as being on offer. However, comparison with data from the Commission’s official website revealed that only forty (40) programmes were indicated as accredited. This results in a discrepancy of twenty-three (23) programmes which could not be accounted for in the Commission's accreditation records. This raises concern regarding the potential offering of unaccredited programmes, contrary to the provisions of the Universities Act, 2012, which provides that all academic programmes offered by universities must be duly accredited by the Commission.

2.8.1.3 Unreconciled Accreditation Fee Payments

During the review of accreditation records, it was noted that the Commission's records indicated that accreditation fees for sixteen (16) academic programmes had not been paid. However, the University's records show that the said payments were made, as supported by a letter dated 11 April, 2025, referenced MksU/CU/9/33, addressed to the Commission as details below;

- i. Bachelor of Science in Civil Engineering

- ii. Doctor of Philosophy in Education (Educational Psychology)
- iii. Master of Science in Agricultural Economics and Development
- iv. Master of Education (Educational Psychology)
- v. Doctor of Philosophy in Business
- vi. Bachelor of Science in Banking & Credit Management
- vii. Bachelor of Education (Special Needs Education)

2.8.1.4 Unaccredited University Programmes

i. BSC Civil Engineering

The Commission, through a letter dated 09 May, 2023 referenced CUE/8/142 Vol. 2, informed the University that student placements under the programme would not be extended beyond the 2024/2025 placement cycle if the University failed to meet the minimum accreditation requirements. However, review of correspondences between the Commission and the University revealed no documented evidence of an accreditation verdict or any formal communication from the Commission indicating that the University had met the minimum requirements and was therefore authorized to continue offering the programme beyond the stipulated timeline. This indicates non-compliance with the regulatory requirements as outlined under Regulation 48 of the Universities Regulations, 2014 and Section 5(2)(b)(1) of the Universities Act, 2012, which require prior accreditation and approval by the Commission before a university can offer any academic programme.

ii. Delay in Updating Programme Accreditation Status on the Commission's Website

It was noted that there were delays in updating the accreditation status of the following programmes on the Commission's website: Prog-Acc 1001, 1015, 288, 380, 966, 967, 970, 973, 982, 988, and 997. Failure to timely update accreditation status was contrary to the provisions of Section 5 of the Universities Act, 2012 and relevant Commission guidelines which require transparency, compliance with quality assurance standards and effective communication. Further, the delays may result in misinformation to stakeholders.

2.8.2 UMMA University

2.8.2.1 Discrepancy in the Number of Accredited Programmes

Review of the University's records indicated that fourteen (14) academic programmes were listed as being on offer. However, comparison with data from the Commission's official website revealed that only twelve (12) programmes were indicated as accredited. This results in a discrepancy of two (2) programmes, which could not be accounted for in the Commission's accreditation records. As a result, there is risk of the University offering unaccredited programmes, contrary to the provisions of Regulation 48 of the Universities Regulations, 2014 and Section 5(2)(b)(1) of the Universities Act, 2012 that all academic programmes offered by universities must be duly accredited by the Commission.

2.8.2.2 Unaccredited University Programmes

Review of UMMA University programmes revealed that four (4) programmes on offer

by the University were not accredited nor exit reports and approval documents detailed below provided for audit: -

- i. Bachelors of Science in Information Technology (BSIT)
- ii. Bachelors of Commerce (BCOM)
- iii. Bachelors of Business Information Technology (BBIT)
- iv. Bachelors of Law and Sharia (BALS)

This was contrary to Regulation 48 of the Universities Regulations, 2014 and Section 5(2)(b)(1) of the Universities Act, 2012, which require prior accreditation and approval by the Commission to offer any academic programme.

2.8.2.3 Delay in Accreditations Processing

Review of the University's documents revealed that payments totalling Kshs.470,000 were made to the Commission amounting to Kshs.320,000 on 18 September, 2024 for the accreditation of the Bachelor of Education (Science) programmes while Kshs.150,000 was paid on 29 May, 2024 for the inspection of the ODeL (Open, Distance and e-Learning) Centre. However, as at the time of the audit in November, 2025, the Commission had not conducted the requisite site visits nor processed the respective accreditation applications. The delay in conducting the site visits and processing the accreditations contravenes the Commission's Service Charter, which stipulates timelines for the delivery of accreditation-related services. This may result in delayed implementation of academic programmes and could affect student admissions and institutional planning.

2.8.3 University of Embu

2.8.3.1 Unapproved Academic Programmes on Offer

Review of the University's records revealed that upon award of charter, sixty-four (64) academic programmes were inherited by the University of Embu as approved by the University of Nairobi Senate. Commission conducted a technical evaluation before granting the charter and approved twenty-three (23) programmes. The remaining forty-one (41) programmes had not been approved and remain pending to date and which are already on offer but missing from the Commission's website. Further, the forty-one (41) programmes had not, undergone the standard evaluation process in line with Regulation 48 of the Universities Regulations, 2014 .

2.8.3.2 Delay in Accreditations Processing Attributed to the Commission

There were twenty-seven (27) academic programmes yet to undergo full Accreditation process as a result of the Commission's delays in issuing evaluation reports or conducting site visits.

2.8.4 Dedan Kimathi University of Science and Technology

2.8.4.1 Delayed Accreditation of Academic Programmes

Several academic programmes as detailed below have remained unapproved since thirtieth (30th) November, 2023 despite meeting the threshold for accreditation, mainly due to; Lack of follow-up by the Commission to confirm implementation of

recommendations and pending submission of required evidence, such as staffing, academic leadership, core texts, or curriculum implementation reports;

- i. PhD in Civil & Environmental Engineering – Met threshold but not approved; no CUE follow-up;
- ii. PhD in Electrical & Electronics Engineering – Approved; letter of approval pending;
- iii. MSc in Innovation & Entrepreneurship Management – Not approved; missing staffing and resource requirements;
- iv. PhD in Sustainable Tourism & Hospitality – Approved; evidence of academic leadership pending;
- v. MSc in Innovation & Entrepreneurship – Not approved; similar gaps as above.

Further, the following Programmes had been pending since 2nd May, 2022:

- i. BSc in Health Informatics – Cancelled.
- ii. MSc in Business Analytics – Mentioned as evaluated, but missing from exit report.
- iii. MSc in Applied Statistics – Met threshold but not approved.
- iv. PhD in Chemistry – Awaiting approval; implementation of recommendations required.

2.8.4.2 Delayed Verification Date's

There were sixteen (16) academic Programmes yet to undergo full accreditation process as a result of Commission's delays in issuing evaluation reports or conducting site visits.

In the circumstances, the continued offering of unaccredited programmes, inordinate delays in accreditation, and failure to follow internal procedures, expose the Commission and universities to regulatory non-compliance, in breach of the Universities Act and Regulation 48(3). This poses a significant risk that students may graduate from programmes whose quality has not been assured, potentially undermining the credibility of higher education qualifications.

3. Irregular Promotions and Back Dating of Salaries and Allowances

The statement of financial performance reflects employee costs amount of Kshs.216,317,868 as disclosed in Note 12 to the financial statements which includes salary arrears amounting to Kshs.3,215,081. Review of Minutes of the forty-seventh (47th) Commission Meeting held on 03 February, 2025 revealed that the Commission approved promotion of fourteen (14) officers who were due for promotion as per the Commission's Human Resource Policy and Procedures Manual, 2022. However, suitability tests and advertisements for the positions were not provided for audit.

Further, the Commission approved for conversion of eight (8) staff to the new human resource instruments on 03 February, 2025 and backdated the conversion to February, 2023 with arrears amounting to Kshs.3,215,081. However, approval of the Public Service Commission (PSC) was not provided for audit despite PSC's advice vide Circular No.PS/GEN/2022/IV/ (148) dated 14 May, 2024 to amend and resubmit for consideration.

In the circumstances, the regularity of the promotions and backdating of staff salaries and allowances could not be confirmed.

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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to 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.

The Board of Directors is responsible for overseeing Commission'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


01 December, 2025


Commission for University Education
Annual Report and Financial Statements
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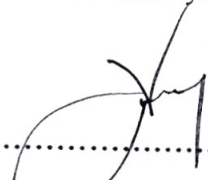
14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	219,438,964	232,050,487
Revenue from exchange transactions			
Rendering of services	7	269,107,955	211,510,002
Rental revenue from facilities and equipment	8	4,198,298	5,014,500
Finance income	9	36,813,172	42,671,239
Other income	10	537,324	1,250,763
Total revenue		530,095,714	492,496,991
Expenses			
Use of goods and services	11	119,522,390	142,387,518
Employee costs	12	216,317,868	223,398,723
Board Expenses	13	8,927,361	7,125,086
Depreciation and amortization expense	14	30,611,658	13,536,219
Repairs and maintenance	15	4,491,767	2,418,990
Contracted services	16	62,458,492	45,328,274
Provision for Bad Debts	17	(6,681,835)	426,042
Remission to National Treasury/KRA	17(b)	52,400,485	
Total expenses		488,048,186	434,620,852
Surplus/(deficit) for the period/year		42,047,528	57,876,139
Remission to National Treasury			(120,000,000)
Net Surplus for the year		42,047,528	(62,123,861)

The notes set out on pages 7 to 57 form an integral part of these financial statements. The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


Name: Prof. Mike Kuria
Accounting Officer


Name: Linah Kiptoo
Head of Finance
ICPAK M/No: 4426


Name: CPA Vincent Nyabiosi
Ag. Chairman of the Board

Date: 27/11/25

Date: 27/11/2025


Date: 27/11/25


Commission for University Education
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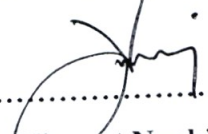
15. Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	18	676,118,459	512,314,856
Prepayments	19	3,301,119	-
Receivables from Exchange Transactions	20 a		40,582,164
Total Current Assets		679,419,578	552,897,020
Non-Current Assets			
Property, Plant and Equipment	21	850,238,357	869,111,999
Intangible Assets	22	30,480,144	40,640,192
Receivables from Exchange Transactions	20 b	807,976,866	813,953,143
Total Non- Current Assets		1,688,695,367	1,723,705,334
Total Assets (A)		2,368,114,945	2,276,602,354
Liabilities			
Current Liabilities			
Trade and Other Funds	23	34,223,312	47,744,549
Current Provision	24		1,000,000
Prepayments from customers	25	143,541,391	75,479,684
Total Current Liabilities		177,764,703	124,224,233
Non-Current Liabilities			
Other funds	26	10,957,156	15,032,563
Total Non- Current Liabilities		10,957,156	15,032,563
Total Liabilities (B)		188,721,859	139,256,796
Net Assets (A-B)		2,179,393,086	2,137,345,558
Represented by:			
Reserves		699,765,766	699,765,766
Accumulated Surplus		1,282,177,596	1,240,130,068
Capital Fund		197,449,724	197,449,724
Net Assets		2,179,393,086	2,137,345,558

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


Prof. Mike Kuria, PhD
Accounting Officer


Linah Kiptoo
Head of Finance
ICPAK No: 4426


CPA Vincent Nyabiosi
Ag. Chairman of the Board

Date... 27/11/2025

Date... 27/11/2025

Date... 27/11/2025

16. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Capital Fund	Revaluation reserve	Retained earnings	Total
	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	197,449,724	717,751,289	1,437,959,206	2,353,160,219
Depreciation on revaluation		(17,985,523)		(17,985,523)
Surplus/deficit for the year		-	(62,123,861)	(62,123,861)
Transfer to Mortgage and car loan deposit				
As at June 30, 2024	197,449,724	699,765,766	1,240,130,068	2,137,345,558
As at July 1, 2024	197,449,724	699,765,766	1,240,130,068	2,137,345,558
Surplus/ deficit for the year			42,047,528	42,047,528
As at June 30, 2025	197,449,724	699,765,766	1,282,177,596	2,179,393,086

Commission for University Education
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17. Statement of Cash Flows for the year ended 30 June 2025

Description	Notes	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	219,438,964	232,050,487
Rendering of services	7	269,107,955	211,510,002
Rental revenue from facilities and equipment	8	4,198,298	5,014,500
Finance income	9	36,813,172	42,671,239
Other income	10	537,324	259,563
Total receipts		530,095,714	491,505,791
Payments			
Use of goods and services	11b	25,920,963	17,853,599
Employee costs	12b	210,515,075	223,119,036
Board Expenses	13	8,927,361	7,125,086
Repairs and maintenance	15	4,491,768	2,418,990
Contracted services	16	62,458,492	45,328,274
Payment to KRA	17(b)	52,400,485	
		364,714,144	295,844,985
Total payments			
Net cash flows from/(used in) operating activities	28	165,381,570	195,660,806
Cash flows from investing activities			
Purchase of PPE and Intangible assets	21	(1,577,966)	(19,138,034)
Proceeds from sale of PPE			991,200
Net cash flows from/(used in) investing activities		(1,577,966)	(18,146,834)
Cash flows from financing activities			
Transfer to national treasury			(120,000,000)
Transfer to Mortgage and car Loan			(30,000,000)
Net cash flows from financing Activities			(150,000,000)
Net increase/(decrease) in cash & Cash equivalents		163,803,604	27,513,972
Cash and cash equivalents at 1 July	18	512,314,857	484,800,885
Cash and cash equivalents at 30 June	18	676,118,461	512,314,857

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carryovers		512,314,857	512,314,857	512,314,857		0%
Receipts						
Transfers from Other Governments entities	219,438,964		219,438,964	219,438,964	0	100.00%
Rendering of Services	211,130,000	42,000,000	253,130,000	269,107,955	(15,977,955)	106.31%
Rental Revenue	5800000		5,800,000	4,198,298	1,601,702	72.38%
Finance Income	7,000,000	8,000,000	15,000,000	36,813,172	(21,813,172)	245.42%
Other Income	1,070,000		1,070,000	537,324	532,676	50.22%
Total Receipts	444,438,964	50,000,000	494,438,964	530,095,714		
payments						
Use of Goods and Services	130,381,000	17,250,000	147,631,000	30,412,731	117,218,269	20.60%
Employee costs	243,247,543		243,247,543	210,515,075	32,732,468	86.54%
Remuneration of Directors	9,420,000		9,420,000	8,927,361	492,639	94.77%
Depreciation	3,000,000	11,100,000	14,100,000	30,611,658	(16,511,658)	217.1%
Contracted Services	54,106,923	21,650,000	75,756,923	62,458,492	13,298,431	82.45%
Payment to KRA				52,400,485	(52,400,485)	
Capital Expenditure Payments	4,283,498		4,283,498	1,577,966	2,705,532	36.84%
Total Payments	444,438,964	50,000,000	494,438,964	396,903,768		
Surplus	0	0	0	645,506,803		

Budget notes

**Commission for University Education
Annual Report and Financial Statements
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- i. Finance Income (245%) : The Commission anticipated the utilise the funds to undertake capital project in securing the premise , however the same was not approved therefore the funds were invested leading to over performance
- ii. Other Income (50%): The Commission had anticipated to earn revenue from disposal which was not achieved
- iii. Use of goods and services(20%): The Commission received a supplementary budget after the financial year therefore was unable to spent.
- iv. Employee costs (86.54 %): The Commission was affected by the state corporations' reforms and was therefore not able to recruit as budgeted
- v. Contracted services (82.45%) : The Commission received a supplementary budget after the financial year therefore was unable to spent
- vi. The changes between the original budget and final was as a result of supplementary budget of A-I-A of Kshs 50 M
- vii. The amount paid to KRA could not be anticipated during the financial year, therefore it was not budgeted for

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	645,506,803
	Depreciation	30,611,658
	Closing Cash and Cash Equivalent as per the statement of Cash flows	676,118,461

19. Notes to the Financial Statements

1. General Information

The Commission for University Education is established by and derives its authority and accountability from the Universities Act, CAB 210. The Commission is wholly owned by the Government of Kenya and is domiciled in Kenya. The Commission's principal activity is to regulate, coordinate, and assure quality university education in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with IPSAS accrual.

The financial statements have been prepared on a historical cost basis except for the measurement at revalued amounts of certain items of property, plant and equipment; marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts; and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Commission's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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

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Annual Reports and Financial Statements
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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue are effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

- ii. *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 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> 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. The standard will have no have a major impact on the Commission
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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 recognised as assets if they meet the criteria in the standard. IPSAS 45 has an 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. The standard will improve the reporting of the PP&E of the commission
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: 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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Annual Reports and Financial Statements
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	<p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The standard will have no have a major impact on the Commission</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></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 Commission for University Education 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 standard will have no have a major impact on the Commission</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></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>The standard will have no have a major impact on the Commission</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></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 standard will have no have a major impact on the Commission</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the Commission for University Education’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>The standard will have no have a major impact on the Commission</p>

iii. Early adoption of standards

The Commission for University Education did not early – adopt any new or amended standards in the financial year .

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Taxes, Levies and fines

The Commission for University Education recognizes revenues from taxes, levies, 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 Commission for University Education and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Commission for University Education 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 realised 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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Commission for University Education'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 the Current FY was approved by the National Assembly on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Commission for University Education upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Commission for University Education recorded additional appropriations of xxx on the 20xx budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The Commission for University Education'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 cash flows has been presented under section xxx of these financial statements.

c) **Taxes**

Current income tax

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 Commission for University Education and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 Commission for University Education 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.

f) **Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Commission for University Education. 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 Commission for University Education 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 Commission for University Education 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.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Commission for University Education. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

The amortization rate is 20% per annum on a straight line basis.

h) Biological Assets

The Commission for University Education recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the Commission for University Education, 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 Commission for University Education expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Commission for University Education 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.

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 Commission for University Education does not have any hedge relationships and therefore the new hedge accounting rules have no impact on its financial statements.** A financial instrument is any contract that gives rise to a financial asset of one Commission for University Education and a financial liability or equity instrument of another Commission for University Education. At initial recognition, the Commission for University Education 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 Commission for University Education classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Commission for University Education'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 cashflows 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 Commission for University Education has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the Commission for University Education 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 Commission for University Education 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 Commission for University Education 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 Commission for University Education 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 Commission for University Education 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 estimated costs of completion and the estimated costs necessary to make the sale, exchange,

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Summary of Significant Accounting Policies (Continued)

or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Commission for University Education.

l) Provisions

Provisions are recognized when the Commission for University Education has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Commission for University Education 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 Commission for University Education recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Commission for University Education will incur in fulfilling the present obligations represented by the liability.

n) Contingent liabilities

The Commission for University Education 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 Commission for University Education 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 Commission for University Education 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Nature and purpose of reserves

The Commission for University Education creates and maintains reserves in terms of specific requirements.

q) Changes in accounting policies and estimates

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

r) Employee benefits

Retirement benefit plans

The Commission for University Education provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Commission for University Education pays fixed contributions into a separate Commission for University Education (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. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

s) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

u) Related parties

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

v) Service concession arrangements

The Commission for University Education analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. Where a private party contributes an asset to the arrangement, the Commission for University Education 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 Commission for University Education also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 the Central Bank of Kenya and at various commercial banks at the end of the financial year.

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.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Commission for University Education'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. State all judgements, estimates and assumptions made:

Estimates and Assumptions

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

circumstances arising beyond the control of the Commission for University Education. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Commission for University Education.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

	2024-2025	2023-2024
	Kshs	Kshs
Unconditional Grants		
Operational Grant	219,438,964	232,050,487
Total Government Grants	219,438,964	232,050,487

7. Rendering Of Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Quality Assurance Charge	173,886,692	137,919,000
Equation of Qualification	17,750,005	20,889,872
Programme Evaluation	57,854,934	32,120,211
Inspection Fees	9,439,655	13,050,000
Student Recruitment Agencies	5,695,394	4,560,083
Establishment Fees	4,481,276	2,970,836
Total Revenue from The Rendering of Services	269,107,955	211,510,002

8. Rental Revenue from Facilities and Equipment

Description	2024-2025	2023-2024
	Kshs	Kshs
Rent	4,198,298	5,014,500
Total Rentals	4,198,298	5,014,500

The Commission Rents out space to a tenant in Loresho Residential premises and a former residential building at the Commission.

9. Finance Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Cash investments and fixed deposits		
Interest income from Treasury Bills	36,813,172	42,671,239
Total finance income	36,813,172	42,671,239

During the year the Commission invested in short -term deposits for funds which were not required for immediate use.

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Notes to the Financial Statements (Continued)

10. Other Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Miscellaneous incomes (specify)	537,324	-
Disposal		1,250,763
Total Other income	537,324	1,250,763
(b)		
Total Other Income as per Performance		1,250,763
Less proceeds from sale of assets		(991,200)
Total other income as per cashflow	537,324	259,563
Total Other income		

11. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Electricity	3,886,218	4,023,024
Exhibition Costs		600,000
Subscriptions	389,000	696,420
Transport & Generator operating costs	5,875,459	8,885,830
Advertising	767,723	1,508,302
Audit Fees provision	1,000,000	1,000,000
Conferences and Seminars	9,696,200	14,055,900
Hiring charges	721,475	411,220
Insurance (Property & staff)	4,193,177	4,679,509
Library Expense	718,000	1,342,690
Postage	59,814	97,121
Printing, photocopying & stationery	1,881,391	2,458,407
Office expenses	4,249,043	5,989,796
Rent & Rates	409,750	409,750
Telephone & Internet and Licenses	13,732,402	15,323,215
Training (staff Development)	10,468,741	13,709,409
Travelling & accommodation	60,984,395	66,529,029
Bank charges	489,602	332,897
Retirement (ceremonies & Welfare)		335,000
Total	119,522,390	142,387,518

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Notes to the Financial Statements (Continued)

Note 11 (b)

Use of goods and services as per performance	119,522,390	142,387,517
(Decrease)/Increase in prepayments	(200,097)	229,199
Decrease in exchange receivables	(12,658,113)	(91,162,835)
Increase/decrease in accrued dues	(36,946,248)	36,746,248
Decrease in research fund	4,097,950	429,000
Decrease/increase in other funds	(22,543)	588,347
Decrease in Biennial Conference	-	1,404,814
Increase/decrease in sundry creditors	(68,061,707)	(55,725,003)
Increase/decrease in creditor's control	19,066,149	(9,675,316)
Increase in other liabilities	1,851,908	(7,368,371)
Increase in staff imprest payable	(1,594,026)	
Decrease in provisions	1,000,000	
Decrease in staff imprests	(134,700)	
As per cashflow	25,920,963	17,853,599

12. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries and wages	107,300,082	112,981,712
Employer contribution to health insurance schemes	19,351,599	18,429,067
Employer contribution to pension schemes	15,178,589	17,606,439
Travel, accommodation, subsistence, & other allowances	12,249,401	13,400,950
Housing benefits and allowances	37,386,931	39,409,281
Acting Allowances	715,411	209,132
Social contributions	2,330,941	1,430,943
Gratuity and Fringe Benefits	11,464,646	9,750,563
Other employee related costs	10,340,267	10,180,636
Employee costs	216,317,868	223,398,723
12 (b) Employee costs as performance	216,317,867.69	223,398,723
Increase in staff imprests		134,700
Increase in payroll liability	(5,802,793.00)	(414,387)
As per cashflow	210,515,074.69	223,119,036

13. Board Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairman/Directors' Honoraria	861,935	960,000
Sitting Allowances	4,613,000	2,900,000
Medical Insurance	463,094	190,026
Induction and Training	657,600	1,140,000

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Travel and Accommodation	2,289,045	1,875,660
Telephone/Internet	42,687	59,400
Total	8,927,361	7,125,086

14. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Computers	6,449,802	2,007,351
Equipment	1,373,160	25,000
Furniture and fittings	2,135,978	221,700
Intangible assets	10,160,048	9,152,168
Buildings	3,137,670	
Motor Vehicle	7,355,000	2,130,000
Total depreciation and amortization	30,611,658	13,536,219

15. Repairs and Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Property	911,904	1,842,170
Motor Vehicle	3,169,911	
Generator	160,906	
Equipment & structures	249,048	576,820
Total Repairs and Maintenance	4,491,768	2,418,990

16. Contracted Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Resource Persons	53,045,036	37,743,527
Professional Fees	1,274,994	-
Contracted security	3,288,000	3,368,000
Ground Maintenance	1,616,000	1,419,680
Cleaning services	1,855,500	1,743,660
Other Contracted Services	1,378,962	1,053,407
Total Contracted Services	62,458,492	45,328,274

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17. Provision for bad debts

Description	2024-2025	2023-2024
	Kshs	Kshs
Bad Debts Provision	(6,681,836)	462,042
Total	(6,681,836)	462,042

During the FY total provision reduced from Kshs.134,424,346 in FY 2023/2024 to Kshs. 127,742,510.

17(b) KRA Payment

Description	2024-2025	2023-2024
	Kshs	Kshs
KRA Payment	52,400,485	-
Total	52,400,485	-

During the FY the Commission paid KRA Kshs. 52,400,485 being assessment of tax compliance.

18. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Cash and Cash equivalents	676,118,459	512,314,856
Total Cash and Cash Equivalents	676,118,459	512,314,856

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1108031625	675,430,069	511,599,921
Sub- Total		675,430,069	511,599,921
E-citizen		688,390	714,935
Sub- Total		688,390	714,935
Grand Total		676,118,459	512,314,856

19. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Others specify	3,301,119	-
Total	3,301,119	-

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20.Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

(a) Receivables from Exchange Transactions (Current)	2024-2025	2023-2024
		Comparative FY
Receivables	Kshs	Kshs
		134,700
Staff Debtors/ Imprest	3,301,119	3,501,216
Prepayments		36,946,247
Accrued Dues	807,976,866	813,953,143
Net Exchange Receivables	811,277,985	854,535,306
Total Current Receivables		

(Provide brief explanation on current receivables)

(b) Receivables from Exchange Transactions (Long-term)

Description	2024-2025	2023-2024
		Comparative FY
Total receivables	Kshs	Kshs
Receivables	935,719,377	948,377,489
Exchange Receivables	(127,742,510)	(134,424,346)
Less: Provision for bad debts	807,976,866	813,953,143
Net Exchange Receivables		
Total non-current receivables		
Total receivables (a+b)		

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(c) Ageing analysis for Receivables from exchange transactions

	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	ComparativeFY	% of the total
Less than 1 year	64,301,921	8%	27,247,992	3%
Between 1- 2 years	12,140,489	2%	31,783,746	4%
Between 2-3 years	30,458,912	4%	7,189,586	1%
Over 3 years	701,075,545	86%	747,731,819	92%
Total (a+b)	807,976,866	100%	813,953,143	100%

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21. Property, Plant and Equipment

Cost	Land		Buildings		Motor vehicles		Furniture and fittings		Computers		Equipment		Total	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation Rate														
As At 1 July 2023	640,000,000	156,883,500	45,280,000	17,087,776	13,195,950	10,935,275	883,382,501							
Additions	-	-	-958,335	-	-	-	-							
Disposals	-	-	-	-	-	-	-							
Transfers/Adjustments	-	-	-	-	-	-	-							
Cost as at 30 th June 2024	640,000,000	156,883,500	44,321,665	19,423,375	19,881,545	11,135,275	891,645,360							
Additions	-	-	-	-	-	-	-							
Disposals	-	-	-191,665	-	-	-	-191,665							
Transfer/Adjustments	-	-	-	-	-	-	-							
Revaluation adjustments	-	-	-	-	-	-	-							
Cost as at 30 th June 2025	640,000,000	156,883,500	44,130,000	19,423,375	21,459,511	11,135,275	893,031,661							
Depreciation And Impairment														
At 1 July 2023	-	-	-	221,700	2,007,351	25,000	4,384,051							
Depreciation	-	-	2,130,000	-	-	-	-191,665							
Transfer/Adjustments	-	-	-191,665	-	-	-	-							
Depreciation on revaluation	-	3,137,670	7,546,667	2,135,978	3,962,086	1,366,909	18,149,310							
Acc depn as at 30 th June 2024	-	3,137,670	9,485,000	2,357,678	5,969,437	1,391,909	22,341,696							
At 1 July 2024	-	3,137,670	9,485,000	2,357,678	5,969,437	1,391,909	22,341,696							
Depreciation	-	3,137,670	7,355,000	2,135,978	6,449,802	1,373,160	20,451,610							
Transfer/ Adjustments	-	-	-	-	-	-	-							
Acc depn as at 30 th June 2025	-	6,275,340	16,840,000	4,493,657	12,419,239	2,765,069	42,793,305							
Net Book Values														
As at 30 th June 2024	640,000,000	153,745,830	34,644,998	17,065,697	13,912,108	9,743,366	869,111,999							
As at 30 th June 2025	640,000,000	150,608,160	27,290,000	14,929,718	9,040,272	8,370,206	850,258,356							

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Notes to the Financial Statements (Continued)

Valuation

Land and buildings/equipment, motor vehicles, and furniture and fittings were valued by Elrons Limited in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). The assets were revalued by Elron professional valuers on this date, 30/06/2023. These amounts were adopted by the Board on 22/6/2023.

21. (b) Property, Plant and Equipment at Cost

If the freehold land, buildings, and other assets were stated on the historical cost basis, the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	640,000,000	-	640,000,000
Buildings & Stations	156,883,500	6,275,340	150,608,160
Motor Vehicles	44,130,000	16,840,000	27,290,000
Office Equipment,	11,135,275	2,765,069	8,370,206
Computers And Related Equipment	21,459,511	12,419,239	9,040,272
Office Furniture, And Fittings	19,423,375	4,493,657	14,929,718
Total	893,031,661	42,793,305	850,238,356

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22. Intangible Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At beginning of the year	50,800,240	40,883,400
Additions	-	-
Additions-internal development	-	9,916,840
At end of the year	50,800,240	50,800,240
Amortization and impairment		
At beginning of the year	10,160,048	-
Adjustment	-	-
Amortization	10,160,048	10,160,048
At end of the year	20,320,096	10,160,048
NBV	30,480,144	40,640,192

23. Trade and Other Funds

Description	2024-2025	2023-2024
	Kshs	Kshs
Creditors Control	19,956,800	39,022,949
Payroll Liability	6,761,011	958,218
Other Liabilities	5,911,475	7,763,382
Staff imprest	1,594,026	
Total trade and other payables	34,223,312	47,744,549

Ageing analysis: (Creditors)	2024-2025	% of the Total	2023-2024	% of the Total
	Under one year	9,867,466	49.4%	38,155,570
1-2 years	10,089,341	50.6%	701,992	1.80%
2-3 years		%	84,667	0.20%
Over 3 years		%	80,720	0.20%

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Total (tie to above total)			39,022,949	100%
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24. Current Provisions

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance b/f	1,000,000	1,000,000
Additional provisions	-	1,000,000
provision utilised	(1,000,000)	(1,000,000)
Total provision for the year	-	1,000,000

25. Prepayments from Customers

Description	2024-2025	2023-2024
	Kshs	Kshs
Prepaid Services and Others	143,541,391	75,479,684

26. Other funds (Long-Term)

Description	2024-2025	2023-2024
	Kshs	Kshs
Research Funds	0	4,097,950
Other Funds-NIC/British Council/Pacis Insurance	10,957,156	10,934,613
Total	10,957,156	15,032,563

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27. The Surplus Remission has been computed as follows:

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus/(Deficit) for the period	104,607,952	(62,123,861)
Less: Allowable deductions by NT		-
90% Computation (Included in Statement of Financial Performance)		-

Surplus Remission Payable

Description	2024-2025	2023-2024
	Kshs	Kshs
Payable at the beginning of the year		-
Paid during the year	-	-
Payable at end of the year		-

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Notes To the Financial Statements (Continued)

28. Cash Generated from Operations

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus for the year before tax	104,607,952	(62,123,861)
Adjusted for:		
Depreciation	13,769,884	13,536,219
Non-cash grants received		
Contributed assets		
Impairment		
Gains and losses on disposal of assets		(991,200)
Contribution to provisions	6,681,836	426,042
Contribution to impairment allowance		
Working capital adjustments		
Increase/decrease in prepayments (payments made in advance)	200,097	(229,199)
Decrease in exchange receivables	5,976,277	91,162,836
Increase in accrued dues	36,946,248	(36,746,248)
Decrease/increase in research fund (payable)	(4,097,950)	(429,000)
Decrease in other funds	22,543	(588,347)
Decrease in Biennial Conference		(1,404,814)
Increase in sundry creditors	68,061,707	55,725,003
Increase in creditor's control	(19,066,149)	9,675,317
Increase in other liabilities	(1,851,908)	7,368,371
Increase in staff imprests	134,700	(134,700)
Increase in payroll liability	5,802,793	414,387
Decrease in provisions	(1,000,000)	
Increase in staff imprest payable	1,594,026	
Net cash flows from/(used in) operating activities	217,782,056	195,660,806

29. Financial Risk Management

The Commission for University Education's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Commission for University Education's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Commission for University Education 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 Commission for University Education's financial risk management objectives and policies are detailed below:

i) Credit risk

The Commission for University Education has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Commission for University Education'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 Commission for University Education's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows;

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Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024-2025				
Receivables from exchange transactions	935,719,377	807,976,866	-	127,742,510
Receivables from non-exchange transactions	-	-	-	-
Bank balances	675,430,068.50	675,430,068.50	-	-
Total	1,611,149,445.50	756,227,754.50		
As at 30 June 2023-2024				
Receivables from exchange transactions	948,377,498	813,953,143	-	134,424,346
Receivables from non-exchange transactions	-	-	-	-
Bank balances	512,314,856	512,314,856	-	-
Total	1,460,692,345	1,326,267,999	-	134,424,346

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is high and the allowance for uncollectible amounts that the Commission for University Education has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Commission has significant concentration of credit risk on amounts due Universities. The board of directors sets the Commission for University Education's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Commission for University Education's directors, who have built an appropriate liquidity risk management framework for the management of the Commission for University Education's short, medium and long-term funding and liquidity management requirements. The Commission for University Education manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Commission for University Education under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances

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due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024-2025				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
As at 30th June 2023-2024				
Trade payables	38,155,570	701,992	165,386	39,022,948
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	38,155,570	701,992	165,386	39,022,948

Notes to the Financial Statements (Continued)

Financial Risk Management

iii) Market risk

The Commission for University Education has put in place an internal audit function to assist it in assessing the risk faced by the Commission for University Education 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 Commission for University Education's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Commission for University Education's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Commission for University Education's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Commission for University Education has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Commission for University Education manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Financial Risk Management

The following table demonstrates the effect on the Commission for University Education's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

b) Interest rate risk

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

Management of interest rate risk

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

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair value hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Commission for University Education's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Commission for University Education considers relevant and observable market prices in its valuations where possible.

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Notes to the Financial Statements (Continued)

Financial Risk Management

iv) Capital Risk Management

The objective of the Commission for University Education's capital risk management is to safeguard the Commission for University Education's ability to continue as a going concern.

The Commission for University Education capital structure comprises of the following funds:

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation Reserve	682,923,992	699,765,766
Retained Earnings	1,299,019,370	1,240,130,068
Capital Reserve	197,449,724	197,449,724
Total Funds	2,179,393,086	2,137,345,558
Total Borrowings		
Less: Cash and Bank Balances	676,118,459	512,314,856
Net Debt/(Excess Cash And Cash Equivalentents)		
Gearing	100%	100%

30. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the Commission for University Education, holding 100% of the Commission for University Education's equity interest. The Commission has no lenders therefore the Government of Kenya has not provided full guarantees.

Other related parties include:

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

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Description	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Rent income from govt. Agencies		
Water sales to govt. Agencies		
Others (specify) e.g. interest and bank charges		
Total		
B) purchases from related parties		
Purchases of electricity from KPLC	3,886,218	4,023,024
Purchase of water from govt service providers		
Rent expenses paid to govt agencies		
Training and conference fees paid to govt. Agencies		
Others (specify)		
Total		
b) Grants /transfers from the government		
Grants from national govt	219,438,963	232,050,487
Grants from county government		
Donations in kind		
Total	219,438,963	232,050,487
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees		
Payments for goods and services for xxx		
Total		
d) Key management compensation		
Directors' emoluments	861,935	960,000
Compensation to key management	29,953,284	17,469,339
Total	30,815,219	18,429,339

31. Contingent Assets and Contingent Liabilities

No	Case/Dispute No.	Petitioner/Plaintiff	Commencement date	Defendant(s) /Respondents	Issue in dispute	Quantum of claim	Status	Attorney General Involvement
1	NAIROBI HCPT NO E291 OF 2024	Tom Odhiambo Were	June 2024	Public Service Commission, Head of Public Service &	Petitioner is seeking Conservatory Order staying the Implementation and enforcement of	Orders	Ongoing	The Commission instructed the Attorney General to

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				The AG and CUE as Interested Parties	resolution of Circular OP/CAB.9/60			act on its behalf
2	NAIROBI HCPT NO E024 OF 2024	Trusted Society of Human Rights Alliance	April 2024	Bulitia Godrick Mathews, Masai Mara Univeristy, Council for Maasai Mara University, C.S Moe, PSC, EACC & CUE	Petitioner is seeking conservatory order/ temporary injunction restraining the 1 st Respondent from accessing and or performing the functions of the office of the Deputy Vice-Chancellor (Academic and Students Affairs) at Maasai Mara University	orders	Awaiting Judgment	The Commission instructed the Attorney General to act on its behalf
3	NAIROBI HCPT NO E142 OF 2024	Joseph Nduathi Mwai	March 2024	Strathmore University & Commission for University Education	Petitioner seeks order quashing the Respondents decision which required the Petitioner to undertake 6 additional unites to be eligible for graduation	Orders	Ongoing	The Commission instructed the Attorney General to act on its behalf
4	NAIROBI HCPT NO E242 OF 2023	Mabeya N. Moses & Vincent K. Yegon	August 2023	HELB, The Attorney General, Commission for University Education & CS, MOE	Petitioners are seeking a conservatory Order stopping implementation/operationalization of the 1 st Respondent advertisement dated 1 st August 2023 appearing in the Daily Nation, calling for applications for the 2023-24 postgraduate partial scholarship from Kenyan students enrolled in for Masters and PHD programs in local Universities.	Orders	Ongoing	The Commission instructed the Attorney General to act on its behalf
5	NAIROBI HCPT NO E242 OF 2023	Teresia Mbugua & 9 Others	July 2023	Regional Institute of Business Management, Maseno University, PS, Higher Education, CUE & AG	The Petitioners are seeking order to direct the 2 nd Respondent to admit the petitioners Application for Registration for the	Orders	Ongoing	The Commission instructed the Attorney General to act on its behalf

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					December 2023 graduation.			
6	NAIROBI HCPT NO E242 OF 2023	Ian Nyaga & Henry Mulyungi	March 2023	Egerton University, Commission for University Education, Engineers Board of Kenya & CS,MOE	Petitioners are seeking a conservatory Order to suspend the teaching, admission, examination and/or any other academic activity with regards to the following engineering courses; <i>Bachelor of Science- Water and Environmental Engineering, Instrumentation and Control Engineering and Manufacturing Engineering & Technology</i>	Orders	Ongoing	
7	NAIROBI JUDICIAL REVIEW NO. E087 OF 2022	Johnson Sakaja Arthur	June 2022	Commission for University Education & United Democratic Alliance, IEBC as Interested Parties	The Applicant Johnson Sakaja Arthur, seeks orders of Certiorary to quash the decision of the Commission for University Education made on 14 th June 2022 revoking the recognition of the Applicant's degree from Teams University, Kampala Uganda.	Orders	Appeal	The Commission instructed the Attorney General to act on its behalf
8	PETITION NO. E004 OF 2022	GICIRI THUO & 160 OTHERS	April 2022	National land Commission, Mama Ngina University College, Kenyatta University, Ministry of Education, Commission for University Education, Kenya Human Rights Commission	The Petitioners are seeking orders that the decision/process to acquire additional land for the 2 nd Respondent by 1 st Respondent from the Petitioners being devoid of the principal of public participation is illegal, unconstitutional, null and void.	Orders	Hearing	The Commission instructed the Attorney General to act on its behalf

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9	H CJR NO. E136 OF 2021	Republic	October 2021	Cabinet Secretary for Education, Kenya National Qualification s Authority & Attorney General, Commission for University Education, Technical and Vocational Education and Training Authority, Kenya national Examinations Council, National Industrial Training Authority as Intrested Parties. George Bala exparte Applicant	The Applicant seeks an Order of certoirari to bring into this Court and quash Part III of the Kenya National Qualifications Framework Regulations, 2018, and quash the decision of the 2nd Respondent to recognize, equate and verify national and foreign academic qualifications	Orders	Hearing	The Commissio n instructed the Attorney General to act on its behalf
10	PETITION NO. 118 OF 2021	Universities Academic Staff Union	July 2021	University of Nairobi, , University Council, University of Nairobi & CS, Ministry of Education, Public Service Commission, Attorney General, Commission for University Education As Interested Parties	Petitioners are seeking Conservatory Orders issued against the Respondents form implementing the Vice Chancellor's Proposed Governance Reforms dated July 2021 and Memo dated 14th July 2021	Orders	Hearing	The Commissio n instructed the Attorney General to act on its behalf

32.Events after the Reporting Period

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

33.Ultimate And Holding Commission for University Education

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

34.Currency

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

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35. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

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

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved.)
Long Outstanding Receivables from Exchange Transactions	<p>The statement of financial position reflects receivables from exchange transactions of Kshs.854,535,306 as disclosed in Note 19 to the financial statements. Included in the balance is a net exchange receivables of Kshs.813,953,143 relating to quality assurance receivables from the universities.. A review of the aging analysis for the net exchange receivables revealed that a balance of Kshs.747,731,819 had been outstanding for periods exceeding three years. Further, Management did not provide confirmations from the respective universities in the outstanding balances for audit review.</p> <p>In the circumstances, the recoverability and fair statement of the receivables balance from exchange transactions of Kshs.747,731,819 could not be confirmed.</p>	<p>The Commission has undertaken reconciliations with the Universities as a confirmation of outstanding balances and some have provided payment plans (Attachment 1a). Some universities have paid: Kisii University- Kshs 30M, Maseno University-Kshs 8M and Mt. Kenya-Kshs 53.5. 75% of the Commission receivables is owed by 6 universities: University of Nairobi- Kshs 210 Million, Kenyatta University- Kshs 205 Million, Moi University- Kshs 123 Million, JKUAT- Kshs 92 Million, Egerton University- Kshs 56 Million and Maseno University- Kshs 39</p>	Work in progress	

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Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved.)
		Million. The listed universities are facing cash flow problems.		
Budgetary Control and Performance	The statement of comparison of budget and actual amounts reflects total revenue budget and actual on a comparable basis of Kshs.469,050,487 and Kshs.492,496,991 respectively, resulting in an over-performance of Kshs.23,446,504 or 5%. The overperformance is attributed to finance income, which outperformed its target by Kshs.35,671,239 or 510% of the budgeted amount, which is an indication of under-budgeting of the finance income.	The finance income was not anticipated, as the funds had been earmarked for capital activities, which included the construction of the gate which stands on the road reserve and a perimeter wall among others however the projects were not approved for implementation by the National Treasury.	Resolved	
Unresolved Prior Year Matters	In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, management had not resolved all the issues as at 30 June 2024.	The Commission has been implementing the Audit recommendations. Over the years the audit queries have been reduced due to the implementation of recommendations.	Resolved	
1. Unsupported Direct Procurement of Short-Term Deposits Services	The statement of financial performance reflects finance income of Kshs.42,671,239 as disclosed in Note 9 to the financial statements. Included in the amount is fixed interest income of Kshs.42,113,991 earned from placements in fixed deposits at a commercial bank as shown:	The Commission invested the funds in its approved bank account. The approval was made vide letter AG.3/88/1 Vol.58/(54) from the National Treasury to operate a Commercial Bank account at KCB Bank, Moi Avenue branch, opened in 1985	Resolved	

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Reference No. on the external audit Report	Issue/Observations from Auditor						Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved.)
	Interest Rate P.A	Duration	Start Date	Maturity Date	Amount (Kshs.)	Interest Earned (Kshs.)			
	15%	90 Days	12/3/24	10/6/24	50,000,000	1,567,623	The Commission has adopted the recommendations as set per the procurement laws and procedures and is now inviting banks to express interest, and investments are placed with the competitive bidder.		
	16%	90 Days	19/1/24	19/4/24	400,000,000	13,525,683			
	13.50%	90 Days	29/12/24	29/3/24	100,000,000	2,860,890			
	14%	90 Days	13/10/24	11/1/24	400,000,000	11,736,986			
	12.50%	90 Days	12/9/24	11/12/23	50,000,000	1,309,932			
	12.50%	Call	8/9/24	7/12/23	50,000,000	1,077,055			
	12%	60 Days	11/7/24	11/9/24	50,000,000	866,301			
	12.50%	90 Days	11/7/24	9/10/24	350,000,000	9,169,521			
	Total					42,113,991			
		<p>However, a Request for Proposal (RFP) or equivalent inviting banks to express interest was not provided for audit review. The single sourcing of the placement bank is contrary to Section 158 of the Public Procurement and Asset Disposal Act, 2015.</p> <p>In the circumstances, management was in breach of law.</p>							
2. Irregularities in Implementation and Management of ERP Contract	<p>The statement of financial performance reflects use of goods and services amount of Kshs.142,387,517 as disclosed in Note 11 to the financial statements. Further, the statement of financial position reflects intangible assets of Kshs.40,640,192 as disclosed in Note 21 to the financial statements. Records provided for audit indicated that the Commission signed a contract with a local company on 19 October, 2018, to design, supply, develop, implement, test and commission an Integrated</p>						<p>The Management considered further detailed training as an important component of the system implementation to facilitate easier migration from manual to digitalized processes. The referenced training was therefore</p>	Resolved	

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Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved.)
	<p>Management Information System at a contract sum of Kshs.45,760,840 for a period of two (2) years. Included in the contract sum is an amount of Kshs.3,915,000, being provision for user training and remuneration costs. However, the following irregularities were noted regarding implementation and management of the contract;</p> <p>Irregular Training Expenses on ERP Modules</p> <p>Included in the use of goods and services amount of Kshs.142,387,517 and as disclosed in Note 11 is an amount of Kshs.66,529,029 in respect of travelling and accommodation, out of which Kshs.14,780,880 related to staff payments, hotel accommodations and conference facilities used for training on ERP modules. However, the amount of Kshs.14,780,880 was incurred on staff payments, hotel accommodation and conference facilities over and above Kshs.3,915,000 provided in the contract for the same activities. In the circumstances, value for money may have not been realized from the expenditure of Kshs.14,780,880 spent on staff training on ERP modules outside the signed contract.</p>	<p>included in the approved workplans and budget.</p> <p>The Commission management approved offsite workshops to allow internal users of each module, working with system developers, to review system designs, refine them and get trained on the module. Offsite workshops were considered necessary to allow users uninterrupted intense sessions and long working hours to ensure that users provide feedback on the system, which is a prerequisite for user acceptance and adoption of new systems.</p>		
2.2 Delayed Implementation of ERP Software Contract	<p>The contractor was expected to deliver the software in three phases as follows: phase 1 was for ninety (90) working days, to be completed by 22 February, 2019; phase 2 was for one hundred and twenty (120) working days, to be completed by 16 August, 2019; and phase 3 was for ninety (90) working days, to be completed by 20 December, 2019. Further, the contractor was required to create fifteen (15) modules as follows: Phase 1 -</p>	<p>It has been noted that the contractor has completed the bulk system design and development and implementation and is currently refining emerging user requirements prior to signing a service level agreement for support</p>	Resolved	

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Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved.)
	<p>four(4) modules; Phase 2 - five(5) modules; and Phase 3 - six(6) modules.</p> <p>However, documents provided for audit indicated that an amount of Kshs.34,614,600 or 75.6% had been paid to the vendor as at 30 June, 2024 yet only six (6) modules or 40% of the fifteen (15) were operational. These are data collection module in phase 1, quality management module, collaboration management module, accreditation management module (institutional and academic programmes) and the quality audit module, all in phase 2; and the legal and enforcement module in phase 3.</p> <p>In addition, discrepancies were found in the human resource and payroll module (under phase 3), as the master roll reports generated at different times exhibited inconsistencies where the staff pay slips for December 2023 and January 2024 produced by the system during the audit did not match the filed hard copies. Additionally, the PAYE figures in the payroll differed from those on the pay slips. Further, the vendor was still on the ground interacting with the system as of the time of audit in August 2024, or fifty-seven months (57) after the contract period for phase three had expired.</p> <p>In the circumstances, value for money has not been achieved on the investment of Kshs.34,614,600 paid to the contractor since</p>	<p>of the system as provided for in the project bid document.</p> <p>In March 2025, the Commission negotiated for completion of the project by August 2025 and thereafter one year hand holding</p>		

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Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved.)
	the Commission is not fully benefiting from the system due to the underutilization of its available functionalities.			
3. Long Outstanding Trade and Other Payables from Exchange Transactions	<p>The statement of financial position reflects trade and other payables balance of Kshs.15,032,564 as disclosed in Note 23 to the financial statements. However, included in the balance are trade payables of Kshs.10,934,613 which has been outstanding for more than three years. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract (s) are reflected in approved budget estimates.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>The amounts related to project funds and not on trade payables as per the analysis below. The Commission is the process of utilizing the funds as detailed in the table.</p> <p style="text-align: center;">Note</p> <p>2046.11 OPEN-Trade Receivables 17,212 2,76,76.00 Funds to be utilized for FY2022 2433.21 PAID-Trade Payables 11,21,21.00 Possible to project implementation 19.2022 PAID-Trade Payables 11,21,21.00 Possible to project implementation 19.2022 PAID-Trade Payables 11,21,21.00 Possible to project implementation 2046.21 OPEN-Trade Receivables 17,212 2,76,76.00 Funds to be utilized for FY2022 2046.21 OPEN-Trade Receivables 17,212 2,76,76.00 Funds to be utilized for FY2022</p>	Resolved	


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Commission Secretary/CEO

Date:27.11.25.....

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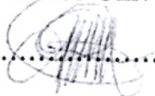
Appendix V- Inter-Entity Confirmation Letter
Name of Transferring Entity: Ministry of Education
Name of Beneficiary Entity: Commission of University Education

Confirmation of amounts received by Commission for University Education as at 30th June 2025


Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
37949	23/6/2025	18,286,580.65		18,286,580.65	
37948	23/6/2025	18,286,580.65		18,286,580.65	
37886	5/5/2025	18,286,580.65		18,286,580.65	
37874	15/4/2025	18,286,580.65		18,286,580.65	
37834	14/3/2025	18,286,580.65		18,286,580.65	
37833	14/3/2025	18,286,580.65		18,286,580.65	
37741	1/7/2025	18,286,580.65		18,286,580.65	
37718	13/12/2024	18,286,580.65		18,286,580.65	
37675	11/15/2024	18,286,580.65		18,286,580.65	
37608	4/10/2024	18,286,580.65		18,286,580.65	
37588	17/9/2024	18,286,580.65		18,286,580.65	
37567	6/9/2024	18,286,580.65		18,286,580.65	
Total		219,438,967.80		219,438,967.80	

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

Head of Accounts Department - Disbursing Commission for University Education:

Name Prof. Mike Kuria Sign  Date 27/11/25

Head of Accounts Department - Beneficiary Commission for University Education:

Name Linal J. Kuma Sign  Date 27/11/25

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Appendix VI: Reporting of Climate -Relevant

Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster-related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments