

REPUBLIC OF KENYA



16 OCT 2018

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REPORT

*Paper Laid on the
Table of the House
by the Leader of
the Majority Party on
Tuesday
16th October 2018.*

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA UNIVERSITIES AND COLLEGES
CENTRAL PLACEMENT SERVICE**

**FOR THE YEAR ENDED
30 JUNE 2017**



KENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2017

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

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I. KEY INFORMATION AND MANAGEMENT

(a) Background

The Kenya Universities and Colleges Central Placement Service (“Placement Service”) was established under the Universities Act No. 42 of 2012 on December 13, 2012. The Placement Service is domiciled in Kenya and the secretariat is located at the ACK Garden House on Ngong 1st Avenue in Community, Nairobi. The Placement Service does not have branches. The Cabinet Secretary in charge of Education provides the general policy direction to the Placement Service.

(b) Principal Activities

The mandate of the Placement Service is outlined in Section 56 (1) of the Act as being to:

- Co-ordinate the placement of the government sponsored students to universities and colleges;
- Disseminate information on available programmes, their costs, and the areas of study prioritised by the Government;
- Collect and retain data relating to university and college placement;
- Advise the Government on matters relating to university and college student placement;
- Develop career guidance programmes for the benefit of students;
- And perform any other function assigned to it under this Act.

(c) Key Management

The Placement Service’s day-to-day management is under the following key organs:

- (i) The Placement Board
- (ii) The Chief Executive Officer
- (iii) The Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended June 30, 2017 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.	Finance Manager	Michael Kimani
4.	Ag. ICT Manager (Until December 31, 2016)	Purity Mayaka
5.	Ag. ICT Manager (2017)	Dennis Rama
6.	Human Resource and Administration Officer	Maxwell O. Zange
7.	Internal Auditor	Faith Musya
8.	Supply Chain Management Officer	Daina Kibogo
9.	Corporate Communication Officer	Paul Juma
10.	Placement and Career Services Officer	Nancy Soila

(e) Fiduciary Oversight Arrangements

The Placement Service has put in place measures and structures to enforce fiduciary and oversight arrangements and ensure compliance. First, the Placement Board comprises of three key committees namely the Technical Committee; the Administration, Finance and Development Committee and the Audit, Risk and Compliance Committee. These committees provide policy direction and oversight to the Placement Service Management while advising the Placement Board on various policy matters relating to the mandate of the Board.

The main objective of the Audit, Risk and Compliance Committee is to assist the Board in discharging its duties relating to safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. Further, the Placement Service submits its quarterly and annual financial statements and accounts to Parliament for scrutiny, while its accounts are also audited annually by the Office of the Auditor-General. In addition, the Placement Service has developed Financial Regulations and Procedures for approval of the Placement Board.

(f) Headquarters

ACK Garden House
Ground & 3rd Floors (Block C & D)
Ngong 1st Avenue, Community
P.O. Box 105166, 00101
Nairobi, Kenya

(g) Contacts

Telephone: (+254) 723 954 927 / (+254) 734 879 662
E-mail: info@kuccps.ac.ke
Twitter: KUCCPS_Official
Facebook: Kenya Universities and Colleges Central Placement Service
Website: www.kuccps.ac.ke

(h) Bankers

1. Kenya Commercial Bank
University Way Branch
P.O. Box 7206, 00300
Nairobi, Kenya
2. Cooperative Bank
Upper Hill Branch
P.O. Box 19555, 00202
Nairobi, Kenya
3. HFC Bank
Head Office, Rehani House,
Koinange Street/ Kenyatta Avenue
P.O. Box 30088, 00100
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

II. THE PLACEMENT BOARD

1. Prof. David M. Ndetei Chairman



Prof. David Musyimi Ndetei was appointed Chairman of the Placement Board on January 31, 2014 for a term of four years with effect from January 27, 2014. He is a world renowned professor of psychiatry at the University of Nairobi, a position he has held since 1995. He is also the Founding Director of Africa Mental Health Foundation, a mental health research non-governmental organisation based in Kenya. Prof. Ndetei holds a Bachelor of Medicine and Bachelor of Surgery (1975) and a PhD degree (1985) from the University of Nairobi. In 1980, he received Membership of the Royal College of Psychiatrists in the United Kingdom and in 2004, he was awarded Fellowship of the Royal College of Psychiatrists. In 2013, he was awarded Doctor of Science (DSc) at the University of Nairobi.

2. Prof. David Some (CEO, CUE), Member



Prof. Some is the outgoing 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) from University of Newcastle-upon Tyne, UK. He is a former Vice-Chancellor of Moi University and is a member of a number of boards, including the Higher Education Loans Board and Family Bank Limited. He also served as a founder Chairman of the Board of the Kenya Medical Training College. Prof. Some proceeded on terminal leave ahead of his retirement in September, 2017. During that period, the Commission for University Education (CUE) was represented in the Board by Acting CEO, Prof. Walter Oyawa, who chaired the Technical Committee of the Board.

3. CPA Charles Ringera
(CEO, HELB), **Member**



CPA Ringera is the Chief Executive Officer of the Higher Education Loans Board (HELB). He is a seasoned banker with practical experience across all facets of central and commercial banking spanning over 20 years. He has worked as a regulator with the Central Bank of Kenya (CBK) in various capacities. In 2014, he moved to Co-operative Bank, initially as Senior Credit Risk Analyst before being deployed to Enterprise-wide Risk Management as a senior manager to lay the foundation for risk management for the bank. Mr. Ringera then moved to KCB Group in 2006, where he headed Group Operational Risk and Compliance supporting Kenya, Tanzania, Southern Sudan, Uganda and Rwanda. He moved to Higher Education Loans Board (HELB) in March 2013 as the Chief Executive Officer/Secretary to transform the Board to achieve its core mandate of higher education student financing. He holds an MBA in strategic management and is an alumnus of Oxford Brookes University – UK. He also holds an Advanced Diploma in Risk Management in Banking/Finance by KPMG Sweden. He is also a member of numerous professional accounting associations.

He chairs the Audit, Risk and Compliance Committee of the Placement Board.

4. Dr. Kipkirui Langat
(Director-General, TVETA)
Member



Dr. Langat is the Director-General of the Technical and Vocational Education and Training Authority (TVETA). He has a wealth of experience from public and private sectors with close to 20 years in the technical and vocational education and training sector, having joined Rift Valley Training Institute as assistant lecturer in the Department of Automotive Engineering in 1996. He joined Eldoret Polytechnic in 2002 as a lecturer in the department of mechanical engineering before being appointed Deputy Dean of Students a year later. In 2004 he joined Egerton University as a lecturer in the department of industrial and energy engineering. In the last 10 years, Dr. Langat has been working with United Nations Environment

Programme (UNEP) in developing policies and guidelines for transport emissions in East Africa Region. He holds Bachelor of Education in Technology Education, Master of Philosophy in Technology Education (Automotive Technology) and Master of Business Administration (Strategic Management) all from Moi University, and Doctor of Philosophy in Engineering Systems and Management from Egerton University. He is a fellow member of Institution of Engineering Technologists and Technicians (IET) of Kenya. He has widely published in the areas of transport emissions and TVET. He chairs the Administration, Finance and Development Committee of the Board.

5. Prof. Francis Aduol
(Vice-Chancellor, TUK,
Representing Public
Universities), **Member**



Prof. Aduol is the Vice-Chancellor of Technical University of Kenya. He was appointed to the Board on March 13, 2017 for a period of three years. He graduated with Bachelor of Science in Engineering (Surveying and Photogrammetry) and MSc degree in Surveying from the University of Nairobi. He holds a PhD (Doctor of Engineering) from the University of Stuttgart, Germany, and an M. A. degree in Economic Policy Management from the University of Nairobi. He has served in national taskforces that reviewed various laws governing university education and technical training.

6. Prof. Mary Walingo
(Vice-Chancellor, Maasai Mara University, Representing Public Universities), **Member**



Prof. Walingo is the Vice-Chancellor of Maasai Mara University. She was appointed to the Board on March 13, 2017 for a period of three years. She developed her career in academia at Maseno University, rising through the ranks both as lecturer and administrator, before she was appointed Vice-Chancellor at Masaai Mara University. She is a Kenyatta University Bachelor of Education (Home Economics) graduate, and earned a Master's degree in Applied Human Nutrition at the University of Nairobi. She holds a Doctor of Philosophy (PhD) in Food and Nutrition and Agricultural Extension from Acharya N.G. Ranga Agricultural University, India.

7. Prof. Mumo Kisau
(Vice-Chancellor, Scott University, Representing Private Universities), **Member**



Prof. Mumo Kisau is the Vice-Chancellor of Scott University. He was appointed to the Board on March 13, 2017 for a period of three years. Prof. Kisau has gained wide experience in leadership and management, having served in various positions including as a senior adviser at World Vision East Africa. He has also served as an Assistant Professor/Deputy Principal at Africa Leadership University. He holds a Doctorate of Philosophy in Divinity (Aberdeen University) and Master of Divinity from Africa International University.

8. Prof. Margaret Muthwii
(Vice-Chancellor, Pan Africa Christian University, Representing Private Universities) **Member**



Prof. Margaret Muthwii is the Vice-Chancellor of Pan Africa Christian University. She was appointed to the Board on March 13, 2017 for a period of three years. Prior to that, she worked with the United Bible Societies (UBS) as a scholar, translation consultant and the Africa Area Translation Coordinator. She earned her PhD in 1994 at the University of East Anglia (UK), having received her first degree from the University of Nairobi. She began her teaching career at the Alliance Girls High School (1981-85) before proceeding to Kenyatta University, where she worked in various capacities from 1988 to 2001.

9. Mrs. Glory K. Mutungi
(Chair KATTI), **Member**



Mrs. Glory Mutungi is the National Chairperson at the Kenya Association of Technical Training Institutes (KATTI) and the Principal at Nkabune Technical Training Institute. A PhD (Leadership and Education Management) candidate at Kenya Methodist University, she holds a Master of Education (Counselling Psychology) degree from Kenyatta University and a Bachelor of Education (Arts) degree from Egerton University. She has built a career in teaching, research and administration, especially in Technical and Vocational Education and Training (TVET) institutions. She has also contributed to the development of the TVET sector through numerous national and international conferences and workshops.

10. Dr. Edwin Tarno
(Representing KATTI)
Member



Dr. Tarno is the Principal at the Rift Valley Technical Training Institute and the immediate former chairman of the Kenya Association of Technical Training Institutions (KATTI). He holds a PhD from Cebu Doctors' University and an MBA (Entrepreneurship & Marketing) from Moi University. Dr. Tarno has received several national and international awards including HSC (civilian category). He has presented in major seminars and published in revered journals.

11. Mrs. Esther Karema Mutua
(Alternate to PS, Higher Education), **Member**



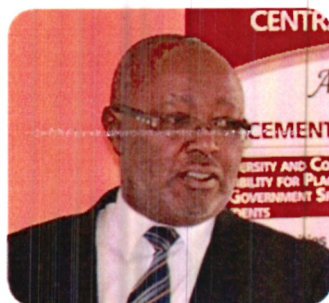
Mrs. Esther Karema Mutua holds Master of Education (2005) and Bachelor of Education (Special Education) degrees from Kenyatta University. She is a PhD student at Catholic University of Eastern Africa. She joined the Ministry in September, 2015. Previously, she worked as a part-time and full-time lecturer at Mount Kenya University and Kenya Institute of Special Education, respectively.

12. Mr. Anthony Muriu
(Alternate to PS, National
Treasury), **Member**



Mr. Anthony Muriu is a Chief Economist and Head of the Central Planning and Project Monitoring Unit of the National Treasury. He is a career civil servant with over 20 years' experience, having risen through the ranks to the current position. He holds a Bachelor of Arts degree in Economics from the University of Nairobi and Master's Degree in International Development Studies from the Graduate Institute of Policy Studies in Tokyo, Japan. Over the years, Mr. Muriu has worked in many Ministries and served in numerous committees and taskforces of the Government of Kenya.

13. Mr. John Muraguri
Chief Executive Officer and
Secretary to the Board



Mr. Muraguri is the Chief Executive Officer, a position he has held since March 11, 2015. He holds a Bachelor's degree in Education and a Master's degree in Project Planning and Management, both from the University of Nairobi. He has undergone extensive training on institutional and financial management and has gained immense administrative and management skills in the course of his career. Before joining the Placement Service, Mr. Muraguri, while a Senior Assistant Registrar (Admissions) at the University of Nairobi, was a Deputy Secretary at the Joint Admissions Board. He also served as the Secretary to the Vice-Chancellors' Committee and the Inter-public Universities Councils Consultative Forum, among other duties.

14. Ms. Edna Adala

Corporation Secretary and Legal Officer



Ms. Edna Adala is the Corporation Secretary and Legal Officer. She joined the Placement Service in October 2016 to help in setting up the legal and corporation's secretarial unit, and to oversee good corporate governance practices. Prior to joining the Placement Service, Ms. Adala served in various capacities in public and private sectors, where she gained experience in legal and corporate governance matters. She is an Advocate of the High Court of Kenya, a Certified Public Secretary and a Certified Pension Scheme Trustee. In addition, she is a member of the Law Society of Kenya, the Institute of Certified Public Secretaries of Kenya and the Professional Trainers Association of Kenya. Ms. Adala holds a Bachelor of Laws and Master of Business Administration degrees from the University of Nairobi. She also holds a Diploma in Law from the Kenya School of Law.

III. MANAGEMENT TEAM

1. John Muraguri, Chief Executive Officer

MBA, B. Ed. (UoN)



The Chief Executive Officer is responsible for the day-to-day operations at the Placement Service.

2. Monica Ng'ang'a, Deputy Secretary

MBA, BA (UoN), CPA-K, Member ICPAK



The Deputy Secretary is responsible for operations, planning and corporate services.

3. CPA Michael Kimani, Finance Manager

MBA (UoN), B Com. (KU), CPA-K, Member ICPAK



The Finance Manager is responsible for all financial operations at the Placement Service.

4. Dennis Rama, Ag. ICT Manager

M. Sc. (Information Systems), B. Sc. (Computer Science)



The acting ICT Manager is responsible for all ICT activities and programmes at the Placement Service.

5. Ms. Edna Adala, Corporation Secretary and Legal Officer

MBA, LLB (UoN), Dip. Law (KSL), Member LSK, ICPSK, PTA



The Corporation Secretary and Legal Officer is responsible for the overall management and administration of the Legal and Corporation Secretary functions.

6. Maxwell Okoth, Human Resource and Administration Officer

MBA, B. Com. (UoN), Dip. HRM (KIM), Member IHRM



The Human Resource and Administration Officer is responsible for all human resource operations at the Placement Service.

7. CPA Faith Musya, Internal Auditor

MBA, B. Ed. (UoN), CPA-K, Member IIA, ICPAK



The Internal Auditor is responsible for all internal audit operations at the Placement Service.

8. Daina Kibogo, Supply Chain Management Officer

M. Sc. Procurement & Logistics (JKUAT), B.A. (Egerton, Dip. Supply Chain Management (ICM-UK, Member ICM, KIS



The Supply Chain Management Officer is responsible for all procurement and supply chain operations at the Placement Service.

9. Paul Juma, Corporate Communication Officer



MA Communications, B. Ed. (UoN), Member PRSK

The Corporate Communication Officer is responsible for the administration and management of all communication programmes at the Placement Service.

10. Nancy Soila, Placement and Career Services Officer

MBA (KU), B.Ed (Moi), Member KIM



The Placement and Career Services Officer is responsible for all career guidance and placement programmes and activities at the Placement Service.

IV. CHAIRMAN'S STATEMENT



I am pleased to present the Annual Report and Accounts for the year ended June 30, 2017 of the Kenya Universities and Colleges Central Placement Service. This is the third full year that the Placement Board has been in place, and it has continued making progress in establishing structures, policies and procedures at the Placement Service. The Board has also continued to strengthen the systems of accountability and integrity so as to ensure that it discharges its mandate in a transparent, equitable and fair manner.

This financial year marks another milestone for the Placement Service following the successful selection of the fourth cohort of Government-sponsored students. Remarkably, for the first time since establishment, some of these students were selected for private universities. This was a major step in improving equitable access to university education to young Kenyans.

The Board continues to place premium importance on the highest achievable values of integrity, transparency and accountability. As such, the Board has continued to strengthen the governance structures at the Placement Service through human resource expansion, capacity building, and corporate reporting, among other measures. In addition, the Placement Service is revising its strategy to position it better for the realisation of its vision.

The Placement Board is alive to the possible risks of adverse changes in the policy and regulatory environment in which it operates, and is continually engaging with stakeholders to ensure that such changes, if they ever occur, will have the interest of the Kenyan child at heart.

for: 
CHAIRMAN OF THE BOARD

V. REPORT OF THE CHIEF EXECUTIVE OFFICER



It gives me pleasure to once again present the Annual Report and Accounts of the Kenya Universities and Colleges Central Placement Service for the year ended June 30, 2017. During the year, the Placement Service successfully undertook the fourth cycle of placement of Government-sponsored students to Universities and Colleges, while at the same time carrying out career mentorship to students. The Placement Service also continued with its human resource capacity building, policy formulation and operational efficiency.

Career Mentorship

With regard to career mentorship, the Placement Service took its outreach programme targeting secondary school students to various regions. The Placement Service pitched tents at various shows and exhibitions, including the Agricultural Society of Kenya Shows in Kisumu, Nanyuki, Meru, Nakuru, Kabarnet, Nairobi and Mombasa, where officers interacted with students and explained placement processes, procedures and policies. In addition, the Placement Service took career guidance and counselling to schools across various counties including Nairobi, Meru, Nakuru, Murang'a, Nandi, Kiambu and Kisumu.

Student Placement

During the fourth cycle, all the students who scored C+ and above in the 2016 Kenya Certificate of Secondary Education (KCSE) national examination were placed to various degree courses in public and private universities. Hence, a total of 88,620 students got a chance in public and private universities under Government sponsorship. Of these, 71,258 were placed in public universities while the rest were placed in private universities. The Placement Service fully applied the selection criteria approved by the Board taking into consideration merit, students' prioritised choices, affirmative action and cluster requirements, including minimum requirements by regulatory and professional bodies, where applicable.

The distribution of candidates in degree programmes under Government sponsorship is as shown in Table 1 below.

Table 1: 2017/2018 Degree Placement

	Placed Students
Public Universities	71,258
Private Universities	17,362
Total Placed	88,620

With regard to placement to diploma courses, the Placement Service opened the applications to students who did their KCSE examinations as far back as the year 2000 up to the present. As a result, some 60,206 applications were received, of which 28,261 were successfully placed. Of those placed, 23,855 were 2016 KCSE candidates, while the rest were from the previous years, as shown in Table 2 below.

Table 2: 2017/2018 Diploma Placement

	Total Number	2016 Students
Students Qualified for Diploma	N/A	105,835
Total Diploma Applications Received	60,206	50,379
Total Placed in Diploma	28,261	23,855
Unplaced Diploma Applicants	31,945	26,524

A comparative analysis of the placement figures shows a sharp rise in the numbers, which points to an increasing access to higher education through Government sponsorship. Table 3 below illustrates the trend.

Table 3: Placement Comparative Analysis

S. No.	Cycle	Degree	Diploma
1.	2015/2016	67,790	11,524
2.	2016/2017	86,142	12,038
3.	2017/2018	88,620	28,261

Operations

In other operational aspects, the Placement Service continued to strengthen its human resource and structural establishment. Notably, the Board recruited a Corporation Secretary and Legal Officer, who is responsible for the all the corporation secretarial, legal matters and Board affairs coordination. The staff capacity building through sponsorship to various short professional courses also continued during the period.

Financial performance

During the year under review, the Placement Service realised an increase in surplus to Kshs 208,834,027 from Kshs 138,485,673 in 2015/2016. This improved performance strengthened the Placement Service fund from Kshs 454 Million to Kshs 663 Million enabling the Board to increase the Capital development reserve to Kshs 250 million towards acquisition of office space and Kshs 120 million towards staff mortgage and car loan reserve fund.

Finally, I would like to thank the Government for its support, the Placement Board for its sound guidance and the Placement Service Management and Staff for their dedication.



JOHN MURAGURI
CHIEF EXECUTIVE OFFICER

VI. CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Corporate Governance refers to mechanisms, relations and processes by which a corporation is controlled and directed. It involves balancing the many interests of the stakeholders of a corporation. Good corporate governance practices are essential to the delivery of long term and sustainable stakeholder and shareholder value.

To strengthen accountability and to build confidence among stakeholders, the Corporation is committed to sound principles of corporate governance and sustainability and believes that good corporate governance is critical, not only at the corporate level but also at the National level.

BOARD SIZE, COMPOSITION AND APPOINTMENT

The Board is the highest governing body of the Corporation. The Board exercises leadership, enterprise integrity and judgment in directing the Corporation so as to achieve continuing prosperity for the Corporation and its stakeholders.

The constitution of the Corporation's Board is stipulated by the Universities Act, No. 42 of 2012. It comprises the following 13 members appointed by the Cabinet Secretary, Education;

1. The Chairperson;
2. The Secretary of the Commission for University Education;
3. The Chief Executive of the Higher Education Loans Board;
4. The Chief Executive of the TVET Funding Board;
5. The Chief Executive of TVETA;
6. Two vice-Chancellors representing Public Universities;
7. Two Vice-Chancellors representing Private Universities;
8. Two representatives of Kenya Association of Technical Institutions;
9. The Principal Secretary in the Ministry responsible for higher education;
10. The Principal Secretary in the Ministry responsible for finance.

THE ROLE AND RESPONSIBILITIES OF THE BOARD

The Board provides leadership and strategic direction to the Corporation. Its role remains to guide the Corporation towards sustainable long term success through the exercise of objective and informed judgment in determining the strategy of the corporation, having the best team in place to execute that strategy, monitoring performance and maintaining an effective framework of controls to mitigate risks facing the Corporation.

BOARD MEETINGS

The Board meets regularly as required in order to efficiently monitor the implementation of the Corporation's planned strategy and approve issues of strategic nature. Specific review are also undertaken on operational issues and future planning.

During the year under review, the Board held a total of.....meetings. Attendance to the respective meetings is as summarised below:

Name of Board Member	Board Position	Board attendance
Prof. David Ndeti	Chairman	16
Prof. David Some	Member, CUE	5
Prof. Walter Oyawa	Representative, CUE	4
CPA Charles Ringera	Member, HELB	12
Dr.Kipkirui Langat	Member, TVETA	7
Prof. George Magoha	Member, Public Universities	9
Prof. Mary Walingo	Member, Public Universities	4
Prof. Mabel Imbuga	Member, Public Universities	8
Prof. Francis W.O Aduol	Member, Public Universities	3
Prof. Miriam Mwita	Member, Private Universities	12
Prof. Mumo Kisau	Member, Private Universities	3
Prof. Noah Midamba	Member, Private Universities	10
Prof. Margaret Muthwii	Member, Private Universities	4
Eng. Callista Gitobu	Member, K.A.T.T.I	10
Mrs. Glory Kambanja Mutungi	Member, K.A.T.T.I	3
Mr.Edwin Tarno	Member, K.A.T.T.I	8
Prof. Collete Suda	Member, Principal Secretary, MOE	1
Ms. Esther Karema Mutua	Alternate Member, MOE	14
Mr. Antony Muriu	Alternate Member, National Treasury	11
Mr.John Muraguri	Chief Executive Officer	10

Notes:

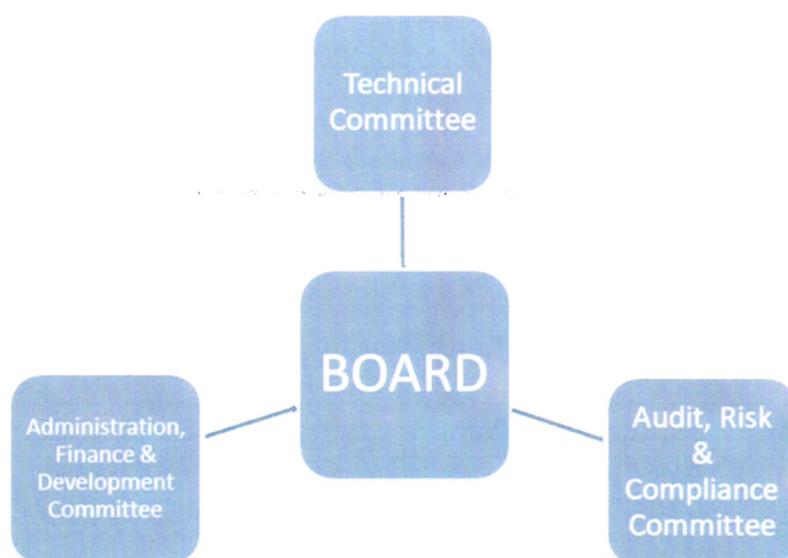
1. Prof. George Magoha, Prof. Mabel Imbuga, Prof. Noah Midamba, Prof. Miriam Mwita and Eng. Callista Gitobu were replaced by Prof. Francis W.O Aduol, Prof. Mary Walingo, Prof. Mumo Kisau and Mrs Glory Kambanja vide a Gazette Notice No.2364 dated 13th March, 2017

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2. Dr. Edwin Tarno was reappointed by the Cabinet Secretary, Ministry of Education vide a Gazette Notice No. 2364 dated 13th March, 2017.
3. Prof. David Some, the Commission’s Chief Executive Officer, proceeded for terminal leave prior to the end of his term at the Commission. The Commission was represented by Prof. Walter Oyawa who was appointed the acting Commission CEO pending the recruitment of a substantive CEO.

BOARD COMMITTEES

The Board has three standing Committees that facilitate efficient decision making by the Board in the discharge of its duties and responsibilities. Each Committee has formal and approved terms of reference.



Note: Formed in April, 2017 following the merger of the Finance and Development and the Human Resource and Administration Committee to enhance efficiency at the Board level

Audit, Risk and Compliance Committee

The Audit risk and Compliance Committee consists of four non-executive Board members and reports to the Board after every Committee meeting. The Chairperson is an independent non-executive director.

To fulfil its oversight responsibility, the Committee receives reports from Management, the internal auditors and external auditors, as appropriate. Its functions include:

1. Reviewing and assessing the Corporations risk management process and the adequacy of the overall control environment;

Reports and Financial Statements for the year ended June 30, 2017

2. Reviewing reports on internal audits conducted and ensuring appropriate action is taken to address any weakness identified;
3. Reviewing the Annual Financial statements and recommending their approval to the Board;
4. Reviewing and discussing with the Management and the external auditor any significant events affecting the Corporation's financial reporting;
5. Considering findings from the external and internal auditors on material weaknesses in accounting and financial control systems;
6. Approving the annual audit plan ensuring its consistency with the Corporations performance plan.

Technical Committee

The Principal objective of the Committee is to make strategic directions that assist the Board to effectively discharge the mandate of the Corporation with regard to:

1. Placement of government sponsored students to Universities and Colleges;
2. dissemination of information on available programmes, their costs, and the areas of study prioritized by the Government;
3. Collection and retention of data regarding University and College Placement;
4. Career guidance programmes for the benefit of students;
5. Development of policies that promote equity and access to University and College education;
6. Development of policies relating to the affirmative action criteria for the marginalized, the minorities and persons with disabilities.

Administration, Finance and Development Committee

The Committee provides leadership in the prudence of financial management, advises the Board on strategic directions in matters relating to Finance, Human Resource, General Administration and Governance.

BOARD REMUNERATION

During every Board meeting, present Board members are entitled to a sitting allowance of Kshs 20,000 per sitting, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable within government set limits for state corporations. The Chairman receives a monthly honorarium of Kshs 80,000 and Kshs 7,000 airtime allowance.

BOARD EVALUATION

Board Evaluation is key in assessing the performance and efficiency and effectiveness of an organisation. Regular performance evaluations also enable the Corporation to review its strategies with a view to ensuring continuous growth and sustainability. During the year, a Board evaluation exercise was carried out and it was conducted by the State Corporations Advisory Committee (SCAC).

CAPACITY BUILDING

Board members who had not been trained on the New Code of Governance for State Corporations were during the year under review trained. Newly appointed directors were sensitized on the nature of the Corporation's operations and performance.

CONFLICT OF INTEREST

The Board members are obliged to fully disclose to the Board any real or potential conflict, which comes to any member's attention, whether direct or indirect. The statutory duty to avoid situations in which the Board members have or may have interest that conflict with those of the Corporation was observed by the Board during the financial year under review. An acknowledgement that should it come to the attention of a Board member that a matter concerning the Corporation may result in a conflict of interest, obligates the member to declare the same and exclude himself/herself from any discussion or decision over the matter in question.

MANAGEMENT COMMITTEE

The Committee is chaired by the Chief Executive Officer and comprises all individual heads. The Committee is responsible for executing and implementing strategies adopted by the Board. It considers policies and strategic measures for purposes of ensuring optimal performance of the Corporation. The Chief Executive Officer provides the pivotal link between the Management and the Board.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

a) Introduction

The Kenya Universities and Colleges Central Placement Service is in the fourth year since it was established and started operations. Over this period, the Placement Service has been establishing policies and structures and building the capacity necessary for the exercise of its mandate even as it focuses on delivering the services for which it was established. In the current reporting period, the Placement Service has continued in this direction. The following are the highlights of the year ended.

b) Placement

i) 2017/2018 Placement

The placement of Government-sponsored students to universities and colleges for the 2017/2018 cycle has been successfully completed and as at the time of reporting, some of the students had already begun reporting to their respective institutions. A total of 35 public universities, 28 private universities and 70 public colleges took part. All the 88,620 students who attained the minimum university entry grade of C+ in the 2016 KCSE examination were placed into various degree courses taking into account their qualifications, listed choices and available capacities. In addition, 28,260 students who sat for exams in 2016 and previous years and scored C- and above were placed in diploma courses.

For the first time, the Placement Service fully applied newly developed cluster requirements, including minimum requirements by both regulatory and professional bodies where applicable. Stakeholders were involved in the preparations for the placement. They included Vice-Chancellors, College Principals and their registrars, the Commission for Higher Education and the Technical and Vocational Education and Training Authority.

ii) Placement of Government-Sponsored Students to Private Universities

The placement of Government-sponsored students to private universities, which was piloted in 2016/2017, continued to 2017/2018 and for the first time undertaken simultaneously with that of public universities, on a common platform and subject to the same criteria. Some 28 private universities submitted capacities, as compared to 29 that did so during the initial process in the last cycle. Of the 88,620 students placed, some 17,362 students were selected for private universities.

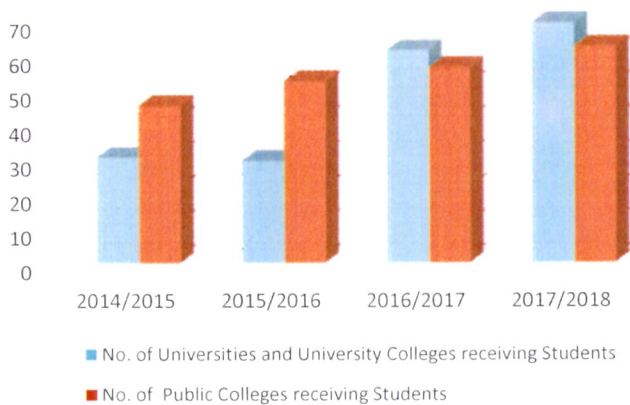
Career Guidance and Outreach Programmes

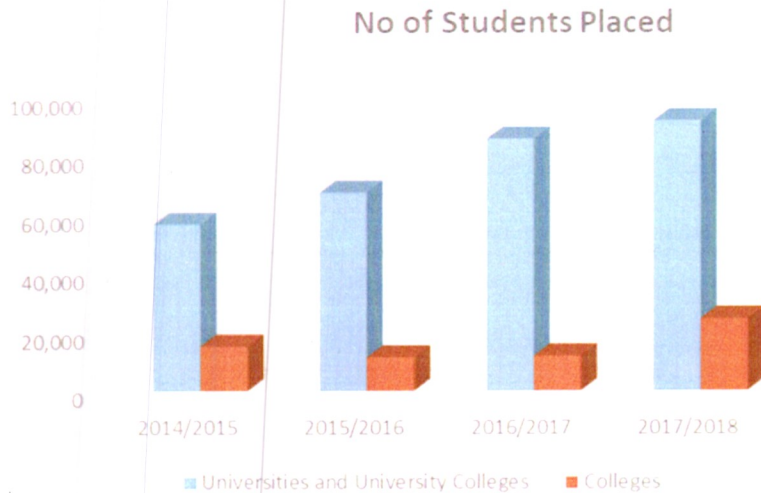
The Placement Service continued with its outreach programme targeting secondary school students. During the period, the Placement Service pitched tents at various shows and exhibitions, including the Agricultural Society of Kenya Shows in Nanyuki, Meru, Nakuru, Kabarnet and Mombasa, where officers interacted with students and explained placement processes, procedures and policies.

In addition, the Placement Service took career guidance and counselling to schools across various counties including Nairobi, Meru, Nakuru, Murang’a, Nandi, Kiambu and Kisumu.

Descriptions	2017/2018	2016/2017	2015/2016	2014/2015
Institutions				
No. of Universities and University Colleges receiving Students	70	62	30	31
No. of Public Colleges receiving Students	63	57	53	46
No. of Students Placed				
Universities and University Colleges	92,221	86,046	67,790	56,938
Colleges	24,660	12,038	11,523	15,400

No of Institutions Receiving Students





c) ICT

During the period, the ICT department once again successfully facilitated the selection of Government-sponsored students, even as the Placement Service continued improving the automated student selection system, ensuring that it is up to date and complies with the placement policy and procedures. The Placement Service has automated school applications, payments of application fees, placement, inter- institutions transfers and accounting system.

d) Audit

The Audit Department continues to advise the management on areas of weakness in the internal controls and ways to strengthen the controls. In addition, the Placement Service undertakes continuous risk assessment of its operations so as to come up with mitigation plans of identified risks.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Placement Service continues to be a committed and responsible corporate citizen that pays deliberate attention to community service and the improvement of the welfare of disadvantaged members of the society. This is reflected in the placement process, which deliberately focuses on historically marginalised regions and disadvantaged applicants, such as those with various forms of disability.

To promote an equitable society, the Placement Service lowers the Degree entry cut-off points to the bare minimum for the visually impaired. Applicants from marginalised counties also benefit. This affirmative action is enshrined in the placement policy, which also seeks to achieve equitable gender representation in higher education.

During the year, the Placement Service staff participated in the Standard Chartered Nairobi International Marathon. This is an annual event organised to raise funds to support efforts to eradicate avoidable blindness among children under the age of 15 years.

In addition, the Placement Service also continued with its staff empowerment programmes, whereby staffs were sponsored for sign language course to enable seamless service delivery to person with disability.



During the year, the Placement Service staff participated in the Standard Chartered Nairobi International Marathon.

IX. REPORT OF THE BOARD MEMBERS

The Board submit its report together with the audited financial statements for the year ended June 30, 2017 which show the state of the Kenya Universities and Colleges Central Placement Service's affairs.

Principal activities

The principal activities of the entity continue to be coordinating the placement of Government-sponsored students to universities and colleges, disseminating information on available programmes, their cost and areas prioritised by the Government, developing career guidance programmes for the benefit of students, collecting and retaining data on placement to universities and colleges, advising the Government on student placement and any other function assigned by the Universities Act, 2012.

Results

The results of the entity for the year ended June 30, 2017 are set out from page 32 to page 51.

Board

The members of the Board who served during the year are shown on pages 5 to 11. During the year, Prof. George Magoha, Prof. Mabel Imbuga, Prof. Noah Midamba, Prof. Miriam Mwita and Eng. Callista Gitobu were replaced by Prof. Francis W.O Aduol, Prof. Mary Walingo, Prof. Mumo Kisau and Mrs Glory Kambanja vide a Gazette Notice No.2364 dated 13th March, 2017 while Dr. Edwin Tarno was reappointed.

Prof. David Some, the Commission's Chief Executive Officer, proceeded for terminal leave prior to the end of his term at the Commission. The Commission was represented by Prof. Walter Oyawa who was appointed the acting Commission CEO pending the recruitment of a substantive CEO.

Auditors

The Auditor-General is responsible for the statutory audit of the Kenya Universities and Colleges Central Placement Service in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Edna Adala,
Corporation Secretary
Nairobi,
August 31, 2017

X. STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

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

Further, the Board is responsible for the preparation and presentation of the Placement Service's financial statements, which give a true and fair view of the state of affairs of the Service for and as at the end of the financial year ended on June 30, 2017. 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 Placement Service; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board accepts responsibility for the Service's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Board members are of the opinion that the Placement Service's financial statements give a true and fair view of the state of the Placement Service's transactions during the financial year ended June 30, 2017, and of its 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 Service's financial statements as well as the adequacy of the systems of internal financial control.

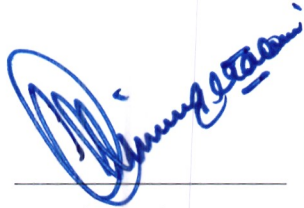
Nothing has come to the attention of the Board to indicate that the Placement Service will not remain a going concern for at least the next twelve months from the date of this statement.

Kenya Universities and Colleges Central Placement Service


Reports and Financial Statements for the year ended June 30, 2017

Approval of the financial statements

The Placement Service's financial statements were approved by the Board on August 31, 2017 and signed on its behalf by:



Board Member



Board Member



Chief Executive Officer

REPUBLIC OF KENYA

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Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Universities and Colleges Central Placement Service set out on pages 34 to 61, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of cash flows, statement of changes in net assets 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, the financial statements present fairly, in all material respects, the financial position of Kenya Universities and Colleges Central Placement Service as at 30 June 2017, 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, No 42 of 2012 of the laws of Kenya.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Universities and Colleges Central Placement Service in accordance with ISSAI 30 on 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 opinion.

Report of the Auditor-General on the Financial Statements of Kenya Universities and Colleges Central Placement Service for the year ended 30 June 2017

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no Key Audit Matters to communicate in my report.

Responsibilities of Management and Those Charged with Governance 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 (Accrual Basis) 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.

In preparing the financial statements, management is responsible for assessing the Placement Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the applicable basis of accounting unless the management either intends to liquidate the Placement Service or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Placement Service's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution.

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Placement Service's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Placement Service's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Placement Service to cease as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Placement Service to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

19 April 2018

XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

	Note	2016/2017	2015/2016
		Kshs	Kshs
Revenue from non-exchange transactions			
Capitation Grants- Revenue	5	30,000,000	45,389,100
		30,000,000	45,389,100
Revenue from exchange transactions			
Registration and Renewal Fees	6	970,000	1,080,000
Application and Revision Fees	7	336,213,209	248,565,246
Finance income	8	15,675,773	15,161,168
		352,858,982	264,806,414
Total revenue		382,858,982	310,195,514
Expenses			
Employee costs	9	68,748,461	58,538,470
Board Expenses	10	10,775,498	11,117,003
Placement Processing and Publicity	11	11,154,528	11,443,207
Career Guidance and Workshops	12	8,681,071	8,869,249
Depreciation and amortization expense	13	14,197,819	11,082,068
Repairs and maintenance	14	5,621,151	7,247,646
General expenses	15	54,716,309	63,329,973
Finance cost	16	81,327	82,225
Total expenses		173,976,164	171,709,841
Surplus for the period		208,882,819	138,485,673
Surplus attributable to owners of the controlling entity		208,882,819	138,485,673
Total Surplus		208,882,819	138,485,673

The notes set out on pages 39 to 57 form an integral part of the Financial Statements

XIII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2016/2017	2015/2016
Assets		Kshs	Kshs
Current assets			
Cash and cash equivalents	17	302,657,199	275,849,202
Receivables from exchange transactions	18	172,605,724	164,875,380
Inventories	19	916,085	863,651
Investment (Short term placement of funds)	20	194,036,655	-
		670,215,663	441,588,233
Non-current assets			
Property, plant and equipment	21	41,026,889	39,192,358
		41,026,889	39,192,358
Total assets		711,242,553	480,780,591
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	20,796,073	16,329,840
Refundable deposits from customers	23	13,750,992	-
Employee benefit obligation	24	7,773,916	7,974,426
		42,320,980	24,304,266
Non-current liabilities			
Non-current employee benefit obligation	24	5,165,128	1,602,700
		5,165,128	1,602,700
Total liabilities		47,486,109	25,906,966
Net assets			
Accumulated surplus	25(a)	293,756,444	354,873,625
Capital Development Reserve	25(b)	250,000,000	30,000,000
Staff Mortgage and Car Loan Reserve Fund	25(c)	120,000,000	70,000,000
Total net assets and liabilities		711,242,553	480,780,591

The Financial Statements set out on pages 34 to 38 were signed on behalf of the Board of Directors by:



Chief Executive Officer

John M. Muraguri

August 31, 2017



Finance Manager

CPA Michael Kimani

ICPAK Mno. 5310
August 31, 2017



Chairman of the Board

Prof. David M. Ndetei

August 31, 2017

XIV. STATEMENT OF CHANGES IN NET ASSETS For the year ended 30 June 2017

Attributable to the owners of the controlling entity

	Accumulated Surplus	Capital Development Reserve	Staff Mortgage and Car Loan Reserve	Total
	Kshs	Kshs	Kshs	Kshs
Balance As at 1 July 2016	354,873,625	30,000,000	70,000,000	454,873,625
Surplus for the period	208,882,819	-	-	208,882,819
Transfer to Capital Development Reserve	(220,000,000)	220,000,000	-	-
Transfer to Staff Mortgage and Car Loan Reserve	(50,000,000)	.	50,000,000	-
Balance as at 30 JUNE 2017	293,756,444	250,000,000	120,000,000	663,756,444
Balance As at 1 July 2015	316,387,952	-	-	316,387,952
Surplus for the period	138,485,673	-	-	138,485,673
Transfer to Capital Development Reserve	(30,000,000)	30,000,000		-
Transfer to Staff Mortgage and Car Loan Reserve	(70,000,000)		70,000,000	-
Balance as at 30 JUNE 2016	354,873,625	30,000,000	70,000,000	454,873,625

XV. STATEMENT OF CASH FLOWS

	Note	2016/2017	2015/2016
Cash flows from operating activities		Kshs	Kshs
Receipts			
Capitation Grant - Revenue	5	61,449,025	13,940,075
Registration and Renewal Fees	6	970,000	1,080,000
Application and Revision	7	231,489,701	168,436,057
Placement Fees	7	73,045,250	
Interest Income	8	17,370,446	16,613,156
		384,324,442	200,069,288
Payments			
Compensation of employees	9	(63,735,692)	(56,149,889)
Goods and services		(83,630,400)	(98,221,483)
Finance cost	16	(81,327)	(82,225)
		(147,447,419)	(154,453,597)
Net cash flows from operating activities	28	236,877,003	45,615,691
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(16,032,351)	(16,948,608)
Net cash flows used in investing activities		(16,032,351)	(16,948,608)
Cash flows from financing activities			
Increase in deposits		-	-
Investment Income	20	(194,036,655)	
Net cash flows used in financing activities		(194,036,655)	-
Net increase/(decrease) in cash and cash equivalents		26,807,997	28,667,083
Cash and cash equivalents at 1 July 2015		275,849,202	247,182,119
Cash and cash equivalents at 30 JUNE	17	302,657,199	275,849,202

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percentage (%)
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Capitation Grants-Revenue	244,547,240	(214,547,240)	30,000,000	30,000,000	-	0.0%
Registration and Renewal Fees	500,000		500,000	970,000	470,000	94%
Application and Revision Fees	120,000,000	12,000,000	132,000,000	217,738,709	85,689,915	65%
Placement Fees	120,000,000	6,000,000	126,000,000	118,474,500	(7,476,526)	-5.9%
Interest Income	2,000,000	3,000,000	5,000,000	15,675,773	10,675,773	214%
Total income	487,047,240	(193,547,240)	293,500,000	382,858,982	89,358,982	30%
Expenses						
Employee costs	101,497,240	6,422,240	95,075,000	68,748,461	26,326,539	28%
Board Expenses	12,100,000	(900,000)	13,000,000	10,775,498	2,224,502	17%
Placement Processing and Publicity	68,500,000	30,000,000	38,500,000	11,154,528	27,345,472	71%
Career Guidance and Workshops	46,300,000	20,300,000	26,000,000	8,681,071	17,318,929	67%
Depreciation Expense	39,256,000	(20,250,000)	19,006,000	14,197,819	4,808,181	25%
Repairs and Maintenance	13,000,000	(3,000,000)	16,000,000	5,621,151	10,378,849	65%
General Expenses	152,150,000	27,450,000	124,700,000	54,716,306	69,983,694	56%
Finance Cost	500,000	-	500,000	81,327	418,673	84%
Capital Expenditure	223,000,000	180,000,000	43,000,000	16,032,351	26,967,649	63%
Total Expenditure	656,303,240	240,022,240	375,781,000	190,008,512	185,772,488	
Surplus for the Period	(169,256,000)	(433,569,480)	(82,281,000)	192,850,470	275,131,470	

Note

The absorption of the vote was below expectation caused by the following circumstances: There was a postponement of a planned board retreat to attend Mwongozo trainings by SCAC; There was a government directive to freeze on all mainstream media advertisements and instead use our website for advertisements; Change in term dates which affected the placement service calendar and further to this KCSE exams release earlier than anticipated which tampered with the scheduled career events. The fourth cycle of recruitment was delayed which affected other aspects of absorptions of budgeted funds.

Also note that included in the expenditure is Kshs 16,032,351 capital expenditure not reflected in the statement of financial performance the difference with the statement of comparison of budget and actual amounts.

XVII. NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Kenya Universities and Colleges Central Placement Service (“Placement Service”) was established under the Universities Act No. 42 of 2012 on December 13, 2012. The Placement Service is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of the Placement Service is contained in its mandate as outlined in Section 56 (1) of the Act as being to:

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

2. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Placement Service accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Placement Service and all values are rounded to the nearest Kenya Shilling.

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

The comparative figures for the year ended June 30, 2015 are given for ease reference.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

Kenya Universities and Colleges Central Placement Service 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. The financial statements are prepared on accrual basis.

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	(Effective for annual periods beginning on or January 1, 2017) <i>Placement Service adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the entity.</i>
IPSAS 34: Separate Financial Statements	(Effective for annual periods beginning on or January 1, 2017) <i>Placement Service does not have any subsidiaries , joint ventures or investments and therefore the standard does not apply</i>
IPSAS 35: Consolidated Financial Statements	Effective for annual periods beginning on or January 1, 2017) <i>Placement Service does not have any subsidiaries , joint ventures or investments and therefore the standard does not apply</i>
IPSAS 36: Investments in Associates and Joint Ventures	(Effective for annual periods beginning on or January 1, 2017) <i>Placement Service does not have investments in associates or joint ventures.</i>
IPSAS 37: Joint Arrangements	(Effective for annual periods beginning on or January 1, 2017) <i>Placement Service does not have an interest in a joint arrangement and therefore the standard does not apply</i>
IPSAS 38: Disclosure of Interests in Other Entities	(Effective for annual periods beginning on or January 1, 2017) <i>Placement Service does not have an interests in other entities and therefore the standard does not apply</i>

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2017.

4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Government Grants

Government grants are only recognised 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 Placement Service 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 Placement Service and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

The Placement Service 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 Placement Service.

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 or timing 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.

c) Taxes

The Placement Service has been classified as a Service State corporation category 3A and heavily relies on Government funding thus not subject to the provision of section 219(2) of the public Finance Management Regulations under the Public Finance Management Act.

d) Property, plant and equipment

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

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

e) 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.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. KUCCPS has an operating lease and lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term. The deferred lease payments are recognised as deferred rent liability to be utilised in later years as rent escalates.

g) 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.

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 finalised by the end of period are disclosed especially in relation to procurement of assets.

h) Reserves

Reserves are created and maintained in terms of specific requirements. The Board may from time to time establish a specific or general reserve fund to cater for current and future Placement needs.

i) 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.

j) Employee benefits

Retirement benefit plans

Placement Service provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity

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(a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Placement Service operates a defined contribution plan with Britam. Employees contribute 10% and Employer 20% of the qualifying staff basic pay and the same is paid to Britam on a monthly basis.

Gratuity

Placement Service provides for gratuity for the staff working on contract terms of service at a rate of 31% of the basic pay. This is charged to the statement of financial performance for each year worked.

k) 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.

l) Related parties

Placement Service 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 Placement Service or vice versa. Members of key management are regarded as related parties.

m) Cash and cash equivalents

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

n) Segment Reporting

Placement Service does not have any branches/reporting segments. All the operations are managed from the registered office. The core business of the Placement Service continues to be coordination of placement of government sponsored students into universities and colleges as stipulated in Section 56 (1) of the Universities Act, 2012.

o) 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.

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(a) Computers, Computer Accessories and Infrastructure	20%
(b) Motor Vehicles	20%
(c) Furniture, Fittings and equipment	10%

p)) Bad Debt Provision

Provision for bad debtors is made at a rate of 5% on Trade debtors. This is general provision and it does not include specific bad debts where debtors are fully impaired and irrecoverable.

q) Risk management objectives and policies Financial risk management

The Placement Service is exposed to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Placement Service overall risk management programme focuses on the unpredictability of accounts receivable and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by the management under policies approved by the board of directors.

Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors. Placement debtors arise as a result of students placed in Universities and Colleges and placement fee Invoiced to the respective institution on credit basis.

In the opinion of the management, the carrying amounts of trade and other receivables approximate to their fair value. The management has made a provision for the portion of the receivable whose recovery is in doubt.

Liquidity risk

Cash flow forecasting is performed by the finance department by monitoring the Placement Service liquidity requirements to ensure it has sufficient cash to meet operational needs by maintaining sufficient cash and marketable securities.

5. Transfers from governments

	2016/2017	2015/2016
	Kshs	Kshs
Unconditional grants		
Capitation Grants - Revenue	30,000,000	45,389,100
Total government grants and subsidies	30,000,000	45,389,100

5. (b) Transfer from Ministries, Departments and Agencies

Name of entity sending Grant	Amount recognised to statement of comprehensive Income	Amount deferred under deferred Income	Amount recognised in capital fund	Total grant during the year	2015/2016
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of University Education	30,000,000.00	-	-	30,000,000.00	45,389,100.00
Total	30,000,000.00	-	-	30,000,000.00	45,389,100.00

6. Registration and Renewal Fees

	2016/2017 Kshs	2015/2016 Kshs
Registration Fees	970,000	1,080,000
Total revenue from the rendering of services	970,000	1,080,000

7. Application, Revision and Placement Fees

	2016/2017 Kshs	2015/2016 Kshs
Student Application and Revision Fees	217,738,709	141,567,746
Placement Fees	118,474,500	106,997,500
Total revenue from application fees	336,213,209	248,565,246

8. Finance Income - External Investments

	2016/2017 Kshs	2015/2016 Kshs
Cash investments and fixed deposits	15,675,773	15,161,168
Total Interest Income - External Investments	15,675,773	15,161,168

Included in the Interest income is Kshs 1,200,462 being accrued interest for the amount in treasury bills and call deposit as at June 30, 2016

9. Employee costs

	2016/2017 Kshs	2015/2016 Kshs
Employee related costs - salaries and wages	51,702,883	46,885,541
Housing benefits and allowances	17,045,579	11,652,929
Employee costs	68,748,461	58,538,470

10. Board Expenses

	2016/2017 Kshs	2015/2016 Kshs
Chairman's Honoraria	1,044,000	-
Sitting Allowances	4,678,000	3,076,000
Other Board Expenses	5,053,498	8,041,003
Total Board Expenses	10,775,498	11,117,003

11. Placement Processing and Publicity

	2016/2017 Kshs	2015/2016 Kshs
Placement Processing	2,687,063	1,431,425
Advertising & Publicity	8,267,465	9,811,782
Publications	200,000	200,000
	11,154,528	11,443,207

12. Career Guidance and Workshops

	2016/2017 Kshs	2015/2016 Kshs
Career Guidance & Workshops	1,131,460	1,912,205
Admission Support in Counties	3,084,099	2,179,803
Career Talks and workshops	692,580	915,900
Exhibitions and Shows	3,772,932	3,861,341
	8,681,071	8,869,249

13. Depreciation Expense

	2016/2017 Kshs	2015/2016 Kshs
Property, Plant and Equipment	14,197,819	11,082,068
Total Depreciation	14,197,819	11,082,068

14. Repairs and Maintenance

	2016/2017 Kshs	2015/2016 Kshs
Vehicles	1,468,292	1,985,048
Refurbishment and Other Repairs	4,152,860	5,262,598
Total Repairs and Maintenance	5,621,151	7,247,646

15. General expenses

The following are included in general expenses:

	2016/2017 Kshs	2015/2016 Kshs
Audit fees	419,920	419,920
Conferences and Seminars	4,789,553	3,746,848
Office Operations	4,964,204	9,406,493
Printing and stationery	2,001,712	2,069,876
Telecommunication	3,213,260	3,198,250
Rent & service Charge	11,676,182	9,895,026
Staff Training	17,245,306	9,729,518
Subscription and Membership fees	266,933	199,665
Insurances	5,516,479	5,466,183
Professional fees	81,200	7,940,000
Provision for bad and doubtful debts	4,541,560	11,258,194
Total general expenses	54,716,308	63,329,973

16. Finance Cost

	2016/2017 Kshs	2015/2016 Kshs
Bank Charges	81,327	82,225
Total Finance Cost	81,327	82,225

17. Cash and Cash Equivalents

	2016/2017 Kshs	2015/2016 Kshs
Current account	142,509,317	75,508,378
On-call deposits	160,000,000	200,327,869
Cash-on-hand	147,882	12,955
Total Cash and Cash Equivalents	302,657,199	275,849,202

Short Term deposits were Call Deposit of Kshs 20,000,000 each at KCB and Co-operative Banks at an interest rate of 7% and 7.5% p.a. respectively and a further deposit mortgage of Kshs 120,000,000 at HFC Bank at a rate of 8% p.a. for unused funds.

17 (b) Detailed analysis of the cash and cash equivalent

		2016-2017	2015-2016
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank	1151285021	4,826,959	74,884,290
Co-operative Bank	01141163596400	120,371,268	-
Sub- total		125,198,217	74,884,290
b) On - call deposits			
Kenya Commercial bank	1151285021	20,000,000	200,327,869
Co-operative Bank	01141163596400	20,000,000	-
Sub- total		40,000,000	200,327,869
d) Staff car loan/ mortgage			
HFC Mortgage Deposit	2211863102	90,000,000	-
HFC Car loan Deposit	2211863104	30,000,000	-
Sub- total		120,000,000	-
e) Others(specify)			
cash in hand		147,882	12,955
M pesa	820200	1,024,952	275,684
M pesa	820201	16,286,148	348,404
Sub- total		17,458,982	637,043
Grand total		302,657,199	275,849,202

18. Receivables from Exchange Transactions

Current receivables	2016/2017	2015/2016
	Kshs	Kshs
i) Placement fees debtors	190,450,291	145,034,689
ii) Investment Interest debtors	1,200,462	2,895,135
Less: Provision for bad debt	(19,045,029)	(14,503,469)
Total Receivables from Exchange Transactions	172,605,724	133,426,355

18. (b) Receivables from Non-Exchange Transactions

Current receivables	2016/2017	2015/2016
	Kshs	Kshs
Capitations due for the Year	-	31,449,025
Total Receivables from Non-Exchange Transactions	-	31,449,025
Total current receivables	172,605,724	164,875,380

The maximum exposure to the credit risk at the reporting date is the fair value of each of the class of receivable mentioned above. A provision of 10% of the total exchange debts is maintained for bad and doubtful debts. Any increase or decrease is charged to the statement of financial performance.

19. Inventories

	2016/2017	2015/2016
	Kshs	Kshs
Consumable Stores	916,085	863,651
Total Inventories at the lower of cost and net realizable value	916,085	863,651

20. Investment

	2016-2017	2015-2016
Description	Kshs	Kshs
Investment in Treasury bills		
CBK	194,036,655	-
	194,036,655	-

21. Property, plant and equipment

	Motor Vehicles	Computers	Furniture and Equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs
At 1 July 2016	33,676,534	18,883,199	5,701,215	58,260,948
Additions	7,200,000	7,925,156	907,195	16,032,351
At 30 June 2017	40,876,534	26,808,355	6,608,410	74,293,299
Depreciation and impairment				
At 1 July 2016	10,921,545	7,005,268	1,141,778	19,068,591
Depreciation	8,175,307	5,361,671	660,841	14,197,819
At 30 June 2017	19,096,852	12,366,939	1,802,619	33,266,410
Net book values				
At 30 June 2017	21,779,682	14,441,416	4,805,791	41,026,889
At 1 July 2015	20,931,191	16,068,140	4,313,009	41,312,340
Additions	12,745,343	2,815,059	1,388,206	16,948,608
At 30 June 2016	33,676,534	18,883,199	5,701,215	58,260,948
Depreciation and impairment				
At 1 July 2015	4,186,238	3,228,628	571,656	7,986,522
Depreciation	6,735,307	3,776,640	570,122	11,082,069
At 30 June 2016	10,921,545	7,005,268	1,141,778	19,068,591
Net book values				
At 30 June 2016	22,754,989	11,877,931	4,559,437	39,192,357

22. Trade and Other Payables from Exchange Transactions

	2016/2017	2015/2016
	Kshs	Kshs
Trade Payables (Note 22)	18,988,764	15,159,105
Other Payables	1,807,309	1,170,735
Total Trade and Other Payables	20,796,073	16,329,840

In the opinion of the Board, the carrying amounts of trade and other payables approximate to their fair value. Included in the trade payable is an amount of Kshs 3,643,142 being accrued rent liability see Note 25.

23. Refundable deposit from Customers

	2016/2017	2015/2016
	Kshs	Kshs
Students Refunds	13,750,992	-
Total Refunds	13,750,992	-

24. Pensions and Other Post-Employment Benefit Plans

	2016/2017	2015/2016
	Kshs	Kshs
Gratuity Provision		
Current benefit obligation	7,773,916	7,974,426
Non-Current Benefit obligation	5,165,128	1,602,700
Total Employee Benefit Liability	12,939,044	9,577,126

Placement Service operates contributory pension scheme and pay gratuity to staff on contract. A provision is made for every period and charged to the income statement while the balance is carried as an employee obligation in the statement of financial position.

25. (a) Accumulated Surplus and Reserves

During the year the Board increased the reserve funds from the accumulated surplus to take care of Placement Service planned needs. These funds form part of the Placement Service reserves but specific for the purposes for which the reserves were created. An amount of Kshs fifty million was added the staff House Mortgage and Car Loan Scheme. A further two hundred and twenty million was provided towards the capital development funds to facilitate acquisition of own premises.

	2016/2017	2015/2016
	Kshs	Kshs
Accumulated Surplus Balance brought forward	354,873,625	316,387,952
Surplus for the Year	208,882,819	138,485,673
Transfers to Staff House Mortgage and Car Loan Scheme Reserve Fund	(50,000,000)	(70,000,000)
Transfers to Capital Development Reserve Fund	(220,000,000)	(30,000,000)
Accumulated Surplus Balance Carried forward	293,756,444	354,873,625

(b) Capital Development Reserve

During the year the Board increased the reserve funds from the accumulated surplus to take care of Placement Service planned needs. Two hundred and twenty million was provided towards the capital development funds to facilitate acquisition of own premises.

	Capital Development Reserve
	Kshs
Balance As at 1 July 2016	30,000,000
Transfer to Capital Development Reserve	220,000,000
Balance As at 30 June 2017	250,000,000

(c) Staff Mortgage and Car Loan Reserve Fund

The Board provided an additional amount of Kshs fifty million was added to the staff House Mortgage and Car Loan Scheme from the Accumulated surplus.

	Staff Mortgage & Car Loan Reserve
	Kshs
Balance As at 1 July 2016	70,000,000
Transfer to Staff Mortgage and Car Loan Reserve	50,000,000
Balance As at 30 June 2017	120,000,000

26. Rent and Deferred Rent Liability

	2016/2017	2015/2016
	Kshs	Kshs
Total Rent (Lease) Expense	11,676,182	9,895,026
Total Rent (Lease) Due and Paid	(10,471,172)	(8,319,938)
Accrued Rent liability	1,205,010	1,575,088

Deferred rent carried forward for the previous years to be utilised in future years was Kshs 2,438,132.

27. Commitments and contingencies

The Placement Service has an ongoing dispute with Kenya Medical Training College (KMTC) as who should place student in KMTC. Placement Service has as per the Universities Act proceeded and placed students in KMTC in 2015. There threat from Kenyan students that they may result to suing both Placement Service and KMTC if they are denied admission in KMTC. Placement Service has been sued together with the Kenya National Examination Council (KNEC) not to place 2016 students before the results have been moderated. This may attract engagement of lawyers and the cost may not be ascertained at the moment as they are only threats.

Contingent liabilities	2016-2017	2015-2016
	Kshs	Kshs
Petition No. 3 of 2016 Against Placement Service and KMTC	-	-
Civil Suit No. 3679 of 2016 against Placement Service	1,600,000	-
Petition No. 44 of 2017 Against Placement Service & KNEC	-	-
Total	1,600,000	-

28. Cash Generated from Operations

	2016/2017	2015/2016
	Kshs	Kshs
Surplus for the year before tax	208,882,819	138,485,673
Adjusted for:		
Depreciation	14,197,819	11,082,068
Provision for Bad Debts	4,541,560	11,258,194
Provision for staff obligations	3,361,918	4,250,629
Working capital adjustments:		
Increase in inventory	(52,434)	(321,680)
Increase in receivables	(12,271,904)	(110,126,226)
Increase / (Decrease) in payables	18,217,223	(9,012,967)
Net cash flows from operating activities	236,877,003	45,615,691

29. Related Parties Transactions

The management staff and the Members of the Board are for the purposes of this report considered related parties. During the year, Management staff and the Board Members were only paid salaries and board allowances.

a) Nature of related party relationships

The management staff and the Members of the Board are for the purposes of this report considered related parties. The entity is related to

1. The National Government;
2. State Department of University Education – Technical and Vocational Training
3. Key Management;
4. Board Members;

b) Related party transactions

	2017	2016
	Kshs	Kshs
Transfers from related parties'	30,000,000	45,389,100
Total	30,000,000	45,389,100

The transfer relate recurrent capitation as budgeted and allocated

c) Related party transactions

	2017	2016
	Kshs	Kshs
Board members allowances	4,678,000	3,076,000
Key Management compensation	30,548,255	22,528,064
Total	35,226,255	25,604,064

30. Financial Risk Management Policies

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

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2 to the financial statements.

Financial risk management objectives

The activities of the Placement Service expose it to a variety of financial risks including credit risk, liquidity risks and the effects of changes in foreign currency rates. The Company's overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

a) Credit risk management

The Placement's credit risk is primarily attributable to its grants receivables, other receivables and bank balances.

The amounts of receivables presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and their assessment of the current economic environment.

The amount that best represents the Company's maximum exposure to credit risk as at June 30, 2016 is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs	Total Kshs
At 30 June 2017					
Receivables from exchange transactions	191,650,753	95,151,252	96,499,500	(19,045,029)	172,605,723
Bank balances	235,504,870	235,504,870	-	-	235,504,870
Total	427,155,623	330,656,122	96,499,500	(19,045,029)	408,110,593
At 30 June 2016					
Receivables from exchange transactions	102,882,825	102,882,825	45,047,000	(14,503,469)	133,426,356
Receivables from non-exchange transactions	31,449,025	31,449,025			31,449,025
Bank balances	275,508,378	275,508,378	-		275,508,378
Total	409,840,228	409,840,228	45,047,000	(14,503,469)	440,383,759

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board. The Board has put in place appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity management requirements. Placement Service manages liquidity risk by maintaining enough required funds for its operations through continuous monitoring of forecast and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2017				
Trade payables	29,586,580.00	509,920.00	794,421.00	30,890,921.00
Provisions (Rent Accrued)	3,643,141.70	-	-	3,643,141.70
Employee benefit obligation	5,966,723.45	-	6,972,320.40	12,939,043.85
Total	39,196,445.15	509,920.00	7,766,741.40	47,473,106.55
At 30 June 2016				
Trade payables	24,606,018.00	2,054,196.00	-	26,660,214.00
Total	24,606,018	2,054,196	-	26,660,214

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c) Exchange risk

The Placement Service does not hold of its bank balances in foreign currency. There are no other foreign currencies denominated financial assets or liabilities and for this reason the Placement is not exposed materially to exchange risks.

Capital risk management

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

	2016-2017		2015-2016
	Kshs		Kshs
Accumulated Surplus	293,756,444		354,873,625
Capital development reserve	250,000,000		30,000,000
Staff mortgage and car reserve	120,000,000		70,000,000
Total funds	663,756,444		454,873,625
Total borrowings	47,473,107		25,906,966
Less: cash and bank balances	302,657,199		275,849,202
Net debt/(excess cash and cash equivalents)	(255,184,092)		(249,942,236)
Gearing	7.15%		5.69%

From the above analysis the Board is satisfied that the Placement Service has a very stable capital base with minimal third parties claims and therefore will continue as going concern for the next twelve months.

31. Events after the Reporting Period

The appointment of the Placement Service Board Chairman was revoked with immediate effect vide Kenya gazette notice number 112 dated August 7, 2017.

32. Ultimate and holding entity

The Placement Service is semi-autonomous government agency under the Ministry of Education. Its ultimate parent is the Government of Kenya

33. Placement Statistics

The Placement Service has placed students into Universities, University Colleges and Colleges for 2014, 2015, 2016 and 2017. The following are some of the main data:

Descriptions	2017/2018	2016/2017	2015/2016	2014/2015
Institutions				
No. of Universities and University Colleges receiving Students	70	33	30	31
No. of Public Colleges receiving Students	63	57	53	46
No. of Students Placed				
Universities and University Colleges	92,221	86,046	67,790	56,938
Colleges	24,660	12,038	11,523	15,400
Number of Students benefitting on Affirmative Action				
Gender	581	1,083	4,162	2,527
Marginalized	863	655	1,239	532
Disability		178	178	72

XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Placement Service has no outstanding issues with the Kenya National Audit Office. In the first three years the Board has received clean audit reports.

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

Chief Executive Officer and Secretary to the Board

August 31, 2017

Chairman of the Board

August 31, 2017

Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

The Placement Service had no major capital projects during the financial year 2016/2017.

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)
1						
2						

Appendix 2: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of University Education				
FY 16/17				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		30/09/2017	7,500,000.00	2016/2017
		09/11/2017	7,500,000.00	2016/2017
		09/02/2017	7,500,000.00	2016/2017
		02/05/2017	7,500,000.00	2016/2017
		Total	30,000,000.00	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		Total	-	

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



Finance Manager
Kenya Universities and Colleges Central Placement Service



Head of Accounting Unit
Ministry of Education

Appendix 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

The Placement Service did not receive any other non exchange transfers from other government entities during the financial year 2016/2017.

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	