

**REPORT**

THE NATIONAL ASSEMBLY	
DATE: 05 JUL 2023	
DAY: WED	
TABLED BY:	Hon Owen Bayo, CSS, MP Deputy Leader, Opposition
CLERK AT THE TABLE:	Enlaye Muturi

PARLIAMENT OF KENYA LIBRARY

**OF**

**THE AUDITOR-GENERAL**

**ON**

**TURKANA UNIVERSITY COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



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**TURKANA UNIVERSITY COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**  
**30<sup>TH</sup> JUNE 2022**

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**TURKANA UNIVERSITY COLLEGE**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

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**TURKANA UNIVERSITY COLLEGE**  
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# TURKANA UNIVERSITY COLLEGE

Annual Report and Financial Statements for the year ended June 30, 2022.

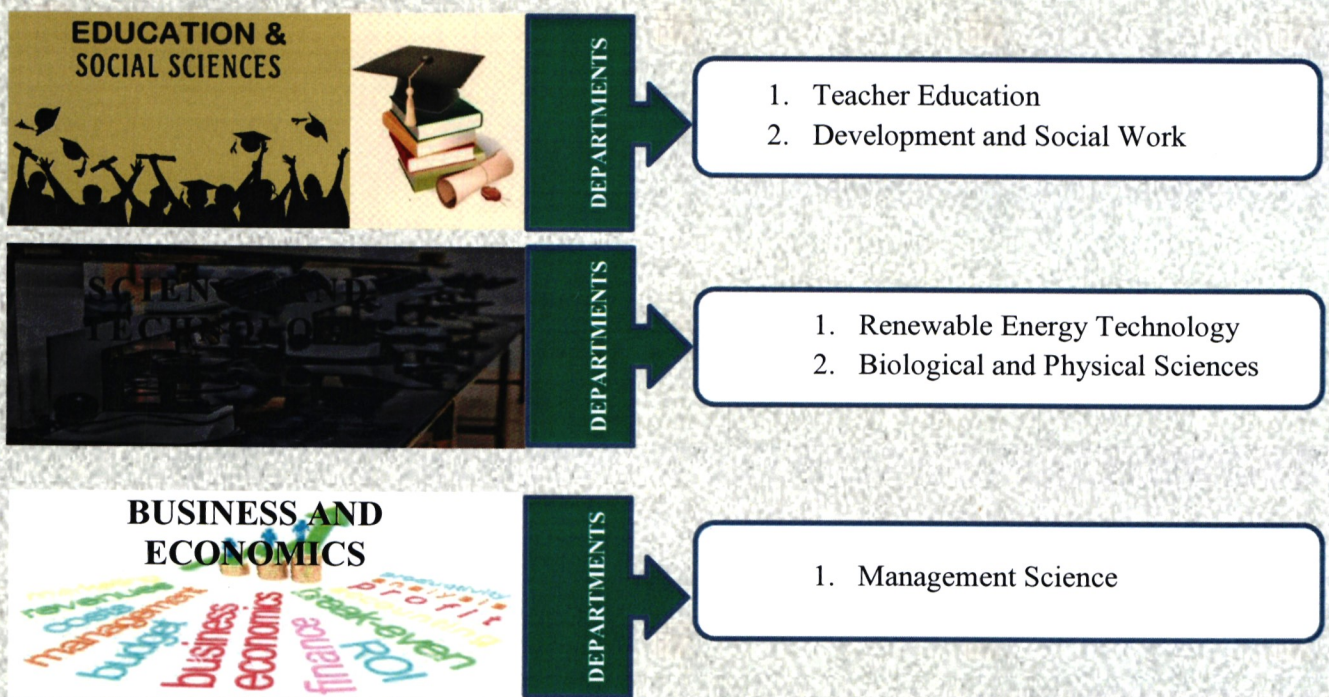
## 1. Key Turkana University College Information and Management

### (a) Background information

The Turkana University College was incorporated/ established under the Universities Act through a legal notice no. 8 of 2017 on 27<sup>th</sup> January 2017. The Turkana University College is domiciled in Kenya and has no branches. It was gazetted as a constituent college of Masinde Muliro University of Science and Technology (MMUST).

TUC is the successor of Mount Kenya University (MKU) Lodwar Campus. The transition from MKU to TUC was facilitated by the Kenyan Government.

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



### (b) Principal Activities

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



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**(c) Key Management**

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

**The University College Council**

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

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

TUC is currently headed by a Principal and two deputy principals.

**The University College Management Board**

The University College Academic Board is headed by the Principal and comprises of the heads of divisions and administrative departments

**The University College Academic Board**

The University College Academic Board is headed by the Principal, and comprises of the heads of divisions, directorates, schools, sections and academic departments

**The Deans Committee**

The Dean's committee is headed by the Deputy Principal ASA, and comprises of the deans, librarian, and registrar academic affairs.

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

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

**(e) Fiduciary Oversight Arrangements**

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

**1. Human Resources and Appointments Committee**

**Members**

1. Ms. Mercy Wanjiku Kareithi - Chairperson
2. Eng. Justus Wambutura
3. Mr. Archer Arina
4. Mr. Gerald Mwangi



**Ms. Mercy Kareithi**  
**Chairperson**

The committee deals with human resource related issues, provides review and guidance on human resource policies.

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

**Members**

1. Mr. Oliver Erupe Lowoton
2. Mr. Archer Arina
3. Dr. CPA Solomon Ngahu
4. Mr. Gerald Mwangi



**Mr. Oliver Erupe Lowoton**  
**Chairperson**

The committee is entrusted with the oversight role in various functions and responsibilities. It evaluates the adequacy of management procedures regarding risk management, internal controls and governance processes. It reviews and approves the audit charter and the internal audit annual work plans. The committee reviews internal and external audit findings, recommends corrective and preventive actions. It also monitors the level of compliance to relevant laws and regulations.

### **3. Finance, Planning, Development and General Purposes Committee**

#### **Members**

1. Eng. Justus Wambutura
2. Mr. Archer Arina
3. Mr. Felix Odimmasi
4. Dr. CPA Solomon Ngahu



**Eng. Justus Wambutura**  
**Chairperson**

The committee deals with reviewing the financial performance, operations and administration of the University College. The scope also includes reviewing the financial statements, recommending for approval the annual budget and resource mobilization.

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

#### **Members**

1. Mr. Felix Odimmasi
2. Mr. Oliver Lowoton
3. Mr. Archer Arina
4. Ms. Mercy Kareithi



**Mr. Felix Odimmasi**  
**Chairperson**

The committee deals with matters related to academic and student affairs, provides oversight in the implementation of academic and research policies, advises the council on the status of research, innovation, extension programmes and collaborations, adequacy of teaching and learning resources in the University College

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**(f) Turkana University College Headquarters**

P.O. Box 69 - 30500

Turkana University College Building

Lodwar – Kapenguria Highway

Lodwar, KENYA

**(g) Turkana University College Contacts**

Telephone: (254) 792800500

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

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

**(h) Turkana University College Bankers**

KCB Bank Group

P.O. Box 150

Lodwar30500

**Lodwar, KENYA**

**(i) Independent Auditors**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

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**2. THE BOARD OF DIRECTORS**



**Dr. Solomon Muchina Munyua**  
**Chairman**

DOB: 20<sup>th</sup> December 1954

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



**Eng. Justus G. Wambutura**  
**Member**

DOB: 1956

Eng. Wambutura has M.Sc. (Strategic Management), BSC. Hons (Electrical Engineering). He was appointed to the Turkana University College Council in March 2017 and re-appointed on 30<sup>th</sup> April 2020. He is an independent council member and Chairman of Finance, Planning, Development and General Purposes Committee (FPDGC)



**Ms. Mercy Kareithi**  
**Member**

DOB: 1978

Ms. Mercy Kareithi is an Advocate of the High Court of Kenya of 17 years, a Commissioner for Oaths, and a Notary Public. She holds an M.A in International relations and Diplomacy from Kenyatta University, a Post Graduate Diploma in Law from the Kenya School of Law, and a Bachelor of Laws from Moi University. Mercy is the team leader in her law firm, Mercy Kareithi & Co. Advocates, amongst other responsibilities in many other organizations. Ms. Kareithi is an independent Council Member and the Chairperson of Human Resource and Appointments Committee of Council (HRACC). She was appointed to TUC Council on 30<sup>th</sup> April, 2020.



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**Mr. Oliver Lowoton**  
**Member**

DOB: 10<sup>th</sup> October 1975  
Master of Laws (LL.M) in Law, Democracy and Governance Bachelor of Laws (LL.B), University of Nairobi, Nairobi County; Master of Arts in Missions (MA), Africa International University (AIU), Nairobi County. Governance University of Nairobi, Nairobi County. Mr. Lowoton is and independent Council Member and the Chairman Audit and Risk Assessment Committee of Council. He was appointed to TUC Council on 30<sup>th</sup> April, 2020.

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**Mr. James Mwangi Kiburi**  
**Member**

DOB: 7<sup>th</sup> October 1965  
Mr. James Mwangi Kiburi holds a Bachelor of Education (Science) Degree from Kenyatta University as well as Master of Philosophy (MPhil.) in Educational Psychology from Moi University. He is currently pursuing a PhD in Educational Psychology at Maasai Mara University. Currently he is a Deputy Director of Education in the Ministry of Education, State Department for University Education and Research. Mr. Kiburi is Rep. PS State department of University Education and Research.

He was appointed to TUC Council on February, 2022.

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**CPA Dr. Solomon Ngahu**  
**Member**

DOB: 1977  
CPA Dr. Solomon Ngahu, Rep. CS, National Treasury (Kenya) Rep. CS, National Treasury & Planning. PHD Business Administration (JKUAT), MBA – Finance. (JKUAT); M.Sc. Public Finance (Uni. Of London), B.Com. First Class Hons. (JKUAT); ESAMI FA, ESAMI: Preparation and Interpretation of Financial Statements; In charge of Receivers of Revenue & Administration Services. He is also member of Public Policy Committee for ICPAK & Members Service Committee for ICIFA among other Boards & National Taskforces. He is the Head of Financial Reporting Unit and a member of ICPAK, Professional Courses and Affiliations: 1) Certified Credit Management Professional (CPA) K, 2) Certified Investment & Security Analyst (CISA) K 3) Certified Public Secretary (CPS) K, ICIFA

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**Mr. Felix Odimmasi**

**Member**

**DOB:** 08<sup>th</sup> March 1971

Felix Odimmasi holds an LLM (Master of Laws) degree in International Law with International Relations University of Kent, Canterbury – UK. He has extensive training in Humanitarian Leadership and Emergency Response. He also has postgraduate training in Social Justice, Peace, and Conflict Management from the CUEA, from which he previously qualified with a B.Ed. degree in English and Literature, and as well as a Rotary Foundation Educational Award for Vocational study, Leadership development and International Peace and Understanding through Education in San Diego, California. He has vast experience in civil society and NGO management, besides more than 10 years of university teaching and consultancy in institutional development, governance, and human rights, and is currently pursuing his Doctorate studies in Law. Mr. Odimmasi is an independent Council member and Chairman of The Academic, Research, Extension, Collaboration and Sealing Committee of Council (ARECS). He was appointed to TUC Council on 30<sup>th</sup> April, 2020.



**Council Members**

### **3. Management Team**



**Prof. George N. Chemining'wa**

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

**Principal**

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



**Prof. George M. Muthaa,**

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

**Deputy Principal, Administration, Finance and Planning**

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



**Prof. Clifford G. Machogu**

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

**Deputy Principal, Academic and Student Affairs**

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

**Dr. Henry Ongori**



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

**Ag. Registrar (Administration)**

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

**Mr. Paul Odongo**



M.Sc.- Communication Studies (Moi University), BA-Philosophy (Pontifical Urbaniana University- Rome).

**Ag. Registrar (Academic Affairs)**

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

**CPA Jared Okello**



MBA – Accounting and Finance (UEAB), BBM – Accounting and Finance (Moi)

**Ag. Finance Officer**

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



**Mr. Paul Ekiru**

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

**Procurement Officer**

Responsible for all procurement in the University College



**Ms. Sherry Andisi**

M.Sc. –Library & Information Science (KU), B.Sc. –Library & Information Science (Makerere University)

**Assistant Librarian**

In charge of the University College library services.



**Mr. Shadrack Muyesu**

LLB (Kabarak University), Post Graduate Diploma in Law (KSL)

**Legal Affairs Officer**

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

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**Rev. Jackson Iruko**

B.Ed. –Arts (Egerton University)

**Ag. Dean of Students**

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



**Mr. Morris Ngugi**

B.Sc.–IT(JKUAT)

**ICT Officer**

In charge of Provision of Information Communication Technology (ICT) services in the University College



**Mr. Lawi Too**

B.Sc. –Public Health (JKUAT), Diploma –Clinical Medicine & Surgery (KMTC)

**Clinical Officer**

Responsible for all health services in the University College

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**Ms. Violet Simiyu**

M.Sc. – Human Resource Management (Kibabii), BCom – HRM (MMUST), Diploma-HRM (Moi University).

**Human Resource Officer**

Responsible for human resource issues in the University College



Members of the University College Academic and Management Board during a team building session

#### **4. Chairman's Statement**



I Feel honoured and duty-bound to present an overview of the University College performance for the year ended 30<sup>th</sup> June 2022. The University College Council played its rightful role in the University College's governance. The Council has remained steadfast and united in support of efforts by TUC management in transforming the University College into a regional and global leading centre of academic and research excellence.

It is imperative to note that the University College realized In the financial year 2021/2022 reported a deficit of Kshs. 93,550,223 which is a decrease of 2% from the previous year. This was basically due to the increased employee statutory obligations such as gratuity and pension payments actualized during the financial year.

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

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

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

The University College has continued to develop academic programmes that support economic transformation of the immediate community and the nation at large by equipping its graduates with knowledge, skills and attitudes for the dynamic labour market. The development of relevant academic programmes will contribute significantly towards creating a broad knowledge-based economy to meet the human resource requirements for the rapidly changing and diversified local and global economies.

Turkana University College in the year 2021/2022 has funded various activities in research, technology, and innovation as a contribution towards the realization of the University Vision and Mission, SDGs, Kenya Vision 2030 and the Big Four agenda objectives. The research activities

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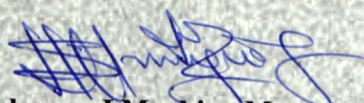
include: the second International Virtual Research Conference and the human evolutionary Symposium in collaboration with Turkana Basin Institute (TBI) and the National Museums of Kenya.

The University College has actively participated in Community Service social-distanced activities which include the promotion of peer counselling activities in secondary schools. In addition, the University staff and students have participated in community education and blood donation activities.

Sourcing and utilization of resources to support the goals of Turkana University College are the pillars upon which the institutional vision, mission and core values will be feasible. The University College's ability to effectively implement its strategic plan and deliver on its mandate will depend on its ability to efficiently and effectively manage its resources.

The main sources of funding for the institution are the Government grants and the Appropriation- in-Aid (A-in-A). The University College's agenda to increase income generated through the exchange revenue has greatly been affected by the COVID-19 pandemic and the resultant economic recession. TUC will endeavor to engage government for enhanced capitation. In addition, it will increase and strengthen its academic and research programmes for enhanced Exchange revenue.

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



**Dr. Solomon J. Muchina Munyua, PhD**  
**CHAIRMAN**  
**TURKANA UNIVERSITY COLLEGE**

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**5. Report of the Chief Executive Officer**



It's with great pleasure that I present the Annual Report and Financial Statements for Turkana University College performance for the year ended 30<sup>th</sup> June 2022. Since its establishment, the TUC has continued to execute its mandate of teaching, research and outreach for the advancement of humanity. The performance of the institution showed marked growth in the year 2021/2022 as compared to 2020/2021.

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

**Financial Results**

In the financial year 2021/2022 Turkana University College reported a deficit of Kshs. 93,550,223 which is a decrease of 2% from the previous year. This was basically due to the increased employee statutory obligations such as gratuity and pension payments actualized during the financial year. Also, significantly accounting for the reported deficit is the depreciation expense of Kshs. 66,032,453 which will be recovered in the subsequent years. Revenue from exchange transactions increased by 56% while there was an increase in the expenditures on personnel emolument by 18% from the previous financial year 2020/2021.

**Customer Focus and Team work**

One of the strategic values for TUC is promoting customer satisfaction levels by providing products and services that meet or exceed expectation. The University College recognizes the needs of both the internal and external customers. The objective is to deliver best services and products to the stakeholders. To achieve this objective, TUC has continued to improve its systems and procedures to enhance service delivery. TUC has sustained industrial harmony with the staff unions, namely UASU, KUSU and KUDHEIHA, and operationalized a staff welfare association. In addition, TUC has actively engaged students in ensuring that their welfare and needs are addressed in a timely manner. To ensure sustainability in its endeavor TUC has commenced the process of ISO certification by sensitization of staff to develop performance procedures and practices.

In an effort to promote excellence in all its operations the University College Management Board has identified team work to be a central enabler for quality service delivery. The Management Board has

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organized activities to emphasize the benefits from team work and the need to leverage on the shared goals for the achievement of the institutional vision. The management under the guidance of Council will sustain a shared vision for the benefit of the institution and all its current and potential stakeholders.

**Teaching and learning**

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

The University College has continued to develop academic programmes that support economic transformation of the immediate community and the nation at large by equipping its graduates with knowledge, skills and attitudes for the dynamic labour market. The development of relevant academic programmes will contribute significantly towards creating a broad knowledge-based economy to meet the human resource requirements for the rapidly changing and diversified local and global economies.

To facilitate learning, TUC has continued to improve and enhance the teaching and learning facilities. In the 2021/2022 financial year, the University College enhanced its library collection and installed a library security system. Cognizant of the hot weather conditions in Lodwar, the University College has developed outdoor furniture to enable students to study under the cool environment. In addition, TUC has trained its staff and students on virtual teaching and learning. The University College has successfully developed

capacity among staff on Competency Based Curriculum.

**Research, Innovation and Outreach**

Research, Science, Technology, and Innovation play significant roles in the social and economic development of every country. Research generates substantiated information for the formulation of policies that address societal concerns and emerging issues - an essential function of all institutions of higher education.

Turkana University College in the year 2021/2022 has funded various activities in research, technology, and innovation as a contribution towards the realization of the University Vision and Mission, SDGs, Kenya Vision 2030 and the Big Four agenda objectives. The research activities include: the second International Virtual Research Conference and the human evolutionary Symposium in collaboration with Turkana Basin Institute (TBI) and the National Museums of Kenya.

The University College has actively participated in Community Service social-distanced activities which include the promotion of peer counselling activities in secondary schools. In addition, the University staff and students have participated in community education and blood donation activities.

The University College in collaboration with the Department of Adult and Continuing Education, Turkana County, has continued to offer adult education classes on campus. The enrolment for the class currently stands at 24. The University College has developed short courses which are market driven to cater for the skill gaps in its catchment.

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**Information, Communication and Technology**

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

In its effort to leverage on ICT, Turkana University College has enhanced Internet connectivity by increasing the bandwidth and hot-spots and connecting it to offices and the staff parlour. The University College has continued to operationalize the Enterprise Resource Planning (ERP) system. To support the realization of the benefits from ICT, the University College has organized training workshops for staff on ERP modules during the reporting period.

**Student Welfare Services**

The Turkana University College Statutes highlight the important roles and responsibilities of the University College in shaping the social welfare of students. The University College recognizes that student welfare is a critical component in enhancing excellent learning, and it is crucial to the wellbeing of the University College and society. Students' health, accommodation, catering, sports, recreation, associations, clubs, and societies among others, are essential for the University College to produce quality, holistic and empowered graduates who can drive social change.

In an effort to ensure the students' welfare is addressed, the University College has

partnered with the Kenya National Highways Authority to improve the internal roads network and the recreational facilities. The University College facilitated the students to participate in co-curriculum activities. The University College has maintained an active counselling department, trained peer counsellors and equipped the clinic in the financial year under review.

**Resource Mobilization and Management**

Sourcing and utilization of resources to support the goals of Turkana University College are the pillars upon which the institutional vision, mission and core values will be feasible. The University College's ability to effectively implement its strategic plan and deliver on its mandate will depend on its ability to efficiently and effectively manage its resources.

The main sources of funding for the institution are the Government grants and the Appropriation- in- Aid (A-in-A). TUC will continually engage the government for enhanced capitation. In addition, it will increase and strengthen its academic and research programmes for enhanced exchange revenue.

During the period under review, TUC developed a resource mobilization strategy. The University College is in the process of identifying plausible partners to generate the necessary revenue for its critical development programmes. The University College has partnered with the KeNHA to upgrade internal road networks, upgrade the fields and drill a borehole in the institution. The University College has joined the Turkana County Steering Committee on drought mitigation whose membership is drawn from the County Government and the Non-Governmental organizations (NGOs) working in Turkana

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County. This is an excellent platform for the University to tap into funds from NGOs and international development agencies.

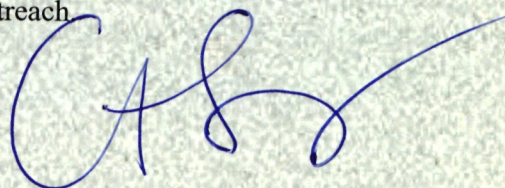
The management has continued to promote prudent spending and optimize on resource utilization to achieve maximum returns on investments.

**Institutional Transformation**

The ability of the University to achieve its mandate depends on the availability, adequacy and efficiency of resources, which includes both human resources and infrastructure. Turkana University College values aesthetic and artistic infrastructure that provides a safe and comfortable learning environment.

During the year under review, the University College has developed a Master Plan that will

guide its infrastructural development. It has continued to implement its roadmap to attainment of Charter. Further, the University College has worked closely in collaboration with its strategic partners. All the initiatives are geared towards the realization of speedy development and growth of the institution into a globally esteemed institution of higher learning for teaching and learning, research, and outreach.



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

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**6. Statement of Performance against Predetermined Objectives for FY 2021/22**

*TUC* has *six (6)* strategic issues in the current Strategic Plan for the FY 2021- FY2022. These strategic issues are as follows:



**University Teaching and learning**



**Research, innovation and outreach**



**Information, communication and technology**



**Student Welfare services**



**Resource mobilization and management**



**Institutional transformation**

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*TUC* develops its annual work plans based on the above strategic issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *TUC* achieved its performance targets set for the FY 2021-2022 period for its six strategic issues, as indicated in the diagram below:

Strategic Pillar/ Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
<b>Pillar 1. University Teaching and Learning</b>	To Expand competitive Programmes	3 assessments	Carry out a needs assessment Stakeholder Workshops for new programmes	6 assessments
		3 workshops		6 workshops
	To enhance Quality in Education and Training	1 workshop	Train academic staff in current pedagogical methods Train academic staff in online teaching Evaluate teaching effectiveness	3 training
		1 training		4 trainings
		2 evaluations		2 evaluations
	1 public lecture	Conduct public lecture forums	2 public lectures	
Increase the number of Senior Lectures	1 Senior Lecturer	Promoted staff from Lecturer	1 staff	
	Train staff in proposal writing	1 workshop	Conduct training on proposal writing	1 workshop
<b>Pillar 2. Research, Innovation and Outreach</b>	To Generate and Disseminate Research Findings	1 training	Train staff in proposal writing  Allocate funds to finance research activities  Organize annual conferences	1 training
		3 million		3 million
		1 conference		1 international conference

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<b>Strategic Pillar/ Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
		5 publications	Publish research findings in peer-reviewed journals	31 publications
	To Promote the culture of Research and Innovation	1 programme 1 proposal	Developing programmes in Science, Engineering and Technology Develop and implement climate smart dryland agriculture and environment management proposals	3 programmes 1 proposal
	To enhance outreach in the ASALs	1000 trees 1 training 1 training	Plant Trees Train the community on conservation of Indigenous Trees Train farmers on sustainable dryland farming	1350 trees 1 training 1 training
<b>Pillar 3. Information, Communication and Technology</b>	To Enhance the Development and Effective Use of ICT Infrastructure	1 training  1 module 100%  30%	Organize internal and external training for staff and students  Procurement of ERP Maintaining equipment maintenance schedule Extend WIFI coverage at the University College	4 trainings  Nil 100%  50%

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Strategic Pillar/ Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
	To Utilize ICT Infrastructure to Improve the Efficiency of University Operations	10 computers  10 cameras  1 Printer/copier	Purchase computers for staff  Purchase and install IP CCTV surveillance System Implement centralized photocopying for staff and students	Nil  Nil  100%
	To Utilize ICT Infrastructure in Expansion of the University College Web Presence	Website Committee  5 publications  5  3 surveys	Constitute the website management committee Upload scholarly publications on the website Upload conference proceedings, events, news, advertisements and other documents on the website Conduct satisfaction surveys	100%  182 publications  30  1 survey
	To Utilize ICT Infrastructure to Improve the Effectiveness of Teaching and Learning	2 LCDs  1 policy  1 training	(LCD projectors and PAS) Develop an ODEL Policy Train staff and students on ODEL	100%  100%  100%
<b>Pillar 4. Need to strengthen student welfare services</b>	To Strengthen student governance mechanisms	1 election	Sensitize students on effective and democratic	100%

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Strategic Pillar/ Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		1 Election	elections and leadership	100%
		1 training	Promote free, fair and democratic elections by engaging Independent Observers	100%
		3	Train TUCSO aspirant leaders, and class representatives on effective and democratic leadership Recognize and register student clubs and societies	5 groups
	To produce all-rounded graduates	1	Organize cultural festivals	1 event
		3	Organize institutional sports and games	11 activities
		2	Participate in Music and Drama festivals	1 event
		2	Encourage joint services and inter-denominational prayers	2
		1	Training Peer Counsellors to offer psychological support to students.	3 groups
		2	Sensitize students on life skills and	2

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Strategic Pillar/ Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
			disaster preparedness	
	To strengthen students' career services	1  10 promotions	Increase liaison relationships with various organizations, companies and employers  Promote high school career advising and recruitment	10  10 promotions
<b>Pillar 5. Resource Mobilization and Management</b>	To institutionalize Prudent Management of Financial Resources	1  100%	Prepare all-inclusive annual budgets Train AIE holders on prudent financial management	1  100%
		1 training	Train staff on public procurement and disposal	1 training
		100%	Strengthen the Audit Function	100%
		1	Conduct regular internal audits	8
		100%	Mount budgeted projects and programmes	90%
	Improving the financial management systems	4	Financial Reporting	4
	Enhancing fees collection mechanisms	1	Develop and implement Fee Payment Policy	100%

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<b>Strategic Pillar/ Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
	To expand the University's Financial Resource Base	1 document Fund	Develop a Resource Mobilization Strategy Develop an Endowment funds	100% Kshs. 250,000
	To Recruit, Train and Retain Qualified Staff	1 100% 100%	Undertake a skills gap analysis Recruit qualified staff as per job requirements Supporting, developing and training staff as per human resource development policy	1 100% 100%
	Undertaking Staff Performance Appraisal	100%	Undertake performance appraisal	100%
	Supporting Staff Welfare	1 100% 1	Establishment of University Staff Welfare Association Timely submission of staff deductions Organize Team Building Activities	100% 100% 5
<b>Pillar 6. Institutional Transformation</b>	To Provide a Secure, Comfortable Teaching Learning and Living Environment	100%	Undertake maintenance as per the schedules	100%

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Strategic Pillar/ Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
	Enhancing a conducive teaching, learning and living environment	1	Developing University College Master Plan	100%
	Constructing Flagships projects	50%	Construction of a catering unit	5%
	To acquire plants and equipment	100%	Procure teaching, laboratory and workshop technology equipment	85%
		100%	Procure offices' equipment and furniture	100%
		100%	Procure motor vehicles per budget	100%
	Implementing activities towards acquiring ISO 9001 Certification	1	Form a Committee	100%
		1	Train staff on ISO requirements	100%
	To Improve on Service Delivery Systems	1 meeting	Sensitize staff on citizen service charter	1 meeting
		100%	Cascade citizen service charter in the departments	100%
		100%	Strengthen public complaints office	100%
		100%	Audit adherence to the citizen service charter	100%

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<b>Strategic Pillar/ Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
	To Strengthen University College Governance.	1 training	Train the university college council and management on Corporate Governance	3 trainings
		1 evaluation	Evaluate council and management performance	-
		1 training	Determine the establishment  Train on communication	1 training
		1 News letter	Produce news letters	1 newsletter
	To develop a Positive Image of the University College	10%	Adopt corporate university colours	10%
		3	Participate in shows and exhibitions	None
		100%	Remit statutory Deductions	100%
		100%	Adhere to Acts of Parliament	100%
	Chartering the University College	1	Appoint a Charter Committee	100%
	Improving communication Systems	1 policy	Develop a communication policy	100%
		1	Train on communication	1
	Constitution and Statutory requirements	100%	Adhere to Acts of Parliament	100%

**7. Corporate Governance Statement**

Pursuant to section 36(1) of the University Act 2012, Turkana University College is governed by the Council that consists of nine members appointed by the Cabinet Secretary, Ministry of Education as follows;

- a) Chairman and five members appointed through an open process
- b) One member representing Permanent Secretary on matters relating to Education
- c) One member representing Cabinet Secretary on matters relating to finance
- d) The Principal who is an ex-official member of the Council

The Council executes its duties through four committee as shown in the chart below;



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**Board Committees and Attendance**

Member	Date appointed	Position	Council Committees / Attendance				Full Council
			HRMC	FPDSGPC	AREC&SCDC	ARM&CC	
Dr. Solomon J. M. Muchina	30 <sup>th</sup> April, 2020	Chairman					5
Mr. Oliver E. Lowoton	30 <sup>th</sup> April, 2020	Member			✓4	✓4	5
Ms. Mercy W. Kareithi	30 <sup>th</sup> April, 2020	Member	✓5		✓4		5
Eng. Justus Wambutura	30 <sup>th</sup> April, 2020	Member	✓5	✓6			5
Mr. Felix Odimmasi	30 <sup>th</sup> April, 2020	Member		✓6	✓4		5
Mr. Archer Arina	30 <sup>th</sup> April, 2020	PS Representative, State department of University Education	✓5	✓6	✓4	✓4	5
Mr. James Kiburi		PS Representative, State department of University Education	✓2	✓1	✓1	✓1	
CPA Dr. Solomon Ngahu	30 <sup>th</sup> April, 2020	CS, Representative, Treasury		✓6		✓4	5
Mr. Gerald Mwangi	30 <sup>th</sup> April, 2020	Representative, PG State Corporation	✓5		✓4	✓4	1

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

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The appointment of Chairman and other members of the Council is done by the Cabinet Secretary, Ministry of Education through a gazette notice to serve for a period of three years renewable once. The Council members who served during the year under review were appointed vide a Gazette notice. 3646 of 30th, April 2020. For purposes of succession planning, Eng Justus Wambutura was re-appointed. Below is the summary;

No.	Member	Position	Term Status
1	Dr. Solomon J. Munyua Muchina	Chairman	Ongoing
2	Mr. Oliver Erupe Lowoton	Member	Ongoing
3	Ms. Mercy Wanjiku Kareithi	Member	Ongoing
4	Eng. Justus Wambutura	Member	Ongoing
5	Mr. Felix Odimmasi	Member	Ongoing
6	Mr. Archer Arina	PS, Representative, State department of University Education	Replaced
7	Dr. CPA Solomon Ngahu	CS, Representative, Treasury	Ongoing
8	Mr. Gerald Mwangi	Representative, IG State Corporations	Ongoing
9	Mr. James Kiburi	PS, Representative, State department of University Education	Appointed

**Roles and functions of the University College Council**

The role and functions of the board are outlined in section 60 of the University Act, 2012. The University College Council is responsible and accountable to the Government of Kenya through state Department of University Education and Research for ensuring that the University complies with the Universities Act 2012, the University Statutes (2013) and adheres to the highest standards of corporate governance as prescribed in the State Corporations Act and the Code of Governance for State Corporation (Mwongozo).

**Induction and Capacity Building for Council Members**

New members, once appointed are inducted and issued with relevant documents to familiarise themselves with their roles as outlined in the law. Subsequent trainings are conducted to equip the board members with relevant knowledge and skills required to discharge their responsibilities effectively.

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**Board charter**

The Council has a board charter which outlines the powers and responsibilities of the Board, committee's terms of reference, membership, appointment, remuneration, term of the Board members, conduct of meetings, conflict of interest among others. The Charter is premised on the Mwongozo Code which guides on Corporate Governance Practices.

**Remuneration of Council Members**

The remuneration of Council members is as per the guidelines set out by the State Corporations Advisory Committee circulars and National Treasury directives in respect to sitting allowance, transport, and accommodation costs. Details of the full council and committee allowances are included in these financial statements.

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**Board performance**

The performance of the Council and its members is evaluated on regular basis in order to gauge their performance and identify areas of improvement. During the year the evaluation was conducted by a representative from State Corporation Advisory Committee.

**Conflict of interest**

Council members are required to avoid conflicts of interest and deal at arms-length in any matter of the University College. Each member is obligated to disclose any real issues or potential conflict of interest, which may come to their attention whether directly or indirectly. During every council meeting, members are required to make a declaration of any conflict of interest they may have in the agenda of the day by way of signing a conflict of interest register. The register is maintained and updated accordingly.

**Ethics and conduct**

The University College council is expected to conduct themselves ethically, honestly and with integrity in all their dealings as per the University College code of ethics and conduct.

**8. Management Discussion and Analysis**

The University continues to deliver on its key mandate of provision of quality education, training, and research. During the FY 2021/2022 under review, it has reported a deficit of Kshs. 90,404,278.

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

**The Entity Operation Review**

Teaching, research, and community service has remained a core function of Turkana University College during the FY 2021/2022. 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.

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

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

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

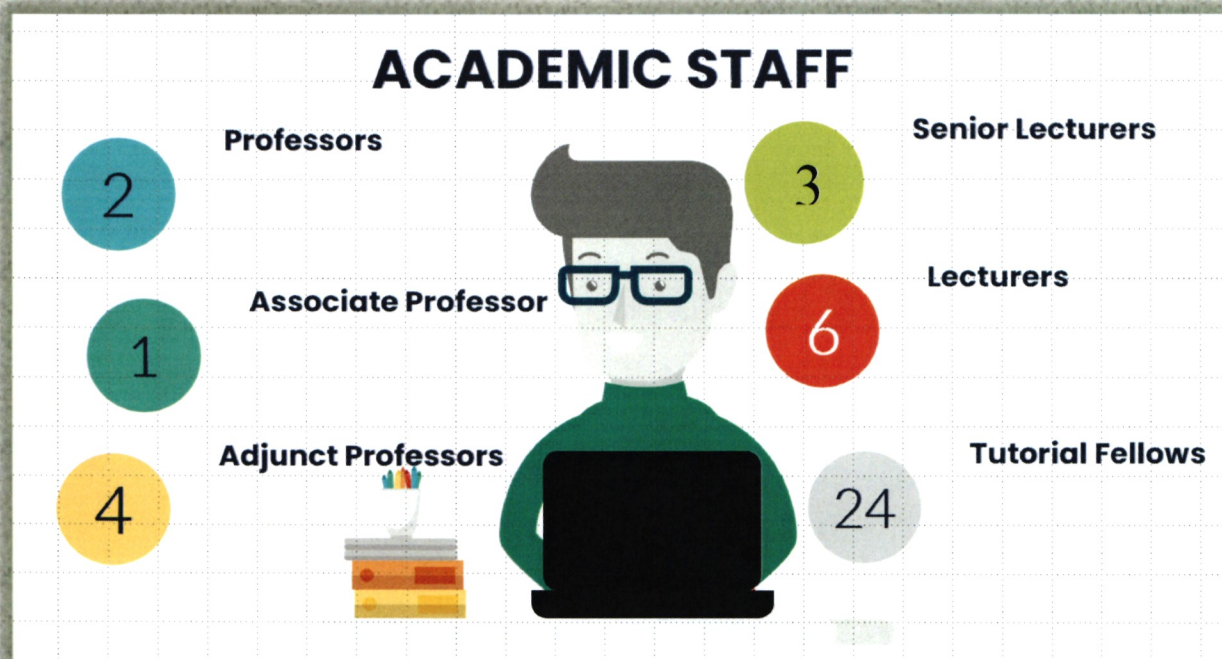
- (i) Directorate of Post Graduate Studies
- (ii) Directorate of Open, Distance and E-learning
- (iii) Directorate of Technical, and Vocational Education and Training Programs
- (iv) Directorate of Research, Partnerships and Collaborations
- (v) Directorate of Performance Contracting and Quality Management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

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

**Academic Staff**

The University College has the following Academic Staff: -

1.	Professors	2
2.	Associate Professor	1
3.	Adjunct Professors	4
4.	Senior Lecturers	3
5.	Lecturers	6
6.	Tutorial Fellows	<u>24</u>
<b>Total number of Academic Staff</b>		<b><u>40</u></b>

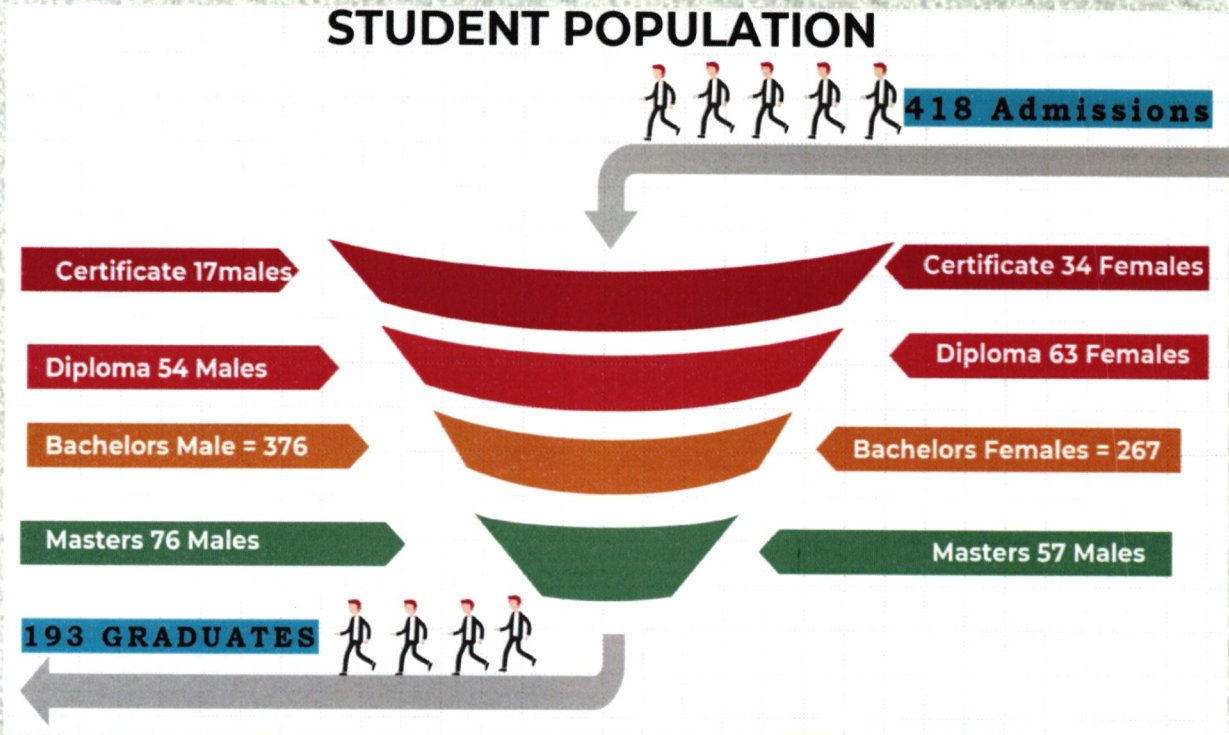


The University College is understaffed with full- time to part-time lecturers’ ratio standing at a dismal 1:3 as compared to the ideal case of 1:2 as recommended by the Commission of University Education. The University College is committed to recruit additional academic staff to comply with the Commission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

### **Student Population**

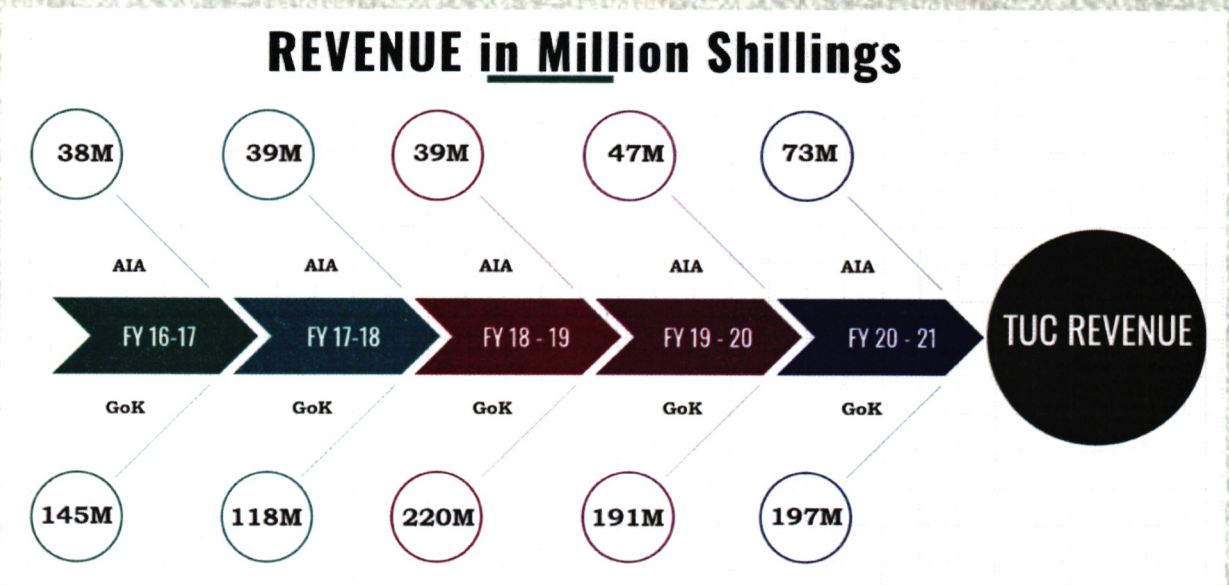
TUC has witnessed a steady though slow growth in student numbers from the initial 175 in the FY 2016/17 to the current 1,086 students.

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



### FINANCIAL PERFORMANCE REVIEW

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



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

<b>EXPENSES in '000,000'</b>				
<b>EXPENSES</b>	<b>FY 21-22</b>	<b>FY 20-21</b>	<b>FY 19-20</b>	<b>FY 18-19</b>
ADMIN EXPENSE	<b>28M</b>	<b>19M</b>	<b>17M</b>	<b>18M</b>
COUNCIL EXPENSE	<b>15M</b>	<b>13M</b>	<b>13M</b>	<b>10M</b>
O&E EXPENSE	<b>27M</b>	<b>17M</b>	<b>24M</b>	<b>14M</b>
OTHER EXPENSES	<b>23M</b>	<b>14M</b>	<b>10M</b>	<b>19M</b>
PROV FOR BAD DEBTS	<b>3M</b>	<b>3M</b>	<b>3M</b>	<b>2M</b>
DEPRECIATION	<b>64M</b>	<b>96M</b>	<b>99M</b>	<b>103M</b>

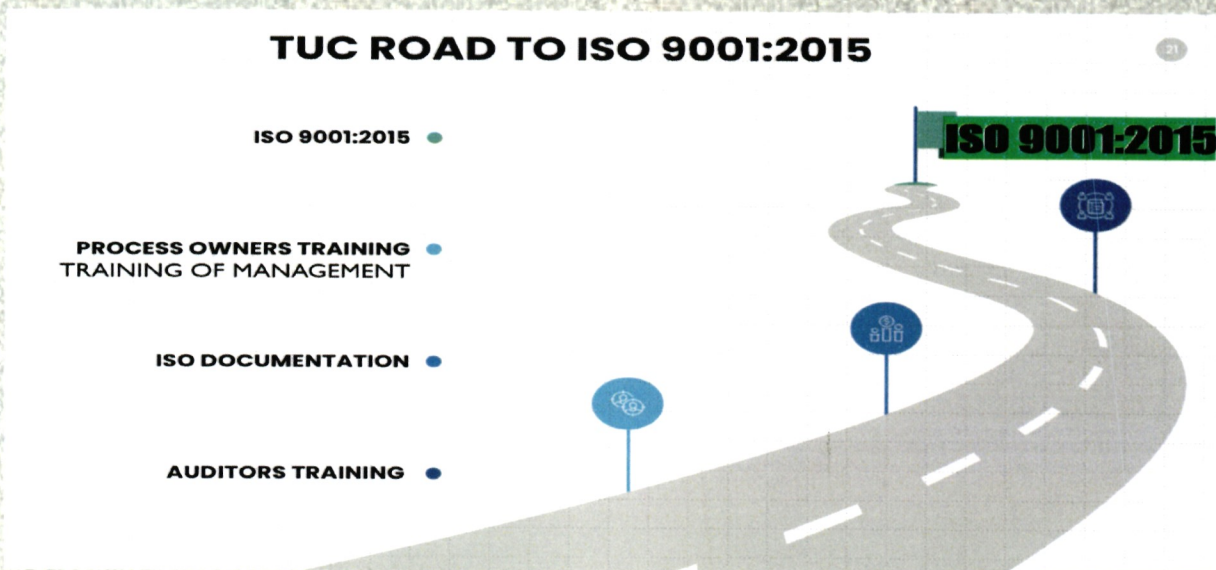
**Financial Health**

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

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

### **ISO 9001:2015 Implementation**

Turkana University College has started its road map to achieving ISO 9001:2015



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

The University College complies with statutory requirements as follows:

#### **1. PAYE**

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

#### **2. NSSF**

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

#### **3. Pension**

#### **4. 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.

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**5. GRATUITY LIABILITY**

Gratuity to date amounts to Kes.19,262,556.14. The amount will continue to rise since the majority of staff are on contract and the next major payment will be due in August 2023.

**6. 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 recovered HELB loans from staff as required and submitted the same within the stipulated fifteen days after the end of each month.

**Major Risks Facing TUC**

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



**Market Risks**



**Liquidity Risks**



**Credit Risks**



**Litigation Risks**

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

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

- i) Market risk: - the University College is likely to experience low student enrolment due to competition and the fact that TUC is located in severe hardship areas of Turkana, all of which may result in the reduction of revenue.

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- ii) Liquidity risk: -TUC is at risk of facing Liquidity challenges in meeting its financial obligations as and when they fall due. This can be caused by the reducing funding levels from both exchange and non-exchange transactions.
- iii) Credit risk: - TUC faces Credit risk arising from its customers who majorly provides the income from exchange transactions.

**Material Arrears in Statutory/Financial Obligations**

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

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

**9. Environmental and Sustainability Reporting**

Turkana University College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. We endeavor to be a globally esteemed University in teaching, research, and outreach focusing on delivering the best services to our internal and external stakeholders. Below is an outline of the organisation's policies and activities that promote sustainability.

**i) Sustainability strategy and profile**

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

**ii) Environmental performance**

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The University College operates its waste management processes through the department of sanitation. Disposal of medical wastes from the University Clinic is conducted by the Ministry of Public Health and Sanitation in collaboration with Lodwar County Referral Hospital. TUC has partnered with Kenya Forest Research Institute and Rural Electrification and Renewable Energy to plant trees at the University regularly. However, the growth and sustainability of the trees is adversely affected by the harsh climatic conditions of the area and invasion by livestock from the community. The institution carried out prefeasibility study on the construction works that are planned for TUC.

**iii) Employee welfare**

The recruitment and hiring process of the University College is guided by TUC Statutes, TUC Human Resource Policy, TUC Scheme of Service, CUE and PSC guidelines. The gender ratio of the University college staff of male to female is 29:16.

We target to bring on board qualified staff while observing the required gender ratio. Capacity building for example training of secretariat to various committees, financial management training, benchmarking exercises and performance appraisal for all staff have been conducted for the period under review. TUC conducted a Team building for the administrative staff and Academic staff. Members of University college Management Board and University College Academic Board were also trained during the period under review. Occupational Safety Policy has been operationalized. Industrial relations, internal CBA negotiations and the pension scheme, renewal of contracts and transition of staff from contract to permanent and pensionable terms.

**iv) Market place practices-**

TUC has engaged the following market place practices:

**a) Responsible competition practice.**

TUC has a working and vibrant anti-corruption committee that reports to the Ethics and Anti-Corruption Commission. During the year under review the university developed a whistle blower and protection policy. Members of staff have been sensitized on whistle blowing of any suspected cases of Corruption.

The University has remained apolitical but has maintained good relationships with the county governments in bid to secure funding for her students through bursaries.

TUC has maintained healthy relationships with its competitors, in the year under review, TUC released students who requested transfer to other Universities as well as received students who requested to be transferred from other Universities to TUC.

**b) Responsible Supply chain and supplier relations**

The TUC procurement processes are guided by Public Procurement And Asset Disposal Act 2015. During the year under review all tenders were advertised, competitively awarded and payments to suppliers done.

**c) Responsible marketing and advertisement**

TUC ensures that all marketing and advertisement made in respect to its product and services (Programmes) are approved by the relevant organs and meets the marketing and advertisement ethical standards.

**d) Product stewardship**

All TUC programmes are market driven. The development of the programmes is informed by active participation of stakeholders. They are approved as per the CUE and TVETA guidelines.

v) **Corporate Social Responsibility / Community Engagements**

The University College has actively participated in the Community Service activities. These include: the counselling sessions provided by our University counsellor and students peer counsellors to secondary schools, the community training on animal husbandry and tree planting, borehole drilling and food distribution to the local community besides continued provision of water to the community. To enhance literacy levels in the neighbourhoods TUC has identified adult literacy programme to be a major CSR activity. The University College in collaboration with the Department of Adult and Continuing Education, Turkana County has successfully continued to offer adult education classes. The enrolment for this class currently stands at twenty-four (24).

**Ongoing projects**

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**On-going construction of 2 No. Hostels**



**Construction of roads network at TUC**



**On-going construction of Sports facilities**



**Turkana University College (TUC) in collaboration with Equity Bank and Kenya Forestry Research Institute held a tree planting activity on 1st February, 2022 in the University College. During the activity, the Principal led members of TUC staff and students, Equity bank, Kenya Forestry Research Institute and the surrounding community planted over 1,000 tree seedlings**

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Turkana University College has signed a Memorandum of Understanding (MoU) with the Kenya Institute of Public Policy Research and Analysis (KIPPRA) that would focus mainly on research and innovation, institutional capacity building, internships and placements.



Turkana University College, Principal and members of staff receiving the new University bus for students and staff use on University College activities.

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**Above, TUC Students perform the winning cultural dance during the 3<sup>rd</sup> KUPAA National Drama, Music and Film Festival in October 2021. Top Left, Students crowned Mr and Miss TUC during the TUC Cultural Day held March 2022. Top right, TUC students perform a cultural dance during the TUC Cultural Day.**



**TUC fraternity led by the Principal participate in a cultural walk in Lodwar town on the launch of the TUC Cultural day in March 2022**

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**10. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Turkana University's affairs.

**i) Principal activities**

The principal activities of the Turkana University College continue to be the provision of quality education and training, research, and innovation to meet the needs of the dynamic society.

**ii) Results**

The results of the Turkana University College for the year ended June 30, 2022, are set out on page ....

**iii) Directors**

The members of the Board of Directors who served during the year are shown on page . During the year no director retired/ resigned and none was appointed with effect from 30<sup>th</sup> April 2020 to date.

**iv) Surplus remission**

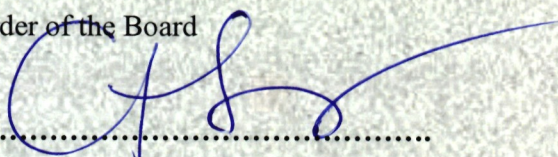
In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Turkana University College did not make any surplus during the year FY 2021/22 and hence no remittance to the Consolidated Fund.

**v) Auditors**

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

By Order of the Board

  
.....  
**Prof George N Chemining'wa**

**Corporate Secretary/Secretary to the Board**

### **11. Statement of Directors Responsibilities**

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

The Directors are responsible for the preparation and presentation of the Turkana University College's financial statements, which give a true and fair view of the state of affairs of the Turkana University College for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Turkana University College; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Turkana University College; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Turkana University College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Universities Act, 2012. The Directors are of the opinion that the Turkana University College's financial statements give a true and fair view of the state of Turkana University College's transactions during the financial year ended June 30, 2022, and of the Turkana University College's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Turkana University College, which have been relied upon in the preparation of the Turkana University College's financial statements as well as the adequacy of the systems of internal financial control.

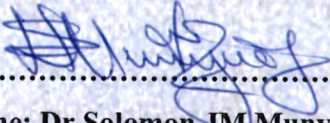
Nothing has come to the attention of the Directors to indicate that the Turkana University College will not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the financial statements**

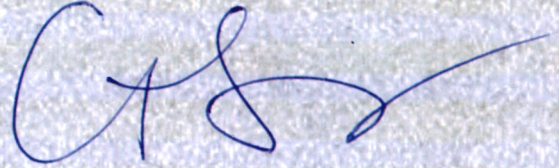
**TURKANA UNIVERSITY COLLEGE  
Annual Report and Financial Statements  
for the year ended June 30, 2022.**

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The Turkana University College's financial statements were approved by the Board on July 14, 2022 and signed on its behalf by:



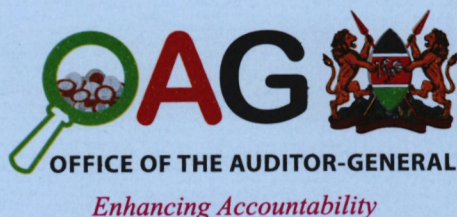
.....  
**Name: Dr Solomon JM Munyua, PhD**  
**Chairperson of the Board/Council**



.....  
**Name: Prof George N. Chemining'wa, PhD**  
**Accounting Officer**

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON TURKANA UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Turkana University College set out on pages 1 to 44, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Turkana University College as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act, 2012.

### **Basis of Opinion**

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 ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of Matter**

#### **Uncertainty on Sustainability of Services**

During the year under review, the University recorded a deficit of Kshs.93,550,233 (2021: deficit Kshs.92,678,985) which increased the accumulated deficit from Kshs.335,606,734 in 2020/2021 to Kshs.431,369,575 as at 30 June, 2022. Management has not disclosed the measures it has taken or intends to take to reverse the trend. The continued deficits may result to the University's inability to continue to sustain its services

My opinion is not modified in respect of this matter.

### **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 receipts budget of Kshs.452,846,811 and actual on comparable basis of Kshs.436,108,423 resulting to an underfunding of Kshs.16,688,388 or 4% of the budget. Similarly, the College spent Kshs.379,154,117 against an approved budget of Kshs.452,846,811 resulting to an under-expenditure of Kshs.73,692,694 or 16% of the budget.

In the circumstances, the planned programs and activities of the University College may not have been implemented and services provided/received as envisaged.

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

Various prior year audit issues remained unresolved as at 30 June, 2022. Management has not provided reasons for the delay in resolving the prior year audit issues contrary to Section 68(2)(l) of the Public Finance Management Act, 2012 which requires that in carrying out a responsibility imposed by Sub-Section (1), an Accounting Officer shall, in respect of the entity concerned, try to resolve any issues resulting from an audit that remain outstanding.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Graduates with Outstanding Balances**

Note 17 to the financial statements reflects receivables from exchange transactions balance of Kshs.35,202,199 out of which Kshs.26,109,158 related to students' fees debtors. The balance includes Kshs.146,000 for students who had already graduated and whose recoverability is doubtful.

In the circumstances, the recoverability of Kshs.146,000 was in doubt.

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

During the year under review, Management had not migrated their procurements to the E-procurement. This was contrary to Executive Order No.6 of 2015 - Part (iv) that required all State Corporations to immediately migrate their procurement system to the E-procurement platform developed by The National Treasury.

In the circumstances, Management was in breach of law.

#### **3. Non-Compliance with Law on Ethnic Composition**

Review of the staff establishment revealed that the University College had ninety-two (92) employees, out of whom thirty-two (32) or 35% were from one dominant community. This was contrary to Section 7 of the National Cohesion and Integration Act, 2008 which states that all public establishment shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Unaccounted Invoices**

The statement of financial performance reflects revenue from exchange transactions of Kshs.72,028,611. However, analysis of the Enterprise Resource Planning (ERP) ledger revealed eleven thousand, seven hundred and seventy-five (11,775) invoice numbers of undetermined value were missing from the series and no record or reconciliation was provided to account for the invoices.

In the circumstances, the effectiveness of internal controls on Enterprise Resource Planning (ERP) ledger could not be confirmed.

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

### **Responsibilities of 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the University College's ability to sustain services, disclosing, as applicable, matters related

to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention 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 University College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

I communicate with 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

18 May, 2023

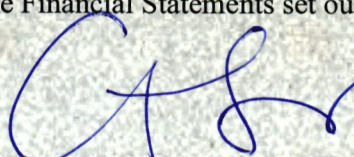
**TURKANA UNIVERSITY COLLEGE**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2022.**

**13. Statement of Financial Performance for the year ended 30 June 2022**

<b>TURKANA UNIVERSITY COLLEGE</b>				
<b>STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30TH JUNE 2022</b>				
	<b>NOTES</b>	<b>2021/2022</b>		<b>2020/2021</b>
		<b>Kshs</b>		<b>Kshs</b>
<b><u>REVENUES</u></b>				
Revenues From Exchange Transactions	6	72,028,611		46,742,981
Revenues From Non Exchange Transactions	7	196,487,393		191,055,670
<b>TOTAL REVENUES</b>		<b>268,516,004</b>		<b>237,798,651</b>
<b><u>EXPENSES</u></b>				
Administrative Expenses	8	29,291,909		18,973,239
Council Expenses	9	14,911,182		12,672,200
Operational & Maintenance Expenses	10	26,316,937		17,656,694
Other Expenses	11	22,972,469		12,692,035
Personnel Expenses	12	202,230,998		169,934,858
Provision for Bad Debts	13	310,539		2,558,526
Depreciation Expenses	14	66,032,203		95,990,084
<b>TOTAL EXPENSES</b>		<b>362,066,237</b>		<b>330,477,636</b>
<b><u>SURPLUS/DEFICIT</u></b>		<b>-93,550,233</b>		<b>-92,678,985</b>

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

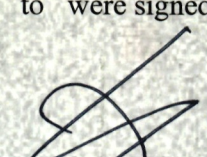
The Financial Statements set out on pages to were signed on behalf of the Board of Directors by:



.....

**Accounting Officer**  
**Prof George N Chemining'wa**

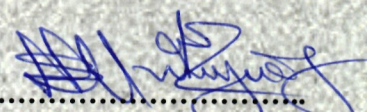
**Date 25<sup>th</sup> August 2022**



.....

**Head of Finance**  
**CPA Jared Okello**  
**ICPAK No:4971**

**Date 25<sup>th</sup> August 2022**



.....

**Chairman of the Board**  
**Dr Solomon JM Munyua, PhD**

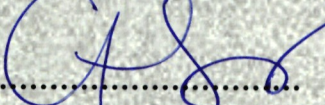
**Date 25<sup>th</sup> August 2022**

**TURKANA UNIVERSITY COLLEGE**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2022.**


**14 Statement of Financial Position as at 30 June 2022**

<b>TURKANA UNIVERSITY COLLEGE</b>			
<b>STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022</b>			
		<b>2021/2022</b>	<b>2020/2021</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash And Cash Equivalents	15	125,847,311	167,392,419
Inventory & Stores	16	2,957,782	1,254,327
Receivables From Exchange Transactions	17	32,333,134	24,647,796
Receivables From Non-Exchange Transactions	20	0	15,903,722
		<b>161,138,227</b>	<b>209,198,264</b>
<b>Non-current Assets</b>			
Property, Plant & Equipment	18	758,493,206	780,767,852
Intangible Assets	19	0	26,669,927
		758,493,206	807,212,778
<b>TOTAL ASSETS</b>		<b>919,631,433</b>	<b>1,016,411,062</b>
<b>EQUITY, RESERVES AND LIABILITIES</b>			
<b>Equity, Reserves and Provisions</b>			
Capital Grants		1,314,071,229	1,314,071,229
Accumulated surplus		-431,369,575	-335,606,734
		<b>882,701,654</b>	<b>978,464,495</b>
<b>Current Liabilities</b>			
Payables From Exchange Transactions	21	36,929,779	37,946,567
		<b>36,929,779</b>	<b>37,946,567</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>		<b>919,631,433</b>	<b>1,016,411,062</b>

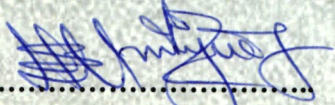
The financial statements set out on pages to were signed on behalf of the Board of Directors by:

  
 .....  
**Prof George N Chemining'wa**  
**Accounting Officer**

**Date 25<sup>th</sup> August 2022**

  
 .....  
**CPA Jared Okello**  
**Head of Finance**  
**ICPAK No: 4971**

**Date 25<sup>th</sup> August 2022**

  
 .....  
**Dr. Solomon J.M Munyua, PhD**  
**Chairman of the Board**

**Date 25<sup>th</sup> August 2022**

**TURKANA UNIVERSITY COLLEGE**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2022.**

**15 Statement of Changes in Net Assets for the year ended 30 June 2022**

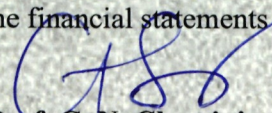
<b>TURKANA UNIVERSITY COLLEGE</b>				
<b>STATEMENT OF CHANGES IN EQUITY</b>				
	<b>Accumulated surplus</b>	<b>Capital Grants</b>	<b>Total</b>	
<b>At July 1, 2020</b>	(226,203,323)	1,314,071,229	1,087,867,906	
Total comprehensive income	(92,678,985)	0	(92,678,985)	
Capital/Development grants received during the year	0	0	0	
Transfer of depreciation/amortization from capital fund to retained earnings	0	0	0	
<b>At June 30, 2021</b>	<b>(318,882,308)</b>	<b>1,314,071,229</b>	<b>995,188,921</b>	
<b>At July 1, 2021</b>	(318,882,308)	1,314,071,229	995,188,921	
Total comprehensive income	(93,550,233)		<b>(93,550,233)</b>	
Prior Year Adjustments	(18,937,034)		(18,693,885)	
Capital/Development grants received during the year		0	0	
Transfer of depreciation/amortization from capital fund to retained earnings			0	
<b>At June 30, 2022</b>	<b>(431,369,575)</b>	<b>1,314,071,229</b>	<b>882,944,803</b>	

**TURKANA UNIVERSITY COLLEGE**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2022.**

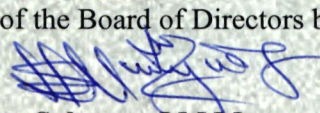
**16. Statement of Cash Flows for the year ended 30 June 2022**

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Tuition and Related Charges	6	72,028,611	44,184,456
Government grants and subsidies	7	196,687,393	191,055,670
<b>Total Receipts</b>		<b>268,716,004</b>	<b>235,240,126</b>
<b>Payments</b>			
Administrative Costs	8	29,291,909	18,973,239
Remuneration of Council	9	14,911,182	12,672,200
Operating and Maintenance expenses	10	26,316,937	17,656,694
Other expenses	11	22,972,469	11,091,005
IGU Expenses	11	-	1,601,030
Employees (Personnel) Costs	12	202,230,998	169,934,858
<b>Total Payments</b>		<b>295,723,495</b>	<b>231,929,026</b>
<b>Total Receipts Less Total Payments</b>		<b>-27,007,491</b>	<b>3,311,100</b>
<b>Adjusted For:</b>			
Decrease/(Increase) in Inventory & Stores	16	-1,703,455	2,004,755
Decrease/(Increase) in Receivables from Exchange Transactions	17	-10,554,403	-1,129,365
Decrease/(Increase) in Receivables from Non - Exchange Transactions	20	15,903,722	1,024,475
Increase/(Decrease) in Payables From Exchange Transactions	21	-1,016,788	3,055,085
Prior Year Adjustments		-79,063	-9,947,911
<b>Net cash flows from operating activities</b>		<b>-24,457,478</b>	<b>-1,681,861</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	18	-17,087,630	-10,457,361
<b>Net cash flows used in investing activities</b>		<b>-17,087,630</b>	<b>-10,457,361</b>
Capital Development Grants			
<b>Net cash flows used in financing activities</b>			
Net increase/(decrease) in cash and cash equivalents		-41,545,108	-12,139,222
Cash and cash equivalents at 1 JULY		167,392,419	179,531,641
Cash and cash equivalents at 30 JUNE	15	125,847,311	<b>167,392,419</b>

The financial statements set out on pages to were signed on behalf of the Board of Directors by:

  
**Prof. G. N. Chemining'wa**  
**Accounting Officer**

  
**CPA J Okello**  
**Head of Finance**

  
**Dr. Solomon J.M Munyua**  
**Chairman of the Board**

ICPAK M/No: 4971

Date 28/08/22

Date 28/08/22

Date 28/08/22

**TURKANA UNIVERSITY COLLEGE**  
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**17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Funds Utilisation
	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs		
Revenue						
Public contributions and donations	-	-	-	-	-	
Government grants and subsidies	195,974,416.00	512,976.00	196,487,392.00	196,487,393.00	-	0%
Revenues from Exchange Transactions	88,667,000.00	-	88,667,000.00	72,028,611.00	16,638,389.00	19%
IGA and Other Income	300,000.00	-	300,000.00	200,000.00	100,000.00	33%
Funds B/f	167,392,419.00	-	167,392,419.00	167,392,419.00	-	0%
Total income	452,333,835.00	512,976.00	452,846,811.00	436,108,423.00	16,688,388.00	4%
Expenses						
Development Expenses	62,899,419.00	-	62,899,419.00	17,087,630.00	45,811,789.00	72%
Personnel Expenses	191,804,416.00	512,976.00	192,317,392.00	202,230,998.00	(9,913,606.00)	-5%
Administrative Expenses	40,740,000.00	-	40,740,000.00	29,291,909.00	11,448,091.00	28%
Operation and maintenance	44,390,000.00	-	44,390,000.00	26,316,937.00	18,073,063.00	41%
Council Expenses	15,000,000.00	-	15,000,000.00	14,911,182.00	88,818.00	1%
Others Expense	24,500,000.00	-	24,500,000.00	22,972,469.00	1,527,531.00	6%
Provision for Bad Debts	3,000,000.00		3,000,000.00	310,539.00	2,689,461.00	98%
Depreciation and Amortization	70,000,000.00		70,000,000.00	66,032,453.00	3,967,547.00	6%
Total expenditure	452,333,835.00	512,976.00	452,846,811.00	379,154,117.00	73,692,694.00	16%

Budget notes

1. The amount of Kshs 514,420 was due to additional budget allocation during the supplementary budget allocation (IPSAS 24.29)

## **18. Notes to the Financial Statements**

### **1. General Information**

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

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Turkana University College's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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

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**Notes to the Financial Statements (Continued)**

**3. Adoption of New and Revised Standards**

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of anTurkana University College’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between Turkana University College’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p>The standard has no impact to Turkana University College since the institution does not currently deal with financial instruments</p>

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Standard	Effective date and impact:
<b>IPSAS 42:</b> Social Benefits	<b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that Turkana University College provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Turkana University College. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Turkana University College’s financial performance, financial position and cash flows. This IPSAS will improve the reporting of the financial statements in the FY 2022/2023
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1st January 2023:</b> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. The standard has no impact to Turkana University College since the institution does not currently deal with financial instruments.
Other improvements to IPSAS	<b>Applicable 1<sup>st</sup> January 2023</b> <ul style="list-style-type: none"> <li>IPSAS 22 <i>Disclosure of Financial Information about the General Government Sector.</i></li> </ul> Amendments to refer to the latest System of National Accounts (SNA 2008).

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p>The standard has no impact to Turkana University College since the institution does not currently deal with financial instruments</p>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of Turkana University College.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard has no impact to Turkana University College since the institution does not currently deal with financial instruments.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The standard has no impact to Turkana University College since the institution does not currently deal with financial instruments.</p>

iii. ***Early adoption of standards***

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The Turkana University College did not early – adopt any new or amended standards in year 2021/2022.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees, taxes and fines**

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

**Transfers from other government entities**

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

**Rendering of services**

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

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies(Continued)**

**Sale of goods**

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

**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.

**ii) Revenue from exchange transactions**

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Turkana University College's right to receive payments is established.

**Rental income**

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

**b) Budget information**

The original budget for FY 2021-2022 was approved by the National Assembly on April 30, 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Turkana University College upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Turkana University College recorded additional appropriations of Kshs. 196,487,392 on the 2021-2022 budget following the governing body's approval.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Budget information (continued)**

The Turkana University College's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 15 of these financial statements.

**c) Taxes**

**Current income tax**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Turkana University College and the same taxation authority.

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

*Sales tax*

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

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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 10-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Turkana University College. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Turkana University College also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Turkana University College will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Turkana University College. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

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

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**h) Research and development costs**

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

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

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

**i) Financial instruments**

**a) 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 Turkana University College determines the classification of its financial assets at initial recognition.

**Loans and receivables**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Held-to-maturity.**

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

**Impairment of financial assets**

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

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

**b) 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 Turkana University College 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.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**j) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

**k) Provisions**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**l) Contingent liabilities**

The Turkana University College 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.

**m) Contingent assets**

The Turkana University College 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 Turkana University College 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.

**n) Nature and purpose of reserves**

The Turkana University College creates and maintains reserves in terms of specific requirements. The surplus derived from the annual transactions of the Turkana University College are maintained as reserves that will be used in maintenance of its assets and development of new assets.

**o) Changes in accounting policies and estimates**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**p) Employee benefits**

**Retirement benefit plans**

The Turkana University College provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Turkana University College pays fixed contributions into a separate Turkana University College (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**q) 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.

**r) Borrowing costs**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**s) Related parties**

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

**t) Service concession arrangements**

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

**u) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash impress and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**v) Comparative figures**

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

**w) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Turkana University College's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Turkana University College based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Turkana University College. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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**Notes to the Financial Statements (Continued)**

**Significant Judgments and Sources of Estimation Uncertainty (Continued)**

**Useful lives and residual value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 13.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Turkana University College estimates the provision for bad debts at 10% of the outstanding students' debts at the end of the financial year.

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**Notes to the Financial Statements (Continued)**

**6. Transfers from Other Government entities**

**Transfers from Ministries, Departments and Agencies (MDAs)**

Name Of The Turkana University College Sending The Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers2021- 22	Prior year 2020-2021
	KShs	KShs	KShs	KShs	KShs
Ministry of Education					
SDUER	196,487,393			196,487,393	190,844,670
<b>Total</b>	<b>196,487,393</b>			<b>196,487,393</b>	<b>190,844,670</b>

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**Notes to the Financial Statements (Continued)**

**7. Revenue from Exchange Transactions**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Tuition Fees	46,074,500	28,861,300
Student Organization Fee	351,600	213,300
Examination Fee	3,666,600	2,016,000
Medical Fee	1,573,500	982,000
Activity Fee	879,000	528,000
Amenity Fee	879,000	527,500
Registration Fee	307,500	162,500
ICT Levy	4,644,000	2,826,000
Library Fee	2,796,000	1,692,015
Field Attachment	935,000	750,000
Project Supervision	312,000	221,000
Field Trips	292,000	92,000
Practicals/workshop	335,000	150,000
Students Identity Card	10,500	12,250
Written Examination Fee	178,500	133,000
Computer for development	255,000	190,000
Thesis Examination	1,425,000	1,045,000
Application Fee	307,020	163,000
KUCCPS Processing Fees	429,500	260,000
Supervision Fee	1,992,000	1,368,000
Application fees for Tender	1,000	51,000
Workshop & Conferences	375,315	-
Research Income/ Management fees	200,000	3,003,480
Hire of Hall	132,672	-
Graduation Fees	1,014,500	5,000
Cafeteria Sales	1,780,699	620,676
Rental Income	45,000	-
Hostel Fees	800,000	861,000
Insurance processing fee	36,205	8,960
<b>TOTAL Revenues</b>	<b>72,028,611</b>	<b>46,742,981</b>

(These are revenue charges from student fee and use of TUC facilities by other institutions)

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**Notes To The Financial Statements (Continued)**

**8. Administrative Expenses**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Audit Fee Expenses	200,000	200,000
Bank Charges	242,277	173,985
Review and dissemination of Strategic Plan Expenses		244,000
Examination Materials/Expenses	945,200	855,160
External Examiners Expenses	933,900	478,520
External Travel & Accommodation	323,900	100,400
Internet Charges	1,869,806	1,618,327
Library Expenses	433,000	319,000
New programmes/Curriculum	1,735,640	546,013
Office expenses/Other meetings	684,631	622,149
Postal and Telegrams	10,450	34,620
Publishing & Printing		70,000
Purchase of Stationery	2,572,760	2,835,386
Purchase of Uniforms & Protective Clothing		105,350
Research Programmes	897,718	186,980
Seminars & Conferences	2,795,350	600,350
Senate/Deans expenses	878,180	398,860
SGC Elections & Training	802,625	243,145
Shows & exhibition expenses	76,250	
Teaching Materials/ Expenses	788,275	270,800
Telephone expense	24,871	39,500
Travelling & Accommodation	8,387,973	4,928,525
University College Mgmt Board	197,695	283,070
Attachment Expenses	453,650	1,111,650
Recruitment Expense	111,000	7,050
Staff Retreat/Devt of Policies Expense	1,361,179	1,738,300
Academic/Field Trips	39,220	-
Thesis/Supervision Expenses		15,700
Graduation Expenses	1,135,300	300,325
Consultancy Services/ Strategic plan expenses	959,840	415,600
Subscription to Professional bodies	71,400	20,560
Covid-19 Expenses	62,399	159,314
Performance Contracting	297,420	50,600
<b>TOTAL Administrative Expenses</b>	<b>29,291,909</b>	<b>18,973,239</b>

**TURKANA UNIVERSITY COLLEGE**  
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**Notes to the Financial Statements (Continued)**

**9. Council Expenses**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Council Expenses</b>		
Chairman/Directors' Honoraria	960,000	
Council (Full Council)	10,606,289	10,222,910
Council (Audit & Risk Compliance Committee)	709,700	264,500
Council (Finance and Resource Mobilization Committee Expenses)	645,900	627,290
Council (Academic, Planning and Development Expenses)	875,493	475,480
Council (Human Resource Committee Expenses)	1,029,800	1,082,020
Others Allowances	84,000	
<b>TOTAL Council Expenses</b>	<b>14,911,182</b>	<b>12,672,200</b>

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**10. Operational and Maintenance Expenses**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Advert & Publicity/Marketing	3,238,210	2,032,278
Affiliation fees	244,400	108,600
Careers Week Expenses	421,110	
Cleaning & Sanitation Services	208,185	202,780
Coaching and Mentorship	175,050	
Disability Mainstreaming	79,200	
Electricity	1,603,674	1,315,231
Hire of Transport Plant & Machinery	233,500	90,000
Sports Equipment& Sporting Activities	612,250	217,340
HIV & AIDS Awareness	72,500	
Insurance	1,647,339	1,501,482
Legal expenses	2,442,000	380,800
TUCSO	474,782	316,000
Maintenance of Building & stations	766,930	485,584
Maintenance of Computers	123,060	479,938
Maintenance of Plant & Equipment	116,780	241,284
Maint. of Water supplies & sewerage	448,290	138,000
Maintenance of Catering & Hostels	72,170	271,907
Maintenance of Playgrounds	174,000	99,350
Maintenance of Motor Vehicles	1,030,175	1,441,821
Maintenance of Networks	561,951	520,555
Security Services	1,724,600	2,127,500
Staff Development/Training/Scholarship	3,707,588	1,838,261
Student Administrative expenses	1,551,870	314,480
Tender Expenses	177,500	55,000
Fuel and Lubricants	577,416	606,912
University College choir/drama	1,189,500	-
Corporate Social Responsibility	55,000	190,140
Water & Conservancy	354,040	1,026,000
Medical Expenses	625,157	848,506
KUCCPS Processing Expense	811,500	-
CUE Processing Fees	488,000	-
Gender Mainstreaming	93,200	38,400
General Expenses	216,010	768,545
<b>TOTAL Operational &amp; Maintenance</b>	<b>26,316,937</b>	<b>17,656,694</b>

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**11. Other Expenses**

	2021/2022	2020/2021
	Kshs	Kshs
<b>Other Expenses</b>		
Part time Lecturers expenses	13,933,220	7,882,560
ISO Certification	541,870	-
Student Catering Services	6,643,055	3,127,095
Refunds	-	79,600
Farm Activities & Expenses	-	1,750
IGU General Expenses	1,682,250	1,601,030
Solaro Research Fund Expenses	172,074	-
<b>TOTAL Other Expenses</b>	<b>22,972,469</b>	<b>12,692,035</b>

**12. Employee Costs**

	2021/2022	2020/2021
	Kshs	Kshs
<b>Personnel Expenses</b>		
Employer contribution to Pension scheme	8,650,477	-
Casual Workers	548,687	205,960
Employer contribution to Medical Scheme	8,602,761	2,822,454
Salaries and Wages	162,496,419	162,279,033
Gratuity Expenses	21,932,654	4,627,411
<b>TOTAL Personnel Expenses</b>	<b>202,230,998</b>	<b>169,934,858</b>

**13. Provision for doubtful debts**

	2021/2022	2020/2021
	Kshs	Kshs
Provision for bad debts b/f	2,558,526	2,558,526
Increase in provision for bad debts	310,539	-
<b>Total depreciation and amortization</b>	<b>2,869,065</b>	<b>2,558,526</b>

**14. Depreciation and Amortization**

	2021/2022	2020/2021
	Kshs	Kshs
<b>Depreciation Expenses</b>		
Property, plant and equipment	39,362,276	42,650,229
Intangible assets	26,669,927	53,339,854
<b>Total depreciation and amortization</b>	<b>66,032,203</b>	<b>95,990,083</b>

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**15. Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Accounts	125,557,634	167,387,507
Others- Petty Cash	2,997	4,912
<b>Total Cash and Cash Equivalents</b>	<b>125,847,311</b>	<b>167,392,419</b>

**15(a) Detailed Analysis of the Cash and Cash Equivalents**

		2021/2022	2020/2021
	Account Number	Kshs	Kshs
Cash and cash Equivalents			
a) Current Accounts			
Fee Collection			
Kenya Commercial Bank Fees Collection Account	1204387079	4,451,384	5,191,871
Income Generating Account			
Kenya Commercial Bank - I G U	1218868899	792,741	2,721,434
Payments Account			
Kenya Commercial Bank - Payments Account	1206564520	1,600,356	5,736,073
Development Account			
Kenya Commercial Bank- Capital Dev Account	1222084198	98,549,474	76,609,418
Recurrent Receipt Account			
Kenya Commercial Bank- Deposits Account	1205643117	20,450,359	77,128,710
b) Others			
Petty Cash		2,997	4,912
<b>TOTAL Cash and cash Equivalents</b>		<b>125,847,311</b>	<b>167,392,419</b>

**16 Inventories**

	2021/2022	2020/2021
	Kshs	Kshs
<b>Inventory &amp; Stores</b>		
Inventories	2,957,782	1,254,327
<b>TOTAL Inventory &amp; Stores</b>	<b>2,957,782</b>	<b>1,254,327</b>

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**Notes to the Financial Statements (Continued)**

**17 Receivables from Exchange Transactions**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Receivables from Exchange Transactions</b>		
Student Debtors	26,109,158	25,585,262
General Debtors	15,000	15,000
Imprest Account	973,430	1,606,060
Prepaid Expenses	1,660	
Prepaid Insurance	8,102,951	
Less provision for bad debts	(2,869,066)	
<b>TOTAL Receivables from Exchange Transactions</b>	<b>32,333,133</b>	<b>24,647,796</b>

**17 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
At the beginning of the year	2,558,526	2,558,526
Additional provisions during the year	310,540	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	<b>2,869,066</b>	<b>2,558,526</b>

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**Notes to the Financial Statements (Continued)**

**18 Property, Plant and Equipment**

	PROPERTY, PLANT & EQUIPMENT IN (KSHS)										Sub-total
	0%	2.5%	25.0%	10.0%	33.3%	12.5%	20.0%	25.0%	25.0%	0.0%	
	Land.	Buildings.	Motor vehicles	ERP	Computer & Accessories	Furniture & Fittings	Plant & Equipment	Library books	Capital Work in Progress		
Cost as at 30th June 2020	80,000,000	654,643,474	15,472,672	6,910,000	21,642,869	73,524,668	32,928,368	24,873,138	69,757,856	979,753,045	
Disposal											
Additions		509,450			8,069,340	1,113,000	715,050	50,521		10,457,361	
Adjustment											
Cost as at 30th June 2021	80,000,000	655,152,924	15,472,672	6,910,000	29,712,209	74,637,668	33,643,418	24,923,659	69,757,856	990,210,406	
Dep. As at 30th June 2021	-	57,223,261	10,841,336	1,382,000	21,172,612	31,711,980	22,872,603	21,358,227	-	166,568,017	
Disposal											
Adjustment											
Charge/Impairment for the year 2020/2021	-	16,378,823	2,883,168	1,382,000	2,911,397	9,329,709	6,728,684	3,310,756	-	42,874,537	
Acc Dep. As at 30th June 2021	-	73,602,084	13,674,504	2,764,000	24,084,009	41,047,688	29,601,286	24,668,983	-	209,442,554	
NBV 30th June 2021	80,000,000	581,550,841	1,798,168	4,146,000	5,628,200	33,589,980	4,042,132	254,676	69,757,856	780,767,852	
Disposal											
Additions			7,452,250		1,164,746	3,126,000	2,800,000	2,544,634		17,087,630	
Adjustment											
Cost as at 30th June 2022	80,000,000	655,152,924	22,924,922	6,910,000	30,876,955	77,763,668	36,443,418	27,468,293	69,757,856	1,007,298,036	
Dep. As at 30th June 2021	-	73,602,084	13,674,504	2,764,000	24,084,009	41,047,688	29,601,286	24,668,983	-	209,442,554	
Disposal											
Adjustment											
Charge/Impairment for the year 2021/2022	-	16,378,823	3,661,231	1,382,000	3,299,258	9,720,459	4,054,932	865,574	-	39,362,276	
Acc Dep. As at 30th June 2022	-	89,980,907	17,335,735	4,146,000	27,383,267	50,768,147	33,656,218	25,534,557	-	248,804,630	
NBV 30th June 2022	80,000,000	565,172,018	5,589,188	2,764,000	3,493,688	26,995,521	2,787,200	1,933,736	69,757,856	758,493,206	

The WIP relates to construction of 2No. hostel for students' accommodation

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**Notes to the Financial Statements (Continued)**

**Valuation**

Land and buildings were valued at cost in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30<sup>th</sup> June 2020).

**18 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	80,000,000	-	80,000,000
Buildings	655,152,924	89,980,907	565,172,018
Plant And Machinery	36,443,418	33,656,218	2,787,200
Motor Vehicles, Including Motorcycles	22,924,922	17,335,735	5,589,188
Computers And Related Equipment	30,876,955	27,383,267	3,493,688
Furniture, And Fittings	77,763,668	50,768,147	26,995,521
Library Books	27,468,293	25,534,557	1,933,736
Other Assets	6,910,000	4,146,000	2,764,000
WIP	69,757,856	-	69,757,856
<b>Total</b>	<b>1,007,298,036</b>	<b>248,804,831</b>	<b>758,493,207</b>

Property plant and Equipment includes the following assets that are fully depreciated:

	<b>Cost or valuation</b>	<b>Normal annual depreciation charge</b>
Plant and Machinery	32,337,518	6,467,504
Motor Vehicles including Motorcycles	15,472,672	3,868,168
Computers and Related Equipment	20,969,274	6,982,768
Library Books	24,873,138	6,218,285
<b>Total</b>	<b>93,652,602</b>	<b>23,536,725</b>

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**Notes to the Financial Statements (Continued)**

**19 Intangible Assets**

<b>Goodwill on Acquisition</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
<b>Cost</b>		
At beginning of the year	266,699,271	266,699,271
Additions		
<b>At end of the year</b>	<b>266,699,271</b>	<b>266,699,271</b>
Additions–internal development		
<b>At end of the year</b>	<b>266,699,271</b>	<b>266,699,271</b>
<b>Amortization and impairment</b>		
At beginning of the year	240,029,344	186,689,490
Amortization	26,669,927	53,339,854
<b>At end of the year</b>	<b>266,699,271</b>	<b>240,029,344</b>
Impairment loss		
<b>At end of the year</b>	<b>266,699,271</b>	<b>240,029,344</b>
<b>NBV</b>	<b>-</b>	<b>26,669,927</b>

**20 Receivable from Non-Exchange Transaction**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Receivables from Non-Exchange Transactions</b>		
GOK Recurrent Grants Receivable	-	15,903,722
<b>TOTAL Receivables from Exchange Transactions</b>	<b>-</b>	<b>15,903,722</b>

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**21 Trade and Other Payables**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Payables from Exchange Transactions</b>		
Prepaid Fees	1,839,719	768,019
CDF Bursary	0	9,521,798
Outstanding - OAG	1,200,000	1,000,000
Helb	0	56,000
Refunds Payables	1,290,100	1,290,100
Caution Money	1,609,000	1,059,000
Gratuity Liability	19,262,556	16,724,426.00
Accruals payable	4,250,411	7,059,224.00
Employee Obligations	447,807	468,000
Retention WIP for 2No	6,826,468	0
Withholding Tax	3,718	0
Chancellors Fund	200,000	0
<b>TOTAL Payables from Exchange Transactions</b>	<b>36,929,779</b>	<b>37,946,567</b>

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**Notes to the Financial Statements (Continued)**

**22 Cash Generated from Operations**

	<i>2021-2022</i>	<i>2020-2021</i>
	<i>Kshs</i>	<i>Kshs</i>
<i>Surplus for the year before tax</i>	-93,550,233	-92,678,985
<i>Adjusted for:</i>	0	
<i>Depreciation</i>	66,032,203	96,795,281
<i>Provisions</i>	310,539	2,558,526
<i>Working capital adjustments</i>	0	
<i>Decrease/(Increase) in Inventory &amp; Stores</i>	-1,703,455	2,004,755
<i>Decrease/(Increase) in Receivables from Exchange Transactions</i>	-10,554,403	-1,129,365
<i>Decrease/(Increase) in Receivables from Non - Exchange Transactions</i>	15,903,722	1,024,475
<i>Increase/(Decrease) in Payables From Exchange Transactions</i>	-1,016,788	3,055,085
<i>Prior Year Adjustments</i>	-79,063	0
<i>Net cash flow from operating activities</i>	-24,657,478	1,681,861

**23 Financial Risk Management**

The Turkana University College's activities will expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency in the future. The Turkana University College's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Turkana University College does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

**Notes to the Financial Statements (Continued)**

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

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**i) Credit risk**

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

**Financial Risk Management**

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

	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at 30 June 2022</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 30 June 2021</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**Notes to the Financial Statements (Continued)**

**Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Turkana University College has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Turkana University College has no significant concentration of credit risk. The board of directors sets the Turkana University College's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

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

The table below represents cash flows payable by the Turkana University College under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at 30 June 2022</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 30 June 2021</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

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**Notes to the Financial Statements (Continued)**

**Financial Risk Management**

**iii) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Turkana University College's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Turkana University College's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Turkana University College's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The Turkana University College does not have transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency.

**b) Interest rate risk**

Interest rate risk is the risk that the Turkana University College's financial condition may be adversely affected as a result of changes in interest rate levels. The Turkana University College's interest rate risk arises from bank deposits. This exposes the Turkana University College to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Turkana University College's deposits. Currently the institution does not have bank deposits.

**Management of interest rate risk**

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

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**Notes to the Financial Statements (Continued)**  
**Financial Risk Management**

**Sensitivity analysis**

The Turkana University College analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Since there are no deposits, the institution has not carried out any sensitivity analysis.

**iv) Capital Risk Management**

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

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Accumulated Surplus	(318,882,308)	(226,203,323)
Prior Year Adjustments	(18,937,034)	
Comprehensive Income	(93,550,233)	(92,678,985)
<b>Total Funds</b>	<b>(431,369,576)</b>	<b>(318,882,309)</b>
Less: Cash And Bank Balances	125,847,311	(167,392,419)
Net Debt/(Excess Cash And Cash Equivalents)	(305,552,265)	(151,489,890)
<b>Gearing</b>	<b>71%</b>	<b>47%</b>

**24 Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

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

**Notes to the Financial Statements (Continued)**

**Other related parties include:**

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- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Donors
- v) Key management.
- vi) Board of directors.

	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Hire of facilities income from govt. Agencies	507,937	-
Others (specify) e.g., interest and bank charges	-	-
<b>Total</b>	<b>507,937</b>	<b>-</b>
<b>B) purchases from related parties</b>		
Purchases of electricity from KPLC	1,603,674	1,315,231
Purchase of water from govt service providers	354,040	-
Training and conference fees paid to govt. Agencies	1,960,968	3,280,800
Purchase of chairs from Nzoia Polytechnic	949,000	-
New Programs	66,000	45,000
KUCCPS	811,500	-
CUE	488,000	-
<b>Total</b>	<b>4,851,164</b>	<b>3,280,800</b>
<b>b) Grants /transfers from the government</b>		
Grants from national govt	196,487,393	191,055,670
Grants from county government	-	-
Donations in kind	-	-
<b>Total</b>	<b>196,487,393</b>	<b>191,055,670</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
<b>Total</b>		
<b>d) Key management compensation</b>		
Directors' emoluments	1,044,000	1,044,000
Compensation to key management	25,950,104	23,800,851
<b>Total</b>	<b>26,994,104</b>	<b>24,844,851</b>

Notes to the Financial Statements (Continued)

**25 Segment Information**

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Turkana University College does not have any other campuses to present segmental information on so as to evaluate performance and allocation of resources to different segments.

**26 Contingent Assets and Contingent Liabilities**

**Contingent Assets**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Assets</b>		
Assets Arising from Determination Of Court Cases	-	-
Receivables From Other Government Entities	-	-
Others (Specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Contingent Liabilities**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Liabilities</b>		
Court Case Others against the Turkana University College	21,408,783	3,000,000
Others (Specify)	-	-
<b>Total</b>	<b>21,408,783</b>	<b>3,000,000</b>

The contingent liabilities are due to ongoing cases of staff and the university. The university might be required to compensate the employees approximated to Kshs 21,408,783.

**27 Capital Commitments**

<b>Capital Commitments</b>	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	86,000,000	58,000,000
Authorised and Contracted for	86,000,000	58,000,000
<b>Total</b>	<b>86,000,000</b>	<b>58,000,000</b>

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**Notes To The Financial Statements (Continued)**

**28 Surplus Remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. In line with this legal requirement TheTurkana University College did not make any surplus during the year (FY 2021 92,678,985) and hence no remittance to the Consolidated Fund.

**29 Events after the Reporting Period**

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

**30 Ultimate And Holding Turkana University College**

The Turkana University College is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**31 Currency**

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

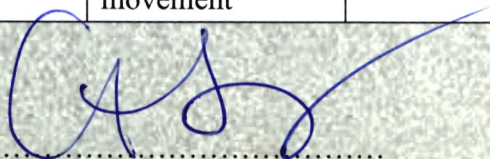
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**19. Appendix**

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

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
Use of non-prequalified Suppliers	Payments done to non-prequalified suppliers	Management have advertised, evaluated and updated the prequalification register as per the law	Resolved	Resolved
Stalled construction of Students Hostels	The project had stalled as the contractor was not on site	Management in consultation with council are working towards the completion of the hostel.	Not resolved	January 2023
Failure to tag University Assets	Physical verification of assets revealed that assets did not have identification tags to help tracking of location and movement	Management have tagged all their assets and put in place modalities of tagging any new assets that are procured.	Resolved	Resolved



Principal

Turkana University College

Date

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**Appendix II: Projects implemented by (The Turkana University College)**

Projects implemented by the State Corporation/ SAGA Funded by development partners and/or the Government.

<b>Project title</b>	<b>Project Number</b>	<b>Donor</b>	<b>Period/duration</b>	<b>Donor commitment</b>	<b>Separate donor reporting required as per the donor agreement (Yes/No)</b>	<b>Consolidated in these financial statements (Yes/No)</b>
2No Students hostel	TUC/CONST/RT/02 4/16-17	GoK	2017	100%	NO	YES

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**Appendix IV: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others	
MOESDUER	06.08.21	Recurrent	16,331,201	16,331,201	-	-	16,331,201	-	16,331,201
MOESDUER	26.10.21	Recurrent	16,331,201	16,331,201	-	-	16,331,201	-	16,331,201
MOESDUER	02.11.21	Recurrent	16,331,201	16,331,201	-	-	16,331,201	-	16,331,201
MOESDUER	26.11.21	Recurrent	16,331,201	16,331,201	-	-	16,331,201	-	16,331,201
MOESDUER	27.11.21	Recurrent	16,331,201	16,331,201	-	-	16,331,201	-	16,331,201
MOESDUER	28.12.21	Recurrent	16,331,201	16,331,201	-	-	16,331,201	-	16,331,201
MOESDUER	02.02.22	Recurrent	16,331,201	16,331,201	-	-	16,331,201	-	16,331,201
MOESDUER	02.03.22	Recurrent	16,331,201	16,331,201	-	-	16,331,201	-	16,331,201
MOESDUER	01.04.22	Recurrent	16,331,201	16,331,201	-	-	16,331,201	-	16,331,201
MOESDUER	28.04.22	Recurrent	16,331,201	16,331,201	-	-	16,331,201	-	16,331,201
MOESDUER	07.06.22	Recurrent	16,587,689	16,587,689	-	-	16,587,689	-	16,587,689
MOESDUER	28.06.22	Recurrent	16,587,693	16,587,693	-	-	16,587,693	-	16,587,693
<b>Total</b>			<b>196,487,392</b>	<b>196,487,392</b>	<b>-</b>	<b>-</b>	<b>196,487,392</b>	<b>-</b>	<b>196,487,392</b>