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REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA UNIVERSITIES AND COLLEGES
CENTRAL PLACEMENT SERVICE**

FOR THE YEAR ENDED

30 JUNE, 2019

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 25 FEB 2021

DAY:
THURSDAY

TABLED
BY:

LOM

CLERK-AT
THE-TABLE:

Leah Wanjiru



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background 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 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.

(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 the Universities 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, 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Dr. John M. Muraguri
2.	Manager, Finance	Michael Kimani

3. Manager, Legal Services and Corporation Secretary	Edna Adala
4. Ag. Manager, ICT & Senior ICT Officer	Dennis Rama
5. Manager, Human Resource & Administration	Maxwell O. Zange
6. Manager, Internal Audit	Faith Musya
7. Manager, Supply Chain Management	Daina Kibogo
8. Manager, Corporate Communication	Paul Juma
9. Manager, Placement and Career Services	Nancy Soila
10. Manager, Research and Knowledge Management	Agnes Mercy Wahome

(e) Fiduciary Oversight Arrangements

The Placement Service has put in place measures and structures to enforce fiduciary and oversight arrangements and ensure compliance. The Placement Board, which is the overall governance organ, comprises four key committees namely the Placement Committee; the Finance and Strategy Committee, the Audit Committee and the Human Resource Committee.

These committees provide policy direction and oversight to the Placement Service Management while advising the Board on various policy matters relating to its mandate. The main objective of the Finance and Strategy Committee is to assist the Board in discharging its duties in relation 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 audited annually by the Office of the Auditor-General. In addition, the Placement Service has developed Financial Regulations and Procedures.

(f) Headquarters

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

(g) Contacts

Tel.: (+254) 723 954 927 / (+254) 734 879

662 / 020 5137400

E-mail: info@kuccps.ac.ke

Twitter: KUCCPS_Official

Facebook: The.Placement.Service

Website: www.kuccps.ac.ke

(h) Bankers

- | | |
|---|--|
| <p>1. KCB Group Limited
University Way Branch
P.O. Box 7206, 00300
Nairobi, Kenya</p> <p>3. HFC
Head Office, Rehani House,
Koinange Street/Kenyatta Avenue
P.O. Box 30088, 00100
Nairobi, Kenya</p> | <p>2. Cooperative Bank
Upper Hill Branch
P.O. Box 19555, 00202
Nairobi, Kenya</p> <p>4. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000, 00200
Nairobi, Kenya</p> |
|---|--|

(i) Independent Auditors

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

II. THE PLACEMENT BOARD

1. Mr. Joe Owaka Ager Chairman



Mr. Ager is a distinguished management, marketing, finance, strategy and organisational change expert. He was appointed Chairman of the Placement Board on July 13, 2018 for a term of three years. He previously served as the General Manager at the Kenya Electricity Transmission Company (KETRACO), from 2010 to 2015, helping to establish the company as a respected member of the power pool of utility companies in East Africa. Prior to that, he served as Head of Customer Service and Marketing at the Kenya Power and Lighting Company, where he oversaw the transformation of the company from a bureaucratic entity to a customer-focused organisation. This was between 2008 and 2010. Mr Ager also served in various other organisations, including at the British Airways, where he launched his management career as a General Manager for East and Central Africa (1984-1989), and later as Head of Strategy and Business Development, British Airways (UK), from 2001 to 2004. He holds a Master of Business Administration degree from The Open University, Milton Keynes, England; and a Diploma in Aviation and Flight Operations Management from Crane bank Aviation Management College, London.

2. Prof. Mwenda Ntarangwi (CEO, CUE), Member



Prof. Ntarangwi was appointed Chief Executive Officer at Commission for University Education with effect from September 5, 2017 thus became a member of the Placement Board. Prior to the appointment, Prof. Ntarangwi was a professor of anthropology at Calvin College, US. He studied Kiswahili at Kenyatta University and earned a Master's degree in Swahili Cultural Studies in 1990. Later, he earned Master's and PhD degrees in cultural anthropology from the University of Illinois, Champaign-Urbana in 1995 and 1998, respectively.

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



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

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 (Department of Automotive Engineering) in 1996. He moved to the 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) both from Moi University; and Doctor of Philosophy in Engineering Systems and Management from Egerton University. He is a Fellow of the Institution of Engineering Technologists and Technicians (IET) of Kenya and has widely published in the areas of transport emissions and TVET.

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 laws governing university education and technical training. He chairs the Placement Committee of the Board.

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 Maasai 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
Christian University,
Representing Private
Universities), **Member**



Prof. Mumo Kisau is the Vice-Chancellor of Scott Christian 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. Prof. Kisau is the Chairman of the Finance and Strategy Committee of the Board.

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. She chairs the Audit Committee of the Board.

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 Nairobi 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 the HSC (civilian category). He has presented in major seminars and published in refereed journals. He is the Chairman of the Human Resource Committee of the Board.

11. Mrs. Esther Karema Mutua
(Alternate to PS, University 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. Dr. (HC) John Muraguri,
Chief Executive Officer and
Secretary to the Board



Dr. 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, he was the Senior Assistant Registrar (Admissions) at the University of Nairobi and the Deputy Secretary to the Joint Admissions Board (JAB). He also served as the Secretary to the Vice-Chancellors' Committee and the Inter-Public Universities Councils Consultative Forum. In December 2017, the Commonwealth University awarded him an honorary Doctor of Public Administration Degree, in recognition of his contribution to the Kenyan education sector spanning decades.

14. Ms. Edna Adala
Manager, Legal &
Corporation Secretary



Ms. Edna Adala is the Corporation Secretary and Legal Manager. 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

The following members of staff served in the Placement Service Management team during the Financial Year ended:

1. Dr. (HC) 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. CPA Michael Kimani, Manager, Finance

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



The Finance Manager is responsible for budgeting, budgetary control, financial management and reporting at the Placement Service.

3. Edna Adala, Corporation Secretary and Legal Manager

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



The Corporation Secretary and Legal Manager is responsible for management and administration of the Legal Department, statutory compliance and regulatory requirements.

4. Maxwell Okoth, Manager, Human Resource and Administration

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



The Human Resource and Administration Manager is responsible for human capital management and administrative support services at the Placement Service.

5. CPA Faith Musya, Manager, Internal Audit

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



The Internal Audit Manager is responsible for financial and systems audit, assurance and risk advisory services at the Placement Service.

6. Daina Kibogo, Manager, Supply Chain Management

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



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

7. Paul Juma, Manager, Corporate Communication

MA Communication Studies, B. Ed. (UoN), Member PRSK



The Corporate Communication Manager is responsible for the administration and management of publicity, corporate communication and customer experience at the Placement Service.

8. Nancy Soila, Manager, Placement and Career Services

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



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

9. Dennis Rama, Senior ICT Officer & Ag. ICT Manager

B. Sc. (Computer Science)



The acting ICT Manager is responsible for Management of ICT infrastructure, systems and software at the Placement Service.

10. Agnes Mercy Wahome, Manager, Research & Knowledge Management

M.A Medical Sociology & BA Sociology and Communication (UON), Dip. Community Oral Health (KMTC), Dip. Leadership in Strategic Health Communication (Johns Hopkins Center for Communication Program, USA)



The Manager, Research & Knowledge Management is responsible for coordination of research, data collection, analysis and documentation at the Placement service.

IV. CHAIRMAN'S STATEMENT

It gives me great pleasure to present – for the first time – the 2018-2019 Annual Report and Accounts of the Kenya Universities and Colleges Central Placement Service, having been appointed Chairman of the Board in the course of the financial year. I am pleased to note that the Placement Board is committed to the pursuit of the Vision of an equitable,



fair and efficient placement service. Furtherance to this pursuit, the Board strives to ensure that the Placement Service undertakes its mandate in an open, transparent and equitable manner while involving all its stakeholders.

In the period under review, the Board continued with the implementation of its 2017-2022 Strategic Plan to achieve the goals of enhancing and diversifying placement services; strengthening career advisory services; enhancing innovation and use of technology in its operations; strengthening institutional capacity; and improving communication and customer experience.

A key highlight of the financial year is the successful completion of the placement of the 2018 Kenya Certificate of Secondary Education (KCSE) examination candidates to universities and colleges. It is worth noting that all the candidates who qualified for university admission were absorbed as Government-sponsored students, while the Placement Service continued with its campaign to grow enrolment to Technical and Vocational Education and Training (TVET) institutions. In the coming year, the Placement Board will continue executing its mandate while alive to the Government's priorities under the Big Four Agenda; fiduciary compliance; transparency and accountability.

Finally, I would like to thank the Cabinet Secretary, Ministry of Education, Prof. George Magoha for giving me the chance to serve as Chairman of the Placement Board; the Ministry of Education and the National Treasury for their support and guidance; and the Placement Board members for their dedication.

MR. JOE OWAKA AGER
CHAIRMAN, PLACEMENT BOARD

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am delighted to present the highlights of the Kenya Universities and Colleges Central Placement Service for the year ended June 30, 2019. Being the second year of the implementation of the Placement Service's 2017-2022 Strategic Plan, the Corporation made significant strides in the delivery of its mandate. The Placement Service successfully undertook



the sixth cycle of placement of Government-sponsored students to universities and colleges. In the cycle, 187,879 students were placed in universities and TVET colleges across the country for certificate, diploma and degree programmes. Of these, 90,591 were placed to TVET institutions and 97,288 to public and private universities (89,486 to Degree and 7,802 to TVET courses).

Career Guidance and Outreach Programmes

To support and provide a reliable and authoritative resource material for career guidance, the Placement Service published its inaugural edition of a career guide book for students, teachers, parents and guardians. In addition, the Placement Service continued with its school outreach programmes, career teacher training, public awareness and sensitisation on placement processes and opportunities, collaborations with partners for career guidance and TVET re-branding, among others.



Cabinet Secretary, Ministry of Education Prof. George Magoha (4th left) and Chief Administrative Secretary & Principal Secretary, State Department for University Education and Research, Prof. Collette Suda (4th from right) with Members of the Placement Board unveil the KUCPS Career Guide during a stakeholder forum held at the Catholic University of Eastern Africa on April 15, 2019.

Provision Services in Huduma Centres

In the year under review, the Placement Service embarked on the establishment of service stations in Huduma Centres, starting with 11 stations across the country. These are Mombasa, Kisumu, Nakuru, Kakamega, Nyeri, Nairobi (Makadara and GPO), Eldoret, Meru, Kitui and Garissa Huduma Centres. Additional employees were recruited, inducted and posted to the Huduma Centres. The Huduma Centre initiative is meant to take services closer to wananchi in the spirit of decentralisation of Government services.

Strengthening Institutional Capacity

The Placement Service continued to build and strengthen its institutional capacity through human resource recruitment and training. As a result, the human resource establishment grew from 46 in the previous financial year to 60 presently. This accounts for 47% of the total establishment, which is within the Government's recommended ratio. The Placement Service is committed to ensuring that it maintains a lean secretariat while deploying technology to ensure efficient and effective utilisation of resources for the achievement of its objectives.

Financial Performance

During the year under review, the Placement Service realised a surplus of Kshs 110 million. This performance strengthened the Placement Service Fund from Kshs 825 Million to Ksh 948 million, enabling the Board to increase the Capital development reserve to Kshs 450 million for acquisition of office space and Kshs 171 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.



DR. (HC) JOHN MURAGURI
CHIEF EXECUTIVE OFFICER

VI. CORPORATE GOVERNANCE STATEMENT

(a) Introduction

Corporate Governance refers to mechanisms, relations and processes by which a corporation is controlled and directed. It involves balancing the 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 Placement Service 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.

(b) Board Size, Composition and Appointment

The Board is the highest governing organ 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 Placement 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; and
10. The Principal Secretary in the Ministry responsible for Finance.

The Chief Executive Officer of the Placement service is a non-executive Member of the Board.

(c) Role and Responsibilities of the Board

The Board provides leadership and strategic direction to the Placement Service. Its role is 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 reviews are also undertaken on operational issues and future planning.

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

Name	Board Position	Board Attendance
Mr. Joe Owaka Ager	Chairperson	100%
Prof. Mwenda Ntarangwi	Member, CUE	62.5
CPA Charles Ringera	Member, HELB	100%
Dr. Kipkirui Langat	Member, TVETA	52.6%
Prof. Mary Walingo	Member, Public Universities	46.6%
Prof. Francis W.O Aduol	Member, Public Universities	83.3%
Prof. Mumo Kisau	Member, Private Universities	94.7%
Prof. Margaret Muthwii	Member, Private Universities	84.6%
Mrs. Glory Kambanja Mutungi	Member, K.A.T.T.I	84.6%
Dr. Edwin Tarno	Member, K.A.T.T.I	84.2%
Ms. Esther Karema Mutua	Alternate Member, PS, Ministry of Education	94.7%
Mr. Antony Muriu	Alternate Member, PS, National Treasury	61.5%
Mr. John Muraguri	Chief Executive Officer/Secretary to the Board	100%

Board Committees

The Board reconstituted its Committees during the year by increasing the number of its committees from three to four and reconstituting the membership. One *ad hoc* Committee was also formed to prepare the final placement report for the 2019/2020 cycle.

The Committees facilitate efficient decision making in the discharge of its duties and responsibilities. The Committees and the respective terms of reference are outlined below.

Placement 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 prioritised 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 marginalised, the minorities and persons with disabilities.

Audit Committee

The Audit 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 reports on internal audits conducted and ensuring appropriate action is taken to address any weakness identified;
2. Reviewing the Annual Financial Statements and recommending their approval to the Board;
3. Independently auditing the effectiveness of the Risk Management System;
4. Considering findings from the external and internal auditors on material weaknesses in accounting and financial control systems;
5. Approving the annual audit plan ensuring its consistency with the Corporation's performance plan.

Finance and Strategy Committee

The Committee provides leadership in the prudence of financial management, advises the Board on strategic direction in matters relating to Finance, General Administration, Risk Management and Governance. The Committee makes recommendations to the Board aimed at ensuring that risk management and the Corporation's strategy are well integrated.

Human Resource Committee

The Committee advises the Board on strategic direction in matters relating to Human Resource Management.

(d) Board Remuneration

During every Board meeting, present Board members are entitled to a sitting allowance of Kshs 20,000 per sitting, lunch allowance of Kshs 2000 (in lieu of lunch being provided), accommodation allowance of Kshs 18,200 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.



The Board held a retreat with the Management from July 26 to 27, 2019 in Nakuru to review Management performance in the Financial Year 2018/2019 and strategise for 2019/2020.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

a) Placement and Career Services

The Placement Service successfully undertook the sixth cycle of placement of Government-sponsored students to universities and colleges. In the cycle, 170,369 students were placed in universities and TVET colleges across the country for certificate, diploma and degree programmes. Of these, 98,393 were placed to TVET programmes and 71,796 to public and private universities. In the degree programme placement 52,610 candidates (59%) were male and 36,876 (41%) were female.

To support and provide an authoritative resource material for career guidance, the Placement Service published its inaugural edition of a career guide book for students, teachers, parents and guardians. The publication, titled *The Essential Career Guide: Making an Informed Choice*, will be distributed to schools and bookshops countrywide. The Placement Service also continued with its school and career teacher outreach programmes.



Participants follow the proceedings during the KUCCPS 13th Stakeholder Forum held on April 15, 2019 at the Catholic University of Eastern Africa. The agenda was to release of the 2019/2020 placement data and launch of the KUCCPS career guide book.

In addition, public awareness and sensitisation campaigns on placement processes and opportunities were undertaken through mass media, and exhibitions and shows in Nairobi, Kakamega, Nanyuki, Meru, Makueni, Nakuru, Kisii, Kabarnet, Nyeri, Kisumu, Mombasa, Migori and Kitale.



b) Information and Communication Technology

The Placement Service continued implementing ICT innovations for efficiency. These included the roll out of the automated Board Management System (e-Board), which has ensured that Board operations are managed in a paperless, efficient and more secure manner.

In addition, a unified telephone system was acquired and deployed. The system was integrated with the call centre system, allowing distributed communication to relevant functions within the Placement Service. The system enhanced both internal and external communication for the Placement Service. The Placement Service also continued with automation, where the inter-institution transfer process was fully automated.

c) Strengthening Institutional Capacity

The Placement Service completed the development of key policies to guide its operations. These included:

- i. Corporate Communication Policy
- ii. Transport Policy
- iii. Corporate Social Responsibility Policy

This paved the way for the commencement of the ISO certification process.

d) Human Resource Capacity Development

The period under review saw the strengthening of the Placement Service human resource capacity through the establishment of two additional key functions/departments namely:

- i. Research and Knowledge Management
- ii. Risk Management and Compliance

Qualified and suitable staff were recruited and appointed in the new departments, while the pre-existing departments were further strengthened through the recruitment and deployment of professionals in key areas. In the spirit of decentralisation of services, some of the recruited staff were deployed to 11 Huduma Centres across the country.

e) Governance, Leadership and Compliance

To enhance their capacity for effective discharge of the organisation's mandate, the Placement Board members attended a training programme on the Mwongozo code undertaken by the State Corporations Advisory Council.

With regard to statutory and public policy requirements, no non-compliance was reported. The Internal Audit and Risk departments continued to advise Management on areas of weaknesses in the internal controls and ways to strengthen the controls. In addition, the Placement Service undertook risk assessment and audits of its operations so as to come up with mitigation plans for the identified risks.

f) Material Arrears in Statutory/Financial Obligations

There were no material arrears or financial obligations pending to be settled by the Placement Service other than normal trade payables which are paid as they become due. The Placement Service continued to be financially sound.

g) Corporate Governance and Financial Probity

In compliance with Mwongozo governance code and best practices, the Committees of the Placement Board were renamed, reconstituted and increased from three to four. The reconstituted committees are as follows: Placement, Strategy and Finance, Audit, and Human Resource.

h) Summary of Financial Performance

During the year 2018/2019, the Placement Service realised gross revenue of Ksh.413,123,302 (Kshs385,860,441 in 2017/2018) and an increased recurrent expenditure of Kshs 302,422,699 (Kshs 233,731,851 in 2017/2018). Capital expenditure was Kshs. 35,013,613 above last year's investment of Kshs.25,278,199 despite the fact the major ICT infrastructure was not carried out owing to Government delay in releasing framework agreement for various categories engaged.

The overall performance was largely as projected with surplus of Kshs. 110,700,624 compared to Kshs.152,128,590 in the previous year. The Placement Service fund improved to Kshs. 986 million from Kshs.869 million in 2017/2018. The Board approved to increase the Capital Development Reserve to Kshs.450 million towards the acquisition of the Placement Service own premises during the year.

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.

In the year under review, Placement Service employees joined thousands of Kenyans for the Standard Chartered Nairobi International Marathon, which took place on October 28, 2018. The goal of the marathon was to raise funds to tackle avoidable blindness in children.

The Placement Service also organised and participated in a joint Corporate Social Investment (CSI) initiative in collaboration with the Higher Education Loans Board. The initiative, undertaken on June 21, 2019, entailed tree planting and career guidance and mentorship at the Nairobi School. A total of 2,000 tree seedlings were planted by the KUCCPS and HELB staff supported by the Nairobi School community.



IX. REPORT OF THE BOARD MEMBERS

The Board submits its report together with the audited financial statements for the year ended June 30, 2018 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, 2018 are set out from page 30 to 34.

Board

The members of the Board who served during the year are shown on pages 5 to 10. During the year, Mr. Joe Owaka Ager was appointed Board.

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,
June 30, 2019

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, 2018. This responsibility includes maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; 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; safeguarding the assets of the Placement Service; selecting and applying appropriate accounting policies; and 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, 2018, 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.

Approval of the financial statements

The Placement Service's financial statements were approved by the Board on August 31, 2019 and signed on its behalf by:



Board Chairman



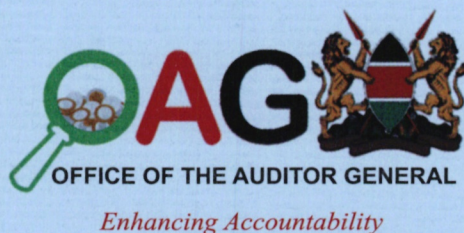
Board Member



Chief Executive Officer

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE FOR THE YEAR ENDED 30 JUNE, 2019

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 1 to 29, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Universities and Colleges Central Placement Service as at 30 June, 2019, 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 Public Finance Management Act, 2012 and the Universities Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Universities and Colleges Central Placement Service Management in accordance with ISSAI 130 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.

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. There were no Key Audit Matters to report in the year under review.

Other Matter

Budgeting Control and Performance

As reflected in the statement of comparison of budget and actual amounts, the Service spent Kshs.337,436,311 against an approved budget of Kshs.436,230,000 resulting to an under-expenditure of Kshs.98,793,689 or 23% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES.

Conclusion

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

Basis for Conclusion

Supply and Installation of Server and Related Accessories

The statement of financial position reflects a balance of Kshs.56,821,546 under property, plant and equipment which includes an amount of Kshs.13,980,411 in respect of procurement of servers. Information available indicates that in the financial year 2017/2018, the Central Placement Service advertised an open national tender Number KUCCPS/ ONT/04/2017-2018 for supply and installation of server and related accessories with the following specifications: 3.2 GHz Intel Xeon E7-8800 v4 series, 1866 MHz DDR4 memory access and 24 cores per processor.

Sixteen (16) firms responded to the bid out of which three (3) firms were disqualified for quoting lower server processor speeds than the specified 3.2 GHz. The tender was awarded to a local company having met the technical evaluation requirements and a contract thereafter entered into for supply, delivery, installation, configuration and commissioning of servers and related accessories at a sum of Kshs.13,980,412. Clause 2(c) of the contract required technical specifications to form part of the agreement. Technical specifications provided for server processing speed of 3.2 GHz or better. However, the company supplied a server with lower processing speed of 2.4 GHz instead of 3.2 GHz contrary to the technical specifications and the contract agreement.

Article 227(1) of the Constitution requires procuring entities to ensure fairness, equitability, transparency, competitiveness and cost effectiveness in the procurement process while Section 76(2) of the Public Procurement and Asset Disposal Act (PPADA), 2015 prohibits changes on terms of tender after the deadline for submitting tenders. By accepting and paying for a lower processing server of 2.4 GHz instead of the one

specified of 3.2 GHz and having disqualified three bidders for quoting lower processing speed than 3.2 GHz, the Service violated Article 227(1) of the Constitution. In addition, the company changed the terms of the tender contrary to Section 76(2) of the PPADA, 2015 by supplying a server with lower processing speed of 2.4 GHz instead of 3.2 GHz provided in the contract.

Under the circumstances, it was not possible to confirm whether the amount of Kshs.13,980,412 incurred in financial year 2017/2018 on supply and installation of servers and related accessories were utilized in a lawful and effective manner.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 and for its assessment of the effectiveness of internal control, risk management and governance.

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 is aware of intention to terminate the Placement Service or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement 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.
- 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 to continue 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

10 February, 2021

XII. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2019

	Note	2018/2019 Kshs	2017/2018 Kshs
Revenue from non-exchange transactions			
Capitation Grants- Revenue	5	23,861,148	30,000,000
		23,861,148	30,000,000
Revenue from exchange transactions			
Registration Fees	6	2,970,000	3,140,000
Application, Revision & Placement	7	352,191,731	323,521,159
Finance income	8	31,086,862	29,199,282
Career book and other incomes	9	3,013,582	-
		389,262,175	355,860,441
Total revenue		413,123,323	385,860,441
Expenses			
Employee costs	10	123,539,276	74,300,175
Board Expenses	11	17,219,605	11,499,198
Placement Processing and Publicity	12	32,006,089	23,795,094
Career Guidance and Workshops	13	21,637,376	18,298,387
Depreciation and amortization expense	14	25,449,609	18,945,755
Repairs and maintenance	15	5,407,677	12,596,890
Use of goods and services	16	76,928,895	74,024,257
Finance cost	17	234,171	272,096
Total expenses		302,422,699	233,731,851
Surplus for the period		110,700,624	152,128,590
Surplus attributable to owners of the controlling entity		110,700,624	152,128,590
Total Surplus		110,700,624	152,128,590

The notes set out on pages 6 to 32 form an integral part of the Financial Statements

XIII. STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

Assets	Note	2018/2019 Kshs	2017/2018 Kshs
Current assets			
Cash and cash equivalents	18	304,169,994	220,355,403
Receivables from exchange transactions	19	279,363,125	244,663,522
Inventories	20	961,061	971,038
Investment (Short term placement of funds)	21	345,019,922	356,446,564
		929,514,102	822,436,527
Non-current assets			
Property, plant and equipment	22	56,821,546	47,359,333
		56,821,546	47,359,333
Total assets		986,335,648	869,795,860
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	23	29,431,584	31,905,201
Refundable deposits from customers	24	1,891,784	3,338,567
Employee benefit obligation	25	2,385,450	2,434,704
		33,708,818	37,678,472
Non-current liabilities			
Non-current employee benefit obligation	25	4,402,195	6,876,799
		4,402,195	6,876,799
Total liabilities		38,111,014	44,555,271
Net assets			
Accumulated surplus	26a	326,585,657	365,885,033
Capital Development Reserve	26b	450,000,000	300,000,000
Staff Mortgage and Car Loan Reserve Fund	26c	171,638,977	159,355,556
Total net assets and liabilities		986,335,648	869,795,859

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



Chief Executive Officer
John M. Muraguri

August 30, 2019



Finance Manager
Michael Kimani
ICPAK M.No. 5310
August 30, 2019



Chairman of the Board
Joe Owaka Ager

August 30, 2019

XIV. STATEMENT OF CHANGES IN EQUITY

For the Year ended June 30, 2019

	Attributable to the owners of the controlling entity			Total Kshs
	Accumulated Surplus Kshs	Capital Development Reserve Kshs	Staff Mortgage and Car Loan Reserve Kshs	
Balance As at 1 July 2017	293,756,444	250,000,000	120,000,000	663,756,444
Surplus for the period	152,128,589	-	-	152,128,589
Surplus for the period- Mortgage			9,355,556	9,355,556
Transfer to Capital Development Reserve	(50,000,000)	50,000,000		-
Transfer to Staff Mortgage and Car Loan Reserve	(30,000,000)		30,000,000	-
Balance as at 30 JUNE 2018	365,885,033	300,000,000	159,355,556	825,240,589
Balance As at 1 July 2018	365,885,033	300,000,000	159,355,556	825,240,589
Surplus for the period	110,700,624	-	-	110,700,624
Surplus for the period- Mortgage	-	-	12,283,422	12,283,422
Transfer to Capital Development Reserve	(150,000,000)	150,000,000		-
Transfer to Staff Mortgage and Car Loan Reserve	-	-	-	-
Balance as at 30 JUNE 2019	326,585,657	450,000,000	171,638,978	948,224,635

XV. STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2019

	Note	2018/2019	2017/2018
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Capitation Grant – Revenue	5	23,861,148	30,000,000
Registration and Renewal Fees	6	2,970,000	3,140,000
Application and Revision	7	241,725,981	167,414,786
Placement Fees	7	114,298,900	85,088,000
Interest & Other Incomes	8	32,114,533	30,275,074
		414,970,562	315,917,860
Payments			
Compensation of employees	10	(128,357,453)	(77,210,339)
Use of goods and services		(181,799,121)	(132,567,505)
Finance cost	17	(234,171)	(272,096)
		(310,390,745)	(210,049,940)
Net cash flows from operating activities		104,579,817	105,867,920
Cash flows from investing activities			
Purchase of property, plant and equipment	22	(25,614,274)	(23,059,806)
Net cash flows used in investing activities		(25,614,274)	(23,059,806)
Cash flows from financing activities			
Increase in deposits		20,000,000	-
Staff Mortgage payment		(29,526,394)	(2,700,000)
Staff Mortgage repayments		2,643,427	-
Investment Income	21	11,732,015	(162,409,909)
Net cash flows used in financing activities		4,849,047	(165,109,909)
Net increase/(decrease) in cash and cash equivalents		83,814,590	(82,301,795)
Cash and cash equivalents at 1 July 2018		220,355,404	302,657,199
Cash and cash equivalents at 30 JUNE 2019	18	304,169,994	220,355,404

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the period ended June 30, 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percentage (%)
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Capitation Grants-Revenue	134,099,000	(110,237,852)	23,861,148	23,861,148	-	0%
Registration and Renewal Fees	550,000	-	550,000	2,970,000	2,420,000	440%
Application and Revision Fees	165,000,000	51,450,000	216,450,000	241,725,981	25,275,981	12%
Placement Fees	132,000,000	28,000,000	160,000,000	110,465,750	(49,534,250)	-31%
Interest Income	8,500,000	-	8,500,000	34,100,444	25,600,444	298%
Total income	440,149,000	(30,787,852)	409,361,148	413,123,323	3,762,175	
Expenses						
Employee costs	142,849,000	-	142,849,000	123,539,276	19,309,724	14%
Board Expenses	26,000,000	-	26,000,000	17,219,605	8,780,395	34%
Placement Processing and Publicity	47,500,000	(6,000,000)	41,500,000	32,006,089	9,493,911	23%
Career Guidance and Workshops	28,000,000	(3,500,000)	24,500,000	21,637,376	2,862,624	12%
Depreciation Expense	26,912,000	(530,000)	26,382,000	25,449,609	932,391	4%
Repairs and Maintenance	9,500,000	-	9,500,000	5,407,677	4,092,323	43%
General Expenses	114,200,000	(14,301,000)	99,899,000	76,928,895	22,970,105	23%
Finance Cost	600,000		600,000	234,171	365,829	61%
Capital Expenditure	67,000,000	(2,000,000)	65,000,000	35,013,613	29,986,387	46%
Total Expenditure	462,561,000	(26,331,000)	436,230,000	337,436,311	98,793,689	
Surplus for the Period	(22,412,000)	(4,456,852)	(26,868,852)	75,381,638	102,555,864	

Note

- More TVET Institutions registered following presidential directive to place students to TVET under government sponsorship
- Application and revision is exceeded the target due to increased streams i.e. certificates, crafts and artisan applications
- Returns received from the Colleges and Training Institutes reflect a low turnout after validating placed student returns.
- Increase in finance income is as a result of availability and prudent management of cash flow.
- Phase V recruitment completed in quarters three
- Continuous career guidance was coordinated for larger number of students and schools therefore reducing costs and materials distributed
- Repairs cost was not as projected as most of the items have since been earmarked for disposal.
- Legal matters took long to proceed in court and therefore no payments have been made.
- Bank transactions are organized to minimize transaction charges.
- Procurement process of ICT items due to delayed following directive from Ministry of information and technology for SLAs.

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, 2018 are given for ease reference.

ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018.

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	Effective date and Impact
IPSAS 40: Public Sector Combinations	<p>Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations. This standard has no impact in the statement of the Placement Service since there was acquisition or amalgamation of business during the year.</p>

ii. New and Amended Standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(The standard will not have any significant impact on financial statements reporting)</i></p>

Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows. <p><i>(This standard will not have any significant impact on the financial statement of the Placement Service given the pension and medical cover have always been reported)</i></p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

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.

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.

The placement service is an agent for Kenya revenue authority with the mandate to withhold tax and remit to Kenya Revenue Authority. The withheld taxes are recognized as current liabilities until paid to the relevant authority.

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) Financial instruments

i. Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Impairment of financial assets

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

h) 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.

i) Commitments

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

j) 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.

k) 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.

l) 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 (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 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.

m) 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.

n) 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.

o) 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.

p) 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 student into universities and colleges as stipulated in Section 56 (1) of the Universities Act, 2012.

q) Comparative figures

The comparative figures for the year ended June 30, 2017 are given for ease reference.

r) Subsequent events

There were events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

s) 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.

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

Bad Debt Provision

Provision for bad debtors is made at a rate of 10% on Trade debtors. This is general provision and it does not include specific bad debts where debtors are fully impaired and irrecoverable.

t) 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

	2018/2019	2017/2018
	Kshs	Kshs
Unconditional grants		
Capitation Grants - Revenue	23,861,148	30,000,000
Total government grants and subsidies	23,861,148	30,000,000

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	2018/2019
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of University Education	23,861,148	-	-	23,861,148	23,861,148
Total	23,861,148	-	-	23,861,148	23,861,148

6. Registration Fees

	2018/2019	2017/2018
	Kshs	Kshs
Registration Fees	2,970,000	3,140,000
Total revenue from the rendering of services	2,970,000	3,140,000

7. Application, Revision and Placement Fees

	2018/2019	2017/2018
	Kshs	Kshs
Student Application and Revision Fees	241,725,981	170,721,659
Placement Fees	110,465,750	152,799,500
Total revenue from application fees	352,191,731	323,521,159

During the year institutions were billed Kshs 110,465,750 of which Kshs 35,037,500 was received. Also Kshs 79,261,400 was received from placement debtor for earlier years.

8. Finance Income - External Investments

	2018/2019	2017/2018
	Kshs	Kshs
Cash investments and fixed deposits	31,086,862	29,199,282
Total Interest Income - External Investments	31,086,862	29,199,282

Included in the Interest income is Kshs 6,986,586 being accrued interest for the investment in treasury bills with Central Bank of Kenya and call deposit in KCB as at June 30, 2019.

9. Career Book and Other Incomes

	2018/2019 Kshs	2017/2018 Kshs
Career book	2,810,000	-
Recovery from lost computers	203,582	-
Total Income from career book and other incomes	3,013,582	-

The Placement published a career guide for students and invited institutions to place adverts in the first edition of the career guide book and revenue of Kshs 2,810,000 was realised. Included is gain on recovery from two former staff that had been issued with laptop computers and i-pads but lost them. They were charged with the cost of the computers less depreciation for the period they were in office and therefore resulted in a gain on of Kshs 203,582.

10. Employee Costs

	2018/2019 Kshs	2017/2018 Kshs
Employee related costs - salaries and wages	91,796,562	56,354,031
Housing benefits and allowances	31,742,714	17,946,144
Employee costs	123,539,276	74,300,175

11. Board Expenses

	2018/2019 Kshs	2017/2018 Kshs
Chairman's Honoraria	1,013,033	160,000
Sitting Allowances	3,000,000	4,545,800
Other Board Expenses	13,206,572	6,793,398
Total Board Expenses	17,219,605	11,499,198

12. Placement Processing and Publicity

	2018/2019 Kshs	2017/2018 Kshs
Placement Processing	5,998,563	6,024,541
Advertising & Publicity	13,648,026	17,770,553
Publications	12,359,500	-
Total	32,006,089	23,795,094

13. Career Guidance and Workshops

	2018/2019 Kshs	2017/2018 Kshs
Career Guidance & Workshops	2,853,158	965,060
Admission Support in Counties	6,049,917	8,885,090
Career Talks and workshops	4,802,659	2,529,779
Exhibitions and Shows	7,931,642	5,918,458
Total	21,637,376	18,298,387

14. Depreciation Expense

	2018/2019 Kshs	2017/2018 Kshs
Property, Plant and Equipment	25,449,609	18,945,755
Total Depreciation	25,449,609	18,945,755

15. Repairs and Maintenance

	2018/2019 Kshs	2017/2018 Kshs
Vehicles	2,284,640	1,537,239
Refurbishment and Other Repairs	3,123,037	11,059,651
Total Repairs and Maintenance	5,407,677	12,596,890

16. Use of goods and services

The following are included in the use of goods and services:

	2018/2019 Kshs	2017/2018 Kshs
Audit fees	500,000	480,080
Conferences and Seminars	5,005,877	6,919,985
Office Operations	20,795,956	14,609,569
Printing and stationery	1,406,117	1,336,806
Telecommunication	3,590,415	3,410,855
Rent & service Charge	16,105,994	16,002,090
Staff Training	10,713,208	13,418,670
Subscription and Membership fees	379,519	459,830
Insurances	11,413,124	6,244,857
Professional fees	110,089	893,900
Capacity Building	6,071,421	3,446,464
Provision for bad and doubtful debts	837,175	6,801,150
Total General Expenses	76,928,895	74,024,257

17. Finance Cost

	2018/2019 Kshs	2017/2018 Kshs
Bank Charges	234,171	272,096
Total Finance Cost	234,171	272,096

18. Cash and Cash Equivalents

	2018/2019 Kshs	2017/2018 Kshs
Current account	114,707,427	33,699,847
On-call deposits	189,412,583	186,655,556
Cash-on-hand	49,984	-
Total Cash and Cash Equivalents	304,169,994	220,355,403

Short Term deposits were Call Deposit of Kshs 50,000,000 at KCB at an interest rate of 6.5% p.a. and a further mortgage deposit of Kshs 139,412,583 at HFC Bank at a rate of 8% p.a. for unused funds.

Detailed Analyses of the Cash and Cash Equivalent

		2018/2019 Kshs	2017/2018 Kshs
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank	1151285021	99,870,777	27,435,068
Co-operative Bank	01141163596400	12,984,324	2,105,304
Sub- total		112,855,101	29,540,372
b) On - call deposits			
Kenya Commercial bank	1151285021	50,000,000	-
Co-operative Bank	01141163596400	-	30,000,000
Sub- total		50,000,000	30,000,000
d) Staff car loan/ mortgage			
HFC Mortgage Deposit	2211863102	108,037,427	124,316,667
HFC Car loan Deposit	2211863104	31,375,156	32,338,889
Sub- total		139,412,583	156,655,556
e) Others(specify)			
cash in hand		49,984	-
M pesa	820200	75,171	1,141,727
M pesa	820201	1,746,304	2,388,178
M pesa	845385	30,851	629,570
Sub- total		1,902,310	4,159,475
Grand total		304,169,994	220,355,403

19. Receivables from Exchange Transactions

Current Receivables

	2018/2019	2017/2018
	Kshs	Kshs
i) Placement fees debtors	266,833,539	258,461,792
ii) Investment Interest debtors	6,986,546	9,347,909
iii) Staff Mortgage debtor	32,226,394	2,700,000
Less: Provision for bad debt	(26,683,354)	(25,846,179)
Total Receivables from Exchange Transactions	279,363,125	244,663,522

19 (b) Receivables from Non-Exchange Transactions

Current receivables

	Kshs	Kshs
Capitations due for the Year	-	-
Total Receivables from Non-Exchange Transactions	-	-
Total Current Receivables	279,363,125	244,663,522

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.

20. Inventories

	2018/2019	2017/2018
	Kshs	Kshs
Consumable Stores	961,061	971,038
Total Inventories at the lower of cost and net realizable value	961,061	971,038

21. Investment

	Kshs	Kshs
Treasury bills - CBK	345,019,922	356,446,564
	345,019,922	356,446,564

22. Property, Plant and Equipment

	Motor Vehicles	Computers	Furniture and Equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs
At 1 July 2018	46,476,534	43,409,520	9,685,444	99,571,498
Additions	7,799,985	23,242,850	3,970,778	35,013,613
Loss of computers		(508,955)		(508,955)
At 30 June 2019	54,276,519	66,143,415	13,656,222	134,076,156
Depreciation and impairment				
At 1 July 2018	28,392,159	21,048,843	2,771,163	52,212,165
Depreciation	10,855,304	13,228,683	1,365,622	25,449,609
Accumulated depreciation on lost computers		(407,164)		(407,164)
At 30 June 2019	39,247,463	33,870,362	4,136,785	77,254,610
Net book values At 30 June 2019	15,029,056	32,273,053	9,519,437	56,821,546
At 1 July 2017	40,876,534	26,808,355	6,608,410	74,293,299
Additions	5,600,000	16,601,165	3,077,034	25,278,199
At 30 June 2018	46,476,534	43,409,520	9,685,444	99,571,498
Depreciation and impairment				
At 1 July 2017	19,096,852	12,366,939	1,802,619	33,266,410
Depreciation	9,295,307	8,681,904	968,544	18,945,755
At 30 June 2018	28,392,159	21,048,843	2,771,163	52,212,165
Net book values				
At 30 June 2018	18,084,375	22,360,677	6,914,281	47,359,333

23. Trade and Other Payables from Exchange Transactions

	2018/2019	2017/2018
	Kshs	Kshs
Trade Payables	27,428,607	28,605,236
Other Payables	2,002,977	3,299,965
Total Trade and Other Payables	29,431,584	31,905,201

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 5,004,622 being accrued rent liability cumulative (Kshs 4,799,555 in FY 2017/2018) see Note 27.

24. Refundable Deposit from Customers

	2018/2019	2017/2018
	Kshs	Kshs
Students Refunds	1,891,784	3,338,567
Total Refunds	1,891,784	3,338,567

25. Pensions and Other Post-Employment Benefit Plans

	2018/2019	2017/2018
Gratuity Provision	Kshs	Kshs
Current benefit obligation	2,385,450	2,434,704
Non-Current Benefit obligation	4,402,195	6,876,799
Total Employee Benefit Liability	6,787,645	9,311,503

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.

26. (a) Accumulated Surplus and Reserves

During the year the Board approved an increase of Capital development fund by one and fifty million (Kshs 150,000,000) to cater for acquisition of own premises from the accumulated surplus.

	2018/2019	2017/2018
	Kshs	Kshs
Accumulated Surplus Balance brought forward	365,885,033	293,756,444
Surplus for the Year	110,700,264	152,128,589
Transfers to Staff House Mortgage and Car Loan Scheme Reserve Fund		(30,000,000)
Transfers to Capital Development Reserve Fund	(150,000,000)	(50,000,000)
Accumulated Surplus Balance Carried forward	326,585,657	365,885,033

26 (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. One hundred fifty million was provided towards the capital development funds to facilitate acquisition of own premises.

	Capital Development Reserve
	Kshs
Balance As at 1 July 2018	300,000,000
Transfer to Capital Development Reserve	150,000,000
Balance As at 30 June 2019	450,000,000

26 (c) Staff Mortgage and Car Loan Reserve Fund

	Staff Mortgage & Car Loan Reserve
	Kshs
Balance As at 1 July 2018	159,355,556
Interest earned during the year	12,283,422
Balance As at 30 June 2019	171,638,978

27. Rent and Deferred Rent Liability

	2018/2019	2017/2018
	Kshs	Kshs
Total Rent (Lease) Expense	16,105,994	16,002,090
Total Rent (Lease) Due and Paid	15,900,927	(14,845,680)
Accrued Rent liability	205,067	1,156,410

Included in the trade payable is an amount of Kshs 5,004,622 being accrued rent liability

28. Commitments and Contingencies

Petition No. 3 of 2016 against the Placement Service and KMTC

The Placement Service has an ongoing dispute with Kenya Medical Training College (KMTC) as who should place student in KMTC. The suit arose following confusion after the admission of two sets of students to KMTC (those placed by KUCCPS and those directly admitted by KMTC). The matter was determined in July, 2018 against the Placement Service where costs were awarded to KMTC. These costs are yet to be quantified and therefore remain a contingent liability.

Petition No. 44 of 2017 against the Placement Service, the AG, Ministry of Education & KNEC

The 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 onlly threats. Although this matter has been overtaken by events, the Petitioner has not formally withdrawn the matter and it therefore remains a contingent liability.

27. Cash Generated from Operations

	2018/2019	2017/2018
	Kshs	Kshs
Surplus for the year before tax	110,700,624	152,128,589
Adjusted for:		
Depreciation	25,449,609	18,945,755
Provision for Bad Debts	837,175	6,801,150
Provision for staff obligations	(2,523,858)	(3,145,932)
Interest from investment	12,283,422	9,355,556
Working capital adjustments:		
Increase in inventory	(9,977)	(54,953)
Increase in receivables	(38,236,778)	(78,858,949)
Increase / (Decrease) in payables	(3,920,400)	696,705
Net cash flows from operating activities	104,579,817	105,867,920

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.

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
3. Key Management;
4. Board Members;

a) Related Party Transactions

	2018/2019	2017/2018
	Kshs	Kshs
State department of University Education	23,861,148	30,000,000
Total	23,861,148	30,000,000

The transfer relate to recurrent capitation received as budgeted and allocated by the Ministry of Education.

b) Expenses Incurred on Behalf of Related Parties

	2018/2019	2017/2018
	Kshs	Kshs
Payment of Salaries for 61 employees	123,539,276	74,300,175
Payment of medical insurances for the employees	11,413,124	6,244,857
Total	134,952,400	80,545,032

c) Key Management Compensation

	2018/2019	2017/2018
	Kshs	Kshs
Board members allowances	4,013,033	4,705,800
Key Management compensation	47,106,016	35,455,958
Total	51,119,049	40,161,758

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, 2018 is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs	Total Kshs
At 30 June 2019					
Receivables from exchange transactions	306,046,479	135,199,000	170,847,479	(26,683,354)	279,363,125
Bank balances	304,169,994	304,169,994	-	-	304,169,994
Total	610,216,473	439,368,994	170,847,479	(26,683,354)	583,533,119
At 30 June 2018					
Receivables from exchange transactions	270,509,701	135,199,000	135,310,701	(25,846,179)	244,633,522
Bank balances	220,355,403	220,355,403	-	-	220,355,403
Total	490,865,104	355,554,403	135,310,701	(25,846,179)	465,018,925

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 2019				
Trade payables	26,333,763	-	-	26,333,763
Provisions (Rent Accrued)	5,004,622	-	-	5,004,622
Total	31,338,385			31,338,385

At 30 June 2018				
Trade payables	30,254,163	190,050		30,444,213
Provisions (Rent Accrued)	4,799,555	-	-	4,799,555
Total	35,053,718	190,050	-	35,243,768

c) Exchange Risk

The Placement Service does not hold any 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:

	2018/2019		2017/2018
	Kshs		Kshs
Accumulated Surplus	326,585,657		365,885,033
Capital development reserve	450,000,000		300,000,000
Staff mortgage and car reserve	171,638,977		159,355,556
Total funds	948,224,634		825,240,589
Total borrowings	31,323,368		35,003,104
Less: cash and bank balances	304,169,994		220,355,403
Net debt/(excess cash and cash equivalents)	-272,846,626		(185,111,635)
Gearing	3.30%		4.24%

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

There are no events reported after the Balance Sheet date.

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, 2017 and 2018. The following are some of the main data:

Descriptions	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Institutions						
No. of Universities and University Colleges receiving Students	69	65	70	62	30	31
No. of Public Colleges receiving Students	126	121	63	57	53	46
No. of Students Placed						
Universities and University Colleges	89,486	68,545	88,620	86,046	67,790	56,938
Colleges	98,393	94,907	28,261	12,038	11,523	15,400
	187,879	143,162	116,881	98,084	79,313	72,338
Number of Students benefitting on Affirmative Action						
Gender	526	363	581	1,083	4,162	2,527
Marginalised	1,041	608	563	655	1,239	532
Disability	0	0	0	178	178	72

Appendix 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Placement Service has no outstanding issues with the Kenya National Audit Office. In the first four 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 (<i>Name and designation</i>)	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
Dr. John Muraguri
 August 31, 2019



Chairman of the Board
Mr. Joe Owaka Ager
 August 31, 2019

Appendix 2: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

The Placement Service had no major capital projects during the financial year 2017/2018.

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						