

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT

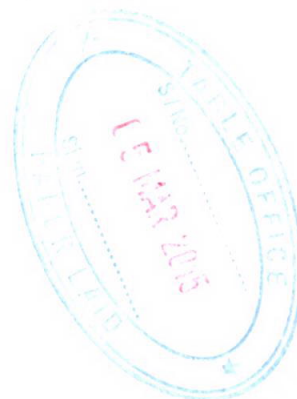
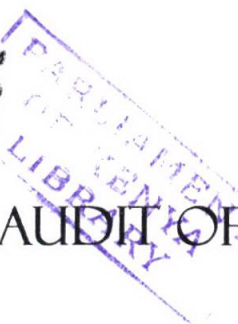
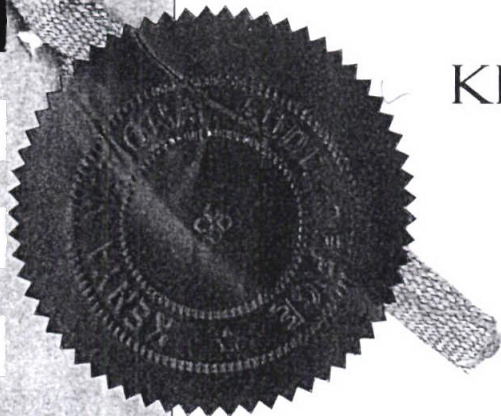
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KENYA UNIVERSITIES AND COLLEGES
CENTRAL PLACEMENT SERVICE

FOR THE FIVE (5) MONTHS PERIOD
ENDED 30 JUNE 2014





KENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FIVE MONTHS ENDED
JUNE 30, 2014**

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

Kenya Universities and Colleges Central Placement Service

| Table of Content | Page |
|---|------|
| I. KEY KUCCPS INFORMATION AND MANAGEMENT..... | 2 |
| II. THE BOARD MEMBERS..... | 4 |
| III. MANAGEMENT TEAM..... | 8 |
| IV. CHAIRMAN'S STATEMENT..... | 9 |
| V. REPORT OF THE CHIEF EXECUTIVE OFFICER..... | 10 |
| VI. CORPORATE GOVERNANCE STATEMENT..... | 11 |
| VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT..... | 13 |
| VIII. REPORT OF THE BOARD MEMBERS..... | 14 |
| IX. STATEMENT OF BOARD MEMBERS RESPONSIBILITIES..... | 15 |
| X. REPORT OF THE INDEPENDENT AUDITORSON THEKENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE..... | 16 |
| XI. STATEMENT OF FINANCIAL PERFORMANCE..... | 17 |
| XII. STATEMENT OF FINANCIAL POSITION..... | 18 |
| XIII. STATEMENT OF CHANGES IN NET ASSETS..... | 19 |
| XIV. STATEMENT OF CASH FLOWS..... | 20 |
| XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS..... | 21 |
| XVI. NOTES TO THE FINANCIAL STATEMENTS..... | 22 |
| XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS..... | 34 |

I. KEY KUCCPS INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Universities and Colleges Central Placement (KUCCPS) was formed on February 2014 in accordance with the Universities Act No. 42 of 2012. At cabinet level, KUCCPS is represented by the Cabinet Secretary for education, who is responsible for the general policy and strategic direction of the corporation.

(b) Principal Activities

The Kenya Universities and Colleges Central Placement is a government agent mandated by Universities Act 2012 to coordinate placement of government sponsored students into universities and colleges; disseminate information on available programmes, their cost and areas of study prioritized by the government; collect and retain data relating placement to universities and colleges; develop career guidance and counselling programmes to benefit students and to perform any other function assigned it by the Act.

(c) Key Management

The *KUCCPS* day-to-day management is under the following key organs:

1. The Placement Service Board
2. Chief Executive Officer
3. The Placement Service Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|-------------------------|------------------|
| 1. | Chief Executive Officer | John M. Muraguri |
| 2. | Deputy Secretary | Monica Ng'ang'a |
| 3. | ICT Manager | Purity Mayaka |
| 4. | Finance Manager | Michael Kimani |

(e) Fiduciary Oversight Arrangements

The Placement service has four committees of the board exercising the oversight role on the operations:

- Technical Committee
- Human Resources and Administration Committee
- Audit Risk Management and Compliance Committee
- Finance and Development Committee activities

(f) Headquarters

University of Nairobi
Kenya Science Campus
P.O. Box 105166, 00101
Nairobi, KENYA

(g) Contacts

Telephone: (254) 0723 954927

E-mail: info@kuccps.ac.ke

Website: www.kuccps.ac.ke

(h) Bankers

Kenya Commercial Bank

University Way Branch

P.O. Box 7206, 00300

Nairobi, Kenya

(i) Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084, 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

II. THE BOARD MEMBERS

Prof. David Musyimi Ndetei
(Chairman)



Prof David M. Ndetei, MBChB (Nairobi), DPM (London), M.R.C. Psych. FRC. Psychiatry (UK), M.D (Nairobi), DSc (Nairobi), Certificate in Psychotherapy (London). He is Professor of Psychiatry at the premier University of Nairobi and the Founding Director of Africa Mental Health Foundation, a leader in this Region of Africa in Mental Health Research and a Mental Health Resources Centre.

Mr. John Muraguri
(Secretary/CEO)



Mr. Muraguri holds a Bachelor's degree in Education and a Masters degree in Project Planning and Management, both from the University of Nairobi. He has also had extensive training in various aspects of institutional and financial management. He has also gained immense administrative and management skills in the course of his working career.

PROF. DAVID SOME (CEO,
CUE)



Prof. Some was born in 1956. He is the Chief Executive Officer of the Commission for University Education. He holds a PhD from University of Newcastle –upon Tyne, U.K., M.Sc. from Cranfield University and B.Sc. (Hons) University of Newcastle-upon Tyne, UK. A former Vice chancellor of Moi University, Prof Some is a member of a number of boards including the Higher Education Loans Board, Kenya Polytechnic Board of Governors, Family Bank Limited among others. He has also served as a member and founder chairman Board of Kenya Medical Training Colleges as well as ApproTEC, (Makers of Water pump) (Moneymaker) and oil presses. He is also the Collaborating Editor of the Journal of Agricultural Mechanization in Asia, Africa and Latin America.

MR. CHARLES M.
RINGERA (CEO – HELB)



Charles M. Ringera was born in 1969. He is a seasoned banker with over 20 years' practical banking experience that cuts across all facets of central and commercial banking. He formerly worked as a regulator with the Central Bank of Kenya in various capacities, as a bank examiner, Kisumu Branch, Finance, Audit and National Debt. He moved to Co-operative Bank in 2004 initially as Senior Credit Risk Analyst before being deployed to Enterprise-wide Risk Management as a senior manager to lay foundation for Risk management for the bank as per the Central Bank's Risk Management Guidelines and Basel II Accord. In 2006, he moved to KCB Group where he headed the Group Operational Risk and Compliance supporting – Kenya, Tanzania, Southern Sudan, Uganda, Rwanda and Burundi.

Charles holds Bachelor's of Science in Applied Accounting and an MBA in strategic management. He is a professional accountant holding a CPA (K) and a Fellow

Kenya Universities and Colleges Central Placement Service

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| | <p>of Association of Certified Chartered Accountants, FCCA. He also holds an Advanced Diploma in Risk Management in Banking/Finance by KPMG Sweden</p> |
| <p>Prof. George A.O. Magoha (Member Public University)</p>  | <p>Prof. George A.O. Magoha is the Vice-Chancellor, University of (UoN) A Professor of Surgery and a Consultant Urologist, College of Health Sciences, UoN. He is the current President of the Association of Medical Councils of Africa (AMCOA). He is also the Chairman of the Kenya Medical Practitioners and Dentists Board (KMPDB and has been a member of the AAU executive board from 2005 to date. Prof. Magoha is recognized in education and medical circles worldwide and represent the regional and the continent in many medical fora. He has published widely in revered medical journals.</p> |
| <p>Prof. Mabel Imbuga (Member Public University)</p>  | <p>Prof. Mabel Imbuga was born in 1951. She is the Vice Chancellor of Jomo Kenyatta University of Agriculture and Technology. She is a Professor of Biochemistry, with over 33 years of teaching and scholarly experience. She has extensive knowledge and demonstrative experience in the higher education system, having grown from a Research Assistant, Assistant Lecturer, Lecturer, Research Scientist, Chairman of Department, Dean, Director as well as a Deputy Vice Chancellor in charge of Academic affairs. Prof. Imbuga is a key resource in strategic management and leadership, with an MBA in strategic management from Eastern and Southern African Management Institute (ESAMI). She has participated in various forums and key Government seminars as a motivational speaker for upcoming leaders and scientists. To her credit, Prof. Imbuga has over 10 funded projects and 27 publications. Prof Imbuga has attracted over 10 international funding for various projects cutting across various disciplines. She is a member of several professional associations across the world, the president of the Africa Women in Science and Engineering ; former Director of International Network of Women Engineers and Scientists; Member, Global Consortium of Higher Education and Research for Agriculture(GCHERA) and member, International Conference of Women Engineers and Scientists (ICWES).</p> |

Kenya Universities and Colleges Central Placement Service

Prof. Noah Midamba
(Member Private University)



Prof. Noah O. Midamba, PhD - Vice Chancellor & CEO, KCA University (May 2010). He is respected internationally for his scholarship in the field of Foreign, Defence and Diversity studies. Formerly Senior Partner and CEO of the International Education and Consulting Services (IESC). Holds a PhD in Defence and Foreign Policy (1985) and a Master in International Relations (1981) University of Denver, a Master of Public Policy (1978) and a Bachelor of Business Administration (1976) University of Puget Sound. He has published widely on Multinational Corporation, foreign and defence policy, a passionate educator. Has received recognition awards including: Chancellors and Vice Chancellors Award in Education (2014). Former Governor Robert Taft of Ohio, former member, US David Bowan National Security Committee. Currently Chairman of the Expert Review Panel on the Draft Policy, Legislation, and Institutional Framework for the National Values System for Kenya member Social Enterprise World Forum, Executive Committee of the UN-NGO

Prof. Miriam Mwita (Member Private University)






Prof. Miriam B. Mwita, Vice Chancellor, Proposed NIBS University. She holds B.A (UON), PGDE (UEAB), M.A (UON), PhD (Moi University). Former Vice Chancellor University of Eastern Africa, Baraton and a Board member of AMACO. A Professor of Linguistics and African Languages; A translator for Family Radio Inc, California, USA and have translated over 22 titles; several live question answers materials from English to Kiswahili. Language resource person for East Africa Community, Arusha, Tanzania, Former member and chairperson, Audit, Compliance & Risk Management Committee for the inter-university Council for East Africa. Prof. Miriam Mwita has a lot of experience in teaching, research and educational management.

Mr. Edwin Tarno (Member KATTI)







Mr. Edwin Tarno was born in 1964. He is the Principal, Rift Valley Technical Institute and Chairman KATTI. A PhD Student, CEBU Doctors University, holds MBA (Entrepreneurship & Marketing) Moi University. He has vast knowledge and experience in Teaching and Management of TIVET. Mr. Tarno has received several national and international awards including HSC (Civilian Category), Life Member Award, for President Award Kenya by Hon. President Mwai Kibaki; UNESCO/ UNEVOC – Bonn Germany recognition Award, Revitalising a Technical Institution in Kenya. Mr. Tarno has also presented in major seminars and published in revered journals like African Journal of Business and Economics.

Kenya Universities and Colleges Central Placement Service

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| <p>Eng. Callista Gitobu (Member KATTI)</p>  | <p>Callista Kina Gitobu is the Principal, PC Kinyanjui Technical Training institute and Secretary General, Kenya Association of Technical Training Institutions (KATTI). Eng. Callista holds a masters degree in Education Administration from University of Nairobi and a B.Sc Degree in Electrical Engineering (Power Option) from the same University. Callista is a Chief Principal Lecturer in electrical Engineering having lectured at the Kenya Polytechnic currently Technical University of Kenya for over twenty years.</p> |
| <p>DR. Richard B. Kipsang – Principals Secretary Ministry of Education</p>  | <p>Dr Kipsang was born in 1967. He is the Principal Secretary Ministry of Education, Science and Technology. He holds a PhD from the Catholic University of Eastern Africa, where his dissertation was entitled, “Assessment of Policy, Practice and Implication of Financing Higher Education through the Students’ Loan Scheme in Kenya”. He has a Masters degree in Economics, and a Bachelor of Education (Hons) both from University of Nairobi. He is a former Chief Executive Officer of Coffee Trust Fund. Previously he worked at the Higher Education Loans Board as the Head of Operations in charge of Lending and Recovery departments. He is a trained Certified Fraud Examiner and an Associate member of Association of Certified Fraud Examiners (MCFE-UK).</p> |
| <p>Dr. Kamau Thugge- Principal Secretary, The National Treasury</p>  | <p>Dr. Kamau Thugge is a distinguished economist with a PhD in Economics from Johns Hopkins University. He is the first Principal Secretary, National Treasury. Prior to his appointment as Principal Secretary, he worked as a Senior Economic Advisor in the Ministry of Finance from the year 2010. He has also worked at the International Monetary Fund (IMF) in various capacities for over 21 years. He was the Head of the Fiscal and Monetary Affairs Department, Treasury between 2004 to 2005, and the Economic Secretary and Head of Economic Affairs Department, Treasury between 2005 and 2008. He has represented the Permanent Secretary, Finance on the Boards of the Central Bank of Kenya, the Monetary Policy Committee of the Central Bank of Kenya, the Kenya Revenue Authority and the Capital Markets Authorities</p> |

I. MANAGEMENT TEAM

| | |
|--|--|
| <p>Mr. John Muraguri (Chief Executive Officer, Ag.)</p>  | <p>The CEO, Accounting Officer responsible for day to day operations in the Placement Service.</p> |
| <p>Mrs. Monica Ng'ang'a (Deputy Chief Executive Officer Ag.)</p>  | <p>The DCEO, responsible for operations, administration and finance in the Placement Service.</p> |
| <p>Purity Mayaka (ICT Manager, Ag)</p>  | <p>ICT Manager responsible for all ICT operations in the Placement Service</p> |
| <p>Michael Kimani (Finance Manager, Ag.)</p>  | <p>Finance Manager responsible for all financial operation in the Placement Service.</p> |

IV. CHAIRMAN'S STATEMENT

I am very happy to present the first annual report and accounts for the year ended June 30, 2014 of the Kenya Universities and Colleges Central Placement Service. This will remain the shortest financial period with the KUCCPS board only having operated for a period of five months since inauguration in February 2014. KUCCPS has achieved a milestone having placed over seventy thousand, government sponsored students to Universities and colleges for the Academic year 2014/2015. It is the first time in the Kenyan history that all form four students are given equal opportunity and same platform to choose their next institution of higher learning. KUCCPS will continue with open and merit based placement of all government sponsored students and openly embrace affirmative selection of those most requiring extra support.

FINANCIAL PERFORMANCE

During the year 2013/2014, the KUCCPS achieved a surplus of Kshs 140,291,020 and hence creating a Revenue Reserve of Kshs 140,291,020. This positive performance has been realized due to dedication of the board, management and the support of the various stakeholders.

STRATEGIC DIRECTION

KUCCPS vision is envisioned in its strategic plan 2014-2019 that is proposed for the next five years.

FUTURE OUTLOOK

The Board and the management of the KUCCPS is geared toward automation of most, if not all, of its operations so as to improve on efficiency and effectiveness of its service to Kenyan students requiring placement and other services which will be rolled out in the near future. To this end the Placement Service will invest heavily in technology and training of its staff so as to have a strong foundation which will translate in cost effective service to our customers.



PROF. DAVID MUSYIMI NDETEI
BOARD CHAIRMAN, K.U.C.C.P.S.

V. **REPORT OF THE CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED JUNE 30, 2014**

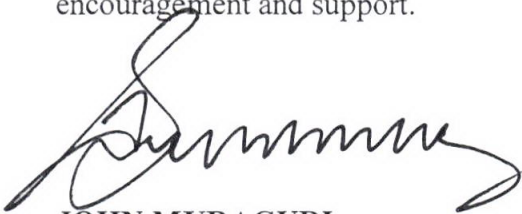
It is my pleasure to present the Annual Report and Accounts of the Kenya Universities and Colleges Central Placement Service Nairobi for the year ended June 30, 2014.

During the year under review the Placement Service realized a surplus of KShs. 140,291,020 which went into our cumulative reserve. The financial performance in the current year was mainly impacted by the enhanced collections of fees from applicants and efficiency in our operations with a thin but very competent staff establishment and also having been in operations for only five months.

This being the first year of operation, The Placement Service had a mammoth challenge of formulating various placement policies and procedures and engaging all stakeholders, some of whom were unwilling to embrace change. With the support of the majority of Kenyans, those challenges were overcome and the Placement Service has continued charting paths into the new terrain.

Moving forward, the Placement Service board has empowered the secretariat to strategise and invest heavily in automation systems and human capacity so as to enhance efficiency and transparency in their processes and service delivery. It is envisaged that in the first few years, a lot of training will be needed to the various stakeholders on the importance of placement and training in various technical and vocational skills to move this country forward for attainment of Vision 2030. It is paramount that we all redirect our energies towards developing our youth not only in learning but also into thinking strategically and to enable them scout for and take advantage of available opportunities.

Finally, I would like to express my special thanks to the Government for the opportunity to serve Kenyans, the Board Members for selfless contribution and guidance, secretariat for working round the clock to deliver and all the stakeholders for their cooperation and Kenyans in general for their encouragement and support.



JOHN MURAGURI
CHIEF EXECUTIVE OFFICER / SECRETARY TO THE BOARD

VI. CORPORATE GOVERNANCE STATEMENT

Kenya Universities and Colleges Central Placement Service (KUCCPS) was established in February 2014 by an Act of Parliament, the Universities Act 2012 (No. 42 of 2012). The Placement Service Board is responsible for the overall management of the governance of the KUCCPS and is accountable to the stake-holders for ensuring that the Institution complies with the law and the best practices in educational institute governance and business ethics. The Board members are committed to the need to conduct the business and operations of the Placement with integrity and in accordance with generally accepted standards and endorse the internationally developed principles of good institute governance.

BOARD MEMBERS

The Board is appointed by the Cabinet Secretary for Education in accordance with the Universities Act, 2012 (No. 42 of 2012) and includes among others the Chairman, the Secretary to the Board and eleven (11) other members as prescribed by the Act. The eleven members are appointed as follows:

- a) The secretary of the Commission;
- b) The chief executive officer of the Higher Education Loans Board;
- c) The chief executive officer of the TVET Funding Board;
- d) The chief executive officer of the TVETA;
- e) Two Vice-Chancellors representing Public Universities;
- f) Two Vice-Chancellors representing Private Universities;
- g) Two representatives of the Kenya Association of Technical Institutions;
- h) The Principal Secretary in the Ministry responsible for higher education and
- i) The Principal Secretary in the Ministry responsible for finance

The Board meets at least four times a year. The members receive all information relevant to the discharge of their obligations in accurate, timely and in a clear manner so that they can guide and maintain full and effective control over strategic, financial, operational and compliance issues. The Board is responsible for the overall policy and financial direction of the Placement Service while the Chief Executive Officer / Secretary is responsible for the daily operations of the institution.

COMMITTEES OF THE BOARD

The Board has the following committees, which meet regularly under the terms of reference set by the Board

- Technical Committee
- Human Resources and Administration Committee
- Audit, Risk Management and Compliance Committee
- Finance and Development Committee

INTERNAL CONTROLS

Kenya Universities and Colleges Central Placement Service has procedure and policies that ensure that its activities are complete, accurate and delivering expected results. Automation is essential in all operations of the KUCCPS and this is geared towards eliminating mistakes which would otherwise occur. Specific assignments are also performed by different staff therefore maintaining segregation of duties.

COMMUNICATION WITH THE BOARD

The Placement Service is committed to ensuring that stakeholders and the general public are provided with full and timely information about its performance. This is achieved by the broadcasting on its website major and important information and the release of notices in the press.

BOARD MEMBERS EMOLUMENTS

The Members of the Board are paid sitting allowance of Kshs 20,000 for every board meeting which is included in the Board expenses in the Annual Reports and Accounts. During the year the Board meet more frequently as it was the formation period and placement of the 2013 cohort was due by the time of its appointment. The Board therefore held 6 sittings and a retreat with the Committees meeting 7 times to have structures in place and guide the placement process.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Placement service is strongly committed to being a model corporate citizen that takes seriously its social obligations to its stakeholders and society at large. As we embrace transparency and meritocracy in the placement of student to courses of their choices, we remain cognisant of some disadvantaged in the society.

To ensure equitable society, Placement Service ensures that all that are visually impaired access high education by lowering the cut off points to the bare minimum and this is enshrined in its placement policy. A similar policy is applied for those coming from the disadvantaged regions so as to bring them closer to the rest of the country.

The management has taken it upon themselves to promote just and equitable society by ensuring they take education to communities at the county levels. In the past year the Placement managed to visit various counties educating them on various avenues to access higher education and career prospects.

Participating in activities with the less fortunate in the society has been one the most fulfilling in social responsibility. Placement Service visited Schools of Joytown Thika and spent time with all the stakeholders explaining to them of available opportunities.

The Placement Service participated career advisory programmes in various schools explaining to the students, teachers of requirement for various careers paths they wish to take.

VIII. REPORT OF THE BOARD MEMBERS

The Board submit their report together with the audited financial statements for the five months ended June 30, 2014 which show the state of the KUCCPS's affairs.

Principal activities

The principal activities of the KUCCPS are listed in the Universities Act 2012 as follows:

- i) To co-ordinate the placement of the government sponsored students to universities and colleges;
- ii) To disseminate information on available programmes, their costs, and the areas of study prioritized by the government;
- iii) To collect and retain data relating to university and college placement;
- iv) To advise the government on matters relating to university and college student placement;
- v) To develop career guidance programmes for the benefit of students; and
- vi) To perform any other function assigned to it under this Act.

Results

The results of the entity for the five months ended June 30, 2014 are set out on page 17 to 21 and the notes to the said reports on pages 22 to 34. The financial performance reflects a surplus of Kshs 139,801,387 for the year. This was mainly due to the fact that the KUCCPS board was formed at the third quarter of the year and thus absorption rate was slow.

Board Members

The members of the Board who served during the year are shown on page iv.

Auditors

The Auditor General is responsible for the statutory audit of the KUCCPS in accordance with the Public Audit Act and Public Finance Management Act, 2012.

By Order of the Board



JOHN MURAGURI
CHIEF EXECUTIVE OFFICER

IX. STATEMENT OF BOARD MEMBERS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, requires the Board to prepare financial statements in respect of KUCCPS, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Board members are also required to ensure that KUCCPS keeps proper accounting records which disclose with reasonable accuracy the financial position of the KUCCPS. The Board members are also responsible for safeguarding the assets of the KUCCPS.

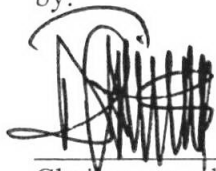
The Board is responsible for the preparation and presentation of the KUCCPS's financial statements, which give a true and fair view of the state of affairs of the KUCCPS for and as at the end of the financial year (period) ended on June 30, 2013. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the KUCCPS; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board accepts responsibility for the KUCCPS's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Board members are of the opinion that the KUCCPS's financial statements give a true and fair view of the state of KUCCPS's transactions during the financial year ended June 30, 2014, and of the KUCCPS's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Placement Service, which have been relied upon in the preparation of the KUCCPS's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board to indicate that the KUCCPS 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 financial statements were approved by the Board on September 30, 2014 and signed on its behalf by:



Chairman to the Board



Secretary to the Board



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE FOR FIVE (5) MONTHS PERIOD ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Universities and Colleges Central Placement Service set out on pages 17 to 34, which comprise the statement of financial position as at 30 June 2014, statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts for the five (5) months period 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 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

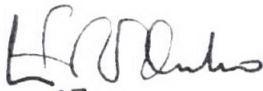
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Placement Service's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Placement Service as at 30 June 2014, its financial performance and its cash flows for the five (5) months period then ended, in accordance with International Public Sector Accounting Standards and comply with the Universities Act, No. 42 of 2012 of the Laws of Kenya.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

19 January 2015

Kenya Universities and Colleges Central Placement Service

XI. STATEMENT OF FINANCIAL PERFORMANCE

| <i>For the five months ended 30 June 2014</i> | <i>Note</i> | <i>2013/2014</i> |
|---|-------------|---------------------------|
| | | <i>Kshs</i> |
| <i>Revenue from non-exchange transactions</i> | | |
| <i>Capitation Grants</i> | 3 | 61,586,550 |
| | | <u>61,586,550</u> |
| <i>Revenue from exchange transactions</i> | | |
| <i>Registration and Renewal Fees</i> | 4 | 8,251,630 |
| <i>Application and Revision Fees</i> | 5 | 106,567,532 |
| <i>Finance income</i> | 6 | 52,603 |
| | | <u>114,871,765</u> |
| <i>Total revenue</i> | | <u><u>176,458,315</u></u> |
| <i>Expenses</i> | | |
| <i>Employee costs</i> | 7 | 9,261,964 |
| <i>Board Expenses</i> | 8 | 3,511,496 |
| <i>Placement processing and publicity</i> | 9 | 15,633,100 |
| <i>Career Guidance and Workshops</i> | 10 | 5,506,000 |
| <i>Depreciation and Amortization expense</i> | 11 | 155,355 |
| <i>Repairs and maintenance</i> | 12 | 5,580 |
| <i>General expenses</i> | 13 | 2,073,934 |
| <i>Finance costs</i> | 14 | 19,866 |
| <i>Total expenses</i> | | <u>36,167,295</u> |
| <i>Surplus for the period</i> | | <u>140,291,020</u> |
| <i>Surplus attributable to owners of the controlling entity</i> | | <u>140,291,020</u> |
| <i>Total Surplus</i> | | <u><u>140,291,020</u></u> |

The notes set out on pages 19 to 30 form an integral part of the Financial Statements

XII. STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

| | Note | 2013/2014 Kshs |
|---|------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 15 | 161,882,731 |
| Receivables from exchange transactions | 16 | 52,603 |
| Inventories | 17 | 32,120 |
| | | 161,967,454 |
| Non-current assets | | |
| Property, plant and equipment | 18 | 1,323,195 |
| | | 1,323,195 |
| Total assets | | 163,290,649 |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables from exchange transactions | 19 | 21,274,639 |
| Employee benefit obligation | 20 | 1,724,990 |
| | | 22,999,629 |
| Non-current liabilities | | |
| Non-current employee benefit obligation | 20 | - |
| | | - |
| Total liabilities | | 22,999,629 |
| Net assets | | |
| Accumulated surplus | | 140,291,020 |
| Total net assets and liabilities | | 163,290,649 |

The Financial Statements set out on pages 14 to 18 were signed on behalf of the Board by:



Prof. David M. Ndetei
Chairman of the Board

Date 30th September 2014



Mr. John Muraguri
Chief Executive Officer

Date 30th September 2014

XIII. STATEMENT OF CHANGES IN NET ASSETS

For the five months ended 30 June 2014

Attributable to the owners of the controlling entity

| | Accumulated surplus | Total |
|-----------------------------------|------------------------|--------------------|
| | Kshs | Kshs |
| Balance As at February 2014 | - | - |
| Surplus for the period | 140,291,020 | 140,291,020 |
| Balance as at 30 JUNE 2014 | 140,291,020 | 140,291,020 |

XIV. STATEMENT OF CASH FLOWS

| | Note | 2013/2014 |
|--|------|--------------------|
| | | Kshs |
| Cash flows from operating activities | | |
| Receipts | | |
| Capitation Grant | 3 | 61,586,550 |
| Registration and Renewal Fees | 4 | 8,251,630 |
| Application and Revision Fees | 5 | 106,567,532 |
| | | 176,405,712 |
| Payments | | |
| Compensation of employees | 8 | 2,078,641 |
| Goods and services | | 12,424,474 |
| Finance cost | 14 | 19,866 |
| | | 14,522,981 |
| Net cash flows from operating activities | 22 | 161,882,731 |
| Cash flows from investing activities | | |
| Purchase of property, plant, equipment and intangible assets | | - |
| Net cash flows used in investing activities | | - |
| Cash flows from financing activities | | |
| Increase in deposits | | - |
| Net cash flows used in financing activities | | - |
| Net increase/(decrease)in cash and cash equivalents | | 161,882,731 |
| Cash and cash equivalents at February 2014 | | - |
| Cash and cash equivalents at 30 June, 2014 | 15 | 161,882,731 |

Kenya Universities and Colleges Central Placement Service

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference |
|---------------------------------------|--------------------|-------------|--------------------|----------------------------|------------------------|
| | 2013-2014 | 2013-2014 | 2013-2014 | 2013-2014 | 2013-2014 |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Revenue | | | | | |
| Capitation Grants- Revenue | 61,586,550 | | 61,586,550 | 61,586,550 | - |
| Registration and Renewal Fees | - | | - | 8,251,630 | 8,251,630 |
| Application and Revision Fees | 45,000,000 | - | 45,000,000 | 106,567,532 | 61,567,532 |
| Finance Income | - | - | - | 52,603 | 52,603 |
| Total income | 106,586,550 | - | 106,586,550 | 176,458,315 | 69,871,765 |
| Expenses | | | | | |
| Employee costs | 22,808,550 | - | 22,808,550 | 9,751,897 | 13,056,653 |
| Board Expenses | 8,960,000 | - | 8,960,000 | 3,511,496 | 5,448,504 |
| Placement Processing and Publicity | 20,000,000 | - | 20,000,000 | 15,633,100 | 4,366,900 |
| Career Guidance and Workshops | 7,500,000 | - | 7,500,000 | 5,506,000 | 1,994,000 |
| Depreciation and amortization expense | - | - | - | 155,355 | (155,355) |
| Repairs and maintenance | 5,000,000 | - | 5,000,000 | 5,580 | 4,994,420 |
| General expenses | 17,210,000 | - | 17,210,000 | 2,073,934 | 15,136,066 |
| Finance costs | 130,000 | - | 130,000 | 19,566 | 110,434 |
| Capital Expenditure | 24,978,000 | - | 24,978,000 | 1,478,550 | 23,499,450 |
| Total expenditure | 106,586,550 | - | 106,586,550 | 38,135,478 | 68,451,072 |
| Surplus for the period | - | - | - | 138,322,837 | 138,322,837 |

Note:

Placement Service only operated for five months and as such had very low rate of absorption of its budget. For instance it did not recruit as expected and most other programs were barely operated. Once SCAC and Directorate of Personnel Management approves the staff establishment, recruitment will be carried out and thus improve absorption. Revenue was received as projected and will be used to run planned programmes in the future.

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the KUCCPS and all values are rounded to the nearest Kenya Shilling.

This is the first year of operation and therefore no comparative figures given.

First time adoption of International Public Sector Accounting Standards

KUCCPS adopted the International Public Sector Accounting Standards for the first time in 2014.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method and the financial statements on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Government Grants

Government grants are only recognized when received or where the government gives a specific written undertaking on the same. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the KUCCPS and the fair value of the asset can be measured reliably.

Transfers from other government entities

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

ii) Revenue from exchange transactions

Rendering of services

The KUCCPS recognizes revenues from placement fees in relation to the current financial year when the event occurs and the asset recognition criteria are met. Other incomes from rendering of services are recognized by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Sale of goods

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

Interest income

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

b) Budget information

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 financial needs. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

c) Property, plant and equipment

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

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Inventories

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

e) Provisions

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

Contingent liabilities

The KUCCPS 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

Contingent assets

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

Commitments

Procurement commitments which are not finalized by the end of period are disclosed especially in relation to procurement of assets.

f) Reserves

Reserves are created and maintained in terms of specific requirements. At the moment there are no reserves maintained.

g) Changes in accounting policies and estimates

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

h) Employee benefits

Gratuity

KUCCPS currently has no pension plan but provides for gratuity for the staff working with at a rate of 31% of the basic pay. This is charged to the statement of financial performance for each year worked.

i) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

j) Related parties

KUCCPS regards a relate party as a person or any entity with the ability to exert control individually or jointly, or to exercise significant influence over KUCCPS or vice versa. Members of the board and key management are regarded as related parties.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

l) Segment reporting

KUCCPS does not have any branches / reporting segments. All the operations are managed from the registered office. The core business of the KUCCPS continues to be the coordination of placement of the government sponsored students to universities and colleges as stipulated in section 56 of the Universities act, 2012.

m) Significant judgments and sources of estimation uncertainty

Provision for Depreciation

The following rates are applied for purposes of providing for the usage of the assets and providing for their replacement.

| | |
|---|-----|
| <input type="checkbox"/> Computers, Computer Accessories and Infrastructure | 20% |
| <input type="checkbox"/> Motor Vehicles | 20% |
| <input type="checkbox"/> Furniture, Fittings and equipments | 10% |

3. Transfers from governments

| | 2013/2014 |
|--|-------------------|
| | Kshs |
| Unconditional grants | |
| Capitation Grants – Revenue | 61,586,550 |
| Total government grants and subsidies | <u>61,586,550</u> |

4. Registration and Renewal Fees

| | Kshs |
|---|------------------|
| Registration Fees | 8,251,630 |
| Total revenue from the rendering of services | <u>8,251,630</u> |

5. Application and Revision Fees

| | Kshs |
|--|--------------------|
| Student Application and Revision Fees | 106,567,532 |
| Total revenue from application fees | <u>106,567,532</u> |

6. Finance income

| | Kshs |
|-------------------------------------|---------------|
| Cash investments and fixed deposits | 52,603 |
| Total finance income | <u>52,603</u> |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

7. Employee costs

| | Kshs |
|---|------------------|
| Employee related costs-salaries and wages | 7,607,277 |
| Housing benefits and allowances | 1,654,687 |
| Employee costs | 9,261,964 |

8. Board Expenses

| | Kshs |
|----------------------|------------------|
| Sitting Allowances | 2,262,000 |
| Other Board Expenses | 1,249,496 |
| | 3,511,496 |

9. Application processing and Publicity

| | Kshs |
|----------------------------|-------------------|
| Processing of Applications | 11,997,149 |
| Advertising & Publicity | 3,567,443 |
| Publications | 68,508 |
| | 15,633,100 |

10. Career Guidance and Workshops

| | Kshs |
|-------------------------------|-------------|
| Career Guidance & Workshops | 2,276,900 |
| Admission Support in Counties | 2,577,500 |
| Career Talks and workshops | 468,000 |
| Exhibitions and Shows | 183,600 |

5,506,000

11. Depreciation and amortization expense

| | |
|--|----------------|
| | Kshs |
| Property, plant and equipment | 155,355 |
| | <u>155,355</u> |
| Total depreciation and amortization | <u>155,355</u> |

12. Repairs and maintenance

| | |
|--------------------------------------|--------------|
| | Kshs |
| Vehicles | 5,580 |
| | <u>5,580</u> |
| Total repairs and maintenance | <u>5,580</u> |

13. General expenses

The following are included in general expenses: 2013/2014

| | |
|-------------------------------|------------------|
| | Kshs |
| Audit fees | 200,000 |
| Conferences and Seminars | 340,000 |
| Office Operations | 195,859 |
| Printing and stationery | 250,875 |
| Telecommunication | 1,087,200 |
| Total general expenses | <u>2,073,934</u> |

Kenya Universities and Colleges Central Placement Service

STATEMENTS CONTINUED...

14. Finance costs

2013/2014

Kshs

Bank Charges

19,866

Total finance costs

19,866

15. Cash and cash equivalents

Kshs

Bank

101,879,851

Cash-on-hand

2,880

Short-term deposits

60,000,000

Total cash and cash equivalents

161,882,731

Short Term deposit was a Call Deposit of Kshs 60,000,000 at an interest rate of 8% p.a. with the KCB.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

16.Receivables from exchange transactions**Current receivables**

| | Kshs |
|----------------------------------|---------------|
| Other exchange debtors | 52,603 |
| Total current receivables | 52,603 |

17.Inventories

2013/2014

Kshs

| | |
|--|---------------|
| Consumable stores | 32,120 |
| Total inventories at the lower of cost and net realizable value | 32,120 |

18.Property,plant and equipment

| | Computers | Furniture and Equipment | Total |
|------------------------|---------------|-------------------------|------------------|
| Cost | Kshs | Kshs | Kshs |
| At 1 February 2014 | - | - | - |
| Additions | 75,000 | 1,403,550 | 1,478,550 |
| At 30 June 2014 | 75,000 | 1,403,550 | 1,478,550 |
| Depreciation | | | |
| At February 2014 | - | - | - |
| Depreciation | 15,000 | 140,355 | 155,355 |
| At 30 June 2014 | 15,000 | 140,355 | 155,355 |
| Net book values | | | |
| At 30 June 2014 | 60,000 | 1,263,195 | 1,323,195 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

19. Trade and other payables from exchange transactions

| | 2013/2014 Kshs |
|---------------------------------------|---------------------------------|
| Trade payables | 17,709,014 |
| Other payables | <u>3,565,625</u> |
| Total trade and other payables | <u><u>21,274,639</u></u> |

20. Pensions and other post-employment benefit plans

| | Gratuity Provision Kshs |
|---|--------------------------------|
| Current benefit obligation | <u>1,724,990</u> |
| Total employee benefit liability | <u><u>1,724,990</u></u> |

21. Commitments and contingencies

Procurement of computers and equipment commenced during the period as per the 2013/2014 budget and process continued into the 2014/2015. The workings are as follows;

| Descriptions | Estimated costs Kshs |
|----------------|---------------------------------|
| Motor vehicles | 5,044,950 |
| Computers | 6,860,990 |
| Equipment | <u>408,000</u> |
| Total | <u><u>12,313,312</u></u> |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

22. Cash generated from operations

2013/2014

| | Kshs |
|---|---------------------------|
| Surplus for the year before tax | 140,291,020 |
| Adjusted for: | |
| Depreciation | 155,355 |
| provision staff obligations | 1,724,990 |
| Non-cash grants received | - |
| Working capital adjustments: | |
| Increase in inventory | (32,120) |
| Increase in receivables | (52,603) |
| Increase in deferred income | - |
| Increase in payables | 19,796,089 |
| Increase in payments received in advance | - |
| Net cash flows from operating activities | <u>161,882,731</u> |

Note that the increase in payables in relation to assets (investing activities) amounting to Kshs1,478,550 has been adjusted.

VII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Kenya University and Colleges Central Placement Service was established February 2014 and will be having our first audit this year.

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|--|----------------------------|---|--|---|
| | | | | | |
| | | | | | |
| | | | | | |



PROF. DAVID MUSYIMI NDETEI

Chairman

Date 30th September 2014

JOHN MURAGURI

Chief Executive Officer and Secretary to the Board

Date 30th September 2014

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