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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MULTIMEDIA UNIVERSITY OF KENYA**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

OFFICE OF THE AUDITOR GENERAL  
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MULTIMEDIA UNIVERSITY OF KENYA

ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDING 30<sup>TH</sup>  
JUNE 2025

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

*Multimedia University of Kenya*  
*Annual Report and Financial Statements for the Financial Year ending 30th June 2025*

**TABLE OF CONTENT**

TABLE OF CONTENT .....	iii
1) ACRONYMS AND DEFINITION OF KEY TERMS .....	iv
2) KEY ENTITY INFORMATION AND MANAGEMENT .....	v
3) THE UNIVERSITY COUNCIL.....	viii
4) MANAGEMENT TEAM.....	xii
5) CHAIRMAN'S STATEMENT .....	xiv
6) THE VICE CHANCELLOR'S STATEMENT.....	xvi
7) STATEMENT OF MULTIMEDIA UNIVERSITY OF KENYA PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025 .....	xix
8) CORPORATE GOVERNANCE STATEMENT .....	xxi
9) MANAGEMENT DISCUSSION AND ANALYSIS .....	xxviii
10) ENVIRONMENTAL AND SUSTAINABILTY REPORTING.....	xxxii
11) REPORT OF THE UNIVERSITY COUNCIL.....	xxxvii
12) STATEMENT OF THE UNIVERSITY COUNCIL RESPONSIBILITIES .....	xl
13) REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF MULTIMEDIA UNIVERSITY OF KENYA (MMU) FOR THE YEAR ENDED 30TH JUNE, 2025 ..	xli
14) STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2025	1
15) STATEMENT OF FINANCIAL POSITION AS AT 30 <sup>TH</sup> JUNE, 2025 .....	2
16) STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2025 ....	3
17) STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2025 .....	4
18) STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2025 .....	5
19) NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 <sup>TH</sup> JUNE 2025.....	9
20. APPENDICES .....	27
Appendix I: Implementation Status of Auditor-General's Recommendations.....	27
Appendix II: Projects implemented Multimedia University of Kenya .....	33
Appendix III: Transfers from Other Government Entities.....	33
Appendix IV: Inter-Entity Confirmation Letter .....	34
Appendix VI: Reporting of Climate Relevant Expenditures.....	35
Appendix VII: Reporting on Disaster Management Expenditure .....	36

## 1) ACRONYMS AND DEFINITION OF KEY TERMS

### A: Acronyms

CCK	Communications commission of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
ISO	International Standards for Organization
KCCT	Kenya College of Communication
MMU	Multimedia University of Kenya
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
VC	Vice Chancellor

### B: Definition of Key Terms

**Fiduciary Management**- Members of Management directly entrusted with the responsibility of financial resources of the organization.

**Comparative Year**- Means the prior period.

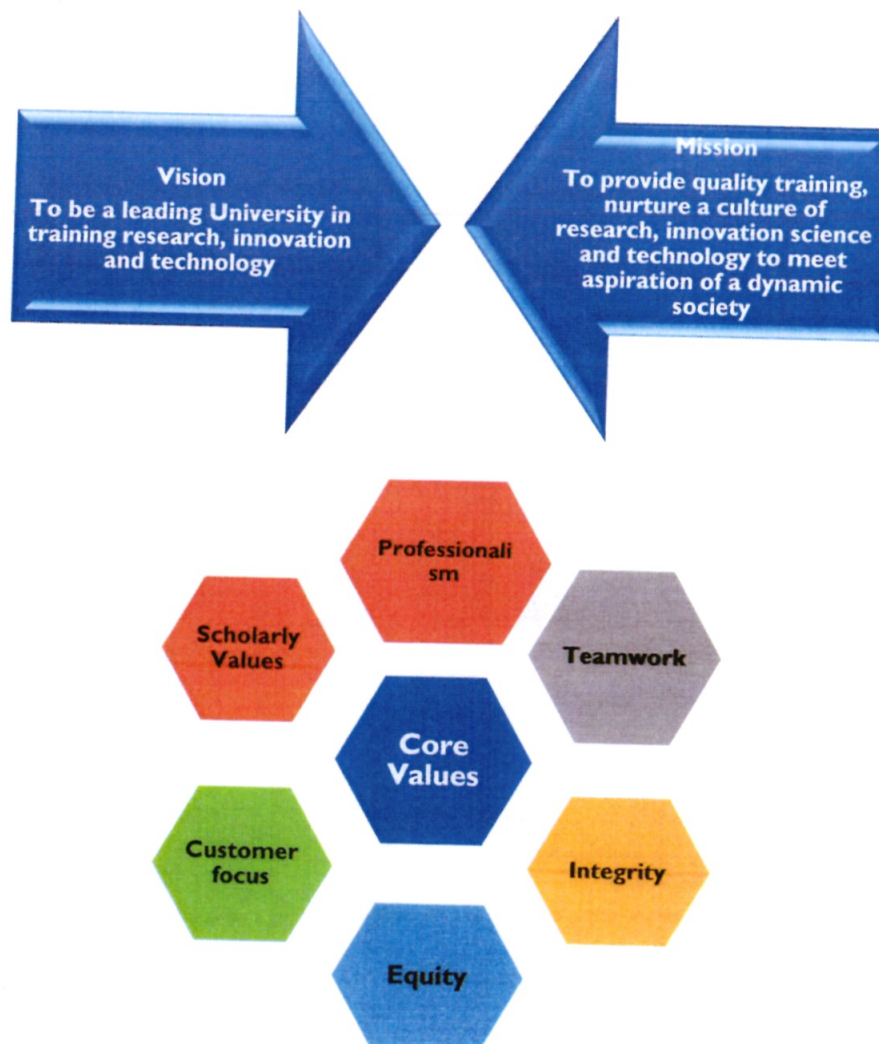
## 2) KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

Multimedia University of Kenya is a body corporate established through its Charter of 2013 and Universities Act No.42 of 2012. The University's main Campus is located at Mbagathi along Magadi Road, approximately 20 Kms South West of Nairobi City centre. The institution envisions at becoming a leading University in training, research, innovation and technology. The University has six (6) faculties, fifteen (15) departments and Five (5) directorates offering a total of 60 academic programmes. Multimedia University of Kenya goal is to offer quality education that is in tandem with the needs and aspirations of the global village. Consequently, the University has set up a conducive environment which offers learning and academic interactions between students and staff from all walks of life and culture.

### (b) Principal Activities

The principal activities of the University are stipulated in its vision, mission statements and core values shown below:



### (c) Key Management

Multimedia University's day-to-day management is under the following key organs:

- (i) Council,
- (ii) University Management Board,
- (iii) Senate

### (d) Fiduciary Management

The key Management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were;

No	Designation	Name
1.	Vice Chancellor	Prof. Rosebella O. Maranga
2.	Deputy Vice Chancellor (A,F & P)	Prof. Geoffrey K. Rurimo
3.	Deputy Vice Chancellor (AA, R & I)	Prof. Dr. Eng. Livingstone Ngoo
4.	Registrar, Academic Affairs	Dr. Joash Mulabe
5.	Registrar, Administration	Mr. Cornelius Mutangili
6.	Chief Finance Officer	CPA Dr. Grace Kakiya
7.	Ag. Chief Procurement Officer	Mr. Anthony K. Gitau

### (e) Fiduciary Oversight Arrangements

- (i) Full Council
- (ii) Finance, Planning and Resource Mobilization Committee
- (iii) Audit, Risk & Governance Committee
- (iv) Academic & Students Welfare Committee
- (v) Human Resource & Staff Welfare Committee
- [vi] Sealing & Honorary Committee (Ad-hoc)

### (f) Entity Headquarters

P.O. Box 15653, 00503  
 Magadi Road  
 Nairobi, Kenya.

### (g) Entity Contacts

Telephone: (254) (020), 2071391/2/3  
 E-mail: [vc@mmu.ac.ke](mailto:vc@mmu.ac.ke)  
 Website: [www.mmu.ac.ke](http://www.mmu.ac.ke)

### (h) Entity Bankers

1. Kenya Commercial Bank  
 Ongata Rongai Branch  
 P.O. Box 267  
 Ongata Rongai
2. Equity Bank Ltd,  
 Ongata Rongai Branch,  
 P.O Box 75104-00200,  
 Nairobi, Kenya.

3. Co-operative Bank of Kenya,  
P. O. Box 470- 00511,  
Ongata Rongai.

**(i) Independent Auditors**

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

**(j) Principal Legal Advisers**

1. The Attorney General,  
State Law Office and department of Justice,  
Harambee Avenue,  
P.O Box 40112,  
City Square 00200,  
Nairobi, Kenya
2. J. Thongori & Co. Advocates,  
P.O. Box 45707-00100,  
Nairobi.
3. Miller & Company Advocates,  
P.O. Box 45707-00100,  
Nairobi.
4. Muchoki Kanga'ta Njenga & Co. Advocates,  
P. O. Box 926 - 00100,  
Nairobi.
5. P. W. Wena & Company Advocates,  
P. O. Box 928 - 00100,  
Nairobi.

### 3) THE UNIVERSITY COUNCIL



**Dr. Albert Kochei  
Chairman**

Dr. Kochei, is the Chairman of Council at Multimedia University of Kenya. He previously served as a Board Director at Communications Authority of Kenya (CAK). Dr. Kochei holds a PhD in Public Administration from the London Bridge Business School (UK), Master of Environmental Economics and Bachelors of Commerce (Accounting option). He is an accomplished Accountant, Leadership & Governance Expert and also a Certified & Accredited Mediator from Strathmore Law School.

Dr. Kochei has previously worked as an internal auditor at World Vision Kenya and as a political and economic resilience program manager at the International Centre for Livelihood and Environmental Protection. He was born on 22<sup>nd</sup> April 1978.



**Prof. Rosebella O. Maranga, PhD, MBS  
Vice Chancellor/ Secretary to Council**

Professor Rosebella O. Maranga is the Vice Chancellor at Multimedia University of Kenya (MMU) since October 2024 having served in an acting capacity from January 2024 and a Full Professor of Zoology, specializing in Medical and Veterinary Entomology. Before her current role, she served as MMU's Deputy Vice Chancellor for Administration, Finance, and Planning from 2014 to February 2024. Professor Maranga holds a Doctor of Philosophy (PhD) in Zoology from Jomo Kenyatta University of Agriculture and Technology (JKUAT), Master of Management & Leadership from the Management University of Africa, Master of Science in Medical and Veterinary Entomology from University of Nairobi, and Bachelor of Education from Kenyatta University. She is an advocate for quality education and an astute scholar. Prof. Maranga has not only published extensively but supervised post graduate students and served as a peer reviewer of several journals.

Throughout Prof Maranga's career, she has held key administrative roles, including founding Director of the Gender and Monitoring Centre at JKUAT, Chairperson of the Professors Forum, and Acting Dean of the Faculty of Science at JKUAT. Her work has earned her 4 international awards, including the prestigious Moran of the Order of the Burning Spear (MBS) and recognition in global biographical listings. She has also served in various boards thus possess expertise in strategic planning, budget management, and policy formulation. She also actively engages in community development and resource mobilization through grant proposal writing. Her dedication to service, transparency, and excellence continues to position her as a significant leader in the academic and community development sectors. She was born on 6<sup>th</sup> October 1960.



**Hon. Aloise Musa Lentoimanga**  
Independent member

Hon. Alois Musa Lentoimaga has over 36 years in Public Administration. He is well versed with Management, strategy development and execution, Human resource management, security matters, policy management, financial & cost control, project management, government regulations & relations and crisis management and communication. He the Chair of Human Resource & Staff Welfare Committee of Council.

He holds a Master of Business Administration from Birmingham University (UK), bachelor of business administration from American Intercontinental University (London), post graduate diploma in development administration from Birmingham University (UK), executive Masters in business administration from JKUAT among other trainings. He was born on 20<sup>th</sup> February 1959.



**Sr. Dr. Angelica Mocheche Obaga**  
Independent member

Sr. Dr. Angelica Obaga has over 30 years' experience in Curriculum development, teaching, evaluation and vetting of curriculums and strategic leadership. She has been Principal Curriculum Development Officer at Kenya Institute of Curriculum Development (KICD) since the year 2002. She is the Chair of Academic & Students Welfare Committee of Council.

She holds a PhD in Religious Education from the Catholic University of Eastern Africa, Masters of Arts degree in Religious studies and a bachelor of education degree from CUEA. She is also a holder of a post-graduate diploma in Control and Management of HIV and AIDS from Kenyatta University. She was born on 25<sup>th</sup> November 1962.



**Hon. Dr. Moses Ole Sakuda**  
Independent Member

Hon. Dr. Moses Ole Sakuda has over 30 years of experience in Management and Governance. He formerly served as an Assistant Minister, Regional Development and Ag. Minister in Foreign Affairs. He has served in numerous leadership capacities including in boards of several organizations, including Ewaso Ngiro South Development Authority, Washington Office for Africa (WOA), Washington Policy Research Institute and Monsanto Company. He also served two terms as Member of Parliament for Kajiado North Constituency. He is well versed with issues. He is the Chair of Finance, Planning and Resource Mobilization Committee of Council.

Hon. Dr. Moses Ole Sakuda holds a PhD in In Educational Leadership from Wilmington DE, USA, Masters of Divinity (M. Div.), Masters of Arts in Education Leadership (M.A. Ed.) and a Bachelor of Arts Education from Eastern Mennonite University, Harrisonburg. He was born on 1<sup>st</sup> January 1968.



**Ms. Beatrice Tonui Chepkorir  
Independent Member**

Ms. Beatrice Tonui has over twenty years' experience in Management, planning, policy design & implementation, Research and evaluation, curriculum design facilitation and evaluation. She has vast experience in Government and partners' relationship, coordination & collaboration at both National/County Governments and private sector.

She holds a Master of Strategic Management and bachelor's degree in Marketing from KEMU. She poses other skills including gender mainstreaming, corporate culture change, people management and executive leadership. She was born on 21<sup>st</sup> December 1974.



**CPA. ACCA. Daniel Muchiri Muriuki  
Independent Member**

CPA ACCA Daniel Muriuki has over twelve years' experience in financial matters, audit, financial reporting & stewardship (planning & analysis), governance and compliance, treasury management, donor funds accounting & reporting, forecasting and internal controls. He is the Chair of Audit, Risk & Governance Committee of Council.

He holds an MBA in Strategic Management from University of Nairobi and bachelor's degree in financial engineering from JKUAT, advanced diploma in Accounting & Business from Strathmore University, CPA (K) and ACCA from Strathmore University. He was born on 27<sup>th</sup> July 1991.



**Ms. Julia Chepkieny  
Representative of Principal Secretary,  
Ministry of Education**

Ms. Julia Chepkieny is the Director of Planning at the State Department for Higher Education and Research serves as the Representative of the Principal Secretary in Council. She brings extensive experience in the public sector, having previously worked in the Ministry of Agriculture as an Agribusiness Development Officer and Project Coordinator. She also served as an economist at the National Treasury and Economic Planning, where she was responsible for planning, budgeting, project implementation, monitoring, and evaluation.

She holds a Master of Science in Agricultural Economics from the University of Reading (UK), a Master of Arts in Project Management from Shahid Zulfiqar Ali Bhutto Institute of Science and Technology (SZABIST) - Islamabad, and a Bachelor of Science in Agricultural Economics from Egerton University. She is also a practicing Project Management professional.



**Mr. Micah Kilonzo**  
**Representative of Principal Secretary,**  
**The National Treasury**

Mr. Micah Kilonzo holds Masters in Economics and was born in Makueni County. He has thirty-two (32) years of experience in Public Service. Out of which 21 (twenty-one) years worked as a local Government Inspector in the Ministry of Local Government Inspector in the Ministry of Local Government and a Devolution Officer in the State department for Devolution. He previously worked as a Chief Town Clerk, Municipal Council of Bomet and a Town Treasurer of Malaba Town Council. Currently he is a Chief Economist in the National Treasury and appointed as a representative of the Permanent Secretary in the Council.

He has BA (Economics and Mathematics) from Egerton University. He was born on 21<sup>st</sup> May 1965.

#### 4) MANAGEMENT TEAM



**Prof. Rosebella O. Maranga, PhD, MBS**  
Vice Chancellor

**Academic qualification**

PhD, (JKUAT), MML(MUA), M.Sc. (UoN), B.Ed.(KU)



**Prof. Geoffrey Kihara Rurimo**  
Deputy Vice Chancellor (A, F & P)

**Academic qualification**

PhD, (Max Planck Institute for Science of Light, University of Erlangen, Germany), M.Sc. (University of Adelaide Australia), B.Sc. (JKUAT)



**Prof. Dr. Eng. Livingstone Ngoo**  
Deputy Vice Chancellor (AA, R & I)

**Academic qualification**

PhD, (Harbin Institute of Technology, PRC), M.Sc. (University of Regina) M.Sc. (Moscow Agro Engineering University - Russia), B.Ed.(UoN)



**Dr. Joash Mulabe**  
Registrar Academic Affairs

**Academic qualification**

PhD, (UON), MBA (KU), B.A (KU)



**Dr. Cornelius Mutangili**  
Registrar Administration

**Academic qualification**

PhD, (JKUAT), M.A. (UoN), B.A (UoN)



**CPA. Dr. Grace Kakiya**  
Chief Finance Officer

**Academic qualification**

D. Phil(Moi); MBA(Egerton); BBM (Moi); CPA(K); FA(K); Cert IPSAS

## 5) CHAIRMAN'S STATEMENT

On behalf of the Multimedia University of Kenya Council, I am honoured to present the Annual Report and Financial Statements for the year ended 30th June 2025. The 2024–2025 financial year has been one of both promising opportunities and significant challenges. The Council remains steadfast in its commitment to transforming MMU into a premier institution of higher learning. During the year under review, I am pleased to report that the University has continued to make remarkable strides in fulfilling its mandate academic, research, and community outreach. This includes enhanced student enrolment, securing collaborations with industry and conducting research activities that address societal needs. Council is glad to report that the Student Centred Funding Model seems to be addressing the financial challenges that have been persistent over years. The University was able to report a surplus of Kshs 324M in the second year of implementing the Student Centred Model. However, this came with the challenges of court litigations against the model that resulted to huge student debtors.

The Council is cognizant of the huge debts owed entities such as KRA and Pension Scheme and has provided strategic policy direction aimed at enhancing resource mobilization, expanding partnerships, and improving governance and financial prudence. A key priority moving forward is to ensure that every shilling available to the University is invested in a manner that delivers measurable impact.

To this end, the University has prioritized the completion and operationalization of key infrastructure projects, including the Library Complex, new lecture halls, enhancing ICT infrastructure for teaching and improved water supply within the University. In addition, the University is advancing plans to undertake several strategic initiatives, including:

- Upgrading the Enterprise Resource Planning (ERP) system to enhance efficiency, transparency, and accountability.
- Sprucing up of existing lecture halls and hostels to improve teaching and learning environments.
- The launch of a Solar Energy Project to reduce reliance on the national grid and promote clean, renewable energy.
- Refurbishment of the MMU Hotel to support revenue generation and strengthen the University's conferencing and hospitality offerings.

The Council recognizes the critical role that partnerships and collaborations play in enhancing the quality and relevance of higher education. During the financial year, the University strengthened ties with key industry partners and institutions including Kenya Film Commission and Africa Digital Media Institute on Film, Media and AI Skills; University of Linz, Austria on renewable energy; Volvo Research and Education Foundation (VREF) on transport (urban mobility); Morendat Institute of Oil & Gas National Polytechnic (Kenya); Konza Technopolis Development Authority (Kenya); Synergy University (Russia) on promoting cultural and academic exchange among Faculty and student; and Africa Advanced Level Telecommunications Institute (AFRALTI) on Cisco Networking Programs among others. Such Collaborations enable the students and faculty to benefit from internships, mentorship programmes, and joint research & teaching opportunities. The University's increasing focus on applied research and innovation aims to address Kenya's and Africa's pressing socio-economic challenges, while also attracting vital research funding.

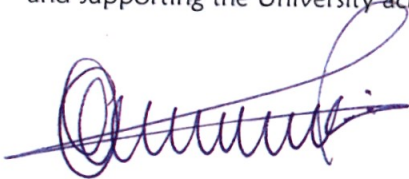
The Council strategic direction is guided by the MMU Strategic Plan (2023–2028), which aims to position the University as a leading, medium-sized technical university with a niche in STEM and applied technical programmes. Our goal is to expand access to quality education, deepen our research agenda, and foster innovation through technology and industry engagement. Looking ahead, the Council will continue to provide visionary leadership in support of key institutional priorities. This includes: -

*Multimedia University of Kenya*  
*Annual Report and Financial Statements for the Financial Year ending 30th June 2025*

- Partnering with the government to improve student welfare by providing accommodation facilities for the learners through Institutional Affordable Housing Project which result to construction of MMU Student Village Accommodation with 2520 - bed capacity.
- Developing and rolling out postgraduate programmes, including three new doctorate programmes already submitted for approval, with others in development.
- Intensifying income-generating activities through short courses, consultancies, and commercialization of research outputs.
- Establishing an endowment fund to support long-term sustainability and academic excellence.

The path to financial stability and institutional resilience requires unwavering commitment, prudent resource management, and strategic investment in people, infrastructure, and ideas. The Council is currently evaluating several proposals aimed at improving the University's financial sustainability and we are prepared to support viable, forward-looking initiatives that align with our mission and vision.

In conclusion, I wish to sincerely thank the Government of Kenya for its continued support, particularly through capitation and policy guidance. As a public university, MMU relies on government support to fulfil its mandate, and we look forward to further collaboration in shaping the future of higher education in Kenya. Notably, I thank members of Council for their immense contributions, ideas and presence in both meetings and other activities they were required to participate in. A special mention is given to the University Management for ensuring that there was prudent use of resources. Finally, I wish to thank members of staff, students and guardians for taking up their roles and supporting the University achieve its mission.



**Dr. Albert Kipkogei Kochei**  
**CHAIRMAN OF COUNCIL**

## 6) THE VICE CHANCELLOR'S STATEMENT

I hereby present the Annual Report and Financial Statements of Multimedia University of Kenya for the year that ended on 30<sup>th</sup> June 2025 as required by the Universities Act 2012, MMU Charter and the Public Finance Management Act 2012.

### Economy and Sector Review

The Global real GDP grew by 3.2 per cent in 2024 compared to 3.3 per cent in 2023. Sub-Saharan Africa (SSA) real GDP grew by 3.8 per cent, while that of East African Community (EAC-5) region grew by 5.4 per cent. Kenya's real Gross Domestic Product (GDP) declined from 5.7 per cent in 2023/24 compared to a growth of 4.7 per cent in 2024/25. This is a result of Agriculture, Forestry and Fishing sectors growing by 4.6 per cent compared to 6.6 per cent growth in 2023. Other sectors also had notable growths including Financial & Insurance Activities (7.6%), Transportation and Storage (4.4%) and Real Estate (5.3%). Construction however, recorded a contraction of 0.7 per cent down from a growth of 3.0 per cent in 2023. The year-on-year inflation for 2024/2025 eased to 4.5 per cent from 7.7 per cent in 2023 being the lowest reported in the last five years. This was mainly due to the reduction food prices in the year under review.

During the period under review, the Education sector reported an increase in the number of public universities from 70 in 2023/24 to 72 in 2024/25. This is due to awarding of charters to National Intelligence Research University and Tangaza University. Besides, the total number of Technical and Vocational Education and Training (TVET) institutions grew by 6.9% from 2,577 in 2023/24 to 2,756 on 2024/25. Enrolment in Technical and Vocational Education and Training (TVET) institutions grew by 10.4% from 642,726 in 2023/2024 to 709,885 in 2024/2025. Whereas, University enrolment increased by 8.6% from 579,200 in 2023/2024 to 629,100 2024/2025 in academic year. This resulted in slight increase in first year's enrolment in MMU University to 2,411 students and a total student population of 8,857 during the review period.

In respect to the student centered model of funding model, the amount of loans awarded by Higher Education Loans Board (HELB) increased being the second year of its implementation. However, the Universities experienced challenges of disbursement of funds by HELB and Universities Fund due to several court litigations. Government funding to universities decreased from Kshs 30.0 billion in 2023/24 to Kshs 12.9 billion in 2024/25.

### Performance Review

During the year under review, the University undertook its principal activities by use of physical and virtual interactions. The University continued to invest in ICT infrastructure so as to ensure business continuity during changes in the business environment. I am pleased to report that the University reported a surplus of Kshs 324M in 2024/2025 FY. This improved financial performance can be attributed to the implementation of the new funding model.

The University had a student population of 8,857 and 373 members of staff at the end of the financial year. A total of 1,586 students were conferred with various degrees and awarded diplomas during the 10<sup>th</sup> graduation ceremony in November, 2024.

## Operations and Management Review

The University had several achievements during the year under review. Key achievements include:

- i. Development of new undergraduate and postgraduate programs, particularly in our niche areas of STEM and technology. During the year, the University developed and submitted three new doctorate programmes in the Faculty of Science and Faculty of Engineering.
- ii. Undertook Competency-Based Education and Training (CBET) readiness sensitization training for all academic staff to align with the new education system.
- iii. Supported students' participation in various co-curricular activities such as sports, drama and music. This has helped students showcase and make use of their talents outside of the lecture rooms.
- iv. Renewable energy research: MMU researchers engaged in EU-funded programs at University of Linz (Austria), focusing on more durable, efficient solar photovoltaic materials
- v. The University fostered strategic collaboration with industry. For instance Kenya Film Commission and Africa Digital Media Institute (ADMI) to boost skills in film, media, animation, and AI; Morendat Institute of Oil & Gas to enhance training and industry linkages in Kenya's energy and tech sectors
- vi. The University managed to pay all the payroll costs including statutory deductions for the FY 2024/2025.

The challenges experienced by the University include:

- 1) The delayed categorization of students in the new funding model which destabilized revenue projections for the University, thus affecting service delivery. Further, several changes in policy direction affected its implementation, which resulted in an increase in student debtors.
- 2) Accumulated and huge pending bills in respect to PAYE taxes of Kshs 502M and Staff Pension of Kshs 739M as a result of lack of adequate budget provisions impacted on the University's ability to meet its commitments.

## Risk Management

The University has put in place risk management strategies. This involves a quarterly review of the risks the University faces and developing mechanisms to mitigate them. In addition, the University has ensured a strict adherence to statutory requirements.

## Future Developments

MMU Strategic Plan for the period 2023-2028 focuses on three KRAs; - academic excellence; research, science, technology & innovation; and institutional capacity & corporate positioning. Some of the specific areas the University will be focusing on include:-

- i. Enhancing student welfare through by provision of additional accommodation facilities for the learners through the Institutional Affordable Housing Project
- ii. Upgrading its systems and reviewing its policies to align with the changing business environment in higher education.
- iii. Automation of University processes as a critical component that will enhance transparency, security, and operational efficiency by upgrading its ERP.
- iv. The University is positioning itself as a regional hub for optics, laser science, and digital innovation through our flagship National Institute for Optics and Lasers (NIOL), supported by the Faculty of Science & Technology (FoST), Faculty of Engineering & Technology (FoET), and the Faculty of Computing and Information Technology (FoCIT).
- v. Enhancing Open and Distance Learning (ODEL) to build capacity so as to recruit more privately sponsored students.

*Multimedia University of Kenya*  
*Annual Report and Financial Statements for the Financial Year ending 30th June 2025*

- vi. Active engagement with leading partner organizations for research projects and for the purpose of generating additional funds.
- vii. Review its curricula to meet the dynamic need of the society and also develop short courses that address execution of government priority areas.
- viii. Undertake several initiatives to improve the financial outlook. A key focus being increasing revenue generation while simultaneously reducing costs. MMU has and will revitalize its Income Generating Units (IGUs),

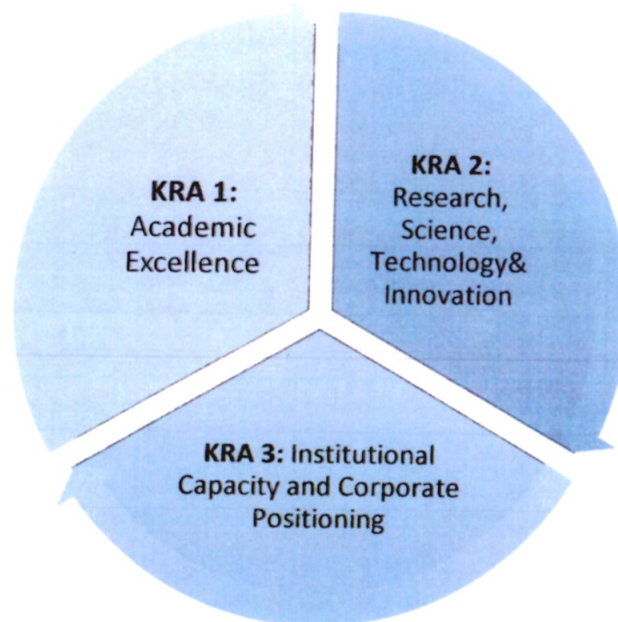
In conclusion, the success achieved this year would not have been possible without the dedication and hard work of the MMU staff, contributions of our various partners, continued support from the Government of Kenya, and participation of Council in providing policy direction and guidance. I extend my sincere gratitude to everyone who has played a role in supporting this great institution.



**Prof. Rosebella O. Maranga, PhD, MBS**  
**VICE CHANCELLOR**

## 7) STATEMENT OF MULTIMEDIA UNIVERSITY OF KENYA PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025

Multimedia University of Kenya has three key result areas (KRAs) and twelve (12) objectives within its Strategic Plan for the FY 2023- 2028. The University develops its annual work plans based on the three Key Result Areas and an assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2024-2025 period for its 3 strategic pillars, as indicated in the table below:



*Multimedia University of Kenya  
Annual Report and Financial Statements for the Financial Year ending 30th June 2025*

KRA	Objective(s)	Key performance Indicators	Activities	Achievements
1. Academic Excellence	a. Enhance quality of Academic Programmes, Teaching and learning	Academic Programme Reviewed	Review of academic programme	The University developed 3 academic programmes
	b. Improve access, quality and relevance of academic programmes	retool and capacity build academic staff to offer CBET curriculum	Undertake retooling and capacity building of academic staff to offer CBET curriculum	Competency-Based Education and Training (CBET) readiness sensitization training for all academic staff to align with the new education system.
2. Research, Science, Technology & Innovation	a. Foster excellence in research, science, Technology and innovation	Research output disseminated	Increase the number of new publications made in the year from 20 to 22.	11 more articles were published
	b. Enhance capacity of the university for forging linkages, collaborations and partnership	10 Researchers and academic staff trained on research proposals development	Train Researchers and academic staff on research proposals development	30 Researchers and academic staff were trained on research proposals development
3. Institutional Capacity and Corporate Positioning	a. Improvement of learning and working environment	Completion of the Library	Establish University industry linkages	The University entered into 5 new collaborations with industry
	b. Attract, develop and retain competent staff	increase the proportion of lecturers with PhDs by 2% from 39.5% to 41.5 %.	% of completion	The library is at 87 % completion rate
				The University recruited 4 lecturers with PhD

## 8) CORPORATE GOVERNANCE STATEMENT

### 8.1 INTRODUCTION

As a Chartered Public University, MMU operates under the governance framework set forth by the Government through the Universities Act No. 42 of 2012 and the Multimedia University of Kenya Charter 2013. This framework is overseen and regulated by the Commission of University Education and operates in accordance with the State Corporation Act. As a government agency, the University is expected to promote and accelerate economic growth and development and to drive the social and economic transformation in Kenya. To do this, the University is required to efficiently allocate its resources so as to achieve its goal of producing competent, highly skilled and innovative human resource to meet Kenya's development needs as outlined in the national strategy Vision 2030 and the Government Big Four Agenda.

As part of its work plan, the University Council regularly reviews the University's corporate governance framework i.e. policies, procedures, etc to ensure that MMU operates within the Kenyan legal framework especially the Universities Act 2012 and in so doing ensuring that the University meets the needs of its students, employees and other stakeholders. This Corporate Governance Statement reaffirms MMU's commitment to the corporate governance framework outlined in the Board Charter, the provisions of Mwongozo and industry best practice during the year ended 30 June 2025.

### 8.2. Size and Composition of Council

The council consists of nine (9) members who possess extensive experience in a variety of disciplines all of which are applied in the overall management of the University as shown on pages (viii) to (xi). In addition, the Inspector General, State Corporations seconded a member to be attending regular meetings of Council.

### 8.3 The Role and Functions of Council

The role and functions of council have been indicated on page (xxxvi to xxxviii) and is separate from that of management. The collective responsibility of Council has been set out on page (xxxix).

### 8.4 Appointment, Removal from Office and Succession Plan

Council members are appointed by the Cabinet Secretary - Ministry of Education through a competitive process advertised to the public. The appointment process takes into consideration the following; development of university education, balanced competencies, gender equity, and the inclusion of stakeholders, persons with disabilities, the marginalized and other minority groups.

### 8.5 The Council Term of Service

The Chairperson and the other independent members of the council serve for a term of three years. Most of them are currently serving their first term having been appointed on different dates in the FY. The other members were appointed by their nominating ministries.

### 8.6 Council Remuneration

Council members are remunerated as per guidelines set out in State Corporations Advisory Committee circulars and National Treasury directives in respect to sitting allowance for every meeting attended, lunch allowance (in lieu of lunch being provided), mileage and accommodation allowance are reimbursed where applicable. Also, the Chairman is paid a monthly honorarium.

### **8.7 Council Charter and Meetings**

The Council has a board charter which defines the role, functions and responsibility of the board in governance of the institution. The Council has committees whose roles are clearly defined and reviewed annually. Council meets at least once in a quarter i.e. 4 times in a year, unless there are urgent matters that call for a special meeting. These regular meetings are intended to receive reports from the committees of Council that will have considered the matters in detail. Members receive adequate notice and board papers in advance to enable them review and prepare for the meeting.

### **8.8 The Council Evaluation**

During the FY 2024-2025, the State Corporation Advisory Committee (SCAC) facilitated a Council self-evaluation on 2<sup>nd</sup> September 2024 for the financial year ending 30 June 2024.

### **8.9 Induction, training and development**

Council undertook an induction workshop on 16<sup>th</sup> -18<sup>th</sup> September 2024. The purpose of the training was to take Council through their roles and equip them with necessary skills required in discharging their mandate. Some of the topics that were covered during induction included: -

- a) Boards that deliver- Strategic Board Leadership and Governance
- b) Roles and responsibilities of the Board
- c) State Corporations and the Law including applicable policies
- d) Values and principles of Public Service
- e) Principles and Practice of Corporate Governance under Mwongozo Code
- f) Conduct of effective board meeting

Council also undertook another training on 27<sup>th</sup> to 29<sup>th</sup> March 2025 at Lake Naivasha Resort which was facilitated by State Corporations Advisory Committee (SCAC) in conjunction with the Institute of Certified Secretaries (ICS). These sessions increased awareness among members on their roles.

### **8.10 Board performance**

Council evaluation is essential in assessing performance, efficiency and effectiveness of the board and individual members. The evaluation of council is an annual exercise conducted by the State Corporations Advisory Committee (SCAC). The evaluation for the 2023/2024FY was conducted on 2<sup>nd</sup> September 2024 the evaluation for 2024/2025FY is scheduled for 7<sup>th</sup> August 2025.

### **8.11 Ethics and Conduct**

The University has a Code of Ethics and Conduct which governs the general conduct of Council members, management and staff. The code binds both the Council members and staff as they are required to sign and abide with requirements upon joining the University.

### **8.12 Governance Audit**

Governance audit are to be performed on an annual basis indicating scope and the person who conducts them. During the year under review, the University was unable to conduct governance audit.

### **8.13 Communication Policy**

The Vice Chancellor is the Secretary to Council who plays a crucial role of ensuring that: Agendas, board papers and minutes are prepared in advance and circulated to members promptly i.e. 7 days before the meeting, so as to enable well-informed participation by members. The Vice Chancellor is responsible for ensuring that Communication flows smoothly between Board and management, and with shareholders and stakeholders.

#### 8.14 Compliance to laws and other legal requirements

The Council as a responsible corporate citizen is alive to the tenets of the Constitution of Kenya and accountable to the Government of Kenya, through the Ministry of Education in ensuring that it complies with all applicable laws and statutes and maintain the highest standards of corporate governance.

#### 8.15 Conflict of Interest

Council members and staff are required to make disclosure of any potential or real conflict of interest while conducting matters that pertain to the institution. During meetings, members are expected to declare any conflict of interest in the agenda items under discussion and the same is recorded. In case of conflict, the affected member is excluded from discussions and/or decisions on the matter in question. During the year, no member was recorded as having any conflict of interest in the agenda items.

#### 8.16 Council Committees

To effectively undertake its role, the Council constituted four working Committees in line with Mwongozo.

These committees were: -

1. Planning, Finance and Resource Mobilization
2. Human Resource and Staff Welfare
3. Academic and Students Welfare
4. Audit, Risk and Governance

#### 8.17 Terms of Reference of Committees

##### **ACADEMIC AND STUDENTS WELFARE COMMITTEE OF COUNCIL**

- i. To receive and consider reports from Senate and make recommendations to Council on Academic matters including:
  - a) Curriculum and academic standards of any course of study.
  - b) The establishment, harmonization or abolition of Schools, Institutes, Units, departments and Centers.
  - c) Academic affiliations, linkages, partnerships and associations.
  - d) Promotion of research and innovation work in the University and dissemination of the findings.
  - e) Quality standards and assurance of education, training, research and innovation.
  - f) Regulations for the eligibility of persons for admission to a course of study.
  - g) Regulations for the standard of proficiency to be gained in each examination for a degree, diploma, certificate or other award for the University.
  - h) The Constitution of the Students' Association.
- ii. To advise the Council on matters relating to the strategic direction of student welfare support services and the development of the University infrastructure and services for this purpose.
- iii. To advise the Council on matters relating to student experiences at the University on services and resources provided to support the students' learning experience.
- iv. To receive reports on students' discipline from management and make recommendations to the Council.
- v. To monitor the University responsiveness to student feedback and make recommendations to the Council.
- vi. To review and provide oversight to university students' welfare policies and regulations.

##### **HUMAN RESOURCE AND STAFF WELFARE COMMITTEE**

###### **Terms of Reference**

- i. To monitor and advise the Council on compliance with government policies/regulations and existing laws relating to human resources.

- ii. To review the University policy for the remuneration of all University staff and make recommendations to the Council for any modification of that policy with a view to attracting and retaining highly qualified staff.
- iii. To consider staff disciplinary matters referred to the Council by management and make recommendations to the Council for approval.
- iv. To determine and review the policy and scope of pension scheme, terminal dues and other compensation entitlements for staff of the University.
- v. To review and recommend for approval by the Council the policy for authorizing claims for expenses incurred by staff of the University.
- vi. To set and periodically review the annual performance appraisal tool for the Vice Chancellor and senior management staff and recommend to the Council for approval.
- vii. To receive the annual performance appraisal reports for the Vice Chancellor and senior management staff and report to the Council.
- viii. To review University Statutes and human resource policies and recommend to the Council for approval.
- ix. To review succession plans for senior staff of the University on an annual basis and report the same to the Council.
- x. Exercise authority delegated to it and deal with any human resource related matters referred to it by the Council.
- xi. This committee will consider cases for Staff in academic Terms of Service and Non-academic Staff in Grades 14 and 15

#### **FINANCE, PLANNING & RESOURCE MOBILIZATION COMMITTEE OF COUNCIL**

The University Finance and Planning Committee has the responsibility to ensure that academic planning and the management of resources (people, money and space) are fully integrated.

##### Terms of Reference

- i. To review and recommend to Council for approval the financial strategy and long term financial forecasts.
- ii. To review and recommend to Council University annual recurrent and capital budgets and long term financial forecasts within the strategies and plans approved by Council and to monitor performance in relation to approved budgets.
- iii. To review and recommend to Council for approval the annual consolidated financial statements of the University and its subsidiary undertakings.
- iv. To review and recommend to Council for approval the University investment policy.
- v. To advise the University Council on the appointment of bankers, insurance brokers and other financial specialists and to review their performance periodically.
- vi. To determine the strategic orientation, risk profile and funds allocation policy of the University.
- vii. To monitor the University investments in any commercial activities or operations in which the University has an interest.
- viii. To examine the basis and structure of any trading companies which the University might propose to set up and to make recommendations to Council.
- ix. To consider, prior to submission to the Audit Committee, the audited accounts and to make recommendations to Council.
- x. To consider and recommend to Council requests by management to write-off debts/claims deemed to be irrecoverable or investments/assets subject to a permanent diminution of value in line with guidelines set by the Treasury.
- xi. To receive, for information, the annual financial statements of the Student Union.
- xii. To fundraise for the University.
- xiii. To review and recommend to the Council for approval of strategic plans and annual plans for academic, financial and general management.

- xiv. To review reports on performance in relation to approved budgets and the strategic plan of the University.
- xv. To advise the University Council on matters of strategy and policy regarding buildings and estates! with the overall aim of making best use of the University current and future estate resources for the benefit of students, staff and the wider community.
- xvi. To receive and make recommendations to the Council on the total impact analysis that assesses the ongoing costs of maintenance, utilities and major equipment.
- xvii. Review and make recommendations to the Council on capital projects and other expenditures that fall outside the annual budget (such as those encompassed by the capital renewals process)
- xviii. Subject to relevant legislation, policies and internal legal documents, to consider recommendations to the Council on the acquisition and disposal of land and buildings.
- xix. To consider significant land and building leasing arrangements
- xx. To receive and make recommendations on matters relating to ICT

### **AUDIT, RISK AND GOVERNANCE**

The Audit Committee shall submit the following to the Management and University Council:

- a) A report about the Audit Committee resolutions, activities, issues and related recommendations.
- b) Major limitations affecting the achievement of Internal Audit objectives and disagreements with management.
- c) A report at the end of each quarter which includes: -
  - i. A summary of work performed by the Committee since the last report in comparison with the approved Annual Work Plan.
  - ii. An assessment by the Committee of the progress made by Management in addressing any findings and recommendations that have been made by the internal and external auditors.
  - iii. Effectiveness of the internal controls, the quality of annual Management reports submitted, and its own evaluation of the annual financial statements.
  - iv. Any other matter that the Committee considers relevant.
- d) Whenever audit report reveals fraud, wasteful expenditure or material breaches in terms of section 95 of the Constitution, the Audit Committee shall recommend to the University Council that the report be referred to the National Treasury and other law enforcement agencies.

### 8.18 Number of Council Meetings held during the 2024/2025 Financial Year

The Council had committee meetings and Full board meetings during the year. Find an analysis of meetings held both for full council and the respective committees.

Council Meetings Held During 2024/2025 FY															
Full Council Meetings		Full Council Meetings													
				Board Evaluation	Full Council Meetings		Sealing	Full Council Graduation							
S. No.	Council Members	3 <sup>rd</sup> July 2024	15 <sup>th</sup> July 2024	2 <sup>nd</sup> Sept. 2024	20 <sup>th</sup> Sept. 2024	30 <sup>th</sup> Sept. 2024	21 <sup>st</sup> Nov. 2024	25 <sup>th</sup> Nov. 2025	29 <sup>th</sup> Nov. 2024	10 <sup>th</sup> Dec. 2024	28 <sup>th</sup> Jan. 2025	12 <sup>th</sup> March 2025	21 <sup>st</sup> March 2025	3 <sup>rd</sup> April 2025	26 <sup>th</sup> June 2025
1.	Dr. Albert Kochei	√	√	√	√	√	√	√	√	√	√	√	√	√	√
2.	Mr. Micah Kilonzo	√	√	√	√	√	√	√	√	√	√	√	√	√	N/A
3.	Sr. Dr. Angelica Obaga	√	√	√	√	√	√	√	√	x	x	√	√	√	√
4.	CPA ACCA Daniel Muchiri	√	√	√	√	√	N/A	x	√	√	√	√	√	√	√
5.	Hon. Dr. Moses Ole Sakuda	√	√	√	√	√	√	√	√	√	√	√	√	√	√
6.	Hon. Alois Lentoimaga	√	√	√	√	√	N/A	√	√	√	√	√	√	√	√
7.	Ms. Beatrice Tonui	√	√	√	√	√	N/A	√	√	√	x	√	√	x	√
8.	Mr. Michael Muturi	N/A	N/A	√	N/A	N/A	N/A	N/A	N/A	√	N/A	N/A	√	N/A	√
9.	Mrs. Julia Chepkieny	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	N/A
10.	Dr. Margaret Lesuuda	√	x	√	N/A	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Attendance to committee meetings

	AUDIT					ACADEMIC					HR					FINANCE						
	16 <sup>th</sup> May 2024	20 <sup>th</sup> Sept. 2024	22 <sup>nd</sup> Nov. 2024	11 <sup>th</sup> Feb. 2025	20 <sup>th</sup> May 2025	23 <sup>rd</sup> May 2024	12 <sup>th</sup> Sept. 2024	21 <sup>st</sup> Nov. 2024	3 <sup>rd</sup> March 2025	21 <sup>st</sup> May 2025	7 <sup>th</sup> June 2024	11 <sup>th</sup> Sept. 2024	14 <sup>th</sup> Nov. 2024	4 <sup>th</sup> March 2025	22 <sup>nd</sup> May 2025	6 <sup>th</sup> June 2024	13 <sup>th</sup> Sept. 2024	27 <sup>th</sup> Sept. 2024	5 <sup>th</sup> Dec. 2024	23 <sup>rd</sup> Jan 2025	6 <sup>th</sup> March 2025	23 <sup>rd</sup> May 2025
1. Dr. Albert Kochei	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2. Mr. Micah Kilonzo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. Sr. Dr. Angelica Obaga	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4. CPA ACCA Daniel Muchiri	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5. Hon. Dr. Moses Ole Sakuda	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6. Hon. Alois Lentoimaga	✓	N/A	N/A	N/A	N/A	✓	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7. Ms. Beatrice Tonui	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8. Mr. Michael Muturi	N/A	N/A	N/A	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9. Mrs. Julia Chepkiyeny	N/A	N/A	N/A	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10. Dr. Margaret Lesuda	✓	×	N/A	N/A	N/A	×	✓	N/A	N/A	N/A	✓	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓

Key:

- × Did not attend
- ✓ Attended the meeting
- N/A Was not a member as at that time

## 9) MANAGEMENT DISCUSSION AND ANALYSIS

### SECTION A

#### MMU Operational and Financial Performance

The University reported an improved performance; a surplus of Kshs 324M as at June 2025 when compared to surplus of Kshs 23.66M reported as at 30<sup>th</sup> June 2024. The University revenues improved by 22% when compared to FY 2023/24 where the increase was by 26%. The financial performance recorded can be attributed to improved AIA generated from the increase in enrolment of first year students. Lastly, the University implemented new fees structures in conformity with the new funding model for the degree programmes. On the other hand, there was decline in the recurrent grant received from the government as a result of the introduction of the new funding model. In respect to expenditure, there was no significant change on overall expenditure; it increased by 1%. On the downside, student debtors increased significantly due to the suspension of the new funding model by courts at the beginning of the FY. Though the Court of Appeal suspended the earlier High Court judgement that had declared the model unconstitutional later in the FY, the University did not receive funds as expected for students' scholarship and HELB Loans. Figure 1 provides the University's financial performance for the last 6 years.

The University projects improvement in its cash flows during 2025/2026FY. This is due to continued implementation of the new funding model which will boost the revenues. Also, it is projected that the economy will remain to be stable. On the contrary, its performance may adversely be affected by the increase in interest rates, potential geopolitical tensions, and tightening of monetary policies that may lead to increased cost of living.

Pertaining to trends within the Education Sector; Universities, tertiary and secondary schools are progressively rolling out the Competence Based Curriculum in adjustment to curriculum development, teacher training, infrastructure, and resources to support this new approach. Also, there is a growing emphasis on TVET institutions by the government, which focus on practical skills and hands-on training. The University will take advantage of this trend and develop programmes that will address this need. To enhance financial sustainability, the University is implementing resource mobilization strategies so as to enhance its A.I.A.

### SECTION B

#### Entity's compliance with statutory requirements

The University has complied with the statutory requirements to a large extent. During the reporting period, the University is pleased to report compliance with all statutory payments in respect to PAYE, NSSF, NHIF and Pensions. However due to the cash flow constraints, the University previously was not able to comply with payment of its statutory obligation amounting to Kshs. 502,042,910 relating to various taxes. This exposes the University to the contingent liabilities in case penalties are imposed. Additionally, the university had not remitted employee pensions amounting to Kshs. 738,618,475 This can expose the University to court cases with the employees. The monthly capitation received from the government is not sufficient to cover the monthly salary but with the implementation of the new funding model the University is optimistic that pending amounts will be settled over a period of time.

**SECTION C**

**Key projects and investment decisions the entity is planning/implementing**

The University had one ongoing project; Construction of Library during 2024/2025 FY. The construction of the Library is at 87% completion rate and is expected to be complete by end of 2025/2026 financial year. The figures computed for completion level are based on the amounts of works certified and not funds disbursed by GOK to finance the projects.

Construction of the Library Phase I is an integral component of teaching, learning and research requirements of the growing MMU academic community. It is also a requirement by the Commission for University Education that a Library be established to support learning and research for use by students and lecturers. The Construction of the library will provide reading and research space for use by students and lecturers which will support the government's priority policy agenda.

**SECTION D**

**Major risk facing the entity**

The University's activities are exposed to a variety of financial risks including credit and liquidity risks and changes in market prices. The University's overall risk management framework focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The specific details of each risk component have been discussed on pages 16 to 17 of this report.

**SECTION E**

**Material arrears in statutory/financial obligations**

The University has significant amounts outstanding relating to Taxes; PAYE, staff pensions and part-time lecturers' payments. The Management Board has been settling amounts claimed using available funds.

Due to cash flow constraints the University has the following arrears relating to statutory obligation: -

S/No.	Description	Amount – (Kshs)
1.	P.A.Y.E	448,357,401
2.	Withholding VAT	40,082,854
3.	Withholding Tax	13,602,655
4.	Staff Pension	738,618,475
5	Part-time teaching costs	365,922,313
	<b>Total</b>	<b>1,606,583,699</b>

**SECTION F**

**Financial Probity and serious Governance issues**

During the reporting period, the University underwent internal audit and external auditors' reviews. There were no cases of financial improbity reported. The University Management members had a cordial working relationship and no governance issues were raised.

**SECTION G**

**Trend analysis of the University's Financial Performance**

From figure 1, the performance of the University which has been fluctuating over the years, which is brought about by the varying incomes received vis-à-vis the expenditure incurred during the financial year. The analysis shows yearly performance from July 2019 to June 2025. The University reported surpluses during 2023/2024FY and 2024/2025FY. This is an indicator of impact of the new funding model on the University's operations, The new funding model will assist management in addressing the existing financial challenges and improve financial performance.

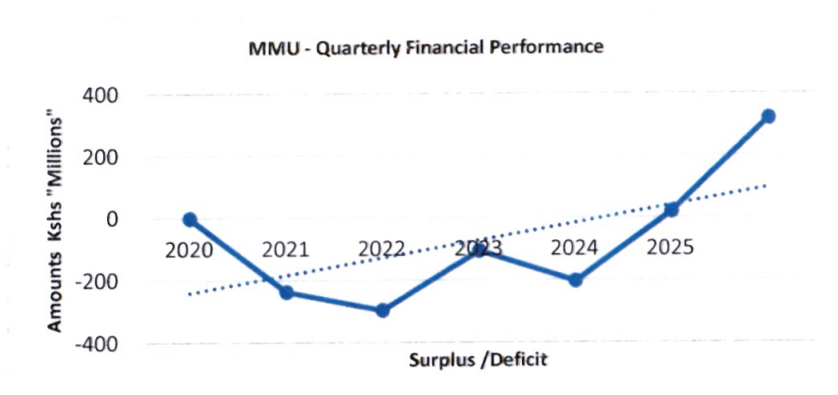


Figure 1: Trend of University's Financial performance

Figure 2, shows a distribution of classified expenditure by nature vis-à-vis total expenditure for the FY 2024/2025. Employment expense is significant at 77%. This is because the core mandate of the University is training which requires skilled professionals whose salaries are negotiated through National Collective Bargaining Agreements. The other expenses comprise of general expenses at 14% which comprise of academic expenses. Consequently, employment expense which is a fixed costs appear to be higher when compared to the other expenses which are variable costs.

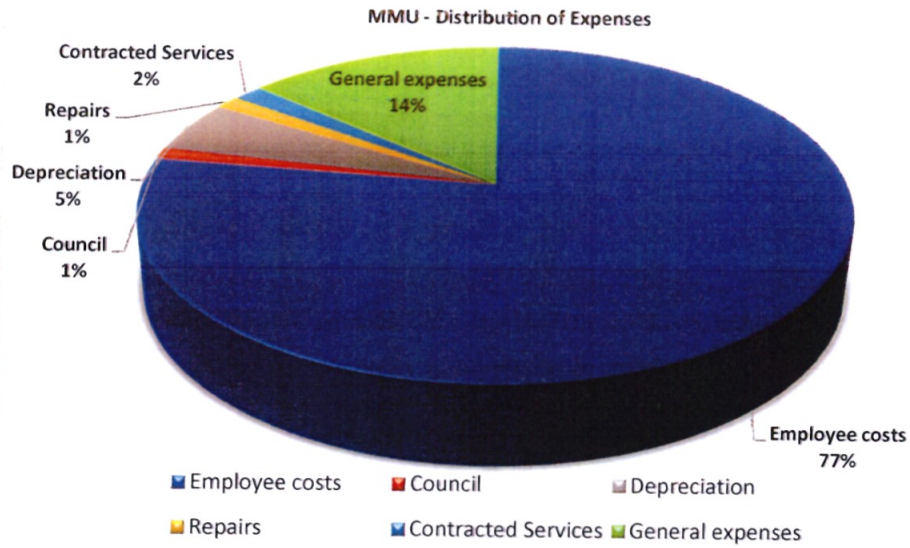


Figure 2: 2024/2025 FY Distribution of Expenditure

## 10) ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Since its establishment in 1948, MMU has consistently been at the forefront of innovation, contributing significantly to Kenya's emergence as a leader in various professional fields.

### a) Sustainability strategy and profile

MMU has proactively developed a comprehensive work plan to uphold sustainability standards. The University has anchored its environmental sustainability efforts on United Nations Sustainable Development Goals as follows: Environmental Education; Energy, Carbon, and Climate Change; Water: Water efficiency, Water reuse and recycling; Waste: Green system aims at reducing, re-using and recycling; Biodiversity and Ecosystem Services; Planning, Design and Development; Green Procurement; Green Offices and Green Labs; Green IT; and Green Transport. The University has adopted all reasonable and practical measures to enhance sustainability as per United Nations Sustainable Development Goals.

The University offers a specialized undergraduate programme in Renewable Energy, equipping students with practical and theoretical knowledge in sustainable energy systems. The University has also established a Renewable Energy Consortium that provides training and research support for professionals in government and private sectors, contributing to Kenya's national energy goals.

### ii) Economic and Financial Sustainability

The core activities of MMU are largely financed by the Government of Kenya (GoK). This is supplemented with internally generated funds from tuition fees charged to students and GoK sponsorship to students. Despite the financial challenges the University has faced previously, the new funding model for students' tuitions provides a ray of hope in its being self-sustaining. Further, the University is implementing resource mobilization strategies to enhance revenues and settle pending bills. Meanwhile, the University has rationalized its activities to fit within existing budgetary allocations. This is done to improve its financial sustainability.

In addition, the University has invested in ICT infrastructure to facilitate Open and Distance Learning (ODEL). This will enhance enrolment of students who target virtual learning both within the region and internationally. The University has also automated its processes to enhance service delivery to its clients. This ensures effective and efficient delivery of services leading to high customer satisfaction.

### iii) Environmental performance

MMU is committed to enhancing its environmental performance. Some of the initiatives undertaken and achievements gained during the financial year include:

- a) In line with its environmental responsibility, the University is an official E-Waste Collection Centre, in collaboration with the WEE Centre, and provides training on safe disposal of ICT waste. Further, MMU has enhanced its solid and e-waste management systems to minimize pollution.
- b) MMU maintains a dedicated nature park for biodiversity conservation. This initiative fosters preservation of local biodiversity. Further, a master plan has been prepared to allocate a substantial portion of the University as 'Green Areas' to support the flourishing of flora and fauna.
- c) The University Management and members of staff planted 2,500 trees at Main Campus; nature park.
- d) Energy conservation by use of "Turn off lights stickers" being mounted on switches all around the university. The stickers were to sensitize the University community on energy saving.

In the near future, the University intends to further reduce its environmental footprint by installing solar water heaters in student hostels. This initiative not only benefits the environment but also reduces electricity costs.

One of the challenges faced is the limited funding to undertake the environmental sustainability projects.

#### iv) Employee welfare

MMU has demonstrated its commitment to diversity and inclusion by achieving a balanced gender, ethnic, and disability mix among its workforce, reflecting the rich diversity of Kenya. The University had interactions with 373 members of staff during the year. This consisted of one hundred and nineteen (119) teaching staff comprising of eighty-five (85) male and thirty-four (34) female; making up 32% of the staff population. The teaching staff component is complemented by part-time lecturers so as to enhance provision of quality education. The administrative staff were two hundred and fifty-four (254) comprising of one hundred and thirty-four (134) male and one hundred and twenty (120) female making 68% of staff.

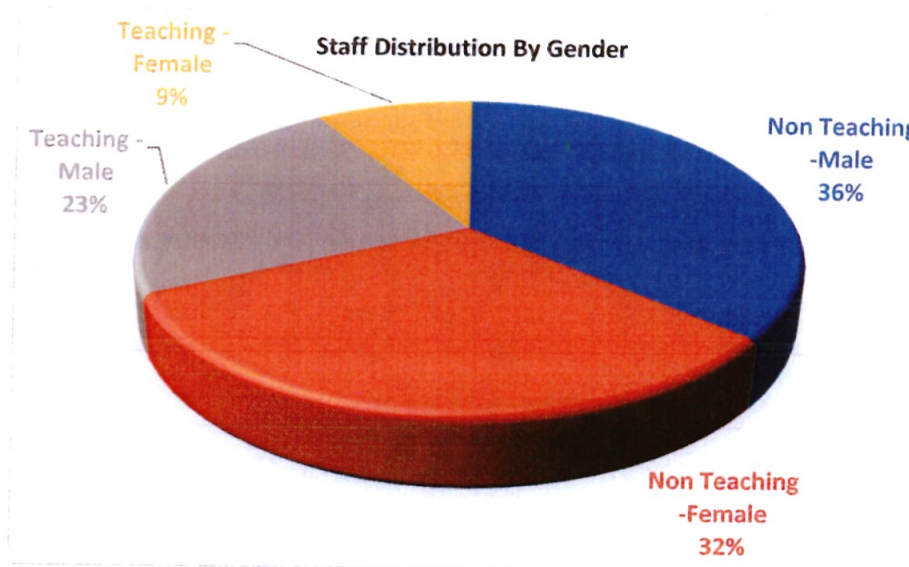


Figure 3: Distribution of MMU members of staff

To empower staff with the skills necessary for their daily tasks, the university offered a range of in-house courses covering various areas of expertise. The university also employed performance contracting as a means of ensuring that staff members meet their targets. An effective appraisal system has been developed and implemented to guide the performance management system, enhancing overall employee welfare and productivity. In the just concluded year, the University facilitated career development for teaching staff to attained higher qualifications and skills as per the University's Schemes of Service by giving study leave or partial scholarships for their studies. This has greatly increase the moral of all staff.

In commitment to promote employee well-being at the workplace, the University has a Work Environment, Occupational Health and Safety policy which outlines guidelines and standards for the prevention and protection of University staff against accidents and occupational hazards arising at the work place. The University successfully resumed monthly remittance of pension and SACCO contributions, ensuring long-term financial security for staff. Further, the University has three Unions: Academic Staff (UASU), and for Administrative staff we have KUSU and KUDHEIHA whose roles are to look after the interests of their members. During the reporting period, the University had a cordial working relationship with the Unions. The University implemented the signed 2021-25 National Collective Bargaining Agreement.

Lastly, the University rolled out a medical insurance scheme for members of staff and their dependants. This is in effort to enhance staff welfare. Treatment was promptly offered and Psychosocial support availed to staff in need.



Figure 4: MMU academic members of staff during a training on research proposal writing

#### v) Market place practices

The University complies with best practice in marketing by being truthful and accurate in all its marketing activities such as advertising, branding, Social media communication etc. Each year the Corporate Affairs department develops a marketing and communication plan which is implemented. Moreover, the University has a service delivery charter in both Kiswahili and English languages which guides its clients on the services and requirements for the services being sought. The service deliver charters are displayed at strategic points for ease of reference by its clients.

##### a) Responsible competition practice.

As part of its adherence to best practice in marketing and communication the university undertakes responsible market practice and does not defame or malign any of its competitors.<sup>2</sup>

##### b) Responsible Supply chain and supplier relations

The University has encouraged responsible supply chain and supplier relations by setting a target of 40% of its procurements of goods and services to be locally manufactured. Also, the University has complied with government directives on reservation groups in its procurements. Despite the financial challenges the University experienced, it endeavours to pay suppliers within 30 days of delivery of goods/services and relevant documents.

Each year the university advertises for suppliers who are short listed based on their qualifications. Each year suppliers are trained about the MMU procurement policy and the PPAD Act. A rotation system has been put in place to ensure all suppliers get a chance to bid for tenders.

**c) Responsible marketing and advertisement**

As part of its adherence to best practice in marketing and communication the university undertakes responsible market and advertising and does not defame or malign any of its competitors. Care is taken to ensure all the University's communication is truthful and accurate.

**d) Product stewardship**

To ensure our key consumers i.e. students, parents and guardians, the following activities are undertaken;

1. During the student admission process parents are orientated on various areas and issues of concern that will assist them in managing their student's progression at MMU.
2. To ensure that students stay in MMU is pleasant and seamless the university holds regular meetings with student leaders iron out or improve quality.
3. In the development of innovation, the university has developed a policy to guide innovation and commercialisation of innovations by its staff and students.
4. The university holds an annual innovation week to encourage and stimulate innovation.
5. Products that have been developed within the university are taken through the respective regulatory bodies to ensure adherence to set standards.

In the realm of corporate governance, the University consistently reviews and updates its policies and programs to align with government directives, industry requirements, and societal expectations. These revisions are carried out with active participation from stakeholders, including students, employees, and professional bodies.

In our pursuit of providing high-quality university education and research while operating sustainably, we are steadfast in our commitment to meeting societal expectations and contributing to the betterment of our world.

**vi) Social sustainability**

Multimedia University of Kenya is dedicated to making a positive impact on society by conducting our operations in a socially responsible manner that benefits our community. The University actively supports community transformation through mentorship, outreach, and student-led initiatives that promote social inclusion, youth development, and equitable access to resources

**Mentorship**

The university hosts students several schools in its ICT Museum which has been used to preserve, showcase, and educate visitors about the history, development, and impact of information and communication technologies. The museum exhibits a range of artefacts, from early computing devices and telecommunications equipment to modern digital technologies. It provides educational programs, interactive displays, and demonstrations that help visitors understand the evolution of ICT, its role in shaping society, and its future potential. The museum serves as a resource for learning, inspiring innovation, and fostering appreciation for the technological advancements that have transformed the way we communicate and process information. During the visits students are also enlightened on career choices.

In our dedication to youth development, the University actively contributes to mentoring young individuals through partnerships that facilitate workshops, conferences, talks, internships, and attachments. These initiatives aim to enhance their educational experience and better prepare them for the professional world. We also support our students by implementing a Work-Study Program for those in need, a successful endeavour we intend to expand.

## Community engagement

### "Keep Her in School" Period Dignity Project

In a powerful demonstration of how academic learning can create social impact, Master's in Corporate Communication students at Multimedia University of Kenya (MMU) delivered a menstrual health education to adolescent girls at Light of Life Rescue Centre in Kiserian, during a one-day Corporate Social Responsibility (CSR) exercise.

The exercise, through "Keep Her in School," a period dignity project focused on promoting menstrual hygiene awareness among vulnerable schoolgirls, and combating stigma around menstruation, was organized as part of the students' postgraduate project in Brand and Reputation Management, a unit taught by Prof. Idah Muchunku of the Faculty of Media and Communication aimed at applying key principles of strategic communication, stakeholder engagement, and institutional branding in a real-world context.

During the event, the students conducted educational sessions on menstrual health, facilitated open dialogue and mentorship talks, and distributed essential sanitary products, including sanitary towels, underwear, and assorted foodstuffs. The 19 girls and 2 boys at the Centre, most of whom are high school students, also received motivational speeches from the students designed to build confidence, self-worth, and ambition. One of the event's highlights was the contribution from Prof. Muchunku, who also supported the initiative by donating twenty copies of her published manual, *"Building Your High School Legacy"*, aimed at inspiring the youngsters to envision a bright and impactful future.



Figure 5: MMU members of staff and students during "Keep Her in School" Project

## 11) REPORT OF THE UNIVERSITY COUNCIL

MMU Statutes 2014 provides for the functions of the Council under statute 6 as follows: -

Pursuant to the provisions of the Act and the Charter and without derogating from the generality of its authority as provided for in the Act and the Charter, the Council shall have the following powers and duties:

- a) Subject to the provisions of the Act and after consultation with Senate, to make new or additional regulations, and alter, amend or revoke existing statutes.
- b) To make and approve Statutes for gazettment in accordance with the Act, for any purpose in has had an opportunity of reporting thereon.
- c) Subject to the Act and the Statutes, to determine the method of recruitment, appointment and promotion of all staff of the University.
- d) To make the appointments authorized by the Act and the Statutes and to determine the terms and conditions of service of the University.
- e) To confer after a report from the Senate, the title of Emeritus Professor, Visiting Professors, Honorary Professor, Honorary Lecturer or Honorary Fellow.
- f) To approve the budget
- g) To promote and to make financial provisions and facilities for execution of the function of the University.
- h) Subject to the laid down Government procedures, to approve the investment of any money belonging to the University including any unutilized income, in such stocks, funds, fully paid shares or securities as Council may from time to time deem fit, in accordance with the general Laws for the investment of trust moneys or in the purchase of freehold or leasehold properties, including rents and subject to the Act with the powers of varying such investment from time to time by sale or re-investment or otherwise.
- i) Subject to the laid down government procedures, to approve sale, purchase, exchange, take on, or lease of moveable and immovable property on behalf of the University.
- j) Subject to the laid down Government procedures, to approve the borrowing of money on behalf of the University, and for that purpose and subject to the Act, to mortgage or charge all or any part of the property unless the conditions of the property so held provide otherwise, and to give such other security whether upon moveable and immovable property or otherwise as the Council may deem fit.
- k) On the recommendation of Senate to provide in accordance with the Statutes, for the creation of new Divisions, Faculties, Institutes, Departments, Centres, Colleges or other bodies of learning, research and production in the University, whether formed by the sub-division of any one or more that one of any such new body or otherwise, and for the abolition from time to time of any such body, and to approve the establishment, abolition or subdivision of any such body however described.
- l) To institute on the recommendation of Senate (subject, where appropriate, to any conditions acceptable to Council and to Senate which might be made by the donors) fellowships, scholarships, studentships, exhibitions, bursaries, prizes and other aides to study and research.
- m) To approve the terms and conditions upon which Internal and External examiners shall be appointment by Senate.
- n) The Council may empower any such committees to act jointly with any Committees appointed by Senate, provided that Council shall not delegate to the Chairperson or to a Committee the powers to approve without further reference to the Council the annual estimates of expenditure.
- o) Approve regulations governing the conduct and discipline of the students of the University.
- p) Shall receive, on behalf of the University, donations, endowments, gifts, grants or other moneys and make legitimate disbursements wherefrom.
- q) To approve the Constitution of the Students Organization and so far as is reasonably practicable, to ensure that the Students' Organization operates in a fair and democratic manner and is accountable for its finances.
- r) Shall provide for the welfare of the staff and students of the University.

- s) May, after consultations with the University Management Board approve regulations governing the recruitment, conduct and discipline of the staff of the University.
- t) Recommend the person to be appointed as the Vice- Chancellor or Deputy Vice-Chancellors.
- u) To monitor and evaluate the implementation of strategies, policies and the Management criteria and plans of the University.
- v) To constantly review the viability and financial sustainability of the University, and shall do so once every year.
- w) To ensure that the University complies with all the relevant Laws, Regulation, governance practices, accounting and auditing standards.
- x) To perform such other duties as may be contained in the Statutes and may have such other powers as contained in the Act.
- y) Subject to the Act of these Statutes, the Council may refer any matters affecting the academic policy of the University to Senate for advice and
- z) Council shall establish Committees.

### **Principal Activities**

The principal activities of the University as stated in its mandate, are stipulated in the MMU Charter 2013, under section 7 include:

- (a) Provide education directly, or in collaboration with other institutions and in so doing provide for the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya
- (b) Advance knowledge and its practical application by research and other means
- (c) Disseminate the outcomes of research by various means and commercially exploit the results of such research
- (d) Participate in technological innovation as well as in the discovery, transmission and enhancement of knowledge and to stimulate the intellectual life in the economic, social, cultural, scientific, and technological development
- (e) Contribute to industrial and technological development of society in collaboration with industry and other organizations
- (f) Inculcate a culture of innovation in technology, engineering and science, amongst staff, students and society
- (g) Promote education in science, technology, engineering, and mathematics within the institution and society
- (h) Provide a multi-level system of education and training that is relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between educational levels
- (i) Participate in scholarly work, the discovery, transmission, utilization, preservation and enhancement of knowledge and to stimulate the intellectual participation of students in the economical, social, cultural, scientific and technological development of Kenya
- (j) Officer continuing professional development courses
- (k) Determine the curriculum and its mode of delivery and to specify the admission criteria
- (l) Conduct examinations
- (m) To grant and confer such academic awards as may be provided for in the Act and Statues
- (n) Establish new colleges, faculties, schools, institutes, departments, other resource and administrative units and centers
- (o) Promote the general welfare of staff and students
- (p) Develop and provide educational, cultural, professional, technical and vocational services to the community and in particular the fostering of corporate social responsibility
- (q) Generally, facilitate the development and provision of appropriate and accessible academic programmes and other programs

- (r) Charge fees and tariffs; and
- (s) Mobilize resources

### Results

The results of the University for the year ending 30<sup>th</sup> June 2025 are set out on page 1

### Council Members

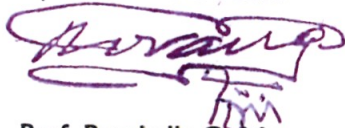
The members of Council who served during the year are shown on pages (viii) to (xi) in accordance with MMU Statutes 2014 and Universities Act 2012.

### Auditors

The Auditor General is responsible for the statutory audit of the University in accordance with Article 229 of the Constitution of Kenya and Public Audit Act (2015). The Auditor General is empowered to nominate other auditors to carry out the audit on his behalf.

Office of the Auditor General staff were nominated by the Auditor General to carry out the audit of the University for the period ending 30<sup>th</sup> June, 2025.

By Order of the Board



Prof. Rosebella O. Maranga, PhD, MBS  
VICE CHANCELLOR

DATE: 22<sup>ND</sup> August. 2025

## 12) STATEMENT OF THE UNIVERSITY COUNCIL RESPONSIBILITIES

Section 81(1) of the Public Finance Management Act, 2012 and sections 14 &15(1) of the State Corporations Act, require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial period and the operating results of the University for that period. The Act also requires the Council Members to ensure that the University keeps proper accounting records that disclose with reasonable accuracy, the financial position of the University. They are also responsible for safeguarding the University's assets.

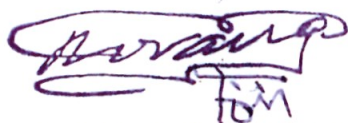
Council is responsible for the preparation and presentation of financial statements, which give a true and fair view of the state of affairs of the University as at the end of the financial year ended on 30<sup>th</sup> June, 2025. This responsibility includes: (i) maintaining adequate financial management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

The Council accepts the responsibility for the Annual Report and Financial Statements, which have been prepared using appropriate accounting policies and supported by prudent judgments and estimates, in conformity with International Public Sector Accounting Standard (IPSAS) and requirements of the PFM Act (2012) and State Corporations Act (2012). The Council is of the opinion that the financial statements give a true and fair view of the state of financial affairs of the University as at 30<sup>th</sup> June, 2025 and the University's financial position. Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the internal financial control systems.

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

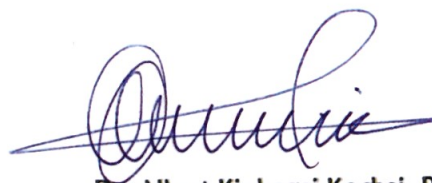
### Approval of the financial statements

The University's financial statements were approved by the University Council on 22<sup>ND</sup> August 2025 and signed on its behalf by:



**Prof. Rosebella O. Maranga, PhD, MBS**  
**VICE CHANCELLOR**

Date: 22<sup>ND</sup> August 2025



**Dr. Albert Kipkogei Kochei, PhD**  
**CHAIRMAN OF COUNCIL**

Date: 22<sup>ND</sup> August 2025

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON MULTIMEDIA UNIVERSITY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2025**

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### **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 the 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 Multimedia University of Kenya set out on pages 1 to 32, 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Multimedia University of Kenya as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Unsupported Council Allowances**

The statement of financial performance reflects Council allowances amount of Kshs.15,585,729 which as disclosed in Note 12 to the financial statements reflects an increase of Kshs.6,376,658 or 69% from the prior year balance of Kshs.9,209,071. Further, the expenditure exceeded the budgeted amount of Kshs.15,000,000. Justification for the increase was not provided for audit review and approval to spend over and above the budget was not provided.

In the circumstances, the accuracy and regularity of Council allowances totalling Kshs.15,585,729 could not be confirmed.

### **2. Long Outstanding Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 18 to the financial statements reflects receivables from exchange transactions balance of Kshs.547,170,858. Audit review of receivable documents revealed the following issues of concerns.

- i. The aging analysis was not disclosed under the Note to the financial statements. in the financial statements. However, records provided revealed that included in the amount is Kshs.213,682,690 that has been outstanding for more than two (2) years.
- ii. Receivables totalling Kshs.77,928,485 were inherited from the previous financial management system known as HOGIA, which was used by the then Kenya College of Communication Technology (KCCT) dating back to 2002. The HOGIA debts were carried forward from KCCT without any accompanying documentation such as contracts, invoices, or a debtors' database to substantiate the balances or facilitate recovery.

- iii. The staff debtors balance of Kshs.18,612,455 had been outstanding for more than five (5) years which related to loans advanced to staff by the University. The payment schedule presented contained forty-seven (47) staff members, some of whom have since retired or resigned from the Institution. No documentation was provided to confirm how the loans were issued, the total amount disbursed, or evidence of repayments leading to the current balances

In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs.547,170,858 could not be confirmed.

### **3. Employee Benefit Obligations**

The statement of financial position reflects employee benefit obligation balance of Kshs.1,120,269,929 which as disclosed in Note 24 to the financial statements include amount owed to part time lecturers totalling Kshs.365,922,313. Outstanding debts to lectures have been accumulating since the financial year 2018/2019. However, no evidence was provided to indicate that the University has developed or implemented a payment plan to settle these long outstanding claims.

In the circumstances, the ability of the University to pay debts as they fall due could not be confirmed and the University is exposed to potential legal claims and reputational risk arising from delayed payments.

### **4. Unsupported Student and Guest Prepayment Liabilities**

The statement of financial statement and disclosed in Note 25 to the financial statements reflects prepayments balance of Kshs.233,065,151. However, Management did not maintain or disclose the aging analysis of the prepayment balances in the financial statements. Records provided revealed that some of the prepaid items date back to 2014. Further, included in the prepayment balance is an amount of Kshs.167,825,715 relating to student and guest payments whose supporting documentation such as payment receipts, guest accommodation records, invoices, or correspondence were not provided for audit verification. Similarly, an amount of Kshs.253,700 which has remained constant in the last three (3) years relating to student business rent recovery was not supported with tenancy agreements, contracts, or payment records.

In the circumstances, the accuracy, and completeness of the prepayments balance of Kshs.233,065,151 could not be confirmed.

### **5. Long Outstanding Trade Creditors**

The statement of financial position and as disclosed in Note 22 to the financial statements reflects trade creditors balance of Kshs.201,224,454. However, the aging analysis was not disclosed in the Note to the financial statements. Further, included in the amount is Kshs.54,429,000 being fee note for engineering block and Kshs.22,344,097 being staff quarters rent and Telkom rent that remained unsettled over the years.

In the circumstances, the accuracy and completeness of the trade creditors balance of Kshs.201,224,454 could not be confirmed and failure to pay liabilities exposes the University to possible liquidity constraints and risks of penalties and interest charges.

#### **6. Unrecovered Staff Imprest**

The statement of financial position and Note 19 to the financial statements reflects receivables from non-exchange transactions balance of Kshs.71,034,431. Included in the amount is Kshs.13,687,350 which relates to staff imprest. However, records provide revealed that out of the staff imprest, an amount of Kshs.8,993,812 relating to research imprest has been outstanding for several years.

In the circumstances, existence and recoverability of the long outstanding imprest totalling Kshs.8,993,812 could not be confirmed.

#### **7. Lack of Motor Vehicles Ownership Documents**

The statement of financial position reflects property, plant and equipment balance of Kshs.2,985,257,796 which as disclosed in Note 21 to the financial statements includes motor vehicles valued at Kshs.14,602,665. However, the Universities three (3) motor vehicles had their logbooks registration details under the name of Kenya College of Communication Technology (KCCT). This poses significant legal, operational and administrative risks including difficulties during insurance claims, renewal of road licenses and enforcement of liability in the event of accidents.

In the circumstances, the existence and ownership of the University motor vehicles valued at Kshs.14,602,665 could not be confirmed.

#### **8. Inconsistencies in Cut-Off and Revenue Recognition Practices**

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects revenue totalling Kshs.1,206,283,001 from rendering of services. Audit review of the general ledger in support of this revenue revealed invoices raised between 1 July, 2024 and 30 June, 2025. However, the University runs three academic semesters; May–August, September–December, and January–April and invoices raised in May, 2024 covering the May–August 2024 semester were not apportioned between the financial year ended 30 June, 2024 and the year beginning July, 2024. Similarly, this was noted for the May–August 2025 semester, where invoices were not deferred into the subsequent financial year.

In the circumstances, the accuracy and completeness of revenue from rendering of services totalling Kshs.1,206,283,001 could not be confirmed.

#### **9. Loss of Public Funds Through Irregular Supplier Advance Payments**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.547,170,858. However, examination of receivables ledger revealed that

the University's paid an advance payment of Kshs.2,000,000 to a supplier in 2013 for public relations service delivery of a signed contract sum of Kshs.7,417,620 inclusive of tax. However, upon inquiry it was noted that the supplier did not deliver the services to date for over twelve (12) years and any attempts for refund seem to have failed.

In the circumstances, the expenditure of Kshs.2,000,000 is deemed irregular resulting to misappropriation and loss of public funds.

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

### **Material Uncertainty Related to Going Concern**

The statement of financial position reflects total current liabilities of Kshs.2,056,602,445 against current assets of Kshs.741,594,788 reflecting a negative working capital position of Kshs.1,315,007,657. This indicates that the University does not have sufficient current assets to meet its short-term obligations. Further, although the University posted a net surplus of Kshs.324,288,655 as reported in the statement of financial performance, the University accumulated deficit amounted Kshs.1,623,690,779 as reported in the statement of financial position and statement of changes in net assets.

The continued accumulation of deficits and the severe liquidity gap raises material uncertainties on the University's ability to continue operating as a going concern in line with IPSAS 1 requirements.

My opinion is not modified in respect of this matter.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects actual expenditure of Kshs.1,488,112,348 against total revenue Kshs.1,727,587,137 resulting in underutilization of Kshs.239,474,789 or 14% of the revenue.

The underutilization may have affected the implementation of the University's planned activities and consequently may have impacted negatively on 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 effect of the matters described in the Basis for Qualified Opinion/Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report.

## Other Matter

## Unresolved Prior Year Audit Matters

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

	Financial Year	Audit Issue
1	2023/2024	Unsupported and Long Outstanding Receivables
2	2023/2024	Non-Remittance of Taxation
3	2023/2024	Unsupported and long Outstanding Trade Creditors.
4	2023/2024	Material Uncertainty in Relation to Sustainability of Services.
5	2023-2024	Non-Remittance of Staff Pension Deductions.
6	2023-2024	Irregular Procurement of Legal Services
7	2023-2024	Delay in Construction of Proposed New University Library.
8	2023-2024	Unfulfilled Local Purchase Orders (LPOs) Exceeding Validity Period.
9	2023-2024	Engaging Temporary (Casuals) Employees for More than 3 years.
10	2023-2024	Irregular Appointment of staff on Acting Capacity.
11	2023-2024	Non-Compliance with Fiscal Responsibility Principles.
12	2023-2024	Ineffectiveness in the implementation of Audit Recommendations.
13	2023-2024	Gaps in Posted Sales Invoices
14	2023-2024	Lack of IT Continuity Plan and Disaster Recovery Plan.
15	2023-2024	Change and Upgrade management
16	2023-2024	Use of Outdated Financial System (Microsoft Navision- 2015)
17	2023-2024	Absence of System Patch Updates
18	2023-2024	Access to Live Environment by Vendor
19	2023-2024	User set up Excessive User rights
20	2023-2024	Duplicated Personal files Numbers in user set up
21	2023-2024	Discrepancy Between Defined Users and Payroll staff
22	2023-2024	Lack of Evidence for User Deactivation

## **Other Information**

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Non-Compliance with Fiscal Responsibility Principles**

The statement of financial performance reflects total revenue amounting to Kshs.1,727,587,137 while the staff costs amount to Kshs.1,084,356,298. The wage bill constitutes sixty three percent (63%) of the total revenue contrary to Regulation 26(1)(a) of the Public Finance Management Regulations, 2015 which stipulate that any public institution should not spend more than 35% of its total revenue on compensation of employees.

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

## **2. Irregular Advance Payment for Goods and Services**

The statement of financial performance and Note 16 to the financial statements reflect general expenses amounting to Kshs.193,199,697. Included in this amount is Kshs.1,839,818 which was paid in advance to several suppliers before delivery of goods and services. Further, review of the supporting records revealed the following:

- i. There was no evidence that the suppliers were subjected to the required procurement process before being awarded the tenders.
- ii. There was no evidence of advance payment guarantees or performance securities provided for audit verification of the amounts paid in advance.
- iii. Delivery notes and invoices were submitted after payments had already been made.

In the circumstances, the regularity of expenditure amounting to Kshs.1,839,818 could not be confirmed.

## **3. Arrears of Audit Fees**

The statement of financial position and Note 22 to the financial statements reflects trade and other payables balance of Kshs.201,224,454. Included in the amount is cumulative audit fees totalling Kshs.6,167,155 relating to 2024/2025 and prior years. The unpaid long outstanding audit fees arrears remained unsettled as at 30 June, 2025. Non-settlement of audit fees arrears contravenes Section 41(1) of the Public Audit Act, 2015 and Regulation 23(2)(a) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, Management was in breach of law.

## **4. Inconsistent Application of Framework Agreement for the Supply of Fuel and Related Products**

During the year under review, it was observed that despite the existence of a framework agreement with multiple prequalified suppliers for the supply of fuel and related products, the University repeatedly engaged only one supplier. Review of procurement transactions from July, 2024 to April, 2025 indicate that the University procured good valued Kshs.8,713,370 of the total purchase orders under the framework contracting. These were issued to a single supplier while other prequalified suppliers received no orders. The framework agreement signed with the suppliers requires equitable distribution of orders or allocation based on pre-established criteria of best price and availability.

There was no evidence of a documented rotation schedule, mechanism or criteria to guide the call-off process from the framework agreement. Procurement personnel exercised discretion when selecting suppliers, without reference to objective performance indicators, pricing differentials or delivery schedules. The lack of a systematic approach introduces subjectivity and increases the risk of favoritism or biased supplier selection.

This weakens internal controls and may violate the procurement policy or the specific framework agreement clauses.

In the circumstances, Management was in breach of law.

#### **5. Irregular Procurement of Catering Items**

Analysis of the catering expenditure of Kshs.20,815,700 as disclosed in Note 16 to the financial statements under general expenses revealed that the University incurred an expenditure of Kshs.16,639,596 on catering items. However, analysis of the supporting documents and payment vouchers totalling Kshs.2,728,476 presented for audit review, revealed the following:

- i. The University had entered into contract agreements with suppliers for the supply of cereals. However, the University used request for quotations method with the registered suppliers instead of adhering to the framework agreements method as signed with the suppliers.
- ii. The inspection committee inspected the delivered goods on different dates irregularly to the requirements of the law.
- iii. The procurement files detailing opening minutes, evaluation reports and professional opinions for the expenses were not provided for audit:
- iv. Most of the payment vouchers indicated only two inspection committee members contrary to the requirements of the Public Procurement and Asset Disposal Act, 2015.
- v. Payment voucher No. 38269 of Kshs.36,000 for the supply of 500kg rice had the inspection carried out one month after delivery. As per the delivery note, delivery was done on 11 December, 2023 but inspection was carried out after one month on 17 January, 2024 as per the inspection report. Further, only half of the LPO amount was supplied.
- vi. Payment vouchers No. 37935, No.37759 and No.38188 totalling Kshs.398,150 to suppliers were not supported with requisition documents and LPOs. Condition No 2 of the LPO document issued to the suppliers stated that, any amendment of the order must be counter signed by the signatories, otherwise the invoice will not be accepted. Condition No. 10 states that partial delivery shall only be accepted once per LPO. However, it was noted that the two clauses were not adhered to on several occasions since the suppliers would deliver less than the requested quantities or deliver the requested quantities in small amounts for several deliveries without any written correspondences.

In the circumstances, Management was in breach of law.

## **6. Irregularities in Procurement of Printing and Stationeries Items**

The statement of financial performance reflects general expenses totalling Kshs.193,199,697 which include printing and stationeries expenditure totalling Kshs.11,179,255 as reported in Note 16 to the financial statements. However, analysis of the payment vouchers amounting to Kshs.6,960,226 and the supporting documents presented for audit review, revealed the following:

- i. The inspection committee members inspected the delivered goods on different dates irregularly to the requirements of the law. On some occasions the inspection would delay for a period of more than three weeks after delivery. The delivery of promotional materials during East Africa Summer School in optics and lasers was done three (3) weeks after the commencement of the event on hence not meeting the relevance of the requisition.
- ii. The procurement files detailing opening minutes, evaluation reports and professional opinions for the expenses were not provided for audit.
- iii. A payment of Kshs.262,700 for the delivery of office materials had two of the inspection committee members sign the inspection certificate two weeks before the delivery of the goods hence making the expenditure doubtful.
- iv. A payment of Kshs.77,760 for the delivery of spring files had only one committee member receive the goods and the other two committee members inspected the goods after two weeks irregularly to the requirements of the law.

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

## **7. Irregular Procurement of Trade Creditors**

### **7.1 Briquette Charcoal**

Analysis of the payment vouchers and the supporting documents relating to catering expenditure presented for audit review revealed that the category of briquette charcoal in the list of registered suppliers did not attract a responsive bidder amongst the four (4) who had tendered to register under tender number MMU/QT/005/2024-2025. However, the University engaged two (2) suppliers who were among the nonresponsive bidders to supply briquette charcoal at a total cost of Kshs.990,600.

Further, upon analysis of payment voucher No. 39355 of Kshs.150,000 it was noted that,

- i. Quotations were evaluated by only two (2) members from the procurement department.
- ii. Opening of quotation documents was done three (3) weeks after closing date of the quotations as per the quotation document No. 5(4) on page 3.
- iii. The opening minutes did not indicate quoted amounts by the bidders as required by the procurement law.

## **7.2 Supply of Samsung Galaxy Tabs S7**

Analysis of the payment vouchers on purchase of property, plant and equipment and procurement documents presented for audit review revealed the following audit issues:

- i. Payment voucher No. 41235 of Kshs.378,000 for the supply of Samsung Galaxy Tabs S7 for Council members had the inspection certificate signed by the inspection and acceptance committee on 23 January, 2025, two (2) months before the LPO was generated and approved by the University.
- ii. The delivery notes also indicated that the goods were delivered two (2) months before the LPO was generated and approved.
- iii. The procurement recommendation for award document presented for audit was signed two (2) months after the goods were already delivered and inspection certificate issued.
- iv. Approval request was two (2) months after delivery of the goods.

## **7.3 Supply of 1000 Bucket Plastic Chairs with Metal Stand APS**

The University tendered to procure 1000 bucket plastic chairs with metal stand aps through request for quotations opened on 6 August, 2024. However, analysis of the payment voucher No. 40317 of Kshs.2,989,000 and its supporting documentations revealed the following procurement irregularities:

- i. The LPO was signed by the supplier for acceptance with a 90 days validity period but the supplier delivered the last batch of 200 chairs three months after expiry of the validity period.
- ii. Evaluation report was signed by only two (2) members from procurement department contrary to the requirements of the procurement law on composition of evaluation committee.
- iii. Bidder No. 6 was disqualified on preliminaries because he was not in the list of registered suppliers hence not possible to confirm where and how the bidder was identified for invitation to quote by the University.

Instruction No. 2 of the instructions to tenderers in the quotation document states that the quotation will be valid for 90days from the date of submission of the quotation document contrary to condition number 1 of the LPO document which states that validity will be 90 days from the date of acceptance by the supplier.

## **7.4 Repairs and Maintenance**

The University contracted a service provider for servicing of laundry machines as reflected in payment voucher No. 40702 of Kshs.168,750 through LPO 8665 dated 25 January, 2025. However, the following procurement irregularities were identified:

- i. Servicing was done three (3) months before the LPO was generated and approved by the University.
- ii. Inspection certificate was signed three (3) months before completion of the service.
- iii. Purchase requisition is dated three (3) months after the servicing begun and inspection and acceptance certificate awarded.

In the circumstances, Management was in breach of law and the procurement process may have been conducted without fairness to all bidders.

#### **8. Irregular Procurement on Repairs and Maintenance**

The statement of financial performance and as disclosed in Note 14 to the financial statements reflects an expenditure on repairs and maintenance of Kshs.17,609,414 which includes an amount of Kshs.14,888,774 incurred on hardware and renovation. Review of selected payments totalling Kshs.2,579,345 revealed several procurement and payment issues including, discrepancies between delivery, invoice, and inspection dates, delays in conducting inspections and issuing acceptance certificates after delivery and instances where inspections were carried out on multiple dates by different committee members.

In the circumstances, Management was in breach of law.

#### **9. Unsupported Research Costs**

The statement of financial performance reflects general expenses totalling Kshs.193,199,697 as disclosed in Note 16 to the financial statements. Included in the general expenses are research costs of Kshs.4,058,959 whose payment vouchers were not supported with an approved research policy. The meeting resolutions approving the research policy was also not provided for audit review.

In the circumstances, the regularity and the value for money of the project expenditure of Kshs.4,058,959 could not be confirmed.

#### **10. Irregularities in Imprest Management**

During the year under review, University issued imprests for academic and sports school trips. However, analysis of four (4) sampled payment vouchers totalling Kshs.899,600 and imprest supporting documents, it was noted that imprests were not supported with the activity program and back to work report. Additionally, the imprest was not surrendered within the stipulated timelines after the return to duty station.

In the circumstances, it was not possible to confirm the value for money on expenditure of Kshs.899,600.

#### **11. Irregular Payments of Fuel, Oil and Lubricants**

During the year under review, the University entered into a three (3) year framework agreement for provision of fuel and related products using fuel cards. Ledger extracts for

sampled ten (10) months show that fuel totalling Kshs.8,713,370 was consumed during the year under review. However, fuel consumption tracking system to establish tracking of fuel consumed, mileage, and usage for each vehicle was not provided. It was noted that fuel is often acquired on an ad-hoc basis, with limited documentation or verification procedures in place to confirm quantities received, vehicles fueled or actual consumption.

In the circumstances, without detailed and verifiable documentation such as supplier statements or delivery notes, there is a high risk of fuel diversion, fictitious deliveries, inflated invoices, or unauthorized transactions.

## **12. Irregular Payment of Legal Fees**

The statement of financial performance indicates general expenses amounting to Kshs.193,199,697 under Note 16 to the financial statements. Included in this amount is legal fees amounting to Kshs.11,161,089 out of which payments of Kshs.9,001,439 were made to various legal firms in respect of various legal cases. However, no documentation was provided on how these firms were identified including, any service agreement signed with the University governing the terms, certificate of appointment in respect of every case or transaction and the Attorney General's approval of the fees paid to the Advocates.

In the circumstances, it was not possible to confirm the value for money of the expenditure of Kshs.9,001,439.

## **13. Irregular Payment of Vice Chancellor Security**

The Accounting Officer engaged an armed bodyguard from Kenya Police who has been earning on monthly basis. During the year under audit a total of Kshs.1,326,900 was paid to the bodyguard. No evidence was provided to confirm whether the terms of service and the contract signed by the Vice Chancellor had the provision for a body guard. Further, approval by the University Council was not provided authorizing the University to engagement of VC's bodyguard. Therefore, it was not possible to confirm the validity of the payment of VC's security Kshs.1,326,900.

In the circumstances, contracting security guards without the relevant approvals results to wasteful expenditure of public resources.

## **14. Irregularities in Management of the Board**

During the year under review the University Council held a retreat in Naivasha for induction purpose and incurred an amount of Kshs.435,500. It was observed that Management did not use standard quotation documents in inviting suppliers to quote. Further, the list of prequalified suppliers was not provided hence not possible to confirm authenticity of the invited three (3) suppliers and the expenditure of Kshs.435,500.

In the circumstances, the regularity of the retreat expenditure Kshs.435,500 could not be confirmed.

### **15. Irregular Appointment of Staff on Acting Capacity**

The University Management appointed two (2) officers to serve in various acting positions during the audit period and have remained acting for more than six (6) months. No explanation was provided in support of the long-acting duration contrary to Section 34(3) of the Public Service Commission Act, 2017.

In the circumstances, Management was in breach of law.

### **16. Engaging Temporary (Casuals) Employees for More than three (3) Months**

The statement of financial performance and Note 11 to the financial statements reflects employee costs totalling Kshs.1,084,356,298 which includes an amount of Kshs.17,481,921 paid to casual employees. Audit examination of employment records revealed that the University engaged temporary employees on contracts renewable annually. In several instances, these appointments were renewed for periods exceeding one (1) year contrary to the intended short-term nature of such engagements. No explanation was provided by Management for the continued renewal of temporary contracts beyond the allowable period or for the extended engagement of casual workers beyond the legal threshold.

It was also noted that casual employees were engaged for continuous periods exceeding three (3) months. This practice contravenes Section 37 of the Employment Act, Cap 226 (2007). Further, the audit established that the University is operating without an approved Human Resource Policy. The absence of such a policy means there is no formal internal framework to guide employment terms, contract management, or the engagement of staff.

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

### **17. Non-Compliance with One Third Basic Salary Rule**

During the year under audit, the University paid some employees net salaries less than the one third of the basic salary. Although Management explained that it was due to the introduction of the housing levy and New NSSF tax rates, this was contrary to Section C.1 (3) of the Human Resource Policies and Procedures Manuals for the Public Service, 2016 which states that the public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries. Further, it is contrary to Section 19(3) of the Employment Act 2007.

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

### **18. Non-Compliance with Technical and Administrative Staff Ratio**

The University had 373 staff for the period under review. Review of the staff register revealed that 119 were technical staff (teaching), while 254 were non-technical staff (non-teaching) representing a ratio of 32:68 respectively. This contravenes Section 4.3(i) of the

Public Service Commission Guidelines, 2023 that require 70:30 ratio of technical to non-technical.

In the circumstances, this may result in an inefficient workforce distribution, potentially affecting service delivery and the institution's overall performance.

### **19. Non-Compliance with 5% PWD Employment Requirement**

Review of the staff register for the University revealed that only five (5) out of three hundred and seventy-three (373) employees were classified under persons living with disabilities. This represents approximately 1.34% which is below the minimum threshold of 5% as required by law.

In the circumstances, failure to meet the minimum threshold undermines the legal rights of persons with disabilities and reflects non-compliance with National inclusion policies.

### **20. Delayed Completion and Structural Defects in the Construction of the University Library Building**

Examination of records revealed that Management awarded a contractor the construction of a library via contract number MMU/LB/47(A) 2017-2018 at a contract price of Kshs.565,101,475 on 15 August, 2015. Physical verification carried out on 26 May, 2025 revealed significant delays and deviations from the approved work schedule and scope of completion. While the structural framework of the five-storey building has been completed, only the ground and first floors have undergone substantial interior finishing. The second to fifth floors remain in a raw state with no tiling, plastering or paintwork undertaken, thereby rendering these levels unusable for library services. This partial completion contradicts the original project timeline and undermines the intended functionality of the facility.

Further, during the audit it was noted with concern that a section of the ceiling on the ground floor has already collapsed and another section shows visible signs of detachment, posing immediate safety risks to the students and staff. These defects raise questions on the quality of workmanship and whether proper oversight and quality assurance mechanisms were followed during construction.

In the circumstances, the University did not benefit from the project as intended hence no value for money.

### **21. Non-Remittance of Statutory Taxes**

The statement of financial position reflects taxation balance of Kshs.502,042,910 as disclosed in Note 23 to the financial statements. However, examination of records revealed that Pay As You Earn (PAYE) amounting to Kshs.448,357,401, Withholding VAT of Kshs.40,082,854, and Withholding Tax of Kshs.13,602,655 deducted from various payments but remained unremitted to Kenya Revenue Authority (KRA) contrary to the requirements of tax procedures, rules and regulations.

Further, a demand notice reference No. P000634802M dated 18 April, 2024 was issued by KRA demanding settlement of PAYE arrears amounting to Kshs.108,488,192, inclusive of penalties and interest totalling Kshs.19,642,170 and Kshs.67,244,101 respectively, all amounting to Kshs.195,374,464. The liability has not been disclosed in the financial statements. Although a payment plan was agreed for monthly remittance of Kshs.3,500,000 on the 25th day of each month up to October, 2024, no payments were made for September, 2024.

In the circumstances, Management was in breach of law and the accuracy of balances reflected in the financial statements could not be confirmed.

## **22. Non-Remittance of Employee Deductions and Pension Contributions**

Note 24 to the financial statements for the year ended 30 June, 2025 reflects a balance of Kshs. 1,120,269,929 in respect of employee benefit obligations. Included in this balance is Kshs.738,618,475 relating to pension contributions not remitted, which comprises amounts deducted from employees' salaries but not transferred to the relevant pension schemes. Further, Kshs.14,622,946 representing third-party deductions from employees that were not remitted to the intended beneficiaries, while Kshs.1,106,195 relates to housing levy and NHIF deductions that were similarly not remitted to the respective authorities.

These unremitted amounts have attracted undetermined penalties and interest, which have not been disclosed in the financial statements. Failure to remit pension contributions exposes University staff to the risk of losing their retirement benefits and creates uncertainty regarding their long-term financial security.

In the circumstances, Management was in breach of the law and failure to remit the deductions exposes the University to fines and penalties.

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

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

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Under Staffed Internal Audit Unit**

Review of the University's Internal Audit Unit revealed that during the year under review, the Unit had only four (4) staff members comprising of one (1) Chief Internal Auditor and three (3) Assistant Internal Auditors against an approved establishment of ten (10) officers, resulting to under staffing by six (6) staff. The significant under staffing of the Unit might have adversely affected effective performance of the Internal Audit Unit therefore compromising on the effectiveness of internal controls, governance and risk management systems.

In the circumstances, the effectiveness of the Internal Audit Department function could not be confirmed.

### **2. Inadequate Financial Record-Keeping and System Limitations in Revenue Recognition**

Review of financial data maintained in Microsoft Dynamics AX, the University's financial reporting system, revealed that the system is configured to automatically generate student invoices upon registration for course units and payment of at least 50% of the fees. However, the system was not capable of generating or retrieving the actual invoices raised during the audit period. As a result, the University relied on the general ledger as the primary source for reporting earned revenue, rather than using the invoices, which represent the actual point at which revenue is recognized.

In the circumstances, the effectiveness of the internal control processes set by Management could not be confirmed.

### **3. Use of Expired Local Purchase Order (LPO)**

Payment voucher No.40322 of Kshs.162,400 for the payment of design, layout, format, strategic plan 2023/2024; LPO-ORD\_8203 was issued on 15 July, 2024 while the goods were received in the store on 3 February, 2025 according to finance stores receipt. Further, payment voucher No.38387 of Kshs.136,574 for payment of the supply of lab reagents and test kits; LPO P-ORD\_7825 was issued on 1 December, 2023 while the goods were received in the store on 21 May, 2024 according to finance stores receipt and acceptance on the same day.

In addition, payment voucher No.38432 of Kshs.117,216 for the payment of the supply of lab reagents and test kits; LPO P-ORD\_7744 was issued on 25 October, 2023 while the goods were received in the store on 3 May, 2024 according to finance stores receipt. Goods were delivered after expiry of the LPO contrary to the provision of Public Finance Management Act, 2012.

In the circumstances, the internal control processes for the management of accountable documents could not be confirmed.

#### **4. Lack of Policies for Gender and Disability Mainstreaming**

During the audit on compliance with affirmative action, it was noted that the University does not have documented and approved Disability mainstreaming policies. In addition, the gender policy provided was approved in 2015. Further, there was no evidence of draft policies, Council approval minutes, implementation framework or reporting framework provided to support the information contained in the quarterly reports.

As a result, the University remains non-compliant with established affirmative action requirements and the absence of documented policies and supporting frameworks significantly limits accountability, effective implementation and meaningful monitoring of gender and disability mainstreaming initiatives.

#### **5. Non-Compliance with Disability Mainstreaming Requirements**

Examination of the physical structures revealed that the administration block/management offices were not equipped or designed to cater for an employee that may be a Person Living with Disabilities. This was evidenced by the notable lack of wheelchair-accessible ramp contrary to accessibility requirements.

As a result, the current infrastructure does not meet accessibility standards and may hinder the inclusion, mobility and fair participation of employees living with disabilities, contrary to the principles of affirmative action and universal access.

#### **6. Irregular Lease of Institutional School-Owned Commercial Spaces**

During the year under review, an audit of the Institution's leased assets - a shop and a canteen revealed that they are currently occupied and operated by third parties without any formal lease agreements. The absence of signed contracts, tenancy agreements or payment records makes it difficult to verify the legitimacy of these arrangements, the terms of occupancy or the revenue due to the Institution. This exposes the University to financial loss and legal disputes particularly if tenants' default or disputes arise regarding rent, utilities or space usage.

In the circumstances, this undermines transparency and accountability in the management of Institutional assets.

#### **7. Lack of an Approved Business Continuity and Disaster Recovery Plan**

Examination of the organization's ICT governance framework established that there was no approved Business Continuity Plan (BCP) or Disaster Recovery Plan (DRP) in place. The Institution did not have any formal plans to ensure continuity of operations and recovery in case of ICT disruptions. Establishing and operationalizing a Business Continuity and Disaster Recovery Plan is critical to safeguarding the organization's information assets and ensuring the continuity of essential services. Failure to address this gap exposes the entity to avoidable operational risks and undermines compliance with established public financial management regulations.

The absence of a BCP and DRP exposes the organization to extended downtime in the event of system disruptions, cyberattacks, or natural disasters. Potential loss of critical operational and financial data could result in serious service interruptions, reputational damage, and financial losses

#### **8. Lack of ICT Policy, IT Strategy and Procedures**

It was established that the University lacks a formally documented and approved Information and Communication Technology (ICT) Policy, ICT Strategic Plan, and comprehensive ICT procedures. Although some ICT-related activities are performed, there is no consolidated policy or strategy framework to guide ICT management.

The absence of an approved ICT policy, strategy, and procedures contravenes Public Finance Management regulations and best practice governance standards. Addressing this gap is critical to safeguarding information assets, ensuring operational efficiency and supporting the University's strategic objectives.

#### **9. Non-Compliance with Legal Requirement to Conduct a Data Protection Impact Assessment (DPIA)**

The audit established that the University is in the process of contracting a vendor to upgrade its Enterprise Resource Planning (ERP) system, which will involve significant processing of personal and staff data. However, no evidence was provided to confirm that a Data Protection Impact Assessment (DPIA) was conducted prior to initiating the procurement or system development process, as required by the Data Protection Act, 2019.

In the circumstances, without conducting a Data Protection Impact Assessment (DPIA), the University risks non-compliance with data protection laws, which may result in regulatory sanctions, data breaches and violation of the privacy rights of staff and students.

#### **10. Use of Expired and Unapproved Policy Documents**

Review of the University policy documents revealed that the University operated using outdated policy documents that were reviewed as far back as 2015 while some remained unapproved for the intended duration.

In the circumstances, use of expired or unapproved policy documents may lead to inconsistent performance, poor use of resources, failure to stay competitive.

#### **11. Inadequate Review and Update of the Fees Policy**

Audit review revealed that the University's Fees Policy of 2019 has not been reviewed or updated to accommodate developments such as new Government directives and Government-sponsored students. As a result, the Policy does not adequately regulate enforcement of fee payment, allowing students to sit examinations and graduate with outstanding balances.

In the circumstances, this has led to continued accumulation of student debts, weak enforcement of fee collection and compromised financial sustainability.

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

### **Responsibilities of the Management and University Council**

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

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

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

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

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

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


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

16 December, 2025

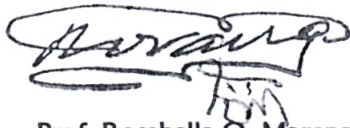
**14) STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

Revenue	Note	2024-2025 FY	2023-2024 FY
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public contributions and donations	6&28	18,533,149	18,533,411
Transfers from other governments- recurrent grant	7	457,746,265	523,544,928
Amortization of development grant	8&28	9,287,740	12,147,686
		<b>485,567,154</b>	<b>554,226,024</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- * Restated	9	1,206,283,001	848,293,002
Other Income	10	35,736,982	15,196,986
		<b>1,242,019,983</b>	<b>863,489,989</b>
<b>Total revenue</b>		<b>1,727,587,137</b>	<b>1,417,716,013</b>
<b>Expenses</b>			
Employee costs	11	1,084,356,298	1,071,476,406
Council Allowances	12	15,585,729	9,209,071
Depreciation and amortization expense	13	70,278,869	84,043,058
Repairs and maintenance	14	17,609,414	14,561,215
Contracted Services	15	22,268,474	23,478,157
General expenses	16	193,199,697	191,292,077
<b>Total expenses</b>		<b>1,403,298,482</b>	<b>1,394,059,984</b>
<b>Surplus for the period</b>		<b>324,288,655</b>	<b>23,656,029</b>

The notes set out on pages 9 to 26 form an integral part of these Financial Statements. The financial Statements set out on pages 1 to 5 were signed on behalf of the University Council by:

*KE*

**Dr. Grace Kakiya**  
**CHIEF FINANCE OFFICER, ICPAK No.7315**  
Date: 22<sup>ND</sup> August 2025



**Prof. Rosebella O. Maranga, PhD, MBS**  
**VICE CHANCELLOR**  
Date: 22<sup>ND</sup> August 2025



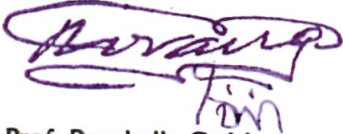
**Dr. Albert Kipkogei Kochei, PhD**  
**CHAIRMAN OF COUNCIL**  
Date: 22<sup>ND</sup> August 2025


15) STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE, 2025

Assets	Note	2024-2025 FY Kshs	2023-2024 FY Kshs
<b>Current assets</b>			
Cash and cash equivalents	17	105,645,492	124,517,578
Receivables from exchange transactions	18	547,170,858	181,505,858
Receivables from non-exchange transactions	19	71,034,431	62,723,194
Inventories	20	17,744,007	12,874,231
<b>Total Current Assets</b>		<b>741,594,788</b>	<b>381,620,861</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	21	2,985,257,796	2,999,590,368
<b>Total Non - Current Assets</b>		<b>2,985,257,796</b>	<b>2,999,590,368</b>
<b>Total assets (A)</b>		<b>3,726,852,584</b>	<b>3,381,211,228</b>
<b>Current liabilities</b>			
Trade Creditors	22	201,224,454	217,442,469
Taxation	23	502,042,910	527,271,455
Employee benefit Obligation	24	1,120,269,929	1,082,072,409
Prepayments – *restated	25	233,065,151	230,642,521
<b>Total current liabilities</b>		<b>2,056,602,445</b>	<b>2,057,428,854</b>
<b>Non-Current Liabilities</b>			
Deferred income	26	1,183,682,572	1,161,503,461
<b>Total Non-Current Liabilities</b>		<b>1,183,682,572</b>	<b>1,161,503,461</b>
<b>Total liabilities (B)</b>		<b>3,240,285,017</b>	<b>3,218,932,316</b>
<b>Net assets (A-B)</b>		<b>486,567,568</b>	<b>162,278,913</b>
<b>Represented by:-</b>			
Capital Fund	27 a	1,269,222,498	1,269,222,498
Accumulated surplus	27 b	(1,623,690,779)	(1,947,979,434)
Revaluation Reserve	27 c	841,035,849	841,035,849
<b>Net assets</b>		<b>486,567,568</b>	<b>162,278,913</b>

The financial Statements set out on pages 1 to 5 were signed on behalf of the University Council by:

  
Dr. Grace Kakiya  
CHIEF FINANCE OFFICER, ICPAK No.7315  
Date: 22<sup>ND</sup> August 2025

  
Prof. Rosebella O. Maranga, PhD, MBS  
VICE CHANCELLOR  
Date: 22<sup>ND</sup> August 2025

  
Dr. Albert Kipkogei Kochei, PhD  
CHAIRMAN OF COUNCIL  
Date: 22<sup>ND</sup> August 2025

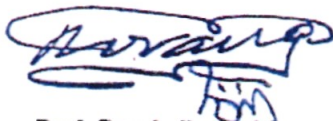
16) STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025

	CAPITAL FUND	ACCUMULATED SURPLUS	REVALUATION RESERVE	TOTAL	GOK GRANT	LASER OPTIC	GOK ENGINEERING DONATION	KOREA GRANT	CCK GRANT HOSTEL	CCK GRANT	TOTAL
As at 30th June 2023	1,269,222,498	-	841,035,849	132,332,384	969,205,638	58,286,822	134,167,928	1,334,964	1,199,999	20,489,207	1,184,684,558
For the period	-	23,656,029	-	23,656,029	7,500,000	-	-	-	-	-	7,500,000
Prior Year Adjustment	-	6,290,499	-	6,290,499	-	-	-	-	-	-	-
Grant Amortization	-	-	-	-	12,147,686	4,106,404	13,847,909	286,062	60,000	233,035	30,681,096
As at 30th June 2024	1,269,222,498	-	841,035,849	162,278,913	964,557,952	54,180,419	120,320,019	1,048,901	1,139,999	20,256,171	1,161,503,461
For the period	-	324,288,655	-	324,288,655	50,000,000	-	-	-	-	-	50,000,000
Grant Amortization for the period	-	-	-	-	(9,287,740)	(4,106,404)	(13,847,909)	(286,060)	(60,000)	(232,777)	27,820,889
As at 30th June 2025	1,269,222,498	-	841,035,849	486,567,568	1,005,270,212	50,074,015	106,472,110	762,841	1,079,999	20,023,395	1,183,682,572

**17) STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

	Note	2024-2025 FY	2023-2024 FY
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Recurrent Government grants	7	457,746,265	523,544,928
Rendering of services - *restated	9	1,206,283,001	863,118,777
Other incomes	10	35,736,982	
		<b>1,699,766,248</b>	<b>1,386,663,706</b>
<b>Payments</b>			
Employees Costs	11	1,084,356,298	1,071,476,406
Other payments	14 - 16	248,663,315	238,540,521
		<b>1,333,019,613</b>	<b>1,310,016,927</b>
Other Adjustment			
Prior Year Adjustment - restated			6,290,499
<b>Net cash flows from operating activities</b>		<b>366,746,635</b>	<b>82,937,278</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	21	(55,946,297)	(10,362,277)
Proceeds from disposal of fixed asset	21	-	421,000
(Decrease)/increase in current receivables	18 -19	(373,976,237)	(94,897,733)
(Decrease)/increase in trade payables- *restated	22 -25	(826,410)	93,218,388
(Decrease)/increase in stocks	20	(4,869,777)	(800,128)
<b>Net cash flows used in investing activities</b>		<b>(435,618,721)</b>	<b>(12,420,750)</b>
<b>Cash flows from financing activities</b>			
Receipts -government grant development	28 d	50,000,000	7,500,000
<b>Net cash flows used in financing activities</b>		<b>50,000,000</b>	<b>7,500,000</b>
		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(18,872,086)</b>	<b>78,016,528</b>
Cash and cash equivalents at the beginning of the year	17	124,517,578	46,501,050
Cash and cash equivalents at end of the year	17	105,645,492	124,517,578

*KG*  
Dr. Grace Kakiya  
CHIEF FINANCE OFFICER, ICPAK No.7315  
Date: 22<sup>ND</sup> August 2025



Prof. Rosebella O. Maranga, PhD, MBS  
VICE CHANCELLOR  
Date: 22<sup>ND</sup> August 2025



Dr. Albert Kipkogei Kochei, PhD  
CHAIRMAN OF COUNCIL  
Date: 22<sup>ND</sup> August 2025

18) STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025

	Original Budget	Budget Adjustment	Revised Budget	Cumulative Actual	Performance Difference	
	2024-2025	2024-2025	2024-2025	2024-2025	Kshs	%
<b>REVENUE</b>						
<b>Public contribution and donation</b>						
1 Grant-CCK	-		-	232,777	232,777	
2 Korea Grant	-		-	286,060	286,060	
3 Hostel Amortization	-		-	60,000	60,000	
4 G.O.K Engineering Donation	-		-	13,847,909	13,847,909	
5 Laser Optic Amortization	-		-	4,106,404	4,106,404	
<b>Total Public contribution and donation</b>	-		-	<b>18,533,149</b>	<b>18,533,149</b>	
6 Government Grant-Development Amortization	-		-	9,287,740	9,287,740	
7 Government Grant-Recurrent	397,294,758	60,451,507	457,746,265	457,746,265		100
<b>Revenue From Non Exchange Transaction</b>	<b>397,294,758</b>	<b>60,451,507</b>	<b>457,746,265</b>	<b>467,034,005</b>	<b>9,287,740</b>	
<b>Revenue From Rendering Of Services</b>						
8 Tuition And Other Student Charges	1,114,691,850		1,114,691,850	1,146,214,061	31,522,211	103
9 Other Income University-Miscellaneous	27,586,296		27,586,296	35,736,982	8,150,686	130
10 Catering-Student	16,448,040		16,448,040	11,713,589	(4,734,451)	71
11 Hostel Accommodation	43,776,000		43,776,000	33,875,113	(9,900,887)	77
12 Club House Sales	6,644,904		6,644,904	5,197,889	(1,447,015)	78
13 Printing & Laundry	4,800,000		4,800,000	1,038,349	3,761,651	22
14 Executive Hostels	20,280,000		20,280,000	8,244,000	12,036,000	41
<b>Total Revenue Rendering of services</b>	<b>1,234,227,090</b>		<b>1,234,227,090</b>	<b>1,242,019,983</b>	<b>(7,792,893)</b>	<b>101</b>
<b>TOTAL REVENUE</b>	<b>1,631,521,848</b>	<b>60,451,507</b>	<b>1,691,973,355</b>	<b>1,727,587,137</b>	<b>(35,613,782)</b>	<b>102</b>
<b>EXPENSES</b>						
<b>EMPLOYEE COST</b>						
1 Salaries and wages	484,685,615	38,451,507	523,137,122	488,915,670	34,221,452	93
2 Casual Wages	15,944,434	2,000,000	17,944,434	17,481,921	462,513	97
3 Part-time Teaching – Resources Cost	112,333,395		112,333,395	102,795,968	9,537,428	92
4 Pension	90,558,012	20,000,000	110,558,012	107,904,686	2,653,326	98
5 Gratuity	13,500,000		13,500,000	3,838,911	9,661,089	28

		Original Budget	Budget Adjustment	Revised Budget	Cumulative Actual	Performance Difference	
		2024-2025	2024-2025	2024-2025	2024-2025	Kshs	%
6	Medical	58,000,000		58,000,000	29,065,741	28,934,259	50
7	Local travel	6,000,000	3,000,000	9,000,000	8,713,966	286,034	97
8	External travel	2,000,000		2,000,000	0	2,000,000	0
9	House allowance	179,416,738		179,416,738	169,533,948	9,882,790	94
10	Car Allowance & other allowance	156,505,320		156,505,320	134,152,323	22,352,997	86
11	Leave Allowance	14,943,061		14,943,061	10,593,431	4,349,630	71
12	Housing Levy	24,000,000		24,000,000	11,359,734	12,640,266	47
13	Pending Bill	76,518,465		76,518,465	60,300,807	16,217,658	79
	<b>Total Employee Cost</b>	<b>1,234,405,040</b>	<b>63,451,507</b>	<b>1,297,856,547</b>	<b>1,144,657,105</b>	<b>153,199,442</b>	<b>88</b>
	<b>Repairs and Maintenance</b>						
14	General stores(hardware stores& renovation)	22,500,000		22,500,000	14,888,774	7,611,226	66
15	Plant and equipment repairs	2,000,000	1,000,000	3,000,000	1,957,359	1,042,641	65
16	Vehicles repairs	3,500,000		3,500,000	763,281	2,736,719	22
	<b>Total Repairs and Maintenance</b>	<b>28,000,000</b>	<b>1,000,000</b>	<b>29,000,000</b>	<b>17,609,414</b>	<b>11,390,586</b>	<b>61</b>
	<b>Contracted Services</b>						
17	Cleaning Services	13,000,000		13,000,000	11,888,748	1,111,252	91
18	Security services	9,618,000		9,618,000	10,379,726	(761,726)	108
	<b>Total Contracted Services</b>	<b>22,618,000</b>		<b>22,618,000</b>	<b>22,268,474</b>	<b>349,526</b>	<b>98</b>
	<b>Remuneration of University Council</b>						
19	Council Allowances	15,000,000		15,000,000	15,585,729	(585,729)	104
	<b>General Expenses</b>						
20	Advertising	4,000,000	(1,000,000)	3,000,000	3,818,487	(818,487)	127
21	Audit fees	1,700,000		1,700,000	870,000	830,000	51
22	Staff Education Support	4,000,000	(1,000,000)	3,000,000	2,093,383	906,617	70
23	Incidental/Ceremonies	0		0	1,897,609	(1,897,609)	
24	Legal	13,000,000		13,000,000	11,161,089	1,838,911	86
25	Catering costs	18,000,000	4,000,000	22,000,000	20,815,700	1,184,301	95
26	Consulting fees	5,000,000		5,000,000	869,200	4,130,800	17
27	Fuel and oil motor vehicle	9,000,000		9,000,000	11,740,032	(2,740,032)	130
28	Insurance	8,000,000		8,000,000	5,556,995	2,443,005	69

		Original Budget	Budget Adjustment	Revised Budget	Cumulative Actual	Performance Difference	
		2024-2025	2024-2025	2024-2025	2024-2025	Kshs	%
29	Internet services	16,000,000		16,000,000	16,628,882	(628,882)	104
30	Student Activities	5,000,000		5,000,000	4,541,621	458,379	91
31	Student work study	1,500,000	(500,000)	1,000,000	715,950	284,050	72
32	Student union expenses	4,000,000		4,000,000	2,249,030	1,750,970	56
33	Sports and welfare	7,000,000		7,000,000	6,221,873	778,127	89
34	Academic trips	10,000,000	(3,000,000)	7,000,000	4,179,901	2,820,099	60
35	Student Attachment	8,500,000	(2,900,000)	5,600,000	4,917,740	682,260	88
36	Research Cost	16,000,000	(5,100,000)	10,900,000	4,058,959	6,841,041	37
37	Honoraria	5,000,000		5,000,000	5,429,462	(429,462)	109
38	Postage	1,000,000		1,000,000	936,179	63,821	94
39	Printing and stationery	10,000,000	4,500,000	14,500,000	11,179,255	3,320,745	77
40	Library Expenses	2,698,808	(500,000)	2,198,808	1,896,388	302,421	86
41	Graduation	10,000,000		10,000,000	5,964,751	4,035,249	60
42	Cleaning Materials	3,000,000	1,500,000	4,500,000	3,272,375	1,227,625	73
43	Collaboration fee	7,000,000		7,000,000	2,594,500	4,405,500	37
44	Skills/staff development	4,000,000	500,000	4,500,000	5,191,184	(691,184)	115
45	Increase in Bad debts	0		0	1,708,416	(1,708,416)	
46	Lab Chemicals	5,000,000		5,000,000	408,310	4,591,690	8
47	Medical materials	8,000,000		8,000,000	4,553,400	3,446,600	57
48	Office expenses	2,000,000	(1,000,000)	1,000,000	147,900	852,100	15
49	Welfare	2,500,000	1,500,000	4,000,000	3,046,376	953,624	76
50	Bank charges	3,000,000	(1,500,000)	1,500,000	355,138	1,144,862	24
51	Vat	0		0	831,235	(831,235)	
52	Hotel outsourced services	0		0	86,000	(86,000)	
53	Electricity	37,500,000		37,500,000	31,376,603	6,123,397	84
54	Main Kitchen Cutlery	1,000,000		1,000,000	0	1,000,000	0
55	ICT licenses and repair	8,000,000		8,000,000	10,015,385	(2,015,385)	125
56	Programme review	5,000,000		5,000,000	223,295	4,776,705	4
57	ISO Budget	2,500,000	(1,500,000)	1,000,000	697,650	302,350	70
58	Conference costs	0		0	949,446	(949,446)	
59	<b>General Expenses</b>	<b>247,898,808</b>	<b>(6,000,000)</b>	<b>241,898,808</b>	<b>193,199,697</b>	<b>48,699,111</b>	<b>80</b>
	<b>Depreciation</b>						
60	Motor Vehicle	-		-	105,795	(105,795)	

	Original Budget	Budget Adjustment	Revised Budget	Cumulative Actual	Performance Difference	
	2024-2025	2024-2025	2024-2025	2024-2025	Kshs	%
61 Furniture and Fittings	-	-	-	4,345,778	(4,345,778)	
62 Computers	-	-	-	7,108,261	(7,108,261)	
63 Buildings	-	-	-	95,155,464	(95,155,464)	
64 Library books	-	-	-	1,084,771	(1,084,771)	
65 Plant and Machinery	-	-	-	67,714,762	(67,714,762)	
<b>Total depreciation and amortization</b>	-	-	-	<b>70,278,869</b>	<b>(70,278,869)</b>	
<b>Total Expenses</b>	<b>1,547,921,848</b>	<b>58,451,507</b>	<b>1,606,373,355</b>	<b>1,463,599,289</b>	<b>142,774,066</b>	<b>91</b>
<b>Purchase of Assets</b>						
66 Club House Refurbishment & Hotel	20,000,000		20,000,000	0	20,000,000	0
67 Library Books	5,000,000		5,000,000	488,137	4,511,863	10
68 Computers ,CCTV, Printers & Laptop- Staff and lab	9,000,000		9,000,000	4,108,716	4,891,284	46
69 ERP Upgrade	17,000,000		17,000,000		17,000,000	0
70 Furniture & Operational and filing cabinet including Mattresses	11,000,000	(1,250,000)	9,750,000	5,360,560	4,389,440	55
71 Lecturing Labs & Equipment, Laser Equipment and Solar Panel	11,000,000	(750,000)	10,250,000	0	10,250,000	0
72 Transport Enhancement-new vehicles	10,600,000	4,000,000	14,600,000	14,555,646	44,354	100
<b>Total Assets</b>	<b>83,600,000</b>	<b>2,000,000</b>	<b>85,600,000</b>	<b>24,513,059</b>	<b>61,086,941</b>	<b>29</b>
<b>Total Expenses</b>	<b>1,631,521,848</b>	<b>60,451,507</b>	<b>1,691,973,355</b>	<b>1,488,112,348</b>		
<b>Surplus</b>				<b>239,474,789</b>		

### Explanation of the Variance

The budget is prepared on a cash basis and did not take into account the non-cash items namely the depreciation expense and the amortization income.

The changes from the original to final budget is as a result of addressing unforeseen activities while handling the core mandate of the University

## 19) NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30<sup>TH</sup> JUNE 2025

### 1. General information

Multimedia University of Kenya is established by and derives its authority and accountability from Universities Act of 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. It operates within the mandate of the Ministry of Education which provides the general policy and strategic direction on Kenya's higher education.

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

The financial statements have been prepared in accordance with the PFM Act 2012, the Universities Act 2012, and International Public Sector Accounting Standards (IPSAS). The preparation of financial statements is in conformity with International Public Sector Accounting Standards (IPSAS) which allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the 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 on a historical cost basis except for property, plant and equipment measured at re-valued amounts, financial instruments at fair value and impaired assets at their estimated recoverable amounts.

The financial statements are prepared on accrual basis and presented in Kenya shillings, which is the functional and reporting currency of the University and all values are rounded to the nearest whole number. The accounting policies have been consistently applied to all the years presented. The cash flow statement is prepared using the direct method.

### 3. Adoption of New and Revised Standards

#### a) New and amendments standards and interpretations in issue effective in the year ended 30 June 2025

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

#### b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
IPSAS 43 <b>Leases</b>	<b>Applicable: 1<sup>st</sup> January 2025</b> The standard requires entities to recognize, measure and present information on right of use of assets and lease liabilities. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The information will give the basis for which users of financial statements assess the effect the leases have on the financial position, financial performance and cash flows of an Entity.

NB/ This standard will be applicable to the University's operations in 2025

Standard	Effective date and impact:
IPSAS 44 <b>Non- Current Assets Held for Sale and Discontinued Operations</b>	<b>Applicable: 1<sup>st</sup> January 2025</b> The standard requires entities with Assets that meet the criteria of being 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 of being 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.

NB/ This standard will not be applicable to the University's operations.

Standard	Effective date and impact:
<b>IPSAS 45</b> <b>Property Plant and Equipment</b>	<p><b>Applicable: 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. It provides 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.</p> <p>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.</p>

NB/ This standard will be applicable to the University's operations in 2025

Standard	Effective date and impact:
<b>IPSAS 46</b> <b>Measurements</b>	<p><b>Applicable: 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard is to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>(i) Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>(ii) Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>(iii) Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

NB/ This standard will be applicable to the University's operations in 2025

Standard	Effective date and impact:
<b>IPSAS 47</b> <b>Revenue</b>	<p><b>Applicable: 1<sup>st</sup> January 2026</b></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 guidance of accounting for all revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

NB/ This standard will be applicable to the University's operations in 2026

Standard	Effective date and impact:
<b>IPSAS 48</b> <b>Transfer Expenses</b>	<p><b>Applicable: 1<sup>st</sup> January 2026</b></p> <p>The objective of this 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>

NB/ This standard will not be applicable to the University's operations in 2026

Standard	Effective date and impact:
IPSAS 49 <b>Retirement Benefit Plans</b>	<b>Applicable: 1<sup>st</sup> January 2026</b> The objective of this standard 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.

NB/ This standard will be applicable to the University's operations in 2026

Standard	Effective date and impact:
IPSAS 50 <b>Exploration &amp; Evaluation of Mineral Resource</b>	<b>Applicable: 1<sup>st</sup> January 2027</b> The objective of this standard is to prescribe the financial reporting for the exploration for and evaluation of mineral resources. The standard requires entities that recognize exploration and evaluation assets to assess such assets for impairment and disclose amounts in the financial statements arising from the exploration for and evaluation of mineral resources. The purpose is to assist users of financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

NB/ This standard will not be applicable to the University's operations in 2027

#### c) Early adoption of standards

The University did not early – adopt any new or amended standards in the year 2024/2025.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Revenue recognition

##### (i) Revenue from non-exchange transactions

##### Transfers from other government entities

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

##### Donations

Donations have been recognized as income over the period they have been received to match with the related cost or assets intended to compensate for.

##### Deferred income

Deferred income recognized in the books is as a result of amortization of granted assets and the asset recognition criteria are met. Grants received for the purchase of fixed assets or donated assets are recognized as deferred income and transferred to the surplus or deficit over the expected useful lives of the respective assets

##### (ii) Revenue from exchange transactions – IPSAS 9

##### Rendering of services

The University has recognized incomes to include student tuition fees and related charges for the period in which it is earned.

**b) Budget information – IPSAS 24**

The budget for FY 2024/2025 was approved by the University Council in the month August 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with approvals from Council. The additional appropriations are added to the original budget by the University upon receiving approval of National Treasury in order to conclude the final budget. The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the University. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. The institution will provide an explanation of differences between actual and budgeted amounts under or above 10%.

**Notes to the Financial Statements (Continued)**  
**Summary of Significant Accounting Policies (Continued)**

**c) Property, plant and equipment – IPSAS 17**

by external independent valuer less subsequent depreciation and impairment losses. Increases in the carrying amounts arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve, all other decreases are charged to the statement of comprehensive income. University land is freehold property and not subjected to amortization. Depreciation on other property is charged so as to write off the value of the assets during their estimated useful life, using straight line method. Assets are subjected to a full year's depreciation except those acquired within the last three months of the year. The annual rates are:

S/No.	Description	Percentage
1.	Buildings	2%
2.	Plant & Machinery	6%
3.	Furniture & Fittings	12.5%
4.	Computers & Printers	30%
5.	Motor Vehicles	12.5%
6.	Library books	20%

**d) Leases**

Leases are categorized into finance leases and operating leases. The University has operating leases in respect to rented premises. Under operating leases the lessor effectively retains the risks and rewards of ownership. Obligations incurred under operating leases are charged as an operating expense in surplus or deficit on a straight line basis over the lease period.

**e) Research and development costs**

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

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

**Notes to the Financial Statements (Continued)**  
**Summary of Significant Accounting Policies (Continued)**

**f) Intangible assets – IPSAS 31**

Computer Software has been recognized at cost as intangible assets. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful life of the intangible assets is assessed finite for a period of three years. The assets are subjected to a full year's depreciation except those acquired within the last three months of the year at a rate of 30%. The ERP in use has been fully amortized.

**g) Work in progress**

Work in progress represents properties (buildings) under construction. It is carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use on the same basis as other buildings.

**h) Inventories –IPSAS 12**

Inventories are stated at lower of cost and net realizable value. Costs include direct material and where applicable direct labour and those overheads that have been incurred to bring the inventories to their present location and condition. Costs of issues are calculated using 'First In First Out' (FIFO) method. Net realizable value represents the estimated selling prices less all estimated costs of disposal

**i) Receivables**

Receivables are recognized when commitments are effected at their nominal value.

**j) Cash and cash equivalents**

Cash and cash equivalent are defined as Cash balances, Bank balances and short-term investments (Fixed deposits). Bank balances entails amounts held at various banks at the end of the financial year. For the purposes of cash flow statement, cash and cash equivalent consist of cash and bank balances

**k) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

**l) Changes in accounting policies and estimates – IPSAS 3**

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

**m) Employee benefits – IPSAS 25**

**Retirement benefit plans**

The University provides retirement benefits for its employees. The Pension Scheme is funded by defined contribution scheme based on the basic salary from both employees and employer at a rate of 10% and 20 % respectively. The University also contributes to the statutory National Social Security Fund (N.S.S.F.). This is a defined contribution scheme registered under N.S.S.F. Act. The University's obligations under this scheme are

limited to specific contributions legislated from time to time and currently limited to a maximum of Kshs 4,320.00 per employee per month, while the employer contributes Kshs 4,320.00 per month. The University's obligation to staff retirement benefit schemes are charged to income statement in the year to which they relate.

**Notes to the Financial Statements (Continued)**  
**Summary of Significant Accounting Policies (Continued)**

**n) Related parties – IPSAS 20**

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. The National Government, Members of Council and Members of Management and staff are regarded as related parties in preparation of these financial statements.

Related party transactions during the year as tabulated below:

Related party transactions		Kshs
Members of Council	Note 12: Council Allowances	15,585,729
National Government	Note 7 - Recurrent grants	457,746,265
	Note 28(d) - Capital grants	50,000,000
<b>TOTAL</b>		<b>523,331,993</b>

**o) Comparative figures**

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

**p) Subsequent events – IPSAS 14**

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, 2024.

**q) Provisions – IPSAS 19**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the managements best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to the present value where the effect is material. Where the University expects some or all of a provision to be reimbursed, 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.

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

In the process of applying the University's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas of judgment in applying the University's accounting policies are dealt with below:

***Impairment losses***

At each year end, the University reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the University estimates the recoverable amount of the cash generating unit to which the asset belongs.

#### **Impairment of debts**

There is no impairment for debts falling within one year while for the debts falling between one and two years the impairment allowance is 2%. The debts over two years in age are impaired at 50%. For the old debts inherited from the defunct Kenya college of communication technology that the University wrote to the National treasury requesting for approval to write them off amounting to KES 77,928,485.72 have been provided for at 100%.

### **Notes to the Financial Statements (Continued)** **Summary of Significant Accounting Policies (Continued)**

#### ***Property and equipment***

Critical estimates are made by the University council in determining depreciation rates for property and equipment.

#### ***Useful lives and residual values***

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

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

#### ***Provisions bad and doubtful debt***

The University provided for bad and doubtful debts at a rate of 2% of the debtors from exchange transactions. Where there is no certainty of a receivable, the amounts are expensed after clear analysis of the account receivable and recorded as expenses. Additional disclosure of these estimates of provisions is included in Note 18. 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.

#### ***Contingent liabilities***

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

#### ***Contingent assets***

The University does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University. 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)

**Financial Risk Management**

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

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

**(i) Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the University. The University's credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings.

**(ii) Liquidity risk management**

The University's financial liabilities are categorized as general creditors, part time payments, contractors' fees and retention amounts. The amounts disclosed in the financial position are the contractual undiscounted carrying amounts due within 12 months and the impact of discounting is not significant.

**(iii) Market risk**

Council has put in place an internal audit function to assist in assessing the risks faced by the University on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risks in respect to interest rates and foreign exchange rates will affect the University's income or value held by the financial instruments. The overall responsibility for managing market risk rests with the Audit and Risk Management Committee. There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

**(iv) Foreign exchange risk**

The University is exposed to foreign exchange risk because it has revenues earned and expenses incurred denominated in foreign currency, primarily the US dollar. It also arises from exchange rate differences between when the currency is received from sponsors and when it is recognized in the books of accounts. The University bank accounts are denominated in Kenya Shillings and transaction will be reflected depending on the transaction day spot rate.

**(v) Interest rate risk**

The University is exposed to interest rate risk arising from bank deposits. This exposes the institution to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on deposits. To manage the interest rate risk, the University management usually negotiates for favourable interest rates with the bank.

***(vi) Sensitivity Analysis***

The University analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 3,217,005 (2024/2025FY: Kshs 318,483,549 to Kshs 324,917,560). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 16,085,027 (2024/2025FY – Kshs 305,615,527 to Kshs 337,785,582).

***(vii) Capital Risk Management***

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

	<b>2024/2025</b>	<b>2023/2024</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Revaluation Reserve	841,035,849	841,035,849
Retained Earnings	-1,623,690,779	-1,947,979,434
Capital Reserve	1,269,222,498	1,269,222,498
<b>Total Funds</b>	<b>486,567,568</b>	<b>162,278,913</b>
Total Borrowings(CL)	2,056,602,445	2,057,428,854
Less: Cash and Bank Balances	105,645,492	124,517,578
Net Debt/(Excess Cash And Cash Equivalents)	1,950,956,953	1,932,911,276
<b>Gearing</b>	<b>401%</b>	<b>1191%</b>

The gearing ratio of the University is above 100%. However, with support from GOK and the implementation of the New Funding Model. The University will remain a going concern.

Notes to the Financial Statements (Continued)

	2024/2025	2023/2024
<b>6 a. Public contributions and donations</b>	<b>Kshs</b>	<b>Kshs</b>
CCK Other Asset	232,777	233,035
CCK - Hostel	60,000	60,000
Korea Grant	286,060	286,062
<b>Sub total</b>	<b>578,837</b>	<b>579,098</b>
<b>b. Amortization</b>		
Amortization of the Engineering Equipment	13,847,909	13,847,909
Laser Optics Amortization	4,106,404	4,106,404
	<b>18,533,149</b>	<b>18,533,411</b>
<b>7. Transfers From Other Governments – Gifts And Services-In-Kind</b>		
Operational grant-recurrent	457,746,265	523,544,928
	<b>457,746,265</b>	<b>523,544,928</b>
<b>8. Development Grant Amortization</b>		
Development Grant Amortization	9,287,740	12,147,686
<b>Total Development Grants</b>	<b>9,287,740</b>	<b>12,147,686</b>
<b>9. Rendering of Services</b>		
Tuition and Other Charges	1,143,625,961	776,563,014
Student Smart ID - *Restated	2,588,100	2,713,300
Student Accommodation	33,875,113	34,184,839
Student Catering	11,713,589	8,264,742
Day Conference facilities	-	1,162,669
Printing and Laundry	1,038,349	1,872,470
Club house sales	5,197,889	4,667,969
Executive Hostels	8,244,000	18,864,000
<b>Total revenue from the rendering of services</b>	<b>1,206,283,001</b>	<b>848,293,003</b>
<b>10. Other income</b>		
Use of facilities	7,219,814	6,847,136
Research & consultancy	28,517,168	6,926,324
Decrease in Provision for Bad debts	-	1,052,314
Gain on disposal of fixed asset	-	371,212
<b>Total Other Income</b>	<b>35,736,982</b>	<b>15,196,986</b>
<b>11. Employee costs</b>		
Salaries and wages	488,915,670	453,746,150
Casual Wages	17,481,921	14,873,891
Part-time teaching -Resource	102,795,968	98,033,691
Pension	107,904,686	88,976,267
Gratuity	3,838,911	35,437,979
Medical	29,065,741	51,153,592
Local travel	8,713,966	9,956,950
House allowance	169,533,948	170,798,965
Car Allowance & other allowance	134,152,323	134,382,414

*Multimedia University of Kenya*  
*Annual Report and Financial Statements for the Financial Year ending 30th June 2025*

Leave Allowance	10,593,431	14,116,507
Housing Levy - Employer	11,359,734	-
<b>Total Employee costs</b>	<b>1,084,356,298</b>	<b>1,071,476,406</b>
	<b>2024/2025</b>	<b>2023/2024</b>
<b>12. Council Allowances</b>	<b>Kshs</b>	<b>Kshs</b>
Council Allowances	15,585,729	9,209,071
<b>Total Council Allowance</b>	<b>15,585,729</b>	<b>9,209,071</b>
<b>13. Depreciation and amortization expense</b>		
Motor Vehicle	47,020	5,678,419
Furniture and Fittings	1,888,732	7,485,805
Computers	2,856,208	3,034,034
Buildings	38,062,186	38,062,186
Library books	450,180	2,841,532
Plant and Machinery	26,974,545	26,941,082
<b>Total depreciation and amortization</b>	<b>70,278,869</b>	<b>84,043,058</b>
<b>14. Repairs and maintenance</b>		
General stores(hardware stores& renovation)	14,888,774	11,296,149
Plant and equipment operations cost	1,957,359	1,802,996
Vehicles repairs	763,281	1,462,070
<b>Total repairs and maintenance</b>	<b>17,609,414</b>	<b>14,561,215</b>
<b>15. Contracted Services</b>		
Cleaning Services	11,888,748	11,929,961
Security services	10,379,726	11,548,197
<b>Total contracted services</b>	<b>22,268,474</b>	<b>23,478,157</b>
<b>16. General expenses</b>		
Advertising	3,818,487	2,062,160
Audit fees	870,000	-
Staff Education Support	2,093,383	1,257,164
Incidental	1,897,609	3,710,073
Legal	11,161,089	14,865,506
Catering costs	20,815,700	17,920,502
Consulting fees	869,200	947,300
Fuel and oil motor vehicle	11,740,032	8,961,440
Insurance	5,556,995	6,035,326
Internet services	16,628,882	20,910,241
Student Activities	4,541,621	5,156,577
Student work study	715,950	591,150
Student union expenses	2,249,030	2,593,048
Sports and welfare	6,221,873	6,001,850
Academic trips	4,179,901	4,470,269
Student Attachment	4,917,740	7,486,166
Research Cost	4,058,959	14,936,108
Honoraria	5,429,462	3,055,151
Postage	936,179	724,932
Printing and stationery	11,179,255	8,902,121
Library Expenses	1,896,388	1,762,343

*Multimedia University of Kenya*  
*Annual Report and Financial Statements for the Financial Year ending 30th June 2025*

Graduation/ Ceremonies	5,964,751	5,172,388
	<b>2024/2025</b>	<b>2023/2024</b>
<b>16. General Expenses – Cont'd</b>	<b>Kshs</b>	<b>Kshs</b>
Cleaning Materials	3,272,375	3,275,364
Collaboration fee	2,594,500	916,780
Skills/staff development	5,191,184	2,552,225
Increase in Bad debts	1,708,416	-
Lab Chemicals	408,310	622,908
Medical materials	4,553,400	6,286,710
Office expenses	147,900	-
Welfare	3,046,376	1,836,750
Bank charges	355,138	2,117,901
Vat	831,235	-
Hotel outsourced services	86,000	-
Electricity & water	31,376,603	36,161,625
ICT Maintenance & License	10,015,385	-
Programme review	223,295	-
ISO Budget	697,650	-
MMU hotel expenses	949,446	-
<b>Total general expenses</b>	<b>193,199,697</b>	<b>191,292,077</b>
<b>17a. Cash and cash equivalents</b>		
Current Account	105,568,672	124,487,500
Others-Cash in Hand	76,820	30,077
<b>Total cash and cash equivalents</b>	<b>105,645,492</b>	<b>124,517,578</b>
<b>b) Current account</b>		
KCB -Main Account	4,914,350	44,537,091
KCB-Madaraka A/c	27,049,392	10,170,012
KCB -Hotel A/C	9,667,079	1,772,821
Equity Bank -MMU Student collection A/C	30,813,875	1,344,386
Equity Bank -Development A/C	11,043,740	66,649,181
MMU Research Fund Coop Bank	22,080,236	14,010
<b>Sub- total</b>	<b>105,568,672</b>	<b>124,487,500</b>
<b>c) Others(specify)</b>		
Petty cash	76,820	30,077
<b>Sub- total</b>	<b>76,820</b>	<b>30,077</b>
<b>Grand total</b>	<b>105,645,492</b>	<b>124,517,578</b>
<b>18 Receivables from exchange transactions</b>		
Student debtors	506,459,074	169,798,443
Trade debtors	88,668,467	89,259,398
Staff debtors	18,612,455	18,570,208
Supplier Advance Payment	2,000,000	2,000,000
Prepayment	29,681,334	-
Vat Receivable	43,000,456	41,420,269
KCB Bank Guarantee	1,500,000	1,500,000
Letter of credit	3,572,201	3,572,201
	<b>693,493,987</b>	<b>326,120,518</b>
Less: Provision for bad debts	146,323,129	144,614,660

*Multimedia University of Kenya*  
*Annual Report and Financial Statements for the Financial Year ending 30th June 2025*

Total current receivables from exchange transaction	547,170,858	181,505,858
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	2024/2025	2023/2024
<b>19. Receivables from non-exchange contracts</b>	<b>Kshs</b>	<b>Kshs</b>
Staff imprest	13,687,350	9,490,566
E- Citizen	7,347,081	9,603,884
Accrued government grant	50,000,000	43,628,744
<b>Total receivables from non-exchange contracts</b>	<b>71,034,431</b>	<b>62,723,194</b>
<b>20. Inventories</b>		
Stationery stores	3,500,927	3,714,224
Cleaning Materials	1,928,501	2,192,965
Hardware Stock	8,416,432	3,255,596
Electrical Stock	509,808	496,030
Medicine Stock	1,416,777	411,478
Plumbing Stock	1,563,470	1,419,809
Main Kitchen	408,093	1,384,129
<b>Total inventories</b>	<b>17,744,007</b>	<b>12,874,231</b>

Notes to The Financial Statements (Continued)

21. Property, plant and equipment

	Land	Motor vehicles	Furniture and fittings	Computers	Buildings	Other-Library Books	Plant and Equipment	Capital In Progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At June 2023	280,000,000	46,605,490	59,337,260	97,025,859	1,903,109,276	50,935,998	447,152,694	834,516,743	3,718,683,322
Additions	-	-	3,743,900	4,195,289	-	-	2,423,087	-	10,362,277
Disposal	-	(1,788,700)	-	-	-	-	-	-	(1,788,700)
At June 2024	280,000,000	44,816,790	63,081,160	101,221,148	1,903,109,276	50,935,998	449,575,782	834,516,743	3,727,256,898
Additions	-	14,555,646	5,360,560	4,108,716	-	488,137	-	31,433,238	55,946,297
At 30th June 2025	280,000,000	59,372,436	68,441,720	105,329,864	1,903,109,276	51,424,135	449,575,782	865,949,982	3,783,203,196
Depreciation and impairment									
At June 2023	-	40,783,244	50,126,155	93,137,878	256,357,087	47,488,831	157,469,191	-	645,362,385
Depreciation	-	5,678,419	7,485,805	3,034,034	38,062,186	2,841,532	26,941,082	-	84,043,058
On Disposals	-	(1,738,912)	-	-	-	-	-	-	(1,738,912)
At 30 June 2024	-	44,722,751	57,611,960	96,171,912	294,419,273	50,330,363	184,410,272	-	727,666,531
Depreciation	-	47,020	1,888,732	2,856,208	38,062,186	450,180	26,974,545	-	70,278,869
At 30th June 2025	-	44,769,771	59,500,691	99,028,119	332,481,458	50,780,543	211,384,817	-	797,945,400
Net book values									
At 30th June 2025	280,000,000	14,602,665	8,941,029	6,301,745	1,570,627,818	643,592	238,190,965	865,949,982	2,985,257,796
At 30 June 2024	280,000,000	94,039	5,469,201	5,049,237	1,608,690,004	605,635	265,165,509	834,516,743	2,999,590,368

Notes to The Financial Statements (Continued)

	2024/2025	2023/2024
<b>22. Trade Creditors</b>	<b>Kshs</b>	<b>Kshs</b>
Trade Suppliers	114,015,607	128,726,872
Engineering Block fee note	54,429,000	54,429,000
Staff quarter rent and Telkom rent	22,344,097	22,344,097
KUCCPS placement Fee	10,435,750	11,942,500
<b>Sub Total</b>	<b>201,224,454</b>	<b>217,442,469</b>
<b>23. Taxation</b>		
Pay As You Earn (P.A.Y.E)	448,357,401	474,997,549
Withholding Vat	40,082,854	38,210,813
Withholding Tax	13,602,655	14,063,094
<b>Sub Total</b>	<b>502,042,910</b>	<b>527,271,455</b>
<b>24. Employee Benefit Obligation</b>		
Third Party Payments (banks, Saccos, Insurance)	14,622,946	29,512,723
Pension	738,618,475	739,824,309
Part time Lecturers	365,922,313	310,742,589
Housing Levy & NHIF	1,106,195	1,992,788
<b>Sub Total</b>	<b>1,120,269,929</b>	<b>1,082,072,409</b>
<b>25. Prepayments</b>		
Caution Money	21,987,902	18,029,302
Student business rent recovery	253,700	253,700
HELB & GOK scholarship	23,707,124	27,148,635
Unreceipted bank deposits	9,371,421	9,295,278
Student and guest payment	167,825,715	167,759,212
Student union subscription	9,919,290	8,156,394
Student Smart ID - *Restated		
<b>Sub Total</b>	<b>233,065,151</b>	<b>230,642,521</b>
<b>26. Deferred income – Also Refer to note 28</b>		
GOK-Development Grant	1,005,270,212	964,557,952
CCK -Grant- other Assets	20,023,395	20,256,171
CCK- Hostels	1,079,999	1,139,999
Korea Grant	762,841	1,048,901
G.O.K Engineering Equipment	106,472,110	120,320,019
Grant for Laser Optic	50,074,015	54,180,419
<b>Total Deferred Income</b>	<b>1,183,682,572</b>	<b>1,161,503,461</b>

## Notes to The Financial Statements (Continued)

### 27. Funds and Reserves

#### a) Capital Fund

There was no change in the capital fund during the financial year 2024/2025

	2024/2025	2023/2024
	Kshs	Kshs
<b>Capital Fund</b>	1,269,222,498	1,269,222,498

#### b) Accumulated deficit

The accumulated fund brought forward from 2023/2024 was Kshs (1,956,983,233). This has been positively affected by 2024/2025 surplus of Kshs. 321,700,555 bringing the current accumulated fund to Kshs. (1,635,282,679).

	2024/2025	2023/2024
	Kshs	Kshs
Balance b/d	(1,956,983,233)	(1,977,925,963)
Surplus for the year	321,700,555	20,942,729
<b>Closing Balance</b>	<b>(1,635,282,679)</b>	<b>(1,956,983,233)</b>

#### c) Revaluation reserve

During the year 2015/2016 the university engaged Sec & M Company to revalue its fixed assets and this resulted to a revaluation of reserve of Kshs 841,035,849. There was no revaluation of the fixed assets in the year 2024/2025 therefore no movement in the revaluation reserve.

	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	841,035,849	841,035,849

### 28. Deferred Income

Deferred income relates to grants and donations that have been received by the university over a period of time and continue to be amortized. These include: -

#### a) CCK Grant- Hostel

The university received Kshs 3,000,000 for construction of Senior Hostel from CCK. This is amortized at the rates of 2% annually.

	2024/2025	2023/2024
	Kshs	Kshs
Balance b/d	1,139,999	1,199,999
Amortization of grant	(60,000)	(60,000)
<b>Total</b>	<b>1,079,999</b>	<b>1,139,999</b>

**b) CCK Grant other assets**

The University received a grant of Kshs 100 million from CCK during the 2007/2008 financial year to cater for development expenditure. This continues to be amortized over the useful life of the assets.

	2024/2025	2023/2024
	Kshs	Kshs
Balance b/d	20,256,171	20,489,207
Amortization of grant	(232,777)	(233,035)
<b>Total</b>	<b>20,023,395</b>	<b>20,256,171</b>

**c) Korea donation**

The University received grant of equipment worth Kshs. 4,767,708 from Korea. This continues to be amortized over the useful life of the equipment.

	2024/2025	2023/2024
	Kshs	Kshs
Balance b/d	1,048,901	1,334,964
Amortization of grant	(286,060)	(286,062)
<b>Total</b>	<b>762,841</b>	<b>1,048,901</b>

**d) Government development grant**

The university receives development grant from the government through state department for university education for various projects. During the year 2023/2024 the university received a grant of Kshs7,500,000 from the government for development project. The deferred income method is applied in the treatment of development grant since it gives the full disclosure of the grant received. This grant is amortized over the useful life of the assets acquired.

	2024/2025	2023/2024
	Kshs	Kshs
Balance b/d	964,557,952	969,205,638
Grant received	50,000,000	<b>7,500,000</b>
Amortization of grant	(9,287,740)	(12,147,686)
<b>Total</b>	<b>1,005,270,212</b>	<b>964,557,952</b>

**e) Research Infrastructural Grant-Laser Optic**

During the financial year 2018/2019 the university received a research infrastructural grant of Kshs 65,990,555 from the ministry of education for the establishment of National Laser Training and research centre. The amortization for the same in this financial year is Kshs 4,106,404.

	2024/2025	2023/2024
	Kshs	Kshs
Balance b/d	54,180,419	<b>58,286,822</b>
Amortization of grant	(4,106,404)	(4,106,404)
<b>Total b/c</b>	<b>50,074,015</b>	<b>54,180,419</b>

**f) Engineering Equipment donation**

During the year 2016/2017 the university received lab equipment worth of Kshs 225,718,308 and an addition of equipment worth Kshs 5,080,173 in 2018/2017 from the Ministry of Education, Science and Technology (State department for University education).

The grant will be amortized over the useful life of the equipment.

	<b>2024/2025</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Balance b/d	120,320,019	134,167,928	148,015,837
Amortization of grant	(13,847,909)	(13,847,909)	(13,847,909)
<b>Total</b>	<b>106,472,110</b>	<b>120,320,019</b>	<b>134,167,928</b>

As per the IFRS/IAS 20 there are basically two methods of accounting for the grant, income method and capital method. The University has applied the Income approach because it gives full disclosure of the grant received.

**29. Related Party Transactions**

The following are the material related party transactions in respect to members of staff during for the year:

	<b>2024/2025</b>	<b>2023/2024</b>
<b>Loans to staff members</b>	<b>18,570,208</b>	<b>18,570,208</b>

The loans were given to former of KCCT before the University was chartered.

**30. Cash Generated from operations**

	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Surplus for the year	321,700,555	20,942,729
Adjusted for		
Depreciation	70,278,869	84,043,058
Gains on disposal of assets	0	-371,212
Amortization of development grant	(9,287,740)	-12,147,686
Public contributions and donations	(18,533,149)	-18,533,411
<b>Net cash flow from operating activities</b>	<b>364,158,535</b>	<b>73,933,478</b>

## 20. APPENDICES

### Appendix I: 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:
Basis of opinion	<p><b>1. Unsupported and Long Outstanding Receivables</b> in respect to the following:</p> <p>Staff - Kshs 18,570,208                      Students - Kshs 169,798,443                      Trade - Kshs 89,259,397                      HELB and other Scholarships – 194,730,495                      Total Kshs 472,358,543</p> <p>That management did not provide evidence of step employed to recover the debts.</p>	<p>The receivables for exchange transaction under note 18 totals to Kshs 326,120,518 with provisions for bad debt being Kshs 144,614,600. This results to net receivables for exchange transaction of Kshs 181,505,858.</p> <p>NB/ The amounts indicated as debtors from HELB and Other Scholarship of Kshs 194,730,495 are actual receipts of funds received (revenue) from HELB that had been posted to the student accounts. Therefore, the amounts are not debtors but revenue which reduces the student debtors.</p> <p>The strategies for settling debts include –</p> <p>a) Engaging and going after the collaterals for KCCT staff debtors                      b) Communicating to students to pay outstanding amounts as per the fee payment policy.                      c) Also, request was made for writing off inherited debts.</p>	Partly resolved	Ongoing
	<p><b>2. Non-remittance of taxation</b></p> <p>Tax deducted in respect to PAYE of Kshs 474,997,549 and withholding tax of Kshs 52,273,907 had not been remitted to KRA.</p>	<p>The liability arose due to lack of adequate government funding for the University's mandate over the years. However, in the FY 2023/2024 the University embarked on settling remittances to KRA courtesy of the New Funding model which enhanced its revenue.</p>	Partly resolved	Ongoing

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		Further, the University management entered into a payment plan with KRA for paying the tax liability arrears in instalments which is being adhered to.		
	<p><b>3.Unsupported and Long Outstanding Trade Creditors</b> The University owed suppliers a total of Kshs 166,830,965 which had been outstanding for more than 365 days.</p>	The University has settled payments for suppliers whose documentation is complete. Further, those with encumbrances or litigations will be processed once the issues are cleared.	Partly resolved	
Emphasis of Matter (No. 1)/ Key Audit Matter	<p><b>Material uncertainty in relation to sustainability of services.</b> The University was operating on negative working capital of Kshs 1,684,811,793 thus technically insolvent</p>	The financial performance of the University has improved from the deficit reported in FY 2022/2023 to a surplus of Kshs 21M and Kshs 30in FY 2023/2024. Also, with the new funding model of Universities, the financial performance will greatly improve.	Partly resolved	2027/2028 FY
Other Matters	Unresolved Prior Year Audit matters for 2023/2024	The issues are being addressed	Partly resolved	June 2026
Lawfulness & Effective Use of Public Resources	<p><b>1.Non –Remittance of Staff Pension Deductions</b> Pension deductions amounting to Kshs 727,043,349 were not remitted to the respective pension schemes.</p>	The cause of non-remittance of pension funds is lack of adequate funding from the government. However, the University management is committed to payment of amounts due and has enforced payment of all statutory deduction including monthly pensions amounts since July 2024.	Not Resolved	
	<p><b>2.Irregular Procurement of Legal Services</b> Kshs 14,865,506 was incurred on settling legal expenses to seven (7) private legal service providers. However, evidence was not provided of how the service providers were identified and selected.</p>	<p>The University does make use of services from prequalified suppliers. However, some court cases go beyond one-year before they are determined. Therefore, persons in previous prequalified list of suppliers may be paid later.</p> <p>Further, there are persons who took the University to court and were granted court awards that required settlement by the University or placed demands to the University using their legal representatives.</p>	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p><b>3.Delay in Construction of Proposed New University Library</b></p>	<p>The library project is fully funded by the Government. In the FY 2024/2025, the project was not allocated funding. Therefore, the University did not have funds to complete the project. However, in Supplementary 11 of 2024/2025FY, the University was allocated Kshs 50M to assist in completing the remaining works. Further, the University has been allocated Kshs 55M in 2025/26 FY. The University continues to pursue additional funding from the government for this project so as to facilitate its completion.</p>	<p>Partly resolved</p>	<p>June 2026</p>
	<p><b>4.Commitment for Supply of Goods and Services after 31<sup>st</sup> May, 2024</b> The University committed LPOs/ LPOs totalling to Kshs 1,408,418 without written approval by the Accounting Officer</p>	<p>The anomaly was noted and corrective measures have been in place to ensure all expenditures are approved.</p>	<p>Resolved</p>	
	<p><b>5.Unfulfilled Local Purchase Orders (LPOs) Exceeding Validity Period</b> 189 LPOs totalling to Kshs 28,511 618 remained outstanding for more than 90 days.</p>	<p>The anomaly was noted and the University will ensure that the ERP system is cleaned up for all open LPOs and that are older than 30<sup>th</sup> June 2024 going backwards. This will be done as data is migrated to the new system.</p>	<p>Not Resolved</p>	<p>June 2026</p>
	<p><b>6.Engaging Temporary (Casuals) Employees for More than 3 Years</b> Temporary employees were engaged for a renewable period of one year and appointments renewed for periods longer than year.</p>	<p>The University has been operating on a budget deficit. Therefore, due to limited funds, the University has not been able to recruit all the required numbers of staff resulting to staffing shortages in some sections. Further, with the freeze of new employment, the University still required to handle, execute and support the core mandate. Therefore, for departments which had</p>	<p>Not Resolved</p>	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		expressed shortage in staffing needs, the University engaged temporary employees (casuals).		
	<p><b>7. Irregular appointment of staff on acting capacity</b> The University management appointed 5 officers to serve in various acting positions and have remained acting for more than 6 months.</p>	Due to financial constraints, the University was not able to fill some key positions. However, the University is filling those positions progressively in phases. In the FY 2023/2024, the University filled three positions; that of Human Resource Manager, Chief Internal Auditor and Chief Finance Officer which reduced the number of persons on acting capacity. The Chief Internal Auditor and Chief Finance Officer reported in 2024/25FY. Further the recruitment process of a Chief Procurement Officer is underway While that of Registrar (Research & Innovation) is now hosted under Director Research and Innovations.		
	<p><b>8. Lack of Ownership Documents</b> The University was in possession of two motorcycles that did not have ownership documents</p>	The University has log books for the two motorcycles	Resolved	
	<p><b>9. Provision of Security Guard Services</b> Daily registers for guard dogs and dog handlers were not provided. Payments were not supported by requisitions and reports from Security in charge. The University made full monthly payment despite absenteeism of supervisors and security guards on different days.</p>	The audit observations were noted and the University Management enhanced controls in management of outsourced security guard services based on the audit observations. The University now maintains registers for all security guards who offered services within the University. A credit note was issued by the suppliers for services not rendered.	Resolved	
	<p><b>10. Irregular Provision of Cleaning Services</b> The University paid for tissue papers which were not supplied.</p>	the audit observation was noted and internal controls have been enhanced for the management of cleaning services. Further, the University sought for credit notes from the supplier for the said amounts (Kshs 71,003) so that the same can be deducted from subsequent payments.	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<b>11. Use of Imprest in Procurement of Research Goods</b>	Due to complexities and uniqueness of some items used in research, some service providers may not be in the list of prequalified suppliers and some items may require experts' skills to source them. In future, the University shall ensure that the purchase research items which are of low value are approved by the head of procurement. Further, all purchases are now being supported by ETR receipts	Resolved	
	<b>12. Non-Compliance with Fiscal Responsibility Principles</b> Employee Cost was at 76% of the total revenue while PFM Regulations (2015) provides for a maximum expenditure on compensation of employees at 35% of the organization's total revenue.	The core mandate of the University is training which requires skilled professionals whose salaries are negotiated through National Collective Bargaining Agreements. Therefore, Employment expense tends to be significant because the core mandate is provision of a services which are training, research & innovation. Consequently, most of the members of staff have been engaged on permanent basis of employment which makes Employment expense a fixed costs to be higher when compared to the other expenses which are variable costs	Not Resolved	
Internal Controls & Risk Mgt No 1.	Compliance with law on issuance and surrender of imprest	Compliance measure have been put in place and recoveries done when accounting date falls due. Also, the University is issuing one imprest at a time.	Resolved	
	<b>Lack of a Disaster Recovery Plan</b> The University does not have a disaster recovery plan, risk management policy and approved ICT policy	The policies were developed and are the final stage of approval.	Resolved	September 2025
	<b>Gaps in Posted Sales Invoices</b> There were missing invoices in the ERP despite the invoices being auto generated and serialized in the system	Management confirms that all ERP invoices are systemically auto-generated and serialized. The identified serial numbers were appearing under sales invoices with their status being open. The invoices did not have GL account numbers or amounts. Therefore, the entries	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
IT Internal Controls	Lack of IT Continuity Plan, Disaster Recovery Plan and Risk Management Policy Framework Lack of IT Steering Committee	could not be posted because they didn't contain all the requisite information. The policies were developed and are the final stage of approval.	Resolved	September 2025
	<b>Weakness in ICT Internal Controls on :-</b> Change and upgrade management Use of outdated financial system Lack of Service Level Agreements (SLAs) Access to Live environment by vendor User Setup –Excessive User Rights Duplicated Personal File numbers in User Setup Discrepancy between defined users and payroll staff Lack of Evidence for user Deactivation	The University has a functional committee The audit observations were noted and the University management is upgrading its ERP in order to address the issues raised. A new service provider is on board and audit recommendations have been taken into account.	Resolved	December 2025



Prof. Rosebella O. Maranga, PhD, MBS  
VICE CHANCELLOR

Date: 22<sup>ND</sup> August 2025

## Appendix II: Projects implemented Multimedia University of Kenya

Projects implemented by the MMU Funded by the Government.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
Construction of Library		GOK	3 YRS	YES	NO	YES

### Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget 2024/25FY	Actual 2024/25FY	Sources of funds
1	Construction of Library	645,663,442		87%	50,000,000	50,000,000	GOK

## Appendix III: Transfers from Other Government Entities

### a) Transfers from Ministry of Education

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year 2024/2025	2023/2024 FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education	457,746,265	50,000,000	-	507,746,265	531,044,928
<b>Total</b>	<b>457,746,265</b>	<b>50,000,000</b>	<b>-</b>	<b>507,746,265</b>	<b>531,044,928</b>

**Appendix IV: Inter-Entity Confirmation Letter**

Name of Transferring entity.....MINISTRY OF EDUCATION.....

Name of Beneficiary entity.....MULTIMEDIA UNIVERSITY OF KENYA.....

**BREAKDOWN OF TRANSFERS FROM THE STATE DEPARTMENT OF  
UNIVERSITY EDUCATION**

**Recurrent Grant**

GOVERNMENT RECURRENT GRANT FY 2024/2025		
DATE	RECEIPT NO	AMOUNT
8/13/2024	RCT17-2381062	33,107,897
9/11/2024	RCT17-2401921	33,107,897
10/9/2024	RCT17-2424499	33,107,897
11/11/2024	RCT17-2453088	33,107,897
12/5/2024	RCT17-2470986	33,107,897
1/13/2025	RCT17-2485788	33,107,895
1/13/2025	RCT17-2485789	33,107,897
2/11/2025	RCT17-2509789	33,107,897
3/14/2025	RCT17-2532394	33,107,897
4/11/2025	RCT17-2556752	33,107,897
5/5/2025	RCT17-2573181	33,107,897
6/13/2025	RCT17-2592793	33,107,894
6/30/2025	RCT17-2596474	60,451,507
<b>TOTALS</b>		<b>457,746,265</b>

**Development Grant**


GOVERNMENT DEVELOPMENT GRANT FY 2024/2025		
DATE	RECEIPT NO.	AMOUNT
3.7.2025	RCT17-2598079	50,000,000
<b>TOTALS</b>		<b>50,000,000</b>

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

**Head of Accounts Department – State Department of University Education**

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

**Head of Accounts Department – Multimedia University of Kenya:**

Name ...CPA Dr. Grace Kakiya..... Sign  ..... Date...22<sup>ND</sup> August 2025

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 (Kshs)		
Environmental initiatives	Green Initiatives	Environmental sustainability	Tree planting;				50,000	GoK	KCB Bank (K) Ltd, Kingdom Bank, MMU community (staff & students)
			Waste Management & segregation;				285,000	GoK	
Water Supply	Maintenance of borehole	Water Supply	servicing the borehole pump				165,000	GoK	Outsourced service provider- Supplier
Renewable Energy	Training on renewable energy	Skills Transfer and capacity building	Offer training of renewable					<b>GOK</b>	Industry Partners, MMU community (staff & students)

Appendix VII: Reporting on Disaster Management Expenditure

Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments
Disease Outbreak		Pandemic/ Natural Disaster	Mitigation	Medical insurance	29,069,741	N/A
Assets insurance		Man-made	preparedness	Insurance costs	5,556,995	N/A