

REPUBLIC OF KENYA



**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**TURKANA UNIVERSITY COLLEGE**

**FOR THE YEAR  
ENDED 30 JUNE, 2021**



The Cradle of Knowledge

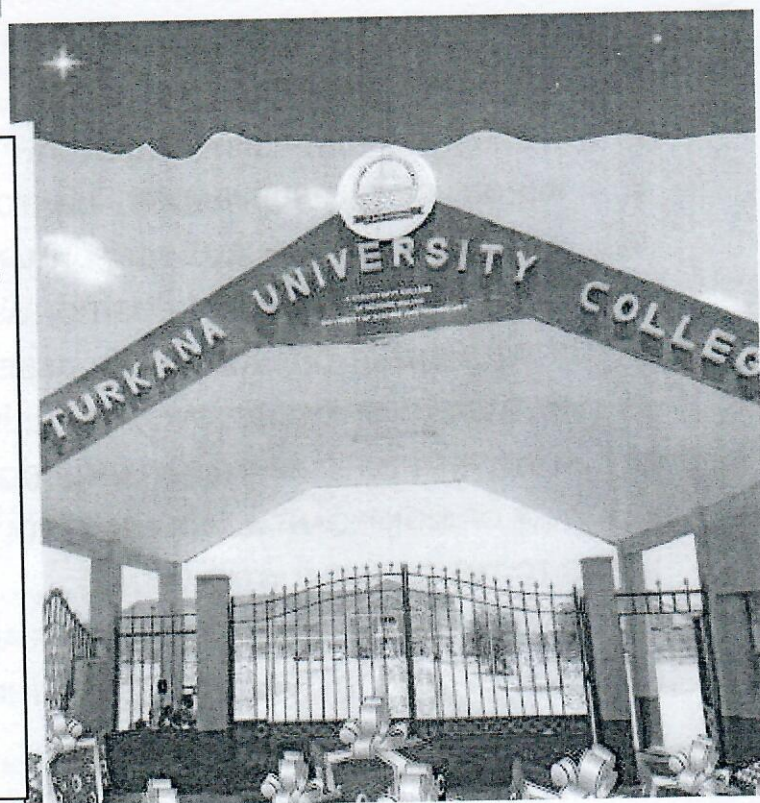
## TURKANA UNIVERSITY COLLEGE (TUC)

*(A Constituent College of Masinde Muliro University of  
Science and Technology)*

P.O. Box, 69 - 30500,  
Lodwar-Kapenguria Road,

E-mail: [info@tuc.ac.ke](mailto:info@tuc.ac.ke) OR [enquiries@tuc.ac.ke](mailto:enquiries@tuc.ac.ke)

Website: [www.tuc.ac.ke](http://www.tuc.ac.ke)



# ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 2021

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

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## 1. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

The University College was established through Legal Notice No. 8 of 2017. It was gazetted and inaugurated on 27th January, 2017 as a constituent college of Masinde Muliro University of Science and Technology (MMUST). Masinde Muliro University of Science and Technology Council guided the process including development of a proposal for establishment of a University College in North Western Kenya, acquisition of the infrastructure up to inauguration of TUC Council.

TUC is the successor of Mount Kenya University (MKU) Lodwar Campus, which had occupied the site since 2015 after moving from Lodwar town where it had been offering University education since 2011. MKU is a chartered private institution. The transition from a private institution to a public one was facilitated by the Kenyan Government, which further requested MMUST to mentor TUC as a constituent college.

The University College currently has three Schools and five Academic departments as indicated below:

1. School of Education and Social Sciences
  - i) Department of Teacher Education
  - ii) Department of Development and Social work
2. School of Science and Technology
  - i) Department of Renewable Energy Technology
  - ii) Department of Biological and Physical Sciences
3. School of Business of Business and Economics
  - i) Department of Management Science

### (b) Principal Activities

The principal activities of the University College are derived from the core functions as stipulated in the Universities Act 2012 and the University College Statutes. The mandate of TUC is to provide quality education and training, research, and innovation to meet the needs of the dynamic society.

**VISION, MISSION, CORE VALUES, PHILOSOPHY AND MOTTO**



**MISSION**



**VISION**



**VALUES**

## Vision

To be a globally esteemed University in teaching, research, and outreach

## Mission

To generate, preserve, utilize and disseminate quality knowledge for advancement of humanity

## Core Values

- Customer Focus
- Sustainability
- Excellence
- Integrity
- Team Work

## Philosophy

The University College will subscribe to its core values, optimize on resource utilization, and develop a strong culture of knowledge generation, preservation, utilization, and dissemination for advancement of humanity.

## MOTTO

THE CRADLE OF KNOWLEDGE  
*CHIMBUKO LA MAARIFA*

### Scope of the Strategic Plan

This Strategic Plan covers the period 2021-2025 and addresses the following six (6) Strategic Issues:

## Strategic Issues



**University Teaching and learning**



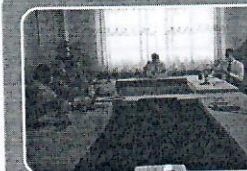
**Research, innovation and outreach**



**Information, communication and technology**



**Student services**



**Resource mobilization and management**



**Institutional transformation**

## Strategic Objectives

TUC will continue to focus on the following strategic objectives as set out in the strategic plan 2021 2025

- 1 • To Expand Relevant Academic Programme
- 2 • To enhance Quality in Education and Training
- 3 • To Generate and Disseminate Research Findings
- 4 • To Promote the culture of Research and Innovation
- 5 • To enhance outreach in the ASALs
- 6 • To Enhance the Development and Effective Use of ICT Infrastructure
- 7 • To Utilize ICT Infrastructure in Expansion of the University College Web Presence
- 8 • To Utilize ICT Infrastructure to Improve the Efficiency of University Operations
- 9 • To Develop Student Support Programmes
- 10 • Strengthen Student Governance Mechanisms
- 11 • To Provide a Secure, Comfortable Teaching, Learning and Living Environment
- 12 • To expand the University's Financial Resource Base
- 13 • To institutionalize Prudent Management of Financial Resources
- 14 • To Recruit, Train and Retain Qualified Staff
- 15 • To acquire plants and equipment
- 16 • To Improve on Service Delivery Systems
- 17 • To Strengthen University College Governance.
- 18 • To develop a Positive Image of the University College
- 19 • To enhance Affirmative Action Compliance

(c) **Key Management**

Turkana University College day-to-day management is under the following key organs:

**The University College Council**

TUC Council was appointed on Thursday 30th of April, 2020 by CS-Education. The Council members will serve on a three (3) year term effective 30th April, 2020 till 29<sup>th</sup> March 2023 (as per the Legal Notice).

**The Principal (CEO and Accounting Officer)**

TUC is currently headed by an Acting Principal and Two deputies who are also working in acting capacities

**The University College Management Board**

The University College Academic Board is headed by the Principal and Comprises of Heads of Divisions and Administrative Departments

**The University College Academic Board**

The University College Academic Board is headed by the Principal, and Comprises of Heads of Divisions, Directorates, Schools, Sections and Academic Departments

**The Deans Committee**

The Dean's committee is headed by the Deputy Principal, and comprises of Deans, Librarian, and Registrar Academic Affairs.

(d) **Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal (CEO)	Prof. George Chemining'wa
2.	Deputy Principal (AFP)	Prof. George Muthaa
3.	Deputy Principal (ASA)	Prof. Clifford Machogu
4	Registrar Administration	Dr. Henry Ongori
5	Registrar Academic Affairs	Mr. Paul Odongo
6	Procurement Officer	Mr. Paul Ekiru
7	Finance officer	CPA Jared Okello
8	Legal Officer	Mr. Shadrack Muyesu
9	Clinical Officer	Mr. Lawi Kiprono Too
10	Librarian	Ms. Sherry Odari
11	Human Resource Officer	Ms. Violet Simiyu
12	Dean of Students	Rev. Jackson Iruko
13	ICT Officer	Mr. Morris Ngugi

(e) **Fiduciary Oversight Arrangements**

The fiduciary oversight arrangements are guided by the TUC Council Committees whose mandates are indicated below.



**1. Human Resources and Appointments Committee**

Terms of Reference

- (a) Recommend to the Council employment, appointment and promotion of all staff in grades XIV and above;
- (b) Consider and recommend to the Council approval of terms and conditions of service; criteria for recruitment, appointment and promotion for all staff;
- (c) Oversee development and implementation of human resource management policies in the University College;
- (d) Receive and consider reports on staff welfare;
- (e) Receive, consider and recommend to the Council proposals on staff establishment and Schemes of Service of the University College;
- (f) Adjudicate on staff disciplinary appeals;
- (g) Oversee implementation of policies on gender mainstreaming, equal opportunities for persons with disabilities, minorities and other marginalized groups and submit reports on the same to the Council;
- (h) Monitor implementation and effectiveness of the University College Staff Training and Appraisal Policy;
- (i) Oversee industrial relations;
- (j) Handle disciplinary matters for staff from grade XIV and above. Membership for respective staff Disciplinary Committees shall be as provided for in the Human Resource Manual;
- (k) Recommend to the Council improvements in the job grading classifications as it may consider appropriate;
- (l) Advise the Council on matters related to the Pension Scheme; and
- (m) Undertake any other responsibility that may be assigned by the Council from time to time.

**2. Audit, Risk Management and Compliance Committee**

Terms of Reference

- (a) Receive, review and recommend internal control mechanisms towards improving efficiency, effectiveness, transparency and accountability;
- (b) Receive and discuss internal and external audit reports and make recommendations to Council;
- (c) Review and regularly report to Council on the effectiveness and efficiency of the internal audit function;

- (d) Review management procedures and make proposals to Council for mainstreaming of risk management, controls and governance;
- (e) Review and submit proposals to Council on improvement of efficiency and effectiveness of management systems, including and not limited to high-risk areas such as public finance, human resource, academic programs, and general internal controls;
- (f) Review and submit a report to Council on compliance with policies, laws, regulations, procedures, plans, and ethics;
- (g) Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency;
- (h) Receive, consider and submit to Council progress reports from the Chief Internal Auditor including:
  - (i) Work performed compared with work planned;
  - (ii) Key issues emerging from internal audit work done;
  - (iii) Status of management response to audit findings and recommendations
  - (iv) Changes to the annual work plan.
  - (v) Undertake any other responsibility assigned by the Council from time to time.

3. **Finance, Planning, Development and General Purposes Committee**  
Terms of Reference

- (a) Receive, consider and recommend for Council approval, annual estimates of revenue and expenditure;
- (b) Oversee compliance of budgetary allocation as approved within its annual budgets;
- (c) Generate and receive proposals for subscription, donations and bequest for onward transmission to Council for consideration;
- (d) Oversee proper recording of accounts of the income, expenditure and assets of the University College and submission of financial reports as by law required;
- (e) Oversee proper vesting of all immovable property, shares, funds and securities in the name of the University College;
- (f) Receive and consider for onward transmission to Council proposal for investing University College funds subject to legal requirements;
- (g) Receive for consideration and onward transmission to Council reports on management and administration of University College:
  - (i) Land and buildings;
  - (ii) Machinery and equipment;

**Turkana University College**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2021**

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- (iii) Funds; and
  - (iv) Vehicles.
- (h) Receive and consider proposals for University College fees and any other charges and recommend to the council for consideration and approval;
  - (i) Receive recommendations for onward transmission to Council on scholarships, bursaries and other awards;
  - (j) Receive proposals on opportunities for investments, for processing and onward transmission to council for consideration and approval;
  - (k) Receive reports on performance of University College investments and submit proposals for Council consideration;
  - (l) Oversee the development, review and implementation of the University College Strategic Plan in conformity with the medium term fiscal frame work and policy objectives;
  - (m) Receive, consider and submit for Council approval the annual Procurement Plan of the University College;
  - (n) Recommend for Council approval the sale, purchase, exchange, lease, or take on of movable and immovable property of the University College;
  - (o) Subject to the laid down government procedures, to recommend for Council approval:
    - (i) The borrowing of money on behalf of the University College; and
    - (ii) Mortgaging or charging all or any part of movable and immovable property of the University College.
  - (p) Receive for consideration and recommendation to Council opening, and/or closing of bank account(s) for the funds of the University College;
  - (q) Receive, consider and make recommendations to Council on reports of implementation of the University College Master Plan;
  - (r) Receive, consider and submit for Council approval proposals on new projects;
  - (s) Review the performance of all ongoing projects and submit reports to Council on a quarterly basis;
  - (t) Receive, consider and make recommendation to Council on reports of implementation of the University College Performance Contract and Consolidated Annual Work Plan;
  - (u) Recommend to the Council on acquisition of new fixed assets including land;
  - (v) Explore ways of raising funds for the University College, both internally and

externally;

- (w) Develop appropriate and conducive policies to guide and promote resource mobilization and income generation activities; and
- (x) Undertake any other responsibility assigned by the Council from time to time.

**4. Academics, Research, extension, Collaboration and Sealing committee**

Terms of Reference

- (a) To receive, consider, note and forward to full Council proposals/ reports on establishment, abolition and/or harmonization of schools, units, departments and canthers, as the University College Academic Board may from time to time determine;
- (b) To develop, establish and review structures and mechanisms for ensuring the implementation of academic and research policies, the maintenance of standards and enhancement of good practice;
- (c) To provide oversight in the implementation of academic and research policies, the maintenance of standards and enhancement of good practice.
- (d) To deal with matters related to the Statutes, in particular, to examine the format and the content of the University Statutes and make recommendations to the Council for appropriate legislation as provided for in the Legal Notice.
- (e) To receive from the University College Academic Board, consider, note and forward to full Council the cancellation or withdrawal of degrees, diplomas or certificates;
- (f) To advise Council on the recommendation of the University College Academic Board on the status of research, innovation, extension programmes and collaborations; adequacy of teaching and learning resources in the University College;
- (g) To receive from the University College Academic Board, consider, note and forward to full Council reports on students' admissions, teaching, curriculum development/review, students' welfare, and status of academic quality assurance.
- (h) To receive, consider and recommend through Council to the Planning, Finance, Resource Mobilization and Development Committee the types and amount of fees to be paid by students;
- (i) To receive and recommend to the Council the use of the University Seal on University documents; and
- (j) To deal with any other matter that may be referred to it by the Council.

- (f) **Entity Headquarters**  
Turkana University College  
Off Lodwar- Kapenguria Highway,  
P.O Box 69 -30500  
LODWAR, KENYA

- (g) **Entity Contacts**  
E-mail: [info@tuc.ac.ke](mailto:info@tuc.ac.ke)  
Website: [www.tuc.ac.ke](http://www.tuc.ac.ke)
- (h) **Entity Bankers**  
Kenya Commercial Bank Group Limited, Lodwar Branch.  
P.O Box 150-30500 LODWAR
- (i) **Independent Auditors**  
Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya
- (j) **Principal Legal Adviser**  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

## 2. MEMBERS OF THE UNIVERSITY COUNCIL



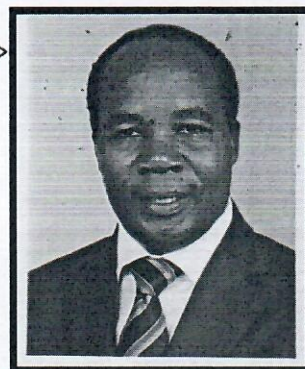
Dr. Solomon Muchina Munyua

**Chairman**

YoB

Dr. Solomon J. Muchina Munyua (BVM; BSc (Hons); Mphil; PhD; Dip Bus Mangt (ABE, UK). He was appointed to Turkana University Council on 30th April, 2020 as the chairman

Eng. Justus G. Wambutura



**Member**

YoB:1956

BSc(Hons), Electrical Engineering

Eng. Wambutura has M.Sc. (Strategic Management), BSC. Hons (Electrical Engineering).

He was appointed to the Turkana University College Council in March 2017 and re-appointed on 30th April 2020.

He is an independent council member and Chairman of Finance, Planning, Development and General Purposes Committee (FPDGC)

Ms. Mercy Kareithi



**Member**

YoB:

Ms. Mercy Kareithi is an Advocate of the High Court of Kenya of 17 years, a Commissioner for Oaths, and a Notary Public. She holds an M.A in International relations and Diplomacy from Kenyatta University, a Post Graduate Diploma in Law from the Kenya School of Law, and a Bachelor of Laws from Moi University. Mercy is the team leader in her law firm, Mercy Kareithi & Co. Advocates, amongst other responsibilities in many other organizations. Ms. Kareithi is an independent Council Member and

the Chairperson of Human Resource and Appointments Committee of Council (HRACC).

She was appointed to TUC Council on 30<sup>th</sup> April, 2020.

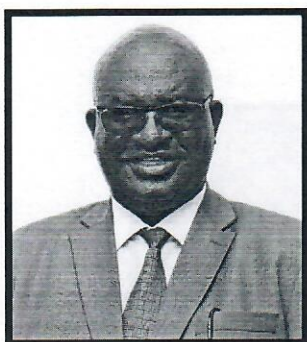
Mr. Oliver Lowoton



**Member**

YoB:

Master of Laws (LL.M) in Law, Democracy and Bachelor of Laws (LL.B), University of Nairobi, Nairobi County; Master of Arts in Missions (MA), Africa International University (AIU), Nairobi County. Governance University of Nairobi, Nairobi County. Mr. Lowoton is an independent Council Member and the Chairman Audit and Risk Assessment Committee of Council. He was appointed to TUC Council on 30<sup>th</sup> April, 2020.



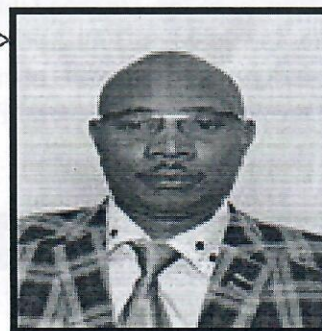
Mr. Archer Arina

**Member**

YoB:

MSc. Technology Economics and Management (SWJ, China), BSc in Agricultural Education and Extension (Egerton) Mr. Arina is Rep. PS State department of University Education and Research. He was appointed to TUC Council on 30<sup>th</sup> April, 2020.

CPA Dr. Solomon Ngahu



**Member**

YoB: 1977

FA, CPA Solomon Ngahu, Rep. CS, National Treasury (Kenya) Rep.,CS, National Treasury & Planning  
PHD Business Administration (JKUAT)  
MBA A – Finance. (JKUAT); M.Sc. Public Finance (Uni. Of London),  
B.Com. First Class Hons. (JKUAT); ESAMI FA

ESAMI: Preparation and Interpretation of Financial Statements; In charge of Receivers of Revenue & Administration Services. He is also member of Public Policy Committee for ICPAK & Members Service Committee for ICIFA among other Boards & National Taskforces. He is the Head of Financial Reporting Unit and a member of ICPAK Professional Courses and Affiliations: 1) Certified Credit Management Professional (CPA)K, 2) Certified Investment & Security Analyst (CISA) K 3) Certified Public Secretary (CPS) K, ICIFA



Mr. Felix Odimmasi

**Member**

**YoB:**

Felix Odimmasi holds an LLM (Master of Laws) degree in International Law with International Relations University of Kent, Canterbury – UK. He has extensive training in Humanitarian Leadership and Emergency Response. He also has postgraduate training in Social Justice, Peace, and Conflict Management from the CUEA, from which he previously qualified with a B.Ed. degree in English and Literature, and as well as a Rotary Foundation Educational Award for Vocational study, Leadership

development and International Peace and Understanding through Education in San Diego, California. He has vast experience in civil society and NGO management, besides more than 10 years of university teaching and consultancy in institutional development, governance, and human rights, and is currently pursuing his Doctorate studies in Law. Mr. Odimmasi is an independent Council member and Chairman of The Academic, Research, Extension, Collaboration and Sealing Committee of Council (ARECS). He was appointed to TUC Council on 30<sup>th</sup> April, 2020.



### 3. MANAGEMENT TEAM

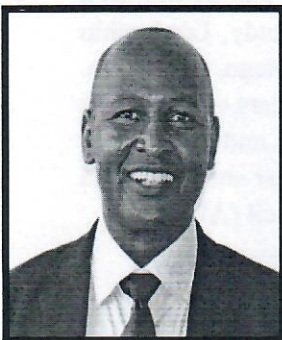


Prof. George N. Chemining'wa

**Principal**

Ph.D. (University of Manitoba), M.Sc. (UoN), B.Sc. (UoN), Postgraduate Diploma (ICRA)

Responsible for the direction, organization, administration, and academic programmes of the University College.



Prof. George M. Muthaa,

Deputy Principal, Administration, Finance and Planning

B.Ed. M.Ed. MBA (KU), Ph.D. (EU). Graduate Diploma in Leadership Development, ICT and Knowledge Society- Dublin City University

Head of the Administration, Finance and Planning Division and responsible for all Human Resource, Administrative matters, Planning, Performance contracting and infrastructural development and Financial Matters.

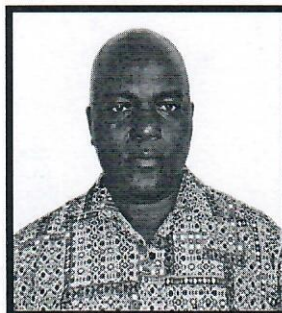


Prof. Clifford G. Machogu

Ag. Deputy Principal, Academics and Student Affairs

B.Com, M.Com, M.Sc. (MUA), PhD. Dr. BRA University.

Head of the Academic Division and responsible for all academic matters of the University College

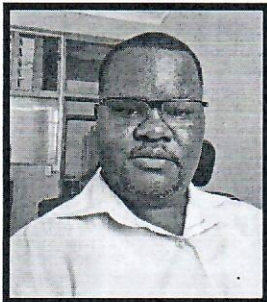


Dr. Henry Ongori

Ag. Registrar (Administration)

PhD-Mgt. (North West University, SA), MBA-Mgt (Shivaji University, India), BCom Mgt (Shivaji University, India)

Responsible for the supervision and management of all administrative and operational functions of the Office of the Registrar (Administration,).



Mr. Paul Odongo  
**Ag. Registrar (Academic Affairs)**  
M.Sc.- Communication Studies (Moi University),  
BA-Philosophy (Pontifical Urbaniana University- Rome).

Registrar Academic Affairs responsible for the supervision and management of all administrative and operational functions of the Office of the Registrar (Academic Affairs).



CPA Jared Okello  
Ag. Finance Officer  
MBA – Accounting and Finance (UEAB), BBM – Accounting and Finance (Moi)

Responsible for the financial matters of the University College under the direction of DP (AFP).

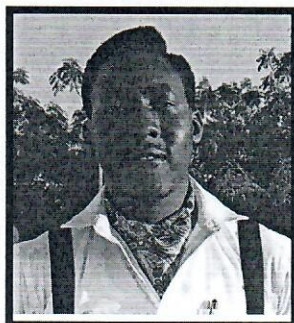


Mr. Paul Ekiru  
**Procurement Officer**  
MBA-Purchasing & Supplies Mgt (MKU), B.Sc.-Purchasing & Supplies Mgt (JKUAT), Procurement Officer  
Responsible for all procurement in the University College



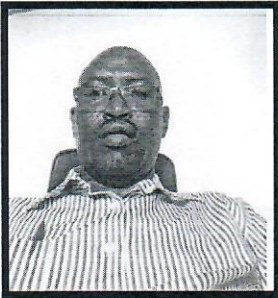
Ms. Sherry Andisi-  
**Assistant Librarian**  
M.Sc. –Library & Information Science (KU), B.Sc. –Library & Information Science (Makerere University)

In charge of the University College library services.



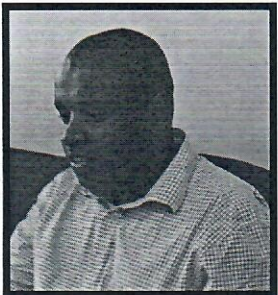
Mr. Shadrack Muyesu  
**Advocate Legal Affairs Officer**  
LL.B (Kabarak University), Post Graduate Diploma in Law (KSL)

Under the direction of the Principal, is responsible for all legal matters of the University College.



Rev. Jackson Iruko  
**Ag. Dean of Students**  
B.Ed. –Arts (Egerton University)

Under the direction of Deputy Principal, Academic and Student affairs, the Dean of Students is in charge of Students welfare



Morris Ngugi  
**ICT Officer**  
B.Sc.–IT(JKUAT)

In charge of Provision of ICT services



Mr. Lawi Too  
**Clinical Officer**  
B.Sc. –Public Health (JKUAT), Diploma –Clinical Medicine & Surgery (KMTTC)

Responsible for all health services in the University College



Ms. Violet Simiyu  
**Human Resource Officer**  
M.Sc. – Human Resource Management (Kibabii), BCom – HRM (MMUST),  
Diploma-HRM (Moi University).

Responsible for human resource issues in the University College

#### 4. CHAIRMAN'S STATEMENT

I feel honored and duty-bound to present an overview of the University College performance for the year ended 30th June 2021. The University College Council played its rightful role in the University College's governance. The Council has remained steadfast and united in support of efforts by TUC management in transforming the University College into a regional and global leading center of academic and research excellence.

In complying with the best practices world over, the University College developed a Strategic Plan 2021/2025. This Strategic Plan is expected to provide a framework and roadmap for the University operations. The University College operations and processes for the period under review were also complemented by the 2020/2021 Signed Performance Contract.

It is imperative to note that the University College realized growth in FY 2020/2021 as compared to the preceding year 2019/2020. This growth is through the collective effort of the University College Council and Management.

The University Council is focused to position TUC as a cradle of knowledge in providing quality education, teaching, research, and innovation community outreach that meet the needs of a dynamic society. TUC has been keen on addressing national aspirations by conforming to national policies including the Big Four agenda, Kenya Vision 2030, and Sustainable Development Goals.

The Council during this period has reviewed and approved 37 policies. These policies guided the operations and governance of the University College. In the same spirit, in order to deliver quality services to its stakeholders, the Council signed recognition agreements with three staff unions: KUSU, UASU and KUDHEIHA.

During the year ended 30<sup>th</sup> June 2021, TUC was mainly funded through Government of Kenya capitation and Appropriation in Aid for its recurrent expenditure. The University College was able to remain on course in its performance albeit with explained shortfalls due to financial constraints as a result of Covid-19 pandemic. Hence in the financial year 2020/2021 TUC is reporting a deficit of Kshs. 98,098,500.68.

The University College remains committed to playing a vital role in transforming higher education in terms of sustainable long-term growth. The Council will continue to work closely with Management in provision of high quality and all-round education as enshrined in its mission and as such, the University will from September 2021, mount additional academic programmes. We have embraced the government recommendation on blended teaching and learning, where section of our students have been learning physically and online using the Learner Management System (LMS).

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During the financial year, the University College also focused on Outreach programmes through its CSR activities and offered trainings and capacity building programmes especially for livestock farmers in Turkana Central. Besides, the University College has initiated programmes to enhance literacy by opening adult education classes.

On resource mobilization, TUC is keen on attracting more students, training staff on grant proposal writing. During the year under review the university has attracted research grants and commissioned a Chancellor's Endowment fund.

I wish to finally thank the Government of Kenya, Council members, Management, staff, students, and other stakeholders for their continued support over the year in striving to make TUC an esteemed University for the advancement of humanity.

**DR. SOLOMON JOHN MUCHINA MUNYUA, PhD.  
CHAIRMAN, TURKANA UNIVERSITY COLLEGE COUNCIL**



## **5. PRINCIPAL'S STATEMENT**

I am delighted to present the TUC performance report for the year ended 30<sup>th</sup> June 2021. The performance stands on the TUC strategic plan 2021/25 and the year 2020/2021 performance contract signed by the University College Council and cascaded to all levels of operations. The strategic path set by the University College Council has continued to yield intended results. The performance of the institution showed marked growth in the year 2020/2021 as compared to 2019/2020.

This growth is a reflection of the effort by the Council and Management of TUC to formalize and professionalize the operations in the institution. The institution continued to contribute to the achievement of the Vision 2030 and the Big Four Agenda set by the Government of Kenya through provision of quality education, research, and outreach. A summary of the institutional performance is provided below:

### **Financial Results**

In the financial year 2020/2021 Turkana University College reported a deficit of Kshs. 92,678,985 was an increase of 176% from the previous year. This was basically due to the COVID 19 pandemic which disrupted operations of the institution for half of the financial year. Also significantly accounting for the reported deficit is the depreciation expense of Kshs. 95,990,084 which will be recovered in the subsequent years. Whereas revenue from exchange transaction increase by 19% there was a reduction on revenue from non-exchange transaction by 13%. There was an increase in the expenditures on personnel emolument at 28% from the previous financial year 2019/2020.

### **Customer Focus and Team work**

One of the strategic values for TUC is enhancing customer satisfaction level by providing products and services that meet or exceed customer expectation. The University College recognized the needs of both the internal and external customers. The objective is to deliver best services to the internal and external stakeholders. To achieve this objective, TUC has improved its systems and procedures to enhance service delivery. In an endeavor to achieve this TUC has continued to meet its obligations to both the internal and external service providers. It has signed recognition agreements with the three staff unions, UASU, KUSU and KUDHEIHA and actively engaged students in ensuring that their welfare and needs are addressed in a timely manner.

In an effort to promote excellence in all its operations the University College Management Board have identified team work to be a central enabler for quality service delivery. The Management Board has organized activities to emphasize the benefits to team work and the need to leverage on the shared goals for the achievement of the institutional vision. The management under the guidance of Council will endeavor to develop and sustain a shared vision for the benefit of the institution and all its current and potential stakeholders.

### **Teaching and learning**

As an institution of higher learning, Turkana University College has identified clear pathways in Teaching and Learning. It has endeavored to achieve quality teaching and learning by developing quality academic programmes in the light of the dynamic and changing trends in higher education globally and nationally.

The University College is developing academic programmes that will support production of competent graduates who will participate in national development, with skills to steer Kenya to economic and social

development goals envisaged for education and training in the Vision 2030 and synchronized with national values in the Kenya Constitution, 2010 and the Universities Act, 2012. Through the development of relevant academic programmes, the University College will contribute towards creating a broad knowledge-based economy to meet the human resource requirements for the rapidly changing and diversified local and global economies.

In its efforts to do produce job market responsive and adaptable graduates, the University College organized training for all the academic members of staff on the 21<sup>st</sup> Century pedagogical tools. In addition, the university college in the year under review has added 6 new courses which include four bachelors and two masters' programmes. These programmes have been approved by the Commission for University Education. All the four undergraduate programmes have been declared to KUCCPS and are expected to attract students in the September 2021 intake.

To facilitate learning, TUC has continued to improve and enhance the teaching and learning facilities. In the 2020/2021 financial year, the University College acquired 100 additional furniture for the lecture halls and 80 additional computers for the computer labs. In addition, TUC has trained its staff and students on virtual teaching and learning modules. Some of the programmes have successfully been offered through the e-learning management platform.

The University College has partnered with the Turkana Basin Institute (TBI) and Stony Brook in offering a unique programme in human evolutionary biology. This is the only programme of its kind in the Country. To ensure qualified staff for the programme the University College has recruited adjunct professors paid by Turkana Basin Institute as a mechanism to cater for the deficit in staff.

### **Research, Innovation and Outreach**

Research, Science, Technology, and Innovation play significant roles in the social and economic development of every country. Research generates substantiated information for the formulation of policies that address societal concerns and emerging issues. The advancement of knowledge through research is an essential function of all institutions of higher education. Research is anchored on the frameworks of national, regional, and international development policies; key being the enhancement of quality in research outputs disseminated through publications, organization of internal and international conferences, seminars, symposiums, and workshops.

Turkana University College in the year 2020/2021 has funded various activities in research, technology, and innovation as a contribution towards the realization of the University Vision and Mission, SDGs, Kenya Vision 2030 and the Big Four agenda objectives. The research activities include: the First International Virtual Research Conference and the SORALO supported Symposium on Environmental Issues in Turkana County.

The University College has actively participated in the Community Service social-distanced activities despite the challenges posed by the COVID 19 pandemic. These included the community training on animal husbandry and tree planting, borehole drilling and food distribution to the local community besides continued provision of water to the community.

To enhance literacy levels in the neighborhoods TUC has identified adult literacy programme to be a major CSR activity. The University College in collaboration with the Department of Adult and Continuing Education, Turkana County has successfully launched an adult education class. The enrolment for this class currently stands at 20.

The University College is in the process of developing short courses which are market driven to cater for the skill gaps in its catchment. The University College is in an advanced stage of registering with TVET for accreditation to offer technical and vocational programmes. It is anticipated that in the coming academic year students' enrolments will grow from 700 to at least 1,000.

### **Information, Communication and Technology**

Information, Communication and Technology (ICT) is no longer just a support function, but a critically essential enabler for service delivery and management. It has the ability to transform the way services are organized and delivered to stakeholders. It has a fundamental role to play in improving efficiency, reducing costs across the organization, and underpinning the organizational change processes.

In its effort to leverage on the ICT, Turkana University College has acquired an additional 80 computers to be used in the teaching laboratory and the library. The University college has continued to enhance Internet connectivity in the institution by increasing the bandwidth, hot-points and connecting it to offices and the staff parlor. The University College has continued to operationalize the Enterprise Resource Planning (ERP) system. To support the realization of the benefits from ICT, the University College has organized training workshops for staff on ERP modules during the reporting period.

University College has developed an ICT Policy which is in the process of approval and which will provide a comprehensive framework on ICT Implementation and management.

### **Student Welfare Services**

Turkana University College is conscious of the need to address the health, safety, and wellbeing of its students. This is an essential factor in ensuring that students' wellbeing is maintained. Vision 2030 emphasizes the need to develop capable and dynamic human resources that will drive development of Kenya. Integral to this is ensuring that the welfare of the students is maintained, and that their basic rights to services and resources are in place.

The Turkana University College Statutes highlights the important role and responsibility the University College needs to play in shaping the social welfare of students and supports the institution's values by developing and imposing students' standards. The University College recognizes that student welfare is a critical component in enhancing excellent learning, and it is crucial to the wellbeing of the entire University College fraternity and the society as a whole. Students' health, accommodation, catering, sports, recreation, associations, clubs, and societies among others, are essential for the University to produce quality, holistic and empowered graduates who can drive social change. The Statutes also encourage Student-University College interaction through programmes and activities. Student services, infrastructure and capacity building aspects constitute an integral part of driving the Mission and Vision of the University College.

In an effort to ensure students' welfare is addressed, the University college has improved the sports fields and acquired sporting equipment. The University college has endeavored to ensure that the facilities are maintained for convenience and the wellbeing of its students. The University college has maintained an active counseling department and trained peer counselors in the financial year under review.



### **Resource Mobilization and Management**

Sourcing and utilization of resources to support the goals of Turkana University College is the foundation upon which the institutional vision, mission and core values will be feasible. The University College's ability to deliver its mandate will depend on its ability to efficiently and effectively manage its resources. To realize this, the University College has developed a strategic plan and a draft master plan. To achieve this, the University must have access to quality resources.

The main sources of funding for the institution are the Government grants and the Appropriation- in- Aid (A-in-A). The TUC's agenda to increase income generated through the exchange revenue has greatly been affected by the COVID 19 pandemic. TUC will endeavor to engage government for enhanced capitation and increase its programmes for enhanced Exchange revenue. It will also enhance marketing of its programmes in Turkana County and the region so as to attract more self-sponsored students.

The management continues to embrace the council's resolution of maximum optimized returns at minimum costs. This resolution remains the key driver of all operations by the institution. Consequently, the growth in the cost component is significantly curtailed. Utilizing resources without wastage and misappropriation by ensuring maximum value for the current and future generation and complying with various planned arrangements and maintaining good corporate governance.

During the period under review, TUC attracted a research grant of Kshs. 3 million from the South Rift Association of Land Owners (SORALO). Besides, the University College attracted Kshs. 200,000 in endowment fund by the MMUST Chancellor.

### **Institutional Transformation**

The ability of the University to achieve its mandate will depend on the availability, adequacy and efficiency of physical, human resources and infrastructure development and supply. Turkana University College values aesthetic and artistic infrastructure that provides a safe and comfortable learning environment.

During the current year under review the university college has developed a Strategic Plan 2021/2015 and a master plan. The university college has also developed a comprehensive roadmap to attainment of its own Charter. All the developed instruments are geared towards the realization of speedy development and growth of the institution into a globally esteemed institution of higher learning for teaching and learning, research, and outreach.



**PROF. GEORGE N. CHEMINING'WA PhD**  
**PRINCIPAL, TURKANA UNIVERSITY COLLEGE**



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6. REVIEW OF TURKANA UNIVERSITY COLLEGE PERFORMANCE FOR FY 2020/2021

Strategic Pillar/ Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1. University Teaching and Learning	To Expand competitive Programmes	2 assessments	Carry out a needs assessment Stakeholder Workshops for new programmes	2 assessments
	To enhance Quality in Education and Training	2 workshops 1 workshop 1 training 2 evaluations	Train academic staff in current pedagogical methods Train academic staff in online teaching Evaluate teaching effectiveness	2 workshops 1 training 4 trainings 2 evaluations
Pillar 2. Research, Innovation and Outreach	To Generate and Disseminate Research Findings	1 public lecture 1 training 3 million	Conduct public lecture forums Train staff in proposal writing Allocate funds to finance research activities	2 public lectures 1 training 3 million
	To Promote the culture of Research and Innovation	1 conference 5 publications	Organize annual conferences Publish research findings in peer-reviewed journals	1 international conference 20 publications
	To enhance outreach in the ASALS	1 programme 1 proposal	Developing programmes in Science, Engineering and Technology Develop and implement climate smart dryland agriculture and environment management proposals	3 programmes 1 proposal
		1000 1 training	Plant Trees Train the community on conservation of Indigenous Trees	1350 1 training

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Strategic Pillar/ Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 3. Information, Communication and Technology	To Enhance the Development and Effective Use of ICT Infrastructure	1 training	Train farmers on sustainable dryland farming	1 training
		1 training	Organize internal and external training for staff and students	4 trainings
		1 module 100%	Procurement of ERP Maintaining equipment maintenance schedule	Nil 100%
		30%	Extend WIFI coverage at the University College	50%
	To Utilize ICT Infrastructure to Improve the Efficiency of University Operations	20 computers 10 cameras	Purchase computers for staff Purchase and install IP CCTV surveillance System	25 32
	To Utilize ICT Infrastructure in Expansion of the University College Web Presence	5 publications 5	Upload scholarly publications on the website Upload conference proceedings, events, news, advertisements and other documents on the website	182 publications 40
Pillar 4. Need to strengthen student welfare services	To Utilize ICT Infrastructure to Improve the Effectiveness of Teaching and Learning	3 surveys 50 computers	Conduct satisfaction surveys Equip Computer Laboratories Procure teaching and learning equipment: (LCD projectors and PAS)	1 survey 50 computers
	To Strengthen student governance mechanisms	2 LCDs 1 election	Sensitize students on effective and democratic elections and leadership	Nil 1 election

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Strategic Pillar/ Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		1 training	Train TUCSO aspirant leaders, and class representatives on effective and democratic leadership Recognize and register student clubs and societies	1 training
		3		5 groups
	To produce all-rounded graduates	3	Organize institutional sports and games	11 activities
		2	Participate in Music and Drama festivals	Nil
		2	Encourage joint services and inter-denominational prayers	2
		1	Training Peer Counsellors to offer psychological support to students. Sensitize students on life skills and disaster preparedness	4
		2		2
	To strengthen students' career services	1	Increase liaison relationships with various organizations, companies and employers	3
		10 promotions	Promote high school career advising and recruitment	20 promotions
		1	Prepare all-inclusive annual budgets	1
		100%	Train AIE holders on prudent financial management	100%
Pillar 5. Resource Mobilization and Management	To institutionalize Prudent Management of Financial Resources	1 training	Train staff on public procurement and disposal	1 training

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Strategic Pillar/ Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		100%	Strengthen the Audit Function	100%
		1	Conduct regular internal audits	8
		100%	Mount budgeted projects and programmes	90%
		4	Financial Reporting	4
	To Recruit, Train and Retain Qualified Staff	1	Undertake a skills gap analysis	1
		100%	Recruit qualified staff as per job requirements	100%
		100%	Supporting, developing and training staff as per human resource development policy	100%
		100%	Undertake performance appraisal	100%
		100%	Timely submission of staff deductions	100%
		100%	Organize Team Building Activities	100%
		1		1
Pillar Institutional Transformation	6. To Provide a Secure, Comfortable Teaching Learning and Living Environment	100%	Undertake maintenance as per the schedule	100%
	To acquire plants and equipment	100%	Procure teaching,	100%

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Strategic Pillar/ Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		100%	laboratory and workshop technology equipment Procure offices' equipment and furniture	100%
	To Improve on Service Delivery Systems	100%	Procure motor vehicles per budget	100%
		1 meeting	Sensitize staff on citizen service charter	1 meeting
		100%	Cascade citizen service charter in the departments	100%
		100%	Strengthen public complaints office	100%
		100%	Audit adherence to the citizen service charter	100%
	To Strengthen University College Governance.	1 training	Train the university college council and management on Corporate Governance	3 trainings
		evaluation	Evaluate council and management performance	-
		1 training	Determine the establishment	1 training
		1 News letter	Train on communication	1 newsletter
		10%	Produce news letters	10%
	To develop a Positive Image of the University College	3	Adopt corporate university colours Participate in shows and exhibitions Remit statutory Deductions Adhere to Acts of Parliament	None
		100%		100%
		100%		100%

## 7. CORPORATE GOVERNANCE STATEMENT

Turkana University College is governed by the University College Council. The Universities Act 2012, stipulates the role, basis and conduct of business of the University Council. Members of the University Council were appointed by Cabinet Secretary Ministry of Education with effect from 30<sup>th</sup> April, 2020 for a period of three years vide Gazette No. 3646 of 30<sup>th</sup>, April 2020. The membership of the Council comprises of eight members as listed hereunder;

- i. Dr. Solomon J. Munyua Muchina- Chairman of Council
- ii. Mr. Oliver Erupe Lowoton-Member
- iii. Ms. Mercy Wanjiku Kareithi-Member
- iv. Eng. Justus Wambutura- Member
- v. Mr. Felix Odimmasi - Member
- vi. Mr. Archer Arina- PS, Representative, State department of University Education
- vii. Dr. CPA Solomon Ngahu- CS, Representative, Treasury
- viii. Mr. Gerald Mwangi- Rep IG (C)

The Council executes its duties through four Committees of Council;

- i. Human Resource Management Committee
- ii. Academics, Planning and Development Committee
- iii. Finance and Resource Mobilization Committee
- iv. Audit, Risk Management and Compliance Committee

### No. of Council meetings held and Attendance by Members

During the FY 2020/2021 Council and its Committees held their meetings as summarized below;

Name of Committee	Members	Meetings held	No. of meetings Attended
<b>Full Council</b>	Dr. Solomon Muchina	8	8
	Mr. Oliver Erupe Lowoton	8	8
	Ms. Mercy Wanjiku Kareithi	8	8
	Mr. Felix Odimmasi	8	8
	Eng Justus Wambutura	8	8
	Mr. Archer Arina	8	7
	CPA Dr. Solomon Ngahu	8	6
	Mr. Gerald Mwangi	8	4
<b>Human Resource Management Committee</b>	Ms. Mercy Wanjiku Kareithi- Chairperson	7	7
	Eng. Justus Wambutura	7	7
	Mr. Archer Arina	7	7
	Mr. Gerald Mwangi	7	0
<b>Academics, Planning &amp; Development Committee</b>	Mr. Felix Odimmasi- Chairperson	4	4
	Mr. Oliver Lowoton	4	4
	Mr. Archer Arina	4	4
	Ms. Mercy Kareithi	4	4
	Mr. Gerald Mwangi	4	0
<b>Finance, Resource Mobilization Committee</b>	Eng. Justus Wambutura- Chairperson	5	5
	Mr. Archer Arina	5	5

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Name of Committee	Members	Meetings held	No. of meetings Attended
	Mr. Felix Odimmasi	5	5
	Dr. CPA Solomon Ngahu	5	4
<b>Audit, Risk Management &amp; Compliance Committee</b>	Oliver Erupe Lowoton-Chairperson	4	4
	Archer Arina	4	4
	Dr. CPA Solomon Ngahu	4	4
	Mr. Gerald Mwangi	4	3

**Appointment, Removal from Office, and Succession Plan**

Council members were appointed by the Cabinet Secretary Ministry of Education vide a Gazette notice. 3646 of 30<sup>th</sup>, April 2020 for a term period of three years after which some members will vacate while other remain for succession planning. Eng. Justus Wambutura was re-appointed by Cabinet Secretary vide Gazette Notice No. 3646 of 30<sup>th</sup> April 2020.

**Induction and Capacity Building for Council Members**

Induction of new Council members and other relevant trainings are conducted to equip them with knowledge required to effectively discharge their responsibilities. During the year under review Council members attended relevant trainings to help improve their competencies as below;

- i. Induction of new Council members held at KALRO, Naivasha in October 2020
- ii. Capacity building held at KSG Mombasa in December 2020
- iii. Capacity building held at Naivasha in June 2021

**Roles and Function of University College Council**

The University College Council is responsible and accountable to the Government of Kenya through state Department of University Education and Research for ensuring that the University complies with the Universities Act 2012, the University Statutes (2013) and adheres to the highest standards of corporate governance as prescribed in the State Corporations Act and the Code of Governance for State Corporation (Mwongozo).

**Remuneration of University Council**

Council members are remunerated as per the guidelines set out by the State Corporations Advisory Committee circulars and National Treasury directives in respect to sitting allowance, transport, and accommodation costs.

**Existence of Board Charter**

The Council has a board charter which defines the role, functions, and responsibility of the board in governance of the institution. The Council has Committees whose roles are clearly defined. Full Council meetings are scheduled quarterly to receive and deliberate on Council Committee reports. Special meetings are scheduled on need basis.

**Conflict of Interest**

The Council has complied with Mwongozo provisions paragraph 1.3 that expects each Council member to act honestly at all times and not to place themselves in a situation where their personal interest conflict with



those of the organization. In addition, in compliance of paragraph 1.16, Council members disclose all real or perceived conflict of interest registered in a register maintained and updated accordingly.

### **Ethics and Conduct**

The University College Management and staff are expected to conduct themselves ethically, honestly and with integrity with all their dealings as per the University College code of ethics and conduct. The management undertook a sworn oath of secrecy and confidentiality during the Financial year.

## 8. MANAGEMENT DISCUSSION AND ANALYSIS

The University continues to deliver on its key mandate of provision of quality education, training, and research. During the FY 2020/2021 under review, it has reported a deficit of Kshs. 92,678,985.

Turkana University College remains focused on achieving its strategic goals and managing the challenges of constrained accommodation and teaching facilities by pursuing modes of teaching and learning focusing on both traditional and new ICT based approaches. The University continues to strive to support innovative teaching, learning, research, and community service.

### The Entity Operation Review

Teaching, research, and community service has remained a core function of Turkana University College during the FY 2020/2021. This is largely driven by the Academics and Student Affairs Division of Turkana University College. The Division has ensured that quality teaching, learning research and innovation are undertaken in pursuit of the TUC mission and vision. The academic calendar was on course till mid-March when the government suspended teaching in public and private institutions due to the COVID-19 pandemic. The division of Academics and Student Affairs is divided into two sub divisions:

- (i) Academics
- (ii) Students Affairs

### ACADEMICS

Under academics' section, we have Schools, Teaching Departments and relevant Directorates headed by Deans, Chairs of Departments and Directors respectively. There are three Schools in the division as listed below: -

- (i) School of Education and Social Sciences (SESS)
- (ii) School of Science and Technology (SOST)
- (iii) School of Business and Economics (SOBE)

The Directorates which support the Academics and Student affairs Division in ensuring effective delivery of its mandate include:

- (i) Directorate of Post Graduate Studies
- (ii) Directorate of Open, Distance and E-learning
- (iii) Directorate of Technical, and Vocational Education and Training Programs
- (iv) Directorate of Research, Partnerships and Collaborations
- (v) Directorate of Performance Contracting and Quality Management Systems

The University College is offering programmes from Certificate to Master degree level. TUC has (4) Senate approved Master degree Programmes, seven (7) Bachelor degree Programmes, five (5) Diploma courses and four (4) Certificate courses. TUC endeavors to develop new programs in an effort to establish its Academic niche.

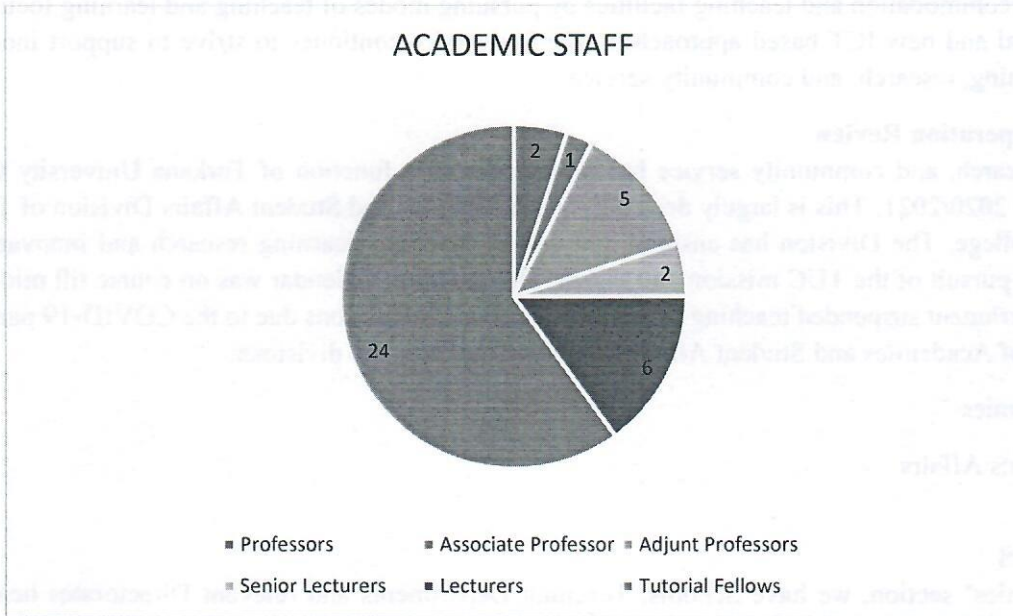
### Academic Staff

The University College has the following Academic Staff: -

- |    |                     |   |
|----|---------------------|---|
| 1. | Professors          | 2 |
| 2. | Associate Professor | 1 |
| 3. | Adjunct Professors  | 5 |

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4.	Senior Lecturers	2
5.	Lecturers	6
6.	Tutorial Fellows	<u>24</u>
	<b>Total number of Academic Staff</b>	<b><u>33</u></b>

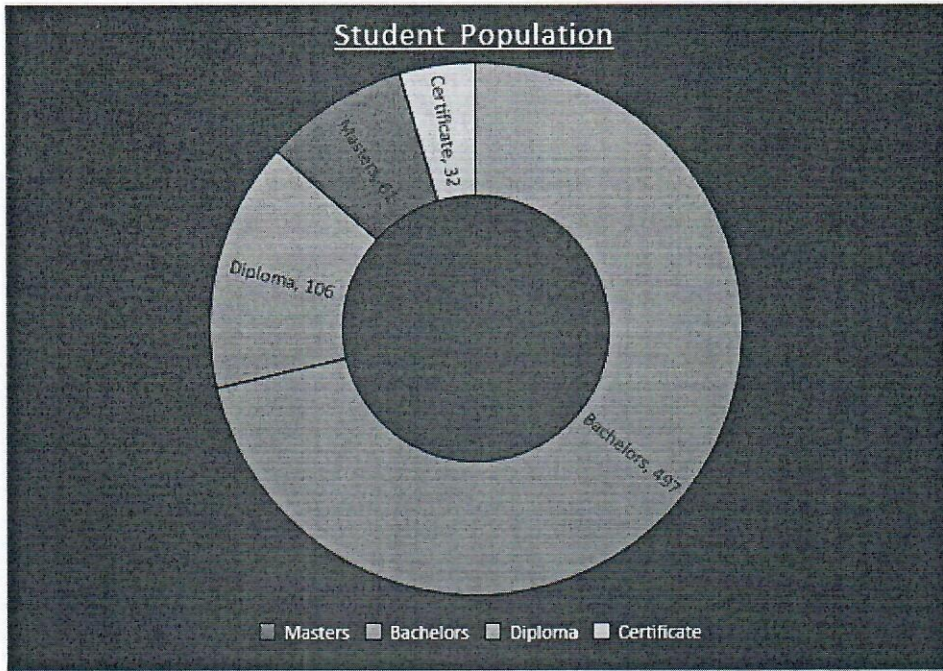


The University College is understaffed with full- time to part-time lecturers’ ratio standing at a dismal 1:3 as compared to the ideal case of 1:2 as recommended by the Commission of University Education. The University College is committed to recruit additional academic staff to comply with the Commission for University Education requirements.

**Student Population**

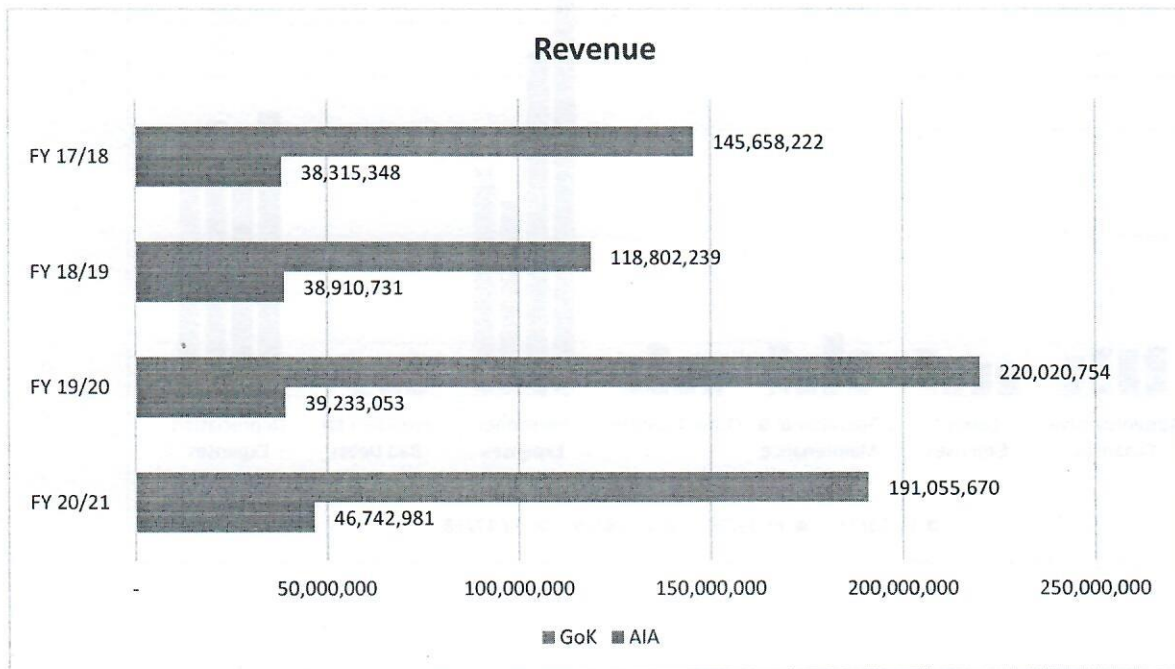
TUC has witnessed a steady though slow growth in student numbers from the initial 175 in the FY 2016/17 to the current 696 in line with the University College plans.

The University College currently has students enrolled in Masters, Bachelor’s, Diploma and Certificate programmes as indicated below:

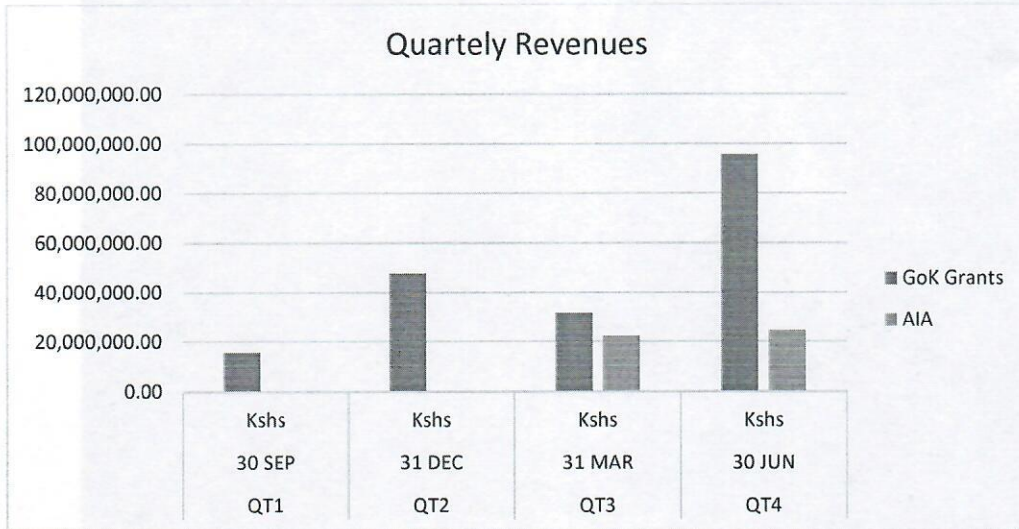


**FINANCIAL PERFORMANCE REVIEW**

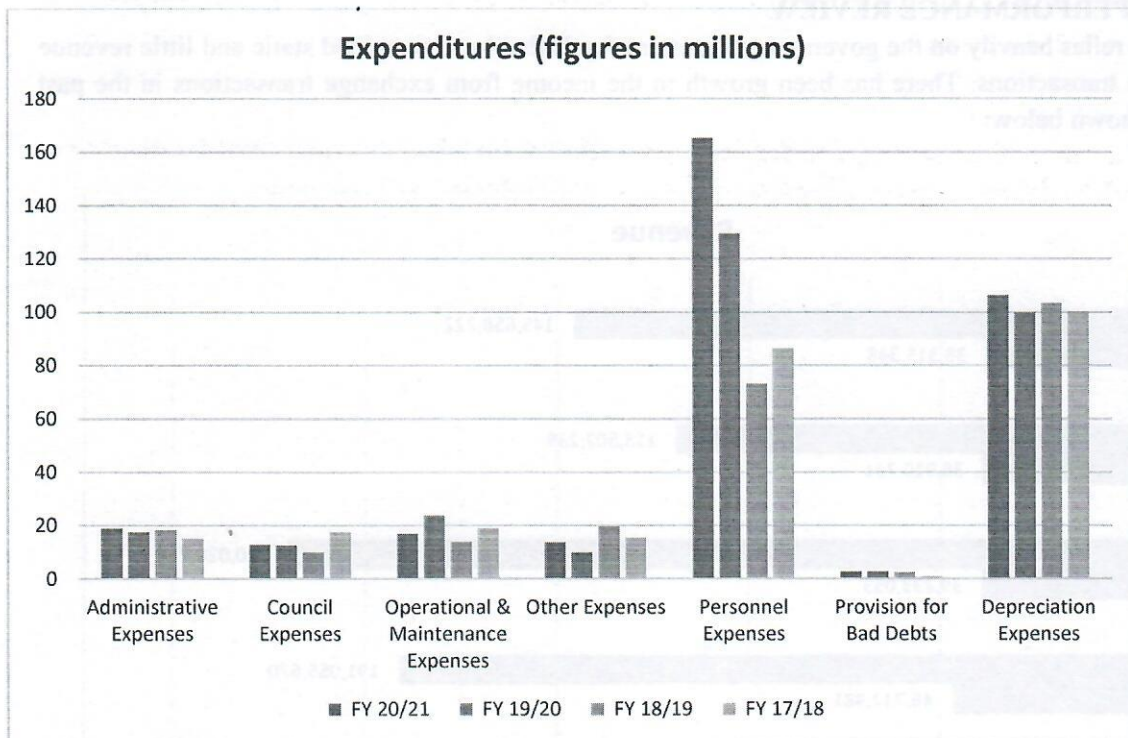
The institution relies heavily on the government recurrent funds that have remained static and little revenue from exchange transactions. There has been growth in the income from exchange transactions in the past four years as shown below:



The quarterly revenues in the FY 20/21 were received as shown below:



The university expenditures have been evenly incurred across the financial years with the personnel expense being the highest.



### **Financial Health**

Liquidity is a key factor in assessing an entity's basic financial health. Liquidity is the amount of cash and easily-convertible-to-cash assets an entity owns to manage its short-term debt obligations. TUC's current assets to current liability ratio is 4:1 which is healthy as compared to 2:1 benchmark.

Our working capital is of approximately shillings One Hundred and Sixty Million. An entity that has very high net working capital, generally has the financial resources to meet all of its short-term financial obligations. Broadly speaking, the higher an entity's working capital is, the more efficiently it functions. High working capital signals and suggests that an institution harbors the potential for strong growth and that is what TUC is holding in store towards the achievement of charter.

### **Compliance with Statutory Requirements.**

The University College complies with statutory requirements as follows:

#### **1. PAYE**

Income Tax Act, 1973, Laws of Kenya, places on employers an obligation to deduct and remit monthly income tax for all employees and be remitted to the pay master general on or before 9th day of the following month. The University College has complied with the deadline for remission.

#### **2. NSSF**

The NSSF Act, 2013, Laws of Kenya, requires employers to deduct and remit NSSF deductions on monthly basis and remit the same on or before 9th of the following month. The University College has been remitting the deductions to NSSF on time.

#### **3. NHIF**

NHIF Act, 1998, Laws of Kenya, requires the employer to deduct the NHIF dues and remit the same on or before the 9th of the following month. The University has complied with the NHIF Act.

#### **4. GRATUITY LIABILITY**

Gratuity to date amounts to Kes.16,724,424.16. The amount will continue to rise since the majority of staff are on contract.

#### **5. HELB**

HELB Act, 1995, Laws of Kenya, requires employers to deduct from the wages or remuneration of the loanee(s) the amount of any loan as instructed by the Board and submit within 15 days after the end of each month. The University College has effected HELB loans as required and submitted the same within the stipulated fifteen days after the end of each month.

### **Major Risks Facing TUC**

The University College's principal financial assets are trade receivables and cash and short-term deposits which arise directly from its operations. The institution has financial liabilities comprising trade and other payables. TUC is exposed to the following risks:

- i) Market risks

- ii) Liquidity risk
- iii) Credit risks

The University College Council has overall responsibility for the establishment and oversight of the University College's risk management framework.

The institution's risk management policies have been established to identify and analyze the risks faced by the University College, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policy and systems will be reviewed regularly to reflect changes in economic conditions and the University College's activities.

- i) Market risk: - the University College is likely to experience low student enrolment due to competition and the fact that TUC is located in severe hardship areas of Turkana, all of which may result in the reduction of revenue.
- ii) Liquidity risk: -TUC is at risk of facing Liquidity challenges in meeting its financial obligations as and when they fall due. This can be caused by the reducing funding levels from both exchange and non-exchange transactions.
- iii) Credit risk: - TUC faces Credit risk arising from its customers who majorly provides the income from exchange transactions.

#### **Material Arrears in Statutory/Financial Obligations**

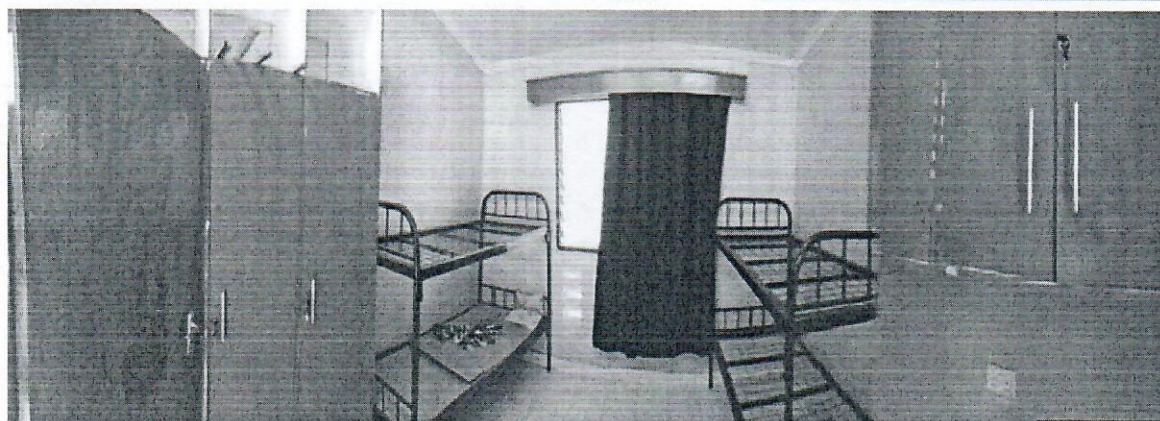
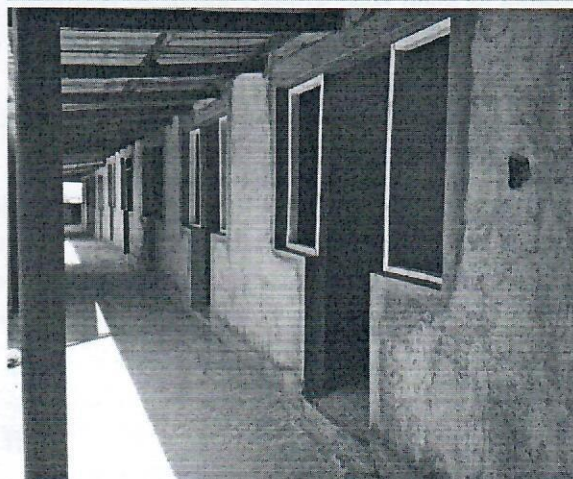
Currently the University College has no material arrears in pending bills, tax default, outstanding staff, and pension obligations on the pension scheme as it meets all its statutory obligations as they fall due.

There is no major financial impropriety reported by Internal Audit/Audit, Risk Management & Compliance Committee of the College Council, and external auditors.

#### **ONGOING PROJECTS**

Following the National Government directive of no new development projects will be undertaken before previous ones are completed, Turkana University College undertook the following one project: continuation of 2No. Students' Hostel.

The photos below show the on-going 2No. Students' hostel project taken from different dimensional angles but referring to the same project.





## 9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Turkana University College exists to transform lives. We endeavor to be a globally esteemed University in teaching, research, and outreach focusing on delivering the best services to our internal and external stakeholders.

### Sustainability strategy and profile: -

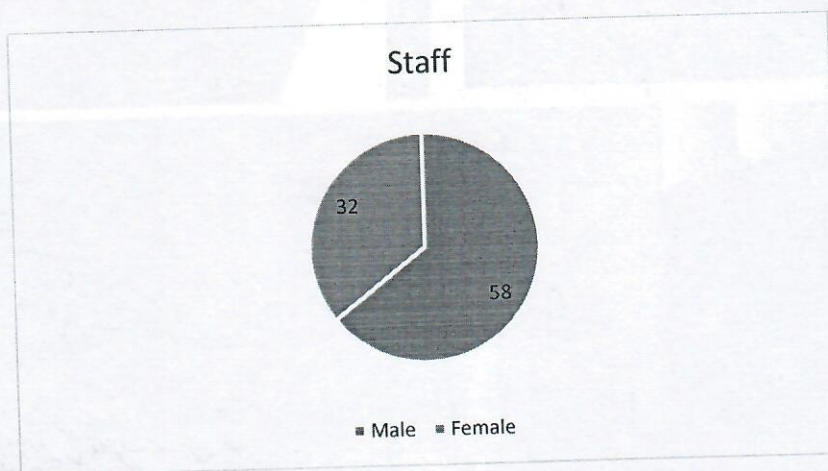
The University College Management has continued to put efforts on sustainability measures through creating relationships and collaborations with customers, stakeholders, and community, through quality teaching, development of quality academic programmes and recruitment of competent staff. The management has also focused on marketing of TUC programmes in Turkana County and the region in order to attract more self-sponsored students. We utilize resources without wastage and misappropriation by ensuring maximum value for the current and future generation.

### Environmental performance

The University College operates its waste management processes through the department of sanitation. Disposal of medical wastes from the University Clinic is conducted by the Ministry of Public Health and Sanitation in collaboration with Lodwar County Referral Hospital. TUC has partnered with Kenya Forest Research Institute to plant trees at the University regularly. However, the growth and sustainability of the trees is adversely affected by the harsh climatic conditions of the area and invasion by livestock from the community.

### Employee welfare

The recruitment and hiring process of the University College is guided by TUC Statutes, TUC Human Resource Policy, TUC Scheme of Service, CUE and PSC guidelines. The University College Management and Staff have been involved in various stakeholder engagements, the recent one being participation in a workshop by the Kenya Secondary Schools Heads Association, Turkana County. The gender ratio of the University college staff of male to female is 29:16.



We target to bring on board qualified staff while observing the required gender ratio. Capacity building for example training of secretariat to various committees, financial management training, benchmarking exercises and performance appraisal for all staff have been conducted for the period under review. Occupational Safety Policy has been operationalized.

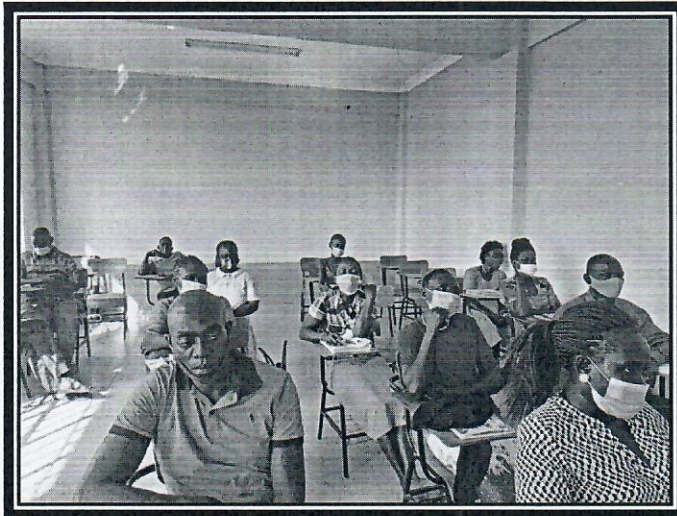
**Market place practices-**

The University College management is keen on adhering to the Public Procurement and Disposal Act 2015, by ensuring there is fair competition on the procurement of goods and services, conducting market pricing survey, updating supplier prequalification register regularly and payment of suppliers in good time. Marketing and advertisement of the University College programmes is continuously done.

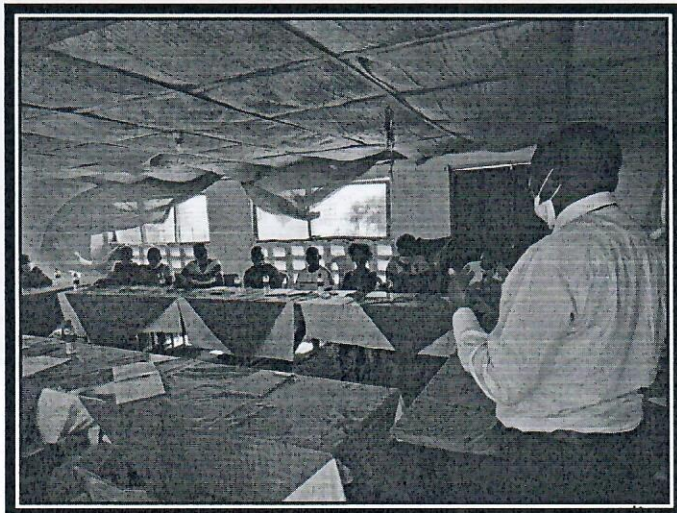
**Corporate Social Responsibility / Community Engagements**

The University College has actively participated in the Community Service activities despite the challenges posed by the COVID 19 pandemic. These included the community training on animal husbandry and tree planting, borehole drilling and food distribution to the local community besides continued provision of water to the community. To enhance literacy levels in the neighborhoods TUC has identified adult literacy programme to be a major CSR activity. The University College in collaboration with the Department of Adult and Continuing Education, Turkana County has successfully launched adult education classes. The enrolment for this class currently stands at 20.

Students attending Adult Education classes at the University College in one of the CSR activities by the University College



Turkana University College Students Organization (TUCSO) executive committee members and delegates going through a mentorship programme organized by UCMB

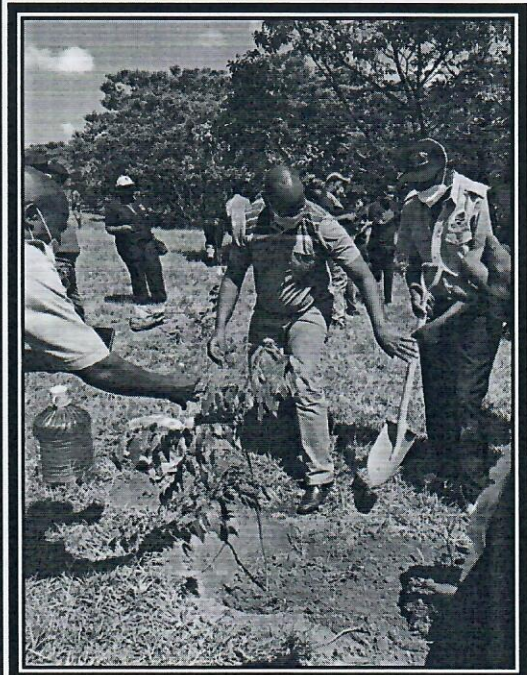




The Principal, Prof. George N. Chemining'wa distributing Food to the Turkana Local Community in one of the University College CSR activities



Deputy Principal, Administration, Finance and Planning planting trees in Kakamega forest in one of the University College CSR activities



## 10. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Turkana University College's affairs.

### Principal activities

The principal activities of the entity continue to be training, research, and innovation.

### Results

The results of the entity for the year ended June 30, 2021 are set out on page one.

### Directors

The members of the Board of Directors who served during the year are shown on page iv.

### Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per cent of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year FY 2020/2021 and hence no remittance to the Consolidated Fund.

### Auditors

The Auditor General is responsible for the statutory audit of the Turkana University College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2021.

By Order of the Board

Name: Prof. George N. Chemining'wa  
Secretary to the Board

Signature..... Date: 27<sup>TH</sup> JUNE 2022

## 11. STATEMENT OF UNIVERSITY COUNCILS' RESPONSIBILITIES

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

The Council are responsible for the preparation and presentation of the Turkana University College's financial statements, which give a true and fair view of the state of affairs of the Turkana University College for and as at the end of the financial year ended on June 30, 2021. 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 Turkana University College; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Council accept responsibility for Turkana University College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Council are of the opinion that Turkana University College's financial statements give a true and fair view of the state of Turkana University College's transactions during the financial year ended June 30, 2021, and of Turkana University College's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for Turkana University College, which have been relied upon in the preparation of Turkana University College's financial statements as well as the adequacy of the systems of internal financial control.


Nothing has come to the attention of the Council to indicate that Turkana University College 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 Turkana University College's financial statements were approved by the Council on \_\_\_\_\_  
2021 and signed on its behalf by:

*27/09/21*

Signature.....  
  
Dr. Solomon John Muchina Munyua PhD  
Chairperson of the Council

Signature.....  
  
Prof. George N. Chemining'wa, PhD  
Accounting officer

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON TURKANA UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

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### PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for intended purpose.
- 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, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Turkana University College set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Turkana University College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Revenue from Exchange Transactions**

The statement of financial performance reflects revenue from exchange transactions amount of Kshs.46,742,981. However, sales records for cafeteria, list of students paying accommodation fee, fee structure and official payment receipts for 2020/2021 for undergraduate and post graduate students were not provided for audit review.

In the circumstances, the accuracy and completeness of revenue from exchange transactions amount of Kshs.46,742,981 could not be confirmed.

#### **2. Property, Plant and Equipment**

The statement of financial position and Note 18 to the financial statements reflects Kshs.780,542,871 as the net book value of property, plant and equipment, which includes land, buildings, motor vehicles, plant and equipment valued at Kshs.80,000,000, Kshs.581,550,841, Kshs.1,798,168 and Kshs.4,042,132 respectively. However, the Management of the University College did not provide the title documents including title deeds and logbooks for audit verification.

Further, the statement reflects property, plant and equipment net book value balance of Kshs.807,212,796. However, the Management did not provide an approved journal to explain how the amount changed from Kshs.796,965,871 reflected in the financial statements presented on 30 September, 2021 to Kshs.807,212,796 reflected in the revised financial statements of June, 2022.

In the circumstances, the ownership and accuracy of the assets could not be confirmed.

#### **3. Unconfirmed Inventories and Stores**

The statement of financial position and Note 16 reflects inventory and stores balance of Kshs.1,254,327. However, the stock certificate was not provided for audit verification.

In the circumstances, the accuracy and completeness of the inventory balance of Kshs.1,254,327 as at 30 June, 2021 could not be confirmed.

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual revenue on comparable basis of Kshs.289,511,669 and Kshs.221,694,929 respectively resulting in under-performance of Kshs.67,816,740 or 23%. Similarly, the University College budgeted to spend a total of Kshs.284,401,550 against the actual expenditure of Kshs.231,929,026, resulting in overall under-expenditure of Kshs.52,472,524 or 18% of the budget. The budget deficit and under-expenditure may have negatively affected the planned activities of the University College. Further, the University Council minutes approving the 2020/2021 financial year budget and approval by the Cabinet Secretary were not provided for audit review.

#### **2. Unresolved Prior Year Matters**

The matters raised during the audit for the 2019/2020 financial year were not resolved. This is contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which requires that in carrying out a responsibility imposed by subsection (1), an accounting officer shall, in respect of the entity concerned, try to resolve any issues resulting from an audit that remain outstanding.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Use of Non-Prequalified Suppliers**

The statement of financial performance for the year ended 30 June, 2021 reflects operational and maintenance expenses amount of Kshs.17,656,694 which, as disclosed



in Note 10 includes maintenance of networks and general expenses of Kshs.520,555 and Kshs.768,545 respectively. However, an expenditure of Kshs.477,880 in respect of maintenance of networks and Kshs.376,491 for general expenses were paid to non-prequalified suppliers. This is contrary to Section 93(1) of the Public Procurement and Asset Disposal Act, 2015, which states that an accounting officer of a procuring entity where applicable, may conduct a pre-qualification procedure as a basic procedure prior to adopting an alternative procurement method other than open tender for the purpose of identifying the best few qualified firms for the subject procurement.

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

## **2. Weakness on Fiscal Responsibility Principles on Compensation of Employees**

The Turkana University College had budgeted for Kshs.174,373,000 for compensation of employees during the year under review. However, the Institution incurred Kshs.169,934,858 or 71% of the actual receipts of Kshs.237,798,651 on compensation of employees contrary to Regulation 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which stipulates that National Government's expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 percent of the National Government's equitable share of the revenue raised nationally plus other revenues generated by the National Government. The over-expenditure of 35% above the recommended limit was not been explained.

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

## **3. Unexplained Bank Transfers**

The statement of financial position for the year ended 30 June, 2021 reflects cash and cash equivalents balance of Kshs.167,392,419 as detailed in Note 15. However, review of the bank account statements, cash books and bank reconciliation statements supporting the balance revealed that cash transfers amounting to Kshs.36,991,844 were made from a development account held at Kenya Commercial Bank (KCB) to the KCB payments account. No reason for the transfer was provided.

Further, payment for salaries was made from the deposits account at KCB without explanation. In addition, there was no segregation of duties in the finance department and the system-generated cash books did not contain all payment details for control purposes.

Consequently, the validity of the cash transfers could not be confirmed.

## **4. Unapproved Withdrawals from the Development Account**

Review of the Turkana University College KCB Development Account revealed that, an amount of Kshs.110,199,550 was withdrawn from the account. However, the purpose of the withdrawal was not documented, and was not supported by any circular or minutes. Further, no approval for the withdrawal was provided for audit verification. This is contrary to Section 72(1) of the Public Finance Management Act, 2012 which states that the accounting officer for a National Government entity shall (a) be responsible for the Management of the entity's assets and liabilities; and (b) manage those assets in a way

which ensures that the National Government entity achieves value for money in acquiring, using and disposing of those assets

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

#### **5. Stalled Construction of Student Hostels**

Note 18 to the financial statements reflects property, plant and equipment with net book value of Kshs.780,542,871, which further includes work-in-progress valued at Kshs.69,757,856. However, the value of the incomplete two student hostels in the University which had been awarded at a contract sum of Kshs.114,000,000 could not be confirmed as the project files were not provided for audit verification.

Further, the project seems to have stalled as the contractor was not on site during the audit verification in December, 2021. This was contrary to Regulation 214(b) of Public Finance Management (National Government) Regulations, 2015 which requires that activities promoted by the corporation shall have clear and consistent objectives and be effective in achieving their national objectives and represent value for money for the expenditure of taxpayer funds.

In addition, Note 21 to the financial statements reflects payables from exchange transactions balance of Kshs.21,222,141. However, the retention fee due to a Construction Company arising from the contract for the construction of two hostels with a contract sum of Kshs.114,000,000 was not included in payables from exchange transactions.

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

#### **6. Failure to Tag University Assets**

The statement of financial position as at 30 June, 2021 reflects property, plant and equipment balance of Kshs.780,542,871. However, physical verification of the assets in December, 2021 revealed that the assets did not have identification marks/tags to help tracking of the location, movement and condition as stipulated in Regulation 139(1) of the Public Finance Management (National Government) Regulations, 2015. The Regulation requires that, the accounting officer of a national government entity shall take full responsibility and ensure that proper control system exist for assets and (a) prevention mechanism are in place to eliminate theft, security, threats, losses and misuse, and (b) movement and condition of assets can be tracked.

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for 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 overall governance were not effective.

### **Basis for Conclusion**

#### **Non-Implementation of E-Procurement System**

Contrary to Executive Order No.6 of 2015 - part (iv) that required all State Corporations to immediately migrate their procurement system to the E-procurement platform developed by The National Treasury, as at the time of audit in December, 2021, Turkana University College had not implemented the directive.

As a result, the Institution may have failed to attain benefits such as efficiency and cost effectiveness through fair competition that comes with the use of E-procurement.

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

In preparing the financial statements, Management is responsible for assessing the University College's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention terminate the University College or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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


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

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

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

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

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

  
**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

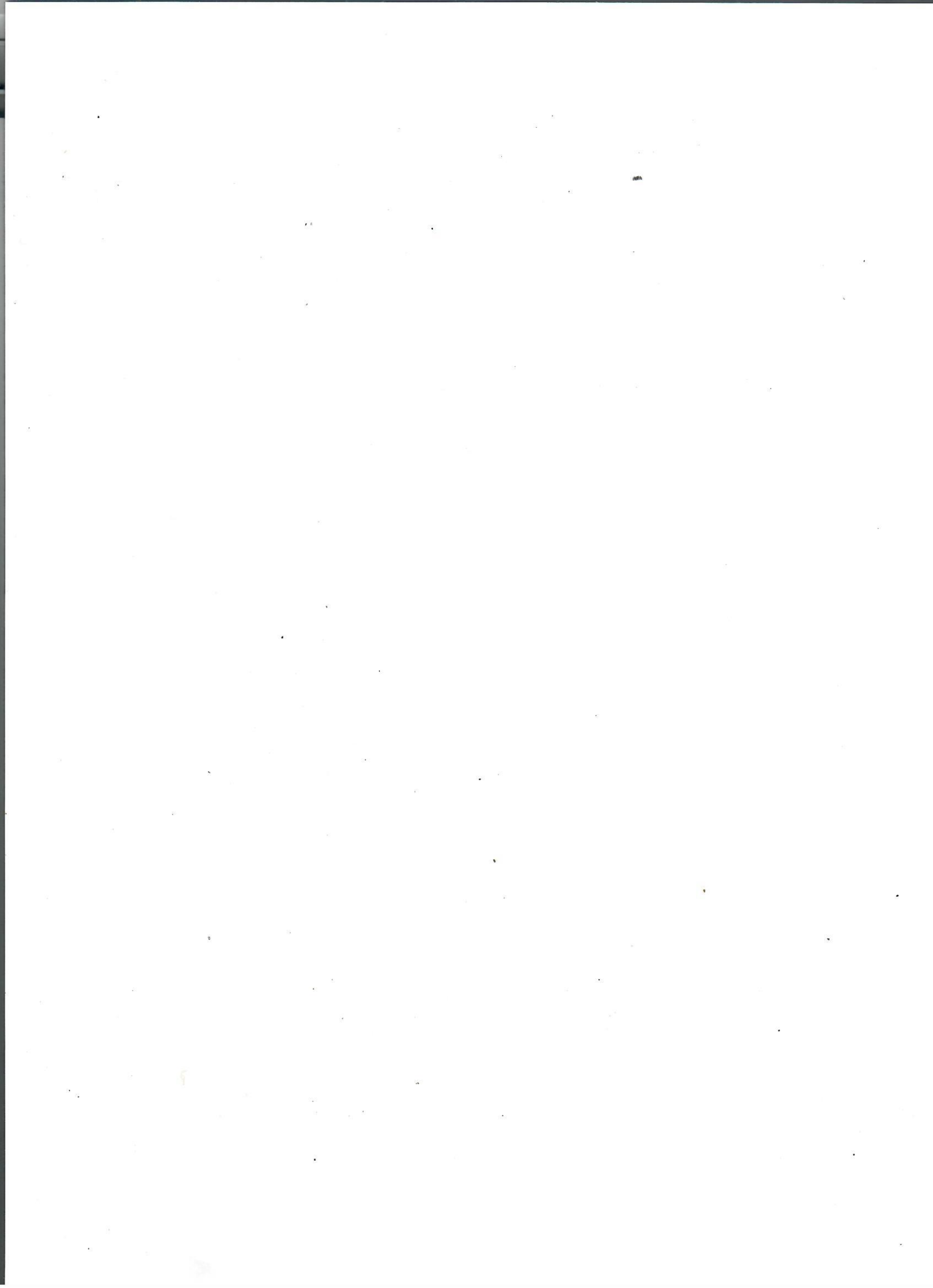
**Nairobi**

**13 July, 2022**

**13. STATEMENT OF FINANCIAL PERFORMANCE  
 FOR THE YEAR ENDED 30 JUNE 2021**

<b>TURKANA UNIVERSITY COLLEGE</b>			
<b>STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2021</b>			
	NOTES	2020/2021 Kshs	2019/2020 Kshs
<b><u>REVENUES</u></b>			
Revenues From Exchange Transactions	6	46,742,981	39,233,053
Revenues From Non Exchange Transactions	7	191,055,670	220,020,754
<b>TOTAL REVENUES</b>		<b>237,798,651</b>	<b>259,253,807</b>
<b><u>EXPENSES</u></b>			
Administrative Expenses	8	18,973,239	17,268,655
Council Expenses	9	12,672,200	12,537,038
Operational & Maintenance Expenses	10	17,656,694	23,564,401
Other Expenses	11	12,692,035	9,717,278
Personnel Expenses	12	169,934,858	129,342,841
Provision for Bad Debts	13	2,558,526	2,611,492
Depreciation Expenses	14	95,990,084	99,751,035
<b>TOTAL EXPENSES</b>		<b>330,477,636</b>	<b>294,792,740</b>
<b><i>SURPLUS/DEFICIT</i></b>		<b><i>(92,678,985)</i></b>	<b><i>(35,538,933)</i></b>

The notes set out on pages 7 to 84 form an integral part of these Financial Statements



14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

<b>TURKANA UNIVERSITY COLLEGE</b>			
<b>STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021</b>			
		<b>2020/2021</b>	<b>2019/2020</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash And Cash Equivalents	15	167,392,419	179,531,642
Inventory & Stores	16	1,254,327	3,259,082
Receivables From Exchange Transactions	17	24,647,796	23,518,431
Receivables From Non-Exchange Transactions	20	15,903,722	16,928,197
		<b>209,198,264</b>	<b>223,237,352</b>
<b>Non-current Assets</b>			
Property, Plant & Equipment	18	780,542,871	812,735,740
Intangible Assets	19	26,669,927	80,009,781
		807,212,798	892,745,521
<b>TOTAL ASSETS</b>		<b>1,016,411,062</b>	<b>1,115,982,873</b>
<b>EQUITY, RESERVES AND LIABILITIES</b>			
<b>Equity, Reserves and Provisions</b>			
Capital Grants	20	1,314,071,229	1,324,019,140
Accumulated Reserves		(226,203,323)	(190,664,390)
Surplus/deficit For Period		(92,678,985)	(35,538,933)
		<b>995,188,921</b>	<b>1,097,815,817</b>
<b>Current Liabilities</b>			
Payables From Exchange Transactions	21	21,222,141	18,167,056
		<b>21,222,141</b>	<b>18,167,056</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>		<b>1,016,411,062</b>	<b>1,115,982,873</b>

The Financial Statements set out on pages 7 to 84 were signed on behalf of the Board of Directors by:

Principal  
Prof George N Chemining'wa

Date....27<sup>TH</sup> JUNE 2022...

Head of Finance  
CPA Jared Okello  
ICPAK Member No: 4971  
Date: 27<sup>th</sup> June 2022

Chairman of the Board  
Dr. Solomon J. Muchina Munyua

Date: 27<sup>th</sup> June 2022



**15. STATEMENT OF CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED 30 JUNE 2021**

TURKANA UNIVERSITY COLLEGE				
STATEMENT OF CHANGES IN EQUITY				
	Revaluation reserve	Retained earnings	Capital/Development Grants	Total
At July 1, 2019	(190,664,390)		1,324,019,140	1,133,354,750
Total comprehensive income		(35,538,933)	-	(35,538,933)
Capital/Development grants received during the year		-	-	-
Transfer of depreciation/amortization from capital fund to retained earnings		-	-	-
<b>At June 30, 2020</b>	<b>(190,664,390)</b>	<b>(35,538,933)</b>	<b>1,324,019,140</b>	<b>1,097,815,817</b>
At July 1, 2020	(190,664,390)	(35,538,933)	1,324,019,140	1,097,815,817
Total comprehensive income		(92,678,985)		(92,678,985)
Prior Year Adjustments			(9,947,911)	(9,947,911)
Capital/Development grants received during the year			-	-
Transfer of depreciation/amortization from capital fund to retained earnings				-
				-
<b>At June 30, 2021</b>	<b>(190,664,390)</b>	<b>(128,217,918)</b>	<b>1,314,071,229</b>	<b>995,188,921</b>

16. STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2021

TURKANA UNIVERSITY COLLEGE			
CASHFLOW STATEMENT THE YEAR ENDED 30TH JUNE 2021			
	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government grants and subsidies	7	191,055,670	203,092,557
Tuition and Related Charges	6	39,648,300	36,925,688
Income Generating Units	6	1,481,676	1,751,595
Other Incomes	6	3,054,480	555,770
<b>Total Receipts</b>		<b>235,240,126</b>	<b>242,325,610</b>
<b>Payments</b>			
Administrative Costs	8	18,973,239	17,268,655
Remuneration of Council	9	12,672,200	12,537,038
Operating and Maintenance expenses	10	17,656,694	23,564,401
Other expenses	11	11,091,005	3,548,508
IGU Expenses	11	1,601,030	9,717,278
Employees (Personnel) Costs	12	169,934,858	129,342,841
<b>Total Payments</b>		<b>231,929,026</b>	<b>195,978,721</b>
<b>Total Receipts Less Total Payments</b>		<b>3,311,100</b>	
<b>Adjusted For:</b>			
Decrease/(Increase) in Inventory & Stores	16	2,004,755	
Decrease/(Increase) in Receivables from Exchange Transactions	17	(1,129,365)	
Decrease/(Increase) in Receivables from Non - Exchange Transactions	17_2	1,024,475	
Increase/(Decrease) in Payables From Exchange Transactions	21	3,055,085	
Prior Year Adjustments		<b>(9,947,911)</b>	
<b>Net cash flows from operating activities</b>		<b>(1,681,861)</b>	<b>46,346,889</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	18	(10,457,361)	(23,677,656)
<b>Net cash flows used in investing activities</b>		<b>(10,457,361)</b>	<b>(23,677,656)</b>
Capital Development Grants			78,948,000
<b>Net cash flows used in financing activities</b>			<b>78,948,000</b>
Net increase/(decrease) in cash and cash equivalents		(12,139,222)	101,617,233
Cash and cash equivalents at 1 JULY		179,531,641	77,914,408
Cash and cash equivalents at 30 JUNE	12	<b>167,392,419</b>	<b>179,531,641</b>

Turkana University College  
Annual Reports and Financial Statements  
For the year ended June 30, 2021

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Public contributions and donations	-	-	-	200,000	(200,000)
Government grants and subsidies	582,821,000	-	190,844,669	174,940,948	15,903,721
Tuition fee and Other Related Income	40,000,000	-	88,667,000	42,192,865	46,474,135
IGA and Other Income	5,000,000	-	10,000,000	4,561,116	5,438,884
<b>Total income</b>	<b>627,821,000</b>	<b>-</b>	<b>289,511,669</b>	<b>221,694,929</b>	<b>67,816,740</b>
Expenses					
Personnel Expenses	425,886,000	-	174,373,000	169,934,858	4,438,142
Administrative Expenses	82,690,000	-	39,594,000	18,973,239	20,620,761
Operation and maintenance	67,504,000	-	39,744,550	17,656,694	22,087,856
Council Expenses	12,000,000	-	13,700,000	12,672,200	1,027,800
Others Expense		-	16,990,000	12,692,035	4,297,965
<b>Total expenditure</b>	<b>588,080,000</b>	<b>-</b>	<b>284,401,550</b>	<b>231,929,026</b>	<b>52,472,524</b>
<b>Surplus/Deficit for the period</b>	<b>39,741,000</b>	<b>-</b>	<b>5,110,119</b>	<b>(10,234,097)</b>	<b>15,344,216</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. GENERAL INFORMATION

Turkana University College is established by and derives its authority and accountability from University's Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is teaching, learning and research.

### 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 Turkana University's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Turkana University College.

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

#### i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

**3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)**

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020**

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol>

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2022:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p><b>Applicable: 1st January 2021:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</li> <li>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</li> <li>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</li> <li>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</li> </ul>

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Revenue recognition

##### i) Revenue from non-exchange transactions

###### **Fees, taxes, and fines**

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

###### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

###### **Rendering of services**

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

###### **Sale of goods**

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

###### **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.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### a) Revenue recognition (Continued)

##### ii) Revenue from exchange transactions

###### **Dividends**

Dividends or similar distributions must be recognized 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 FY 2020-2021 was approved by the National Assembly on 11<sup>th</sup> June 2020. 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 Kshs. 125.68 billion on the 2020-2021 budget following the governing body's approval.

The entity's 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.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.



#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 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 Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized 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 recognized 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 recognized 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. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized 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 entity and the same taxation authority.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### c) Taxes (Continued)

###### Sales tax

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

- 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 recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- 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.

##### d) 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. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized 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 recognized 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 recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The amortization rate adopted by the institution is as show below:

Building 2.5%, Motor vehicles and library books 25%, Computers and Accessories 33.3%, office equipment and furniture and fittings 12.5%, plant and equipment and goodwill 20% and ERP 20%.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### f) Leases

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

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

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized 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 recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

##### h) Research and development costs

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

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

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### h) Research and development costs (Continued)

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

##### i) Financial instruments

###### Financial assets

###### Initial recognition and measurement

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

###### Loans and receivables

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

###### Held-to-maturity

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

###### Impairment of financial assets

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

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### h) Research and development costs (Continued)

##### i) Financial instruments (Continued)

###### Financial assets (Continued)

###### Impairment of financial assets (Continued)

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

###### Financial liabilities

###### Initial recognition and measurement

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

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

###### Loans and borrowing

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

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

##### j) 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:

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

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### j) Inventories (Continued)

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

##### k) Provisions

Provisions are recognized when the Entity 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 Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized 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.

##### Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

##### Contingent assets

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

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### l) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

##### m) Changes in accounting policies and estimates

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

##### n) Employee benefits

###### Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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.

##### o) Foreign currency transactions

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

##### p) Borrowing costs

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

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**q) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO, and senior managers.

**r) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes 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 recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**s) 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.



#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**t) Comparative figures**

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

**u) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

#### 5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity'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.g.

**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 Entity 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

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

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

**5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY  
(Continued)**

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

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. Provisions for bad debts are estimated by management at 10% of the outstanding receivables from exchange transactions.

**a) Transfers from Ministry**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognized in capital fund.	Total grant income during the year	2020-2021
			KShs	KShs	KShs
Ministry of Education State Department	190,844,670	-	-	190,844,670	190,844,670
<b>Total</b>	<b>190,844,670</b>	<b>-</b>	<b>-</b>	<b>190,844,670</b>	<b>190,844,670</b>

**PUBLIC CONTRIBUTIONS AND DONATIONS**

Description	2020-2021	2019-2020
	KShs	KShs
The Chancellors Fund	200,000	-
<b>Total transfers and sponsorships</b>	<b>200,000</b>	<b>-</b>
<b>Reconciliation of public contributions and donations</b>		
Balance unspent at beginning of the year	-	-
Current year receipts	200,000	-
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	<b>200,000</b>	<b>-</b>

The chancellor's fund is meant to address development issues of the University College

## NOTES TO THE FINANCIAL STATEMENTS

### 6 INCOME FROM EXCHANGE TRANSACTIONS

	2020/2021	2019/2020
	Kshs	Kshs
<b>Revenues from Exchange Transactions</b>		
Tuition Fees	28,861,300	25,516,808
Student Organization Fee	213,300	174,500
Examination Fee	2,016,000	1,596,000
Medical Fee	982,000	842,100
Activity Fee	528,000	431,000
Amenity Fee	527,500	431,000
Registration Fee	162,500	160,500
ICT fee	2,826,000	2,335,000
Library Fee	1,692,015	1,401,000
Field Attachment	750,000	182,000
Project Supervision fee	221,000	132,000
Field Trips fee	92,000	273,000
Practicals/workshop	150,000	300,000
Students Identity Card	12,250	11,750
Written Examination Fee	133,000	126,000
Computer fees	190,000	180,000
Thesis Examination	1,045,000	1,035,000
Application Fee	163,000	160,030
KUCCPS Processing Fees	260,000	119,000
Supervision Fee	1,368,000	1,476,000
Application fees for Tender	51,000	48,000
Hire of Venues, Equipment and Transport	-	462,705
Research Income/ Management fees	3,003,480	-
Hire of Hall	-	45,000
Graduation Fees	5,000	43,000
Cafeteria Sales	620,676	880,595
Hostel Fees	861,000	871,000
Other Incomes	-	65
Insurance processing fee	8,960	-
<b>TOTAL Revenues from Exchange Transactions</b>	<b>46,742,981</b>	<b>39,233,053</b>

### 7 Revenue from Non-Exchange Transactions

	2020/2021	2019/2020
	Kshs	Kshs
<b>Revenue</b>		
Revenues From Non-Exchange Transactions	191,055,670	220,020,754
	<b>191,055,670</b>	<b>220,020,754</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 Administrative Expenses

	2020/2021	2019/2020
	Kshs	Kshs
Administrative Expenses		
Audit Fee Expenses	200,000	200,000
Bank Charges	173,985	195,376
Review and dissemination of Strategic Plan Expenses	244,000	184,200
Examination Materials/Expenses	855,160	70,250
External Examiners Expenses	478,520	557,300
External Travel & Accommodation	100,400	-
Internet Charges	1,618,327	1,417,989
Library Expenses	319,000	318,400
New programmes/Curriculum	546,013	671,000
Office expenses/Other meetings	622,149	394,830
Postal and Telegrams	34,620	21,759
Publishing & Printing	70,000	367,440
Purchase of Stationery	2,835,386	3,102,712
Purchase of Uniforms & Protective Clothing	105,350	-
Research Programmes	186,980	87,000
Seminars & Conferences	600,350	403,900
Senate/Deans expenses	398,860	303,920
SGC Elections & Training	243,145	417,525
Teaching Materials/ Expenses	270,800	150,800
Telephone expense	39,500	38,575
Travelling & Accommodation	4,928,525	4,520,167
University College Mgmt Board	283,070	122,640
Attachment Expenses	1,111,650	596,800
Recruitment Expense	7,050	456,732
Staff Retreat/Devt of Policies Expense	1,738,300	787,740
Academic/Field Trips	-	196,200
Thesis/Supervision Expenses	15,700	-
Graduation Expenses	300,325	509,500
Consultancy Services/ Strategic plan expenses	415,600	-
Subscription to Professional bodies	20,560	-
Covid-19 Expenses	159,314	-
Performance Contracting	50,600	1,175,900
<b>TOTAL Administrative Expenses</b>	<b>18,973,239</b>	<b>17,268,655</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Board /Council Expenses

	2020/2021	2019/2020
	Kshs	Kshs
<b>Council Expenses</b>		
Council (Full Council)	9,178,910	7,547,284
Chairman Honoraria	1,044,000	1,044,000
Council (Audit & Risk Compliance Committee)	264,500	550,200
Council (Finance and Resource Mobilization Committee Expenses)	627,290	900,124
Council (Academic, Planning and Development Expenses)	475,480	1,501,630
Council (Human Resource Committee Expenses)	1,082,020	993,800
<b>TOTAL Council Expenses</b>	<b>12,672,200</b>	<b>12,537,038</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 OPERATIONAL & MAINTENANCE EXPENSES

	2020/2021	2019/2020
	Kshs	Kshs
<b>Operational &amp; Maintenance Expenses</b>		
Advert & Publicity/Marketing	2,032,278	3,865,606
Affiliation fees	108,600	132,020
Cleaning & Sanitation Services	202,780	383,360
Electricity	1,315,231	-
Hire of Transport Plant & Machinery	90,000	218,000
Sports Equipment & Sporting Activities	217,340	880,560
Insurance	1,501,482	1,453,922
Legal expenses	380,800	2,954,807
Inter-University games	-	673,100
TUCSO	316,000	439,800
Maintenance of Building & stations	485,584	1,150,774
Maintenance of Computers	479,938	206,140
Maintenance of Plant & Equipment	241,284	619,560
Maint. of Water supplies & sewerage	138,000	962,288
Maintenance of Catering & Hostels	271,907	92,406
Maintenance of Playgrounds	99,350	497,150
Maintenance of Motor Vehicles	1,441,821	1,526,076
Maintenance of Networks	520,555	-
Security Services	2,127,500	1,305,035
Staff Development/Training/Scholarship	1,838,261	504,380
Student Administrative expenses	314,480	360,370
Tender Expenses	55,000	220,045
Fuel and Lubricants	606,912	523,731
University College choir/drama	-	1,534,730
Corporate Social Responsibility	190,140	-
Water & Conservancy	1,026,000	-
Medical Expenses	848,506	48,661
KUCCPS Processing Expense	-	66,000
CUE Processing Fees	-	1,920,000
Gender Mainstreaming	38,400	107,000
General Expenses	768,545	918,880
<b>TOTAL Operational &amp; Maintenance Expenses</b>	<b>17,656,694</b>	<b>23,564,401</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 OTHER EXPENSES

	2020/2021	2019/2020
	Kshs	Kshs
<b>Other Expenses</b>		
Part time Lecturers expenses	7,882,560	4,483,920
Student Catering Services	3,127,095	3,271,090
Refunds	79,600	113,000
Farm Activities & Expenses	1,750	336,626
IGU General Expenses	1,601,030	141,366
<b>TOTAL Other Expenses</b>	<b>12,692,035</b>	<b>8,346,002</b>

Note: Opening balance for bank charges and performance contracting of Kshs 195,376 and Kshs 1,175,900 respectively have been disclosed under Note 8 Administration Expenses.

12 EMPLOYEE COSTS

	2020/2021	2019/2020
	Kshs	Kshs
<b>Personnel Expenses</b>		
Pension contribution	-	25,457
Casual Workers	205,960	484,808
Medical Scheme	2,822,454	1,484,040
Payroll Deduction	67,311,217	40,119,533
Payroll Net pay	94,967,816	78,897,515
Gratuity Expenses	4,627,411	8,331,488
<b>TOTAL Personnel Expenses</b>	<b>169,934,858</b>	<b>129,342,841</b>

13 PROVISION FOR BAD DEBTS – 10% of students outstanding debt

	2020/2021	2019/2020
	Kshs	Kshs
<b>PROVISIONS</b>		
Provision for bad debts	2,558,526	2,611,492
<b>TOTAL Provision for bad debts</b>	<b>2,558,526</b>	<b>2,611,492</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant, and equipment	42,650,229	45,720,181
Intangible assets	53,339,854	54,030,854
<b>Total depreciation and amortization</b>	<b>95,990,083</b>	<b>99,751,035</b>

15 CASH AND CASH EQUIVALENTS

	2020/2021	2019/2020
	Kshs	Kshs
<b>Cash and cash Equivalents</b>		
<b>a) Current Accounts</b>		
<b>Fee Collection</b>		
Kenya Commercial Bank Fees Collection Account	5,191,871	6,507,762
<b>Income Generating Account</b>		
Kenya Commercial Bank - I G U	2,721,434	2,042,408
<b>Payments Account</b>		
Kenya Commercial Bank - Payments Account	5,736,073	3,005,181
<b>Development Account</b>		
Kenya Commercial Bank- Capital Dev Account	76,609,418	83,041,978
<b>Recurrent Receipt Account</b>		
Kenya Commercial Bank- Deposits Account	77,128,710	84,877,810
<b>b) Others</b>		
Petty Cash	4,912	56,502
<b>TOTAL Cash and cash Equivalents</b>	<b>167,392,419</b>	<b>179,531,642</b>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 INVENTORIES

	2020/2021	2019/2020
	Kshs	Kshs
<b>Inventory &amp; Stores</b>		
Inventories	1,254,327	3,259,082
<b>TOTAL Inventory &amp; Stores</b>	<b>1,254,327</b>	<b>3,259,082</b>

17 RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2020/2021	2019/2020
	Kshs	Kshs
<b>Receivables from Exchange Transactions</b>		
Student Debtors	25,585,262	26,114,923
General Debtors	15,000	15,000
Imprest Account	1,606,060	
Less Impairment for bad debts	2,558,526	2,611,492
<b>TOTAL Receivables from Exchange Transactions</b>	<b>24,647,796</b>	<b>23,518,431</b>

RECONCILIATION FOR IMPAIRMENT ALLOWANCE ON RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year	2,611,492	2,196,310
Charge for the year		415,182
Recovered during the year	(52,966)	-
Write off during the year	-	-
At the end of the year	<b>2,558,526</b>	<b>2,611,492</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 PROPERTY, PLANT AND EQUIPMENT

	0%	2.5%	25.0%	10.0%	33.3%	12.5%	12.5%	20.0%	20.0%	0.0%	20.0%		
	Land.	Buildings.	Motor vehicles	ERP	Computer & Accessorie s	Office Equipment	Furniture & Fittings	Plant & Equipment	Library books	Capital Work in Progress	Sub-total	Good will	Total
Cost as at 30th June 2019	80,000,000	654,643,474	15,472,672	6,910,000	20,969,274	929,081	72,595,587	32,928,368	24,873,138	46,080,200	955,401,794	266,699,271	1,222,101,065
Disposal													
Additions										23,677,656	23,677,656		23,677,656
Adjustment													
Cost as at 30th June 2020	80,000,000	654,643,474	15,472,672	6,910,000	20,969,274	929,081	72,595,587	32,928,368	24,873,138	69,757,856	979,079,450	266,699,271	1,245,778,721
Dep. As at 30th June 2019	-	40,857,174	6,973,168	691,000	17,456,921	290,338	22,237,058	16,286,929	15,139,942	-	119,932,530	133,349,636	253,282,165
Disposal													
Adjustment													
Charge/impairment for the year 2019/2020	-	16,366,087	3,868,168	691,000	3,491,384	116,135	9,074,448	6,585,674	6,218,285	-	46,411,181	53,339,854	99,751,035
Dep. As at 30th June 2020	-	57,223,261	10,841,336	1,382,000	20,948,305	406,473	31,311,507	22,872,603	21,358,227	-	166,343,710	186,689,490	353,033,200
NBV 30th June 2020	80,000,000	597,420,214	4,631,336	5,528,000	20,969	522,608	41,284,080	10,055,765	3,514,911	69,757,856	812,735,740	80,009,781	892,745,521
Cost as at 30th June 2020	80,000,000	654,643,474	15,472,672	6,910,000	20,969,274	929,081	72,595,587	32,928,368	24,873,138	69,757,856	979,079,450	266,699,271	1,245,778,721
Disposal													
Additions		509,450			8,069,340	140,000	973,000	715,050	50,521		10,457,361		10,457,361
Adjustment													
Cost as at 30th June 2021	80,000,000	655,152,924	15,472,672	6,910,000	29,038,614	1,069,081	73,568,587	33,643,418	24,923,659	69,757,856	989,536,811	266,699,271	1,256,236,082
Dep. As at 30th June 2021	-	57,223,261	10,841,336	1,382,000	20,948,305	406,473	31,311,507	22,872,603	21,358,227	-	166,343,710	186,689,490	353,033,200
Disposal													
Adjustment													
Charge/impairment for the year 2020/2021	-	16,378,823	2,833,168	1,382,000	2,687,090	133,635	9,196,073	6,728,684	3,310,756	-	42,650,229	53,339,854	95,990,083
Dep. As at 30th June 2021	-	73,602,084	13,674,504	2,764,000	23,635,395	540,108	40,507,580	29,601,286	24,668,983	-	208,993,940	240,029,344	449,023,283
NBV 30th June 2021	80,000,000	581,550,841	1,798,168	4,146,000	5,403,219	528,973	33,061,007	4,042,132	254,676	69,757,856	780,542,871	26,669,927	807,212,798

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 INTANGIBLE ASSETS

Description	2020-2021	2019-2020
	KShs	KShs
<b>Cost</b>		
At beginning of the year	266,699,271	266,699,271
Additions		-
<b>At end of the year</b>	266,699,271	266,699,271
Additions—internal development		
<b>At end of the year</b>	266,699,271	266,699,271
<b>Amortization and impairment</b>		
At beginning of the year	186,689,490	133,349,636
Amortization for the year	53,339,854	53,339,854
<b>At end of the year</b>	240,029,344	186,689,490
Impairment loss		
<b>At end of the year</b>	240,029,344	186,689,490
<b>Net Book Value (NBV)</b>	26,669,927	80,009,782

This relates to the goodwill that was incurred during the purchase of the university college from MKU

20 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2020/2021	2019/2020
	Kshs	Kshs
<b>Receivables from Non-Exchange Transactions</b>		
GOK Recurrent Grants Receivable	15,903,722.00	16,928,197.00
<b>TOTAL Receivables from Exchange Transactions</b>	<b>15,903,722.00</b>	<b>16,928,197.00</b>

RECONCILIATION FOR IMPAIRMENT ALLOWANCE ON RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year	16,928,197	45,750,000
Charge for the year	15,903,722	16,928,197
Recovered during the year	(16,928,197)	(45,750,000)
Write off during the year		-
<b>At the end of the year</b>	<b>15,903,722</b>	<b>16,928,197</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 TRADE AND OTHER PAYABLES

	2020/2021	2019/2020
	Kshs	Kshs
<b>Payables from Exchange Transactions</b>		
Prepaid Fees	768,019	768,019
CDF Bursary	9,521,798	6,874,897
Outstanding - OAG	1,000,000	800,000
Helb	56,000	44,000
Trade Creditors	7,059,224	5,139,280
Employee Obligations	468,000	2,504,760
Refunds Payables	1,290,100	1,290,100
Caution Money	1,059,000	746,000
<b>TOTAL Payables from Exchange Transactions</b>	<b>21,222,141</b>	<b>18,167,056</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RELATED PARTY BALANCES

**Nature of related party relationships**

Entities and other parties related to the entity 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 Turkana University College, holding 100% of TUC'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 National Government;
- ii) The Parent Ministry;

There were no related party transactions with either the government or the parent ministry.

23. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2020 - 2021	2019 - 2020
	KShs	KShs
Court case against the entity	3,202,000.00	-
<b>Total</b>	<b>3,202,000.00</b>	<b>-</b>

Disclosure of the cases:

1. Eldoret ELRC No. 256 of 2018 PROF. Stephen Odebero VS Turkana University College and The Principal Turkana University College (formerly Nairobi ELRC Cause 1247 of 2018 Prof. Stephen Odebero v. Turkana University College and The Principal Turkana University College)
2. Eldoret ELRC Miscellaneous Judicial Review Application No. 4 of 2020 Moses Ekal v. Chairman of Council for Turkana University College & 3 Others
3. Prof Thomas Ekamais Akuja v. Turkana University College and Chairman Turkana University College ELRC Cause NO. 10 of 2020
4. Mr. Walter Kiplagat Serem v. Turkana University College and Another ELRC Cause No. 19 of 2020
5. Mude Hussein Mohammed & 5 Others Vs. Masinde Muliro University of Science and Technology & TUC Kitale E & L.C No. 48 of 2019
6. Dr. Robert Atambo v. Turkana University College Eldoret ELRC No. 9 of 2019
7. Francis Muniu Njoroge T/A Kasarani Suppliers v. Turkana University College Civil Suit No. 5 of 2020
8. Prof Thomas Ekamais Akuja v. Turkana University College and Chairman Turkana University College ELRC Cause NO. 10 of 2020
9. Cause E11 of 2021 Prof FNK Kassily v. Turkana University College and Chairman Turkana University College

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**24. CAPITAL COMMITMENTS**

<b>Capital commitments</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised for	108,540,000	86,652,450
Authorised and contracted for	58,000,000	58,000,000
<b>Total</b>	<b>166,540,000</b>	<b>144,652,450</b>

**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, State Department of University Education. Its ultimate parent is the Government of Kenya.

**27. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

## APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Presentation of Financial Statements	Format Issues	Resolved	
1.2	Inaccuracies in financial statements	Cash flow balances error	Resolved	
1.3	Comparatives between 2019/2020 and 2018/2019 Financial Years	The figures were not captured accurately	Resolved	
1.4	Administration Expenses	The statement of financial performance for the year ended 30 June 2020 reflects a figure of Kshs.16,977,055 composed of various items under administrative expenses. After review, travelling and accommodation expense had been under casted by Kshs.91,600. It has been adjusted accordingly	Resolved	
1.5	Misstatement of depreciation	Miscalculations corrected	Resolved	
1.6	Inventories and Store	Misclassification corrected	Resolved	
1.7	Intangible Assets	Misclassification corrected	Resolved	
2.0	Intangible Assets	Misclassification corrected	Resolved	
3.0	Property, Plant and Equipment	Valuation of the Property, Plant and Equipment	Not Resolved	31 <sup>st</sup> December 2021
4.0	Work-in-progress	There has been a delay in the construction of the hostels due to valuation by the EACC	Not resolved	31 <sup>st</sup> December 2022

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5.0	Irregularities in procurement	Review of annual stock takes	Resolved	



Principal Turkana University College

Date... 27/06/2022



**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners

**Summary of salient details -of ongoing projects 30.06.2021**

S/N	Project Name	Cost of Project or Contract Value (KESs)	Actual cumulative expenditure	Timeline			Actual project status	Progress Status
				Start	Expected completion date	Revised Completion date		
1.	Ongoing Proposed Construction of 2No. Students Hostel & Associated Works TUC/CONST/RT/024/16-17	114,794,238.00	57,238,828.83	01.02.2018	30.06.2019	-	70%	Ongoing

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**BREAKDOWN OF CERTIFICATES OF ONGOING CONSTRUCTION**

Date Paid	Certificate Number	3% withholding tax on construction	6% withholding VAT Tax	10% Retention Fees	Net Payment to Contract	Certificate Gross Amount	
8/3/2018	1	581,451.70	1,162,903.40	2,073,844.50	18,664,600.40	22,482,800.00	
7/2/2019	2	142,581.59	285,163.20	528,080.00	4,073,788.08	5,029,612.87	
11/4/2019	3	636,548.85	1,273,097.70	2,121,829.50	17,186,818.95	21,218,295.00	
15/7/2019	4	103,500.00	207,000.00	345,000.00	2,794,500.00	3,450,000.00	
18/11/2019	5	316,091.50	632,183.00	1,053,638.50	8,534,470.40	10,536,383.40	
19/12/2019	6	211,222.65	140,815.10	704,075.50	5,984,651.00	7,040,764.25	
<b>GRAND TOTALS</b>		<b>1,991,396.29</b>	<b>3,701,162.40</b>	<b>6,826,468.00</b>	<b>57,238,828.83</b>	<b>69,757,855.52</b>	
<b>PENDING CERTIFICATES</b>							
	7					5,001,599.70	
	8					7,984,048.00	
	<b>TOTAL</b>						<b>12,985,647.70</b>

### APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		TURKANA UNIVERSITY COLLEGE		
Breakdown of Transfers from the State Department of Education				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		22 Aug 2020	15,903,722.00	2020/21
		24 Nov 2020	31,807,443.00	2020/21
		21 Dec 2020	15,903,721.75	2020/21
		27 Jan 2021	15,903,721.00	2020/21
		10 Mar 2021	15,903,722.00	2020/21
		4 April 2021	15,903,721.00	2020/21
		10 May 2021	15,903,722.00	2020/21
		21 May 2021	15,903,722.00	2020/21
		11 June 2021	15,903,722.00	2020/21
		17 June 2021	15,903,722.00	2020/21
		25 June 2021	15,903,722.00	2020/21
		<b>Total</b>	<b>190,844,660.75</b>	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		<b>Total</b>	-	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		<b>Total</b>	-	
d.	Other Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		06 May 2021	100,000.00	2020/21
		13 May 2021	100,000.00	2020/21
		22 Apr 2021	3,003,480.00	2020/21
		<b>Total</b>	<b>3,203,480.00</b>	

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

Finance Manager  
Turkana University College

Head of Accounting Unit  
Ministry of Education

Sign -----

Sign-----