

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 25 APR 2019

DAY.

Thursday

TABLED
BY:

Lom

REPORT

Gretnade Chebett

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KENYA UNIVERSITIES AND COLLEGES
CENTRAL PLACEMENT SERVICE

FOR THE YEAR ENDED
30 JUNE 2018





KENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE, 2018

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

TABLE OF CONTENT	PAGE
I. KEY INFORMATION AND MANAGEMENT	iii
II. THE PLACEMENT BOARD	vii
III. MANAGEMENT TEAM	xiv
IV. CHAIRMAN'S STATEMENT	xvii
V. REPORT OF THE CHIEF EXECUTIVE OFFICER	xviii
VI. CORPORATE GOVERNANCE STATEMENT	xxi
VII. MANAGEMENT DISCUSSION AND ANALYSIS	xxvi
VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING ..	xxxii
IX. REPORT OF THE BOARD MEMBERS	xxxiii
X. STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES	xxxiv
XI. REPORT OF THE INDEPENDENT AUDITORS ON THE KENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE	xxxvii
XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018.....	1
XIII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018.....	2
XIV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018.....	3
XV. STATEMENT OF CASH FLOWS	4
XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
XVII. NOTES TO THE FINANCIAL STATEMENTS	6
XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	28
Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY	29
Appendix 2: INTER-ENTITY TRANSFERS	30
Appendix 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	31

I. KEY INFORMATION AND MANAGEMENT

(a) Background

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

(b) Principal Activities

The mandate of the Placement Service is outlined as follows in Section 56 (1) of the Act.

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

(c) Key Management

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended June 30, 2018 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 three key committees namely the Technical Committee; the Administration, Finance and Development Committee and the Audit, Risk and Compliance Committee. These committees provide policy direction and oversight to the Placement Service Management while advising the Board on various policy matters relating to its mandate. The main objective of the Audit, Risk and Compliance 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 for approval of the Placement Board.

(f) Headquarters

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

(g) Contacts

Telephone: (+254) 723 954 927 / (+254) 734 879 662 / 020 513 7400
E-mail: info@kuccps.ac.ke
Twitter: KUCCPS_Official
Facebook: Kenya Universities and Colleges Central Placement Service
Website: www.kuccps.ac.ke

(h) Bankers

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

(i) Independent Auditors

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

(j) Principal Legal Adviser

The Attorney-General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

II. THE PLACEMENT BOARD

1. Mr. Joe Owaka Ager Chairman



Mr. Ager, a distinguished management, marketing, finance, strategy and organisational change expert. He was born on October 13, 1949. 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, hence becoming a member of the Placement Board. He was born on October 7, 1964. He replaced Prof. David Some, who had retired after serving the Board from January 2014. 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 a Master's and a 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 Ringera is the Chief Executive Officer of the Higher Education Loans Board (HELB). Born on August 4, 1969, 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 supporting Kenya, Tanzania, Southern 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. He chairs the Audit, Risk and Compliance Committee of the Placement Board.

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



Dr. Langat is the Director-General of the Technical and Vocational Education and Training Authority (TVETA). He was born on March 19, 1972 and 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 joined Eldoret Polytechnic in 2002 as a lecturer in the department of mechanical engineering before being appointed Deputy Dean of Students a year later. In 2004 he joined Egerton University as a lecturer in the department of industrial and energy engineering. In the last 10 years, Dr. Langat has been working with United Nations Environment Programme (UNEP) in developing policies and guidelines for transport emissions in East Africa Region. He holds Bachelor of Education in Technology Education; Master of Philosophy in Technology Education (Automotive Technology) and Master of Business Administration (Strategic Management) 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. He chairs the Administration, Finance and Development Committee of the Board.

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



Prof. Aduol is the Vice-Chancellor of Technical University of Kenya. He was born on July 6, 1951. He was appointed to the Board on March 13, 2017 for a period of three years. He graduated with Bachelor of Science in Engineering (Surveying and Photogrammetry) and MSc degree in Surveying from the University of Nairobi. He holds a PhD (Doctor of Engineering) from the University of Stuttgart, Germany, and an M.A. degree in Economic Policy Management from the University of Nairobi. He has served in national taskforces that reviewed various laws governing university education and technical training.

6. Prof. Mary Walingo

(Vice-Chancellor, Maasai Mara University, Representing Public Universities), **Member**



Prof. Walingo is the Vice-Chancellor of Maasai Mara University. She was born on January 1, 1963. 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 University, Representing Private Universities), **Member**



Prof. Mumo Kisau is the Vice-Chancellor of Scott University. He was born on March 17, 1960. He was appointed to the Board on March 13, 2017 for a period of three years. Prof. Kisau has gained wide experience in leadership and management, having served in various positions including as a senior adviser at World Vision East Africa. He has also served as an Assistant Professor/Deputy Principal at Africa Leadership University. He holds a Doctorate of Philosophy in Divinity (Aberdeen University) and Master of Divinity from Africa International University.

8. Prof. Margaret Muthwii

(Vice-Chancellor, Pan Africa Christian University, Representing Private Universities) **Member**



Prof. Margaret Muthwii is the Vice-Chancellor of Pan Africa Christian University. She was born on October 13, 1957. She was appointed to the Board on March 13, 2017 for a period of three years. Prior to that, she worked with the United Bible Societies (UBS) as a scholar, translation consultant and the Africa Area Translation Coordinator. She earned her PhD in 1994 at the University of East Anglia (UK), having received her first degree from the University of Nairobi. She began her teaching career at the Alliance Girls High School (1981-85) before proceeding to Kenyatta University, where she worked in various capacities from 1988 to 2001.

9. Mrs. Glory K. Mutungi

(Chair KATTI), **Member**



Mrs. Glory Mutungi is the National Chairperson at the Kenya Association of Technical Training Institutes (KATTI) and the Principal at Nairobi Technical Training Institute. She was born on January 3, 1973. 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 was born on October 6, 1964. He holds a PhD from Cebu Doctors' University and an MBA (Entrepreneurship & Marketing) from Moi University. Dr. Tarno has received several national and international awards including HSC (civilian category). He has presented in major seminars and published in refereed journals.

11. Mrs. Esther Karema Mutua

(Alternate to PS, Higher Education), **Member**



Mrs. Esther Karema Mutua holds Master of Education (2005) and Bachelor of Education (Special Education) degrees from Kenyatta University. She was born on June 6, 1968. 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 was born in 1959. 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. 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 was born on November 18, 1959. 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 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. She was born on July 3, 1981. Prior to joining the Placement Service, Ms. Adala served in various capacities in public and private sectors, where she gained experience in legal and corporate governance matters. She is an Advocate of the High Court of Kenya, a Certified Public Secretary and a Certified Pension Scheme Trustee. In addition, she is a member of the Law Society of Kenya, the Institute of Certified Public Secretaries of Kenya and the Professional Trainers Association of Kenya. Ms. Adala holds a Bachelor of Laws and Master of Business Administration degrees from the University of Nairobi. She also holds a Diploma in Law from the Kenya School of Law.

III. MANAGEMENT TEAM

1. 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. Ms. 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 Communications, 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 is responsible for coordination of research, data collection, analysis and documentation at the Placement service.

IV. CHAIRMAN'S STATEMENT

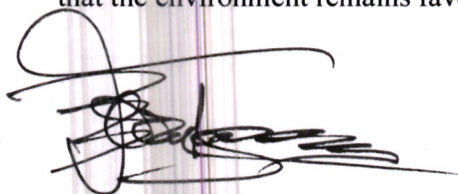
It is my pleasure to present the 2017-2018 Annual Report and Accounts for the year ended June 30, 2018 of the Kenya Universities and Colleges Central Placement Service. The Placement Board has been in place for the fourth full financial cycle, and it gives me pleasure to note that the Board had made immense progress in setting up procedures, policies and structures of the Placement Service.

The financial year ended has seen the Placement Service strengthening its mandate and charting a new strategic direction as contained in the 2017-2022 strategic plan, which was launched in the last quarter. This strategy is meant to entrench the Vision of being an equitable, fair and efficient placement service guided by the values of customer centricity, integrity, access and equity, innovativeness and teamwork.

Further, the Placement Service completed the selection of the fifth cohort of Government-sponsored students for universities and colleges, and embarked on renewed efforts to increase enrolment into Government TVET institutions through continuous placement.

In the coming year, the Placement Service will continue to align its policies and programmes towards the promotion of the Big Four Agenda, which lays emphasis on improved agriculture for food security; access to affordable housing; manufacturing; and universal health for all. Towards, this, the Placement Service will seek to sensitise students on opportunities in these sectors. Further, the Placement Service will seek to improve customer experience, diversity placement services; innovate; strengthen career advisory services; and enhance institutional capacity and governance in line with the 2017-2022 Strategic Plan.

Transparency and accountability remain the hallmark of the Board, which continues to strengthen its institutional governance through human resource expansion, capacity building, and corporate reporting, among other measures. The Placement Board is also alive to the dynamic policy and regulatory environment in which it operates and is constantly engaging with stakeholders to ensure that the environment remains favourable to the best interest of the Kenyan child.



MR. JOE OWAKA AGER
CHAIRMAN,
PLACEMENT BOARD

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

Once again, it gives me pleasure to present the Annual Report and Accounts of the Kenya Universities and Colleges Central Placement Service. I am glad to note that the year ended June 30, 2018 saw the Placement Service register some of its most significant successes since establishment in 2012.

First, the Placement Service completed and launched its 2017-2022 strategic plan, which seeks to achieve six goals, namely to:

- i. Enhance and diversify placement services;
- ii. Enhance innovation and use of technology;
- iii. Achieve financial sustainability
- iv. Strengthen career advisory services
- v. Enhance communication and customer experience; and
- vi. Strengthen institutional capacity and enhance corporate governance



In addition, the Placement Service continued to strengthen its operational capacity through recruitment, staff training and overall capacity building so as to deliver its key mandate, mainly placement of Government-sponsored students and provision of career mentorship.

Student Placement and Career Mentorship

The Placement Service successfully undertook the fifth cycle of placement of Government-sponsored students to universities and colleges, while carrying out career mentorship in various counties. For the first time, in addition to degree courses offered in public and private universities, the placement covered certificate courses offered in accredited public TVET institutions, besides diploma courses.

During the fifth cycle, all the students who scored C+ and above in the 2017 Kenya Certificate of Secondary Education (KCSE) national examination were placed to various degree courses. Hence, a total of 68,545 students got a chance in public and private universities under Government sponsorship. Notably, the Placement Service opened the applications to students who did their KCSE examinations as far back as the year 2000 to apply for TVET courses (diploma and

certificate), after which some 74,617 were successfully placed to courses of their choice. With regard to career mentorship, the Placement Service took its outreach programme targeting secondary school students to various regions; in schools and at shows and exhibitions, covering over 29 counties.

Publicity, Public Outreach and Media Campaigns

The placement and career mentorship activities were supported by a robust media and publicity campaigns that involved advertising and interviews on both print and broadcast media channels, especially vernacular and community FM stations. Public outreach campaigns were also conducted during Agricultural Society of Kenya shows and in select TVET institutions in at least 16 counties.



Placement Service staff explain placement processes and activities to principals of TVET institutions and other stakeholders during a regional TVET forum and exhibition in Nairobi in May, 2018.

Human Resource and Operations

The Board recruited a Manager in charge of Research and Knowledge Management and approved the recruitment of an additional customer care officer. The officers reported for duty during the financial year and have helped to strengthen their respective functions. In compliance with Government policy of giving the youth a chance to gain practical work experience, the Placement

had at least three interns/attached students at any given time. The Management also continued with staff capacity building through sponsorship to various short professional courses.

Financial performance

During the year under review, the Placement Service realised a surplus of Kshs 152,128,589. This performance strengthened the Placement Service Fund from Kshs 663 Million to Kshs 825 Million enabling the Board to increase the Capital development reserve to Kshs 300 million towards acquisition of office space and Kshs 150 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 many interests of the stakeholders of a corporation. Good corporate governance practices are essential to the delivery of long term and sustainable stakeholder and shareholder value.

To strengthen accountability and to build confidence among stakeholders, the 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 body of the Corporation. The Board exercises leadership, enterprise integrity and judgment in directing the Corporation so as to achieve continuing prosperity for the Corporation and its stakeholders.

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

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

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

(c) The 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 eleven meetings. Attendance to the respective meetings is as summarised below:

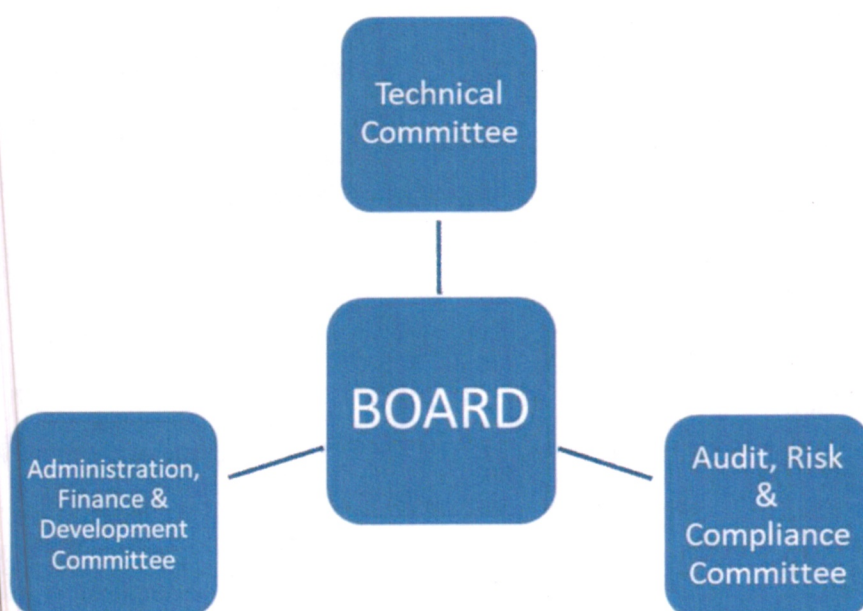
Name	Board Position	Board Attendance
Prof. David Ndeti	Chairman (Up to August, 2017)	1
Prof. Walter Oyawa	Member, CUE (Up to September, 2017) Representative, CUE	1
Prof. Mwenda Ntarangwi	Member, CUE	6
CPA Charles Ringera	Member, HELB	10
Dr. Kipkirui Langat	Member, TVETA	9
Prof. Mary Walingo	Member, Public Universities	7
Prof. Francis W.O Aduol	Member, Public Universities	9
Prof. Mumo Kisau	Member, Private Universities	11
Prof. Margaret Muthwii	Member, Private Universities	10
Mrs. Glory Kambanja Mutungi	Member, K.A.T.T.I	9
Dr. Edwin Tarno	Member, K.A.T.T.I	8
Ms. Esther Karema Mutua	Alternate Member, PS, Ministry of Education	11
Mr. Antony Muriu	Alternate Member, PS, National Treasury	8
Mr. John Muraguri	Chief Executive Officer/Secretary to the Board	11

Notes:

1. *Prof. David Ndeti ceased being Board Chairman in August 2017 in compliance with Gazette Notice No. 7616 of 2017.*
2. *Prof. David Some, the former Commission's Chief Executive Officer, proceeded for terminal leave prior to the end of his term at the Commission. The Commission was represented by Prof. Walter Oyawa, the acting Commission CEO, until the appointment of Prof. Mwenda Ntarangwi as the Commission CEO in September, 2017.*

(d) Board Committees

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



Audit, Risk and Compliance Committee

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

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

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

Technical Committee

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

1. Placement of government sponsored students to Universities and Colleges;
2. Dissemination of information on available programmes, their costs, and the areas of study 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 marginalized, the minorities and persons with disabilities.

Administration, Finance and Development Committee

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

(e) Board Remuneration

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

(f) Board Evaluation

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

(g) Conflict of Interest

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

(h) Management Committee

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

VII. MANAGEMENT DISCUSSION AND ANALYSIS

a) Introduction

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

b) Student Placement for the 2018-2019 Cycle



TVET placement stakeholder forum in December, 2017.

The placement of Government-sponsored students to universities and colleges for the 2018/2019 cycle was successfully completed and as at the time of reporting, some of the students had already begun reporting to their respective institutions. A total of 38 public universities, 27 private universities and 121 public colleges took part.

During the fifth cycle, all the students who scored C+ and above in the 2017 Kenya Certificate of Secondary Education (KCSE) national examination were placed to various degree courses in public and private universities. Hence, a total of 68,545 students got a chance in public and private

universities under Government sponsorship. Of these, 55,889 were placed in public universities and the rest in private universities. The Placement Service fully applied the selection criteria approved by the Board, taking into consideration merit, students' prioritised choices, affirmative action and cluster requirements, including minimum requirements by regulatory and professional bodies, where applicable.

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

Table 1: 2018/2019 Degree Placement

	Placed Students
Public Universities	55,889
Private Universities	12,656
Total Placed	68,545

Further, the Placement Service opened the TVET applications to students who did their KCSE examinations as way back as the year 2000. As a result, some 91,076 applications were received, of which 74,617 were successfully placed. Of those placed, 49,719 were 2017 KCSE candidates, while the rest were from the previous years, as shown in Table 2 below.

Table 2: 2018/2019 TVET Placement

	Total Number	2017 Students
Total TVET Applications Received	91,076	60,273
Total Placed in TVET	74,617	49,719
Unplaced TVET Applicants	16,459	10,554

The unplaced students are targeted in the next round of continuous TVET placement.

Table 3 below illustrates the totals per programme type.

Table 3: 2018/2019 TVET Placement Breakdown

Programme Type	No. Placed
Diploma	46,441
Certificate	25,652
Artisan	2,524
Total	74,617

A comparative analysis of the placement figures shows a sharp rise in the numbers, which points to an increasing access to higher education through Government sponsorship, especially in TVET institutions.

c) Career Mentorship

The Placement Service took its outreach programme targeting secondary school students to various regions. The Placement Service pitched tents at various shows and exhibitions, where officers interacted with students and explained placement processes, procedures and policies. In addition, the Placement Service took career guidance and counselling to schools across 29 counties including Taita Taveta, Mombasa, Kilifi, Nyandarua, Nyeri, Kiambu, Machakos, Kitui, Embu, Makeni, Tharaka-nithi, Samburu, Transnzoia, West Pokot, Bomet, Uasin Gishu, Nakuru, Kericho, Nandi, Laikipia, Narok, Busia, Bungoma, Kakamega, Vihiga, Homa Bay, Siaya, Nyamira and Migori.



The Placement Service conducted career mentorship to students and sensitisation of career teachers in schools, shows and exhibitions.

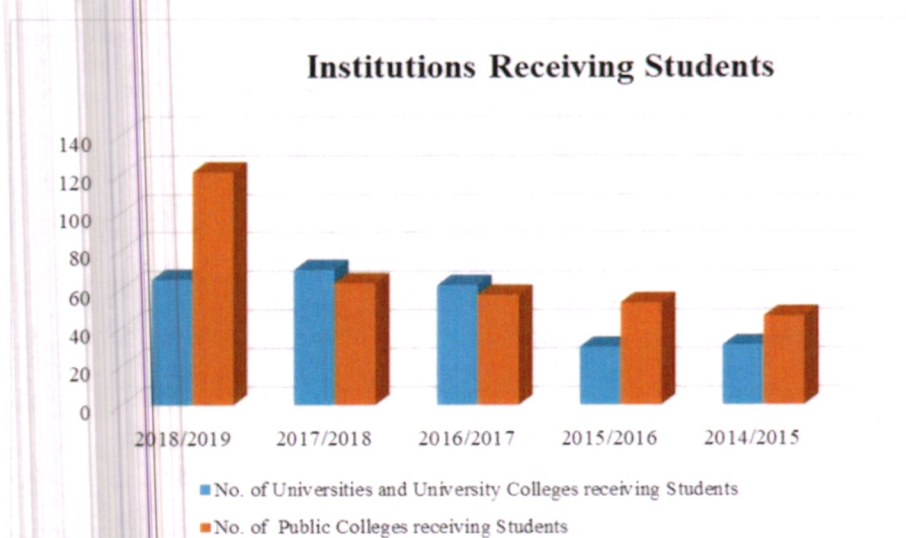


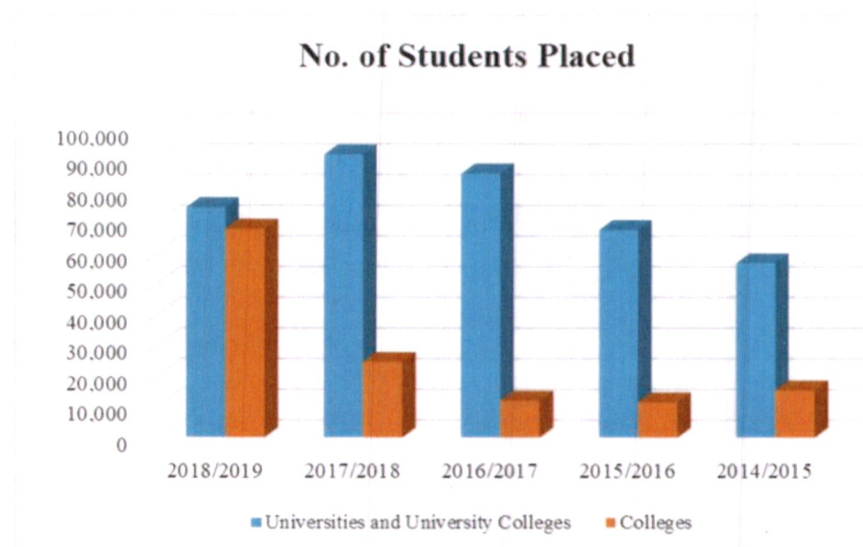
Table 4: Placement Comparative Analysis

S. No.	Cycle	Degree	TVET
1.	2015/2016	67,790	11,524
2.	2016/2017	86,142	12,038
3.	2017/2018	88,620	28,261
4.	2018/2019	68,545	74,617

For the first time, the Placement Service allowed applications and placed students to Certificate and Artisan programmes, placing 25,652 and 2,524 students respectively.

	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Institutions					
Universities and University Colleges Receiving Students	65	70	62	30	31
Public Colleges Receiving Students	121	63	57	53	46
Students Placed					
Universities and University Colleges	68,545	92,221	86,046	67,790	56,938
TVET Colleges	74,617	24,660	12,038	11,523	15,400
	143,162	116,881	98,084	79,313	72,338





d) Information and Communication Technology

During the period, the ICT department successfully facilitated the selection of Government-sponsored students, even as the Placement Service continued improving the automated student selection system, ensuring that it is up to date and complies with the placement policy and procedures. The Placement Service has automated school applications, payments of application fees, placement, inter- institutions transfers and accounting system. In addition, the Placement Service increased its capacity to handle queries both online and telephone by deploying a call centre system that is able to handle bulk calls, and an online helpdesk system to handle email queries promptly. The Placement Service also increased its ICT capacity by investing in additional infrastructure to accommodate the increasing stakeholder data without compromising on the quality of service.

e) Internal Audit

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

f) Human Resource and Administration

In the period, the Placement Service continued to strengthen the human resource and administration capacity through recruitment of new staff, training and overall capacity building. The Placement Service established a Research and Knowledge Management Department and recruited a Manager in charge. In addition, the Placement Service recruited a customer service officer to boost the Corporate Communication Department, and a security officer. Three other officers were recruited

for the Internal Audit and Supply Chain and Administration functions, respectively and they reported for duty. The Placement Service also initiated further recruitment of three officers with a view to enhancing the capacity of the ICT department.

In compliance with the Presidential directive on youth internships, the Placement Service engaged five youths on paid six-month internship programme.

g) Corporate Strategy and Service Charter

The Placement Service launched the 2017-2022 Strategic Plan and rolled out its implementation. The strategic plan is driven by four strategic areas of focus namely customer experience, business processing reengineering, financial sustainability and strengthening institutional capacity.

In addition, the Board approved for implementation a Service Charter, which spells out the services offered by the Placement Service to its stakeholders, requirements and timelines.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

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

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



The KUUCCPS staff participated in the 2017 Standard Chartered Nairobi International Marathon, 2018, an initiative that seeks to raise funds for tackling avoidable blindness.

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 35 to 39.

Board

The members of the Board who served during the year are shown on pages 5 to 10. During the year, Prof. David Ndeti was removed as the Board chairman, and a replacement was not appointed for the entire period. Consequently, the Board nominated one member from time to time to discharge the Chairman's duties. In addition, Prof. Mwenda Ntarangwi was appointed the Secretary/Chief Executive of the Commission for University Education, hence joined the Placement 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, 2018

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.

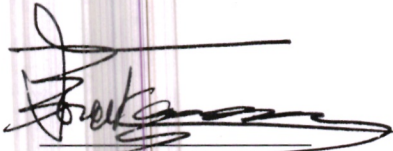
Further, the Board is responsible for the preparation and presentation of the Placement Service's financial statements, which give a true and fair view of the state of affairs of the Service for and as at the end of the financial year ended on June 30, 2018. This responsibility includes maintaining adequate 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.

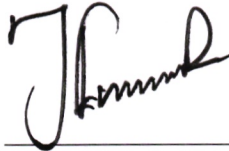
Nothing has come to the attention of the Board to indicate that the Placement Service will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Placement Service's financial statements were approved by the Board on September 18, 2018 and signed on its behalf by:

A stylized, cursive signature in black ink, appearing to read 'F. K. ...', written over a horizontal line.

Board Chairman

A stylized, cursive signature in black ink, appearing to read 'J. ...', written over a horizontal line.

Board Member

A stylized, cursive signature in black ink, appearing to read 'A. ...', written over a horizontal line.

Chief Executive Officer

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA UNIVERSITIES AND COLLEGES CENTRAL PLACEMENT SERVICE FOR THE YEAR ENDED 30 JUNE 2018

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 30, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Universities and Colleges Central Placement Service as at 30 June 2018, and (of) its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (Accrual Basis) and comply with the Universities Act No.42 of 2012 of the laws of Kenya.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Universities and Colleges Central Placement Service in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 communicate in my report.

Report of the Auditor-General on the Financial Statements of Kenya Universities and Colleges Central Placement Services for the year ended 30 June 2018

Other Matter

The Placement Service had a total revenue budget of Kshs.399,000,000 for the financial year 2017/2018 against an actual amount earned of Kshs.385,860,441 resulting in under collection of Kshs.13,139,559 as summarized below:

	Final Budget (Kshs)	Actual Revenues (Kshs)	Under/over-collection Revenues (Kshs.)	Under/over-collection revenue %
Revenue				
Capitation Grants	30,000,000	30,000,000	0	0%
Registration and renewal fees	500,000	3,140,000	2,640,000	528%
Application and revision fees	200,000,000	170,721,659	(29,278,341)	-12%
Placement fees	160,000,000	152,799,500	(7,200,500)	-4.5%
Interest income	8,500,000	29,199,282	20,699,282	244%
Total revenue	399,000,000	385,860,441	(13,139,559)	-2%

Similarly, during the year under audit the Place Service had an expenditure budget of Kshs.425,382,000 against an actual expenditure of Kshs.259,010,051 resulting in under expenditure of Kshs.166,371,949 or 39% as summarized below:

Expenses	Final Budget (Kshs)	Actual Expenditure (Kshs.)	Over/Under Expenditure (Kshs.)	Over/Under Expenditure %
Employees Costs	96,650,000	74,300,175	22,349,825	23%
Board Expenses	15,000,000	11,499,198	3,500,802	23%
Placement and publicity	46,100,000	23,795,094	22,304,906	48%
Career guidance and workshops	28,000,000	18,298,387	9,701,613	33%
Depreciation	26,382,000	18,945,755	7,436,245	28%
Repair and maintenance	16,000,000	12,596,890	3,403,110	21%
General expenses	157,000,000	74,024,257	82,975,743	53%
Finance Costs	250,000	272,096	(22,096)	-9%
Capital expenditure	40,000,000	25,278,199	14,721,801	37%
Total Expenditure	425,382,000	259,010,051	166,371,949	39%

The under collection of revenue of Kshs.13,139,559 was due to the low number of students qualifying for placement in 2017. The under expenditure of Kshs.166,371,949 was due to over budgeting which may have a negative impact on implementation of planned activities and service delivery to stake holders. There is need for the Placement Service to re-look at its budgeting mechanism and plan a realistic budget with the resources available to avoid over budgeting

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, 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.

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, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

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.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. 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 ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Service or to cease operations, or have no realistic alternative but to do so.

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

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.

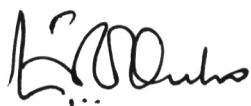
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the 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 ability to continue as a going concern. 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 services to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

22 March 2019

XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Note	2017/2018	2016/2017
		Kshs	Kshs
Revenue from non-exchange transactions			
Capitation grants- revenue	5	30,000,000	30,000,000
		30,000,000	30,000,000
Revenue from exchange transactions			
Registration fees	6	3,140,000	970,000
Application and Revision fees	7	323,521,159	336,213,209
Finance income	8	29,199,282	15,675,773
		355,860,441	352,858,982
Total revenue		385,860,441	382,858,982
Expenses			
Employee costs	9	74,300,175	68,748,461
Board Expenses	10	11,499,198	10,775,498
Placement Processing and Publicity	11	23,795,094	11,154,528
Career Guidance and Workshops	12	18,298,387	8,681,071
Depreciation and amortization expense	13	18,945,755	14,197,819
Repairs and maintenance	14	12,596,890	5,621,151
General expenses	15	74,024,257	54,716,309
Finance cost	16	272,096	81,327
Total expenses		233,731,852	173,976,164
Surplus for the period		152,128,589	208,882,819
Surplus attributable to owners of the controlling entity		152,128,589	208,882,819

The notes set out on pages 6 to 31 form an integral part of these Financial Statements

XIII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2017/2018	2016/2017
Assets		Kshs	Kshs
Current assets			
Cash and cash equivalents	17	220,355,403	302,657,199
Receivables from exchange transactions	18	244,663,522	172,605,724
Inventories	19	971,038	916,085
Investment (Short term placement of funds)	20	356,446,564	194,036,655
		822,436,527	670,215,663
Non-current assets			
Property, plant and equipment	21	47,359,333	41,026,889
		47,359,333	41,026,889
Total assets		869,795,860	711,242,553
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	31,905,201	20,796,073
Refundable deposits from customers	23	3,338,567	13,750,992
Employee benefit obligation	24	2,434,704	7,773,916
		37,678,472	42,320,981
Non-current liabilities			
Non-current employee benefit obligation	24	6,876,799	5,165,128
		6,876,799	5,165,128
Total liabilities		44,555,271	47,486,109
Net assets			
Accumulated surplus	25(a)	365,885,033	293,756,444
Capital Development Reserve	25(b)	300,000,000	250,000,000
Staff Mortgage and Car Loan Reserve Fund	25(c)	159,355,556	120,000,000
Total net assets and liabilities		869,795,860	711,242,553

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



Chief Executive Officer

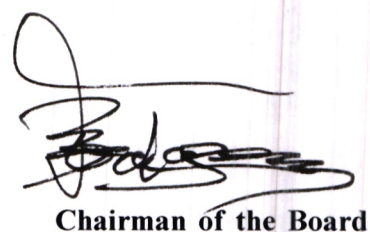
Dr. (HC) John M. Muraguri

August 31, 2018



Finance Manager

CPA Michael Kimani
ICPAK Mno. 5310
August 31, 2018



Chairman of the Board

Mr. Joe Owaka Ager
August 31, 2018

XIV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

Attributable to the owners of the controlling entity

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

XV. STATEMENT OF CASH FLOWS

	Note	2017/2018	2016/2017
Cash flows from operating activities		Kshs	Kshs
Receipts			
Capitation Grant – Revenue	5	30,000,000	61,449,025
Registration and Renewal Fees	6	3,140,000	970,000
Application and Revision	7	167,414,786	231,489,701
Placement Fees	7	85,088,000	73,045,250
Interest Income	8	30,275,074	17,370,446
		315,917,860	384,324,442
Payments			
Compensation of employees	9	(77,210,339)	(63,735,692)
Goods and services		(132,567,505)	(83,630,400)
Finance cost	16	(272,096)	(81,327)
		(210,049,940)	(147,447,419)
Net cash flows from operating activities		105,867,920	236,877,003
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	21	(23,059,806)	(16,032,351)
Net cash flows used in investing activities		(23,059,806)	(16,032,351)
Cash flows from financing activities			
Increase in deposits		-	-
Staff Mortgage payment		(2,700,000)	
Investment Income	20	(162,409,909)	(194,036,655)
Net cash flows used in financing activities		(165,109,909)	(194,036,655)
Net increase/(decrease) in cash and cash equivalents		(82,301,795)	26,807,997
Cash and cash equivalents at 1 July 2017		302,657,199	275,849,202
Cash and cash equivalents at 30 JUNE 2018		220,355,404	302,657,199

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percentage (%)
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Capitation Grants-Revenue	150,000,000	(120,000,000)	30,000,000	30,000,000	-	0.0%
Registration and Renewal Fees	500,000		500,000	3,140,000	2,640,000	528%
Application and Revision Fees	150,000,000	50,000,000	200,000,000	170,721,659	(29,278,341)	-12%
Placement Fees	150,000,000	10,000,000	160,000,000	152,799,500	(7,200,500)	-4.5%
Interest Income	7,500,000	1,000,000	8,500,000	29,199,282	20,699,282	244%
Total income	458,000,000	(59,000,000)	399,000,000	385,860,441	(13,139,559)	-2%
Expenses						
Employee costs	96,650,000	-	96,650,000	74,300,175	22,349,825	23%
Board Expenses	15,000,000	-	15,000,000	11,499,198	3,500,802	23%
Placement Processing and Publicity	60,000,000	(13,900,000)	46,100,000	23,795,094	22,304,906	48%
Career Guidance and Workshops	33,500,000	(5,500,000)	28,000,000	18,298,387	9,701,613	35%
Depreciation Expense	26,912,000	(530,000)	26,382,000	18,945,755	7,436,245	28%
Repairs and Maintenance	16,000,000	-	16,000,000	12,596,890	3,403,110	21%
General Expenses	192,300,000	(35,300,000)	157,000,000	74,024,257	82,975,743	53%
Finance Cost	250,000	-	250,000	272,096	(22,096)	-9%
Capital Expenditure	44,300,000	(4,300,000)	40,000,000	25,278,199	14,721,801	37%
Total Expenditure	484,912,000	(59,530,000)	425,382,000	259,010,051	166,371,949	
Surplus for the Period	(26,912,000)	530,000	(26,382,000)	126,850,390	153,232,390	

Note

The absorption of the vote was below expectation caused by the following circumstances: There was a government directive that all ICT equipment be procured through ICTA thus delaying procurement of ICT Infrastructure. Phase IV recruitment was finalized at the end of quarter 4, new staff to report in the financial year 2018/19. Placement and application relates to the number of applicants who qualified and placed in Universities and colleges; the number of students qualifying in 2017 was lower than expected thus the variance in revenue.

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, 2017 are given for ease reference.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 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	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.
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2018.

4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Government Grants

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

Transfers from other Government Entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

b) Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the financial needs. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis or timing differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

Commitments

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

i) 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.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) Comparative figures

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

q) 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.

r) 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%

s) 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

	2017/2018	2016/2017
	Kshs	Kshs
Unconditional grants		
Capitation Grants - Revenue	30,000,000	30,000,000
Total government grants and subsidies	30,000,000	30,000,000

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

Name of entity sending Grant	Amount recognised to statement of comprehensive Income	Amount deferred under deferred Income	Amount recognised in capital fund	Total grant during the year	2016/2017
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of University Education	30,000,000	-	-	30,000,000	30,000,000
Total	30,000,000	-	-	30,000,000	30,000,000

6. Registration Fees

	2017/2018 Kshs	2016/2017 Kshs
Registration Fees	3,140,000	970,000
Total revenue from the rendering of services	3,140,000	970,000

7. Application, Revision and Placement Fees

	2017/2018 Kshs	2016/2017 Kshs
Student Application and Revision Fees	170,721,659	217,738,709
Placement Fees	152,799,500	118,474,500
Total revenue from application fees	323,521,159	336,213,209

Application, revision and placement fees relate to students who qualify, apply or revise their courses for placement. The number of student who qualified in 2017 to join universities reduced compared to 2016 thus reducing the revenue collected relative to last financial period.

8. Finance Income - External Investments

	2017/2018 Kshs	2016/2017 Kshs
Cash investments and fixed deposits	29,199,282	15,675,773
Total Interest Income - External Investments	29,199,282	15,675,773

Included in the Interest income is Kshs 9,347,909 being accrued interest for the amount in treasury bills and call deposit as at June 30, 2018.

9. Employee costs

	2017/2018 Kshs	2016/2017 Kshs
Employee related costs - salaries and wages	56,354,031	51,702,883
Housing benefits and allowances	17,946,144	17,045,579
Employee costs	74,300,175	68,748,462

10. Board Expenses

	2017/2018 Kshs	2016/2017 Kshs
Chairman's Honoraria	160,000	1,044,000
Sitting Allowances	4,545,800	4,678,000
Other Board Expenses	6,793,398	5,053,498
Total Board Expenses	11,499,198	10,775,498

11. Placement Processing and Publicity

	2017/2018 Kshs	2016/2017 Kshs
Placement Processing	6,024,541	2,687,063
Advertising & Publicity	17,770,553	8,267,465
Publications	-	200,000
	23,795,094	11,154,528

12. Career Guidance and Workshops

	2017/2018 Kshs	2016/2017 Kshs
Career Guidance & Workshops	965,060	1,131,460
Admission Support in Counties	8,885,090	3,084,099
Career Talks and workshops	2,529,779	692,580
Exhibitions and Shows	5,918,458	3,772,932
	18,298,387	8,681,071

13. Depreciation Expense

	2017/2018 Kshs	2016/2017 Kshs
Property, Plant and Equipment	18,945,755	14,197,819
Total Depreciation	18,945,755	14,197,819

14. Repairs and Maintenance

	2017/2018 Kshs	2016/2017 Kshs
Vehicles	1,537,239	1,468,292
Refurbishment and Other Repairs	11,059,651	4,152,860
Total Repairs and Maintenance	12,596,890	5,621,152

15. General expenses

The following are included in general expenses:

	2017/2018 Kshs	2016/2017 Kshs
Audit fees	480,080	419,920
Conferences and Seminars	6,919,985	4,789,553
Office Operations	14,609,569	4,964,204
Printing and stationery	1,336,806	2,001,712
Telecommunication	3,410,855	3,213,260
Rent & service Charge	16,002,090	11,676,182
Staff Training	13,418,670	17,245,306
Subscription and Membership fees	459,830	266,933
Insurances	6,244,857	5,516,479
Professional fees	893,900	81,200
Capacity Building	3,446,464	-
Provision for bad and doubtful debts	6,801,150	4,541,560
Total general expenses	74,024,257	54,716,308

16. Finance Cost

	2017/2018 Kshs	2016/2017 Kshs
Bank Charges	272,096	81,327
Total Finance Cost	272,096	81,327

17. Cash and Cash Equivalents

	2017/2018 Kshs	2016/2017 Kshs
Current account	33,699,847	142,509,317
On-call deposits	186,655,556	160,000,000
Cash-on-hand	-	147,882
Total Cash and Cash Equivalents	220,355,403	302,657,199

Short Term deposits were Call Deposit of Kshs 30,000,000 at Co-operative Banks at an interest rate of 7.25% p.a. respectively and a further deposit mortgage of Kshs 150,000,000 at HFC Bank at a rate of 8% p.a. for unused funds.

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

		2017/2018	2016/2017
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank	1151285021	27,435,068	4,826,959
Co-operative Bank	01141163596400	2,105,304	120,371,268
Sub- total		29,540,372	125,198,217
b) On - call deposits			
Kenya Commercial bank	1151285021	-	20,000,000
Co-operative Bank	01141163596400	30,000,000	20,000,000
Sub- total		30,000,000	40,000,000
d) Staff car loan/ mortgage			
HFC Mortgage Deposit	2211863102	124,316,667	90,000,000
HFC Car loan Deposit	2211863104	32,338,889	30,000,000
Sub- total		156,655,556	120,000,000
e) Others(specify)			
cash in hand		-	147,882
M pesa	820200	1,141,727	1,024,952
M pesa	820201	2,388,178	16,286,148
M pesa	845385	629,570	-
Sub- total		4,159,475	17,458,982
Grand total		220,355,403	302,657,199

18. (a) Receivables from Exchange Transactions

Current receivables	2017/2018 Kshs	2016/2017 Kshs
i) Placement fees debtors	258,461,792	190,450,291
ii) Investment Interest debtors	9,347,909	1,200,462
iii) Staff Mortgage debtor	2,700,000	
Less: Provision for bad debt	(25,846,179)	(19,045,029)
Total Receivables from Exchange Transactions	244,663,522	172,605,724

18. (b) Receivables from Non-Exchange Transactions

Current receivables	2017/2018 Kshs	2016/2017 Kshs
Capitations due for the Year	-	-
Total Receivables from Non-Exchange Transactions	-	-
Total current receivables	244,663,522	172,605,724

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

19. Inventories

	2017/2018	2016/2017
	Kshs	Kshs
Consumable Stores	971,038	916,085
Total Inventories at the lower of cost and net realizable value	971,038	916,085

20. Investment

	2017/2018	2016/2017
Description	Kshs	Kshs
Treasury bills - CBK	356,446,564	194,036,655
	356,446,564	194,036,655

21. Property, plant and equipment

	Motor Vehicles	Computers	Furniture and Equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs
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
At 1 July 2016	33,676,534	18,883,199	5,701,215	58,260,948
Additions	7,200,000	7,925,156	907,195	16,032,351
At 30 June 2017	40,876,534	26,808,355	6,608,410	74,293,299
Depreciation and impairment				
At 1 July 2016	10,921,545	7,005,268	1,141,778	19,068,591
Depreciation	8,175,307	5,361,671	660,841	14,197,819
At 30 June 2017	19,096,852	12,366,939	1,802,619	33,266,410
Net book values				
At 30 June 2017	21,779,682	14,441,416	4,805,791	41,026,889

22. Trade and Other Payables from Exchange Transactions

	2017/2018	2016/2017
	Kshs	Kshs
Trade Payables (Note 22)	28,605,236	18,988,764
Other Payables	3,299,965	1,807,309
Total Trade and Other Payables	31,905,201	20,796,073

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 4,799,555 being accrued rent liability see Note 26.

23. Refundable deposit from Customers

	2017/2018	2016/2017
	Kshs	Kshs
Students Refunds	3,338,567	13,750,992
Total Refunds	3,338,567	13,750,992

24. Pensions and Other Post-Employment Benefit Plans

	2017/2018	2016/2017
	Kshs	Kshs
Gratuity Provision		
Current benefit obligation	2,434,704	7,773,916
Non-Current Benefit obligation	6,876,799	5,165,128
Total Employee Benefit Liability	9,311,503	12,939,044

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

25. (a) Accumulated Surplus and Reserves

During the year the Board approved an increase of Staff mortgage by Kshs thirty million and Capital development fund by Kshs fifty million to cater for acquisition of own premises from the accumulated surplus.

	2017/2018	2016/2017
	Kshs	Kshs
Accumulated Surplus Balance brought forward	293,756,444	354,873,625
Surplus for the Year	152,128,589	208,882,819
Transfers to Staff House Mortgage and Car Loan Scheme Reserve Fund	(30,000,000)	(50,000,000)
Transfers to Capital Development Reserve Fund	(50,000,000)	(220,000,000)
Accumulated Surplus Balance Carried forward	365,885,033	293,756,444

(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. Fifty million was provided towards the capital development funds to facilitate acquisition of own premises.

	Capital Development Reserve
	Kshs
Balance As at 1 July 2017	250,000,000
Transfer to Capital Development Reserve	50,000,000
Balance As at 30 June 2018	300,000,000

(c) Staff Mortgage and Car Loan Reserve Fund

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

	Staff Mortgage & Car Loan Reserve
	Kshs
Balance As at 1 July 2017	120,000,000
Transfer to Staff Mortgage and Car Loan Reserve	30,000,000
Interest earned	9,355,556
Balance As at 30 June 2018	159,355,556

26. Rent and Deferred Rent Liability

	2017/2018	2016/2017
	Kshs	Kshs
Total Rent (Lease) Expense	16,002,090	11,676,182
Total Rent (Lease) Due and Paid	(14,845,680)	(10,471,172)
Accrued Rent liability	1,156,410	1,205,010

Included in the trade payable is an amount of Kshs 4,799,555 being accrued rent liability

27. 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

Placement Service has been sued together with the Kenya National Examination Council (KNEC) not to place 2016 students before the results have been moderated. This may attract engagement of lawyers and the cost may not be ascertained at the moment as they are only threats. Although this matter has been overtaken by events, the Petitioner has not formally withdrawn the matter and it therefore remains a contingent liability.

28. Cash Generated from Operations

	2017/2018	2016/2017
	Kshs	Kshs
Surplus for the year before tax	152,128,589	208,882,819
Adjusted for:		
Depreciation	18,945,755	14,197,819
Provision for Bad Debts	6,801,150	4,541,560
Provision for staff obligations	(3,145,932)	3,361,918
Interest from investment	9,355,556	
Working capital adjustments:		
Increase in inventory	(54,953)	(52,434)
Increase in receivables	(78,858,949)	(12,271,904)
Increase / (Decrease) in payables	696,705	18,217,223
Net cash flows from operating activities	105,867,920	236,877,001

29. Related Parties Transactions

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

a) Nature of related party relationships

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

1. The National Government;
2. State Department of University Education
3. Key Management;
4. Board Members;

b) Related party transactions

	2018	2017
	Kshs	Kshs
State department of University Education	30,000,000	30,000,000
Total	30,000,000	30,000,000

The transfer relate recurrent capitation as budgeted and allocated.

Related party transactions

	2018	2017
	Kshs	Kshs
Board members allowances	4,545,800	4,678,000
Key Management compensation	34,301,877	30,548,255
Total	38,847,677	35,226,255

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 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
At 30 June 2017					
Receivables from exchange transactions	191,650,753	95,151,252	96,499,500	(19,045,029)	172,605,723
Bank balances	235,504,870	235,504,870	-	-	235,504,870
Total	427,155,623	330,656,122	96,499,500	(19,045,029)	408,110,593

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 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
At 30 June 2017				
Trade payables	29,586,580	509,920	794,421	30,890,921
Total	29,586,580	509,920	794,421	30,890,921

c) Exchange risk

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

Capital risk management

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

	2017-2018		2016-2017
	Kshs		Kshs
Accumulated Surplus	365,885,033		293,756,444
Capital development reserve	300,000,000		250,000,000
Staff mortgage and car reserve	159,355,556		120,000,000
Total funds	825,240,589		663,756,444
Total borrowings	35,003,104		47,473,107
Less: cash and bank balances	220,355,403		302,657,199
Net debt/(excess cash and cash equivalents)	(185,111,635)		(255,184,092)
Gearing	4.27%		7.15%

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

31. Events after the Reporting Period

The Placement Service Board Chairman, Mr. Joe Owaka Ager, was appointed with effect from July 12, 2018 vide *Kenya Gazette* Notice Number 7056 dated July 13, 2018.

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

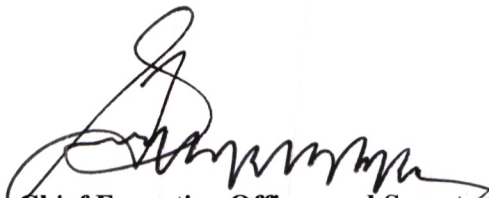
The Placement Service has placed students into Universities, University Colleges and Colleges for 2014, 2015, 2016, 2017 and 2018. The following are some of the main data:

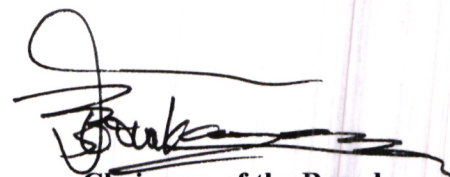
Descriptions	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Institutions					
No. of Universities and University Colleges receiving Students	65	70	33	30	31
No. of Public Colleges receiving Students	121	63	57	53	46
No. of Students Placed					
Universities and University Colleges	75,081	92,221	86,046	67,790	56,938
Colleges	68,081	24,660	12,038	11,523	15,400
Number of Students benefitting on Affirmative Action					
Gender		581	1,083	4,162	2,527
Marginalized		863	655	1,239	532
Disability			178	178	72

VIII. 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:
				(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)


Chief Executive Officer and Secretary to the Board
Dr. John Muraguri
August 31, 2018


Chairman of the Board
Mr Joe Owaka Ager
August 31, 2018

Appendix 1: 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						

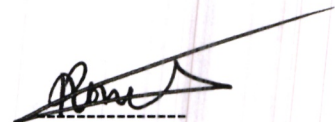
Appendix 2: INTER-ENTITY TRANSFERS

ENTITY NAME:				
		Break down of Transfers from the State Department of University Education		
FY 17/18				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		04/09/2017	7,500,000.00	2017/2018
		13/11/2017	7,500,000.00	2017/2018
		08/02/2018	7,500,000.00	2017/2018
		02/05/2018	7,500,000.00	2017/2018
		Total	30,000,000.00	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		Total	-	

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



Finance Manager
Kenya Universities and Colleges Central Placement Service



Head of Accounting Unit
Ministry of Education

Appendix 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

The Placement Service did not receive any other non-exchange transfers from other government entities during the financial year 2017/2018.

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

