

REPUBLIC OF KENYA



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THE AUDITOR-GENERAL

ON

OPEN UNIVERSITY OF KENYA

**FOR THE YEAR ENDED
30 JUNE, 2024**



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024



<https://ouk.ac.ke>

This report has been prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards

Table of Contents

Chapter 1	Acronyms and Definition of Key Terms	Page iii
Chapter 2	Key Entity Information and Management	Page vii
Chapter 3	The Chancellor and University Council	Page xiv
Chapter 4	Key Management Team	Page xxi
Chapter 5	Chair of Council Statement	Page xxvi
Chapter 6	Report of the Vice-Chancellor	Page xxviii
Chapter 7	Statement of Performance against Predetermined Objectives for FY 2023/2024	Page xxx
Chapter 8	Corporate Governance Statement	Page xxxvii
Chapter 9	Management Discussion and Analysis	Page xli
Chapter 10	Environmental and Sustainability Reporting	Page xlviii
Chapter 11	Report of the Council	Page lii



Chapter 12	Statement of Council Responsibilities	Page liii
Chapter 13	Report of the Independent Auditor for the Financial Statements of Open University of Kenya	Page Iv
Chapter 14	Statement of Financial Performance for the Year ended 30 June 2024	Page 1
Chapter 15	Statement of Financial Position as at 30 June 2024	Page 2
Chapter 16	Statement of Changes in Net Assets for the year ended 30 June 2024	Page 4
Chapter 17	Statement of Cash Flows for the Year ended 30 June 2024	Page 5
Chapter 18	Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024	Page 7
Chapter 19	Notes to the Financial Statements	Page 9
Chapter 20	Appendices	Page 37

1

Acronyms and Definition of Key Terms

Acronyms

Acronyms

A-I-A	Appropriation-in-Aid
ANIE	African Network of Internationalization of Education
ASLER	Association of Language Educators and Researchers
CIF	Children in Freedom
CPA (K)	Certified Public Accountant of Kenya
COL	Commonwealth of Learning
CUE	Commission for University Education
DOLPAK	Distance, Open and E-Learning Practitioners' Association of Kenya
EAUMP	Eastern Africa Universities Mathematics Programme
ECL	Expected Credit Loss
EMCA	Environmental Management and Coordination Act
ERP	Enterprise Resource Planning
FIHR & P	Finance Infrastructure, Human Resource and Planning
FSP	Financial Sustainability Plan
FY	Financial Year
GDP	Gross Domestic Product
GESIP	Green Economy Strategy and Implementation Plan
GoK	Government of Kenya
HELB	Higher Education Loans Board
HRM	Human Resource Management
ICT	Information and Communication Technology
ICTD	Information & Communication Technology and Development

Acronyms

IGAD	Intergovernmental Authority for Development
IGNOU	Indira Gandhi National Open University
IPSAS	International Public Sector Accounting Standards
IRIMP	IGAD Regional Infrastructure Masterplan
JSC	Joint Steering Committee
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KALRO	Kenya Agricultural and Livestock Research Organisation
KENET	Kenya Education Network
KLISC	Kenya Library and Information Services Consortium
KoTDA	Konza Technopolis Development Authority
KUCCPS	Kenya Universities and Colleges Central Placement Services
LAEA	Language Association of East Africa
LMS	Learning Management System
MDA	Ministries, Departments and Agencies
MOU	Memorandum of Understanding
NACOSTI	National Commission for Science, Technology and Innovation
NGO	Non-Governmental Organisation
NITA	National Industrial Training Authority
NRF	National Research Fund
NSSF	National Social Security Fund
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act
OSSREA	Organization for Social Science Research in Eastern and Southern Africa
OUK	Open University of Kenya
PAC	Public Accounts Committee
PC	Performance Contract
PFM	Public Finance Management
PIC	Public Investments Committee
PPE	Property Plant and Equipment
PS	Principal Secretary

Acronyms

PSC	Public Service Commission
PSASB	Public Sector Accounting Standards Board
QMS	Quality Management System
SAGAs	Semi-Autonomous Government Agencies
SDG	Sustainable Development Goal
SC	State Corporations
SKIES	Strengthening Kenya's Innovation Ecosystem
STEM	Science, Technology, Engineering and Mathematics
UNESCO	United Nations Educational, Scientific and Cultural Organization
USAID	United States Agency for International Development
VLE	Virtual Learning Environment
VLMS	Virtual Learning Management System
VC	Vice-Chancellor
WFATE	World Forum for Associations of Teacher Educators

Definition of Key Terms

For purposes of this report the following terms are defined as follows:

Academic Year means a period of study and examination as designated by the Senate. The academic year may be divided into semesters or terms for ease of administration of services.

Act means the Universities Act, 2012 (No. 42 of 2012) as may be amended from time to time.

Alumni means any person who is a former student and a graduate of OUK.

Annual Estimates Means the estimates prepared under Section 11 of the Charter and these Statutes in respect of any financial year.

Asynchronous Learning Means an educational approach where learners access and complete course materials on their own schedule, allowing for flexibility in how and when they participate.

Capital Development Budget means a financial plan specifically designed to allocate funds for long-term investments in assets that will provide benefits over several years.

Chair of Council Means the Chairperson of Council of the Open University of Kenya under Chapter 36 of the Act.

Charter Means the Open University of Kenya Charter (2023) granted under the provisions of the Act.

Comparative Year Means the prior period.

Constitution Means the Constitution of Kenya, 2010.

Council Means the Council of the Open University of Kenya established under Paragraph 13 of the Charter, and OUK Statutes.

E-Citizen Online portal in Kenya that provides a one-stop platform for accessing various government services.

Fiduciary Management Means members of Management directly entrusted with the responsibility of financial resources of the organization.

Financial Year Means the financial period of the University as provided for under the Act and in Paragraph 23 of the Charter and OUK Statutes.

Learning Management System Means the software application used to administer, document, track, report, and deliver educational courses or training programs at OUK.

Statutes Means the University Statutes (2023) approved by the Council under the Act and Section 14 of OUK Charter.

Recurrent Budget A budget that covers operational and regular expenses.

Student Means a learner registered by the University for the purposes of obtaining education and training towards the acquisition of a particular qualification of the University under OUK Statutes.

Synchronous Learning Means mode of education where all participants engage in learning activities at the same time.

The Government Means the government of Kenya.

The University Means the Open University of Kenya.

University Management Board Means a governance structure of the University under the Act and Paragraph 17 of the Charter and OUK Statutes.

Vice-Chancellor Means the Vice-Chancellor of the Open University of Kenya appointed under the Act; Paragraph 14 of the Charter and OUK Statutes.

2

Key Entity Information and Management

2.1 Background information

The Open University of Kenya (OUK) is a leading Public Specialised University, focused on teaching, learning, and research in areas of national strategic importance. Chartered in August 2023 under section 24(1) (b) of the Universities Act (No. 42 of 2012), OUK is committed to promoting openness, inclusivity, affordability, and flexibility while ensuring access to high-quality higher education for all. By recognising prior learning experiences, the University broadens opportunities for diverse learners. By embracing technological innovation, OUK utilises advanced Information and Communications Technology (ICT) infrastructure, including Enterprise Resource Planning (ERP) systems and a comprehensive Virtual Learning Environment (VLE), to enrich its academic offerings.

2.1.1 Governance Structure of the University

The Charter establishes the following to be the key membership and organs of the university:

- The Chancellor
- The Council
- The Vice-Chancellor
- The Deputy Vice-Chancellors
- The Senate
- The University Management Board



Picture(s) 1: His Excellency Hon. William Samoei Ruto, PhD, C.G.H, officially awarded the Charter and presented the Charter, Instruments of Authority and Accreditation Report to the Chairperson of the University Council of the Open University of Kenya.

2.1.2 The University Management Board

The University Management Board will be comprised of:

- Vice-Chancellor as the Chair
- Deputy Vice-Chancellors
- Finance Officer
- Director ICT
- Registrars
- Dean of Students
- University Librarian
- Chief Legal Officer

2.2 Principal Activities

The principal activity of the University is to provide higher education and generate knowledge for digital transformation through research, innovation, training and outreach.

2.2.1 Vision

The innovative university for inclusive prosperity.

2.2.2 Mission

To provide affordable, flexible, quality learning experiences which enable individual acquisition of knowledge, skills and values in learners' chosen fields of study; nurturing them into innovative researchers, leaders, entrepreneurs and global citizens.

2.2.3 Core Values

The core values espoused by The Open University of Kenya Council, Management, Senate, Staff and Students are: Excellence; Inclusivity; Innovation and Integrity

2.2.4 Philosophy

The Open University of Kenya (OUK) is built on the foundation of educational inclusion, challenging the traditional, often exclusionary, model of higher education. OUK firmly believes that everyone should have the opportunity to pursue higher education, rejecting the notion that academic ability should be a limiting factor. The University opposes the concept of "school dropouts" and does not view academic grades as barriers to access. In line with this inclusive philosophy, OUK has established systems to acknowledge and credit prior learning experiences, ensuring broader access to education for all.



Picture(s) 2: President William Ruto, cuts the Launch Ribbon to officially unveil the Open University of Kenya Offices at Konza Technopolis

2.3 Key Management

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

No.	Designation	Name
1.	Vice-Chancellor	Prof. Elijah Omwenga
2.	Deputy Vice-Chancellor, Academic Affairs	Prof. Caroline Omulando
3.	Deputy Vice-Chancellor, Planning and Infrastructure	Prof. Christopher Chepken
4.	Chair of University Senate	Vice-Chancellor
5.	Chair of University Management Board	Vice-Chancellor

2.4 Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice-Chancellor	Prof. Elijah Omwenga
2.	Deputy Vice-Chancellor, Academic Affairs	Prof. Caroline Omulando
3.	Deputy Vice-Chancellor, Planning and Infrastructure	Prof. Christopher Chepken
4.	Finance Officer	CPA Daniel Kimaiyo
5.	Procurement Officer	Desk Officer- SDHER

2.5 Fiduciary Oversight Arrangements

Council provides fiduciary oversight on the operations and the decisions made at the university through the following committees:

1. Audit, Risk & Compliance;
2. Finance Infrastructure, Human Resources and Planning;
3. Academic, Research, and Linkages Committees.

Audit, Risk & Compliance Committee

Responsibilities include ensuring compliance with the Constitution, laws, government circulars, internal policies, and regulatory requirements. They also involve facilitating the development, approval, and implementation of the annual risk-based audit plan, and reviewing internal and external audit reports to ensure management actions are taken. Additionally, the role addresses audit issues raised by the Public Investment Committee (PIC), government, regulatory bodies, donors, and other stakeholders. The duties extend to receiving and discussing audited financial statements, adopting changes to the internal control system, evaluating processes for risk management, and strengthening governance systems.

The Finance, Infrastructure, Human Resources and Planning committee

Duties involve ensuring compliance with the Constitution, the University Act 2012, and other relevant laws and standards. This includes reviewing and recommending annual budgets, procurement plans, resource mobilisation strategies, and policies on finance, procurement, administration, HR, and infrastructure for Council approval. The role also involves overseeing financial operations, receiving and considering reports such as quarterly financial statements, procurement plan updates, and strategic plans. It ensures effective implementation of the University's master plan, strategic plan, performance contracts, and ICT infrastructure projects. The committee evaluates university resources, including human, physical, financial, and information resources, and recommends policies for human resources, governance structures, and staff welfare.

The Academic, Research, and Linkages committee

Responsibilities include ensuring compliance with the Constitution, the Universities Act No. 42 of 2012, and government rules and standards, particularly during Council deliberations. The committee reviews and approves Senate reports, research activities, academic staff recruitment and promotions, and university partnerships and collaborations. It also oversees student matters, innovations, and digital transformations, and monitors key academic functions like admissions, examinations, graduations, and alumni activities. The committee submits these for Council approval, noting, and sealing where applicable. Additionally, it handles other tasks as assigned by the Council.

2.5.1 Parliamentary Oversight Committees

In Kenya, Parliamentary Oversight Committees play a crucial role in ensuring governance, accountability, transparency and adherence to the rule of law. These committees

are established by the Parliament of Kenya and are tasked with scrutinising the activities, policies, and expenditures of the Executive arm of government. Here's a breakdown of their key roles:

- **Public Accounts Committee (PAC):** This committee examines the accounts showing the appropriation of funds granted by Parliament to meet public expenditure and scrutinizes reports of the Auditor-General.
- **Public Investments Committee (PIC):** This committee examines reports and accounts of public investments, the reports of the Auditor-General on public investments, and the government's efforts in managing state-owned enterprises.

2.5.2 Entity Headquarters

Head Office

Open University of Kenya
P.O. Box 2440-00606
NAIROBI, KENYA

2.5.3 Entity Contacts

Telephone: +254 020 2000211

WhatsApp: +254 0202000212

E-mail: info@ouk.ac.ke

Website: <https://ouk.ac.ke>

X (Twitter): @OpenUniKenya

YouTube: @OpenUniKenya

Facebook: @OpenUniKenya

2.5.4 Entity Bankers

Equity Bank Machakos Branch
P.O Box 2453-90100
Machakos, KENYA

2.5.5 Independent Auditor

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

GPO 00100
Nairobi, Kenya

2.5.6 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 Chancellor and University Council

The Chancellor

The Chancellor is the titular head of the university and was appointed on 3rd August 2023. The council members were also appointed on 3rd August 2023 to serve a term of 3 years.

Dr James Mwangi CBS



Chancellor

Appointed on 3rd August 2023



Dr James Mwangi is a certified international retail banker with five honorary doctorate degrees. He frequently lectures at top universities and has been featured in over 40 case studies, including one by Harvard in January 2023. As Managing Director and CEO of Equity Group, he leads the Africa Recovery and Resilience Plan and advocates for it globally. A notable accolade nationally, regionally and globally for instance, named Chairman, Commonwealth Enterprise and Investment Council, East / Central Africa 2023. He is also a prominent keynote speaker at major events.

A dedicated philanthropist, James and his family have made significant contributions, including millions of dollars for drought relief, COVID-19 support, and educational initiatives. His donations include USD 1 million for drought relief in Kenya, USD 4 million for COVID-19 response, and substantial support for education and development projects across Africa.

James has advanced financial inclusion by breaking down barriers to access in Kenya and beyond. He led a savings-led microfinance revolution, extending economic opportunities to previously unbanked communities. Under his leadership, Equity Bank has become a leading financial services group in Africa, with a total asset base exceeding USD

13 billion and an extensive distribution network.

In 2008, James founded the Equity Group Foundation (EGF) to drive social impact. As Executive Chairman, he has secured USD 583 million for impactful programs. EGF has awarded 47,009 secondary school scholarships, supports 17,820 tertiary students, provides financial literacy training to 2.5 million youth and women, and business development training to over 391,000 entrepreneurs. The Foundation also enhances farmers' livelihoods and healthcare access through a health franchise model.

James has also contributed significantly to global development policies through advisory roles with VISA, Mastercard, the Clinton Global Initiative, the UN Advisory Groups, and others. He played a key role in Kenya's Vision 2030, serving as Founding Chair of the Vision 2030 Delivery Board and has been active in managing Kenya's COVID-19 and drought response efforts.

As the Chancellor of Open University of Kenya, he envisions fostering academic excellence, innovation, and personal growth for students and staff while nurturing their holistic development within a diverse and inclusive community.

The University Council

Prof. Ezra MARITIM



Chair of Council



Appointed on 3rd August 2023

Prof. Ezra Maritim earned his Bachelor of Arts degree from the University of Nairobi in 1973, followed by a Master of Education (1975) and a Doctor of Education (1979) from Harvard University. He dedicated many years to Kenyatta University, where he held significant roles as both a teacher and administrator, including University Secretary and Deputy Vice-Chancellor for Finance, Planning, Development, and Administration. From 1983 to 1990, he was seconded as Deputy Secretary to the Kenya National Examinations Council.

Ezra's extensive contributions to higher education include serving as Deputy Coordinator for the World Bank-supported University Investment Project, Deputy Secretary at the Commission for Higher Education, and Vice-Chancellor of Egerton University. He has also been actively involved in policy and community engagement, chairing and serving on boards of various educational institutions. Notably, he chaired the Technical Working Committee for the Operationalization of the Open University of Kenya. Regionally, he contributed as a UNESCO and UNDP consultant on the development of the Kigali Institute of Education (now the University of Rwanda-Kigali College of Education) and on distance learning programs.

Additionally, he has served as a Visiting Professor at the University of South Africa and the Open University of Tanzania and as Coordinator of the Southern African Development Community Centre of Specialization in Open and Distance Learning (Teacher Education) in Dar es Salaam.



Dr Utheri KANAYO



Member of Council

Appointed on 3rd August 2023



Dr Utheri Kanayo completed her undergraduate and master's degrees in Education at Kenyatta University and the University of Nairobi, respectively, before earning her PhD in Education from Newnham College, University of Cambridge, UK. She has held notable positions as an academic researcher at the Faculty of Education, University of Cambridge, and as a Research Manager for Camfed International. Dr Kanayo's extensive research portfolio addresses critical issues in the African educational landscape, such as pre-colonial education, citizenship education, teacher preparation, HIV and sexuality education, and local philanthropy. Her work combines theoretical frameworks with practical solutions to improve educational outcomes.

In addition to her academic achievements, Dr Kanayo transitioned into nonprofit leadership by co-founding Children in Freedom (CIF), an international NGO dedicated to offering scholarships and mentorship to African students. This initiative highlights her dedication to expanding access to quality education and empowering future African leaders. Her influence extends further through her role as the Special Africa Advisor for The Beacon Equity Trust and her affiliation as a Metis Fellow. Currently, as the chairperson of the Academic Research and Linkages Committee of the Council.

Dr Hillman J.K McOkwiri



Member of Council

Appointed on 3rd August 2023



Dr McOkwiri holds a Doctorate in Behavioral Design from Stanford University, a Master of Arts in Political Science and Public Administration from the London School of Economics, and both a Bachelor of Laws (LLB) and a Bachelor of Science in Politics from Ludwig-Maximilians - Universität (LMU), Munich, Germany. Dr McOkwiri's expertise also encompasses Behavioral Economics and Human-Centric Design, as demonstrated during his tenure as the Lead Behavioral

Economics & HCD Consultant at Dalberg Design. His skills have been instrumental in driving strategies, optimizing customer experiences, and crafting interventions. Dr McOkwiri is an accomplished professional with extensive experience in Product & Experience Research, Service & Product Design, and Behavioral Design. He has led innovation initiatives at notable companies such as Amitruck Ltd and KOKO Networks. As the Head of Products & Innovation at Amitruck Ltd, he has shaped the strategic vision for software and product roadmaps, utilizing a human-centered design approach to align commercial products with target markets. At KOKO Networks, he led the development of new product frameworks and user-driven campaigns, contributing to innovative product offerings across sectors such as Fin-tech, Insure-Tech, and Digital Payments. Hillman is the Chairperson of the Finance, Infrastructure, HR, and Planning Committee of the Council.

Mr Lawrence MUCHILWA



Member of Council

Appointed on 3rd August 2023

Mr Lawrence Muchilwa holds a Master's degree in Information Systems Technology from United States International University (USIU) and a Bachelor's degree in Computer Science Technology from Maseno University. With over a decade of experience in IT operations, software development, and internet security controls, Lawrence has held roles as a senior consultant, subject matter expert, trainer, and manager. His expertise includes securing ICT infrastructure both in the cloud and on-premises, with a notable track record in designing and implementing security projects for banks, telecommunications companies, and consultancy firms across East Africa, the Middle East, the Americas, and Asia Pacific. His efforts have led to a 70% reduction in enterprise cybersecurity risk through detailed risk assessments and the establishment of robust security measures. Lawrence is the Head of Information Security, Governance, Risk, and Compliance at Silensec and Cyber Ranges Ltd.

Lawrence is the Chairperson of the Audit and Risk Compliance Committee of the Council. His leadership in these positions underscores his commitment to advancing cybersecurity practices and ensuring comprehensive risk management across diverse sectors.

CPA Maina CHIIRA



Alternate Member

Appointed on 23rd October, 2023

CPA Maina Chiira holds Masters in Business Administration from Moi University and is a Certified Public Accountant of Kenya (CPA K). CPA Maina is a finance professional with 35 years' experience in Civil service, 20 years at senior position. He is the Senior Chief Finance Officer at the State Department for Higher Education and Research.

Mr Maina is the alternate member in Council representing the Principal Secretary, State Department of Higher Education and Research.



Mr John KIRIA



Alternate Member

Appointed on 22nd December, 2023

Mr John Kiria holds a Master's degree in IT, specializing in Information Systems Security & Audit from Strathmore University, and a Bachelor's degree in Information Technology from Jomo Kenyatta University of Agriculture and Technology (JKUAT). He is also in the final stages of completing a Master of Science in Data Science & Artificial Intelligence at the European Business University of Luxembourg. With over 20 years of experience in information technology, project management, and infrastructure development, Mr Kiria has made substantial contributions to national ICT infrastructure projects and has represented Kenya on ICT matters as a member of the Technical Committee of the Joint Steering Committee (JSC) for IGAD Member States. His work on developing the IGAD Regional Infrastructure Masterplan (IRIMP) underscores his dedication to strategic ICT planning and regional development.

In addition to his extensive experience, Mr Kiria has held significant leadership positions, including serving as Head of ICT at the State Department for Co-operatives, where he played a key role in advancing technology for the digitisation of the cooperatives sector. Currently, Mr Kiria serves as an alternate Council Member representing the Principal Secretary for the State Department for ICT and Digital Economy, continuing his commitment to advancing ICT and digital strategies at the national level.



Mr Eliud KHAYO



Council Member

Appointed on 28th March, 2024

Mr Eliud Khayo holds a Master's degree in Economics (2016–2018) and a Bachelor's degree in Economics & Statistics (2013–2015), both from the University of Nairobi. He is currently pursuing a PhD in Economics and a Master's in Project Planning and Management at the same institution. As a seasoned Researcher and Economic Policy Analyst, Eliud has extensive expertise in public investment management and financial analysis to his role.

As a Principal Investment Officer at The National Treasury, Eliud plays a crucial role in overseeing government investments, ensuring regulatory compliance, and optimizing the public investment portfolio to foster sustainable economic growth. His duties encompass strategic planning, risk assessment, and the execution of investment strategies. Additionally, Eliud has served as the Lead Consultant at Lesar Consults since January 2018, where he has managed projects for clients such as the World Bank and the Ministry of Health, providing market research and strategic recommendations. His previous roles include being a Senior Consultant/Statistician at Ecotech Consultants Limited and positions at Inqaba Biotec East Africa, Utafiti International Ltd, Panafcon Development Consultants Ltd, and Mombasa Island Cargo Terminal.



Prof. Elijah OMWENGA,



Secretary to Council

Appointed on 3rd August 2023

Prof. Elijah Omwenga holds a PhD in Computer Science with a focus on Information Systems from the University of Nairobi, a Master's degree from the National University of Science and Technology - Bulawayo, Zimbabwe, a Bachelor of Education degree from Kenyatta University and a Postgraduate Diploma in Computer Science from the University of Nairobi.

Elijah has made significant contributions to his field, publishing extensively in reputable scientific journals and being actively involved in the design, development, and implementation of large-scale information systems. His research interests include ICT and education, as well as the deployment of low-bandwidth mobile applications.

In addition to his academic role, Elijah is a board member and Chairman of several national organisations. He is the President of the African Association for Teacher Educators and serves as the African representative to the World Forum for Associations of Teacher Educators (WFATE). He has also previously worked as a consultant for various local and international organisations, including UNESCO.

Elijah has previously served as the ICT Director at the University of Nairobi, Chairman of the African Virtual Open Resources and Initiatives Organisation (AVOIR), and a board member of the Kenya Education Network (KENET). Before joining OUK, he was the Deputy Vice Chancellor (Academics and Student Affairs) and Acting Vice Chancellor at the University of Kabianga. He was the secretary of the Technical Working Committee for the operationalisation of the Open University of Kenya where he is serving as the Secretary to the Council.

4

Key Management Team



Prof. Elijah OMWENGA

 Ag. Vice-Chancellor

 Appointed 3rd August 2023

Elijah Omwenga holds a PhD in Computer Science with a focus on Information Systems from the University of Nairobi, a Master's degree from the National University of Science and Technology - Bulawayo, Zimbabwe, a Bachelor of Education degree from Kenyatta University and a Postgraduate Diploma in Computer Science from the University of Nairobi.

He is a Professor of Computer Science (Information Systems) at the University of Nairobi. Elijah has made significant contributions to his field, publishing extensively in reputable scientific journals and being actively involved in the design, development, and implementation of large-scale information systems. His research interests include ICT and education, as well as the deployment of low-bandwidth mobile applications.

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Prof. Carolyne OMULANDO

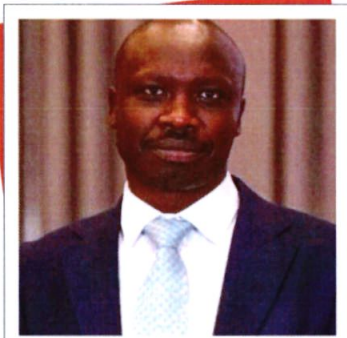
 Ag. Deputy Vice-Chancellor, Academic Affairs

 Appointed on 13 December, 2023

Carolyne Omulando is a Professor of Educational Media and Technology, currently serving as the Deputy Vice-Chancellor (Academic Affairs) at the Open University of Kenya. She holds a Bachelor of Education (Arts) degree in English and Literature, a Master of Philosophy in Educational Communication and Technology, and a Doctor of Philosophy in English Language Education, all from Moi University, Kenya.

Carolyne's professional journey is marked by significant achievements and leadership roles in academia. She began her career as a high school teacher and has progressed to the rank of Full Professor of Education, specializing in Educational Media and Technology. Throughout her university career, she has held various leadership positions, including serving as the founding Dean of the School of Education and Social Sciences at Alupe University and as the Director of Open Distance Education at KCA University.

Beyond her teaching and research responsibilities, Carolyne is actively involved in several professional and academic associations. She is a founding member and Executive Director of the Association of Language Educators and Researchers (ASLER) and serves on the executive committee of the Distance, Open and E-Learning Practitioners' Association of Kenya (DOLPAK). She is also a member of the Language Association of East Africa (LAEA), the African Network of Internationalization of Education (ANIE), and the Organization for Social Science Research in Eastern and Southern Africa (OSSREA).



Prof. Christopher CHEPKEN

 Ag. Deputy Vice-Chancellor, Planning and Infrastructure

 Appointed 13 December 2023

Christopher Kipchumba Chepken is an academic and seasoned software engineer. He holds a PhD in Computer Science from the University of Cape Town, South Africa, as well as a Master of Science and Bachelor of Science in Computer Science from the University of Nairobi.

Over his 20-year career, he has demonstrated a strong commitment to both research and teaching, particularly in the realm of Computing. His expertise encompasses curriculum development, postgraduate studies management, and mentoring of Masters and PhD students.

Beyond academia, Christopher has accrued 20 years of professional experience as a software engineer, bridging the gap between theoretical knowledge and practical appli-

cation. He has made significant contributions to ICT4D/ICTD research and consultancy, focusing on various sectors such as urban commuting, telecommuting, education, health, agriculture, and business process outsourcing across East and Southern African countries. In addition, he also serves in a prestigious working group for the Ministry of ICT and the digital economy, reflecting his ongoing commitment to shaping the future of ICT education, policy and practice.



CPA Daniel KIMAIYO

 Finance Officer

 Appointed 19 October 2023

Daniel Kimaiyo holds an MBA (Finance) from University of Nairobi, Bachelor of Arts (Economics) from Kenyatta University, Certified Public Accountant of Kenya and Certified Investments and Financial Analysts (CIFA). He is an active member of the Institute of Certified Public Accountants (ICPAK).

Daniel is a highly experienced Finance and Accounting professional with a rich background spanning over 16 years in both Public University and Banking sectors. His expertise encompasses various facets of finance and accounting, including Budgeting, Financial Reporting and Analysis, Credit Evaluations, Relationship Management, and Customer Service.

Daniel's previous roles include financial analysis, credit originations, accounting, financial management and leadership having worked at Co-Operative Bank, Stanbic Bank, Gulf African Bank, Moi University and Bomet University College.



Dr Jared ONGARO

 Director ICT

 Appointed 1st December 2023

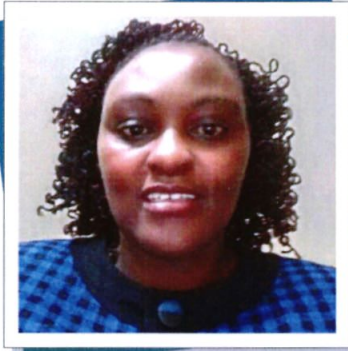
Jared Ongaro is a distinguished mathematician and educator with a strong academic foundation. He earned Bachelor's and Master's degrees in Mathematics from the University of Nairobi, followed by advanced postgraduate studies at the International Center for Theoretical Physics in Italy and Stockholm University.

His research career includes postdoctoral fellowships at prestigious institutions: the University of Oxford in the United Kingdom and the Mathematical Sciences Research Institute at the University of California, Berkeley in the United States. His research focuses on enumerative algebraic geometry and mathematical physics, with a strong publication record in top-tier academic journals.

Jared's expertise extends beyond research. He has significantly contributed to improving

teaching and learning through the development and implementation of innovative technological systems. These include SOMAS for STEM subjects, e-ballot for student elections, and automated timetabling solutions.

Jared actively engages in the mathematical community, serving as the Secretary of the Kenya Mathematical Society. He has also played a key role in advancing higher education in Kenya, including serving as a technology lead in the establishment of the Open University of Kenya.



Dr Catherine KAGUCIA

 Ag. Deputy Academic Registrar

 Appointed 25th October, 2023

Catherine Kagucia is an accomplished administrator with a PhD, Master's degrees, and a Diploma in Human Resource Management, alongside a Bachelor of Science in Statistics. In addition, she is a member of the Institute of Human Resource Management (IHRM).

Catherine's academic background equips her with expertise in leadership, conflict resolution, and quality management and coordination of policy development. She previously worked as an Assistant Registrar (Academic) and the head of admissions department at the University of Kabianga, excelling in performance contracting matters, coordination of academic activities and quality management. Prior to these, she has also held various administrative roles at Masinde Muliro University of Science and Technology.

She has conducted significant surveys and presented her work at national and international conferences, showcasing her dedication to improving organizational effectiveness and academic excellence.



Mr Isaac OKIYAI

 Ag. Deputy University Librarian

 Appointed 25th October, 2023

Isaac Okiyai is a highly motivated and experienced librarian currently serving as the Acting University Librarian. With a robust career spanning 13 years. He is currently pursuing a PhD in Information Systems, demonstrating his commitment to advancing his knowledge and expertise.

Mr Okiyai also holds a Master's degree in Computer Systems from JKUAT and a Bachelor's degree in Information Sciences from Moi University.

With a robust career spanning 13 years, he has made significant contributions to automating various institutions libraries across Kenya. His expertise lies in the design, implementation, and management of library information systems, ensuring seamless dis-

semination to information resources. With experience in open-source systems and Linux servers, he is a strong advocate for open science by championing transparency, accessibility, and collaboration in research.

Mr Okiyai has actively contributed to the Kenya Library & Information Services Consortium (KLISC) by serving on various committees hence a valuable asset in the field of library and information science.



Mr Joseph MUSINGA

 Senior Assistant Registrar Administration & HR

 Appointed on 16th October, 2023

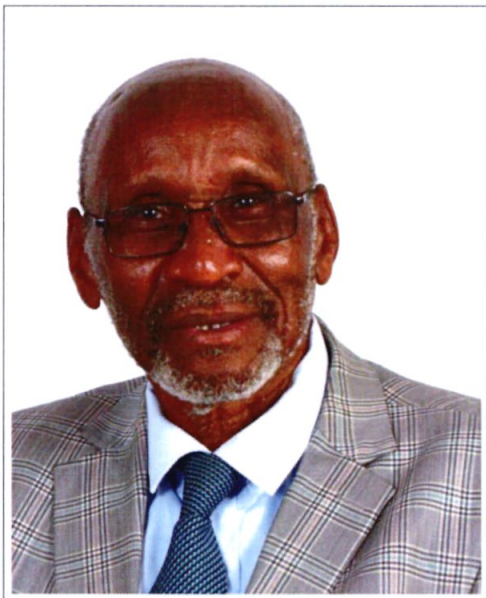
Joseph Musinga holds an MBA in Human Resource Management from the University of Kabianga and a Bachelor of Arts in Public Administration from Moi University, along with advanced certifications in Certified Secretaries.

Mr Musinga is an experienced Administrator with over 15 years specializing in Administration and Human Resources Management both in the Public Service and Public Universities. His career includes roles as Head of Administration at Bomet University College and Senior Administrator at the University of Kabianga. Additionally, Joseph is a member of Human Resource Management and the Institute of Certified Secretaries Kenya.

He currently serves as the acting Assistant Registrar of Administration and Human Resources with additional duties of Council Secretariat.

5

Chair of Council Statement



It is with great honour that I present the inaugural Annual Report and Financial statements for Open University of Kenya. This is a landmark moment for our university, and I am delighted to share with you the progress we have made in our first year of operation.

As we unveil this report, it is important to acknowledge the remarkable journey we have embarked upon since our establishment under the Universities Act of 2012 and our official chartering on 3rd August 2023. From our inception, our vision has been clear: Innovative University for Inclusive Prosperity.

This will be achieved through provision of affordable, flexible, quality learning experiences which enable individual acquisition of knowledge, skills

and values in learners' chosen fields of study; nurturing them into innovative researchers, leaders, entrepreneurs and global citizens.

Our annual report and financial statements reflect a year of substantial growth and development. We have successfully navigated the challenges of a dynamic economic environment while remaining steadfast in our commitment to academic excellence and institutional sustainability. The statement outlines our revenue streams, expenditure, and commitments, illustrating a solid foundation upon which we will continue to build.

The global landscape of higher education is rapidly evolving. The rise of digital learning platforms, the increasing demand for flexible education solutions, and the need for institutions to adapt to a globalized world are shaping our strategic direction.

We are investing strategically in our digital infrastructure and academic programmes to ensure long-term sustainability and relevance. This includes enhancing our Learning Management System and expanding our digital library to provide cutting-edge resources for our students.

Our financial planning includes fostering international partnerships and collaborations. By aligning with global educational institutions, we aim to enhance our research capabil-

ities, exchange knowledge, and provide our students with a broader global perspective.

Understanding the global economic landscape, we have adopted a proactive approach to financial management. This involves diversifying revenue streams, optimizing resource allocation, and implementing rigorous financial controls to ensure resilience and adaptability.

Over the past year, we have successfully launched seven flagship programmes that align with global market needs and spread across three schools namely; Science, Education, Business and Economics. Our investment in digital infrastructure has significantly expanded access to education, allowing us to reach students across Kenya and beyond. We have begun forging important partnerships with international institutions, enhancing our academic offerings and research opportunities.

Looking ahead, we are committed to continuing this trajectory of growth and innovation. Our focus will remain on enhancing our financial health, expanding our global network, and delivering exceptional educational experiences.

I would like to extend my heartfelt gratitude to our dedicated staff, faculty, and stakeholders for their unwavering support and commitment. Your contributions have been instrumental in achieving our financial and academic objectives.

In conclusion, the inaugural annual financial statement of the Open University of Kenya not only highlights our achievements but also sets the stage for our future aspirations. As we move forward, we are guided by our vision to be a leader in global education, committed to excellence, innovation, and accessibility. We are eternally thankful to the Government for its steadfast dedication to OUK, the State Department for Higher Education and Research for its unwavering support, the Operationalization Task Force for their tireless efforts in bringing OUK to fruition, as well as the stakeholders, collaborators, and OUK staff for their profound commitment to the university's successful launch and take off.



Prof. Ezra Maritim

Chairman, OUK University Council

6

Report of the Vice-Chancellor



Our first Annual Report and Financial Statement presents a remarkable journey, marked by significant achievements and milestones that underscore our commitment to providing accessible, high-quality education.

Since being awarded our charter on August 3, 2023, OUK has embarked on a transformative path to redefine the landscape of higher education in Kenya and beyond. Our mission is to break down barriers to education through innovative online and distance learning platforms, ensuring that knowledge is within reach for all. In this report, we highlight our diverse academic offerings, cutting-edge learning approaches, and strategic partnerships that have strengthened

our academic and operational capabilities. We also showcase our robust infrastructure development and the dedication of our expert faculty and administration, who are at the heart of our success.

The formal recognition and operational start of OUK were marked by the charter award, enabling the provision of quality, accessible, and affordable education through innovative online and distance learning platforms. The university has developed a robust curriculum across various fields including Business and Economics, Science and Technology, Education, and Agriculture. Key programs include bachelor's degrees in data science, Cyber Security, Entrepreneurship and Business, Economics and Statistics, and Technology Education. We also offer postgraduate diplomas in Leadership & Accountability, and Learning Design & Technology, aligning with market needs to ensure graduate employability. OUK emphasizes flexibility and inclusivity, leveraging cutting-edge technology to offer self-study modules, correspondence courses, and technology-enabled tutorials. This approach maximizes educational reach and impact.

One of our most notable accomplishments this year has been the remarkable growth in student enrolment. In its first year, OUK admitted up to 3,300 students from a pool of 10,000 applicants, including students from 18 different nationalities. 824 enrolled in the January 2024 intake. An additional 891 enrolled in the May 2024 intake. We successfully administered online examinations, ensuring smooth and effective authentic assessments. Our commitment to providing accessible and flexible learning opportunities has

resonated strongly, as evidenced by the substantial increase in applications and enrolments across our various programmes.

The development of a robust Learning Management System (LMS) integrated with virtual labs has facilitated the learning of practical-oriented courses, enhancing overall learning experiences. OUK prides itself on a diverse team of professionals and experts to ensure high-quality education and efficient management. The university is in the process of developing 20 new programs. We are also actively developing micro-credentials and short courses, providing flexible learning opportunities that cater to diverse educational needs and professional development.

This year, we have made significant strides in developing and implementing key policies that underpin our institutional framework. These policies cover a broad spectrum, including academic standards, quality assurance, and operational procedures. The establishment of these policies is crucial for maintaining the integrity and effectiveness of our academic and administrative functions.

Our commitment to innovation is reflected in the development of new programmes that cater to emerging fields and market demands. This year, we have developed twenty (20) new programmes that are designed to equip our students with the skills and knowledge necessary to thrive in a rapidly evolving job market. These additions strengthen our academic portfolio and enhance our ability to provide relevant and revolutionary education. Strategic partnerships with local and international institutions have enhanced educational quality and expanded student opportunities. Collaborations with the Indira Gandhi National Open University (IGNOU) and the Commonwealth of Learning (COL) have facilitated resource sharing and collaborative research, strengthening our academic capabilities.

Significant financial resources have been allocated to Digital Infrastructure, ERP and Learning Management System in order to offer state-of-the-art facilities and systems, ensuring effective online and distance learning delivery. This investment aims to create a conducive learning environment that supports our educational goals. The university leadership is committed to establishing OUK as a premier institution for delivery of open learning. This vision includes harnessing advanced technologies to enhance learning experiences and broaden higher education access for all Kenyans.

We remain committed to sustainable growth and operational excellence, working collaboratively with our dedicated staff to ensure we consistently provide exceptional opportunities.



Prof. Elijah Omwenga

Ag. Vice-Chancellor, OUK

Statement of Performance against Predetermined Objectives for FY 2023/2024

7

The university started its financial operations in January 2024 and has a draft Strategic Plan 2023-2028 and is currently developing a new Strategic Plan 2024-2028. The draft Strategic Plan outlines its developmental goals for the next five years while considering global, regional, and local factors. It acknowledges the challenges faced by various learners. The university has five (5) strategic pillars within the current Strategic Plan for 2023-2028 Financial Years as follows:

STRATEGIC GOAL 1:

Infrastructural development and management

OUK is in the process of transferring land title at Konza Technopolis to the university and is developing an ERP system with some of the modules already operational. The university also boasts a comprehensive LMS and a well-stocked library with extensive online and physical resources.

STRATEGIC GOAL 2:

Curriculum Development and Implementation

The university began its first semester in December 2023 with seven flagship programs and is actively monitoring curriculum implementation. Nineteen additional programs are under accreditation and will be launched in the next academic year, with the university's first graduation ceremony scheduled for November 2024.



Picture(s) 3: Content Development Experts at Lysak Haven Park Hotel, Machakos County



STRATEGIC GOAL 3: Human Resource development

The objective of this goal is Hiring, developing and retaining the human resource needed by the University. The university has staff deployed from existing universities and staff on contract. OUK advertised for academic and administrative positions and is in the process of recruiting.



STRATEGIC GOAL 4: Marketing and Resource mobilisation

A marketing strategic plan was developed to manage the marketing activities in the University. OUK staff and students are actively participating in reaching out to potential students.



STRATEGIC GOAL 5: Research, Partnerships and Outreach

To advance internationalization and integrate with the global research and academic ecosystem, the university has actively pursued partnerships with government bodies and private organizations, including Indira Gandhi National Open University (IGNOU), Commonwealth of Learning (COL), World Bank, United States Agency for International Devel-

opment (USAID), Kenya Library and Information Services Consortium (KLISC), National Research Fund (NRF). These collaborations have supported capacity building, resource sharing, development of micro-credentials, and joint proposal writing.



Picture(s) 4: IGNOU Signs MoU with Open University of Kenya for Joint Research, Student Mobility, and New Courses



Picture(s) 5: Signing of a Framework for Cooperation to drive STEM innovation & job growth in Kenya & globally

Works plans are developed based on the above Strategic Goals which will be used to assess the Board's performance on a quarterly basis. OUK achieved its performance targets set for the reporting period for its five strategic Goals, as indicated in the table below:

Strategic Pillar/ Theme/ Issues	Objective	Key Performance Indicators	Activities	Achievements
1) Infrastructural development and management	(a) To have adequate office space for OUK at KOTDA	MOU and lease agreement	Sign the lease agreement, Pay Rent	Rented office space available at KoTDA
		Partitioned space	Partition the office space and furnish it.	Offices were partitioned
	b) To design, develop and implement ICT infrastructure	Level of satisfaction on use of service by students and staff	Specify and procure the required ICT infrastructure	ERP contract in place and currently under implementation.
		Signed Service Level Agreement Turn around time / 99.9% uptime	Implement the ICT Infrastructure	
		Mirror sites working well	Develop redundant channels of accessing ICT Services	
2) Curriculum Development and Implementation	(a) To design, develop and host high-quality content on LMS/VLE	No of Programmes listed on CUE website, Evidence of KUCCPS placing students into the programmes	Identify and develop the programmes till approval at CUE	Seven (7) flagship programmes have been developed. An additional twenty (20) programmes have been developed and are currently going through the accreditation process.
		No of courses in the VLMS and in use	Develop the content	Content developed

Continued on next page...

Strategic Pillar/ Theme/ Issues	Objective	Key Performance Indicators	Activities	Achievements
		VLMS in use	Customize/ develop the VLMS and Host the content	Students have successfully interacted with the LMS. Students have done examinations online on the LMS
	(b) To implement the curriculum	Timetable in use	Develop the teaching timetable	Teaching schedules were devel- oped.Examination timetable was developed
		Courses Taught	Allocate staff to courses	Courses allocated to deployed teaching staff and part-time lecturers
		No of complaints of missed classes	Monitor teaching and learning	Positive Feedback from students was received
		Approved policies	Develop quality assurance policies and guidelines	Draft policy developed
		Up to date programmes	Ensure regular reviews of programs	
3) Human Resource Development	To recruit staff and build capacity	Approved policies	To develop HRM policies for OUK	Policies developed
		No. of Staff on board	To recruit the necessary staff for the university	Adverts were made and recruitment process has begun
Continued on next page...				

Strategic Pillar/ Theme/ Issues	Objective	Key Performance Indicators	Activities	Achievements
			To capacity-built staff on online and digital delivery	Capacity building for staff done regularly by COL and ICT
4) Marketing and Resource Mobilisation	To develop and implement a financial sustainability plan for a financially secure university	FSP applied to source funds	Develop a financial sustainability plan (FSP)	Marketing strategy developed
		More students recruited	Develop a marketing strategy	
		More students and favourable image	Sustain relevance and responsiveness	
		Stable financial status	Sustain political goodwill	
5) Research, Partnerships and Outreach	To forge partnerships with other stakeholders in order to carry out research and outreach activities that will benefit the University and the the Kenyan people	Signed and exchanged MOUs	Identify and sign MOUs with partners	MOU signed with several organisations including World Bank and Commonwealth of Learning
		No of publications produced per year	Carry out research in pertinent areas with supporting partners	

Continued on next page...

Table 7.2: Statement of Performance against Predetermined Objectives for FY 2023/2024

Strategic Pillar/ Theme/ Issues	Objective	Key Performance Indicators	Activities	Achievements
		No of Outreach programs forged and implement	Develop and implement outreach programs for continued visibility.	Several outreach programmes done in Machakos, Kakamega and Bungoma Counties. OUK has participated in several radio stations including KTN, NTV, and KBC

8

Corporate Governance Statement

The University Council is dedicated to upholding the highest standards of integrity, professionalism, ethics, and legal compliance in all its activities. In carrying out its duties, the Council follows the Constitution of Kenya, the Universities Act of 2012, and other relevant laws. The Board members are committed to fulfilling the Council's obligations to its stakeholders through robust corporate governance practices..

Members of the University Council

The Council is made up of eight members: the Chairman, three independent members, and four ex-officio members, including the Principal Secretaries of the Ministries of Education; Information, Communication, and the Digital Economy; and National Treasury and Economic Planning, as well as the Chief Executive Officer who is the Vice-Chancellor, who serves as the Secretary to the Council.

8.01 Council Committees

For the effective running of the affairs of the University, the Council has constituted standing committees. The committees operate under clearly defined mandates which spell out their responsibilities, scope of authority, and procedures for reporting to the Council. The Council has three standing committees as follows:

1. **Audit, Risk & Compliance Committee:** The Committee Assesses financial management systems, internal controls, and adherence to policies and regulations.
2. **Finance, Infrastructure, Human Resources, and Planning Committee:** The committee oversees financial management, resource mobilization, budget preparation, and procurement processes.
3. **Academic, Research, and Linkages Committee:** This committee Manages academic programs, research initiatives, and University partnerships.

8.02 Council Meetings and Attendance

During the FY 2023/2024 and in line with the Approved Council Almanac, the University Council held three regular and three Special meetings. In addition, each of the standing committees held two regular meetings as per Table 1. The conflict-of-interest register was availed during meetings for members to declare any form of existing or perceived interest in the items on the agenda.

S/No.	Name	1st Special 01/09/2023	2nd Special 02/10/2023	1st Regular 23/10/2023	3rd Special 22/11/2023	2nd Regular 29/01/2024	3rd Regular 14/05/2024
1	Prof. Ezra Maritim	X	X	X	X	X	X
2	Mr Maina Chiira			X	X	X	X
3	Dr Susan Kiragu	X	X	X			X
4	Dr Hillman McOkwiri	X	X	X	X	X	X
5	Mr Lawrence Muchilwa	X	X	X	X	X	X
6	Mr John Kiria				X	X	X
7	Mr Eliud Kyayo						X
8	Prof. Elijah Omwenga	X	X	X	X	X	X

Table 8.1: List of attendance and number of Council Meetings

Process of Appointment and Removal of Council Members

Council appointments are conducted by the Government in line with Article 27 of the Constitution of Kenya, ensuring a transparent and merit-based process. According to Kenya Gazette Notice Vol. CXXV-No. 174 dated August 3, 2024, the President appointed the Chairperson, while the independent members were appointed by the Cabinet Secretary for the Ministry of Education, following verification of their skills, qualifications, and experience. The Council has the authority to recommend the removal of a member for reasons including non-performance, persistent absences from meetings, unethical behaviour, or other issues outlined in its constitutive documents or relevant laws.

Succession Plan

The University was officially chartered on 3rd August 2023, establishing its first Council. The appointments of the independent members were staggered, with one position still pending. As the terms of the current members and representatives to the Principal Secretaries (PS) approach their end, the University must notify the Cabinet Secretary and Principal Secretary in advance. This notification serves as a reminder of the impending contract expirations, ensuring timely appointments or re-appointments to facilitate a smooth transition.

Existence of a Council Charter

In the fiscal year 2023/2024, the University Council established Council Sub-Committees along with their Terms of Reference and created an Almanac. The Council developed and adopted the Audit, Risk, and Compliance Committee Charter. The Council has a Board Charter, which will be approved in Quarter 1 2024/2025 and adopted.

Ethics and Code of Conduct

The Council upholds Article 10 and Chapter 6 of the Constitution of Kenya in its operations.

Conflict of Interest

The Council members declare conflict of interest if any during the discharge of functions. To confirm this, a Conflict-of-Interest Register is maintained and signed in all the meetings

held.

Whistleblowing and Communication Policy

The university is in the process of developing policies and Whistle Blowing and Communication Policy will be approved in 2024/2025 Financial Year.

Roles and Functions of the Council

Guided by Mwongozo and the University Charter 2013, the University Council is responsible for overseeing the university's governance and strategic direction. Its key roles include setting strategic goals, approving policies and budgets, overseeing financial management, and appointing senior personnel. The Council also ensures compliance with legal and regulatory standards, engages with stakeholders, and evaluates the university's performance to support its growth and effectiveness.

Separation of Roles of Council and Management

The University Council and Management have distinct roles. The Council provides oversight and sets policy direction, ensuring effective governance and strategic guidance based on an Annual Almanac. The University Management handles day-to-day operations.

Induction, Training, and Development

The Council members underwent induction from February 21 to 23, 2024, designed to familiarize them with their responsibilities within the Council. The program included an orientation on the University's structure, strategic plans, policies, financial status, risk management, compliance programs, Council Charter, and Code of Conduct. Additionally, the Council Secretariat participated in training on Council matters from June 20 to 22, 2024, and the Council Audit, Risk, and Compliance Committee received training from June 10 to 14, 2024.

Board and Member Performance

For the fiscal year 2023/2024, the Council will conduct an annual evaluation to assess both its overall performance and that of individual members, including the Secretary. This evaluation will be conducted with the assistance of the State Corporations Advisory Committee, using a Board Evaluation Tool. The process will help the Council identify its strengths, uncover collective skill gaps, and highlight areas for individual improvement.



Picture(s) 6: February 2024, Council members and OUK staff during induction at Eserian Resort, Naivasha

Board Remuneration

Council members are compensated in accordance with relevant legislative provisions, government circulars, and guidance from authorities such as the State Corporations Advisory Committee, the Public Service Commission, and the Salaries and Remuneration Commission.

Governance Audit

The Governance Audit aims to ensure that the University adheres to the highest standards of good governance. The University plans to conduct this audit annually to maintain and enhance governance practices.

9

Management Discussion and Analysis

9.1 Academic Activities

In the 2023/2024 academic year, the Open University of Kenya (OUK) launched five undergraduate and two postgraduate flagship programs, including the Bachelor of Data Science, Bachelor of Science in Cyber Security and Digital Forensics, Bachelor of Business and Entrepreneurship, Bachelor of Economics and Statistics, and Bachelor of Technology Education. Postgraduate diplomas in Leadership and Accountability and Learning Design Technology were also introduced. These programs, spread across three schools namely School of Science and Technology, School of Education, and School of Business and Economics. The programmes were accredited by the Commission for University Education (CUE) after rigorous assessments. The university's first semester began in November 2023, enrolling 824 students, who participated in orientation sessions focused on e-learning and the Open University model. The May 2024 intake saw an additional 574 students enrolled, demonstrating OUK's commitment to continuous admissions and self-paced learning.

Operating purely online, OUK plans to expand through partnerships with Kenyan institutions. OUK is pursuing local and international collaborations to enhance its academic programs, research capabilities, and global reach. These initiatives aim to position OUK as a leading institution in digital higher education and ensure its continued growth and success while generating external funds. The university's focus on digital learning is supported by a comprehensive Learning Management System (LMS), which facilitates both synchronous and asynchronous learning. OUK has a robust digital library that provides access to a wide range of e-resources to support academic excellence and research productivity. The university is also committed to continuous quality improvement, guided by a developing Quality Management System (QMS) and staff capacity building support from the World Bank.

9.2 Financial Performance

OUK's financial performance for the period January to June 2024 reflects its nascent stage. The university's main source of revenue is exchequer funds supplemented by fees collections from students. Additional income was generated from externally generated funds from partnerships and collaborations. The University started financial operations in January 2024 having received an approved budget of Ksh 544 million which proved inadequate to meet operational needs. In June 2024, the National Treasury and Economic

Planning heeded to an appeal for supplementary request by allocating an additional Ksh 250 million to OUK's budget for the 2023/2024 fiscal year. However as at 30th June 2024, the additional amount to the budget of Ksh 250 million had not been received.

The financial performance presented indicates a focus on development of Curriculum content and digitization, implementation of Digital Infrastructure, ERP and Learning Management System, payment of staff salaries, digital library, marketing and publicity of programs.

9.3 University Premises and Land

The University presently operates within leased premises of KoTDA at Konza Technopolis City. The University is finalizing on the acquisition process to expand and accommodate more staff and operations at KoTDA building. On Land matters, the Board of Konza Technopolis Development Authority allocated two parcels of land to OUK on lease terms, US-001 and US-002, with an area of 8.665 and 8.691 acres, respectively. The land was initially allocated to the State Department for Higher Education and Research. The University is therefore in the process of transferring the land allocation from the state department to OUK.

Landlord	Lease Term	Charge per Month		Total with 16% VAT (Ksh)	Requirements to 30th June 2023 (Ksh)
		Rent (Ksh)	Service Charge (Ksh)		
KoTDA	1/04/2023 for 6 years	391,815	192,080	677,318	10,159,770
NACOSTI	1/06/2023 to 31/08/2023	442,800	110,700	642,060	1,926,180
Total				1,319,378	12,085,950

Table 9.1: Details of OUK Leased Office Space

The University is concentrating its operations at Konza KoTDA building and hence opted out from NACOSTI.

Parcel Ref.	Acres	Proposed Parcel Use Description	Min/Max Floors	Stand Premium (KES)	Annual Ground Rent (KES)	Service Charge (KES)
US-001	8.665	Description Buildings configured to create Courtyard and diagonal Pedestrian Promenade Predominant Use: Lab/Lecture/Classroom Preferred Ground Floor Use: University Classrooms/Admin/Labs/Lecture/Retail. Secondary Use: Administration	2-6	74,836,422 (Waived)	2,962,449	444,367
US-002	8.691	Description Buildings configured to create Courtyard and diagonal Pedestrian Promenade Predominant Use: Lab/Lecture/Classroom Preferred Ground Floor Use: University Classrooms/Admin/Labs/Lecture/Retail. Secondary Use: Administration	2-6	78,460,542 (Waived)	3,008,859	451,329

Table 9.2: Details of OUK Land

The Stand Premium payments for the two parcels of land are waived. Annual ground rent is payable on or before the 5th day of July of the fifth year following the issuance of sub-lease and a service charge will be payable upon issuance of the Occupational Certificate of the premises.

9.4 Staff Matters

As of 30th June 2024, OUK's staff in-post was forty-three (43) - 4 appointed on acting capacity, 27 deployed from other institutions, 10 appointed on temporary terms and 2 PSC interns. The University also had fifteen (15) part time academic staff.

During this period, 2 staff members exited the university. The gender distribution among the staff was 25 males and 18 females. Of the total staff, 27 were administrative and 33 were academic, including the 15 part-time teaching staff.

9.5 Entity's Key Projects or Investments Decision Implemented or Ongoing

The university is investing in Digital Infrastructure, ERP and Learning Management System.

The system's 25 modules are intended to computerize the academic and administrative processes. The academics modules comprise of student admission, student registration, Learning Management System- Smart Class, Digital media Studio, Library, Assistive Technology Software, Virtualized Computing Teaching Environment Software among

others. The administrative modules include Human Resource, Procurement, Finance, Audit, Transport and social media. The implementation of the ERP is currently underway.

The details of project implementation are shown in table 9.3.

Name of Project	Total Project Cost	Cumulative Expenditure as at 30th June 2024	Outstanding cost as 30th June 2024	Approved 2023/24
Digital Infrastructure, ERP and LMS	950	250	700	250

Table 9.3: Capital Development Budget Implementation (Ksh millions)

The budget for ERP system together with its implementation plan will run for 3 financial years starting from 2023/2024 FY as follows: Ksh 470 million in year 1, Ksh 235 million in year 2 and Ksh 245 million in year 3.

Achievement and Successes from the Ongoing ERP Implementation

The initial phase of the ERP system implementation is picking up well, for Year 1 phase 1 modules. In addition, other modules of year 1 phase 2 being Library integration, Student Affairs and Content Digitisation of year 2 modules were also implemented.

This figure encompasses all stages from design and prototyping to customisation based on OUK's software requirements specification and successful module acceptance through joint testing sessions. OUK has successfully implemented its student application and admissions modules. These modules are already streamlining the process for new students, automating tasks such as registration number assignment and admission letter issuance. This marks a significant step forward in OUK's ERP implementation and digital transformation journey.

E-Citizen Onboarding

In August 2023, a Presidential directive was issued to streamline access to government services by migrating all payment services to the e-Citizen platform. In compliance with this directive, the university has taken the initiative to onboard 18 services to the e-Citizen payment gateway.

This transition to e-Citizen aims to enhance efficiency, convenience, and transparency in service delivery, aligning with the government's broader digital transformation goals. All priority modules have now been successfully implemented within the live ERP environment with the respective paid services via e-citizens during the 4th quarter.

9.6 Compliance with Statutory Requirements and other Financial Obligations

OUK adheres to all statutory and regulatory requirements, including tax compliance, labour laws, accreditation standards set by CUE, requirements by KUCCPS, University Fund (UF) and HELB. The university has ensured timely payment of taxes and salaries, adherence to health and safety regulations, and compliance with quality assurance standards. In addition, it has developed and submitted twenty new curricula to CUE for accreditation, reflecting its commitment to addressing market needs and maintaining high educational standards.

9.7 Economic and Sector Reviews

Kenya's economy demonstrated resilience with a projected GDP growth of 5.3% for 2023, creating a favourable environment for OUK's digital education model. The government continues to invest in the education sector, prioritizing access and quality improvements. The higher education sector is evolving, with increasing emphasis on technology-driven education. This shift aligns with OUK's mission and presents both opportunities and challenges, including competition from traditional universities and other online platforms.

9.8 Future Developments

Looking ahead, OUK plans to expand its programmes to include emerging fields such as Artificial Intelligence and Digital Marketing by September 2024. OUK is also pursuing international collaborations to enhance its academic programs, research capabilities, and global reach.

9.9 Major Risks and Challenges

The Council of Open University of Kenya is aware of activities that could expose the institution to several risks, hence hampering smooth operations. Various mitigating measures have therefore been put in place internally as well as externally. Some of the risks with various mitigation measures are outlined below:

9.9.1 Liquidity Risk

This may arise from the University failure to meet its obligations because of financial difficulties. OUK will manage this risk by continuously reviewing its cash flow forecasts and strengthening internal controls as well as observing adherence to financial controls. The university is also focusing on increasing student enrolment and diversifying revenue streams through research, consultancies, alumni and short courses.

9.9.2 System Security Risk

Security over intangible assets is essential for OUK to protect its data and infrastructure from various threats including theft, cyber-attacks, and natural disasters. The framework to mitigate this risk will be encompassed in ICT and Cyber Security Policy. These measures include investing in advanced cybersecurity systems and regularly updating software.

9.9.3 Credit Risk

The risk may arise from the failure of students to pay fees as required to run the operations. This risk will be mitigated by having an up-to-date record of student fees payments with a regular reminder to students to clear their school fees in full. Failure and delay in disbursement of government capitation. The risk will be mitigated by increasing number of PSSP.

9.9.4 Market Risk

A reduced rate of students' admission to the University will lead to market risk. OUK will deal with this risk through marketing of programmes and tailoring academic programmes to meet unique market needs. Being technology driven, OUK is well positioned to tackle this risk by utilizing the ICT infrastructure to reach a wider number of students without geographical limitations.

9.9.5 Regulatory Risk

Regulatory risk poses another challenge as changes in higher education policies could impact operations. To address this, OUK ensures that policies and corporate governance put in place adhere to laid down procedures and statutory requirements by the Government.

10

Environmental and Sustainability Reporting

10.1 Sustainability strategy and profile

The University has made significant strides towards fostering an environmentally sustainable institution and community during the Financial Year 2023/2024. This report outlines OUK's various initiatives and measures to enhance sustainability and reduce environmental impact, aligning with global sustainability goals and national environmental regulations.



Picture(s) 7: November 13, 2023, The Open University of Kenya (OUK) and the Konza Technopolis Development Authority have joined forces in a collaborative initiative to plant and nurture trees



Picture(s) 8: December 01, 2023, OUK celebrated a historic milestone, as it welcomed the first cohort of students with a symbolic Tree Planting Event at its Main Campus in Konza Technopolis.

10.2 Environmental performance

OUK adheres to global, regional, and national environmental legislations, including the United Nations Sustainable Development Goals (SDGs), the African Union Agenda 2063, and Kenya's Environmental Management and Coordination Act (EMCA), Climate Change Act 2016, and the Green Economy Strategy and Implementation Plan (GESIP).

In response to the Government's directive to plant 15 billion trees by 2032, OUK formed a committee to drive tree-planting and growing initiatives, creating and maintaining green spaces at the Konza Technopolis using sustainable materials in construction and renovation.

10.3 Employee welfare

OJK prioritises employee welfare through a fair, inclusive, and supportive work environment, ensuring compliance with legal requirements, promoting employee growth, and maintaining a focus on safety and compliance.



Picture(s) 9: November 13, 2023, The Open University of Kenya (OJK) and the Konza Technopolis Development Authority have joined forces in a collaborative initiative to plant and nurture trees

Stakeholder Engagement: Collaborative recruitment involving internal and external stakeholders, expanding the talent pool, and staying updated on industry trends. Diversity and Inclusivity: OJK ensures equitable representation in hiring, provides training to mitigate biases, and emphasises attracting diverse talent.

- a. Diversity and Inclusivity: OJK ensures equitable representation in hiring, provides training to mitigate biases, and emphasises attracting diverse talent.
- b. Policy Improvement: Regular review and update of welfare and HR policies, incorporating feedback and industry benchmarks.
- c. Skill Development and Career Management: Offering training programs, personalized career plans, clear pathways for advancement, and promoting internal mobility.
- d. Appraisal and Reward Systems: Regular performance appraisals, competitive salaries, benefits packages, and formal recognition programs.
- e. Safety and Compliance: Rigorous safety protocols, regular risk assessments, and comprehensive safety training to ensure compliance with the Occupational Safety and Health Act (OSHA) of 2007.



10.4 Market place practices

10.4.1 Competition practices

The University has established clear policies and a Code of Conduct that strictly prohibits any form of corruption, including bribery, fraud, and unethical practices. These policies are regularly reviewed and communicated to all staff, ensuring everyone understands their responsibilities.

The University maintains a position of neutrality in political matters, avoiding any involvement in political campaigns or activities that could compromise its independence and objectivity. The University ensures that its resources are not used to support any political party or candidate. In addition, while the University works closely with government bodies to enhance education policies and frameworks, it ensures that these engagements are conducted transparently and responsibly, without undue influence or favouritism.

The University is committed to fair competition by providing equal opportunities to all students and partners. Admission processes, procurement processes, and partnerships are conducted transparently, ensuring that no entity receives undue advantage. The University's marketing campaigns are designed to accurately represent its programmes, avoiding any misleading information that could unfairly influence potential students or partners. OUK focuses on highlighting its unique strengths rather than disparaging competitors.

OUK fosters a collaborative approach within the higher education sector, often engaging in partnerships and knowledge-sharing initiatives with other institutions. This helps to elevate the education landscape, rather than merely competing for market share. It also refrains from engaging in negative campaigns against competitors. Instead, it emphasizes the value it offers to students and stakeholders, respecting the contributions of other institutions in the education sector.

10.4.2 Supply Chain Management Services and Supplier Relations

Guided by the Public Procurement and Asset Disposal Act, 2015 and Regulations, 2020. OUK embraces eco-friendly products and collaborates with suppliers committed to sustainable practices.

10.4.3 Marketing and Advertisement

OUK practices ethical marketing through a comprehensive strategy embracing both traditional and digital channels, positioning itself as a leading specialized public institution in Kenya. The marketing efforts emphasize flexibility, accessibility, openness and inclusivity, while ensuring that all marketing materials honestly represent the University's programmes.



Picture(s) 10: February 16, 2024, The DVC (Academic Affairs) Prof. Omulando attended the Machakos County Bursaries Launch held at Matungulu Sub County in Tala Town.

10.4.4 Product stewardship

The University ensures high standards by providing clear information, maintaining accredited programs, enforcing fair admissions, protecting data, and offering support services and flexible payment plans to enhance student experience and accessibility.

10.5 Corporate Social Responsibility / Community Engagements

OUK collaborates with local organizations like the Kenya Agricultural and Livestock Research Organization (KALRO) and the Kenya Universities and Colleges Central Placement Service (KUCCPS) to establish tree nurseries and promote environmental activities in schools.

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

i) Principal activity

The principal activity of the university is to provide higher education and disseminate knowledge through teaching, training, research, extension, outreach, innovation and digital transformation.

ii) Results

The results of the university for the year ended June 30 June 2024, are set out on page 1.

iii) Council

The members of Council who served during the year are shown on page xi. The Council members were appointed on 3rd August 2023 and no member retired/re-signed within the period of reporting.

iv) Surplus remission

The university does not fall under category 3 and hence did not remit any surplus during the year (FY 2023/2024, Kshs Nil) to the Consolidated Fund.

v) Auditors

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

By Order of Council



Prof. Elijah Omwenga

Secretary to Council

12

Statement of Council Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 47 of the Universities Act, 2012 (Regulations 2023) require the Council to prepare financial statements in respect of the university, which give a true and fair view of the state of affairs of the university at the end of the financial year and the operating results of the university for that year. The Council members are also required to ensure that the university keeps proper accounting records which disclose with reasonable accuracy the financial position of the university. The Council members are also responsible for safeguarding the assets of the university.

The Council members are 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 (period) ended on June 30, 2024. This responsibility includes:

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

The Council members accept 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, 2012 and (Universities Act, 2012). The Council members are of the opinion that the university's financial statements give a true and fair view of the state of university's transactions during the financial year ended June 30, 2024, and of the university financial position as at that date. The Council members further confirm the completeness of the accounting records

maintained for the university, which have been relied upon in the preparation of the university's financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Council members 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 Council on 20th September 2024 and signed on its behalf by:



Prof. Ezra Maritim

Chair of Council

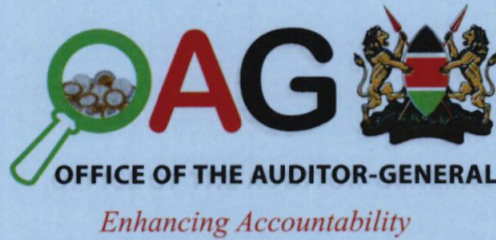


Prof. Elijah Omwenga

Ag. Vice-Chancellor/Secretary to Council

REPUBLIC OF KENYA

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P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON OPEN UNIVERSITY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2024

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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Open University of Kenya set out on pages 1 to 36 which comprise of the statement of financial position as at 30 June,

Report of the Auditor-General on Open University of Kenya for the year ended 30 June, 2024

2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects the financial position of Open University of Kenya as at 30 June, 2024 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 University Act, 2012 and the Public Finance Management Act, 2012.

Basis Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Open University 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 opinion.

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. There were no key audit matters to report in the year under review.

Other Information

The Management is responsible for the other information set out on pages vii to liv which comprise of Key Entity Information and Management, The Chancellor and University Council, Key Management Team, Chair of Council Statement, Report of the Vice-Chancellor, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council and Statement of Council Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the University'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 LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 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 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 effects of the matter 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

Lack of Risk Management Policy and Disaster Recovery Plan

The University Management does not have a Risk Management Policy to guide Management in risk evaluation and decision making as stipulated in Regulation 165 (1)(a) and (b) of the Public Finance Management (National Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism and system of risk management and internal control that builds robust business operations.

In the circumstances, the existence of effective risk management measures could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 University Council

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 Institute'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 for 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 ISSAIs 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 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, SBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

14

Statement of Financial Performance for the Year ended 30 June 2024

Particulars	Note	2023/2024 FYR	2022/2023
Revenue from Non-Exchange Transactions		Kshs	Kshs
Transfers from other government entities	6	502,000,000	-
Sub-Total		502,000,000	-
Revenue from Exchange Transactions		-	-
Rendering of good & services	7	26,116,226	-
Sub-Total		26,116,226	-
Total Revenue		528,116,226	-
Expenses:			
Use of Goods and Services	8	91,642,581	-
Employee costs	9	98,846,606	-
Council Expenses	10	9,763,830	-
Depreciation	11	2,883,205	-
Repairs and maintenance	12	383,024	-
Contracted Services	13	-	-
Total Expenses		203,519,247	-
Surplus (Deficit) for the year		324,596,979	-

The notes set out on pages 9 to 37 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 37 were signed on behalf of Council by:



Prof. Elijah Omwenga

Ag. Vice-Chancellor



CPA Daniel Kimaiyo

ICPAK No: 12579
Finance Officer



Prof. Ezra Maritim

Chair of Council

15

Statement of Financial Position as at 30 June 2024

Particulars	Notes	2023/2024	2022/2023
ASSETS		Kshs	Kshs
Current Assets:			
Cash and cash equivalents	14	128,689,935	-
Receivables from exchange transactions	15	8,596,214	-
Inventories	16	5,052,399	-
Prepaid expenses	17	97,791	-
Total Current Assets		142,436,339	-
Non-Current Assets			
Property, Plant and Equipment	18	282,147,169	-
Intangible Assets		-	-
Total Non-Current Assets		282,147,169	-
Total Assets		424,583,507	-
LIABILITIES:			
Current Liabilities:			
Trade and other payables	19	33,565,355	-
Prepayments	20	5,002,104	-
Current Provisions	21	55,317,186	-
Total Current Liabilities		93,884,644	-
Non-Current Liabilities:			
		-	-
Total Non-Current Liabilities		-	-
Total Liabilities		93,884,644	-
Net Assets		330,698,863	-

Particulars	Notes	2023/2024	2022/2023
Represented by:			
Reserves		6,101,884	-
Accumulated Surplus		324,596,979	-
Net Assets		330,698,863	-

The financial statements set out on pages 1 to 37 were signed on behalf of Council by:



Prof. Elijah Omwenga
Ag. Vice-Chancellor



CPA Daniel Kimaiyo
ICPAK No: 12579
Finance Officer



Prof. Ezra Maritim
Chair of Council

16

Statement of Changes in Net Assets for the year ended 30 June 2024

Description	Ordinary Share Capital	Revaluation Reserve	Fair Value Adjustment Reserve	Retained Earnings	Capital Development Grants/Fund	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
As at July 1, 2023	-	-	-	-	6,101,884	6,101,884
Issued new capital	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-
Surplus/ deficit for the year	-	-	-	324,596,979	-	324,596,979
Capital/development grants received during the year	-	-	-	-	-	-
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-	-	-
As at June 30, 2024	-	-	-	324,596,979	6,101,884	330,698,863

Notes to the Net Assets:

In 2023/2024 Financial Year, the University received 50 desktop computers valued at Ksh 120,000 each plus accessories amounting to Kshs 101,884 from Ministry of Information Communication Technology (MoICT).*

17

Statement of Cash Flows for the Year ended 30 June 2024

Particulars	2023/2024	2022/2023
	Kshs	Kshs
Cash flows from operating activities		
Receipts		
Transfer from other government entities	502,000,000	-
Revenue from Exchange Transactions	23,475,844	-
Total receipts	525,475,844	-
Payments		
Use of Goods and Services	61,864,374	-
Employee costs	76,993,653	-
Council Expenses	7,524,293	-
Repairs and maintenance	383,024	-
Contracted Services	-	-
Total payments	146,765,344	-
Net cash flows from/(used in) operating activities	378,710,500	-
Cash flows from investing activities	-	-
Purchase of PPE and Intangible assets	(250,020,565)	-
Proceeds from sale of PPE	-	-
Purchase of investments	-	-
Sale of investments	-	-
Net cash flows from/(used in) investing activities	(250,020,565)	-
Cash flows from financing activities	-	-

Particulars	2023/2024	2022/2023
	Kshs	Kshs
Capital Development Grants from GOK	-	-
Repayment of borrowings	-	-
Proceeds from issue of shares	-	-
Net cash flows from financing Activities	-	-
Net increase/(decrease) in cash & Cash equivalents	128,689,935	-
Cash and cash equivalents at 1 July	-	-
Cash and cash equivalents at 30 June	128,689,935	-

Notes to the Cashflow Statement:

This cashflow statement was prepared using direct method whereby the income reported is the cash paid to the bank accounts while expenses are the actual payments out from the bank accounts. The table below explains the difference between the income reported in the Cashflow Statement versus what was reported in the Statement of Financial Performance.

Particulars	Invoices	Paid
GSSP	11,180,000	11,760,000
PSSP	14,342,500	10,167,990
Balance in E-citizen gateway		546,972
SKIES Project Income (balance)	593,726	1,000,882
Total	26,116,226	23,475,844
Difference		2,640,382

18

Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

Particulars	Original Budget (A)	Adjustments (B)	Final Budget (C=A+B)	Actual on Comparable Basis (D)	Performance Difference (E=C-D)	% Utilization
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
INCOME:						
Grants From National Government- Recurrent	502,000,000	-	502,000,000	502,000,000	-	100
Tuition Fees and Related Charges	42,000,000	-	42,000,000	26,116,226	(15,883,774)	62
TOTAL INCOME	544,000,000	-	544,000,000	528,116,226	(15,883,774)	97
EXPENDITURE						
Use of Goods and Services:						
i. Academic Expenses	59,326,261	5,333,072	64,659,333	39,810,397	24,848,936	62
ii. Administrative Costs	60,424,400	2,817,274	63,241,674	46,137,048	17,104,626	73
iii. Utilities	2,300,000	(675,501)	1,624,499	274,854	1,349,645	17
iv. Insurance Expenses	5,560,000	2,481,001	8,041,001	5,420,282	2,620,719	67
Total Use of Goods and Services	127,610,661	9,955,846	137,566,507	91,642,581	45,923,926	67
Purchase of Non-Current Assets	291,219,686	(2,779,435)	288,440,251	283,429,954	5,010,297	98
Personnel Costs	100,349,191	(827,661)	99,521,530	98,846,606	674,924	99
Council Expense	10,363,000	25,000	10,388,000	9,763,830	624,170	94
Depreciation & Amortization Expenses	7,057,461	(100,000)	6,957,461	2,883,205	4,074,255	41
Maintenance Expenses	5,200,000	(4,373,750)	826,250	383,024	443,226	46
Contracted services	2,200,000	(1,900,000)	300,000	-	300,000	-
GROSS EXPENDITURE	544,000,000	-	544,000,000	486,949,201	57,050,798	90
SURPLUS/(DEFICIT)	-	-	-	41,167,025		

Budget notes

Tuition Fees and Related Charge (62%) The First Semester of the 2023/2024 Academic Year commenced in November 2023 with the registration and orientation of students to the e-learning environment. Actual learning activities began on January 15, 2024, and ended in April 2024. The second semester started in May 2024, and hence the income for the second semester will be recognized in the 2024/2025 Financial Year.

Academic Expenses (62%) Some of the academic expenses reported a positive variance since the activities can only be implemented after the end of the second semester. Provision was made to pay KUCCPS and CUE since invoices for pay-

ments will be issued by the institutions once relevant documentation is received.

Administrative Costs (73%) The highest contribution to the positive variance was the payment of rent amounting to Ksh 2,056,570 due to the exit of the university from NACOSTI premises. Other votes reported minimal positive variances due to the timing of respective activities. Valuation of assets was not conducted as planned since the university is fast-tracking the handover of the contract awarded to Kenya Défense Forces to partition and equip the premises in order to have documentation for the value of assets.

Utilities (17%) The main expense budgeted under this category was provision of internet and related services by KENET at Ksh 1 million. This amount was not spent since the process of onboarding the services was not concluded by 30th June 2024.

Insurance Expenses (67%) The comprehensive medical cover for staff received a lower assessment of premiums from the contracted insurance company based on the actuarial evaluation done.

Depreciation Expenses (41%) The depreciation expenses were lower since there was exclusion of some assets being partitioning works and supplies made by the contract done by the Ministry of Defense. The works had not been handed over and commissioned as at 30th June 2024.

Maintenance Expenses (46%) The university realized expenditure in the maintenance of motor vehicles only. Most of the assets are still new and in good working condition, and therefore did not require repairs.

19

Notes to the Financial Statements

1 General Information

Open University of Kenya is established by and derives its authority and accountability from the Universities Act, 2012 (revised in 2016). The university is wholly owned by the Government of Kenya and is domiciled in Kenya. The university's principal activity is to provide higher education and generate knowledge through teaching, training, research, extension, outreach, innovation and digital transformation.

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

3 Adoption of New and Revised Standards



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.



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	<p>Applicable 1st January 2025</p> <p>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. This new standard does not affect the university's financial reporting.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>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. This new standard does not affect the university's financial reporting.</p>
IPSAS 45: Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>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 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. This new standard does not affect the university's financial reporting.</p>

Standard	Effective date and impact
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <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. <p>The standard also introduces a public sector specific measurement bases called the current operational value. This new standard does not affect the university's financial reporting.</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>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. This new standard does not affect the university's financial reporting.</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>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. This new standard does not affect the university's financial reporting.</p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>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. This new standard does not affect the university's financial reporting.</p>



Early adoption of standards

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

4 Summary of Significant Accounting Policies



Revenue recognition

I. Revenue from non-exchange transactions

Fees, taxes and fines

The university recognises 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 recognised instead of revenue. Other non-exchange revenues are recognised 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 recognised 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 university 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 transactions

Rendering of services

The Entity recognises 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 recognised only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognised 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.

Dividends

Dividends or similar distributions must be recognised when the shareholder's or the Entity's right to receive payments is established.

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 the Current FY was approved by the National Assembly in November 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of Ksh 250 million on the 2023/2024 budget following the governing body's approval.

The university budget is prepared on a different basis to the actual income and expenditure disclosed in 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.

c Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the university operates and generates taxable income. Current income tax relating to items recognised directly in net assets is recognised in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that

the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside surplus or deficit is recognised outside surplus or deficit. Deferred tax items are recognised in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable university and the same taxation authority.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- (i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- (ii) When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.



Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised 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 recognised 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.

f Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the university. Assets held under a finance lease are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The university also recognises the associated lease liability at the inception of the lease. The liability recognised is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the university will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the university. Operating lease payments are recognised as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g Intangible assets

Intangible assets acquired separately are initially recognised 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 and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h Research and development costs

The university expenses research costs as incurred. Development costs on an individual project are recognised 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 recognised immediately in surplus or deficit.

i 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.

j Financial assets

Classification of financial assets

The entity 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 recognised in profit or loss when the asset is de-recognised 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 recognised 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 recognised 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 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 entity 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 recognises a loss allowance for such losses at each reporting date.

k Financial liabilities

Classification

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

l 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 recognised as an expense when deployed for utilization or consumption in the ordinary course of operations of the university.

m Provisions

Provisions are recognised when the university has a 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. Where the university expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

n 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.

o Contingent liabilities

The Entity does not recognise 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.

p Contingent assets

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

q Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The university maintains Capital Reserves in accordance to IPSAS 1 and Revenue Reserves in accordance to IPSAS 9 and 23.

r Changes in accounting policies and estimates

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

s Employee benefits

Retirement benefit plans

The university provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the university pays fixed contributions into a separate 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. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

t 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 recognised as income or expenses in the period in which they arise.

u Borrowing costs

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

v 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 university, or vice versa. Members of key management are regarded as related parties and comprise the Council, Vice Chancellor and Deputy Vice Chancellors.

w Service concession arrangements

The university analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the university recognises that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognised are measured at their fair value. To the extent that an asset has been recognised, the university also recognises a corresponding liability, adjusted by a cash consideration paid or received.

x 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

y Comparative figures

This is the first inaugural financial statements of the university and hence there are no comparative figures for the previous financial year.

Z Subsequent events

There have been no events subsequent to the financial year ended June 30, 2024.

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. State all judgements, estimates and assumptions made:

E Estimates and assumptions

The 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, are described below. The university based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the university. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

E Useful lives and residual value

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

E Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 21. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. The university provisions for gratuity and general provisions based on the actual payroll cost charged for gratuity and contract price or Local Purchase Order for general provisions respectively.

6 Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity Sending the Grant	Amount recognised to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2023/2024	2022/2023
	KShs	KShs	KShs	KShs	KShs
Ministry/State Department					
Ministry of Education	502,000,000	-	-	502,000,000	-
Total	502,000,000	-	-	502,000,000	-

7 Rendering of Services

Description	2023 / 2024	2022 / 2023
	KShs	KShs
GSSP Fees Collections	11,180,000	-
PSSP Fees Collections	14,342,500	-
Others- Contribution from Research Project	593,726	-
Total Revenue from the Rendering of Services	26,116,226	-

Income from tuition fees is based on the invoices issued to students for Year first semester that ended in April 2024. The second semester started in May and will end in August hence will be considered as revenue for the subsequent financial year. The university received 10% administrative fees amounting to Ksh 593,726 from a collaboration project with Strengthening Kenya's Innovation Ecosystem (SKIES) project.

8 Use of Goods and Services

Particulars	2023/2024	2022/2023
8. i Academic Expenses		
Field Course and Attachment Expenses		
Admission Expenses	22,500	-
KUCCPS Expenses	2,097,000	-
Accreditation Expenses - CUE	1,349,000	-
Examination Expenses- Including Academic Board and Senate	1,452,615	-
External Examiners		
Student Welfare, Development/Student Activity		
Student Union	25,900	-

Particulars	2023/2024	2022/2023
Research expenses		
Laboratory Materials, (BTechEd)		
Teaching Practice		
Library Expenses	6,353,625	-
Communication to Stakeholders/Public Participation		
Collaborations & Partnerships	47,600	-
Postage and Courier	8,285	-
Capacity Building- Academic	96,250	-
Curriculum/Policy Development and Materials	4,146,092	-
Teaching Materials		
Curriculum Development and Digitization	24,211,530	-
Sub-Total Academic expenses	39,810,397	-
8. ii. Administrative Expenses		
Carriage, Insurance & Freight		
Bad & Doubtful Debts		
Part Time Teaching Staff	2,420,000	-
Corporate Social Responsibility		
Newspapers & Periodicals		
Tender Processing Costs	549,630	-
Crockery and Utensils	101,576	-
Software, Licenses, Renewals & Connectivity	2,845,712	-
Refined Fuel, Oil and Lubricants	1,132,352	-
Advertisements, Promotions & Publicity	7,316,535	-
Trade Shows and Exhibitions		
Bank Charges and Commissions	41,873	-
Cleaning Materials and Detergents	150,433	-
Subscriptions, License & Affiliation Expenses	41,950	-
Hospitality and Office Refreshments	358,554	-
Extra-Curricular (Team Building Activities)	2,709,100	-
Surveillance and Quality Assurance		
Monitoring & Evaluation- including PC & Strategic Plan	5,990,240	-
Capacity Building- Staff Training	2,149,876	-

Particulars	2023/2024	2022/2023
Rent, Rates	8,043,430	
Communication Costs including Petty Cash	-	
Enforcement and Compliance- Legal Expenses	260,000	-
Public Celebrations & Funerals		
Office Stationery, Printing	690,690	-
Travelling & Accommodation- Local Travel	3,809,771	-
Travelling & Accommodation- Foreign Travel	5,132,515	-
Seminars, Conferences & Workshops	2,392,811	-
Audit fees		
Staff Uniforms		
Contingency and Disaster Management		
Valuation of Assets		
Bottom-Up Economic Transformation Agenda		
Sub- Total Administrative expenses	46,137,048	-
8. iii. Utilities		
Electricity Expenses	237,195	-
Water & Sewerage	13,160	-
Telephone, Mobile and Internet Services	24,499	-
Sub-Total Utilities	274,854	-
8. iv. Insurance Expenses		
Property Insurance Expenses		
Medical Scheme Staff	5,420,282	-
Group Life Cover		
Group Accident Cover		
WIBA		
Comprehensive Motor Vehicle Insurance		
Sub-Total Insurances	5,420,282	-
Total use of Goods and Services	91,642,581	-

9 Employee Costs

Particulars	2023/2024	2022/2023
Basic Salary	37,675,632	-
House Allowance	12,839,828	-
Transport Allowance	10,013,226	-
Other Personal Allowances	23,365,015	-
Gratuity	1,561,118	-
Employers NSSF	350,928	-
Employers Pension Contributions	4,718,783	-
Leave Allowance	852,000	-
Settlement Allowance	6,676,600	-
Passage and Baggage Allowance	-	-
Casual Labour/ Wages	211,624	-
National Industrial Training Authority (NITA)	10,450	-
Affordable Housing Levy - 1.5% Gross Pay	571,402	-
NHIF Employer - 2.75% Gross Pay	-	-
Total Employee Costs	98,846,606	-

10 Council Expenses

Particulars	2023/2024	2022/2023
Honoraria	2,121,208	-
Sitting Allowance	2,343,000	-
Accommodation and Subsistence	3,312,400	-
Other Council Expenses	576,000	-
Mileage Allowance	671,759	-
Lunch Allowance	318,600	-
Board Insurance	420,864	-
Total Council Expenses	9,763,830	-

11 Depreciation and Amortization Expense

Particulars	2023/2024	2022/2023
Depreciation - Buildings		-
Depreciation - Plant & Equipment	286,035	-
Depreciation - Furniture & Fittings	215,000	-
Depreciation - Motor Vehicle		-
Depreciation - Computer Hardware	2,382,170	-
Amortization - Computer Software		-
Total Depreciation	2,883,205	-

12 Repairs and Maintenance

Particulars	2023 / 2024	2022 / 2023
Buildings & Stations		-
Computers and other Electronics	8,300	-
Motor Vehicles	374,724	-
Road Maintenance and Grounds		-
Furniture and Fittings		-
Plant and Equipment		-
Total Repairs and Maintenance	383,024	-

13 Contracted Services

The university did not spend the budgeted amount on contract services since it utilised casuals for cleaning and security. The procurement process for sanitary and sanitary services could not be completed in the financial year.

14 Cash and Cash Equivalents

Particulars	2023/2024	2022/2023
Collections accounts	21,916,535	-
Current accounts	106,226,428	-
Others- E-Citizen Portal	546,972	-
Total	128,689,935	-

Detailed Analysis of the Cash and Cash Equivalents

Particulars	Account Number	2023/2024	2022/2023
a) Collection accounts			
Equity Bank- PSSP	0600284659964	10,164,150	-
Equity Bank- GSSP	0600284659950	11,752,385	-
Sub total		21,916,535	-
b) Current account:			
Equity Bank	0600284659906	106,226,428	-
c) Others			
E-Citizen Portal		546,972	-
Grand Total		128,689,935	-

15 Receivables from Exchange Transactions

Receivables from Exchange Transactions (Current)

Description	2023/2024	2022/2023
	Kshs	Kshs
Receivables	8,596,214	-
Other Exchange Debtors	-	-
Total Current Receivables	8,596,214	-

The receivables are the unpaid fees for Year 1 Sem 1 as at 30th June 2024. The Higher Education Loans Board (HELB) accounted for Ksh 5,476,000 of the student debtors, as Ksh 15,000,000 was allocated, with only Ksh 9,524,000 disbursed.

a Ageing analysis for Receivables from exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	8,596,214	100	-	-
Between 1-2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	8,596,214	100	-	-

16 Inventories

Description	2023/2024	2022/2023
	Kshs	Kshs
Promotional Materials	1,721,590	-
Stationery	1,730,775	-
Cleaning Materials	6,960	-
Uniforms and Clothing	756,774	-
Tools	28,450	-
Drinking Water	5,850	-
Electronics	802,000	-
Total inventories at the lower of cost and net realisable value	5,052,399	-

17 Prepayments

Description	2023/2024	2022/2023
	Kshs	Kshs
Prepaid fuel	97,791	-



18 Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant, Equipment and Machinery	Capital (Work in progress)	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July 2023	-	-	-	-	-	-	-	-
Additions	-	-	-	1,720,000	7,153,665	1,906,900	274,249,809	285,030,374
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
As at 30th June 2024	-	-	-	1,720,000	7,153,665	1,906,900	274,249,809	285,030,374
Depreciation And Impairment								
As at 1st July 2023	-	-	-	-	-	-	-	-
Depreciation	-	-	-	215,000	2,382,170	286,035	-	2,883,205
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As at 30th June 2024	-	-	-	215,000	2,382,170	286,035	-	2,883,205
Net Book Values:								-
As at 30th June 2024	-	-	-	1,505,000	4,771,495	1,620,865	274,249,809	282,147,169

Note to Property, Plant and Equipment

- i. The university is implementing digital infrastructure, including ERP and LMS, under a Ksh 950 million contract signed on July 20, 2023, between the State Department for Higher Education and KOTDA. As of June 30, 2024, Ksh 250 million had been paid and recorded as WIP.
- ii. As of June 30, 2024, the Ministry of ICT transferred 50 computers to the university worth Ksh. 120,000 each.
- iii. The Ministry of Education contracted the Kenya Defence Forces in 2023 for furnished office partitioning. As of June 30, 2024, the handover was incomplete, so capitalisation will occur once it's finalised.

Details of Work-in-Progress as at 30th June, 2024

PARTICULARS	QUANTITY	REASON	AMOUNT (KSH)
Payment for ERP system Year 1 Phase 1	1	ERP Implementation on-going	250,000,000
Purchase of Motor Vehicles Isuzu Mini bus 33-seater 4334CC	1	Provision	7,840,000
Digital Library resources - E-books	337	Provision	6,650,029
Purchase of computer, copiers & printers:			
Laptops, 16GB RAM 512GB SSD HP Spectre 360	12	Provision	2,994,720
Teaching Tablets	20	Provision	2,330,520
Mobile Phones, 8GB RAM, 256GB, 50MP+12MP+5MP, Front 32MP	4	Provision	148,000
Satellite Internet	2	Provision	1,150,000
Bulk SMS	1	Provision	149,500
Ipads 8GB RAM, 128GB, Mac 08	8	Provision	2,127,040
Laptops, 18GB RAM, 512GB SSD, MacBook	2	Provision	860,000
Total Work-in Progress			274,249,809

19 Trade and Other Payables

Description	2023/2024		2022/2023	
	Kshs		Kshs	
Payables to suppliers of goods and services	11,822,427		-	
June 2024 Payroll outstanding	6,193,130		-	
Payroll due to other universities	14,548,916		-	
SKIES Project Funds	1,000,882		-	
Total trade and other payables	33,565,355		-	
Ageing analysis: (Trade and other payables)	2023/2024	% of the Total	Comparative FY	% of the Total
Under one year	33,565,355	100	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	33,565,355	100	-	-

The payables are amounts due to suppliers of goods and services. The amount due to

other universities relates to refund due to universities that deployed staff to OUK and they continued to pay salaries up to the month of December 2023.

20 Refundable Deposits and Prepayments from Students

Description	2023/2024		2022/2023	
	Kshs		Kshs	
Fees Prepayments	4,464,000		-	
Refundable Deposits	538,104		-	
Total deposits	5,002,104		-	
Ageing analysis	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	5,002,104	100	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	5,002,104	100	-	-

The prepayments are the overpayment from students in excess of invoices for Year 1 Semester 1 while the refundable deposits are monies deposited in the collection accounts without corresponding student details like name and registration number. The amounts will only be recognised to the income statement once reconciliation is completed and correctly identified to students.

21 Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-	-
Additional provisions	-	-	1,561,118	53,756,068	55,317,186
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Transfers from non-current provisions	-	-	-	-	-
Total provisions year end	-	-	1,561,118	53,756,068	55,317,186

22 Employee Benefit Obligations

The university contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The university's obligation under the scheme is limited to specific contributions legislated from time to time and is currently 6% of the basic salary with a maximum of Ksh. 2,160 per employee per month. Other than NSSF the university also has a defined contribution where Employees contribute 10% while employers contribute 20% of basic salary. The contributions from employees and employer are sent on a monthly basis to various pension schemes that deployed staff the university. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

23 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 minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The university does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity'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 student or stakeholder 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 council. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the university's management based on prior experience and their assessment of the current economic environment.

ii Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Receivables from exchange transactions	8,596,214	8,596,214	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	128,689,935	128,689,935	-	-
Total	137,286,149	137,286,149		
As at 30 June 2023				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

iii Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due. The council sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

iv Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Council, who have 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. The table below represents cash flows payable by the university under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Trade payables	18,002,780	-	14,548,915	32,551,695
Current portion of borrowings	-	-	-	-
Provisions	53,756,086	-	1,561,118	55,317,186
Deferred income	5,002,104	-	-	5,002,104
Employee benefit obligation	-	-	1,013,659	1,013,659
Total	76,760,970	-	17,123,692	93,884,644
As at 30th June 2023	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Market risk

The university 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. 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 and Compliance Committee of Council 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 way 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.

B. Interest rate risk

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



risk. The interest rate risk exposure arises mainly from interest rate movements on the university's deposits.

Management of interest rate risk

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

Capital Risk Management

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

Description	2023 / 2024	2022 / 2023
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	324,596,979	-
Capital Reserve	6,101,884	-
Total Funds	330,698,863	-
Total Borrowings	-	-
Less: Cash and Bank Balances	(128,689,935)	-
Net Debt/(Excess Cash And Cash Equivalents)	nil	-
Gearing	nil	-

24 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.

Government of Kenya

The Government of Kenya is the principal shareholder of the university, holding 100% of the university's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- (i) The Ministry of Education
- (ii) Commission of University Education
- (iii) Higher Education Loans Board
- (iv) Kenya University and Colleges Central Placement Service (KUCCPS)

- (v) Council
- (vi) Vice-Chancellor
- (vii) Deputy Vice-Chancellors

Description	2023 / 2024	2022 / 2023
	Kshs	Kshs
Transactions with related parties		
a) Grants /transfers from the government		
Grants from national govt	502,000,000	-
Grants from county government	-	-
Donations in kind	-	-
Total	502,000,000	-
b) Key management compensation		
Council emoluments	2,121,208	-
Compensation to key management	19,176,425	-
Total	21,297,633	-

25 Events after the Reporting Period

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

26 Ultimate And Holding Entity

The Entity is a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

27 Currency

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

20

Appendices



Appendix I: Implementation Status of Auditor-General's Recommendations

The university is preparing its financial statements for the first time and hence there are no previous audit recommendations.

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Provision of Consultancy Services for the Design, Development, Installation, Operationalization, and Commissioning of ERP	950,000,000	250,000,000		470,000,000	250,000,000	GoK

Appendix II: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	11th January 2024	Recurrent & Capital	502,000,000			-	-	-	502,000,000
Total			502,000,000			-	-	-	502,000,000





ANNUAL REPORT | 2024
&
FINANCIAL STATEMENTS

