

REPORT

**THE NATIONAL ASSEMBLY
PAPERS LAID**

DATE: 02 FEB 2022

TABLED BY: The Majority Whip
Hon. E. Wanguwa

CLERK-AT-THE-TABLE: Finlay M.

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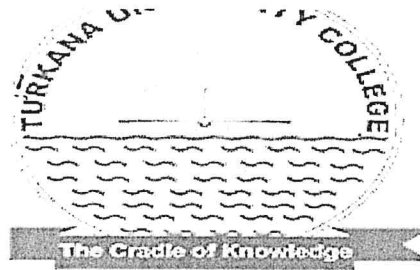
THE AUDITOR-GENERAL

ON



TURKANA UNIVERSITY COLLEGE

**FOR THE YEAR ENDED
30 JUNE, 2019**



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

29 MAR 2021

RECEIVED

TURKANA UNIVERSITY COLLEGE

A CONSTITUENT COLLEGE OF MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30TH JUNE 2019

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

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VISION, MISSION AND CORE

VISION

A Model of Excellence in Science, Technology and Innovation.

MISSION

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

CORE VALUES

Integrity
Innovation

Agility

Inclusivity
Collegiality

PHILOSOPHY

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

MOTTO

The Cradle of Knowledge

STRATEGIC OBJECTIVES

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

- *To enhance accessibility of relevant quality education and training*
- *To implement experiential learning as one of the strategic objectives, and relevant strategy to be formulated*
- *To enhance services that support students' personal health, safety and welfare*
- *To foster a culture of Innovation and creativity*
- *To create Knowledge for efficient learning*
- *To transfer Knowledge and Technology*

PRINCIPAL ACTIVITIES OF THE UNIVERSITY COLLEGE

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

I. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

Turkana University College was established as a constituent College of Masinde Muliro University of Science and Technology, under the University Act (No.42 of 2012) through Kenya Gazette Legal Notice No.8 of 27th January 2017"

(b) Principal Activities

The principal activities of the University are teaching, research, and extension services

(c) Key Mandate

The key mandate of the University is provision of quality education, training and research

(d) Headquarters

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

(e) Contacts

Telephone: 0789399751/0724178505
E-mail: info@tuc.ac.ke
Website: www.tuc.ac.ke

(f) Bankers

1. Kenya Commercial Bank

P.O. Box 150 – 30500

Lodwar, Kenya

Tel: +254 5421470

Mobile: +254 700881391

Email: lodwar@kcb.co.ke

2. 5.Mpesa Paybill No.522123

KEY UNIVERSITY INFORMATION AND MANAGEMENT (Continued)

(g) Independent Auditors

Office of the Auditor General
 Anniversary Towers, University Way
 P.O. Box 30084
 GOP 00100
 Nairobi, Kenya

(h) Principal Legal Adviser

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

(i) Council Committees

Name of the Committee	Members
Audit and Risk Compliance Committee	<ol style="list-style-type: none"> 1. Eng. Justus Gitobu Wambutura - Chair 2. Mrs. Sophy Kirorei 3. Nixon Mageka Gecheo 4. Mr. Pius Odhiambo Ng'oma-Rep PS, Ministry of Education 5. CPA Solomon Ngahu-Rep PS, National Treasury
Human Resource Management Committee	<ol style="list-style-type: none"> 1. Ms. Salome Mbeyu Mwendar- Chair 2. Mrs. Elizabeth Limagur 3. Mrs. Sophy Kirorei 4. Mr. Nixon Mageka Gecheo 5. Eng. Justus Gitobu Wambutura 6. Mr. Pius Odhiambo Ng'oma-Rep PS, Ministry of Education
Academic, Planning and Development Committee	<ol style="list-style-type: none"> 1. Mr. Nixon Mageka Gecheo - Chair 2. Eng. Justus Gitobu Wambutura 3. Ms. Salome Mbeyu Mwendar 4. Mrs. Elizabeth Limagur 5. Mrs. Sophy Kirorei 6. Mr. Pius Odhiambo Ng'oma-Rep PS, Ministry of Education

Lurkana University College
Financial Report and Statements for the Financial Year Ended 30 June 2019

Finance and Resource Mobilization and Planning Committee	<ol style="list-style-type: none">1. Mrs. Elizabeth Limagur – Chair2. Mrs. Salome Mbeyu Mwendar3. CPA Solomon Ngahu-Rep PS, National Treasury4. Mr. Pius Odhiambo Ng'oma-Rep PS, Ministry Of Education
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(j) Fiduciary Management

The key management personnel who held office during the financial period ended 30th June 2019 and had direct fiduciary responsibility were;

No.	Designation	Name	CPA Reg. No
1	Principal	Prof. Thomas E. Akuja	N/A
2	Deputy Principal	Prof. Dr. Fredrick N. Kassilly	N/A
3	Ag. Finance Officer	CPA Walter Serem	8375

(k) Fiduciary Oversight Arrangements

Key fiduciary oversight arrangements are as follow;

- Audit and finance committee activities
- Parliamentary committee activities
- Development partner oversight activities
- Other oversight activities

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Financial Report and Statements for the Financial Year Ended 30 June 2019

KEY MANAGEMENT

Name of the Staff	Responsibility
Prof. Thomas E. Akuja, PhD, D.SC	Principal
Prof. Dr. Fredrick N Kassilly	Deputy Principal (Academic and Students Affairs)

II. THE UNIVERSITY COUNCIL



Dr. Mussolini has (Ph.D), FAAPM MIoD (K). – Council Chairman

He was appointed to Turkana University Council on 10th March 2017 as the chairman.



Eng. Justus Gitobu Wambutura, Member

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

He was appointed to Turkana University Council on 10th March 2017



Mrs. Elizabeth Limagur, Member

Mrs. Limagur has a Master of Arts Degree in International Conflict Management from the University of Nairobi, a Bachelor's Degree in Mass Communication from Makerere University-Kampala

She was appointed to Turkana University Council on 24th April 2019



Mrs. Sophy Kirorei, Member

Mrs. Kirorei has Master in Management Organization & Development.

She was appointed to Turkana University Council on 10th March 2017



Mr Nixon Mageka, Member

Mr. Mageka has Master in Communication Management. He was appointed to Turkana University Council on 10th March 2017.

Turkana University College
Financial Report and Statements for the Financial Year Ended 30 June 2019



Ms. Salome Mbeyu Mwendar, Member

Ms. Mwendar has Master in Armed Conflict and Peace Studies.

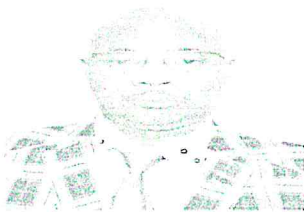
She was appointed to Turkana University Council on 10th March 2017



Mr. Pius Odhiambo Ngoma, PS MOE Rep

Mr. Odhiambo has Master in Education. He is the PS Representative, Ministry of Education, Department of University Education.

He was appointed to Turkana University Council on 10th August 2018



FA CPA Solomon Ngahu, PS National Treasury Rep

FA.CPA Solomon Ngahu is Pursuing PhD In Business administration (Finance Option) at JKUAT. He is the PS National Treasury Representative

He was appointed to Turkana University Council on 10th August 2018.



Prof. Thomas Ekamais Akuja, Ex-Officio & Secretary to Council

Prof. Thomas Ekamais Akuja is a holder of a B.Sc (Agriculture) M.Sc (Agronomy) and PhD (from Ben Gurion University). He was appointed as Principal to Turkana University College on 17th July 2018

III. CHAIRMAN OF COUNCIL'S STATEMENT

On behalf of Turkana University College Council, I am pleased to present the Annual Report and Financial Statements for the year ended 30th June 2019.

I wish to convey the Council's appreciation to the entire student fraternity, the staff, University College Management Board, the University Academic Board, Council members and the National Government for having worked tirelessly in ensuring that the key objectives for the FY 2018/2019 were achieved and key challenges identified. I want to assure all our stakeholders of the Council's continued support in the coming years to strengthen TUC and position it as a center of excellence.

The college is in the process of developing of the strategic plan.

The council has four committees that oversees the Turkana University College

I look forward to a prosperous FY 2019/2020

Dr. Mussolini Kithome, PhD

Chairman of Council

IV. REPORT FROM THE PRINCIPAL

It is with great pleasure that I present to you the Annual Report and Financial Statements for the year ended 30th June 2019. As a University, we continue with our quest to make Turkana University College a world class institution. We are striving towards providing better services to all our stakeholders, quality teaching, research and consultancy all which form our core mandate as a University.

I wish to take this opportunity to thank the Council, the University College Management Board, University College Academic Board and other organs of the University for their leadership and commitment to the course of this institution in the FY 2018/2019. We look forward to more meaningful developments and relationships in the FY 2019/2020. My appreciation also goes out to the entire staff for their steady commitment that realized the progress recorded in the year ended 30th June 2019. Finally, I wish to particularly appreciate the support of the National and County Governments and other stakeholders in fulfilling their commitments to our University and we assure you of our continued cooperation and prudent utilization of resources bestowed on us.

The college is in the process of developing of the strategic plan.

The council has four committees that oversees the Turkana University College

Thank you very much. God bless you.

Prof. Thomas Ekuja, PhD, DSC

PRINCIPAL/CHIEF EXECUTIVE OFFICER

V. UNIVERSITY COLLEGE MANAGEMENT BOARD

S/NO	NAMES	DESIGNATION
1.	Prof. Thomas E. Akuja, PhD, D.SC	Principal & Chair of the Management Board
2.	Prof. Dr. Fredrick N. Kassilly	Deputy Principal (Academic & Student Affairs)
3.	Dr. Henry Ongori, PhD	Ag. Registrar (Administration, Finance & Planning)
4.	Mr. Paul Odongo	Ag. Registrar (Academics & Student Affairs)
5.	Rev. Jackson Iruko	Ag. Dean of Students
6.	Mr. Walter Serem	Ag. Deputy Finance Officer
7.	Mr. Morris Mugambi Ngugi	ICT Officer
8.	Mr. Lawi Kiprono	Clinical Officer
9.	Ms. Irene Maiyo	Ag. Librarian

VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The University supported the following CSR activities under review

- ✓ Donated food items to Akothee Foundation in mitigation of drought in Turkana County.
- ✓ Supported youth dance group to participate in Madaraka Day Celebrations.
- ✓ Free Medical Camp at Kolokol (Long'ech Dispensary)

VII. STATEMENT OF UNIVERSITY COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act and the Universities Act No. 42 Of 2012 require the Council to prepare financial statements in respect of that University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

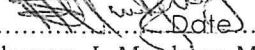
The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the State Corporations Act and the Universities Act No. 42 of 2012. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2019, and of the University's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the annual financial statements

The Turkana University College annual report and financial statements have been prepared in accordance with Section 81 of the PFM Act and were approved by the Council on 2019 and signed on its behalf by:

Sign..........Date.....8/3/2021.....
Dr. Solomon J. Muchina Munyua , PhD
CHAIRMAN

Sign..........Date.....8/3/2021.....
Prof. George N Chemining'wa PhD
AG.PRINCIPAL

Sign..........Date.....8/3/21.....
CPA Jared Okello (Reg.No.4971)
AG. FINANCE OFFICER

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The University's operational and financial performance

The University continues to deliver on its key mandate of provision of quality education, training, and research. During the period under review the University College reported a cumulative Deficit of Kshs. (81,970,573). This is due to the huge depreciation expense for property, plant & equipment.

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 and research.

SECTION B

University's compliance with statutory requirements

During the period under review the University College complied with all its statutory obligations including compliance to public procurement regulations, remittance of PAYE, NHIF, NSSF, Pension and HELB within the stipulated deadlines. The University does not foresee any potential for contingent liabilities arising from non-compliance with statutory obligations.

SECTION C

Key projects and investment decisions the entity is planning/implementing
<p>Turkana University College continues to face challenges with regard to infrastructure and facilities. To attract quality faculty and students, conduct quality research and offer community outreach services, the University College strives to establish adequate modern infrastructure and state of the art facilities.</p> <p>The University College is in the process of implementing its flagship projects as per the Strategic Plan 2019-2023. This Financial year the University has undertaken the following projects:</p>

Turkana University College
Financial Report and Statements for the Financial Year Ended 30 June 2019

Project Description	Allocated Budget 2018-2019	Funded by	Remarks
2NO. Students Hostel	90,000,000	GOK	To cater for increasing student numbers
Purchase and Installation of Enterprise Resource Planning System	7,000,000	GOK	To cater for increasing operations from rising student numbers

SECTION D

Material arrears in statutory/financial obligations

The University College Management has established an oversight mechanism to ensure that the University meets its financial obligations as and when they fall due. Therefore, are no outstanding material arrears as at the end of this financial year as all the due bills payable and statutory obligations were settled promptly.

SECTION E

The University's financial probity and serious governance issues

The Audit Committee of Council, the Internal Auditors from the Ministry and the Auditor General regularly reviews the University's internal control systems to ensure accuracy of financial reports, efficiency and effectiveness of operations and compliance to rules and regulations. The oversight bodies have not reported any financial improbity or any serious governance issues in the financial year under review.

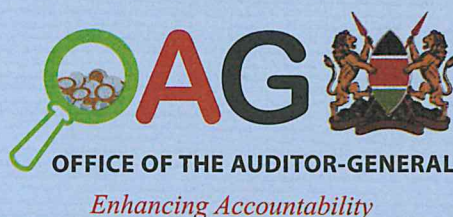
SECTION F

The University's population

The Turkana University College has a population of 72 staff members and 624 students.

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON TURKANA UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Turkana University College set out on pages 1 to 28, which comprise the statement of financial position as at 30 June, 2019, the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Turkana University College as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act No.42 of 2012 and the Public Finance Management Act, 2012.

Basis for Qualified opinion

1.0 Inaccuracies of the Financial Statements

The financial statements for the year ended 30 June, 2019 submitted for audit had various inaccuracies as detailed below.

- i. The statement of financial performance reflects revenues from exchange transactions of Kshs.38,910,731 while the corresponding Note 10 to the financial statements reflects an amount of Kshs.33,486,550 resulting in an unreconciled variance of Kshs.5,424,181.
- ii. The statement of financial position reflects a balance of Kshs.789,389,065 under property, plant and equipment while the while the movement schedule at Note 19 to the financial statements reflects a balance of Kshs.968,818,900 resulting in an unreconciled variance of Kshs.179,429,835.

- iii. The statement of financial position reflects a balance of Kshs.2,957,782 under inventory and stores. However, the balance is not analyzed with a corresponding Note to the financial statements. Further, the supporting stock sheets for the various categories of stock which, included graduation gowns, cutleries, electrical appliances and other inventories, were not provided for audit review.
- iv. The following comparative amounts reflected in 2018/2019 financial statements differed with the amounts reported in 2017/2018 financial year as indicated below.

Item	Balance as per 2018/2019 Financial Statements Kshs.	Balance as per 2017/2018 Financial Statements Kshs.	Variance Kshs.
Other Expenses	15,290,667	11,677,959	3,612,708
Income Generating Units (IGU)	-	2,268,666	2,268,666

Under the circumstances, the accuracy of the financial statements for the year ended 30 June, 2019 could not be confirmed.

2.0 Tuition and Related Charges

The statement of financial performance reflects tuition and related charges revenue of Kshs.38,910,731 which, as disclosed in Note 10 to the financial statements, comprised of twenty-five (25) revenue streams. However, student's records including student fees ledgers, journal vouchers, general ledger accounts, student fees and arrears subsidiary ledgers, and supporting schedules were not provided for audit review.

Consequently, the accuracy and completeness of tuition and related charges amount of Kshs.38,910,731 for the year ended 30 June, 2019 could not be confirmed.

3.0 Cash and Cash Equivalents

The statement of financial position reflects a balance of Kshs.77,914,408 under cash and cash equivalents which, as disclosed in Note 7 to the financial statements, was held in five (5) bank accounts. However, cash books as at 30 June, 2019 in respect of the bank accounts were not provided for audit review. Further, collection account No. 1204387079 and deposits account No. 1205643117 had unrepresented cheques amounts of Kshs.1,131,711 and Kshs.7,849,790 whose clearance status was not confirmed.

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

Consequently, the accuracy and completeness of cash and cash equivalents balance of Kshs.77,914,408 as at 30 June, 2019 could not be confirmed.

4.0 Property, Plant and Equipment

As disclosed in Note 19 to the financial statements, the statement of financial position reflects a balance of Kshs.789,389,065 under property plant and equipment. However, variances were noted between the amounts reflected in the financial statements and those reflected in the supporting schedules in respect of motor vehicles and capital work-in-progress as detailed below.

Asset	Balance as per Financial Statements (Kshs.)	Balance as per Supporting Schedule (Kshs.)	Variance (Kshs.)
Motor Vehicles	8,499,504	3,105,000	5,394,504
Capital Work-In-Progress	46,080,200	27,512,412	18,567,788

Under the circumstances, the accuracy and completeness of the property plant and equipment balance of Kshs.789,389,065 as at 30 June, 2019 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

The University College had a budget of Kshs.320,743,590 comprising of development vote budget of Kshs.127,500,000 and recurrent vote budget of Kshs.193,243,590 for the period ended 30 June, 2019. The University College spent the entire amount of Kshs.127,500,000 under development budget and spent a total of Kshs.207,522,963 under recurrent budget resulting in an over-expenditure of Kshs.14,279,373. However, the University Council minutes approving the 2018/2019 financial year budget and approval by the Cabinet Secretary were not provided for audit review.

2.0 Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2019. Management has not provided reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Delayed Construction of Students Hostels

Included in property plant and equipment balance of Kshs.968,818,900 is an amount of Kshs.48,981,295 in respect of capital work in progress being payment for construction of two student hostels and associated works. As previously reported, the tender for the construction of the two student hostels and associated works was awarded to a construction company at contract sum of Kshs.114,794,238. The contract agreement was signed on 26 September, 2017.

The contractor requested for extension of the contract on 9 February, 2018 citing delay caused by delayed payment, ballast shortage and lack of a septic tank and the extension to 24 August, 2018 was approved.

However, review of procurement records for the works revealed the following anomalies:

- i. The evaluation report indicates that evaluation was done in August, 2017 and a report containing a summary of the evaluation process and comparison of tenders prepared. However, appointment letters of the Adhoc Evaluation Committee members were not provided for audit review.
- ii. According to the evaluation report, due diligence was carried out on three construction firms. However, the signed report was not provided for audit review as required by Section 83 of the Public Procurement and Assets Disposal Act, 2015 which states that an Evaluation Committee may, after tender evaluation, but prior to the award of the tender, conduct due diligence and present the report in writing to confirm and verify the qualifications of the tenderer who submitted the lowest evaluated responsive tender to be awarded the contract in accordance with this Act.
- iii. The notification and acceptance letters, tender documents, performance bond guarantee and tender award were not provided for audit review.
- iv. There was no evidence that the Management notified unsuccessful tenderers in writing as required by Section 87(3) of the Public Procurement and Asset Disposal Act, 2015.

- v. The contract signed on 26 September, 2017 did not have clause indicating the expected start date and the period to complete the works contrary to Section 129(2) of the Public Procurement and Assets Disposal Act, 2015.
- vi. Physical verification of the project carried out in December, 2020 revealed that, substructure works of the two hostels and basketball court, foundation walling and footing, roofing, ground slab and steel goal posts for basketball court and septic tank's excavation and blinding works are done. Further, furniture fittings, electrical works, superstructure works were on-going. However, the project was behind schedule by two (2) years. In addition, no evidence was provided to show that the performance bond was renewed.

Consequently, the objectives of the project have not been achieved and the University College may not get value for money from the expenditure of Kshs.48,981,295 incurred on the project.

2.0 Non-Compliance to One Third Basic Salary Rule

Review of the payroll for the month of June, 2019 revealed instances where the employees of the University College earned net salaries less than a third of their respective basic salaries. This is contrary to Section 19(3) of the Employment Act, 2007 which provides that the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

Consequently, the University College Management was in breach of the law.

3.0 Lack of a Staff Establishment (Human Resource Management Plan)

During the year under review, the University College did not have an approved personnel establishment or human resource management plan that indicates the number of employees required under each category. It was therefore not possible to ascertain the optimum number of employees required to discharge services. This is contrary to the University College Human Resource Policies and Procedures Manual which states that all appointments should be made with the approval of the University Council and should be within the approved staff establishment.

The Management was therefore in breach of the policies.

4.0 Staff on Acting Positions Beyond Six Months

During the year under review, the University College appointed nine (9) members of staff into various positions in an acting capacity. However, there was no evidence indicating that the acting staff were paid their acting allowances and other related remunerations that come with the acting position. Further, some of the staff have been in acting position for more than six (6) months. This is contrary to Section 34(3) of the Public Service Commission Act, 2017 that states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months. No explanation has been provided by Management on why the posts have not been filled or the officers confirmed to the posts.

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

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 matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1.0 Fixed Assets Register

The statement of financial position reflects a balance of Kshs.968,818,900 under property, plant and equipment which, as disclosed in Note 19 to the financial statements, comprised of land, buildings, motor vehicles, computer and accessories, office equipment, furniture and fittings, plant and equipment and library books. However, the assets register maintained lacks critical information such as cost of the assets, serial number and date of acquisition. Further, the assets were not tagged for ease of identification.

Consequently, the University College risks losing its assets due to weak internal controls in management of fixed assets.

2.0 Lack of an Internal Audit Function

The University College did not have an Internal Audit Function contrary to Section 73(1) of the Public Finance Management Act, 2012 which requires every national government entity to ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Public Sector Accounting Standards Board (PSASB). Lack of an Internal Audit Function may lead to weak internal controls resulting in loss of public funds.

3.0 Cafeteria Maintenance and Stores Records

The University College operates a cafeteria which is housed in a prefab building which is in a dilapidated state. The cafeteria sells food to the students at a subsidized rate. However, the University College did not maintain a stores ledger indicating how food

stuffs were received and issued out of stores. Further, the cashier had no safe box to keep the cash collections from the daily sales. In addition, the cafeteria sales decreased of from Kshs.4,234,326 reported in the previous year to Kshs.2,038,056, a variance of Kshs.2,196,270 or 52% decrease which was not explained.

Consequently, there is risk of loss of public funds through pilferage of stores. The cafeteria may also pose a health hazard to the students.

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

Responsibilities of Management and the University Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis)] and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University College's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 December, 2021

IX. STATEMENT OF FINANCIAL PERFORMANCE

For the Year ended 30 June 2019

Particulars		2018/2019	2017/2018
	NOTES	CUMULATIVE	Actual Audited
		Kshs	Kshs
REVENUES			
Revenues from Exchange Trans	10	38,910,731	38,315,348
Revenues from Non-Exchange Trans	11	118,802,239	145,658,222
TOTAL REVENUES		157,712,970	183,973,570
EXPENSES			
Administrative Expenses	12	18,194,971	14,971,398
Operational & Maintenance Exp	13	13,641,133	18,746,631
Council Expenses	14	9,832,764	17,262,913
Personnel Expenses	15	73,145,157	86,325,048
Other Expenses	16	19,430,789	15,290,667
Fee Refunds			220,300
Provision for Bad Debts		2,196,310	842,030
Depreciation/Amortization Expenses	17	103,242,419	100,292,483
TOTAL EXPENSES		239,683,543	253,951,470
SURPLUS/(DEFICIT)		(81,970,573)	(69,977,900)

Sign Date 8/3/2021

Dr. Solomon J. Muchina Munyua, PhD

CHAIRMAN

Sign Date 8/3/21

Prof. George N Chemining'wa PhD

AG. PRINCIPAL

Sign Date 8/3/21

CPA Jared Okello (Reg.No.4971)

AG. FINANCE OFFICER


Turkana University College
Financial Report and Statements for the Financial Year Ended 30 June 2019

X. STATEMENT OF FINANCIAL POSITION For the year ended 30 June 2019


Particulars		2018/2019	2017/2018
	NOTES	CUMULATIVE	Actual Audited
ASSETS		Kshs	Kshs
Current Assets			
Cash and Cash Equivalents	7a&b	77,914,408	14,847,124
Inventory & Stores	4	2,957,782	4,927,781
Receivables from Exchange Trans	5	19,781,787	7,578,270
Receivables from Non-exchange Trans	6	45,750,000	19,052,366
		146,403,977	46,405,541
Non-current Assets			
Property, Plant & Equipment	1	789,389,065	845,207,265
Intangible Assets	2	133,349,636	186,689,490
Work-In-Progress	3	46,080,200	
		968,818,900	1,031,896,755
TOTAL ASSETS		1,115,222,877	1,078,302,296
CAPITAL AND LIABILITIES			
Capital Reserves			
Reserves	9	1,245,071,140	1,163,321,140
Accumulated Reserves		(108,693,818)	(38,715,918)
Surplus/deficit For Period		(81,970,573)	(69,977,900)
Capital Debt		45,750,000	18,000,000
Current Liabilities			
Payables from Exchange Trans	8	15,066,128	5,674,974
TOTAL CAPITAL AND LIABILITIES		1,115,222,877	1,078,302,296

Sign  Date 8/3/2021
Dr. Solomon J. Muchina Munyua, PhD

CHAIRMAN

Sign  Date 8/3/21
CPA Jared Okello (Reg.No.4971)

AG. FINANCE OFFICER

Sign  Date 08/03/21
Prof. George N Chemining'wa PhD

AG. PRINCIPAL

XI. STATEMENT OF CHANGES IN EQUITY

	Revaluation reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2018	(108,693,818)		1,163,321,140	1,054,627,322
Revaluation gain				
Transfer of excess depreciation on revaluation				
Deferred tax on excess depreciation				
Total comprehensive income		(81,370,573)		(81,370,573)
Capital/Development grants received during the year			81,750,000	81,750,000
Transfer of depreciation/amortisation from capital fund to retained earnings				
At June 30, 2019	(108,693,818)	(81,370,573)	1,245,071,140	1,055,006,749

XII. STATEMENT OF CASHFLOWS

For The Year ended 30 June 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	11	121,400,049.00	115,616,719.00
Tuition and Related Charges	10	38,910,731.00	32,136,482.00
Income Generating Units			2,268,666.00
Other Incomes			3,910,200.00
Total Receipts		160,310,780.00	153,932,067.00
Payments			
Administrative Costs	12	20,192,781.00	14,971,398.00
Operating and Maintenance expenses	13	13,641,133.00	18,746,631.00
Remuneration of Council	14	9,832,764.00	17,262,913.00
Employees (Personnel) Costs	15	73,145,157.00	86,325,048.00
Other expenses	16	19,430,789.00	11,677,959.00
IGU Expenses		2,586,307.50	3,612,708.00
Fees Refunds			220,300.00
Total Payments		138,828,931.50	152,816,957.00
Net cash flows from operating activities		21,481,848.50	1,115,110.00
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(40,164,564.50)	(201,321,140.00)
Net cash flows used in investing activities		(40,164,564.50)	(201,321,140.00)
Cash flows from financing activities			
Capital Development Grants		81,750,000.00	170,000,000.00
Grants Capitalized			31,321,140.00
Net cash flows used in financing activities		81,750,000.00	201,321,140.00
Net increase/(decrease) in cash and cash equivalents		63,067,284.00	1,115,110.00
Cash and cash equivalents at 1 JULY		14,847,124.00	13,732,014.00
Cash and cash equivalents at 30 JUNE		77,914,408.00	14,847,124.00

Sign Date 8/3/2021

Dr. Solomon J. Muchina Munyua, PhD

CHAIRMAN

Sign Date 8/3/21

CPA Jared Okello (Reg.No.4971)

AG. FINANCE OFFICER

Sign Date 8/3/21

Prof. George N Chemining'wa PhD

AG. PRINCIPAL

XIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For The Year ended 30 June 2019

Particulars	BUDGETED EXPENSES	ACTUAL EXPENSES	BALANCE	EXPLANATIONS TO VARIANCE
	Kshs	Kshs	Kshs	
Property, Plant & Equipment				
W.I.P (Construction of 2No hostel)	90,000,000	23,598,000	66,402,000	
W.I.P (Purchase & Installation of ERP System)	7,000,000	6,910,000	90,000	
W.I.P (Purchase of Automobiles)	7,500,000	7,192,672	307,328	
Purchase of Health Facility Lab & Admissions equipment	2,300,000	590,850	1,709,150	
W.I.P (Poultry Project)	700,000		700,000	
W.I.P (Water Project)	2,000,000		2,000,000	
Payables from Exchange Transactions				
Capital Creditors-MKU Debt	18,000,000	18,000,000		
Administrative Expenses				
Audit fees Expenses	300,000	200,000	100,000	
Bank Charges	120,000	109,586	10,414	
Consultancy Services & Strategic Plan Expenses	3,500,000	1,299,440	2,200,560	
Examination Materials/Expenses	800,000	512,992	287,008	
External Examiners Expenses	500,000	717,400	(217,400)	
External Travel & Accommodation	500,000	592,200	(92,200)	The overspent is due to budget vote under-allocation
Internet Charges	1,000,000	929,335	70,665	
Library Expenses	300,000		300,000	
New programmes/Curriculum	1,500,000	431,600	1,068,400	
Office expenses	400,000	469,223	(69,223)	The overspent is due to budget vote under-allocation
Hospitality Expenses	150,000	155,560	(5,560)	
Postal and Telegrams	100,000	15,000	85,000	
Public Celebrations	100,000	21,860	78,140	
Publishing & Printing	1,000,000	497,620	512,380	
Purchase of Stationery	1,500,000	1,516,292	(16,292)	The overspent is due to budget vote under-allocation
Purchase of Uniforms & Protective Clothing	100,000		100,000	
Research Programmes	3,000,000	328,800	2,671,200	

Turkana University College
Financial Report and Statements for the Financial Year Ended 30 June 2019

Seminars & Conferences	1,000,000	1,126,020	(126,020)	The overspent is due to budget vote under-allocation
Senate/Deans/UCAB expenses	800,000	399,070	400,930	
SGC Elections & Training	300,000	338,900	(38,900)	
Shows & exhibition expenses	100,000		100,000	
Teaching Materials/ Expenses	1,000,000	1,148,430	(148,430)	The overspent is due to budget vote under-allocation
Telephone expense	100,000	72,500	27,500	
Internship	720,000	7,700	712,300	
Travelling & Accommodation	2,000,000	4,544,319	(2,544,319)	The overspent is due to budget vote under-allocation
University College Mgmt Board	400,000	105,130	294,870	
Attachment Expenses	500,000	112,600	387,400	
Recruitment Expense	2,500,000	1,233,180	1,266,820	
Staff Retreat/Dev't of Policies Expense	2,500,000	1,339,300	1,160,700	
Council Expenses	10,000,000	9,832,764	167,236	
Operational & Maintenance Expenses				
Advert & Publicity	1,500,000	1,298,046	201,954	
Affiliation fees	200,000	33,600	166,400	
Careers week	210,000		210,000	
Cleaning Services	600,000	464,249	135,751	
Coaching and Mentorship	100,000		100,000	
Customer Surveys	150,000		150,000	
Disability Mainstreaming	100,000		100,000	
Electricity	700,000	352,881	347,119	
Hire of Transport Plant & Machinery	300,000	29,660	270,340	
Sports equipment & Activities	600,000	287,620	312,380	
HIV & AIDS	100,000	18,000	82,000	
Insurance	2,500,000	1,177,269	1,322,731	
Legal expenses	300,000		300,000	
Inter-University games	500,000	193,500	306,500	
TUCSO	300,000	339,200	(39,200)	
Maintenance of Building & stations	500,000	1,307,858	(807,858)	The overspent is due to budget vote under-allocation
Maintenance of Computers	300,000	259,845	40,155	
Maintenance of Plant & Equipment	300,000	198,720	101,280	
Maintenance of Water supplies & sewerage	500,000	228,305	271,695	
Maintenance of Catering &	400,000	68,767	331,233	

Turkana University College
Financial Report and Statements for the Financial Year Ended 30 June 2019

Hostels				
Maintenance of Playgrounds	400,000	24,450	375,550	
Maintenance of Motor Vehicles	1,500,000	1,116,158	383,842	
Security Services	500,000	325,190	174,810	
Staff Development/Training	500,000	469,400	30,600	
Student Administrative expenses	500,000	498,084	1,916	
Tender Expenses	400,000	903,086	(503,086)	The overspent is due to budget vote under-allocation
Fuel and Lubricants	1,500,000	1,145,496	354,504	
University College choir/drama	500,000	547,400	(47,400)	The overspent is due to budget vote under-allocation
Corporate Social Responsibility	100,000	145,200	(45,200)	The overspent is due to budget vote under-allocation
Water & Conservancy	1,500,000	1,084,300	415,700	
Medical Expenses	1,840,000	823,349	1,016,651	
KUCCPS Processing Expense	300,000	22,500	277,500	
CUE Processing Fees	400,000	279,000	121,000	
Gender Mainstreaming	100,000		100,000	
Other Expenses				
Performance Contracting	1,000,000	801,040	198,960	
ISO Certification	1,000,000		1,000,000	
PSSP Payments	1,000,000		1,000,000	
Part time Lecturers expenses	9,500,000	11,874,430	(2,374,430)	The overspent is due to budget vote under-allocation
Library Books	1,000,000	867,142	132,858	
Student Catering Services	5,000,000	5,690,933	(690,933)	The overspent is due to budget vote under-allocation
General Expenses	2,229,729	1,276,790	952,939	
Depreciation Expenses	1,500,000	103,242,419	(101,742,419)	The overspent is due to budget vote under-allocation
Personnel Expenses	114,023,861	73,145,156	40,878,705	
TOTAL	320,743,590	294,903,686	25,839,904	

XIV. NOTES TO THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Year ended 30 June 2019

1. GENERAL INFORMATION

Turkana University College (Constituent of Masinde Muliro University of Science and Technology) is established by and derives its authority and accountability from the Kenya Gazette Notice of 27th January 2017

The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The university's

Principal activity is to provide quality education, training, research, outreach and opportunities for innovation for the advancement of the individual and society.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The University's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017.

a) IPSAS 33: First time adoption of Accrual Basis IPSAS

The University adopted IPSAS in the year ended 30 June 2019 and therefore provisions of first-time adoption of accrual basis does not apply to the University.

b) IPSAS 34: Separate Financial Statements

The University does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply

c) IPSAS 35: Consolidated Financial Statements

The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply

d) IPSAS 36: Consolidated Financial Statements

The entity does not have investments in associates or joint ventures

e) IPSAS 37: Joint Arrangements

The entity does not have an interest in joint arrangement and therefore the standard does not apply.

XIV. NOTES TO THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

f) IPSAS 38: Disclosure of Interest in Other Entities

The entity does not have interest in other entities and therefore the standard does not apply.

ii. Early adoption of standards

The University did not early adopt any new or amended standards in year 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the University and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable excluding discounts, rebates and sales taxes or duty. The following specific recognition criteria must be met before revenue is recognized:

i) Revenue from non -exchange transactions (Transfer from other government entities)

Transfer from other National Government entities are measured at fair value and recognized on obtaining control of the asset (only amounts received or receivable in relation to the current financial year). Capital grant is recognized as deferred income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

ii) Revenue from exchange transactions

a) Rendering of services

Revenue from rendering of services recognized at the stage when the outcome of the transaction can be estimated reliably. Student fees are recognized when the student register for the semester

b) Sale of goods

Revenue from the sale of goods is recognized when it is probable that the economic benefits or service potential associated with the transaction will flow to the University

c) Interest income

Interest income is accrued using the effective yield method

d) Rental income

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

iii) Budget information

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

XIV. NOTES TO THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

iv) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses or professional valuation. 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 fair value.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation of property, plant and equipment is expensed to statement of financial performance in the following manner:

Furniture and equipment	-	12.5% on straight line basis
Buildings	-	2% on straight line basis
Motor vehicles	-	25% on straight line basis
Computers	-	33.3% on straight line basis

v) 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 carried at cost less any accumulated amortization and accumulated impairment losses.

vi) Biological Assets

There were no biological assets during the period under review.

vi) Financial instruments

Initial recognition and measurement

Financial assets and liabilities are recognized when the University becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through surplus or deficit) are added to or deducted from fair value of the assets as liabilities, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified at fair value through surplus or deficit at initial recognition.

Loans and receivables after initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment.

XIV. NOTES TO THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Impairment of financial assets

The University assesses at each reporting date whether there is objective evidence that a financial asset is impaired.

Financial liabilities

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

Loans and borrowings

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.

vii) Inventories

Inventory is measured at cost upon initial recognition. 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.

Inventory like library books are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

viii) Research grants

Research funds received from external donors for research purposes, are treated as payables.

ix) Provisions

Provisions are recognized when the University has a present obligation (legal or constructive) due to a past event. Provision for Bad and doubtful debts are estimated at 10% and are provided for after carrying out impairment review to determine the recoverability of the receivable and any associated allowance.

Contingent liabilities

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

Contingent assets

Turkana University College
Financial Report and Statements for the Financial Year Ended 30 June 2019

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become

XIV. NOTES TO THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

x) Nature and Purpose of reserves

The Turkana University College creates and maintains reserves in terms of specific requirements as follows:

- Capital Grant Reserve – Maintained for acquisition of Capital Assets
- Accumulated surplus reserve – Maintained for posting of surplus and deficits
- Revaluation reserve – Maintained for revaluation of assets.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and other 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 the future periods

xi) Changes in accounting policies and estimates

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

xii) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of that transaction. Trade creditors or debtors denominated in foreign currency are reported at 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.

xiii) 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. Further borrowing costs are charged to the statement of financial performance.

xiv) Related parties

A related party is a person or institution with the ability to exert control individually or jointly, or to exercise significant influence over the University and vice versa. The Government of Kenya and members of key management are regarded as related parties.

XIV. NOTES TO THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

xv) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand cash at bank and short-term deposits on call with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/ or institutions which were not surrendered or accounted for at the end of the financial year.

xvi) Comparative figures

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

B. SIGNIFICANT JUDGMENT AND SOURCES OF ESTIMATION UNCERTAINTY

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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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

Subsequent events

XIV. NOTES TO THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Events after the reporting date are those events, both favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue. The University has no material non-adjusting events after the reporting date. 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, 2019

C. Financial Risk Management

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

The university financial risk management objectives and policies are detailed below:

i) Credit risk

The entity 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 company's management based on prior experience and their assessment of the current economic environment.

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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

ii) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the University Council, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management

XIV. NOTES TO THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

i) Market risk

The University Council has put in place an internal audit function (seconded staff) to assist it in assessing the risk faced by the entity 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 entity'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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

ii) Capital Risk Management

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

Capital Reserves		2018/2019	2017/2018
		CUMULATIVE	ACTUAL AUDITED
		Kshs	Kshs
Reserves	9	1,245,071,140	1,163,321,140
Accumulated Reserves		(108,693,818)	(38,715,918)
Surplus/deficit For Period		(81,370,573)	(69,977,900)
Capital Debt		45,750,000	18,000,000

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2018/2019

		1,100,756,749	1,072,627,322
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D. Related Party Balances

i) Nature of related party relationships

Entities and other parties related to the University include those parties who have ability to exercise control or exercise significant influence over its operating and

XIV. NOTES TO THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

financial decisions. Related parties include management personnel, their associates and close family members.

The entity is related to

- The National Government
- The Ministry of Education
- Key management
- University Council

ii) Due from related parties

Due from Parent Ministry	45,750,000
	<u>45,750,000</u>
	=====

iii) Due to related parties

Due to the parent Ministry	0
Due to xxx SC or SAGA	0
	<u>0</u>
	=====

E. Contingent assets and contingent liabilities

The University had no pending court cases against it or issued no guarantee to any entity or person during the reporting period.

F. Capital Commitments

The University Council made capital commitments of Kes.127.5M during the year 2018/2019

G. Events after the reporting period

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

H. Currency

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

OTHER KEY NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: RECEIVABLES FROM EXCHANGE TRANSACTIONS

NOTE5	Particulars	2018/2019	2017/2018
		CUMULATIVE	Actual Audited
		Kshs	Kshs
	Receivables from Exchange Transactions		
	Student Debtors	21,963,097	8,420,300
	less impairment	(2,196,310)	(842,030)
	Other Debtors	15,000	
	TOTAL Receivables from Exchange Transactions	19,781,787	7,578,270

NOTE 6: RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

		2018/2019	2017/2018
		CUMULATIVE	Actual Audited
NOTE6	Particulars	Kshs	Kshs
	Receivables from Non-Exchange Transactions		
	GOK Recurrent Grants Receivable	-	19,052,366
	GoK Devt Grants Receivable	45,750,000	-
	TOTAL Receivables from Non-Exchange Transactions	45,750,000	19,052,366

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NOTE 7a: CASH AND CASH EQUIVALENTS

NOTE7a	Particulars	2018/2019	2017/2018
		CUMULATIVE	Actual Audited
	ACCOUNT NAME	Kshs	Kshs
i	Turkana University College - Fees Collection Account	2,176,156	7,957,497
ii	Turkana University College – I G U RESE Account	1,261,933	1,463,675
			300
iii	Turkana University College - Payments Account	1,758,601	2,874,425
iv	Turkana University College - Capital Dev Account	32,864,937	1,337
v	Turkana University College - Deposits Account	39,676,679	2,549,890
vi	Petty Cash	40,052	-
vii	Imprest Account	136,050	-
	TOTAL Cash and cash Equivalents	77,914,408	14,847,124

NOTE 7b: CASH AND CASH EQUIVALENTS' NAMES & BANK DETAILS

NOTE7b	Particulars	NAME OF BANK	BRANCH	BANK ACCOUNT NO.	ACCOUNT'S PURPOSE
	ACCOUNT NAME				
i	Turkana University College - Fees Collection Acc	KCB	LODWAR	1204387079	Students Fees
ii	Turkana University College - I G U RESE Acc	KCB	LODWAR	1218868899	IGU Revenues
iii	Turkana University College - Payments Acc	KCB	LODWAR	1206564520	All Payments
iv	Turkana University College - Capital Dev Acc	KCB	LODWAR	1222084198	Capital Development Grants
v	Turkana University College - Deposits Acc	KCB	LODWAR	1205643117	Recurrent Grants
vi	Petty Cash				Petty Expenses
vii	Imprest Account				Official Expenses Through Staff

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NOTE 8: PAYABLES FROM EXCHANGE TRANSACTIONS

NOTE8	Particulars	2018/2019	2017/2018
		CUMULATIVE	Actual Audited
		Kshs	Kshs
	Payables from Exchange Transactions		
	Prepaid Fees	4,823,769	768,019
	Trade Creditors	1,263,859	3,765,225
	Outstanding to OAG	600,000	400,000
	CDF Bursary	6,419,400	
	Employee obligation		741,730
	Refunds Payables	1,420,100	
	Caution Money	539,000	
	TOTAL Payables from Exchange Transactions	15,066,128	5,674,974

NOTE 9: RESERVES

NOTE9	Particulars	2018/2019	2017/2018
		CUMULATIVE	Actual Audited
		Kshs	Kshs
	Reserves		
	Accumulated Surplus	(190,664,391)	(108,693,818)
	Capital Reserves	1,163,321,140	1,163,321,140
	GOK Capital Development Grants	127,500,000	-
	TOTAL Reserves	1,100,156,749	1,054,627,322

NOTE 10: REVENUES FROM EXCHANGE TRANSACTIONS

NOTE10	Particulars	2018/2019	2017/2018
		CUMULATIVE	Actual Audited
	Revenues from Exchange Transactions	Kshs	Kshs
	Tuition Fees	23,722,150	26,292,512
	Application Fee	75,000	381,000
	Registration Fee	114,100	550,400
	Student Organization Fee	155,200	80,250
	Students Identity Card	5,000	4,500
	Caution money		233,500
	Examination Fee	1,335,600	667,950
	Medical Fee	700,500	297,750
	Amenity Fee	367,500	190,500
	Activity Fee	367,000	197,900
	ICT Levy	1,983,000	985,400
	Postgraduate		130,000
	Diploma/cert		17,900
	Library Fee	971,000	566,500
	KUCCPS Processing Fees	19,000	162,500
	Field Attachment	400,000	724,950
	Graduation Fees	24,500	405,070
	Field Trips	151,000	88,000
	Practicals/workshop	275,000	159,900
	Project Supervision	297,000	
	Written Examination Fee	105,000	
	Computer for development	150,000	
	Thesis Examination	850,000	
	Laboratory Fee	219,000	
	Supervision Fee	1,200,000	
	TOTAL Revenues from Exchange Transactions	33,486,550	32,136,482

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NOTE 11: REVENUES FROM NON-EXCHANGE TRANSACTIONS

NOTE11	Particulars	2018/2019	2017/2018
		CUMMULATIVE	Actual Audited
		Kshs	Kshs
	Revenues from Non Exchange Transactions		
	GoK Recurrent Grants	118,802,239	145,658,222
	TOTAL Revenues from Non-Exchange Transactions	118,802,239	145,658,222

NOTE 12: ADMINISTRATIVE EXPENSES

NOTE12	Particulars	2018/2019	2017/2018
		CUMULATIVE	Actual Audited
		Kshs	Kshs
	Administrative Expenses		
	Audit fees Expenses	200,000.00	200,000.00
	Consultancy Services & Strategic Plan Exp	1,299,440.00	179,880.00
	Examination Materials/Expenses	512,992.00	796,200.00
	External Examiners Expenses	717,400.00	17,000.00
	External Travel & Accommodation	592,200.00	-
	Internet Charges	929,335.00	995,466.00
	Library Expenses		942,491.00
	New programmes/Curriculum	431,600.00	366,830.00
	Office expenses	469,223.00	326,432.00
	Hospitality Expenses	155,560.00	81,500.00
	Postal and Telegrams	15,000.00	19,220.00
	Public Celebrations	21,860.00	20,000.00
	Publishing & Printing	487,620.00	1,499,087.00
	Purchase of Stationery	1,516,292.00	1,548,875.00
	Purchase of Uniforms & Protective Clothing	-	146,400.00
	Research Programmes	328,800.00	-
	Seminars & Conferences	1,126,020.00	813,800.00
	Senate/Deans expenses	399,070.00	795,320.00
	SGC Elations & Training	338,900.00	-
	Shows & exhibition expenses	-	437,300.00
	Teaching Materials/ Expenses	1,148,430.00	1,478,725.00
	Telephone expense	72,500.00	7,520.00
	Internship	7,700.00	-
	Travelling & Accommodation	4,544,319.00	2,851,596.00
	University College Management Board Expense	105,130.00	357,950.00
	Attachment Expenses	112,600.00	949,206.00
	Recruitment Expense	1,233,180.00	-
	Staff Retreat/Dev't of Policies Expense	1,339,300.00	-
	Training and Staff Development Expenses	80,500.00	-
	Sports Equipment	10,000.00	-
	Discretionary vote (Principal)	-	140,600.00
	TOTAL Administrative Expenses	18,194,971.00	14,971,398.00

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NOTE 13: OPERATIONAL AND MAINTENANCE EXPENSES

NOTE13	Particulars	2018/2019	2017/2018
		CUMULATIVE	Actual Audited
		Kshs	Kshs
	Operational & Maintenance Expenses		
	Advert & Publicity	1,298,046	1,331,320
	Affiliation fees	33,600	40,460
	Careers week	-	150,000
	Cleaning Services	464,249	349,030
	Electricity	352,881	478,122
	Hire of Transport Plant & Machinery	29,660	10,200
	Sports equipment & Activities	287,620	439,010
	HIV & AIDS	18,000	-
	Insurance	1,177,269	2,227,484
	Inter-University games	193,500	799,150
	TUCSO	339,200	79,100
	Maintenance of Building & stations	1,307,858	1,008,131
	Maintenance of Computers	259,845	3,200
	Maintenance of Plant & Equipment	198,720	984,070
	Maintenance of Water supplies & sewerage	228,305	689,300
	Maintenance of Catering & Hostels	68,767	525,225
	Maintenance of Playgrounds	24,450	177,450
	Maintenance of Motor Vehicles	1,116,158	2,552,503
	Security Services	325,190	1,591,986
	Staff Development/Training	469,400	999,895
	Student Administrative expenses	498,084	488,620
	Tender Expenses	903,086	1,015,175
	Fuel and Lubricants	1,145,496	914,050
	University College choir/drama	547,400	497,020
	Corporate Social Responsibility	145,200	159,820
	Water & Conservancy	1,084,300	966,890
	Medical Expenses	823,349	56,020
	KUCCPS Processing Expense	22,500	213,400
	CUE Processing Fees	279,000	-
	TOTAL Operational & Maintenance Expenses	13,641,133	18,746,631

NOTE 14: COUNCIL EXPENSES

NOTE14	Particulars	2018/2019	2017/2018
		CUMULATIVE	Actual Audited
		Kshs	Kshs
	Council Expenses		
	Council(Full Council)	6,489,688	5,990,117
	Council (Audit & Risk Compliance Committee)	1,505,140	796,372
	Council (Finance and Resource Mobilization Committee)	439,405	250,955
	Council (Academic, Planning and Dev't Committee)	729,220	1,498,285
	Council (Human Resource Committee)	669,311	8,727,184
	TOTAL Council Expenses	9,832,764	17,262,913

NOTE 15: PERSONNEL EXPENSES

NOTE15	Particulars	2018/2019	2017/2018
		CUMULATIVE	Actual Audited
		Kshs	Kshs
	Personnel Expenses		
	Gross Salary		86,325,048
	Pension contribution	932,595	-
	Part-time Payments	-	-
	Casual Workers	2,227,300	-
	Medical Scheme	2,228,460	-
	Payroll deductions.	21,453,464	-
	Payroll Net pay	46,056,990	-
	Gratuity Contribution	246,348	-
	TOTAL Personnel Expenses	73,145,157	86,325,048

NOTE 16: OTHER EXPENSES

Particulars	2018/2019	2017/2018
	CUMULATIVE	Actual Audited
	Kshs	Kshs
Other Expenses & IGU Expenses		
Performance Contracting	801,040	344,025
MKU Creditors		1,079,223
Bank Charges	109,586	106,153
Part time Lecturers expenses	11,919,430	3,444,439
Special Projects	-	1,265,959
Student Catering Services	5,690,933	5,438,160
Refunds	909,800	-
IGU General Expenses	-	3,612,708
TOTAL Other Expenses	19,430,789	15,290,667

NOTE 17: DEPRECIATION AND AMORTIZATION EXPENSES

NOTE17	Particulars	2018/2019	2017/2018
		CUMMULATIVE	Actual Audited
		Kshs	Kshs
	Depreciation/Amortization Expense		
	Depreciation of Property, Plant and Equipment	119,932,530	70,029,965
	Amortization of Goodwill	133,349,635	80,009,781
	TOTAL Depreciation Expenses	253,282,165	150,039,746

NOTE 18: CHANGES IN EQUITY

	Revaluation reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2018	(108,693,818)		1,163,321,140	1,054,627,322
Revaluation gain				
Transfer of excess depreciation on revaluation				
Deferred tax on excess depreciation				
Total comprehensive income		(81,370,573)		(81,370,573)
Capital/Development grants received during the year			81,750,000	81,750,000
Transfer of depreciation/amortisation from capital fund to retained earnings				
At June 30, 2019	(108,693,818)	(81,370,573)	1,245,071,140	1,055,006,749

NOTE 19: PROPERTY, PLANT AND EQUIPMENT MOVEMENT SCHEDULE FOR 2018/19FY

PROPERTY, PLANT & EQUIPMENT IN (KSHs)													
	0%	2.5%	25.0%	10.0%	33.3%	12.5%	12.5%	12.5%	20.0%	20.0%	25.0%	0.0%	
	Land.	Buildings.	Motor vehicles	ERP	Computer & Accessories	Office Equipment	Furniture and Fittings	Plant & Equipment	Library books	Capital Work in Progress	Sub-total	Good will	Total
Cost as at 30th June 2017	80,000,000	654,643,474	8,280,000		20,949,274	929,081	71,589,087	32,337,518	24,005,996	22,482,800	915,237,230	266,699,271	1,181,936,501
Dep. As at 30th June 2016													
Disposal													
Charge for the year 2016/17		8,125,000	1,035,000		3,491,384	58,068	4,213,974	3,293,752	2,920,159		23,077,336	26,669,927.10	49,747,263.46
Dep. As at 30th June 2017		8,125,000.00	1,035,000.00		3,491,384.12	58,067.56	4,213,974.13	3,233,751.80	2,920,158.75		23,077,336.36	26,669,927.10	49,747,263.46
Disposal													
Adjustment													
Charge/Impairment for the year 2017/2018		16,366,086.86	2,070,000.00		6,982,768.24	116,135.13	8,948,635.88	6,467,503.60	6,001,499.00		46,952,628.70	53,339,854.20	100,292,482.90
Dep. As at 30th June 2018		24,491,086.86	3,105,000.00		10,474,152.36	174,202.69	13,162,610.00	9,701,355.40	8,921,657.25	-	70,029,965.06	80,009,781.30	150,039,746.36
NBV 30th JUNE 2018	80,000,000.00	630,152,387.48	5,175,000.00		10,495,121.64	754,878.31	58,426,477.00	22,636,262.60	15,084,538.25	22,482,799.50	845,207,264.78	186,689,489.70	1,031,896,754.48
NBV 30th JUNE 2017	80,000,000.00	641,875,000.00	7,245,000.00		17,477,889.88	871,013.44	63,209,611.86	29,103,766.20	20,441,111.25	-	860,223,392.64	240,029,343.90	1,100,252,736.54
Cost as at 30th June 2018	80,000,000.00	654,643,474.34	8,280,000.00	-	20,949,274.00	929,081.00	71,589,087.00	32,337,518.00	24,005,996.00	22,482,799.50	915,237,229.84	266,699,271.00	1,181,936,500.84
Disposal													
Additions			7,192,672.00	6,910,000.00			1,006,500.00	590,850.00	867,142.00	23,597,400.50	40,164,564.50		40,164,564.50
Adjustment													
Cost as at 30th June 2019	80,000,000.00	654,643,474.34	15,472,672.00	6,910,000.00	20,949,274.00	929,081.00	72,595,587.00	32,928,368.00	24,873,138.00	46,080,200.00	955,401,794.34	266,699,271.00	1,222,101,065.34
Dep. As at 30th June 2018	-	24,491,086.86	3,105,000.00	-	10,474,152.36	174,202.69	13,162,610.00	9,701,255.40	8,921,657.25	-	70,029,965.06	80,009,781.30	150,039,746.36
Disposal													
Adjustment													
Charge/Impairment for the year 2018/2019	-	16,366,086.86	3,868,168.00	691,000.00	6,982,768.24	116,135.13	9,074,448.38	6,585,673.60	6,218,284.50	-	49,902,564.70	53,339,854.20	103,242,418.90
Dep. As at 30th June 2019	-	40,857,173.72	6,973,168.00	691,000.00	17,456,920.61	290,337.81	22,237,058.38	16,286,929.00	15,139,942.25	-	119,932,529.76	133,349,635.50	253,282,165.26
NBV 30th JUNE 2019	80,000,000.00	613,786,300.62	8,499,501.00	6,219,000.00	3,512,353.40	658,743.19	50,356,528.63	16,641,439.00	9,723,155.75	46,080,200.00	835,469,264.58	133,349,635.50	968,818,900.08

XI APPENDICES

APPENDIX I: PROGRESS ON FOLLOW ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS

Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
1.1	Presentation of Financial Statements	The passport photos of the board of directors and management were not included in the reports	Ms Beatrice Ondago – Council Secretariat	Un resolved	30 th June 2021
1.2.1	Equity and Reserves	Summation problem resulting in unexplained/unreconciled variance of Kshs.1,163,321,140	CPA Jared Okello Ag Finance Officer	Resolved	
1.2.2	Statement of Cash Flow	There was an omission of Kshs 170,000,000	CPA Jared Okello Ag Finance Officer	Resolved	
1.2.3	Statement of Financial Performance and Statement of Comparison of Budget and Actual Amounts	There were apparent variances in the comparison of the actual and budgeted due to transfer of figures to the main report	CPA Jared Okello Ag Finance Officer	Un resolved	30 th June 2021
1.2.4	Projects Implemented by the Entity	The projects implemented were not captured in the budget vs actual statement	CPA Jared Okello Ag Finance Officer	Un resolved	30 th June 2021
1.2.5	Capital Commitments	The documents were with the EACC	Prof George Chemining'wa Ag Principal	Un resolved	30 th June 2021

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2.0	Tuition and Related Charges	Supporting Schedules not availed due to system failure at the time of the audit	Mr C Rop Student Acctnt	Un resolved	30 th June 2021
Ref No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
3.0	Operating and Maintenance Expenses	Supporting Schedules not availed due to system failure at the time of the audit	Mr C Rop Acctnt	Un resolved	30 th June 2021
4.0	Other Expenses	Inclusion of MKU expenses	CPA Jared Okello Ag Finance Officer	Un resolved	30 th June 2021
5.0	Provision for Bad Debts	Omission of the provision for bad debts in the statement of financial performance	CPA Jared Okello Ag Finance Officer	Un resolved	30 th June 2021
6.0	Cash and Cash Equivalents	Cash book and bank reconciliation statement as at 30 June 2018 in respect of bank account 1205643036 held at Kenya Commercial Bank were not availed for audit review since the account had been closed	CPA Jared Okello Ag Finance Officer	Resolved	
7.0	Property, Plant and Equipment	Valuation of the Property, Plant and Equipment	Prof George Chemining'wa Ag Principal	Un resolved	30 th September 2021

APPENDIX II. Key projects completion status

	Project	Total Project Cost	Total expended to date	Completion % to date	Budget	Sources
		Kshs '000'	Kshs '000'	%	Kshs '000'	
1	2NO. Students Hostel	114,798	48,981	42%	93,000	GoK
2	Purchase & Installation of ERP	7,000	6,910	99%	7,000	GoK
3	Purchase of Automobile	7,200	7,193	100%	7,500	GoK
4	Special Water Project	2,000	-	0	2,000	GoK

APPENDIX IIIa. Inter-entity transfers

Transfers from Ministries, Departments and Agencies

Name of the Entity Sending the Grant	Amount recognized to the Statement Financial Performance	Amount Accrued	Amount recognized in Capital Fund	Cumulative Transfers to date
	Shs	Shs	Shs	Shs
Ministry of Education	121,400,049	45,750,000	127,500,000	248,900,049

APPENDIX IIIb. Recurrent Grants (Gok) For 2018/19fy

Disbursements to TUC from MOE via Masinde Muliro University of Science & Technology

	Revenue From Non Exchange				
Date of Receipt	SENDING ENTITY	Month	Amount	CUMULATIVE TOTALS	QUARTERS
10th Sept 2018	MOE & MMUST	JULY & AUG. 2018	19,024,732.00	19,024,732.00	
22nd Oct 2018	MOE & MMUST	SEPT. 2018	9,512,366.00	28,537,098.00	Q1
15th Nov 2018	MOE & MMUST	OCT. 2018	9,512,366.00	38,049,464.00	

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17th Dec 2018	MOE & MMUST	NOV. 2018	8,941,624.00	46,991,088.00	
4th Feb 2019	MOE & MMUST	DEC. 2018	8,370,882.00	55,361,970.00	Q2
15th Feb. 2019	MOE & MMUST	JAN. 2019	8,941,624.00	64,303,594.00	
7th March 2019	MOE & MMUST	JAN. 2019	570,742.00	64,874,336.00	
20th March 2019	MOE & MMUST	FEB. 2019	9,534,626.00	74,408,962.00	
27th March 2019	MOE & MMUST	FEB. 2019	9,512,366.00	83,921,328.00	
18th April 2019	MOE & MMUST	MAR. 2019	8,941,623.00	92,862,951.00	Q3
29th May 2019	MOE & MMUST	APR. 2019	9,512,366.00	102,375,317.00	
20th June 2019	MOE & MMUST	MAY. 2019	9,512,366.00	111,887,683.00	
28th June 2019	MOE & MMUST	JUN. 2019	9,512,366.00	121,400,049.00	Q4
TOTAL			121,400,049.00		

APPENDIX IIIc. Capital Development Grants (Gok) For 2018/19fy

Disbursements to TUC from MoE via Masinde Muliro University of Science & Technology

Date of Receipt	Disbursement From	Disbursement to	Amount (Kshs)
17th Dec 2018	MOE & MMUST	Turkana University College	63,750,000
12th June 2019	Ministry of Education (MOE)	MMUST for TUC	18,000,000
20th July 2019	MOE & MMUST	Turkana University College	45,750,000
TOTAL			127,500,000

APPENDIX IV. Arrears/Financial Obligation/Contingent Liabilities

Material arrears in Statutory/financial obligations/contingent liability

As at	30 Sept. 2018	31 Dec. 2018	31-March 2019	30-June 2019	Prio Year
Salary Arrears					
	0	0	0	0	0

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Loan Arrears	Principal	0	0	0	0	0
	Interest	0	0	0	0	0
	Total	0	0	0	0	0
Statutory Obligations	NSSF	0	0	0	0	0
	NHIF	0	0	0	0	0
	PAYE	0	0	0	0	0
	Corporate tax	0	0	0	0	0
	Pension	0	0	0	0	0
Other Obligations	Pending bills	18M	18M	18M	0	18M

APPENDIX V. Capital Grants

Capital Grants Income	Amount (Kshs)
Opening balance as at 1 July 2018	1,163,321,140
Additions during the year	81,750,000
Sub-Total	1,245,071,140
Transfers to income statement	-
Balance as at 31 Dec. 2018	1,245,071,140
Deferred income	-
Balance as at 31 March. 2019	1,245,071,140