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REPORT

OF

THE AUDITOR-GENERAL

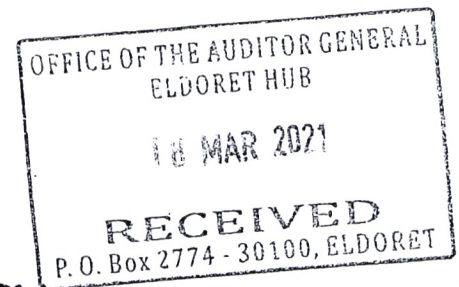
ON

TURKANA UNIVERSITY COLLEGE

**FOR THE YEAR ENDED
30 JUNE, 2020**

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

TURKANA UNIVERSITY COLLEGE (TUC)



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

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

Telephone: 0789399751/0724178505

E-mail:

info@tuc.ac.ke

or

enquiries@tuc.ac.ke

Website:

www.tuc.ac.ke

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2020

VISION

A Model of Excellence in Science, Technology, and Innovation.

MISSION

To provide holistic university education through teaching, research, consultancy and community service for transformation of lives/for sustainable development

CORE VALUES

- ❖ Integrity
- ❖ Inclusivity
- ❖ Innovation
- ❖ Collegiality
- ❖ Agility

PHILOSOPHY

Turkana University College (TUC) holds the view that education, training, and research are major tools in sustainable development of humanity, science, and technology in a global environment. Thus, providing opportunity for advancement of humanity through improved environment

MOTTO

The Cradle of Knowledge

STRATEGIC OBJECTIVES

TUC will continue to focus on the following strategic objectives as set out in the strategic plan 2019 2024

- ❖ To enhance accessibility of relevant quality education and training
- ❖ To implement experiential learning as one of the strategic objectives, and relevant
- ❖ Strategy to be formulated
- ❖ To enhance services that support students' personal health, safety and welfare
- ❖ To foster a culture of Innovation and creativity

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- ❖ To create Knowledge for efficient learning
- ❖ To transfer Knowledge and Technology

**PRINCIPAL ACTIVITIES OF THE UNIVERSITY
COLLEGE**

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

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GENERAL INFORMATION

PRINCIPAL PLACE OF BUSINESS

Turkana University College
Off Lodwar- Kapenguria Highway,
P.O Box 69 -30500
LODWAR, KENYA

INDEPENDENT AUDITORS

Auditor General
Office of Auditor General Anniversary Towers, University Way
P.O Box 30084 -00100 GPO
NAIROBI, KENYA

BANKERS OF THE UNIVERSITY

Kenya Commercial Bank Limited, Lodwar Branch.
P.O Box 150-30500
LODWAR

Mpesa Paybill No.522123

PRINCIPAL LEGAL ADVISER

The Attorney General State Law Office Harambee Avenue
P.O. Box 40112 City Square 00200
NAIROBI, KENYA

UNIVERSITY COLLEGE CONTACTS

Telephone: 0789399751/0724178505
Website: www.tuc.ac.ke
E-mail: info@tuc.ac.ke OR enquiries@tuc.ac.ke
Twitter: [@turkanauniversity](https://twitter.com/turkanauniversity)

HISTORICAL BACKGROUND OF THE UNIVERSITY

Quick facts about Turkana University College

- 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 (MMUST) 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.

MILESTONES

UNIVERSITY COLLEGE MANAGEMENT

Council Inauguration

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 29th March 2023 (as per the Legal Notice).

The following are the Standing committees of TUC Council

1. Human Resources Management Committee
2. Academics, Planning and Development Committee
3. Finance and Resource Mobilization Committee
4. Audit & Risk Management and Compliance Committee

Appointment of Substantive University College Top Managers

The following were appointed top managers of the University College and took office on July 18th 2018 following a competitive recruitment process;

1. The Principal – Prof. Thomas Ekamais Akuja
2. The Deputy Principal (Academic & Student Affairs) – Prof. Dr. Fredrick Nyongesa Kassilly

University College Management Board (UCMB)

The University College Management Board was constituted on 7th February, 2017 under the chairmanship of the then Ag. Principal. The board currently operates under the Chairmanship of the Principal.

University College Academic Board (UCAB)

The University Academic Board was constituted on 8th February, 2018 under the



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chairmanship of the then Ag. Principal. The board currently operates under the Chairmanship of the Principal.

TUC Inspection by the Commission for University Education

On 11th October 2018, the Commission for University Education conducted an inspection tour of TUC facilities to assess its readiness for award of Charter.

GOVERNANCE AND MANAGEMENT
MEMBERS OF THE UNIVERSITY COUNCIL
CHAIRMAN



Dr. Solomon Muchina Munyua,

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



Prof. Dr. Fredrick N. Kassily

Ag. Secretary (Council) YoB: 1965.

Dr. Rer. Nat. (Universitat Fur Bodenkultur, Wien), M.Sc (MUA), M.Sc (UoN), B.Sc. (UoN), Biodiv (UNU)

Prof. Dr. Fredrick Nyongesa Kassily is currently the Acting Principal of Turkana University College. He joined Turkana University College in July 2018 as Deputy Principal in charge of Academics and Student affairs. He has over 26 years' experience in university teaching, research, learner mentorship, curriculum development, implementation and review. He has 20 years hands-on experience in academic leadership and administration in tertiary training colleges.

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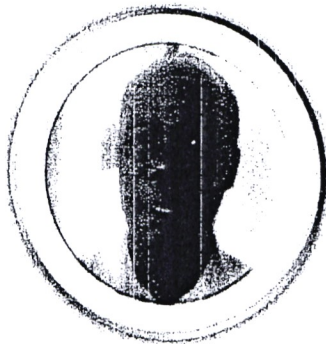


Prof. Thomas Ekamais Akuja, Secretary/Principal

YoB:1960

PhD, (Ben Gurion - Israel), M.Sc - Agronomy (UoN), B.Sc- Agriculture.

Prof. Thomas EkamaisAkuja is a holder of a B.Sc (Agriculture) and M.Sc (Agronomy) from the University of Nairobi. His PhD was obtained from the prestigious Ben Gurion University of the Negev, Beer Sheva, Israel. He was appointed as Principal to Turkana University College on 17 July 2018.



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 Institute of Wildlife Biology and Game Management at the University of Natural Resources and Life Sciences, Vienna and as a founding Chairman of the Department of Biological Sciences at Masinde Muliro University of Science and Technology and also served as a member of the Institutional Development Committee (IDEC), Statutes Committee and Staff Turkana University Council on 10 March 2017

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Ms. Elizabeth Limagur
Member YoB:1975.
M.A , (Intl. Conflict Mgt.

Ms. Limagur has a Master of Arts Degree in International Conflict Management from the University of Nairobi, a Bachelor's Degree in Mass Communication from Makerere University-Kampala, majoring in Public Relations and Political Science, and published several papers in reputable international journals in a Diploma in Journalism from Kenya Institute of Mass Communication. She was appointed to Turkana University council on 24th April 2019.



Ms. Mercy Kareithii
Member

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

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Mr. Felix Odimmasi

Member

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. Oliver Lowoton,

Member

PhD in Law, Democracy and Governance, University of Nairobi (in progress), Nairobi County;

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;

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Ms. Lucy Mulili,
Member

Rep. PS, State Department for University Education & Research

Ms. Mulili has served in the public sector for twenty three (23) years. She is a senior accomplished Public Administrator with vast experience in Field Administration at the MoE Headquarters.



FA, CPA Solomon Ngahu, Rep. CS, National Treasury (Kenya)

Rep., CS, National Treasury & Planning

M.B A – Finance. (JKUAT);

M.Sc. Public Fianance (Uni. Of London), B.Com Fisrt Class Hons. (JKUAT); ESAMI

FA. CPA Solomon Ngahu was born in April 1977. Pursuing PhD In Business administration (Finance Option) at JKUAT. He holds a Master's degree (MBA- Finance) from JKUAT, Master of Science Public Finance (Msc- Public -University of London, Bachelor degree (Bcom)-First Class Honours from JKUAT, 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

THE KEY MANAGEMENT PERSONNEL

The Key management personnel who held office during the financial year ended 30st June, 2020 and who had direct fiduciary responsibilities are presented here below



Prof. Dr. Fredrick. N. Kassily, Ag. Principal Dr.Rer.Nat. (Universitat Fur Bodenkultur, Wien), M.Sc (MUA), M.Sc (UoN), B.Sc. (UoN), Biodiv (UNU)



Prof. Thomas E. Akuja, Principal PhD (Ben Gurion), M.Sc. (UoN), B.Sc (UoN)



Dr. Henry Ongori, Ag.Registrar (Administration)
PhD-Mgt.(North West University, SA), MBA-Mgt (Shivaji University, India), BCom-Mgt(Shivaji University, India).

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Dr. Peter Edome, Ag. Deputy Principal, (A&SA)
Dean SOST PhD, (Maseno University), M.Sc, (MMUST), B.Ed (Sc), (Moi University).

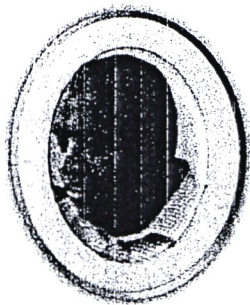


CPA Walter Serem, Accountant-in-Charge
MBA -Finance (MKU), B.Sc-Applied Accounting (Oxford Brooks University), CPA K
(Vision Institute)



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

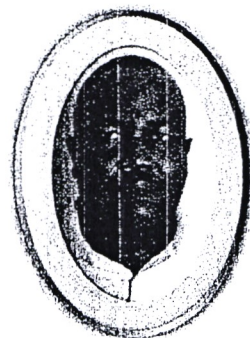
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Mr. Morris M. Ngugi ICT Officer B.Sc-IT(JKUAT)

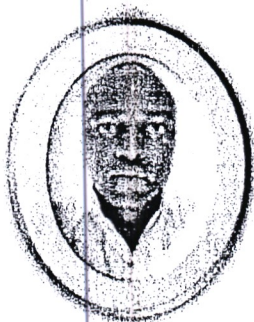


Rev. Jackson N. Iruko Ag. Dean of Students
B.Ed -Arts (Egerton University)



Mr. Charles Rop
BBM-Finance & Banking (MMUST)
Ag. In-Charge of Finance Dept.

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



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



Ms. Sherry Odari, Assistant Librarian
M.Sc –Library & Information Science (KU), B.Sc –Library & Information Science
(Makere University)

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Mr. Paul Ekiru

MBA-Purchasing & Supplies Mgt (MKU), B.Sc-Purchasing & Supplies Mgt (JKUAT),
Procurement Officer

CHAIRMAN'S STATEMENT

I feel honored and duty-bound to present an overview of the University College performance for the year ended 30th June 2019. The University College Council played its rightful role in the University College's operations. 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.

The University Council is focused to position TUC as spring of knowledge in providing quality education, teaching, research, and innovation that meet the needs of a dynamic society needs. TUC has been keen on addressing national aspirations by conforming to national policies such as the Big Four agenda, Kenya Vision 2030 and Sustainable Development Goals. During the year ended 30th June 2020, 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. 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.

I wish to finally thank the Government of Kenya, Council members, Management and staff for their continued support over the year in striving to make TUC a World Class University that impacts on societal needs.

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

PRINCIPAL'S STATEMENT

I have the pleasure to present the Annual Report and Financial Statements of Turkana University College (TUC) for the year ended June 30, 2020 as per the Universities Act 2012 and the Public Audit Act 2015.

Financial resources and management have been instrumental in delivering on the core mandate of the University College. TUC was mainly funded through Government Capitation to a tune of KES 419M which included recurrent of KES 220M, development vote of KES 120M and KES 79M from appropriation in Aid (A-I-A). It has not been easy, but with co-operation from our stakeholders and Council members' guidance, the University College was able to operationalize its core functions. The University College is greatly indebted to the Government for the continued financial support it has received to date.

As an emerging University College, TUC faces the challenge of expanding its financial resources base and generating increased levels of A.I.A. TUC intends to find new sources of funding; exercise more gainful use of existing facilities; and be more prudent in resource management.

The University College shall actively continue to engage in building international research partnerships and networks and locally respond to National Research Funding (NRF) grant competitions. We intend to develop an even stronger focus on the short, medium- and long-term impact of our research when planning our activities and collaborations and when evaluating our performance. Increased Students' enrolment and focus on The Big 4 agenda remain a priority.

On behalf of TUC I wish to take this opportunity to express my gratitude to the Government and all our development partners who have continued to support the University College in its endeavor to grow. I also wish to thank the Council members for their oversight and counsel during the period under review. I am also indebted to Management and Staff for their dedication to duty over the past three formative years of TUC's growth and development.

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

CORPORATE GOVERNANCE STATEMENT

1. Ownership

Turkana University College is a body corporate Gazetted on 27th January, 2017 as a Constituent College of Masinde Muliro University of Science and Technology under the University Act (No.42 of 2012) through the Gazette Legal Notice No. 8 of 2017. The University College is wholly owned by Government of Kenya.

2. Responsibility of the University College Council

The University College Council is responsible and accountable to the Government of Kenya through the 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).

3. Remuneration of the University College Council members.

The University College Council members other than the Principal and the ex-official members do not receive a salary. They are however paid a sitting allowance for every meeting attended. The sitting allowance paid to the council members is disclosed in note 7 of the financial statements.

4. 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 with paragraph 1.16, Council members disclose all real or perceived conflict of interest registered in a register maintained and updated accordingly.

5. Risk Management

The identification and management of risk is a continuous process linked to the achievement of the University's objectives. The Council is responsible for risk management and has an approved policy framework with development of various risk management procedures such as whistle blowing and audit committee charter which will enhance risk identification and management. The University College has established an Internal Audit department to carry out risk based internal audit on a quarterly basis. The University Council through its Audit and Compliance Committee receives regular reports during the financial year on internal control and risk. Major risks facing the institution currently are documents of land title not in place, lack

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of better terms of employment for the University College staff in terms of work remunerations, which does not attract and retain staff competencies, thereby inhibiting staff morale for productivity.

The University College Council and Management have endeavored to address all the above issues conclusively. In connection to this, the University College is planning to transit all the staff to the standard remuneration terms that all other public Universities are currently offering their employees.

Moreover, the University College management conducts legal compliance reviews, which are reported to the council. The University College has hired an in-house legal officer to advice on legal issues.

6. Statement of Compliance

The Council Members confirm that Turkana University College has throughout the financial year ending 30 June 2020 complied with the entire statutory and regulatory requirements and has been managed in accordance with the principal of Corporate Governance

7. Committees of the University College Council

In order to facilitate the smooth running of its affairs, the University Council establishes such committees with the membership and with such terms of reference as it may deem fit. The following committees were put in place by the Council on 15th June, 2020 in the financial year ending 30 June, 2020.

- a. Academic, Planning and Developments Committee
- b. Finance Resource Mobilization and Planning Committee
- c. Human Resource Management Committee
- d. Audit & Risk Management and Compliance Committee

The University Council nominates the Chairperson of each committee of the Council provided that in the absence of the Chairperson of any committee, the members present and constituting a quorum may elect one person from among them to chair the meeting. The Chairperson of the University Council and the Principal are ex-officio members of every committee of the Council.

Academics, Planning and Developments Committee

The Committee advises and oversees the strategic development and implementation of

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academic and research programmes; physical facilities and infrastructures plan; quality assurance for excellence in teaching, research and innovation and protection of intellectual assets.

Finance Resource Mobilization and Planning Committee

The committee provides oversight and advice on matters relating to the University College financial position, annual budget estimates, resource mobilization and investments, and pay due regard to the necessity to refer matters of major importance to the Council for final approval.

Human Resource Management Committee

The Committee oversees the formulation and subsequent monitoring/review of policies and strategies on employment of all University staff, including policies on recruitment and selection, staff development and training, performance management schemes and salaries, administrative practices and other conditions and terms of services.

Audit & Risk Management and Compliance Committee

The Committee oversees and advises on matters relating to the safety of assets; operations of adequate systems; control processes, preparation of accurate financial reports in compliance with legal and statutory requirements and standards; internal and external audits; risk management strategies; institutional governance; monitoring of performance contract; and quality assurance.

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TUC COUNCIL COMMITTEES

The TUC Council committees were constituted and approved as follows.

- a. Human Resources and Appointments Committee
 1. Ms. Mercy Kareithi- Chairperson
 2. Eng. Justus Wambutura
 3. Ms. Elizabeth Limagur
 4. Mr. Archer Arina
 5. Mr. Gerald Mwangi

- b. Audit, Risk Management and Compliance Committee
 1. Mr. Oliver Lowoton- Chairperson
 2. Mr. Gerald Mwangi
 3. Mr. Solomon Ngahu
 4. Mr. Elizabeth Limagur

- c. Finance, Planning, Development and General Purposes Committee
 1. Eng. Justus Wambutura- Chairperson
 2. Mr. Archer Arina
 3. Mr. Felix Odimmasi
 4. Mr. Solomon Ngahu

- d. Academics, Research, extension, Collaboration and Sealing committee
 1. Mr. Felix Odimmasi- Chairperson
 2. Mr. Oliver Lowoton
 3. Mr. Archer Arina
 4. Ms. Mercy Kareithi
 5. Mr. Gerald Mwangi

Gender Diversity of the Council

The University Council composition meets the constitutional requirement relating to gender rule as shown in the table and pie chart below;

Table

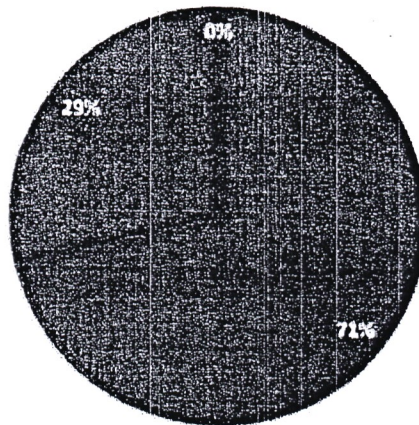
1	Dr. Solomon John Muchina			Male
	Prof. D. F. N. Kassilly			Male
3	Ms. Mercy Wanjiku Kareithi			Female
4	Eng. Justus Wambutura			Male
5	Mr. Oliver Erupe Ewoton			Male
6	Ms. Elizabeth Limagur			Female
7	Mr. Felix Odimmasi			Female

GENDER	NUMBER	%
Male	5	71
Female	2	29
Total	7	100

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GENDER DIVERSITY

■ MALE ■ FEMALE ■ ■



TERMS OF REFERENCE OF COUNCIL COMMITTEES;

Academics, Planning and Developments Committee

- i. Oversee the development and regular updating of all policies relevant to the University College's Strategic Plan, Academics, Research, Development, and Innovation.
- ii. Provide strategic advice to the Council on development and updating of the University College's Strategic Plan, Academic, development and innovation.
- iii. Ensure negotiation, monitoring and evaluation of the University College's Performance Contract (PC).
- iv. Provide oversight to all infrastructure developments.
- v. Oversee the development and evaluation of the University College's academic programmes.
- vi. Recommend to the Council potential areas of research, development and innovation for the University College.
- vii. Ensure monitoring and evaluation of the University College's research as well as dissemination of research outputs through publications and exhibitions.
- viii. Oversee protection of the University College's intellectual property and rights.
- ix. Advise the Council on matters pertaining to international conventions.
- x. Enhance the University College's Corporate Image.
- xi. Ensure the University College's certification by the International Organization for Standardization (ISO).

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- xii. Oversee the development and approval of the Council Charter, Almanac and work plan.
- xiii. Review and assess, at least annually, the Committee's Charter for approval by the Council.
- xiv. Perform other oversight functions that the Council may assign from time to time related to Strategic Plan, Academic, development and innovation function

Finance Resource Mobilization and Planning Committee

- i) Ensure compliance with finance and labour related laws, regulations and relevant circulars.
- ii) Recommend for approval, the necessary policies for finance, resource mobilization and Human Resource functions.
- iv) Shall review and recommend to Council the approval of the Budget and the Financial Reports.
- v) Shall recommend for approval the annual procurement plan and ensure it is aligned to the approved Annual Budget and cash flow projections.
- vi) To receive and consider Monitoring and Evaluation reports on performance in the execution of ongoing projects and make suitable recommendations to the Council.
- vii) To oversee the proper utilization and safeguarding of all University assets and funds.
- viii) To consider and make recommendations to Council, any intended application of the University Seal to documents.

Human Resource Management Committee

- i) To review and recommend employment structure including job grading/ classification.
- ii) To review and recommend the appointment, terms of appointment, performance and remuneration of the senior staff.
- iii) To review and recommend terms and conditions of service for employees, grievance mechanisms, disciplinary action, staff development and training, incentives for employees.
- iv) Review, recommend and coordinate training needs and appropriate Council

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Evaluation.

- v) Review and assess, at least annually, the Committee's Charter for approval by the Council.
- vi) Coordinate Council Committees' effectiveness and performance.
- vii) Perform any other duties that the Council may assign from time to time related to Human Resource functions.

Audit and Risk Compliance Committee

- i) Ensure compliance with the law and regulations.
- ii) Approve the necessary policies for Audit, Governance, Risk Management and Compliance functions.
- iii) To oversee the internal and external audit function.
- iv) Examine Internal and External Auditors' findings and recommendations for the improvement of the internal controls.
- v) Receive Management's response and track implementation status of internal control recommendations.
- vi) Advise Management about any significant deficiencies in the design and operation of internal controls.
- vii) Continuously review the implementation of the risk management framework.
- viii) Review and assess, at least annually, the Audit Committee's Charter for approval by the Council.
- ix) Perform other oversight functions that the Council may assign from time to time related to Audit, Governance, Risk Management and Compliance functions.

MANAGEMENT DISCUSSION AND ANALYSIS

THE ENTITY OPERATION REVIEW

Teaching, research, and community service has remained a core function of Turkana University College during the FY 2019/2020. 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 academic's 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

From 2019/2020, the University College will be offering programmes from Certificate to Master's degree level.

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TUC has (4) Senate approved Masters degree Programmes, seven (7) Bachelors 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. Professor 0
2. Associate Professor 2
3. Senior Lecturers 2
4. Lecturers 5
5. Tutorial Fellows 26

Total number of Academic Staff 35

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 to the current 525 in three years in line with the University College plans

By September this year (2020) TUC will have attained the full four (4) year scale of undergraduate student training scheme and its pioneer students will be in their fourth year of study.

The Student numbers continue to grow in line with the University College plans.

The University College currently has students enrolled in Masters, Bachelor's, Diploma and Certificate

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programmes as indicated below

	Fyr 2016-17	Fyr 2017-18	Fyr 2018-19	Fyr 2019-20
<i>Total Student Numbers</i>	17	192	296	525

Master Degree	58
Bachelor Degree	326
Diploma Level	118
Certificate Level	23
Total	525

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FINANCIAL PERFORMANCE REVIEW

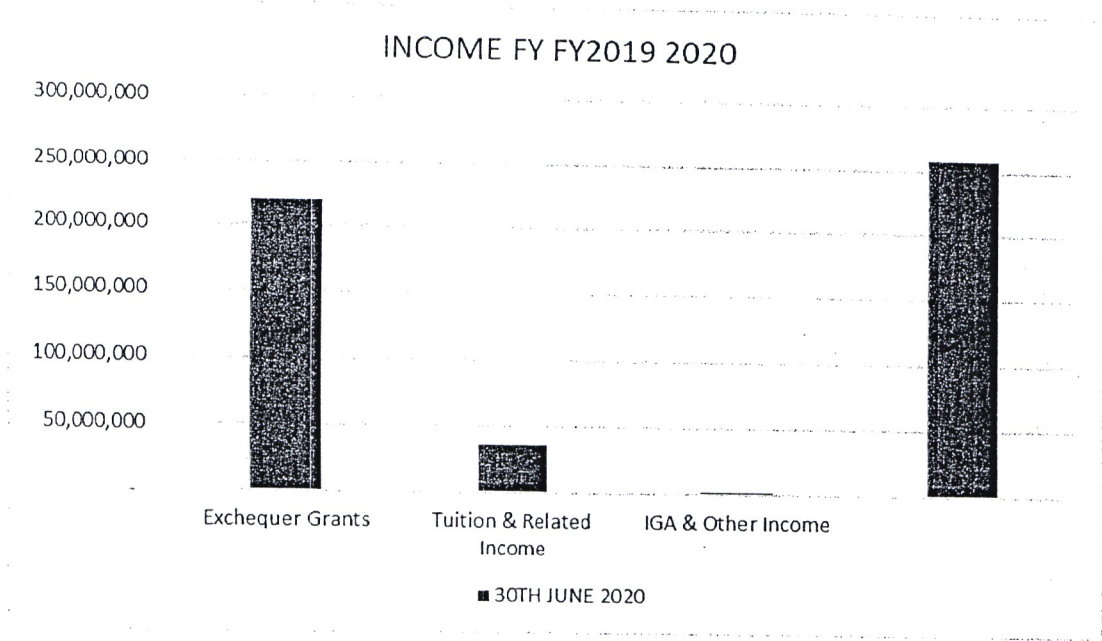
We have the pleasure to present the Annual Report and Financial Statements of Turkana University College for the period ended June 30, 2020 as per the Universities Act 2012 and the Public Audit Act 2015.

The University College recorded an aggregate income of KES 259.253 Million at end of the year under review, with the recurrent grant from the Exchequer of KES 220.020 million. Internally generated revenue stood at KES 39.233 million as at end of the year consisting of Tuition Fee and related income of KES 39.233 million, Income generating activities and other Income at KES 2.3 million. In General, the University College recorded a remarkable improvement in financial performance with a deficit of KES 35.54 million as compared to a deficit of KES 81.970 million in the corresponding previous the year ended 30th June, 2019. The University College is looking forward to undertaking income generating projects that will help improve and enhance the Appropriation in Aid (A-I-A).

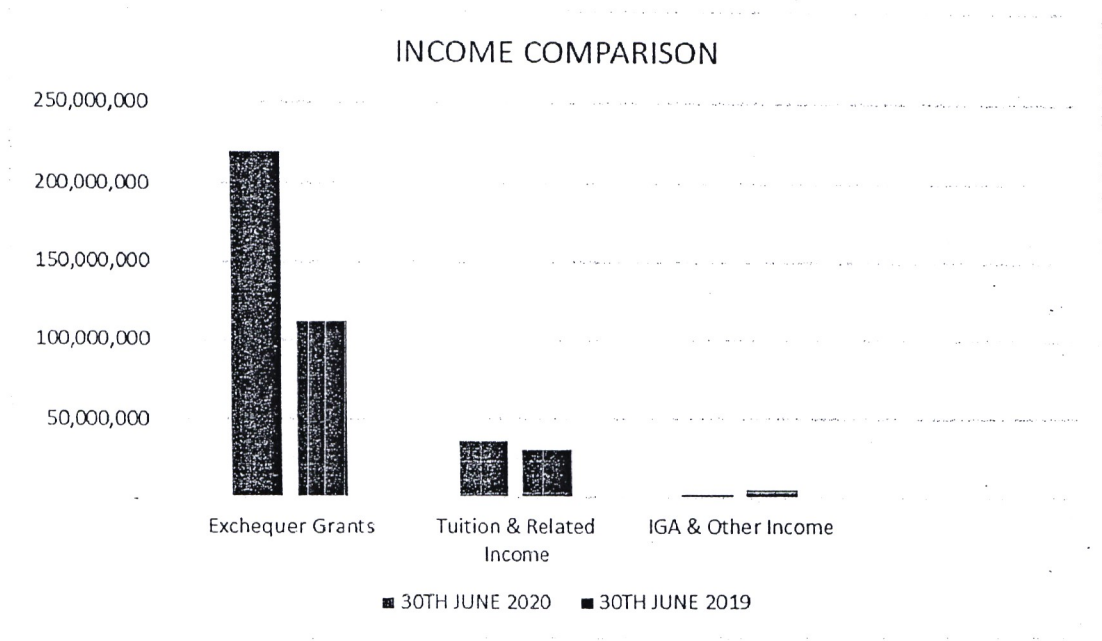
Particulars	30th June 2020	%	30th June 2019	%
	KES		KES	
Exchequer Grants	220,020,754	85	118,802,239	75
Tuition & Related Income	36,882,688	14	33,486,550	21
IGA & Other Income	2,350,365	1	5,424,181	4
TOTAL	259,253,807	100	157,712,970	100

The column chart below illustrates the Income distribution trends indicating the University College's over reliance on exchequer grants for its operations

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The column chart below illustrates income comparison trends between the current year, 20219/20 under review and the corresponding previous year 2018/19 for period under review. This has shown an exponential growth in the incomes as depicted below;

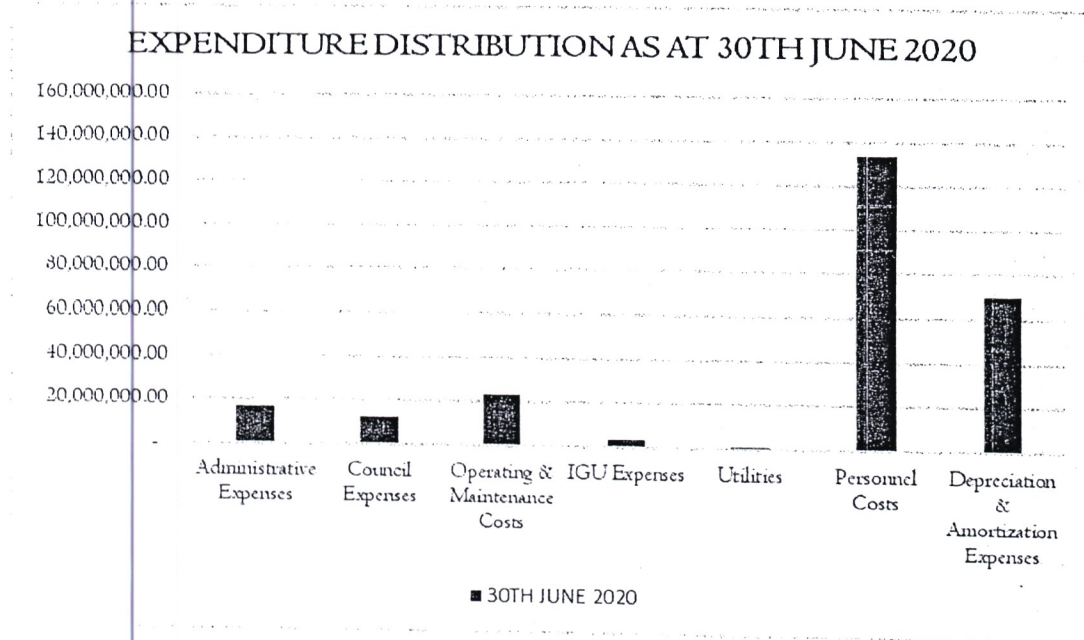


EXPENDITURE

TURKANA UNIVERSITY COLLEGE
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Personnel emoluments continued to command the largest portion of the expenditure during period under review at 51.0% of the total expenditure while all other expenses constituted the balance of 49.0%. The table below illustrates the expenditure trends with the overall total expenditure rising steadily during the period under review.

Particulars	30th June 2020	%	30th June 2019	%
	KES		KES	
Administrative Expenses	17,268,655.00	5.86	18,194,971.00	7.59
Council Expenses	12,537,038.00	4.25	9,832,764.00	4.10
Operating & Maintenance Costs	23,564,401.00	7.99	13,641,133.00	5.69
IGU Expenses	9,717,277.65	3.30	19,430,789.05	8.11
Personnel Costs	129,342,841.10	43.88	73,145,156.57	30.52
Provision for Bad Debts	2,611,492.30	0.89	2,196,310.00	0.92
Depreciation & Amortization Expenses	99,751,034.78	33.84	103,242,418.90	43.07
TOTAL EXPENSES	294,792,739.83	100.00	239,683,542.52	100.00



TOTAL INCOME VERSUS TOTAL EXPENDITURE

The relationship between income and expenditure is as tabulated below. There has been seasonal trend in the performance of the institution due to increased operational capacity.

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Income/Expenditure Trend In KES		
	30TH JUNE 2020	30TH JUNE 2019
Total Income	259,253,807	157,712,970
Total Expenditure	259,253,807	157,712,970

WORKING CAPITAL

The University College has had a healthy Working capital position with positive net current assets position as shown below:

Particulars	30 JUNE -2020 KES.000"	30 JUNE 2019 KES.000"
Total Current Assets	223,237	146,404
Total Current Liabilities	18,167	15,066
Net Working Capital	205,070	131,338

COMPLIANCE WITH STATUTORY REQUIREMENTS.

The University College complies with statutory 2019/2020 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.21, 587, 598 Million. The amounts will continue to rise to 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 affected HELB loans as required and submitted the same within the stipulated fifteen days after the end of each month.

MAJOR RISKS FACING THE ENTITY

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

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- 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 has 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 policies and systems will be reviewed regularly to reflect changes in economic conditions and the University College's activities.

- i) Market risk: -Low Student Enrolment the University College is more 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:-Low Funding

Liquidity risk is the risk that the TUC will not be able to meet its financial obligations as and when they fall due. However, management is developing an approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University College's reputation. Typically, the University ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence. All capital investments are funded by the Government. However, Low funding levels by the government may result to liquidity issues and slow development in infrastructure which can lead to congestion & inadequate facilities.

- iii) Credit risk

Credit risk is the risk of financial loss to the University College if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. TUC receives fees from students which minimizes the credit risk exposure.

Classification of credit risk bearing assets

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The table below represents University's maximum exposure to credit risk as at 30 June 2020.

ASSETS	QT4-2019/20
Current Assets	KES
Cash and Cash Equivalents	179,531,642
Receivables from Exchange	23,518,431

All the University's receivables are fully performing and are expected to be received. Cash and cash equivalents include cash in hand and deposits held with banks.

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.

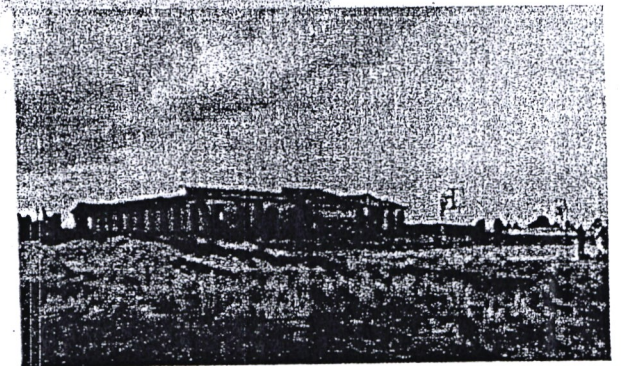
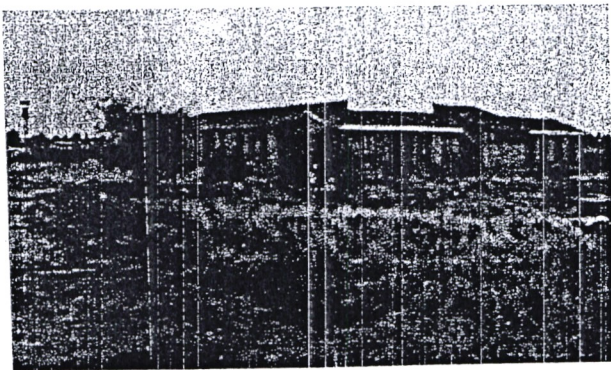
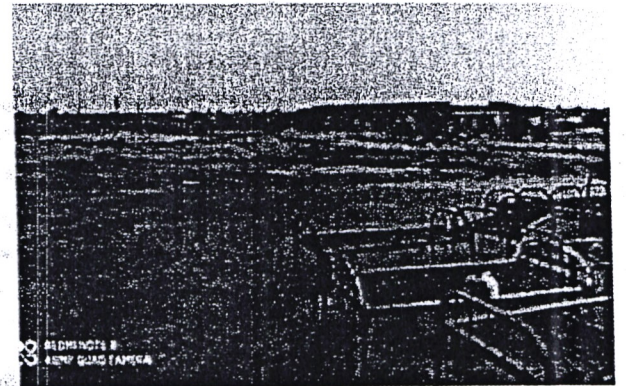
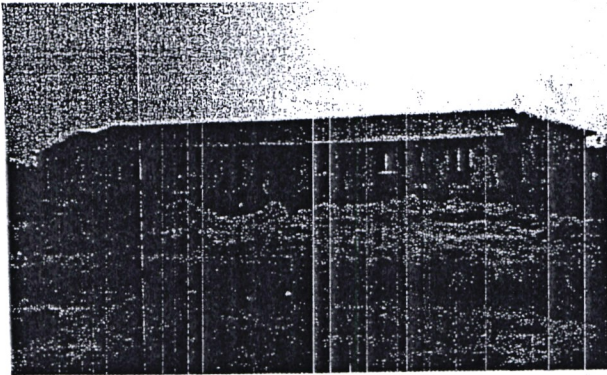
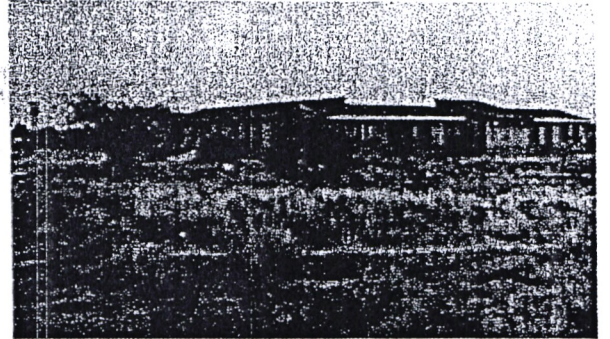
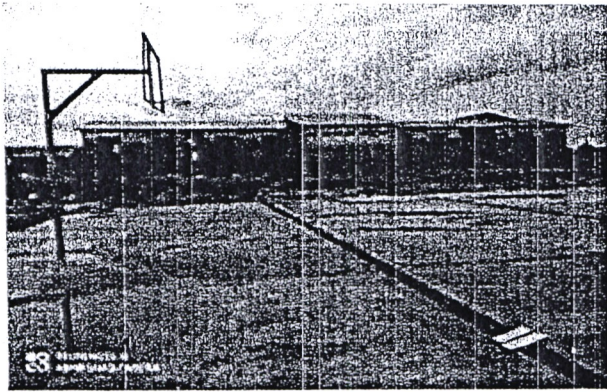
There is no major financial impropriety reported by internal audit/ Audit, Governance, Risk Management & Compliance Committee of the College Council and external auditors. Consequently, the University College has responsive governance structures and practice in the Council and top management.

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.

(2NO. STUDENTS' HOSTEL (CONTRACT SUM KES 114,794,238))

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STATEMENT OF UNIVERSITY COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act cap 446 require the Council members to prepare financial statements which give a true and fair view of the state of affairs of TUC at the end of the year and the operating results of TUC for year ending 30 June, 2020. The Council members are also required to ensure that TUC keeps proper accounting records which disclose with reasonable accuracy the financial position of TUC. The Council members are also responsible for safeguarding the assets of the TUC. The Council members are responsible for the preparation and presentation of the TUC's financial statements, which give a true and fair view of the state of affairs of TUC for and as at the year ending 30 June, 2020. 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 TUC; (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 TUC; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

Council members accept responsibility for TUC's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments 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 Cap 446. They are of the opinion that TUC's financial statements give a true and fair view of the state of TUC's transactions during the year ending 30 June, 2020, and of TUC's financial position as at that date. Council members further confirm the completeness of the accounting records maintained for TUC's, which have been relied upon in the preparation of the TUC's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council members to indicate that the TUC will not remain a



TURKANA UNIVERSITY COLLEGE
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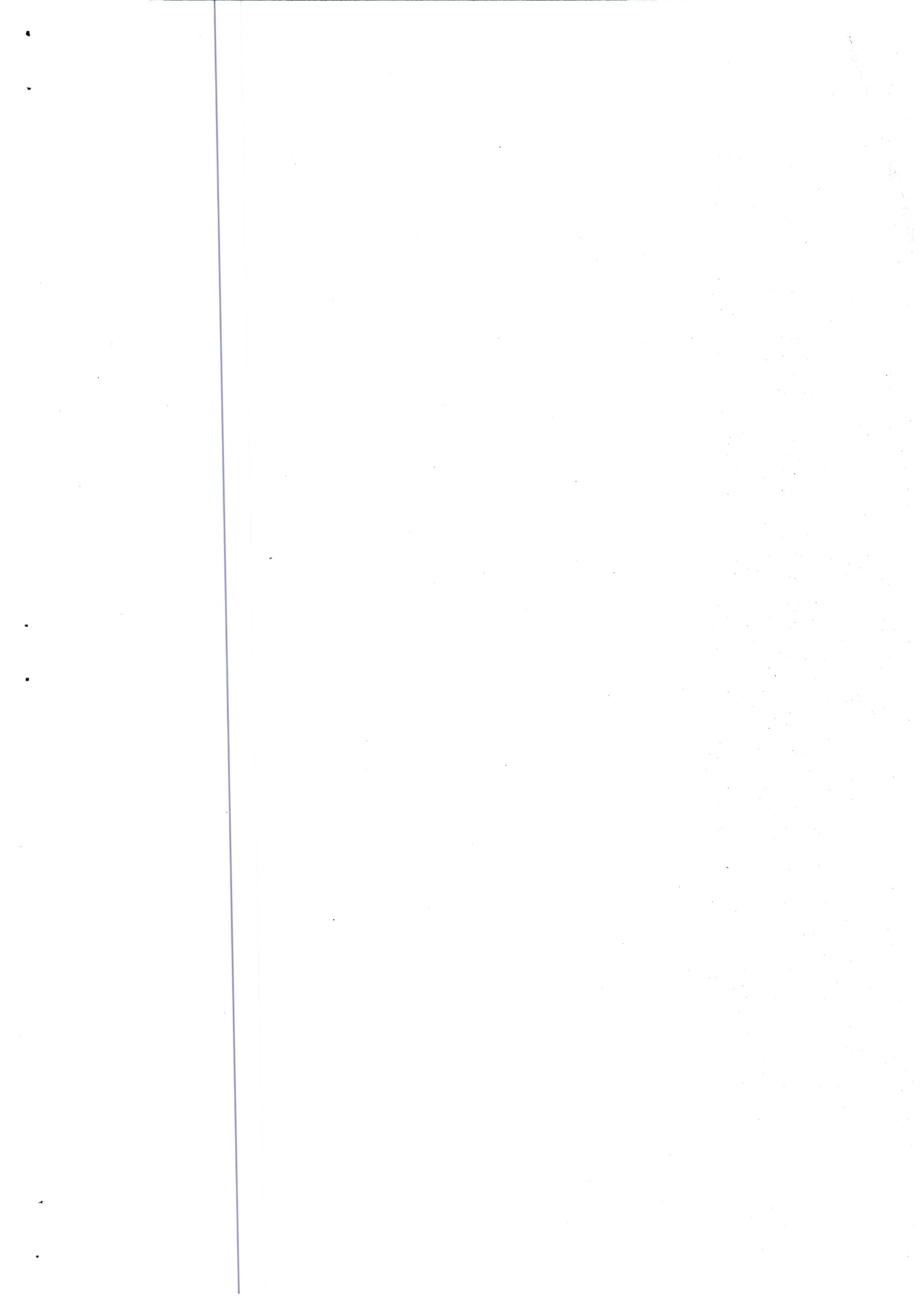
going concern for at least the next twelve months from the date of this statement

Approval of the financial statements

The Turkana University College's financial statements were approved by the Council and signed on its behalf by:

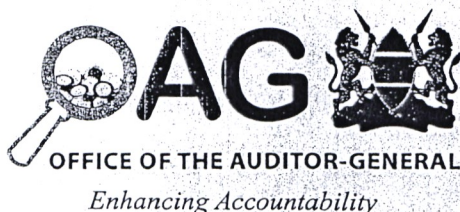
.....
Dr. Solomon John Muchira Munyua PhD
Chairman of Council, TUC

.....
Prof. George N. Chemining'wa, PhD
Ag. Principal, TUC



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TURKANA UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Turkana University College set out on pages 40 to 66, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act No.42 of 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Tuition Related Income

The statement of financial performance reflects tuition and related charges revenue of Kshs.11,408,880 which, as disclosed in Note 3 to the financial statements, comprised of twenty-one (21) revenue streams. However, student's records including student fees ledgers, journal vouchers, general ledger accounts, student fees and arrears subsidiary ledgers, and supporting schedules were not provided for audit review.

Consequently, the accuracy and completeness of tuition and related charges amount of Kshs.11,408,880 for the year ended 30 June, 2020 could not be confirmed.

2. Cash and Cash Equivalents

The statement of financial position reflects a balance of Kshs.179,531,642 under cash and cash equivalents which, as disclosed in Note 12 to the financial statements, includes bank balances totalling Kshs.179,475,140 held in five (5) bank accounts. However, bank confirmation certificates, bank statements and cash books for the five (5) bank accounts

were not provided for audit review. Further, bank account No.1206564520 had unrepresented cheques totalling Kshs.3,111,678 whose clearance status was not confirmed.

In addition, review of the account No.1206564520 held at the Kenya Commercial Bank, Lodwar branch, revealed unusual cash withdrawals amounting to Kshs.21,388,817. No explanation was provided on why the transactions could not be made via electronic funds transfer. Further, the nature of goods and services procured using the amount of Kshs.21,388,817 withdrawn in cash was not disclosed.

Consequently, the accuracy and completeness of cash and cash equivalents balance of Kshs.179,531,642 as at 30 June, 2020 could not be confirmed.

3. Inventories and Stores

The statement of financial position reflects a balance of Kshs.3,259,082 in respect of inventories and stores as at 30 June, 2020. However, the supporting schedules and stock sheets for the various categories of stock which included graduation gowns, cutleries, electrical appliances and other inventories were not provided for audit review.

Under the circumstances, the accuracy and completeness of the inventories and stores balance of Kshs.3,259,082 as at 30 June, 2020 could not be confirmed.

4. Property, Plant and Equipment

As disclosed in Note 21 to the financial statements, the statement of financial position reflects a balance of Kshs.892,745,521 under property plant and equipment. However, variances were noted between the amounts reflected in the financial statements and those reflected in the supporting schedules in respect of motor vehicles, computer and accessories, plant and equipment, library books and office equipment as detailed below:

	Balance as per Financial Statements (Kshs.)	Balance as per Supporting Schedule (Kshs.)	Variance (Kshs.)
Assets			
Motor Vehicles	4,631,336	6,429,504	(1,798,168)
Computer and Accessories	20,969	284,434	(263,465)
Plant and Equipment	10,055,765	9,701,255	354,510
Library Books	3,514,911	3,271,697	243,214
Office Equipment	522,608	601,839	(89,231)

Further, the detailed listing and valuation report for library books acquired at a cost of Kshs.23,361,270 from the Mount Kenya University were not provided for audit review. In addition, part of the land for the University College has been encroached by a private developer and the case is on-going in court.

Under the circumstances, the accuracy and completeness of the property plant and equipment balance of Kshs.892,745,521 as at 30 June, 2020 could not be confirmed.

5. Errors in the Statement of Changes in Equity

The statement of changes in equity reflects a revaluation reserve negative balance of Kshs.190,664,391 as at 1 July, 2019 instead the negative balance of Kshs.108,693,818 reported as at 30 June, 2019. The statement also reflects an incorrect reporting date of 30 June, 2019 instead of 30 June, 2020. Further, the retained earnings negative balance of Kshs.35,835,933 as at 30 June, 2020 is exclusive of the brought forward negative balance of Kshs.81,970,573 as at 1 July, 2019. In addition, the statement should reflect accumulated reserves and not retained earnings. No explanation was provided for the omissions.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Turkana University College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAIs 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.299,021,000 and Kshs.233,719,000 respectively resulting in under-performance of Kshs. 65,302,000 or 22%. Similarly, the University College budgeted to spend a total of Kshs.279,493,000 against the actual expenditure of Kshs.192,430,000, resulting in an overall under-expenditure of Kshs.87,063,000 or 31% of the budget. The budget deficit and under-expenditure may have affected the planned activities of the University College. Further, the University Council minutes approving the 2019/20120 financial year budget and approval by the Cabinet Secretary were not provided for audit review.

2. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues.

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. Staff on Acting Positions Beyond Six Months

During the year under review, the University College appointed seventeen (17) members of staff into various positions in an acting capacity. However, there was no evidence indicating that the acting staff were paid their acting allowances and other related remunerations that come with the acting position. Further, some of the staff have been in acting position for more than six (6) months. This is contrary to Section 34(3) of the Public Service Commission Act, 2017 that states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months. No explanation has been provided by Management on why the posts have not been filled or the officers confirmed to the posts.

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

2. Lack of Stock Take and Procurement Plan

As disclosed in Note 15 to the financial statements, the statement of financial position reflects an inventory balance of Kshs.3,259,082 as at 30 June, 2020. However, quarterly and annual stock take were not conducted contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015 which requires the Head of Procurement to, at least quarterly in each calendar year, conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the Accounting Officer. Further, the procurement plan for the year was not provided for audit review.

Consequently, the Management was breach of the law and stock loss is likely to occur due to failure to carry out quarterly and annual stock takes.

3. Imprests Issued to Staff members on Behalf of Others

During the year under audit, imprests amounting to Kshs.6,797,415 were issued to some staff members on behalf of others. This is contrary to Regulation 91(2) of the Public Finance Management (National Government) Regulations, 2015 which requires the officer authorized to hold and operate imprest to make a formal application for imprest through an imprest warrant.

The University Management was in breach of the regulations.

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

Understaffing

The Finance Department had only four (4) employees, Audit had one (1) employee, Procurement had two (2) employees while Catering had only one (1) employee working as a caterer, waiter and a cleaner. The Departments were not adequately staffed to carry out their mandates and there was no proper segregation of duties contrary to Section 165 of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer of a National Government entity to develop — (a) risk management strategies, which include fraud prevention mechanism; and (b) a system of risk management and internal control that builds robust business operations.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to 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 financial reporting process, reviewing the effectiveness of how the University College 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University College's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the 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.

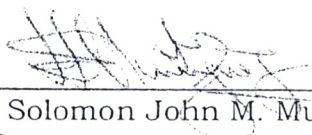

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

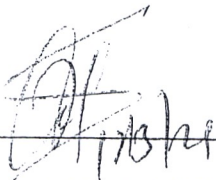
10 December, 2021

STATEMENT OF FINANCIAL PERFORMANCE


TURKANA UNIVERSITY COLLEGE			
STATEMENT OF FINANCIAL PERFORMANCE AS AT 30TH JUNE 2020			
	NOTES	FY2019/2020	FY2018/19
		KES	KES
<i>REVENUES</i>			
Revenues From Non Exchange Trans			
Recurrent Grants	1	220,020,754	118,802,239
Revenues From Exchange Trans			
Tuition Fees	2	25,516,808	23,722,150
Tuition Related Income	3	11,408,880	9,764,400
IGA Income	4	1,751,595	2,500,156
Other Income	5	555,770	2,924,025
Total Revenue from Exchange Trans		39,233,053	38,910,731
TOTAL REVENUES		259,253,807	157,712,970
<i>EXPENSES</i>			
Administrative Expenses	6	17,268,655	18,194,971
Council Expenses	7	12,537,038	9,832,764
Operating & Maintenance Costs	8	23,564,401	13,641,133
IGU Expenses	9	9,717,278	19,430,789
Personnel Costs	10	129,342,841	73,145,157
Provision for Bad Debts	13	2,611,492	2,196,310
Depreciation & Amortization Expenses	11	99,751,035	103,242,419
TOTAL EXPENSES		294,792,740	239,683,543
<i>Surplus for the Period(deficit)</i>		<i>(35,538,933)</i>	<i>(81,970,573)</i>



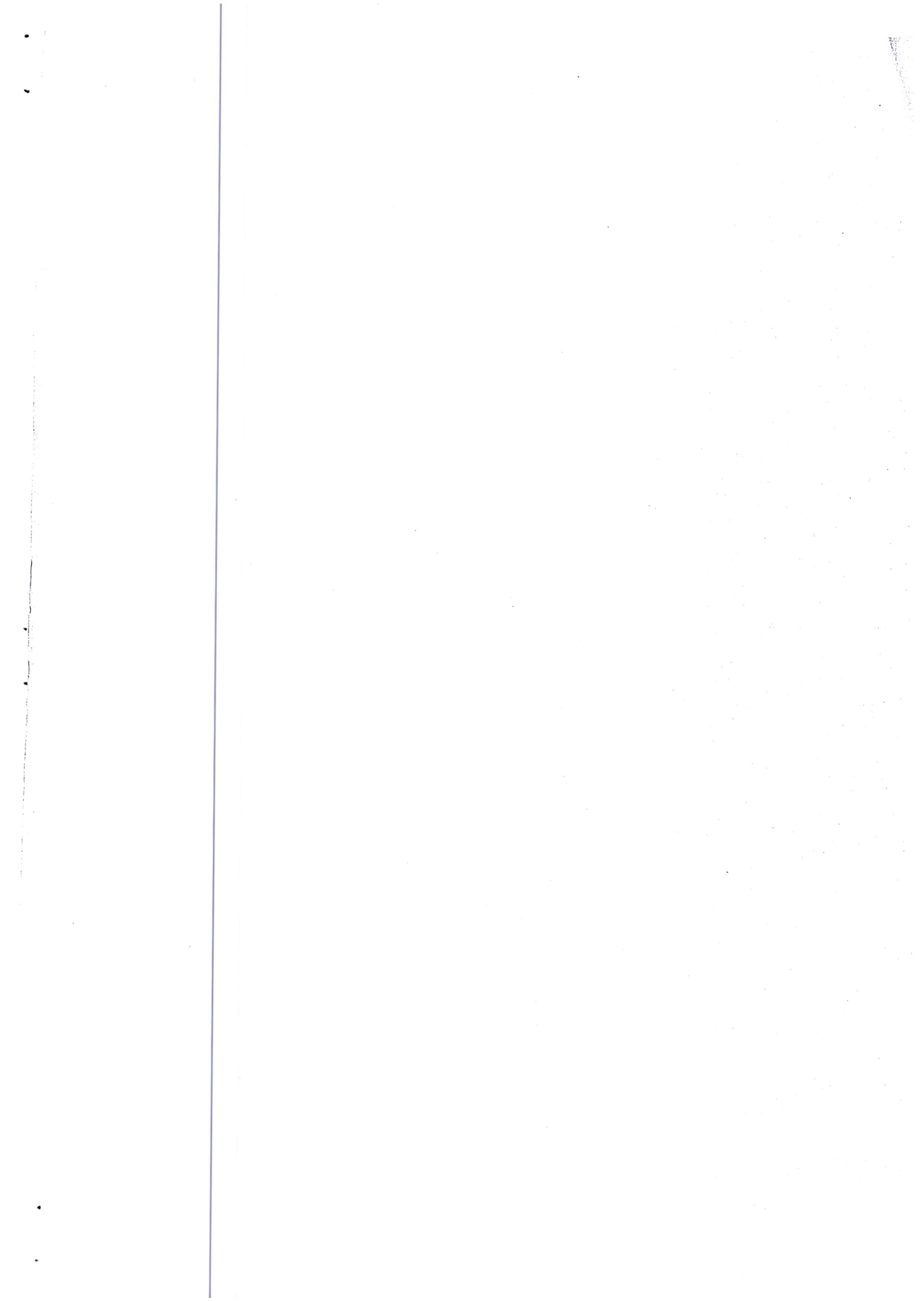
Dr. Solomon John M. Munyua
PhD
Chairman of Council, TUC



CPA Jared Okello ICPAK 4971
Ag. Finance Officer, TUC



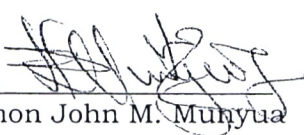
Prof. George N. Chemining'wa
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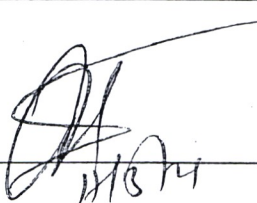
TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

STATEMENT OF FINANCIAL POSITION

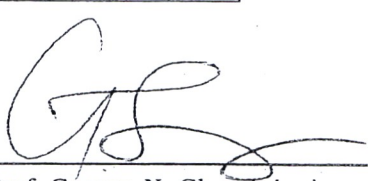
TURKANA UNIVERSITY COLLEGE			
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020			
	NOTES	FY2019/2020	FY2018/19
ASSETS		Kshs	Kshs
Current Assets			
Cash And Cash Equivalents	12	179,531,642	77,914,408
Receivables from Exchange Trans	13	23,518,431	19,781,787
Receivables from Non-exchange Trans	14	16,928,197	45,750,000
Inventories & Stores	15	3,259,082	2,957,782
		223,237,352	146,403,977
Non-current Assets			
Property, Plant & Equipment	16a	742,977,884	789,389,065
Work-In-Progress	16a	69,757,856	46,080,200
Intangible Assets	16b	80,009,781	133,349,636
		892,745,521	968,818,901
TOTAL ASSETS		1,115,982,872	1,115,222,878
EQUITY, RESERVES & LIABILITIES			
Equity, Reserves & Provisions			
Capital Grants	20	1,324,019,140	1,245,071,140
Accumulated Reserves		(190,664,391)	(108,693,818)
Surplus/Deficit for the period		(35,538,933)	(81,970,573)
Capital Debt		-	45,750,000
Current Liabilities			
Payables from Exchange Transactions	17	18,167,056	15,066,128
TOTAL EQUITY & LIABILITIES		1,115,982,873	1,115,222,877



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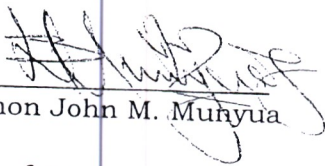


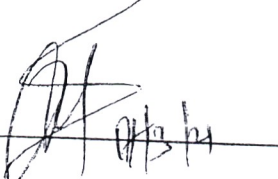
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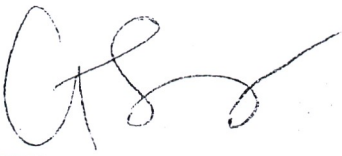
TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

STATEMENT OF CASH FLOW

TURKANA UNIVERSITY COLLEGE			
CASHFLOW STATEMENT AS AT 30TH JUNE 2020			
	Notes	2019-2020	2018-2019
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	1	203,092,557	118,802,239.00
Tuition and Related Charges	2&3	36,925,688	38,910,731.00
Income Generating Units	4	1,751,595	
Other Incomes	5	555,770	
Total Receipts		242,325,610	157,712,970.00
Payments			
Administrative Costs	6	17,268,655	18,194,971.00
Operating and Maintenance expenses	8	23,564,401	13,641,133.00
Remuneration of Council	7	12,537,038	9,832,764.00
Employees (Personnel) Costs	10	129,342,841	73,145,157.00
Other expenses	9	3,548,508	19,430,789.00
IGU Expenses	9	9,717,278	1,986,307.50
Total Payments		195,978,721	136,231,121.50
Net cash flows from operating activities		46,346,889	21,481,848.50
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	21	(23,677,656)	(40,164,564.50)
Net cash flows used in investing activities		(23,677,655.52)	(40,164,564.50)
Capital Development Grants	22	78,948,000	81,750,000.00
Net cash flows used in financing activities		78,948,000.00	81,750,000.00
Net increase/(decrease) in cash and cash equivalents		101,617,233.95	63,067,284.00
Cash and cash equivalents at 1 JULY		77,914,408	14,847,124.00
Cash and cash equivalents at 30 JUNE	12	179,531,641.95	77,914,408.00


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N/B. The financial statement is to be read in conjunction with the notes to and forming part of the financial statements set out below.

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

STATEMENT OF CHANGES IN EQUITY

TURKANA UNIVERSITY COLLEGE				
STATEMENT OF CHANGES IN EQUITY				
	Revaluation reserve	Retained earnings	Capital/Devel opment Grants	Total
At July 1, 2018	(108,693,818)		1,163,321,140	1,054,627,322
Total comprehensive income	-	(81,970,573)	-	(81,970,573)
Capital/Development grants received during the year	-	-	81,750,000	81,750,000
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-
At June 30, 2019	(108,693,818)	(81,970,573)	1,245,071,140	1,054,406,749
At July 1, 2019	(190,664,391)		1,245,071,140	1,054,406,749
Total comprehensive income		(35,538,933)		(35,538,933)
Capital/Development grants received during the year			78,948,000	78,948,000
Transfer of depreciation/amortization from capital fund to retained earnings				-
				-
At June 30, 2019	(190,664,391)	(35,538,933)	1,324,019,140	1,097,815,817

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

STATEMENT OF BUDGET VS ACTUAL

TURKANA UNIVERSITY COLLEGE.									
STATEMENT OF BUDGET AND ACTUAL FOR THE PERIOD ENDED 30TH JUNE, 2020									
Particulars	ANNUAL		ANNUAL		CUMULATIVE				EXPLANATION OF MATERIAL VARIANCES
	BUDGET KES '000'	BUDGET KES '000'	ACTUAL KES '000'	VARIAN CE KES '000'	BUDGET KES '000'	ACTUAL KES '000'	VARIANCE KES '000'	CUM % %	
INCOMES									
RECURRENT GOK GRANTS	220,021	220,021	220,021	(0)	220,021	220,021	-	-	a
TUITION & OTHER RELATED INCOME	77,592	77,592	11,391	(66,201)	77,592	36,883	(40,709)	(52)	b
IGA INCOME	1,158	1,158	1,752	594	1,158	1,752	594	51	c
OTHER INCOME	250	250	556	306	250	556	306	122	d
TOTAL INCOMES	299,021	299,021	233,719	(65,302)	299,021	259,211	(39,810)	(13)	
EXPENDITURE									
ADMINISTRATIVE EXPENSES	36,014	33,414	17,269	16,145	33,414	17,269	16,145	48	e
COUNCIL EXPENSES	15,000	15,000	12,537	2,463	15,000	12,537	2,463	16	f
OPERATING & MAINTENANCE COSTS	58,884	58,884	23,564	35,320	58,884	23,564	35,320	60	g
IGU EXPENSES	6,700	6,700	9,717	(3,017)	6,700	9,717	(3,017)	(45)	h
PERSONNEL COSTS	165,495	165,495	129,343	36,152	165,495	129,343	36,152	22	i
TOTAL EXPENDITURE	282,093	279,493	192,430	87,063	279,493	192,430	87,063	31	
SURPLUS/(DEFICIT)	16,928	19,528	41,289	(152,365)	19,528	66,781	(126,872)		

Explanation of Material Variances

a) Exchequer Grants

201 All the funds from Exchequer were received during the period.

b) Tuition and other related incomes

Student tuition fees are paid in the 1st and 3rd quarters of the year while the budgeted tuition fee is evenly distributed throughout the year. This adverse variance is due to the fact that most of the students depend on sponsors such as CDF whose disbursement is yet to be released and partly due to curtailed fees collection level occasioned by the on-going COVID-19 pandemic.

c) IGA

The budgeted amount was **Kes1.158M** but actual amount of **Kes1.752M** was realized during the year under review. This means the income vote was under projected by 51%.

d) Other incomes

The budgeted amount was **Kes0.250M** but actual amount of **Kes0.556M** was realized during the year under review. This means the income vote was under projected by 122%

e) Administrative expense

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The was under absorption due to covid -19

f) **Council Expense**

The University College Council had budgeted to spend **Kes 10.M** during the year but **Kes 12.537M** leading to overspent by **(-25%)**. The vote head of Council was increased by **5M** to **15M** reducing the over expenditure to under expenditure of **16%**. This scenario has partly been occasioned by the numerous Council activities that took place during the council exit preparations. However, the expenditure trend normalized after virement. All expenditures [**e – i**] are likely to be affected due to the on-going COVID-19 Pandemic that has led to suspension of all activities, which may lead to high rate of under-absorption of allocated funds. Personnel emolument budget allocation for the year is **Kes 165.495M**, but only **Kes 133.827M** was actually spent over the same period, leading to 19% under-absorption. This adverse variance is occasioned by the under-payments of staff salaries based on old Universities salaries scales rates of 2012/2013 which is the very first year of the CBA 2013-2017; while the budget for the same was prepared on the basis of the final year 2016/2017 of the CBA.2013-2017 currently in force up to the date of this report

NOTES TO THE FINANCIAL STATEMENT AS AT 30TH JUNE 2020

A. GENERAL INFORMATION

Turkana University College is established by and derives its authority and accountability from University Act 2012. TUC is wholly owned by the Government of Kenya and is domiciled in Kenya. TUC principal activity is to provide quality education and training, research and innovation to meet the needs of a dynamic society.

B. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The TUC financial statements have been prepared on a historical cost basis, unless stated otherwise. 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 judgment in the process of applying TUC's accounting policies. There were no areas involving a higher degree of judgment or complexity, or where assumptions and estimates were significant to the financial statements.

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

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

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements shall be prepared in accordance with International Public Sector Accounting standards as may be issued by the respective standard setting bodies from time to time. The financial statements shall be prepared under the historical cost convention.

b) Revenue recognition

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

i) **Revenue from non-exchange transactions Government Recurrent Grants and Donors Research Grants**

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.

ii) **Revenue from exchange transactions Students fees**

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. 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 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.

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.

c) **Budget information**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

d) **Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation and Amortization are calculated on the straight-line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

Description	Annual Rate
Buildings	2.5%
Plant & machinery	20%
Computer	33.3%
Motor vehicles	25%
Office Equipment	12.5%
Furniture, Fitting & equipment	12.5%
Library books	25%
ERP	10%
Intangible Assets	20%

e) **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

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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.

Intangible assets shall be amortized over their useful life on a straight-line basis.

Subsequent expenditures on intangible assets shall be recognized as an expense for the period that it is incurred.

f) Research and development costs

All research costs are expensed as incurred.

Development costs are capitalized only after technical and commercial feasibility of the resulting product or service have been established. All other treatments relating to research and development shall be as permitted by the standards.

g) Financial instruments

i) Financial assets

Initial recognition and measurement

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

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University 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 as permitted by the standards.

h) Inventories

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Inventories are stated at the lower of cost and current replacement cost. Cost is determined by the first-in, first-out (FIFO) method. Current replacement cost represents the cost the entity would incur to acquire the asset on the reporting date.

i) 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 the provisions 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.

Provisions of 10% of the outstanding receivables on exchange transactions was provided in the financial year.

Contingent liabilities

The University 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 University 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 University 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.

j) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

k) Changes in accounting policies and estimates

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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

l) Employee benefits

The University provides retirement benefits for its employees. Defined contribution plans are postemployment 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. The University also contributes to National Social Security Fund (NSSF) a statutory defined contribution scheme registered under the NSSF Act, 2013.

m) Foreign currency transactions

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

they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

n) 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. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and cash at bank net of bank overdrafts.

o) Comparative figures

The comparative prior year figures are shown against every item in the financial statements. Consistent accounting methods have been applied and changes made will be reported and the effect on reported results disclosed.

p) Significant judgments and sources of estimation uncertainty

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The preparation of the University's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Management shall ensure compliance with the Standards where such events become manifest.

q) 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 30 June 2020.

r) Borrowing costs

Borrowing costs include interest, amortization of discounts or premiums on borrowings, and amortization of ancillary costs incurred in the arrangement of borrowings. Borrowing costs incurred on qualifying assets will be treated as permitted by the IPSAS using the appropriate model.

s) Leases

A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership of an asset are passed to the lessee. All other leases are classified as operating leases. The University shall charge all the payments on operating leases to the surplus or deficit on a straight-line basis over the period of the lease.

t) Investment Property

Investment property is land or buildings held (whether by the University or under a finance lease) to earn rentals or for capital appreciation or both, rather than production or sale in the ordinary course of operations. Investment property shall be recognized as permitted by the IPSAS using the appropriate recognition model.

u) Segment Reporting

The University will look at its organizational structure and internal reporting system for the purpose of identifying its services Segments and geographical segments with a view to issue

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

segments reports as permitted by IPSAS

v) **Segment Reporting**

An impairment loss of non-cash generating asset is the amount by which the carrying amount of an asset exceeds

its recoverable amount. An impairment loss shall be recognized immediately in surplus or deficit for the year and all other treatments shall be as permitted by the IPSAS

w) **Impairment of Non-cash generating assets**

An impairment loss of non-cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount. An impairment loss shall be recognized immediately in surplus or deficit for the year and all other treatments shall be as permitted by the IPSAS

x) **Agriculture**

All biological assets (including those acquired biological assets through non exchange transaction) are measured at fair value less costs to sell, unless fair value cannot be measured reliably. Any change in the fair value of biological assets during a period is reported in surplus or deficit.

ADDITIONAL NOTES TO THE FINANCIAL STATEMENT

TURKANA UNIVERSITY COLLEGE			
NOTES TO THE FINANCIAL STATEMENT AS AT 30TH JUNE 2020			
Note 1	Particulars	2019/2020	2018/2019
		KES	KES
	Revenues from Non-Exchange Transactions:		
	GoK Recurrent Grants	220,020,754	118,802,239
	TOTAL Revenues from Non-Exchange Transactions	220,020,754	118,802,239
Note 2	Particulars	2019/2020	2018/2019
		KES	KES
	Revenues from Exchange Transactions:		
	Tuition Fees		
	Total Tuition Fees	25,516,808	23,722,150
		25,516,808	23,722,150
Note 3	Particulars	2019/2020	2018/2019
		KES	KES
	Revenues from Exchange Transactions:		
	Tuition Related Income		
	Student Organization Fee		
	Examination Fee	174,500	155,200
	Medical Fee	1,596,000	1,335,600
	Activity Fee	842,100	700,500
	Amenity Fee	431,000	367,000
	Registration Fee	431,000	367,500
	ICT Levy	160,500	114,100
	Library Fee	2,335,000	1,983,000
	Field Attachment	1,401,000	971,000
	Project Supervision	182,000	400,000
	Graduation Fees	132,000	297,000
	Field Trips	43,000	24,500
	Practicals/workshop	273,000	151,000
	Students Identity Card	300,000	275,000
	Written Examination Fee	11,750	5,000
	Computer for development	126,000	105,000
	Thesis Examination	180,000	150,000
	Laboratory Fee	1,035,000	850,000
	Application Fee	-	219,000
		160,030	75,000

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FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	KUCCPS Processing Fees	119,000	19,000
	Supervision Fee	1,476,000	1,200,000
	Total Tuition Related Income	11,408,880	9,764,400
Note 4	Particulars	2019/2020	2018/2019
		KES	KES
	Revenues from Exchange Transactions:		
	Income Generating Activities		
	Cafeteria Sales	880,595	2,038,056
	Hostel Fees	871,000	462,100
	Total Income Generating Activities	1,751,595	2,500,156
Note 5	Particulars	2019/2020	2018/2019
		KES	KES
	Revenues from Non-Exchange Transactions:		
	Other Incomes		
	Application fees for Tender	48,000	7,000
	Hire of Venues, Equipment and Transport	462,705	2,587,025
	Misc. Income	-	20,000
	Hire of Hall	45,000	5,000
	Rental Income	-	105,000
	Other Incomes	65	200,000
	Total Other Incomes	555,770	2,924,025
Note 6	Particulars	2019/2020	2018/2019
		KES	KES
	Administrative Expenses		
	Audit fees Expenses	200,000	200,000
	Bank Charges	195,376	
	Consultancy Services & Strategic Plan Expenses	184,200	1,299,440
	Examination Materials/Expenses	70,250	512,992
	External Examiners Expenses	557,300	717,400
	External Travel & Accommodation	-	592,200
	Internet Charges	1,417,989	929,335
	Library Expenses	318,400	-
	New programmes/Curriculum	671,000	431,600
	Office expenses/Other meetings	394,830	469,223
	Hospitality Expenses	-	155,560

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Postal and Telegrams	21,759	15,000
	Public Celebrations	-	21,860
	Publishing & Printing	367,440	487,620
	Purchase of Stationery	3,102,712	1,516,292
	Research Programmes	87,000	328,800
	Seminars & Conferences	403,900	1,126,020
	Senate/Deans expenses	303,920	399,070
	SGC Elections & Training	417,525	338,900
	Teaching Materials/ Expenses	150,800	1,148,430
	Telephone expense	38,575	72,500
	Internship	-	7,700
	Travelling & Accommodation	4,520,167	4,544,319
	University College Management Board	122,640	105,130
	Attachment Expenses	596,800	112,600
	Recruitment Expense	456,732	1,233,180
	Staff Retreat/Dev't of Policies Expense	787,740	1,339,300
	Academic/Field Trips	196,200	-
	Graduation Expenses	509,500	-
	Training and Staff Development Expenses	-	80,500
	Sports Equipment	-	10,000
	Performance Contracting	1,175,900	
	TOTAL Administrative Expenses	17,268,655	18,194,971
Note 7	Particulars	2019/2020	2018/2019
		KES	KES
	Council Expenses		
	Council(Full Council)	8,591,284	6,489,688
	Council (Audit & Risk Compliance Committee)	550,200	1,505,140
	Council (Finance and Resource Mobilization Committee Exp)	900,124	439,405
	Council (Academic, Planning and Development Exp)	1,501,630	729,220
	Council (Human Resource Committee Expenses)	993,800	669,311
	TOTAL Council Expenses	12,537,038	9,832,764
Note 8	Particulars	2019/2020	2018/2019
		KES	KES
	Operational & Maintenance Expenses		
	Advert & Publicity/Marketing	3,865,606	1,298,046
	Affiliation fees	132,020	33,600
	Cleaning & Sanitation Services	383,360	464,249
	Electricity		352,881

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Hire of Transport Plant & Machinery	218,000	29,660
	Sports Equipment & Sporting Activities	880,560	287,620
	HIV & AIDS	-	18,000
	Insurance	1,453,922	1,177,269
	Legal expenses	2,954,807	-
	Inter-University games	673,100	193,500
	TUCSO	439,800	339,200
	Maintenance of Building & stations	1,150,774	1,307,858
	Maintenance of Computers	206,140	259,845
	Maintenance of Plant & Equipment	619,560	198,720
	Maint. of Water supplies & sewerage	962,288	228,305
	Maintenance of Catering & Hostels	92,406	68,767
	Maintenance of Playgrounds	497,150	24,450
	Maintenance of Motor Vehicles	1,526,076	1,116,158
	Security Services	1,305,035	325,190
	Staff		
	Development/Training/Scholarship	504,380	469,400
	Student Administrative expenses	360,370	498,084
	Tender Expenses	220,045	903,086
	Fuel and Lubricants	523,731	1,145,496
	University College choir/drama	1,534,730	547,400
	Corporate Social Responsibility	-	145,200
	Water & Conservancy		1,084,300
	Medical Expenses	48,661	823,349
	KUCCPS Processing Expense	66,000	22,500
	CUE Processing Fees	1,920,000	279,000
	Gender Mainstreaming	107,000	-
	General Expenses	918,880	
	TOTAL Operational & Maintenance Expenses	23,564,401	13,641,133
Note 9		2019/2020	2018/2019
	Particulars	KES	KES
	Other Expenses		
	IGU General Expenses	141,366	-
	Refunds	113,000	909,800
	Part time Lecturers expenses	4,483,920	11,919,430
	Bank Charges	195,376	109,586
	Performance Contracting	1,175,900	801,040
	Student Catering Services	3,271,090	5,690,933
	Farm Activities & Expenses		

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		336,626	-
	TOTAL IGU Expenses	9,717,278	19,430,789
Note 10	Particulars	2019/2020	2018/2019
		KES	KES
	Personnel Expenses		
	Pension contribution	25,457	932,595
	Casual Workers	484,808	2,227,300
	Medical Scheme	1,484,040	2,228,460
	Payroll deductions.	40,119,533	21,453,464
	Payroll Net pay	78,897,515	46,056,990
	Gratuity Expenses	8,331,488	246,348
	TOTAL Personnel Expenses	129,342,841	73,145,157
Note 11	Particulars	2019/2020	2018/2019
		KES	KES
	Depreciation Expenses		
	Depreciation	46,411,181	49,902,565
	Amortization of Good will	53,339,854	53,339,854
	TOTAL Depreciation Expenses	99,751,035	103,242,419
Note 12	Particulars	2019/2020	2018/2019
		KES	KES
	Cash and cash Equivalents		
	Kenya Commercial Bank Fees Collection Account	6,507,762	2,176,156
	Kenya Commercial Bank - I G U	2,042,408	1,261,933
	Kenya Commercial Bank - Payments Account	3,005,181	1,758,601
	Kenya Commercial Bank- Capital Dev Account	83,041,978	32,864,937
	Kenya Commercial Bank- Deposits Account	84,877,810	39,676,679

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Petty Cash		
	Imprest Account	56,502	40,052
	TOTAL Cash and cash Equivalents	179,531,642	136,050
			77,914,408
Note 13	Particulars	2019/2020	2018/2019
		KES	KES
	Receivables from Exchange Transactions		
	Student Debtors	26,114,923	21,963,097
	Less Impairment	(2,611,492)	(2,196,310)
	General Debtors	15,000	15,000
	TOTAL Receivables from Exchange Transactions	23,518,431	19,781,787
Note 14			
	Particulars	2019/2020	2018/2019
		KES	KES
	Receivables from Non-Exchange Transactions		
	GoK Recurrent Grants Receivable	16,928,197	45,750,000
	TOTAL Receivables from Non-Exchange Trans	16,928,197	45,750,000
Note 15	Particulars	2019/2020	2018/2019
		KES	KES
	Inventory & Stores		
	Other Inventories	3,259,082	2,957,782
	TOTAL Inventory & Stores	3,259,082	2,957,782
Note 16a	Particulars	2019/2020	2018/2019
		KES	KES
	Non-Current Assets		
	Property, Plant & Equipment	742,977,884	789,389,065
	Work-In-Progress	69,757,856	46,080,200

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	TOTAL Property, Plant & Equipment	812,735,740	835,469,265
Note 16b	Particulars	2019/2020	2018/2019
		KES	KES
	Intangible Assets		
	Goodwill	80,009,781	133,349,636
	TOTAL Intangible Assets	80,009,781	133,349,636
Note 17	Particulars	2019/2020	2018/2019
		KES	KES
	Payables from Exchange Transactions		
	Prepaid Fee	768,019	4,823,769
	CDF Bursary	6,874,897	6,419,400
	Outstanding OAG	800,000	600,000
	Helb	44,000	
	Trade Creditors	5,139,280	1,263,859
Note 18	Employee obligation	2,504,760	-
	Refunds Payables	1,290,100	1,420,100
	Caution Money -Refundable Deposits	746,000	539,000
	TOTAL Payables from Exchange Transactions	18,167,056	15,066,128
Note 18	Particulars	2019/2020	2018/2019
		KES	KES
	Employee Benefit Obligation		
	NHIF	132,800	-
	Staff Pension Contribution	468,000	
	Gratuity	1,903,960	
	Total Employee Benefit Obligation	2,504,760	-

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Note 19	Particulars	2019/2020	2018/2019
		KES	KES
	Reserves		
	Accumulated Surplus	-	
	Capital Reserves	(190,664,391)	(108,693,818)
	GOK Capital Development Grants	1,324,019,140	1,290,821,140
	Revenue Reserves		
	Total Reserves	1,133,354,749	1,182,127,322
Note 20	Particulars	2019/2020	2018/2019
		KES	KES
	Capital Development Grants		
	GOK Capital Development Grants	1,324,019,140	1,245,071,140
	Total Capital Devt Grants	1,324,019,140	1,245,071,140
Note 22	Development Grants	Amount (KES)	
	Bank Statement		
	07-Aug-19	45,750,000	
	09-Apr-20	33,198,000	
	TOTAL	78,948,000	

TURKANA UNIVERSITY COLLEGE
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Note 21: PROPERTY, PLANT & EQUIPMENT IN (KSHS)													
	0%	2.5%	25.0%	10.0%	33.3%	12.5%	12.5%	20.0%	25.0%	0.0%	Sub-total	Good will	20.0%
Land.	Buildings.	Motor vehicles	ERP	Computer & Accessorie S	Office Equipment	Furniture & Fittings	Plant & Equipment	Library books	Capital Work in Progress				Total
Cost as at 30th June 2018	80,000,000	654,643,474	8,280,000	20,969,274	929,081	71,589,087	32,337,518	24,005,996	22,482,800		915,237,230	266,699,271	1,181,936,501
Disposal													
Additions			7,192,672	6,910,000		1,006,500	590,850	867,142	23,597,401		40,164,565		40,164,565
Adjustment													
Cost as at 30th June 2019	80,000,000	654,643,474	15,472,672	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
Dep. As at 30th June 2018	-	24,491,087	3,105,000	10,474,152	174,203	13,162,610	9,701,255	8,921,658	-		70,029,965	80,009,781	150,039,746
Disposal													
Adjustment													
Charge/Impairment for the year 2018/2019	-	16,366,087	3,868,168	691,000	116,135	9,074,448	6,585,674	6,218,285			49,902,565	53,339,854	103,242,419
Dep. As at 30th June 2019	40,857,174	40,857,174	6,973,168	17,456,921	290,338	22,237,058	16,286,929	15,139,942	-		119,932,530	133,349,636	253,282,165
NBV 30th JUNE 2019	80,000,000	613,786,301	8,499,504	6,219,000	3,512,353	50,358,529	16,641,439	9,733,196	46,080,200		835,469,265	133,349,636	968,818,900
Cost as at 30th June 2019	80,000,000	654,643,474	15,472,672	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	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	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	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	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	41,284,080	10,055,765	3,514,911	69,757,856		812,735,740	80,009,781	892,745,521

APPENDIX I: SUMMARY OF PROJECTS STATUS REPORT
TURKANA UNIVERSITY COLLEGE

Summary of salient details -of ongoing projects 30.06.2020

S/No	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	30.05.2020	70%	On going

TURKANA UNIVERSITY COLLEGE
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APPENDIX II: INTER-ENTITY TRANSFERS

Transfers from the State Department of Education & Research Financial Period 2019/2020

a Recurrent Grants			
	Bank Statement Date	Amount (KES)	Indicate the FY to Which the Amounts relate
	18 Jul -2019	19,666,506	2018/19
	30 Aug -2019	15,285,505	2019/20
	13 Sept -2019	15,285,505	2019/20
	15 Oct -2019	15,285,505	2019/20
	15 Nov -2019	15,285,505	2019/20
	03 Dec -2019	15,285,505	2019/20
	17 Jan -2020	15,285,505	2019/20
	20 Mar -2020	15,285,505	2019/20
	20 April -2020	15,285,505	2019/20
	20 May -2020	15,285,505	2019/20
	20 June -2020	15,285,505	2019/20
	22 June 2020	15,285,505	2019/20
	30 June 2020	15,285,505	2019/20
	30 June 2020(Supplementary 11) Receivable	16,928,197	2019/20
	TOTAL	220,020,763	
b Development Grants			
	Bank Statement Date	Amount (KES)	Indicate the FY to Which the Amounts relate
	07 Aug -2019	45,750,000	2018/19
	09Apr -2020	33,198,000	2019/20
	TOTAL	78,948,000	
The above amounts have been communicated to and reconciled with the parent ministry			
..... Head of Finance Turkana University College	 Head of Accounting Unit Ministry of Education, Science & Technology	

Note: That, all Inter-Entity-Transfers for TUC both capital and recurrent grants from the Ministry for University Education and Research are still being channeled via our parent University, Masinde Muliro University of Science & Technology (MMUST) before then forwards the funds to Turkana University College probably at different dates from that disbursed by the Ministry. This is, therefore, to mean that the disbursement dates of such funds from the Ministry may vary from the dates of receipt of the same funds by Turkana University College as shown above.

TURKANA UNIVERSITY COLLEGE
FINANCIAL REPORTS AND STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

APPENDIX III: PROGRESS ON FOLLOW ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS					
Ref No. on the external audit Report	Issue / Observation s from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
1.1	Presentation of Financial Statements	Format issues	CPA Jared Okello Ag Finance Officer	Resolved	
1.2	Inaccuracies in Financial Statements	Cashflow balances error	CPA Jared Okello Ag Finance Officer	Resolved	
1.3	Comparatives between 2019/2020 and 2018/2019 Financial Years	The figures were not captured accurately	CPA Jared Okello Ag Finance Officer	Resolved	
1.4	Administratio n 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	CPA Jared Okello Ag Finance Officer	resolved	
1.5	Misstatement of depreciation	Miscalculations corrected	CPA Jared Okello Ag Finance Officer	resolved	