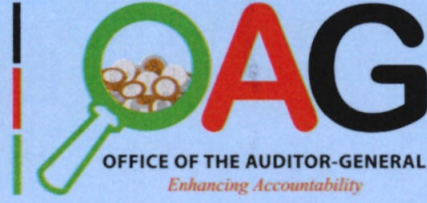



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 MAR 2026	DAY: WED
TABLED BY:	DEPUTY LEADER OF THE MAJORITY PARTY
CLERK-AT-THE-TABLE:	V. WAMBUI

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

TECHNICAL UNIVERSITY OF KENYA

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



OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
RECORDS OFFICE

25 NOV 2025



THE TECHNICAL UNIVERSITY OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

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

TABLE OF CONTENTS

1.	Acronyms, Abbreviations and Glossary of Terms.....	iii
2.	Brief Background on The University and Management	iv
3.	The University Council.....	vii
4.	The University Management.....	ix
5.	Statement from the Chairman of the Council	x
6.	Report of the Vice-Chancellor	xi
7.	Statement of Performance Against Predetermined Objectives	xii
8.	Corporate Governance Statement	xii
9.	Management Discussion and Analysis.....	xvii
10.	Environmental and Sustainability Reporting	xix
11.	Report of the Directors.....	xx
12.	Statement of University Council Responsibilities.....	xxi
13.	Report of the Auditor General	xxii
14.	Statement of Financial Performance for The Year Ended 30 th June 2025	1
15.	Statement of Financial Position as At 30 th June 2025.....	2
16.	Statement of Changes In Net Assets For The Year Ended 30 th June 2025	3
17.	Statement of Cash Flows for The Year Ended 30 th June 2025	4
18.	Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2025	5
19.	Notes to theThe Financial Statements	6
20.	Appendices... ..	21

1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DVC	Deputy Vice Chancellor
ASA	Academic and Student Affairs
FSST	Faculty of Social Sciences & Technology
FAST	Faculty of Applied Sciences & Technology
FEBE	Faculty of Engineering & the Built Environment
KPUC	The Kenya Polytechnic University College
KES	Kenya Shillings
IAE	Institutional Advancement and Enterprise
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
RTD	Research and Technology Development
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
TU-K	Technical University of Kenya
VC	Vice Chancellor

B: Glossary of Terms

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

Comparative Year - Means the prior period.

Chief Officers -The University registrar and Chief Administrative Officer
-The University Secretary and Chief Legal Officer
-The University Bursar and Chief Financial Officer

2. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

The Technical University of Kenya came into existence upon the award of charter on 15th January, 2013. The University grew out of the defunct Kenya Polytechnic. The Kenya Polytechnic was for many years the leading institution for education and training at the tertiary level in Kenya. Over the years the institution was known throughout Kenya and the East and Central African region for her high quality graduates in the technical and vocational fields. The students at the institution were typically enrolled in programmes that prepared them for diploma and certificate level qualifications. At its founding in 1961, the institution was designed to provide education and training in the technical and vocational fields to those who were already in employment.

The Technical University of Kenya has since exponentially expanded. The student population stands at 15,000 spread across the three faculties, where over 60 academic programmes are on offer. The students are tutored by some of the best scholars in this region using most modern workshop and laboratory equipment, and supported by up-to-date library resources. The University has retained its mandate as a TVET institution, in line with Kenya Vision 2030.

(b) Principal Activity

The Technical University of Kenya summarises its core mandate as guided by the Charter as follows:

1. To provide post-secondary technological, professional, and scientific education and training up to and including degree level.
2. To undertake high quality research and dissemination of research outcomes, to advance knowledge and educate students in science, technology and innovation and other areas of scholarship that will best train for the real world in the 21st Century and beyond.

Vision

To be a top-rated University of technology.

Mission

To provide technological education and training and to contribute towards the advancement of society through research and innovation.

(c) Key Management

The University's Day to day management is under the following organs:

- Vice-Chancellor
- Deputy Vice-Chancellors
- Executive Deans
- Chief Officers

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 are as listed below;

Designation	Name
Vice Chancellor	Prof. Dr.-Ing. Benedict M. Mutua,EBS
Deputy Vice Chancellor – Institutional Advancement and Enterprise	Prof Paul M.Wambua
Deputy Vice Chancellor – Research and Technology Development	Prof Alfred Orina
Deputy Vice Chancellor – Academic and Student Affairs	Prof. Maurice Amutabi
Executive Dean - Faculty of Social Sciences & Technology	Prof.Peter M.Matu
Executive Dean - Faculty Applied Sciences & Technology (FAST)	Prof.Gatheri F.Kimani
Dean - Faculty of Engineering & the Built Environment (FEBE)	Prof.Cleophas Maende
Academic Registrar	Dr.Moses Wamalwa
Director Procurement and Supply Chain	Dr.Wasike
Chief Finance Officer	CPA Ben M. Sanda
Chief Legal Officer	Mrs. Ruth Kirwa
Deputy Registrar/Human Resource Services & Registry	Mr.Stephen Karanja

(e) Fiduciary Oversight Arrangements

- University Council
- The University Senate
- University Management Board (UMB)
- Finance and General-Purpose Committee of University Council
- Audit Committee of Council.

(f) Technical University of Kenya Headquarters

P.O. Box 52428-00200
Haile Selassie Avenue
Nairobi, KENYA

(g) Technical University of Kenya Contacts

Telephone: (254) 020 2219929,3343672
E-mail: vc@tukenya.ac.ke
Website: www.tukenya.ac.ke

(h) Bankers

- Kenya Commercial Bank Ltd.
1. P. O. Box 30081-00100
Moi Avenue Nairobi.
Co-operative Bank of Kenya Ltd.
 2. Haile Selassie Avenue
P. O. Box 48231- 00100
Nairobi.
Equity Bank
 3. Moi Avenue
P.O.BOX 8120-00100 Nairobi






(i) Independent Auditors





Auditor-General
Office of the Auditor General

Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

- (j) **Principal Legal Adviser**
The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. THE UNIVERSITY COUNCIL

No.	COUNCIL NAMES	QUALIFICATION	EXPERIENCE
1.	 Dr. Idle Farah, OGW; PhD Chairperson of Council Appointed 8.7.2022 D.O.B 18.04.1965	(Dr. Med. Sc) in Comparative Medicine (Uppsala University, Sweden)	<ul style="list-style-type: none"> Former Vice Chancellor Umma university Former University of Nairobi and; Former Chief Executive Officer of National Museum of Kenya
2.	 Dr. Hassan Khannenje Independent Member Appointed 8.7.2022 D.O.B 07.07.1977	PhD (Nova South Eastern University, USA) Chair of Finance and General-Purpose Committee	<ul style="list-style-type: none"> Private consultant Director of the HORN International Institute for Strategic Studies, a research and policy think-do tank
3.	 Mr. Wilson Shollei Independent Member Appointed 03.11.2023 D.O.B 22.05.1965	B. Com, MBA. M.Sc. (Finance) Nairobi, CPA(K), CPS(K) Chair of Council Audit Committee	<ul style="list-style-type: none"> Private Consultant Former IEBC Deputy Commission Secretary in charge of Support Services
4.	 Mr. Joseph Ole Nkamasiai Independent Member Appointed 8.12.2023 D.O.B 20.02.1972	B.Ed.(Sc.),M.Sc.(Kenyatta).M.A(International Relations (USIU)	<ul style="list-style-type: none"> Educator Former Director, Programs and Strategic Partnerships - Ministry of Devolution and ASALS
5.	 Eng. Justin Runji Independent Member	M. Sc.(Eng)(UK), B.Sc. Civil Engineering (Nairobi), Dip. Management (Sweden)	<ul style="list-style-type: none"> Private Consultant, transport sector policy and reforms Former Senior Transport Specialist, World Bank, Washington DC. Former CEO, Namibia Roads Authority Civil Engineer

	Appointed 03.11.2023 D.O.B 04.03.1955		
6.	 Dr. John Nyangena Representative Principal Secretary Ministry of Education Appointed 05.12.2022 D.O.B 1971	PhD (Kenyatta); M.Phil Moi; B.Sc. (JKUAT) Member of Finance and General-Purpose Committee and Programmes, Statutes & Sealing Committee and Audit Committee	<ul style="list-style-type: none"> • Representing PS, Ministry of Education • Environment and Climate Change Expert - State Department for University Education
7.	 CPA Jane Wambugu Representative Principal Secretary The National Treasury Appointed 28.03.2024 D.O.B 1965	MBA. (Finance), CPA (K), CIFA Member of Council's FGPC and Audit Committee	<ul style="list-style-type: none"> • Representing PS, National Treasury • Former Finance and Administration Manager at Columbia Global Center Africa
8	 Mr. Justin Kabuku Independent Member. Appointed 10.09.2023 D.O.B 10.09.1963	M.Sc (University of Queensland, Brisbane Australia Member of Audit Committee	<ul style="list-style-type: none"> • Private Consultant
9	 Prof. Dr.-Ing. Benedict M. Mutua, PhD, Rer. Nat. Vice Chancellor Appointed 18.09.2023 D.O.B 30.11.1966	BSc Eng. (EU), MSc. (HEB), MEng.Sc. (MELB), PhD, Post Doc (BOKU), Post Doc (Stuttgart, Kiel, TelAviv, TU), EMBA (IIBMS), DMS (IIBM)	<ul style="list-style-type: none"> • Professor of Water Resources, Hydraulics and Environmental Engineering. • Vice-Chancellor/ Secretary to the Council

4. THE UNIVERSITY MANAGEMENT BOARD



Prof. Dr.-Ing. Benedict M. Mutua, EBS
PhD, Rer. Nat., BSc. Eng. (EU), M.Eng. Sc. (MELB), MSc. (HEB), PhD, Post Doc (BOKU),
Post Doc (Stuttgart, Kiel, Tel Aviv, TU), MBA (IIBMS), DMS (IIBM & TU), EBS
Vice-Chancellor



Prof. Alfred Orina Isaac
Ph.D. (Idaho), M.Sc., B.Sc.
(Egerton, Kenya)
Deputy Vice-Chancellor
(Research and Technology
Development)



Prof. Maurice N. Amutabi
PhD (Illinois, USA); MA, BA
(Nairobi, Kenya)
Deputy Vice-Chancellor
Academics and Student Affairs)



Prof. Paul M. Wambua
Ph.D. (Leuven), M.Sc. (Leeds),
B.Sc. (Lahore), PE, FIEK
Deputy Vice-Chancellor
(Institutional Advancement and
Enterprise)



Prof. Francis K. Gatheri
Ph.D. (New South Wales,
Australia), M.Sc., B.Ed. (Sc.)
(Kenyatta)
Executive Dean, Faculty of
Applied Sciences and
Technology



Prof. Cleophas Maende
Ph.D. (Newcastle at Tyne),
M.Eng. (Sierra Leon), B.Sc.
Eng. (Nairobi).
Dean, Faculty of Engineering
and the Built Environment



Prof. Peter M. Matu
Ph.D. (Free State, S.A.), M.A.,
B.A. (Nairobi)
Executive Dean, Faculty of
Social Sciences and Technology

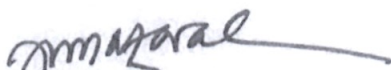
5. STATEMENT FROM THE CHAIRMAN OF COUNCIL

The Technical University of Kenya (TU-K) was established through the elevation of The Kenya Polytechnic University College (KPUC) to full university status. TU-K was established as the first Technical University in Kenya in line with the provisions of the Universities Act, 2012. The technical university is a new type of university in Kenya, whose mandate shall be to offer higher education and research in technology. The Technical University, as a concept, was being created in Kenya with the objective to be a technological force behind the Vision-2030 drive and the general economic development of the nation. This has come about from the realisation that most countries that have been able to make major technological breakthroughs were heavily propelled through this by their technological universities.

As an institution of higher learning, TU-K offers degrees at the undergraduate and postgraduate levels. In this respect it will be noted that in the education of technical personnel at the university level, institutions of higher learning in Kenya have over the years only focused on the training of professionals at the level of engineers, architects, surveyors, planners, and estate managers. The education and training of the technologist has however been totally neglected in this structure. Given that the technologist is usually the 'driving engine' in the actual industrial production, it should be no surprise that Kenya has been unable to make serious breakthrough in industrialisation. To this extent, in addition to producing graduates at the fully professional degree level, TU-K continues in the tradition that had been set by its predecessor in offering as well degrees aimed at producing technologists.

The University recognises Kenya Vision 2030 economic blue-print strategy of realising knowledge led economic development. TU-K is therefore committed to enhancing its competitiveness in the higher education sector globally in line with its vision of being the top rated university of technology. The University will offer education and training that strategically focuses on application of technological knowledge and innovative skills as well as engaging in research geared towards solving immediate and future societal challenges.

On behalf of the Members of the Council, it is my pleasure to present the Annual Report and Financial Statements of the Technical University of Kenya for the Period ended 30th June 2025.



Dr. Idle Farah, OGW; PhD

CHAIRPERSON OF UNIVERSITY COUNCIL

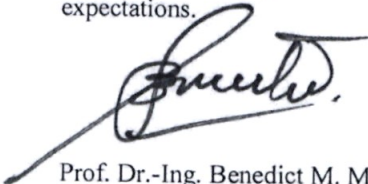
6. REPORT OF THE VICE-CHANCELLOR

It is my pleasure to present the Annual Report and Accounts of the Technical University of Kenya for the Year ended 30 June 2025. The institution has been operating under very constrained financial situation ever since it was upgraded to the Kenya Polytechnic University College in 2008. The Government recurrent capitation received has not been sufficient for the smooth running of its operations. The financing constraint has forced the University to curtail some of its planned activities by under-spending on certain essential and core areas of its mandate such as teaching and learning, procurement of specialised materials and laboratories. The adverse financial environment has in addition led to accumulation of bills.

In spite of the above mentioned financial challenges, TU-K currently offers 67 degree and 52 diploma programmes. Presently, the University has over 3,000 students in engineering, the largest number by a single institution in Kenya. Through its outreach programmes, TU-K has made tremendous efforts to demystify science among the youth with a view to encouraging them to take science-oriented courses. This has seen the proportion of students applying for places in science and technology rise to 81%. The University also engages in research with emphasis on practical solutions of immediate and future societal problems.

During the Year under review, the University recorded a deficit of **KSh. 560,034,999** out of total income from Government, donors and internally-generated funds all amounting to **KSh. 2,855,408,599** against an expenditure of **KSh. 3,415,443,599**. I am proud of the management and staff and greatly appreciate their ability and commitment towards achieving the University's vision, mission and objectives.

I wish to thank the University Council for dedicating their time and effort to steer and provide governance support to the University affairs. I express my sincere gratitude to the Government, Ministry of Education, development partners and other stakeholders for their continued support. This has gone a long way towards building a solid institution that is true to its mandate and stakeholders' expectations.



Prof. Dr.-Ing. Benedict M. Mutua, PhD, Rer. Nat.,EBS
Vice-Chancellor and Secretary to University Council

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The Technical University of Kenya summarises its core mandate as guided by the Charter as follows:

1. To provide post-secondary technological, professional, and scientific education and training up to and including degree level.
2. To undertake high quality research and dissemination of research outcomes, to advance knowledge and educate students in science, technology and innovation and other areas of scholarship that will best train for the real world in the 21st century and beyond.

TU-K currently offers 11 PhD programmes, 28 Masters programmes, 59-degree programmes, and 63 diploma programmes and currently has over 3,000 students in engineering and thus having the largest school of engineering in Kenya. TUK through its campus outreach programmes has made tremendous efforts to demystify science among the youth with a view to encouraging them to take science-oriented courses this has seen proportion of student registering for science and technology upsurge to 82%. The university also engages in research with emphasis on practical solutions of immediate and future societal problems

8. CORPORATE GOVERNANCE STATEMENT

The statement outlines the key aspects of the University's corporate governance framework. Corporate governance is the process by which the University is directed, controlled and held to account. It provides the structure through which the strategic objectives of the University are set, and the means of attaining them as well as monitoring performance. Corporate Governance dictates the engagement between the University Council, Senate, Management Board, Regulators and all Stakeholders.

The University in its decision-making processes observes the highest ethical standards and benchmarks on global best practices in compliance with the applicable legal principles, its vision, mission, and core values for sustainability of the University.

The governing organs of the University are the University Council, the Senate of the University and the University Management Board. These organs have various committees within themselves that aids them in performing various tasks.

The membership of the various key management committees within the university is guided by the university statutes, the university council charter and the various university and government policies that guide operations within the public service.

The University Council

Council Charter - The Council is guided by the Council Charter which defines the governance guidelines within which the Council exists and operates. It clearly states the respective roles, responsibilities and authorities of the Council and its Committees.

Council Appointment and Composition - In accordance with the Universities Act No. 42 of 2012, clause 36(1) the Council consists of nine persons appointed by the Cabinet Secretary for a period of three years and who are eligible for re-appointment for a further one term. The persons are as follows:

- I. The Chairperson
- II. Principal Secretary, Ministry for the time being responsible for the University Education
- III. Principal Secretary, Ministry for the time being responsible for Finance and The National Treasury
- IV. Five members appointed by the Cabinet Secretary, Ministry for the time being responsible for University Education

V. The Vice-Chancellor who is an ex-officio member of the Council.

The University Charter (Clause 17) requires that the members of the Council at the first meeting after their appointment determine by lot which of their number shall vacate office after a period of three and four years respectively.

Council Diversity - The Council members possess a broad range of skills, expertise, experience and knowledge essential to undertake the University's mandate.

Separation of Powers and Duties - The Chairman of Council's responsibilities include the operation, leadership and governance of the Council, ensuring its effectiveness and setting its agenda. The Vice-Chancellor's role and responsibilities include the day-to-day management of the University's business and overseeing the implementation of strategies and policies approved by the Council. This is clearly stipulated in the University Statutes.

Powers and Functions of the Council - The powers and functions of the Council include:

- a) To make new or additional Statutes, alter, amend or revoke existing Statutes in consultation with the Senate;
- b) To establish such standing or other committees with membership and with such terms of reference as it may deem fit;
- c) To make regulations in accordance with the Charter for any purpose in respect of which regulations may be made, provided that no regulations shall be made until Senate has had an opportunity of reporting thereon;
- d) To provide the land, building, premises, furniture and equipment, including specialized scientific equipments, vehicles, machinery, facilities and other means required for carrying out the work of the University;
- e) To determine method of recruitment, appointment and promotion of all staff of the University;
- f) To make the appointments authorized by the Charter and the Statutes and to determine the terms and conditions of service for all staff of the University;
- g) To provide for the welfare of every person in the employment of the University;
- h) To establish, confirm, abolish or hold in suspense any professorship, lectureship or other academic, as well as other senior administrative posts in consultation with the Senate;
- i) To confer, after report from Senate, the title of Professor Emeritus, Adjunct Professor, Adjunct Faculty and other senior staff;
- j) To receive, consider and approve from University Management Board estimates of expenditure required to carry out the work of the University and to provide the requisite in so far as the estimates are approved and accepted by the Council;
- k) To provide control and regulate the finances of the University as the Council may provide in the Statutes or Regulations from time to time;
- l) To control, manage and regulate accounts, investment property and all the business affairs of the University and for that purpose appoint bankers, auditors, lawyers or any other agent as the Council may deem necessary from time to time;
- m) To promote and make financial provisions and facilities for research within the University;
- n) To determine, after considering the recommendations of Senate, all fees payable to the University;
- o) To invest any moneys belonging to the University including any unapplied income, in such stocks, funds, fully paid shares or securities as Council may from time to time think fit, in accordance with the general law for the investment of trust moneys or in the purchase of freehold or leasehold properties, including rent and subject to the Charter with the power of varying such investment from time to time by sale or re-investment or otherwise;
- p) To sell, buy, exchange, lease, grants or take on lease moveable and immovable property on behalf of the University, pursuant to section 17 of the Charter;
- q) To borrow money on behalf of the University, and for that purpose and subject to the Charter, to mortgage or charge all or any part of the property unless the conditions of the property so held provide otherwise, and to give such other security whether upon moveable property or otherwise as the Council may deem fit;
- r) To enter into, vary, carry out or terminate contracts on behalf of the University;

- s) To select a Seal, Arms and Mace for the University and to have the sole custody and use of the Seal;
- t) To provide by Statutes for the creation of new Colleges, Campuses, Schools, Departments, Directorates, Institutes, Centres or other bodies of learning and research in the University and for the abolition from time to time of any such bodies, and to approve the establishment, abolition or sub-division of any such bodies on the recommendation of Senate;
- u) To institute, on the recommendation of Senate, donors' fellowships, studentships, exhibitions, bursaries, prizes and other aids to study and research where appropriate and upon conditions acceptable to the Council;
- v) To determine the terms and conditions upon which Internal and External Examiners shall be appointed by the Senate;
- w) To consider and give effect to reports from Senate on those matters upon which Senate is authorized or required to make by the Statute;
- x) To exercise powers of removal from office for good cause of any officer or staff member and other disciplinary controls in the University;
- y) May empower any of its committee to act jointly with any committee appointed by the Senate, provided that the Council shall not delegate to the Chairperson or to a committee the powers to approve without further reference to the Council the annual Estimates of Expenditure;
- z) May refer any financial matters affecting the academic policy of the University to the Senate for advice;
- aa) Shall determine the method and condition of appointment and promotion, terms of service and remuneration of all staff of the University;
- bb) Shall authorize or control the establishment and disestablishment of Campuses, Colleges,
- cc) Schools, Departments, Directorates, Institutes, Bureau, Units and Centres;
- dd) Shall authorize or control the establishment and disestablishment of academic, library, administrative, technical, secretarial and all other posts in the University necessary for the proper functioning of the University;
- ee) Shall control the appointment of any other persons working for the University, pay honoraria, fees and other remuneration as the Council may determine from time to time.

Meetings of the Council - The Council is responsible for its agenda. The Chairperson of council and the council secretary consult and prepares the council's Annual Council Work Plan and Agenda for the Council meetings. Meetings of the Council are held at least four times in each calendar year at such a place and time as the Chairperson may determine unless the Council determines otherwise. At all meetings of the Council, a quorum is the nearest whole number above half the membership of the Council. Where consensus is not achieved, decisions of the Council may be by a simple majority vote of those present and voting, provided that the Chairperson of the council shall have a casting vote in case of an equality of votes. The Chairperson may at any time call a meeting of the Council within twenty-eight (28) days of receiving request for that purpose addressed to him and signed by at least a half of the membership of Council.

Councils' Effectiveness - In order to ensure that the Council members are effective in their contribution to the management of the University. The University has also developed a comprehensive induction program and inducts all new board members.

Evaluation - The Council has put in place evaluation system to ensure that the Council achieves its objective.

Council Remuneration -The University Non-Executive Council Members are paid a sitting allowance for every meeting attended. They are not eligible for pension scheme membership. However the Chairman of Council receives honoraria on a monthly basis as indicated in Note 14 of the Financial Statements.

Council allowances are based on approved rates and guidance provided in Government Circulars

Conflict of Interest -The Council members are obligated to fully disclose to the Council any real or potential conflict of interest, which comes to any Council member's attention, whether direct or

indirect. At any meeting the Council members are expected to make a declaration of any interest they may have in the business under discussion. In the financial year under review, there were no transactions with any of the Council members or their related parties.

Code of Conduct and Ethics -The University has a code of conduct and ethics policy that binds the Council members, management and employees. When joining the University, every employee is provided with a copy of the code of conduct and ethics policy and must commit to abide by its requirements as part of the employment contract with the University.

Whistle Blowing Policy -This is provided for in TU-K Anti-Corruption Policy Clause 17, which states that the University undertakes to protect the identity of persons making corruption disclosures, and the information provided therein shall be handled in utmost confidentiality. Allegations that are false and made with malicious intent are discouraged. Where such malicious or allegations are discovered, the person who made the allegation shall be subjected to disciplinary action.

Risk Management and Internal Controls -The University Council is responsible for the University system of risk management and internal control, which is designed to identifying potential risks in advance, analyzing them and taking precautionary steps to reduce/curb the risk.

The Council has delegated responsibility for the ongoing monitoring of the effectiveness of this system to the Audit Committee. Details in relation to the Audit Committee's work in this regard are set out in the University Statutes.

The Vice-Chancellor is responsible for implementing the system, including a system of internal controls and audits, to identify and manage risks that are material to the University. Independent review of the risk management framework is carried out through the University Internal Audit function that carries out risk based internal audit on regular basis.

The University has an in-house legal officer and has appointed advocates to advice on litigation risks. The identification and management of risk is a continuous process linked to the achievement of the University's objectives. The University Council through its Audit Committee receives regular reports during the year on internal controls and risks.

Compliance -The Council operates in a manner reflecting the University's values and in accordance with the Corporate Guidance, the University Act, and University Charter, University Statutes, Council Charter, Mwongozo and all other applicable regulations.

The Council is committed to ensuring that it complies with all applicable laws and regulations

Governance Audit -The University occasionally conduct governance audit.

Stakeholders -Stakeholders may be categorized, on the basis of location, into internal and external. Internal stakeholders include those inside the University. These include students and employees. On the other hand, external stakeholders are based outside the University, but have implications for survival of the University. These include customers, suppliers, government agencies, development partners, local communities, alumni, external examiners and trade unions.

A. The Senate of the University

The membership of the Senate is as follows: -

- a) The Vice-Chancellor, who shall be the Chairperson;
- b) The Deputy Vice-Chancellors;
- c) The Principals of each Constituent College;
- d) The Principals of each College within the University;
- e) Executive Directors;
- f) Executive Deans;
- g) Directors of Campuses;
- h) Chairpersons of Departments;
- i) Full Professors of the university
- j) The Chief University Librarian;
- k) Director of Student Affairs;
- l) Director Information, Communication and Technology Services (ICT);

- m) Two members elected by the students' organization, who shall be entitled to attend deliberations of the Senate on matters which are considered by the Chairperson of the Senate to be confidential of which relate to examinations, the general discipline of students, and other related matters; and
- n) Such other member as Council may determine in accordance with the Statute

The Deputy Vice-Chancellor in charge of Academic affairs shall be secretary to the senate.

The Senate shall have the following powers and duties: -

- a) To satisfy itself regarding the content and academic standard of any course of study in respect to any degree, diploma, certificate or other award of the University;
- b) To propose regulations to be made by the Council regarding the eligibility of persons for admission to degree, diploma and certificate programmes;
- c) To propose regulations to be made by the Council regarding the standard of proficiency to be gained in each examination for a degree, diploma, certificate or other awards of the University;
- d) To decide which person has attained such standard of proficiency and are otherwise fit to be granted a degree, diploma, certificate or other awards of the University;
- e) To make regulations governing such other matters as are within its powers in accordance with this Charter or the Statutes.
- f) The Senate may, subject to the Act, the Charter, Statutes and Regulations, establish committees consisting of such members of the Senate or any other persons as it may deem fit and may delegate any of its powers or duties to the Chairperson or any of its committee (s).

B. The University Management Board

Members of the University Management Board comprises;

- I. The Vice-Chancellor, who shall be the Chairperson;
- II. The Deputy Vice-Chancellors;
- III. The Executive Deans;
- IV. Such other member of senior management as the Council may determine and as provided for in the statutes.

The University Management Board shall assist the Vice-Chancellor in;

- a) The Management of urgent day-to-day academic, administrative, research, development and outreach issues;
 - b) The efficient management of the human, physical, and financial resources of the University;
 - c) Coordination of University and colleges strategic and development plans;
 - d) Make proposals to Senate and Council on issues that have University-wide application;
 - e) Receive proposals from different sectors of the University for recommendation for Council consideration;
 - f) The implementation of Council and Senate approved policies;
- Any other matters related to the management of the University.

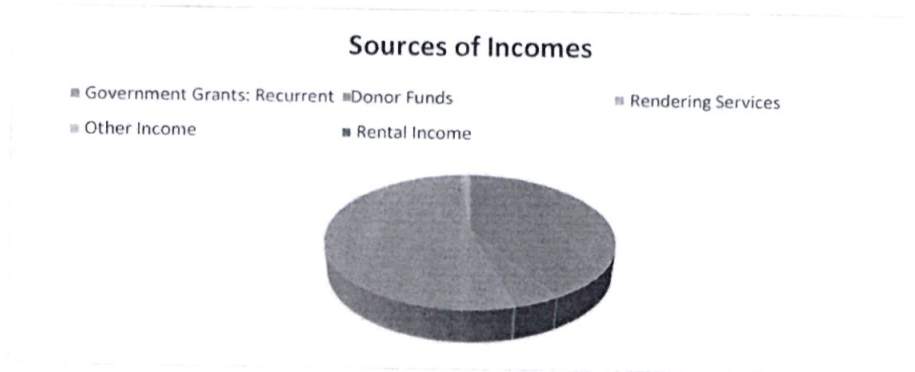
9. MANAGEMENT DISCUSSION AND ANALYSIS

Revenues

The Technical University of Kenya University has three main sources of revenue namely: -

- I. Government Grants – This includes both the Recurrent and Development grants
- II. Internally generated funds- Tuition and other income generating activities.
- III. Externally sourced funds- Donations and grants

In the fiscal period under consideration, the University has reported total revenue of KES 2,854,934,854 (exclusive of adjustments from decrease in provision for bad debts) comprising Government recurrent grants of KES 1,182,390,240, donor funds of KES 125,591,802 , KES 1,524,547,850 from rendering of services which is majorly collection of fees, rental income of KES 2,314,050 and other incomes amounting to KES 20,090,912. The same is illustrated in the chart below;



Expenses

The total expenses (recurrent costs) for the university for the year ended 30th June 2025 inclusive of depreciation and amortization expenses amounted to KES 3,415,443,599. The Employee cost/ personnel emoluments (PE) accounts for 90% (3,075,918,791) of the total expenses while operations and maintenance (O&M) accounts for the remaining 10% (339,524,808) as diagrammatically shown below;

Personal Emoluments Vs Operations and Maintenance Costs



The statement of changes in accumulated funds for the period ended 30th June 2025 is composed of Revenue Reserve of Kshs - 6,913,521,034, Revaluation Surplus of Kshs 4,057,083,331 and capital Funds of Kshs. 2,013,106,556 .

TU-K has been operating under very constrained financial position ever since it was upgraded to the Kenya Polytechnic University College in 2008. The recurrent capitation allocation has been inadequate to finance the gross employee costs/payroll. This has seen the university posting budget deficits over the years. In the last two years, the University has reported deficit of KES 877M and 560M for FYs 2023/2024 and 2024/2025 respectively. However, we are optimistic that the situation will improve as the Ministry of Education has been looking into means and ways of increasing the funding to the University including the implementation of the New Student Centered Funding Model and overseeing signing of the Technical University of Kenya return to work formula on 17th March 2025.

University's Compliance with Statutory Requirements

The University has endeavored to comply with statutory requirement; however, due to the financial constraint the university has been experiencing, the University has not been able to fully remit payroll statutory deductions as indicated in note 8 on trade and other payables of the Financial Statements.

Key Projects and Investment Decisions the University is Planning/Implementing

SN	PROJECT NAME	COMMENCEMENT DATE	EXPECTED COMPLETION DATES	% OF COMPLETION	ESTIMATED PROJECT COST	COST INCURRED TO DATE	PROGRESS REPORT
2	Construction of Block I and senate towers (T)	2015	DEC 2026	11%	1.4B	247M	Ongoing

Major Risks facing the University

The University has identified the following Key Risks;

- i. Financial Risk- The university is exposed to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency.
- ii. Credit risk: The university is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables.
- iii. Commercial Risk-The intense competition among the universities for module II students exposes the University to commercial risk as there has been a drastic reduction in the number of self-sponsored students.

Material Arrears in Financial Obligations

The University has not been in a position to fully meet its financial obligations as and when they fall due. At the end of the financial year under consideration, the University had outstanding obligations as per note 22,23 & 24 of the Financial Statement.

Going Concern

The Council is committed to ensuring that the University has adequate resources to continue in operational existence for the foreseeable future and have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the university's ability to continue as a going concern for a period of at least twelve months. For this reason, the university continues to adopt the going concern basis in preparing the financial statements..

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

As Kenya continues to pursue sustainable economic growth by investing in infrastructure projects and extraction of natural resources, the expected manufacturing boom will be followed by a demand for technically skilled workers. Presently, demand for tertiary and higher education has seen rise of private institutions of higher learning. This has resulted in increased competition in the education sector. The competition has had two dimensions; first, it has affected attraction of key faculty that

would facilitate development of market driven study programs. Secondly, there is limited pool of students seeking higher education. TU-K's challenge is to innovate ways to attract the key personnel and students, in this competitive environment where quality has been admittedly a key concern.

TU-K aims to differentiate itself in the education sector by addressing the quality of technical education & training offered and most importantly address existing inefficiencies to achieve its strategic goals. TUK through its campus outreach programmes/Corporate social responsibility has made tremendous efforts to demystify science among the youth with a view to encouraging them to take science-oriented courses this has seen upsurge in the proportion of student registering for science and technology courses.

11. REPORT OF THE UNIVERSITY COUNCIL

The University Council submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the University's affairs.

i) **Principal activities**

The principal activities of the Technical University of Kenya continue to be as below;

- a) To provide post-secondary technological, professional, and scientific education and training up to and including degree level;
- b) To undertake high quality research and dissemination of research outcomes;
- c) To advance knowledge and educate students in science, technology and innovation and other areas of scholarship that will best train for the real world in the 21st Century and beyond

ii) **Results**

The results of the Technical University of Kenya for the year ended June 30th 2025, are set out on page 1

iii) **Council Members**

The Council Members who served during the year are shown on page vii and viii.

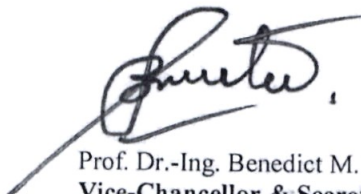
iv) **Surplus remission**

The Technical University of Kenya did not make any surplus during the period under review

v) **Auditors**

The Auditor-General is responsible for the statutory audit of the Technical university of Kenya in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Prof. Dr.-Ing. Benedict M. Mutua, PhD, Rer. Nat.
Vice-Chancellor & Secretary to University Council

12. STATEMENT OF UNIVERSITY COUNCIL RESPONSIBILITIES

Public Finance Management Act, 2012 and the State Corporations Act, require the Council to prepare financial statements for TU-K which gives a true and fair view of the state of affairs of the University at the end of a financial year and the operating results for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy its financial position. The Council is also responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial Year ended on 30th June, 2025. This responsibility includes:

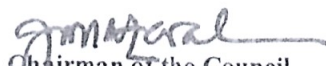
- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the University;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

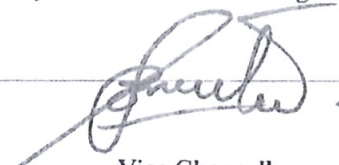
The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Council is of the opinion that the University's financial statements give a true and fair view of the state of its transactions during the financial year ended 30th June, 2025, and of the University's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the Council on 22nd August 2025 and signed on its behalf by:


Chairman of the Council
Dr. Idle Farah, OGW; PhD


Vice Chancellor
Prof. Dr.-Ing. Benedict M. Mutua, PhD, EBS

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

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

PREAMBLE

I draw your attention to the contents of my report, which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Technical University of Kenya set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Technical University of Kenya as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Balances

1.1 Medical Advance

The statement of financial position and Note 19 to the financial statements reflects receivables from non-exchange transactions amounting to Kshs.160,144,512 which include medical advances of Kshs.2,425,656. Review of the general ledger revealed that the University issued medical advances to thirty (30) staff on various dates. However, Management did not provide policy guidelines detailing the criteria and approved rates per staff grade used to issue these advances. Further, two (2) staff members were issued medical advances in prior years, amounting to Kshs.92,415 which remain unrecovered. No explanations were provided for the non-recovery.

1.2 Decrease in Provision for Bad Debt

The statement of financial performance reflects an amount of Kshs.244,130,923 under use of goods and services as disclosed in Note 13 to the financial statements. The amount includes provision for bad debts of Nil amount compared to previous year balance Kshs.32,323,567 implying a significant decrease in provision for bad debts. Management did not provide evidence either in the form of any long outstanding debt recovered or change in the significant accounting policy in rate or basis for provision to match the decrease.

1.3 Salary Allowances

The statement of financial performance reflects employee costs amount of Kshs.3,075,918,791 as disclosed in Note 11 to the financial statements. However, review of the monthly payrolls revealed that an amount of Kshs.86,033,375 was paid to staff as other allowances. However, the breakdown of the payment together with the supporting documents of the amount of Kshs.86,033,375 was not provided for audit verification.

In the circumstances, the accuracy, regularity and completeness of salary allowances of Kshs.86,033,375 could not be confirmed.

2. Trade and Other Payables

2.1 Non-Compliance of Statutory Dues and Other Deductions

The statement of financial position and Note 22 of the financial statements reflect trade and other payables balance of Kshs.3,786,504,169. Review of the ledgers provided for audit revealed that the University did not remit various statutory deductions amounting to Kshs.2,166,474,068 which includes PAYE of Kshs.1,857,176,333, NHIF/SHIF of Kshs.55,126,011, NSSF of Kshs.95,561,836 and Housing Levy of Kshs.158,609,888. Further, the University Management made Sacco deductions, bank loan deductions and insurance premium deductions amounting to Kshs.28,948,390, Kshs.388,931,220 and Kshs.7,048,283 respectively totalling Kshs.424,927,893 as at 30 June, 2025 without remitting these funds to the relevant Institutions.

2.2 Increase in Long Outstanding Trade and Other Payables

The statement of financial position and Note 22 to the financial statements for the year under review reflects trade and other payables amounting to Kshs.3,786,504,169, representing an increase of Kshs.498,372,452 or approximately 15% compared to the prior year balance of Kshs.3,288,131,717. The substantial increase amounts to Kshs.498,372,452 casts doubt on the ability to pay debts as they fall due. Further, although the supporting schedules indicated that The University has outstanding payables dating back to May, 2018, the aging analysis of the trade and other payables was not disclosed in the financial statements.

Further, the trade and other payables balance of Kshs.3,786,504,169, includes long outstanding audit fees amounting to Kshs.9,744,000 as at 30 June, 2025. Explanation was not provided for failure to clear the audit fee.

In the circumstances, the University was not in a position to meet its obligations as and when they fall due and is exposed to possibility of legal suits from the employees and the relevant Institutions for non-remittance of staff deductions.

3. Non-Compliance with Impairment Assessment Requirements for Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.5,348,541,754 as disclosed in Note 21 to the financial statement. However, although Management disclosed that there were no impairments, no evidence was provided to support the same. Further, several motor vehicles were noted to be underutilized, idle and in poor condition, an indicator of impairment as per the applicable accounting standards.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.5,348,541,754 could not be confirmed.

4. Stalled Project

The University entered into a contract with a local contractor on for the construction of Block I & T and at a contract sum of Kshs.1,245,225,049. The contractor commenced the work on 24 January, 2023 for a validity period of 104 calendar weeks, with expected completion date of 24 January, 2025. However, at the time of audit inspection in the month of October, 2025 the project was stalled and the contractor had abandoned the site while the agreed contract period had already lapsed. Audit review of the project file revealed that, the contractor had already been paid a total of Kshs.181,799,349 and the project percentage completion was approximately 11% as at the time of audit.

In the circumstances, the propriety of Kshs.181,799,349 already incurred on the project could not be confirmed.

5. Inappropriate Cut-Off and Revenue Recognition Practices

The statement of financial performance reflects revenue of Kshs.1,524,547,850 from exchange transactions as disclosed in Note 8 to the financial statements. Audit review of the invoices supporting this revenue revealed that the invoices were raised between 1 July, 2024 and 30 June, 2025. However, the University runs three academic semesters, namely May – August, September – December, and January – April. Invoices raised in May, 2024 covering the May – August, 2024 semester were not apportioned between the financial year ended 30 June, 2024 and the year starting July, 2024. A similar issue was noted for the May – August, 2025 semester, where invoices were not deferred into the subsequent financial year.

In the circumstances, the reported revenue from exchange transactions totalling Kshs.1,524,547,850 may be misstated due to failure to apply appropriate cut-off and apportionment of semester income across financial years.

6. Unsupported Contracted Legal Services

The statement of financial performance reflects an amount of Kshs.19,770,605 under contracted services as disclosed in Note 14 to the financial statements which include legal fees of Kshs.7,727,643. Review of the legal expenditure records revealed that Kshs.4,764,766 was paid without the submission of fee notes prior to contract award while the notes are only submitted after legal cases had commenced. Further, although a Court status report and a list of closed cases were provided, certified Court decrees confirming closure of these cases were not furnished.

In the circumstances, the accuracy, completeness and validity of contracted legal fee payments totalling Kshs.4,764,766 could not be confirmed.

7. Inconsistencies in Receivables

7.1 Receivables from Non-Exchange Transactions

The statement of financial position and as disclosed in Note 19 to the financial statements reflects a balance of Kshs.160,144,512 in respect to receivables from non-exchange

transactions. Included in this amount is Kshs.104,350, Kshs.500,000 and Kshs.562,501 being deposit to suppliers, Nyayo Vehicles Project and dishonored cheques respectively. These amounts were brought forward from previous years and had no movement during the year.

7.2 Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.1,753,989,937 as disclosed in Note 18 to the financial statements. Included in the amount is Kshs.1,933,604,545 relating to long outstanding students' fees. In comparison with the previous year balances of Kshs.1,937,808,836, there was limited movement of the students' receivables, indicating that Management made no efforts in recovery of the outstanding fee balances.

Further, Management did not provide evidence of debt recovery strategies undertaken by the University Council and Management to recover the long outstanding student fees balances from the concerned students.

7.3 Student Debtors Exceeding Reported Revenue

Note 18 under receivables from exchange transactions reflects student debtors amounting to Kshs.1,933,604,545 while the statement of financial performance reflects revenue from exchange transactions of Kshs.1,524,547,850. The student debtors therefore exceeded recognized income by Kshs.409,056,695 or 21% of total student debtors. This disparity reflects weak enforcement of the University's Fees Payment Policy, poor receivables management and deficiencies in debt recovery procedures.

7.4 Graduates with Outstanding Fees Balances

The statement of financial position reflects receivables from exchange transactions balance of Kshs.1,753,989,937 as disclosed in Note 18 to the financial statements. However, review of records provided revealed that, one thousand, nine hundred and eighty-one (1,981) students graduated in November, 2024 with outstanding fee balances amounting to Kshs.70,946,571. As at 30 June, 2025, the same balances remained unpaid. This indicates that students were allowed to graduate and possibly collect certificates without clearing their financial obligations.

7.5 Invoices Raised at Zero Value

Review of the billing data revealed that out of a total of 37,637 invoices raised during the year under audit, 5,821 invoices, representing 15%, were raised at zero value. This anomaly points to weaknesses in billing controls and compromises the completeness, reliability, and integrity of revenue reporting. Consequently, there is a risk of material misstatement of the financial statements and potential revenue leakage.

7.6 Students Sitting Examinations with Outstanding Fee Balances

Audit review revealed that 5,839 students sat for examinations during the year under review despite having outstanding fee balances amounting to Kshs.386,560,933. Allowing students with unpaid balances to sit examinations contravenes the University's Fees Policy and demonstrates weaknesses in enforcing internal controls on revenue collection. This practice also undermines effective debt recovery, encourages non-compliance with fee payment requirements, and negatively affects the University's financial sustainability.

In the circumstances, accuracy and recoverability of receivables from exchange and non-exchange transactions totalling Kshs.1,914,134,449 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Technical University of Kenya Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material Uncertainty Related to Going Concern

In the year ended 30 June, 2025 the University reported total expenditure of Kshs.3,415,443,599 against income of Kshs.2,855,408,599, resulting in a deficit of Kshs.560,035,000. Further, the University's current liabilities stood at Kshs.8,175,839,178 against current assets of Kshs.1,983,966,277, reflecting a negative working capital position of Kshs.6,191,872,901. This indicates that the University does not have sufficient current assets to meet its short-term obligations.

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

My opinion is not modified in respect of this matter.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget of Kshs.3,521,967,929 against actual receipts of Kshs.2,855,408,599, resulting in a budget underutilization of Kshs.666,559,330, equivalent to 19%. Further, the University's spent Kshs.3,416,232,874 against actual revenue of Kshs.2,855,408,599 which represents a budget overutilization of Kshs.560,824,275 equivalent to 20% of actual revenue

The under-funding and over-utilization affected the planned activities of the University and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion/Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

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

	Financial Year	Audit Issue
1	2023/2024	Unsupported Balances
	2023/2024	1.1 Bank Balances
	2023/2024	1.2 Receivables from Non - Exchange Transactions
	2023/2024	1.3 Inventories
	2023/2024	1.4 Provision for Bad Debts
2	2023/2024	Property, Plant and Equipment
3	2023/2024	Unaccounted for Council Expenses
4	2023/2024	Inaccuracies in Employee Costs
5	2023/2024	Irregularities in Compensation of Employees
6	2023/2024	Budgetary Control and Performance
7	2023/2024	Material Uncertainty Related to Going Concern
8	2023/2024	Foreign Travel Expenditure
9	2023/2024	Regularity of Human Resource Management Practices
10	2023/2024	Lack of an Approved Limit for Medical Expenses;
11	2023/2024	Staff Earning Less than a Third of the Basic Pay
12	2023/2024	Non-Compliance with Ethnic Diversity
	Financial Year	Audit Issue
13	2023/2024	Inactive Employees with Active System Accounts
14	2023/2024	Terminated Employees Logging to the System
15	2023/2024	Imprest Management
16	2023/2024	Non-Compliance with Prescription on Board and Chief Executive Officers' Terms of Service and Entitlements

	Financial Year	Audit Issue
17	2023/2024	Trade and Other Payables
18	2023/2024	Long Outstanding Trade and Other Payables
19	2023/2024	Arrears of Unpaid Audit Fees
20	2023/2024	Irregular Procurement
21	2023/2024	Irregular Procurement of Office Furniture
22	2023/2024	Irregularities in Supply and Delivery of iPad
23	2023/2024	Irregularities in Purchase of Air Conditioner
24	2023/2024	Irregularities in Supply of Kitchen Uniforms and Protective Clothing
25	2023/2024	Irregularities in the Construction of Block I & T
26	2023/2024	Non-Compliance with Remittance of Statutory Dues and Other Deductions
27	2023/2024	Failure to Maintain a Development Bank Account
28	2023/2024	Receivables from Exchange Transactions
29	2023/2024	Long Outstanding Debtors
30	2023/2024	Students Graduating with Outstanding Balances
31	2023/2024	Students with Fee Balance and not Included in Receivables
32	2023/2024	Lack of Approved Policies and Manuals
33	2023/2024	Weak Invoicing Controls
34	2023/2024	Irregular Management of Store Records

Other Information

The Management is responsible for the Other Information set out on page iv to xx which comprise of Key Entity Information and Management, Council of Governors, Chairman's report, Report of senior principal, Corporate Governor's statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Statement of Management Responsibilities, Statement of Performance Against Predetermined Objectives, Statement of Council of Governors and Statement of Council of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Procurement of Legal Services

Management indicated that due to the urgent nature of certain legal matters, services were procured through direct procurement, contrary to Section 103 of the Public Procurement and Asset Disposal Act, 2015. Review of sampled payment vouchers totalling Kshs.4,764,766 confirmed that legal services were procured without competitive bidding. No professional opinions were obtained for the legal contracts. Further, firms engaged were not in the pre-qualified supplier list while contracts lacked proper justification, violating procurement procedures and potentially inflating costs due to lack of competition.

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

2. Irregular Procurement and Management of Security Services

The University awarded a Kshs.7,380,000 annual contract vide tender TUK-08-2024-2025 to a contractor, however, the professional opinion lacked detail on the evaluation committee and evaluation dates. There were also inconsistencies in contract start and notification dates. Further, it was noted that termination of the previous contract lacked documentation and communication to Public Procurement and Regulatory Authority, contrary to Section 63(4) of the Act. In addition, a prior contract with a Security Company, which was valid until 31 July, 2024 was extended by 3 (three) months without evaluation committee approval, in violating Section 139(2) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, Management was in breach of law and the value for money on the expenditure could not be concerned.

3. Failure to Tag and Update Asset Register

Note 21 to the financial statements reflects property, plant and equipment net book value of Kshs.5,348,541,754 as at 30 June, 2025. However, Management did provide an updated asset register to support the balances. Further the University's assets had not been tagged. In addition, the register provided lacked key information including the mode

of acquisition, category of land, land registry number, certificate number, document of ownership held, size of land, acquisition date, registration date, encumbrances, planning status and the cost of acquisition, net book value and revalued amounts.

Similarly, the register did not indicate the engine number, chassis number, tag number, year of purchase, accumulated depreciation and the acquisition value of the motor vehicles.

In the circumstances, it was not possible to confirm the effectiveness of controls over fixed assets, their status, their accuracy, completeness and existence.

4. Grounded Motor Vehicles

Out of twenty-two (22) University vehicles, three (3) were grounded and had remained so for an extended period of time. Despite a recommendation from an inspection report to repair or dispose of them, dated September, 2024, the disposal process had not been initiated. Further, the vehicles have been depreciated and continue to drain resources including insurance at an annual cost of Kshs.2,180,000 despite being non-operational.

In the circumstances, the value for money incurred on the vehicles may not be realized.

5. Irregular Procurement of Garbage Collection, Sanitary and Hazardous Waste Services

The University entered into a contract with a local company for garbage, sanitation, and hazardous waste services under Request for Quotation Tender No. TUK/2371/2024/2025, valued at Kshs.2,635,200 for the period 1 November, 2024 to 31 October, 2025. However, there was no evidence that quotations were obtained from at least three (3) suppliers. Further, the professional opinion lacked names of evaluation committee members and their appointment details. In addition, the contract commenced on 1 November, 2024, before the successful bidder was notified on 5 November, 2024 and accepted the award on 7 November, 2024 contrary to Section 44(2)(d) of the Public Procurement and Asset Disposal Act, 2015 which requires that proper documentation of procurement proceedings must be maintained.

In the circumstances, Management was in breach of law.

6. Non-Remittance of Statutory Dues and Other Deductions

The University deducts Sacco loan and insurance premiums, but does not remit them to respective institutions contrary to Employment Act, 2007, Section 19(4) which requires that deductions from employees must be remitted on time. No evidence was provided to confirm that statutory dues were remitted. It was also noted that gratuity obligations totalling Kshs.240,163,763 have been outstanding since 2017 with no explanation or documentation provided.

In the circumstances, Management was in breach of law.

7. Irregular Payment for Sage Software

Review of payment voucher No. 38120 of Kshs.1,666,599 paid to a local company for the Sage Software license renewal revealed that the payment was based on a contract dated 4 September, 2017, valid for only 10 days. However, the payment was only supported by the expired software delivery and installation contract dated 4 September, 2017 which was valid for only ten (10) days therefore lacking a valid or current contract.

Further, it was noted that despite the Sage System contract having expired and the University having developed its own in-house software system (Tusoft). There was no justification provided for continuing to use dual systems.

In the circumstances, Management was in breach of law and value for money on the additional system could not be confirmed.

8. Non-Adherence to Procurement Law on Leasing of Tuck Shops

The contract referenced TUK/T/09/2024/2025 for leasing of tuck shops was executed on 1 September, 2024, prior to the tender closing date of 26 September, 2024, which contravenes the prescribed procurement timelines. Tender evaluations for Shop Nos. 9 and 20 revealed that only one bid was received in each case; however, bidders were not subjected to full technical evaluations and evaluation reports failed to comply with mandatory requirements such as serialization.

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

9. Irregularities in Human Resource

9.1 Staff Earning Below the Approved CBA Rates

Review of the July, 2024 and August, 2024 payrolls revealed that a total of 54 and 56 officers, respectively, were earning basic salaries below the minimum of Kshs.19,921. Audit could not establish the cause of the underpayments.

9.2 Lack of Approved Staff Establishment

The University had one thousand four hundred and twenty-six (1426) staff as of June, 2025. However, no approved staff establishment was provided. The absence of a structured and authorized staffing framework raises concerns regarding the authenticity and sustainability of the University workforce.

9.3 Absence of Annual Human Resource Plans

The audit established that the University recruited a Vice Chancellor during the financial year under audit. However, the University did not provide evidence of an annual recruitment plan to guide the process, contrary to the requirements of the applicable laws and policies.

9.4 Non-Compliance with Technical to Administrative Staff Ratio

During the year under review, the University had one thousand four hundred and twenty-six (1426) staff. Review of the staff register revealed that eight hundred and sixty (860) were technical staff; teaching and technical, while five hundred and sixty-six (566) were administrative staff; non-teaching, representing a ratio of 60:40, respectively. This staffing ratio contravenes Section 4.3(i) of the Public Service Commission Guidelines, 2023 that require 70:30 ratio of technical to non-technical.

9.5 Non-Compliance with One-Third Basic Salary Rule

Analysis of the payroll for the months of July, 2024, November, 2024 and December, 2024 revealed that 154, 42 and 25 officers respectively received net salaries below one-third of their basic salaries. This indicates that payroll deductions for the employees exceeded the legal limit prescribed under Section C of the Human Resource Policies and Procedures Manual for the Public Service, 2016. Further, analysis of the June, 2024 payroll revealed that twenty-one (21) employees had total deductions equal to their gross earnings, resulting in zero net pay.

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

10. Operating Inactive Bank Accounts

The audit revealed that the University maintains bank accounts that are dormant and continue incurring bank charges as analysed below;

Account	Account No	Balance as at June, 2024 (Kshs.)	Balance as at April, 2025 (Kshs.)	Movement (Kshs.)
Staff Pension Fund	1122174462	545,845	540,576	5,265
Machine Replacement Fund	1105828646	989,268	984,003	5,265
Kasarani TTI Account	1160726485	1,640,000	1,642,000	4,200
Fund Account	1109148224	39,855	43,590	5,265
Totals		3,214,967	3,210,168	19,995

In the circumstances, the University is exposed to loss of funds through avoidable charges.

11. Irregular Operation of Staff Pension Account

The University holds a Staff Pension Account with a balance of Kshs.540,580 which originated from the now-defunct Polytechnic. This contravenes Section 22(1) of the Retirement Benefits Act, 1997, which stipulates that no retirement benefits scheme shall be established except in accordance with the Act and under a valid certificate issued pursuant to it. The account remains dormant and should either be closed or appropriately redesignated to comply with the law.

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

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Use of Manual Inventory Management Systems

The statement of financial position and as disclosed in Note 20 to the financial statements reflects inventories balance of Kshs.7,321,391. However, the audit revealed that the University currently relies on a manual inventory management system, Microsoft Excel spreadsheets to record inventory receipts, issues, and balances. There is no automated or integrated inventory system in place. The manual system does not provide for ways of determining utilizations and reorder levels and may be easily manipulated.

Further, Management did not conduct quarterly stock taking exercises.

In the circumstances, the effectiveness of internal control systems in stores management could not be confirmed.

2. Use of Outdated Server and End-User Infrastructure

During the year under review, the University used three (30 HP ProLiant DL385 G7 servers to run ERP system and the Database. These servers were over ten (10) years old and were no longer supported by the manufacturer. The servers run on Windows Server 2012 Standard, which reached end of support in October, 2023. In addition, many of the University's end-user computers (end nodes) were running Windows 7 and Windows 10. Windows 7 is no longer supported by Microsoft, while Windows 10 support will end in October, 2025.

Continued reliance on this outdated infrastructure limits the University's ability to maintain secure, efficient and compatible systems and increases dependence on manual interventions for system maintenance.

3. Unsupported SQL Server for ERP Database

The audit established that the University was running a database on a version of Microsoft SQL Server that had reached end of life. As of the time of audit, this version no longer received security updates or technical support from Microsoft.

The continued reliance on an unsupported database system increases the Institution's exposure to cybersecurity vulnerabilities, system failures and software incompatibility with modern platforms.

4. Inadequate Physical and Environmental Controls in the Server Room

The server room was partitioned with plywood, adjacent to the ICT office, and lacked; access controls for example, biometrics or keycards, lacked raised flooring for cable management and airflow, and fire suppression, humidity controls, or backup power systems and secure metal grills or doors while current door was wooden and minimally secured.

In the circumstances, the security and safety of the server room could not be confirmed.

5. Non-Compliance with Data Protection Impact Assessment

During the year under review, the University was in the process of consolidating systems into an ERP solution involving significant personal data processing. However, no Data Protection Impact Assessment (DPIA) was conducted or were any records provided to support prior assessment.

In the circumstances, the University was exposed to exposure of personal data.

6. Lack of Approved Business Continuity and Disaster Recovery Plan

Examination of the organization's ICT governance framework established that no approved Business Continuity Plan (BCP) or Disaster Recovery Plan (DRP) exists at the University. There was no documented mechanism for recovery during IT service outages or disasters.

In the circumstances, the University is exposed to failure in operations in case of a disaster.

7. Lack of ICT Policy, Strategy and Procedures

The University lacks a formal ICT Policy, an ICT Strategic Plan, documented ICT procedures and an effective governance structure. The absence of an approved ICT policy, strategy, and procedures contravenes Public Finance Management Regulations

and best practice governance standards. Addressing this gap is critical to safeguarding information assets, ensuring operational efficiency and supporting the University's strategic objectives.

In the circumstances, effectiveness of internal controls on ICT could not be confirmed.

8. Lack of Full Integration Among Key University Systems

The University uses, Sage Evolution for finance, TuSoft ERP and Examination Data Processing System (EDPS) for examination management. However, these systems are partially integrated, with some data transferred manually.

In the circumstances, effective use of public resources through integrated systems and controls may not be guaranteed.

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

Responsibilities of the Management and 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

The University Council is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how Management monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

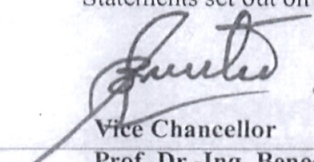
09 December, 2025

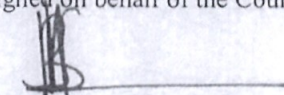
14. STATEMENT OF FINANCIAL PERFORMANCE

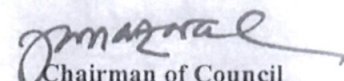
FOR THE PERIOD ENDED 30TH JUNE 2025

	Notes	Jun-25 Kshs.	Jun-24 Kshs.
INCOME			
Revenue from non-exchange transactions			
Government Grants: Recurrent	6	1,182,390,240	1,506,803,484
Donor Funds	7	125,591,802	91,189,548
Revenue from exchange transactions			
Rendering Services	8	1,524,547,850	1,180,740,180
Other Income	9	20,564,657	21,513,969
Rental Income	10	2,314,050	1,993,000
Total Revenue		2,855,408,599	2,802,240,181
EXPENSES			
Employee costs	11	3,075,918,791	3,267,661,184
Depreciation and amortization expense	12	58,037,269	65,173,127
Use of Goods and Services	13	244,130,923	298,640,426
Contracted services	14	19,770,605	28,991,435
Repairs and Maintenance	15	6,956,357	11,034,665
Council Expenses	16	10,629,653	8,705,101
Total Expenses		3,415,443,599	3,680,205,937
Surplus/ (Deficit) before tax for the year		(560,034,999)	(877,965,757)

The notes set out on pages 6 to 23 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Council by:


Vice Chancellor
Prof. Dr.-Ing. Benedict M. Mutua,
PhD, Rer. Nat., EBS
28th August, 2025


Chief Finance Officer
CPA B.M. Sanda
ICPAK No:11018
28th August, 2025

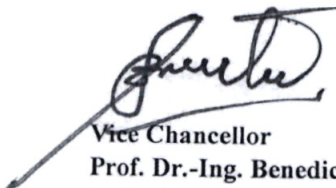

Chairman of Council
Dr. Idle Farah, OGW; PhD
28th August, 2025

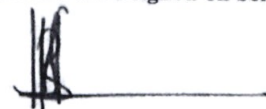
15. STATEMENT OF FINANCIAL POSITION


AS AT 30TH JUNE 2025

	Notes	Jun 25 Kshs.	Jun 24 Kshs.
CURRENT ASSETS			
Cash and Cash Equivalents	17	62,510,437	23,103,756
Receivables from Exchange	18	1,753,989,937	1,745,559,395
Receivables from Non Exchange	19	160,144,512	138,190,082
Inventories	20	7,321,391	8,404,342
TOTAL CURRENT ASSETS		1,983,966,277	1,915,257,575
NON CURRENT ASSETS			
Property, Plant and Equipment	21	5,348,541,754	5,405,550,983
TOTAL ASSETS		7,332,508,031	7,320,808,557
CURRENT LIABILITIES			
Trade and other payables	22	3,786,504,169	3,288,131,717
Refundable Deposits	23	240,658,405	167,296,385
Employee Benefit Obligation	24	4,148,676,604	4,148,676,604
TOTAL CURRENT LIABILITIES		8,175,839,178	7,604,104,706
NET ASSETS			
Capital Fund		2,013,106,556	2,013,106,556
Revenue Reserve		(6,913,521,034)	(6,353,486,035)
Revaluation Surplus		4,057,083,331	4,057,083,331
TOTAL NET ASSETS		(843,331,147)	(283,296,148)
TOTAL FUNDS AND LIABILITIES		7,332,508,031	7,320,808,557

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


Vice Chancellor
Prof. Dr.-Ing. Benedict M. Mutua,
PhD, Rer. Nat., EBS
28th August, 2025


Chief Finance Officer
CPA B.M. Sanda
ICPAK No:11018
28th August, 2025

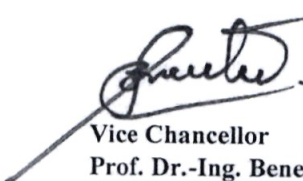

Chairman of Council
Dr. Idle Farah, OGW; PhD
28th August, 2025

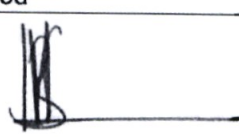
16. STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED 30TH JUNE 2025

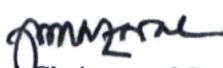
	Capital Fund	Revaluation Reserve	Revenue reserve	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30th June 2023	2,073,999,195	4,057,083,331	(5,475,520,278)	655,562,248
Funds received during the Period	5,750,000			5,750,000
Surplus for Period			(877,965,757)	(877,965,757)
Completed Projects/Transfer to KAT	(66,642,639)			(66,642,639)
As at 30th June 2024	2,013,106,556	4,057,083,331	(6,353,486,035)	-283,296,148

	Capital Fund	Revaluation Reserve	Revenue reserve	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30th June 2024	2,013,106,556	4,057,083,331	(6,353,486,035)	(283,296,148)
Funds received during the Period	-			-
Surplus for Period			(560,034,999)	(560,034,999)
As at 30th June 2025	2,013,106,556	4,057,083,331	(6,913,521,034)	(843,331,147)

17. STATEMENT OF CASH FLOWS			
FOR THE PERIOD ENDED 30th JUNE 2025			
Notes	Jun 25	Jun 24	
	Kshs.	Kshs.	
Cash flow from operating activities:			
Receipts			
Government Grants	1,036,457,861	1,506,803,484	
Donor funds	125,591,802	91,189,548	
Tuition Fees	1,262,469,818	1,180,740,180	
Other Incomes	20,090,912	21,513,969	
Rental Income	2,314,050	1,993,000	
	2,446,924,444	2,802,240,181	
Payments			
Compensation of employees	2,686,115,500	3,267,661,184	
Use of Goods and Services	226,442,751	298,640,426	
Contracted services	18,777,913	28,991,435	
Repairs and Maintenance	6,956,357	11,034,665	
Council Expenses	10,629,653	8,705,101	
	2,948,922,174	3,615,032,811	
Receipts less Payments (Net)	(501,997,730)	(812,792,630)	
(Increase)/Decrease in current receivable	(30,384,972)	(422,494,145)	
(Increase)/Decrease in inventory	1,082,951	(659,933)	
Increase in payables	571,734,473	1,329,112,931	
Net cash from Operating Activities	40,434,721	93,166,222	
Cash flows from investing activities			
Purchase of property plant and Equipment & IA	(1,028,040)	(90,850,326)	
Net Cash flows used in investing activities	(1,028,040)	(90,850,326)	
Cash flows from financing activities			
Development grants received	-	5,750,000	
Net Cash flows used in financing activities	-	5,750,000	
Net increase/decrease in cash and Cash Equivalent	39,406,681	8,065,896	
Cash and Cash equivalents at beginning of period	23,103,756	15,037,859	
Cash and Cash equivalent at end of period	62,510,437	23,103,756	


Vice Chancellor
Prof. Dr.-Ing. Benedict M. Mutua,
PhD, Rer. Nat., EBS
28th August, 2025


Chief Finance Officer
CPA B.M. Sanda
ICPAK No:11018
28th August, 2025


Chairman of Council
Dr. Idle Farah, OGW; PhD
28th August, 2025

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30th JUNE 2025

	Original	Adjustments	Final	Actual on	Performance	%age of
	Budget		Budget	Comparable	Difference	Utilization
	Kshs	Kshs	Kshs	Basis	Kshs	Kshs
	a	b	c=(a+b)	d	e=(c-d)	F=(d/c*100)
Revenues						
Government Grants-Recurrent	760,065,090	422,325,150	1,182,390,240	1,182,390,240	-	100
Government Grants-Development	-	-	-	-	-	-
Grants , Dev't Partner t (Donor Partner)	66,359,680	-	66,359,680	125,591,802	(59,232,122)	189
Rendering Services	1,803,153,422	-	1,803,153,422	1,524,547,850	278,605,572	85
Other Income -Recurrent (IGU)	1,177,031,371	(711,246,287)	465,785,084	20,564,657	445,220,426	4
Rental income	4,279,503	-	4,279,503	2,314,050	1,965,453	54
Total Revenues	3,810,889,066	(288,921,137)	3,521,967,929	2,855,408,599	666,559,330	
Expenses						
Employee Costs	3,421,191,206	(299,352,831)	3,121,838,375	3,075,918,791	45,919,584	99
Council Expenses	9,301,766	2,162,555	11,464,321	10,629,653	834,668	93
Bulk Purchases of Water and Electricity	41,040,455	(8,787,653)	32,252,802	32,099,270	153,532	100
Repairs & Maintenance	10,308,121	-	10,308,121	6,956,357	3,351,764	67
Depreciation	-	-	-	58,037,269	(58,037,269)	-
Contracted Professional Services	21,017,634	1,973,195	22,990,830	19,770,605	3,220,225	86
Provision for Audit Fees	1,186,010	-	1,186,010	812,000	374,010	68
General Expenses:						
Domestic Travel	2,929,457	-	2,929,457	3,856,736	(927,279)	132
Foreign Travel	2,308,793	(786,662)	1,522,130	44,752	1,477,378	3
Printing and Advertising expenses	4,359,980	-	4,359,980	3,253,503	1,106,477	75
Land Rates and Rentals	2,856,683	-	2,856,683	0	2,856,683	-
Staff Training Expenses	6,589,070	-	6,589,070	6,267,924	321,146	95
Hospitality Supplies and Services	12,046,101	3,518,517	15,564,617	13,475,034	2,089,583	87
Medical & Insurance Expenses	36,676,552	518,835	37,195,387	27,997,075	9,197,412	75
Specialized, Teaching Materials & Supplies	154,320,327	669,898	154,990,225	96,167,743	58,822,482	62
Provision for Bad Debt	-	-	-	-	-	-
General Supplies	21,812,296	-	21,812,296	14,390,042	7,422,254	66
Communication Supplies & Services	16,498,895	4,707,859	21,206,754	19,363,049	1,843,705	91
Foodstuffs supplies	11,664,028	(0)	11,664,028	7,080,354	4,583,674	61
Gas & Lubricants	20,437,439	-	20,437,439	12,661,127	7,776,312	62
Other Operating Expenses	14,344,254	5,427,109	19,771,363	6,422,648	13,348,715	32
Total Expenditure	3,810,889,066	(289,949,176.99)	3,520,939,889	3,415,204,834	105,735,055	
Capital Expenditure						
Purchase of Motor Vehicles	-	-	-	-	-	-
Purchase of Furniture & General equipment	-	1,028,040	1,028,040	1,028,040	-	-
Capital Development - WIP	-	-	-	-	-	-
Total Capital Expenditure		1,028,040	1,028,040	1,028,040		
	3,810,889,066	(288,921,137)	3,521,967,929	3,416,232,874	105,735,055	

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Technical University of Kenya is established by and derives its authority and accountability from the University Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide quality education and training.

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 the Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Entity. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the public universities Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*
There were no new and amended standards issued in the financial year.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45-Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance

Standard	Effective date and impact:
	for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

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

4. Summary of significant accounting policies

(a) Revenue Recognition

i) Revenue from non-exchange transaction

Fees, taxes and fines

The TU-K recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. 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 Entity 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 TU-K and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to

repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transaction

Rendering of services

The TU-K recognizes revenue from rendering of services 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. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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 University.

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.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

(b) Budget information

The original budget for FY 2024-2025 was approved by the Ministry of Education on 4th July 2024 while the supplementary budget was approved on 4th April 2025. The original budget is adjusted with subsequent revisions or additional appropriations upon receiving the respective approvals from the appropriate authorities to form the final budget. The TU-Ks budget is prepared on a different basis as compared to the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

(c) In-kind contributions

In-kind contributions are donations that are made to the University in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the university includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

(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 University 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.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are as tabulated below;

Land	-
Buildings	2.5%
Motor Vehicles	25%
Furniture & Fittings	12.5%
Computer & Printers	30%
Office Equipment	12.5%

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

(e) Intangible assets

Intangible assets such as patent rights acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

(f) Research & Development Costs

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

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

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

(g) Financial Instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the University's financial statements. A financial

instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The University classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts less outstanding cash imprests and advances to staff at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The University assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

The University classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

(h) 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. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i. Raw materials: purchase cost using the weighted average cost method.
- ii. Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

(i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the University will incur in fulfilling the present obligations represented by the liability.

(j) Employee Benefits

The University operates a defined contribution benefit scheme, for its employees who are on permanent employment. Defined contribution plans are post-employment benefit plans under which a University 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.

(k) Foreign currency transactions

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

(l) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowing costs have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents include short term deposits, cash on hand and cash at bank at the end of the financial year.

(n) Provision on bad and doubtful debts

The University provides for bad and doubtful debts at the rate of 10% of the outstanding debtors, less outstanding staff imprests and salary advances.

(o) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the period under review

(p) Related Parties

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

(q) Comparative figures

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

(r) Contingent liabilities

The Entity 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.

(s) 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.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the University's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of

revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The University did not make any key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives and residual values

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

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

Provisions

The university recognized provisions when there is present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS CONT

6 REVENUE FROM NON-EXCHANGE TRANSACTIONS		Jun 25	Jun 24
Description		Kshs.	Kshs.
Unconditional Grants			
Recurrent Grants		1,182,390,240	1,506,803,484
Other Grants		-	-
Total Unconditional Grants		1,182,390,240	1,506,803,484
Conditional Grants			
Other Organizational Grants		-	-
Total Government Grants And Subsidies		1,182,390,240	1,506,803,484
7 PUBLIC CONTRIBUTIONS AND DONATIONS		Jun 25	Jun 24
		Kshs.	Kshs.
Donor Funds		125,591,802	91,189,548
Total		1,307,982,042	1,597,993,032
REVENUE FROM EXCHANGE TRANSACTIONS		Jun 25	Jun 24
		Kshs.	Kshs.
8 Rendering Services		1,524,547,850	1,180,740,180
9 Other Income		20,090,912	21,513,969
Provision for bad debts(Decrease)		473,745	-
10 Rental Income		2,314,050	1,993,000
Total Exchange Revenue		1,547,426,557	1,204,247,149
11 EMPLOYEE COSTS		Jun 25	Jun 24
		Kshs.	Kshs.
Personal Emoluments		2,882,644,778	2,970,314,658
Overtime		382,689	1,013,145
Gratuities		105,339,278	21,194,213
Other Employer Contributions		42,758,264	250,093,462
N.S.S.F		44,793,782	25,045,706
Total		3,075,918,791	3,267,661,184
12 DEPRECIATION AND AMORTIZATION EXPENSES		Jun 25	Jun 24
		Kshs.	Kshs.
Buildings		20,403,998	20,927,178
Motor Vehicles		1,361,744	1,815,658
Property plant and equipment		36,271,528	42,430,291
Total depreciation and amortization		58,037,269	65,173,127

13 USE OF GOODS AND SERVICES	Jun-25	Jun-24
	Kshs.	Kshs.
Domestic Travel	3,856,736	5,665,107
Foreign Travel	44,752	3,037,885
Printing, Advertising & Publicity	3,253,503	699,744
Land Rates & Rental Expenses	-	7,500,000
Staff Training Expenses	6,267,924	4,461,897
Hospitality Suppliers & Services	13,475,034	11,454,827
Medical & Insurance Expenses	27,997,975	32,548,461
Specialized ,Teaching Materials & Supplies	96,167,743	96,964,992
Provision for bad debts(Increase)	-	32,323,567
General Supplies	14,390,042	17,918,265
Communication Supplies & Services	19,363,049	21,121,407
Fine, Interest & Penalties	238,765	-
Foodstuffs Supplies	7,080,354	5,772,328
Gas & Lubricants	12,661,127	13,894,673
Other Operating Expenses	6,422,648	6,085,426
Bulk purchase of water	10,450,506	8,621,876
Bulk purchase of Electricity	21,648,764	29,757,974
Audit Fees	812,000	812,000
Total	<u>244,130,923</u>	<u>298,640,426</u>
14 CONTRACTED SERVICES	Jun-25	Jun-24
	Kshs.	Kshs.
Contracted Legal Services	7,727,643	11,669,303
Contracted Security Services	12,042,962	17,322,132
Contracted Consultancy Services	-	0
Total Contracted Services	<u>19,770,605</u>	<u>28,991,435</u>
15 REPAIR AND MAINTENANCE	Jun-25	Jun-24
	Kshs.	Kshs.
Maintenance of Motor Vehicles	3,582,422	2,692,565
Maintenance of other Assets	3,373,935	8,342,100
Total	<u>6,956,357</u>	<u>11,034,665</u>
16 COUNCIL EXPENSES	Jun-25	Jun-24
	Kshs.	Kshs.
Chairman's Honoraria	2,220,000	752,500
Sitting Allowances	5,422,000	3,416,000
Induction and Training	-	764,600
Travel and Accommodation	2,081,653.00	3,236,034
Insurance	662,000	359,967
Other Allowances	244,000	176,000
Total	<u>10,629,653</u>	<u>8,705,101</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17 CASH AND CASH EQUIVALENTS	Jun 25	Jun 24
	Kshs.	Kshs.
Cash in hand	718,470	74,000
Production Unit Account- 110163686	2,602,351	929,041
Hostel Fund Account- 1101631791	1,511,534	1,189,611
Fund Account-01109148224	33,750	39,855
Coop Collection account	6,676,986	1,137,144
Equity Collection account	1,177,575	1,752,124
Students Deposit-1107252822-Caution Money	1,437,622	1,963,560
Machine Replacement Fund-1105828646	983,163	989,268
Staff Pension Fund -1122174462	539,740	545,845
Students Deposit savings Fund	729,614	729,614
Needy Students Fund	105,738	105,738
Fixed Deposit	300,000	300,000
KCB Fee Collection account	8,423,907	6,514,486
Research Account-1101631953	32,056,556	1,787,241
Production Unit Savings-1107289408	1,283,973	401,363
KESSP Account-1108979432	16,913	23,018
Main Account- 1109148135	2,442,991	3,147,256
Kasarani TTI Account-1160726485	1,469,555	1,474,595
	<u>62,510,437</u>	<u>23,103,756</u>
18 RECEIVABLES FROM EXCHANGE TRANSACTIONS	Jun 25	Jun 24
	Kshs.	Kshs.
Outstanding Students fees	1,933,604,545	1,937,808,836
Less: Provision for bad Debts @ 10%	(193,360,454)	(193,780,884)
E-citizen Unsettled Payments	13,745,847	1,531,442
Net Debtors from Exchange Trans.	<u>1,753,989,937</u>	<u>1,745,559,395</u>
19 RECEIVABLES FROM NON EXCHANGE	Jun 25	Jun 24
	Kshs.	Kshs.
Outstanding Staff Imprest	10,904,377	7,630,663
Salary Advances	74,500	1,279,364
Medical Advances	2,425,656	2,958,813
Deposits to Suppliers	104,350	104,350
Nyayo Vehicle Project	500,000	500,000
Dishonored cheque	562,501	562,501
Ministry of Education	145,932,379	125,566,957
	<u>160,503,763</u>	<u>138,602,648</u>
Less:10% Provison for bad debts	(359,251)	(412,566)
Net Debtors from Non-Exchange Trans.	<u>160,144,512</u>	<u>138,190,082</u>
20 INVENTORY	Jun 25	Jun 24
	Kshs.	Kshs.
Consumable stores	7,321,391	8,404,342

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. PROPERTY, PLANT & EQUIPMENT

	LAND KSHS	BUILDINGS KSHS	MOTOR VEHICLES KSHS	FURNITURE & FITTINGS KSHS	COMPUTERS, PRINTER & SOFTWARE KSHS	MACHINERY & EQUIPMENT KSHS	WORK IN PROGRESS KSHS	KASARANI TTI-WIP KSHS	TOTAL KSHS.
Depreciation Rates	0%	2.50%	25%	12.50%	30%	12.50%			
COST/VALUATION:									
At 30th June 2024	3,068,000,000	1,167,170,000	71,629,618	64,377,657	133,382,923	885,247,867	1,248,563,219	-	6,638,371,283
Valuation/Additions	-	-	-	298,400	729,640	-	-	-	1,028,040
Completed Projects/Transfer to KATTI	-	-	-	-	-	-	-	-	-
At 30th June 2025	3,068,000,000	1,167,170,000	71,629,618	64,676,057	134,112,563	885,247,867	1,248,563,219	-	6,639,399,323
DEPRECIATION:									
At 30 June 2024	-	351,010,075	66,182,644	44,874,173	118,567,337	652,186,073	-	-	1,231,820,300
Charges for the Period	-	20,403,998	1,361,744	2,475,235	4,663,568	29,132,724	-	-	58,037,269
As at 30 June 2025	-	371,414,073	67,544,387	47,349,408	123,230,904	681,318,797	-	-	1,290,857,569
NET BOOK VALUE:									
At 30 June 2025	3,068,000,000	795,755,927	4,085,231	17,326,648	10,881,658	203,929,070	1,248,563,219	-	5,348,541,754
At 30 June 2024	3,068,000,000	816,159,925	5,446,974	19,503,484	14,815,586	233,061,794	1,248,563,219	-	5,405,550,983

(1). In the opinion of the Council there is no impairment in the value of property, plant and equipment.

(2). All classes of the University assets were valued to fair market values by independent contracted professional valuers, Syagga and Associates Limited. The valuation report included also assets bought during the year. The report was issued in September 2011.

21. PROPERTY, PLANT & EQUIPMENT

	LAND KSHS	BUILDINGS KSHS	MOTOR VEHICLES KSHS	FURNITURE & FITTINGS KSHS	COMPUTERS, PRINTER & SOFTWARE KSHS	MACHINERY & EQUIPMENT KSHS	WORK IN PROGRESS KSHS	KASARANI TTI-WIP KSHS	TOTAL KSHS.
Depreciation Rates	0%	2.50%	25%	12.50%	30%	12.50%			
COST/VALUATION:									
At 30th June 2023	3,068,000,000	1,167,170,000	71,629,618	63,133,578	128,085,073	883,631,442	1,165,871,247	66,642,639	6,614,163,596
Valuation/Additions	-	-	-	1,244,079	5,297,850	1,616,425	82,691,972	-	90,850,326
Completed Projects/Transfer to KATTI	-	-	-	-	-	-	-	(66,642,639)	(66,642,639)
At 30th June 2024	3,068,000,000	1,167,170,000	71,629,618	64,377,657	133,382,923	885,247,867	1,248,563,219	-	6,638,371,283
DEPRECIATION:									
At 30th June 2023	-	330,082,897	64,366,986	42,087,961	112,217,800	618,891,530	-	-	1,167,647,174
Charges for the Period	-	20,927,178	1,815,658	2,786,212	6,349,537	33,294,542	-	-	65,173,127
As at 30th June 2024	-	351,010,075	66,182,644	44,874,173	118,567,337	652,186,073	-	-	1,231,820,300
NET BOOK VALUE:									
At 30th June 2024	3,068,000,000	816,159,925	5,446,974	19,503,484	14,815,586	233,061,794	1,248,563,219	-	5,405,550,983
At 30 June 2023	3,068,000,000	837,087,103	7,262,632	21,045,617	15,867,273	264,739,912	1,165,871,247	66,642,639	5,446,516,422

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22 TRADE AND OTHER PAYABLES	Jun-25	Jun-24
	Kshs.	Kshs.
Auditor General	9,744,000	9,744,000
Contractors & General Creditors	336,664,319	319,449,891
Provision for NCC - Land Rates	-	-
UoN Salary Reimbursement	2,788,531	2,788,531
Gratuities	286,462,611	208,194,545
Third Party Funds	483,943,320	442,175,719
Statutory Obligations	2,166,474,068	2,020,703,201
Sacco Deductions	28,948,390	26,584,865
Bank Loan Deductions	388,931,220	184,589,946
Insurance Premium Deductions	7,048,283	4,220,593
Other Staff Claims	75,499,427	69,680,426
	<u>3,786,504,169</u>	<u>3,288,131,717</u>
23 CURRENT LIABILITIES	Jun-25	Jun-24
	Kshs.	Kshs.
Refundable Deposits(Prepaid Fees)	240,658,405	167,296,385
24 EMPLOYEE BENEFIT OBLIGATION	Jun-25	Jun-24
	Kshs.	Kshs.
Staff Pension Fund	4,148,676,604	4,148,676,604
	4,148,676,604	4,148,676,604

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25 CASH GENERATED FROM OPERATIONS

Description	Jun-25	Jun-24
	Kshs	Kshs
Surplus for the year before tax	(560,034,999)	(877,965,757)
Adjusted for:		
Depreciation	58,037,269	65,173,127
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	(473,745)	32,323,567
Contribution to impairment allowance	-	-
Working capital adjustments		
Increase in inventory	1,082,951	(659,933)
Increase in receivables	(29,911,228)	(454,817,712)
Increase in deferred income	-	-
Increase in payables	498,372,452	1,276,557,676
Increase in payments received in advance	73,362,020	52,555,256
Net cash flow from operating activities	40,434,721	93,166,222

26. Prior Year adjustment

There were no any prior year adjustments.

27. Financial Risk Management

The University's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University's does not hedge any risks and has in place policies which states among other things:

- i. All fees and other charges due shall be paid at the commencement of the semester they are due and not beyond the third week of the semester. No student shall be allowed into the lecture, examination room or participate in activities which they have not fully paid for.
- ii. The University shall withhold any and all services, examination results, conferment of any degree, certificate and diploma until all outstanding fees are settled and further reserve the right to institute legal recovery proceedings against students with outstanding fees and also surcharge an interest at a rate to be determined by the council from time to time.

The University has endeavored to enforce the above in order to reduce the student debtors.

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

i) Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net

of 10% allowances for doubtful receivables, based on provision for doubtful debt policy and prior year practices.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University's Council, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

iii) Market risk

The Council has put in place an internal audit function to assist it in assessing the risk faced by the University on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The University's Internal Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The university has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The University manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Capital Risk Management

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

	Capital Fund Kshs.	Revaluation Reserve Kshs.	Revenue reserve Kshs.	Total Kshs.
At 30th June 2024	2,013,106,556	4,057,083,331	(6,353,486,035)	(283,296,148)
Funds received during the Period	-	-	-	-
Surplus for Period	-	-	(560,034,999)	(560,034,999)
As at 30th June 2025	2,013,106,556	4,057,083,331	(6,913,521,034)	(843,331,147)

b) Interest rate risk

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

c) Management of interest rate risk

To manage the interest rate risk, management has endeavored to bank with institutions that offer favourable interest rates.

28. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the University include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

29. Contingent assets and Liabilities

Contingent Assets

There were no any foreseeable contingent assets for the reporting period ended 30th June 2025

Contingent Liabilities

The contingent liabilities arising from the ongoing court cases amounts to KES 66,785,535

Contingent Liabilities	Total Claim KES
Court Cases, Others against the Technical University of Kenya	72,113,972
TOTAL	72,113,972

30. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

31. Ultimate And Holding Entity

The Technical University of Kenya is a State Corporation under the Ministry of Education . Its ultimate parent is the Government of Kenya.

32. Currency

The financial statements are presented in Kenya Shillings (KES) rounded to the nearest KES.

33. Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

	Issue / Observations from Auditor	Management comments	Status:	Time frame
1	Unsupported Balances			
	1.1 Unsupported Revenue from Exchange Transactions- Rendering Services The statement of financial performance reflects revenue from rendering services amount of Kshs.763,751,675 as disclosed in Note 8 to the financial statements. However, Management did not provide schedule of receipts to ascertain how much had been received. It was therefore not possible to confirm accuracy and completeness of the reported amount in the financial statements	<i>A schedule of receipts of revenue from rendering of services was availed for audit verification.</i>	Awaiting PIC recommendation	
	1.2 Unsupported Expenditure on Donor Funds			
	The statement of financial performance and as disclosed in Note 7 to the financial statements reflects donor funds totaling Kshs. 31,259,947. Sampled donors' records as detailed below revealed that these funds were received by the University for research purposes.	<i>The documentary evidence for the listed projects to support the expenses as well as the project files to confirm how the projects were implemented and progressed were availed for audit verification.</i>	Awaiting PIC recommendation	
	i) Leuven Fund (Global Minds) PhD Scholarship for a PhD student – an amount of Kshs. 2,228,981,			
	ii) University of Leeds (Dara Project) – an amount of Kshs. 969,985. Chemonics Kenya Ltd. Research and Innovation Systems for Africa (RISA Project) – an amount of Kshs. 16,575,899,			
	iii) UNCTAD (United Nations) Sustainable Leather Tanning and Trading Technologies in Kenya Leather Sector an amount of Kshs. 4,655,000.			

	However, no documentary evidence was provided in support of the expenditure as indicate in the funding summaries for the projects. Further, the project files to confirm how the projects were implemented and progressed were not provided for audit review.			
	1.2 Unsupported and Long Outstanding Receivables from Non-Exchange Transactions			
	The statement of financial position and as disclosed in Note 19 to the financial statements, reflects a balance of Kshs. 7,833,591 in respect of receivables from non-exchange transactions. Included in the balance is unsupported amount of Kshs. 104,350, Kshs. 500,000 and Kshs. 562,501 in respect of deposits to suppliers, Nyayo Vehicles Project and dishonored cheques all totaling Kshs. 1,166,851. Further, these amounts were brought forward from previous years and have been outstanding for a long period.	<i>Deposits to suppliers totaling Kshs 104,350.00, Nyayo vehicle Project Kshs 500,000.00 and Dishonored cheques Kshs 562,501.00 were inherited from the defunct Kenya Polytechnic and has remained in our financial statements ever since. The provision of these debts has become extremely doubtful to realize and the management has initiated a process of writing them off as bad debts.</i>	Awaiting PIC recommendation	
2	Delay in Payments of Trade and Other Payables			
	2.1 Analysis of the payables data revealed increments of Kshs. 131,912,690 and Kshs. 2,665,446 or 402% and 260% in respect of unremitted bank loan and insurance premiums from prior year audited financial statements. Analysis of the payroll reflects salary deductions in respect to the above commitments hence failure by the Institution to honor and remit loans and premium deductions to the respective Banks and Insurance Companies as entrusted by their employees. This poses a risk of penalties by the banks to the employees, a liability which should be fully owned by the University for breach of the law. In addition, the aging analysis presented for audit revealed that the University had not paid its creditors since May, 2018.	<i>The university has not been able to promptly settle all its financial obligations as and when they fall due due to inadequate funds. However the university has been prioritizing payments with an aim of ensuring that the university is able to remain afloat with its operations and settling most of the outstanding claims when there are improvements on the cash flow. However, the university is considering tapping on other revenue streams for purposes of strengthening its revenues to be able to settle it's financial obligations on a timely fashion.</i>	Awaiting PIC recommendation	
	2.2 Non-Compliance with Deduction and Remittance of Statutory Dues			
	The trade and other payables balance of Kshs. 3,125,726,027 includes statutory obligations amounting to Kshs. 2,012,983,064 as disclosed in Note 22 to the financial statements. The ledger provided for audit revealed that this amount was owed to Kenya Revenue Authority being PAYE deducted but not remitted. However, the repayment plan on how the University plans to settle outstanding amount was not provided for audit. In the circumstances, management is not able to meet its short-term obligations as and when they fall due and is exposed to loss of funds through fines and penalties.	<i>The university has been expanding since it's transition from the Kenya Polytechnic to the current Technical University of Kenya. However, the increase in the total revenue has not been commensurate with increase in the total expenditure especially during the period that the university experienced tremendous growth in establishment of the various degree programmes and the accompanying infrastructures for teaching, learning and research leading to the financial constraints</i>	Awaiting PIC recommendation	2026
3	Unsupported and Non-Remittance of Staff Pension			
	The statement of financial position and as disclosed in Note 24 of the financial statements reflects employee benefit obligation balance of Kshs. 3,011,248,440. By failing to remit pension deductions, the University is exposed to loss of funds in case of litigation cases and was in breach of Section 53A. (1)(3) of the Retirement Benefits Act, 2017 that requires an employer to remit employee's pension emoluments within fifteen (15) days of the deduction and shall attract a compound interest at the rate of three percent per month. Management is therefore exposed to loss of funds through penalties and fines.	<i>The university has not been able to remit pensions deductions within the stipulated time limits due to financial constraints it has been facing. The University has been under-capitalized over the years it has been in existence as a University College and subsequently a fully-fledged University. The increase in the total revenue has not been commensurate with increase in the total expenditure. This adverse financial disposition has negatively impacted on the liquidity position of the university resulting to these unremitted deductions.</i>	Awaiting PIC recommendation	2026
4	Irregularities in the Property, Plant and Equipment			
	4.1 Grounded Motor Vehicles			

	<p>Physical verification of motor vehicles revealed the four (4) vehicles modeled; Peugeot 504 Saloon KAL 279U, Toyota Avanza KBL 291G, Peugeot 406 KAV 060E, and Isuzu Minibus KAC 125G of undetermined value were not functional and had been grounded for a long period of time. An internal memo from the Fleet and Transport Manager to the Vice Chancellor dated 5 May, 2023 issued an inspection report of grounded University vehicles and recommendation for disposal. Further, records provided revealed that a vehicle VW Passat Reg No. KBJ 466 attached to the Vice Chancellor's Office developed gearbox problems in 2021 and was taken to D.T. Dobie for diagnosis. The vehicle was declared to be worn out beyond repair, and the dealer gave a quotation of Kshs. 1,950,000 for a new gearbox. The transport Department recommended that the University should consider disposing off this vehicle in its present mechanical condition and in its place purchase a new saloon car of comparable class for the Vice chancellor's Office. However, the current position of the grounded vehicles could not be established.</p>	<p><i>The grounded motor vehicles have been evaluated and those found unserviceable are being considered for disposal in accordance to the existing Public Procurement and Asset Disposal Act, 2015.</i></p>	<p>Awaiting PIC recommendation</p>	<p>2026</p>
	<p>4.2 Work-In-Progress – Kasarani Technical and Vocational College</p>			
	<p>Technical University of Kenya as the mentor institution for Kasarani Technical and Vocational College was in charge of the construction of the Technical and Vocational College tuition block. However, it was noted that the Company that had been contracted did not hand over the project valued at Kshs. 66,642,639 considering the contract was awarded on 14 October, 2014 for ten (10) Months period. Further, details of the building disclosed under the property, plant and equipment may be misleading since Kasarani Technical and Vocational College is currently an independent reporting entity.</p>	<p><i>The buildings relating to Kasarani Technical and Vocational College are no longer disclosed in our books of accounts.</i></p>	<p>Resolved</p>	<p>2024</p>
5	<p>Failure to Disclose Material Uncertainty in Relation to Sustainability of Services</p>			
	<p>The statement of financial position reflects total current assets balance of Kshs. 1,484,037,600 against total current liabilities of Kshs. 6,274,991,774 resulting to a negative working capital of Kshs. 4,790,954,174. Further, the statement of financial performance indicated that the University recorded a deficit of Kshs. 795,101,206 resulting to increase of accumulated deficit from Kshs. 4,680,419,072 as at 30 June, 2022 to Ksh. 5,475,520,278 as at 30 June, 2023.</p>	<p><i>As has been explained earlier, the University has been under-capitalized over the years it has been in existence as a University College and subsequently a fully-fledged University despite the resilient efforts by Council and the Management. The increase in the total revenue has not been commensurate with increase in the total expenditure especially during the period that the university experienced tremendous growth in establishment of the various degree programmes and the accompanying infrastructures for teaching, learning and research. However, the University has been in communication with the parent Ministry and the National Treasury appealing for their intervention and financial support and indeed it is very optimistic that the issues are being looked into. The university is also putting in place strategies geared towards enhancing institutional capacity and productivity as well as maximization of university resources for purposes of revamping the university profitability</i></p>	<p>Awaiting PIC recommendation</p>	<p>2026</p>
	<p>Emphasis of Matter</p>			
1	<p>Budget Control and Performance</p>			
	<p>The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis totaling Kshs. 3,959,898,868 and Kshs. 2,805,616,706 respectively, resulting to an underfunding amounting to Kshs. 1,154,282,163 or 29% of the budget. Similarly, the university expended an amount of Kshs. 3,600,717,912 against an approved budget of Kshs. 3,914,775,405 resulting to an under expenditure of Kshs. 314,057,494 or 8% of the budget.</p>	<p><i>The reduction in revenue was as a result of unrealised revenues especially from other incomes stream while the resultant under expenditure was due to reduction of revenues to support the expenditures. Majority of the over expenditures listed were within the allowable threshold of + or - 5% variance except for the repairs and maintenance. The over-expenditure on repair and maintenance was occasioned by the various works done</i></p>	<p>Awaiting PIC recommendation</p>	

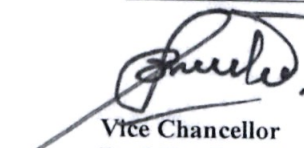
<p>vi. Review of the requisition form from the Director of Properties to procurement department dated 4 April, 2022 requesting for construction of Block I&T as per the approved drawings had the winning supplier name and contract sum of Kshs. 1,245,225,049. This may be an indication the Management was already aware of the winning bidder and the exact contract sum. Therefore, it was not possible to confirm authenticity of the whole procurement process for the construction of Block I&T.</p>	<p><i>The requisition forms are designed in such a way that the various sections of the forms are being completed as the procurement process progresses on. This is evident by the two different handwriting on the requisition documents. The first handwriting is the one that was used for the requisition. The second handwriting was used after the process was complete and is the requirement and normal practice when documents are filed</i></p>		
<p>vii. Three (3) members of the tender opening committee did not sign the minutes contrary to the law.</p>	<p><i>The lack of signing of the opening minutes was an oversight. They signed the attendance list during the tender opening. One member was absent due to a technical hitch. They later affirmed by memo that they had no objection to the opening minutes.</i></p>		
<p>viii. The University had written to the Inspector General corporations in request for additional funding of Kshs. 413,818,623. In his response, the Inspector General requested the University to submit a report on the procurement process from the inception to contract award by 4 November, 2022. However, the said report was not possible to confirm whether the University Management complied with the Director's request.</p>	<p><i>The report was presented to the inspector general corporations and the cover letter for the report submission is available.</i></p>		
<p>ix. The University Management did not tender for consultancy services for the specific project but rather used and existing consultancy contract that was signed on 15 July, 2015. No explanation was provided for above anomalies.</p>	<p><i>The Consultants were procured in year 2015 and undertook the design of the projects complete with design approvals from the Nairobi County Government (which is the time they were commissioned). There has been passage of time between the design phase and the construction phase but suffice it to say that it is the designs done earlier that are being implemented in the current construction phase. The previous consultants have not completed their assignments which is to design and then supervise the construction.</i></p>		
<p>3.2 Irregularities in the Procurement for Small Project Works</p>			
<p>During the financial year under review, the Department of Properties and Facilities Management had a works related budget of Kshs. 1,976,422,638 as approved in the University Procurement plan. Analysis of the payment vouchers and procurement documentations revealed the following issues:</p>		<p>Awaiting PIC recommendation</p>	
<p>i) The quotation document stated closing date as 19 October, 2022 while the professional opinion stated that the quotations were opened on 26 October, 2022, one week after the closing date in the quotation document.</p>	<p><i>The quotation document stated closing date as 19 October, 2022. However, due to exigencies of work, the quotations were opened on 26 October, 2022. This doesn't contravene the law.</i></p>		
<p>ii) The provisional sum of Kshs. 450,000 was not accounted for.</p>	<p><i>The provisional sum was accounted for under variation in certificate No.1 page 3 and 4 under items 2.1, 2.2, 2.7, 2.9, 2.11 and 2.12. The total figure of KES 548,750.00 is higher than KES 450,000.00 and accounts for the provisional sum.</i></p>		
<p>iii) Opening minutes were not presented for review.</p>	<p><i>Opening minutes are available for audit review.</i></p>		
<p>iv) Contract progress and inspection reports were not presented for audit review hence it was not possible to confirm the authenticity of the payment certificates attached to the payment vouchers.</p>	<p><i>The normal practice is for the contractor to make a claim for payment. Thereafter the works are inspected and measurements of actual work done is undertaken and payment is made against actual work done (which can differ slightly from estimates in the BQ). There are minutes, instructions, snag list to show that inspection was taking place.</i></p>		
<p>v) There was no signed contract document hence not possible to confirm the contract terms and duration of completion.</p>	<p><i>For small works, LPOs are used as contract documents and is available for review. All the supporting documentation including quotation, opening minutes, evaluation report and letter of appointment for the evaluation</i></p>		

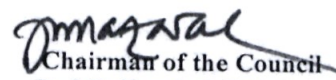
		<i>committee among others are available for audit review.</i>		
	vi) The contractor was paid in full without withholding retention money.	<i>vii. An inspection of payment certificate 1 of 2 page 5 item 3.9 shows retention of KES 104,861.50 was not paid and therefore the contractor was not paid in full as misconstrued</i>		
	vii) The University did not maintain a project file hence it was not possible to confirm the procurement process used in contracting the respective contractor.	<i>A project file for M/s Quishi International Limited exists and is available for audit review</i>		
	3.2.2 Proposed Painting of Library			
	Payment voucher number 33300 of Kshs. 2,340,103 paid to a contractor for proposed painting of Library, Block F & G revealed the following issues:			Awaiting PIC recommendation
	i. Payment certificate number 1 of Kshs. 2,340,103 stated that the works were 80% complete. However, the tender document indicated that certificate number 1 should be paid upon 100% completion of works hence and irregular variation of the contract terms.	<i>Even though, the tender document indicated that certificate number 1 should have been paid upon 100% completion of works. The contractor had to requested to be partly paid awaiting final completion of the works since the work had been temporarily halted due to the ongoing examination that did not require noise and disruptions associated with the construction works (hence the 80% payment).</i>		
	ii. The University Management varied works totaling Kshs. 560,850 and Kshs. 176,300 for the decoration works at DVC Office and painting works at Student Centre respectively. No variation minutes were presented for audit.	<i>Variation minutes are available.</i>		
	iii. Documentation on completion of works totaling Kshs. 517,000 and Kshs. 588,000 for Block G & H which was noted as incomplete in certificate number 1 was not provided. It was not possible to confirm whether the works were done or not.	<i>List of AGPO suppliers is available. M/s Vithek Enterprises Limited is registered under Access to Government Procurement Opportunities (AGPO) for Youth Women and Persons with Disabilities and was contracted through requests for quotation based on the Government directive on affirmative action for special group. The list of AGPO registered suppliers is available</i>		
	iv. The quotation document indicated duration for the works as ten (10) days. However, after one month the contractor had only completed 89% of the works. No explanation was provided to justify the delay in completion of the works.	<i>The delay in the works was occasioned by the examinations that were being done and did not require noise and obstructions associated with the works. All the supporting documentation including quotation opening minutes, evaluation report and letter of appointment for the evaluation committee among others are available.</i>		
	3.2.3 Electrical Works and Associated Services for Block G			
	3.2.3 Payment voucher number, 34173 reflects an amount of Kshs. 1,038,018 paid to a contractor for electrical works and associated services for Block G. The supporting documents presented for audit review revealed the following issues:			Awaiting PIC recommendation
	i) Payment certificate number 1 had unapproved variations totaling Kshs. 140,000.	<i>The variation of KES 140,000 was necessitated by the site meeting held on 16th November 2022 where it was resolved that the listed items on site instruction No.01 dated 10th November 2022 be considered. The minutes are available.</i>		
	ii) The quotation document and the professional opinion indicated total contract sum of Kshs. 999,200 while the supplier was paid a total amount of Kshs. 1,092,650. No explanation was provided as to why the contractor was paid more than the quoted contract sum by an amount of Kshs. 93,450.	<i>While the contract sum was KES 999,200, payment is always made on actual work done which in this case is the gross value of work done at KES 1,092,650 as per the payment certificate.</i>		
	iii) The project progress, inspection reports, registered list of AGPO Suppliers, quotation and LPO stating the contract duration were not presented for review.	<i>Minutes, site instructions, snag list, constitute the progress /inspection reports and are available. The list of AGPO registered suppliers is available. The contract period was one month or 4weeks as was indicated on page 7 of the quotation document.</i>		

	iv) The professional opinion was signed on 14 October, 2022 while the LPO was signed two (2) days before the professional opinion on 12 October, 2022. It was not possible to confirm the basis in which the Accounting Officer awarded the contract without recommendations from the procurement department.	<i>The correct and true position is that the professional opinion was signed on 14/10/2022 while the LPO was approved on 18th October 2022 and not on 12th October 2022 as depicted</i>		
	3.2.4 Upgrading of Room N 102			
	Examination of payment voucher number 34561 reflects an amount of Kshs. 1,442,888 and Kshs. 84,041 paid to a contractor through certificate number 1 and 2 respectively for the upgrading of Room N 102. Analysis of the supporting documents revealed that the payment certificate number 1 reflected a contract variation of Kshs. 634,100, whose approval was not provided. Further, it was noted that the University did not maintain a project file for the works hence it was not possible to confirm whether the project adhered to the Procurement Act in contracting for the project. In addition, it was noted that the quotation had a validity period of ninety (90) days. However, the quotations were opened on 19 October, 2022 and LPO issued on 6 March, 2023, a period of one hundred and forty (140) days. No minutes of the variation were presented for audit review.	<i>Variation minutes and site instructions are available. The variation was based on the actual work done as opposed to the initial bills of quantities provided. The project file has been available for audit review. The delay in issuance of the LPO was due to the impact of Covid 19 pandemic which interrupted normal working conditions due to restricted movement during that period.</i>	Awaiting PIC recommendation	
	3.2.5 Proposed Re-roofing of lecture theatre			
	Payment voucher number 33176 reflects payment of Kshs. 1,870,515 to a contractor under certificate no. 1; being 85% works done for the proposed re-roofing of a lecture theatre contrary to the provisions of the tender document which required certificate number 1 to be raised after 100% project completion. Further, the quotation was floated to AGPO Suppliers only. In addition, it was noted that the University Management did not maintain procurement file for the said project hence it was not possible to confirm the procurement process from sourcing to payment and retention money. Similarly, approval of the variation of Kshs. 770,350 was not provided. In the circumstance, value for money from the above procured projects could not be confirmed. Further, Management was in breach of the law.	<i>The Lecturer Theater is a busy teaching space that kept disrupting the contractor's work and timeline as the students needed silence to learn. This made the work take too long to complete. The contractor raised an early claim due to this. This was also interrupted by the covid-19 period slowing down the work. Hence the 85% work claim. The project file has been available for audit verification same with Variation minutes, snag list and site instructions. The variation was as a result of actual work done vis-a-vis the bills of quantities provided.</i>		
4	Irregular Management of Framework Agreements			
	Analysis of the procurement documents presented for audit revealed that the University advertised for framework agreements of various categories on 17 June, 2022. However, it was noted that, The University used quotation method to procure for supply of goods already signed for in the framework agreements which include foodstuff and stationeries from the list of prequalified supplier. This was in contravention of Regulations 106 of the Public Procurement and Asset Disposal Regulation, 2020 which states that a procuring entity is not required to advertise or invite quotations from person not shortlisted under the framework agreement where a framework agreement has been entered into by the procuring entity.	<i>The university has instituted measures to ensure adherence to the Public Procurement and Assets Disposal Act, 2015 regarding Framework Agreement</i>	Awaiting PIC recommendation	
	Further, it was noted that the Head of Procurement Unit did not prepare and submit to the Accounting Officer a copy to the Internal Auditor quarterly reports detailing an analysis of items procured through framework contracts and the reports include an analysis of pattern of usage, procurement costs in relation to the prevailing market rates and any recommendations.			
	In addition, analysis of all payment documents revealed that goods are received directly by the University procurement unit without verification by the receiving and inspection committee. It was therefore not possible to confirm compliance in terms of contract specifications of goods received.		Awaiting PIC recommendation	
	In the circumstances, value for money on the contracts procured could not be confirmed. Further, Management was in breach of the law.			

<p>Irregular Approval and Application of the Procurement Plan During the financial year under audit, Management prepared and approved a procurement plan with an estimated cost of Kshs. 271,062,761. Analysis of the approved procurement plan document revealed several irregularities concerning the approval as detailed below;</p>			
<p>i. The procurement plan presented for audit review was signed on 6 October, 2022 contrary to Section 53(2) of the Public Procurement and Asset Disposal Act, 2015 which requires and Accounting Officer to prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.</p>			
<p>ii. The approved procurement plan presented for audit had several gaps which include; procurement items listed with no indication of the method to be used as the case of all items under University Health and Wellness services. This was contrary to Section 53 (10) of the Public Procurement and Asset Disposal Act, 2015, which provides that, the procurement and disposal plans approved under Subsection (5) shall include choice of procurement and disposal methods. Further, the approved procurement plan had gaps on items required where amounts were indicated with the item to be procured not listed and the amount is tallied to the sub totals as in the case number 72 of Property and Facilities Management.</p>			
<p>iii. The procurement plan present for audit review approved procurement of up to Kshs 925,000,000 and Kshs. 300,000,000 to be procured through request for quotation as per item number 82 and 83 of the Property and Facilities Management contrary to the threshold matrix under the Second Schedule of the Public Procurement and Asset Disposal Regulations, 2020 that has capped the threshold of project works through request for quotation at kshs. 5,000,000.</p>			
<p>iv. An amount of Kshs. 178,000,000 was planned and approved in the procurement plan under Engineering Professional Services to be procured through request for quotation. However, the category could not be traced in the list of prequalified suppliers presented for audit</p>			
<p>v. The procurement plan items listed to be procured through request for quotations did not agree with the framework agreements and list of prequalified suppliers presented for audit review.</p>			
<p>vi. Non-procurement categories which include subsistence allowance, travelling expenses and passage and baggage were listed in the approved procurement plan, fully costed and procurement method indicated as request for quotation as the case of Electrical and Engineering number 24,25 and 26.</p>			
<p>In the circumstances, it was not possible to confirm, the lawfulness of procurements carried out under the University's approved procurement plan in 2022/2023. Further, Management was in breach of the law.</p>			
<p>REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</p>			
<p>1. Lack of Policy Document</p>			
<p>1.1 Risk Management Policy</p>			
<p>During the audit, it was noted that the University lacks a Risk Management Policy thus it does not have a framework for management of risk and hence not possible to identify, assess and control risk. In the circumstances, the University lacks fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.</p>	<p><i>The university has developed a risk management policy and is awaiting council approval.</i></p>	<p>Awaiting PIC recommendation</p>	<p>2025</p>
<p>1.2 Disaster Recovery Plan</p>			

	During the audit, it was noted that the University did not have in place a disaster recovery or business continuity plan. In the absence of a disaster recovery or business continuity plan, the Institution lacks a blue print for identifying, preventing and mitigating against disaster and ensuring that its operations are not interrupted. In the circumstance, the University lacks the ability to meet its obligations of providing basic services or its financial commitments, identify the financial problems and be designed to place the National Government in a sound and sustainable financial condition.	<i>The management shall ensure that there is a disaster recovery plan in place to ensure operations are not interrupted in case of a disaster.</i>	Awaiting PIC recommendation	2025
2	Unapproved ICT Policy			
	Review of the University ICT environment during the year ended 30 June, 2023 revealed that there was no formal approved ICT policy in place to enable the University manage business processes for the delivery of services to the stakeholders in an effective and efficient manner. In the circumstances, the IT operations may not have been effectively managed and aligned to support the operations of the entity during the year under review.	<i>The university has developed several ICT related policies that are awaiting council approval. The policies include; i. eLearning Policy and Procedures. ii. TU-K Web Accessibility Policy. iii. The appropriate use of information communication technology resources Policy. iv. Policy and Procedures for ICT Security. v. Code of Conduct for Information Technology Policy. vi. University Access to Personal Digital Content Policy. vii. ICT Maintenance Policy</i>	Awaiting PIC recommendation	Dec 2025
3	Outstanding Staff Imprests			
	The statement of financial position and as disclosed in Note 19 to the financial statements reflects a total balance of Kshs. 7,833,591 in respect of receivables from non-exchange transactions which include outstanding staff imprest amounting to Kshs. 2,569,914. No explanation was provided as to why the imprest had not been surrendered as at 30 June, 2023.	<i>It is the Practise of the university to recover temporary and safari imprests within forty eight (48) hours after returning to duty station, and if not accounted for within the stipulated time, the same is recovered from the salary. However, the imprests that are for research /Project related activities often cut cross financial years before completion and account for over 90% of the larger percentage of the outstanding imprests of KES 2,569,914.</i>	Awaiting PIC recommendation	June 2025
4	Failure to tag and Update the Fixed Asset Register			
	Note 21 to the financial statements reflects property, plant and equipment additions totaling to Ksh. 152,168,180 in respect of furniture and fittings, computer, printer and software, machinery and equipment and work in progress of Kshs. 3,393,060, Kshs. 2,696,100, Kshs. 2,857,505 and Kshs. 143,221,515, respectively. However, it was noted that the fixed asset register was not updated to include the details of code list, payment voucher numbers and the cheque numbers of each of the assets acquired. Further, it was noted that most of the University's assets have not been tagged which assist in unique identification of assets.	<i>The University has initiated revaluations and tagging of its assets and has requested the Ministry of Public Works to carry on the valuation and tagging of the university assets for purposed of updating the asset register in the prescribed format as required by the National Treasury Circular and template, No. 5/2020 dated 25/02/2020.</i>	Awaiting PIC recommendation	June 2025


Vice Chancellor
Prof. Dr.-Ing. Benedict M. Mutua,
28th August 2025


Chairman of the Council
Dr. Idle Farah, OGW; PhD
28th August 2025

Appendix II: Projects implemented by The Technical University of Kenya

Projects implemented by the Technical University of Kenya and Funded by the Government of Kenya

Project title	Project Number	Donor/Financier	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Construction of block T & Senate Tower		GoK	4yrs	Nil	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of block T & Senate Tower	1.4B	247M	11%	0	0	GoK