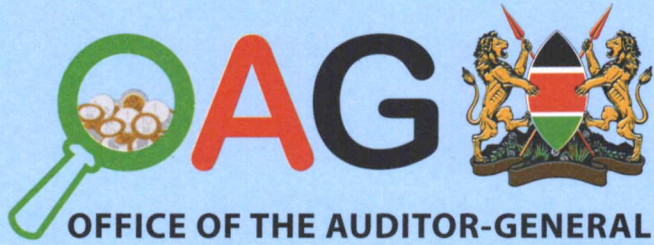


REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

269

**OF**

**THE AUDITOR-GENERAL**

**ON**

**TURKANA COUNTY GOVERNMENT  
EQUALISATION FUND**

**FOR THE YEAR ENDED**

**30 JUNE, 2025**

	PAPERS LAID
DATE	19/2/2026
TABLED BY	Munonyi W. W.
COMMITTEE	+
CLERK AT THE TABLE	Angela

10/2



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**TURKANA COUNTY GOVERNMENT  
EQUALISATION FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

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

11 DEC 2005

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**1. Acronyms and Definition of Key Terms**

**A: Acronyms**

AGPO	Access to Government Procurement Opportunities
CA	County Assembly
CBK	Central Bank of Kenya
CDF	Constituency Development Fund
CEO	Chief Executive Officer
CECM	County Executive Committee Member
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
CT	County Treasury
EF	Equalisation Fund
EFAB	Equalisation Fund Advisory board
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
NGO	Non-Governmental Organisation
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PIIC	Project Identification and Implementation Committee
PPE	Property, Plant & Equipment
PPPs	Public Private Partnerships
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
WB	World Bank

**B: Definition of Key Terms**

**Fiduciary Management-** Members of Management are directly entrusted with the responsibility of the financial resources of the organization.

**Comparative Year-** Means the prior period.

*(This list is an indication of the common acronyms and abbreviations; the Entity should include all from the annual report and financial statements prepared)*

**2. Key Entity Information and Management**

**(a) Background information**

The Equalisation Fund was established under Article 204 (1) of the Constitution of Kenya (CoK), 2010, and operationalized by the Public Finance Management (Equalisation Fund Administration) Regulations, 2021. The Equalisation Fund (EF) is domiciled in Finance and Economic Planning, Turkana County, Kenya.

**(b) Principal Activities**

The EF shall be used to provide basic services, including water, roads, health facilities, and electricity, to marginalized areas to the extent necessary to bring the quality of those services to the level generally enjoyed by the rest of the nation.

**(c) Key Management**

The *Fund's* management is under the following key organs:

No.	Designation
1.	County Technical Committee
2.	Sub County Technical Committee
3.	Project Identification and Implementation Committee

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	County Executive Committee Member for Finance	<b>Roselyne Aite</b>
2.	Head of Finance	<b>Robert Lotaruk</b>
3.	Head of Procurement	<b>Samson Nakito</b>
4.	Other ( <i>County Equalisation Focal Person</i> )	<b>Francis Lokwar</b>

(Include positions regarded as top management in running the Fund as per your organizational structure).

**Key Entity Information and Management (continued)**

**(e) Fiduciary Oversight Arrangements**

The PFM Act, 2012 Section 155 (5) requires a County Governments to establish audit committee the department is headed by Director of internal audit who reports directly to audit committee on execution of its mandates, makes follows and review recommendations by the external auditors to see whether they are implemented.

- **Audit and finance committee activities**
- **Senate Committee Activities**
- **Parliamentary committee activities**
- **County Assembly**
- **Development partner oversight activities**

Various collaborations have been done with various development partners.

- **Controller of Budget**

The office of the controller of budget granted authorization of withdrawal of funds.

- **Office of the Auditor General**

**(f) Entity Headquarters**

P.O. Box 11-30500

Treasury Building/House/Plaza

Nawoitorong Road/Highway

**LODWAR, KENYA**

**(g) Entity Contacts**

Telephone: (254) 729305555

E-mail: [Countysecretary@turkana.go.ke](mailto:Countysecretary@turkana.go.ke)

Website: [www.turkana.go.ke](http://www.turkana.go.ke)

**(h) Entity Bankers**

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

**NAIROBI, KENYA**

**(i) Independent Auditor**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084




GPO 00100

Nairobi, Kenya


**(j) Principal Legal Adviser**

1. The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya
  
2. County Attorney  
Turkana County Government  
P.O. Box 11-30500  
Lodwar, Kenya

3. Key Management Team

Name	Details of qualifications and experience
<p>1. Roseline Aite</p> 	<p>Mrs. Roseline Aite is an ongoing student at Catholic University of East Africa pursuing MA-Development Studies. She is a holder of Bachelors degree in ED/ARTS(GEO/ECONS) 2<sup>nd</sup> Class Honors Upper Division from Maseno University.</p> <p>She has over 22 years of work experience in the public with 9 years' legislation experience serving at the table office, procedure and committee clerk of the county assembly of Turkana. She has worked in Private sector handling senior management policy and decision making functions.</p>
<p>2. Robert Lotaruk</p> 	<p>Mr. Lotaruk Robert Ekai has over 13 years' of work experience serving in various capacities in the public sector including senior management, policy and decision making positions.</p> <p>He holds a Bachelors degree in Business Management (Supply and Procurement Management Option) BBM and Diploma in Procurement and Logistics from International correspondence School ISC.</p>
<p>3. Samson Lokwei Nakito</p> 	<p>1) Samson Lokwei Nakito                  2) ID no. <u>11428300</u>                  3) Director Supply chain management Services                  4) KISM membership no. <u>72108</u>, Licence <u>K1141/2018</u></p> <p>5) Academic background                  a) MSC purchasing and supplies Management (ongoing - last semester)                  b) Bachelor of Business management ( purchasing and supplies option)                  C) Advance Diploma in purchasing and supplies mngt                  D) International Diploma in stores and inventory control</p>

**Annual Report and Financial Statements for the year ended June 30, 2025.**

	<p>Job experience</p> <p>a) international Rescue Committee - Logistics coordinator Lodwar and Kakuma ( 4 years).</p> <p>b) Logistics coordinator - Tearfund International Southern Sudan ( 7 years).</p> <p>C) United Nations World Food programme - Logistics Assistant - Operations Lifeline Sudan ( 9 years).</p>
<p>4. Francis Lokwar</p> 	<p>Francis has over twenty (20) years' working experience in Public and Non-Governmental Organizations.</p> <p>He is a holder of a Masters degree in Development from Masinde Muliro University and a bachelor's degree in Economics from Kenyatta University.</p> <p>He is currently serving as the Director Economic planning and coordinator of Equalisation Fund in Turkana County.</p>

**4. Report of the County Executive Committee Member for Finance**

In the Financial year 2023/2024 through the Equalisation Fund Appropriation Bill 2023, Turkana County was allocated **kshs. 1,203,573,848**. Loima Constituency was allocated **Kshs. 220,390,107**, Turkana Central Constituency **Kshs. 136,259,192**, Turkana East Constituency **Kshs.123,375,493**, Turkana North Constituency **kshs. 333,858,792**, Turkana South Constituency **kshs. 119,843,070** and Turkana West Constituency **kshs. 269,847,194** to fund development expenses (Provision of basic services including water, roads, Health facilities and Electricity).

**Turkana County Projects Analysed per Sector and Board Resolution.**

S/N	Category	Education	Energy	Health	Roads	water	Total
1	Approved Projects	1	0	2	0	30	33
2	Conditionally approved projects	0	4	24	6	16	50
3	Partial Approved projects	0	0	2	0	0	2
4	Declined Projects	4	0	0	0	0	4
	<b>Total</b>	<b>5</b>	<b>4</b>	<b>28</b>	<b>6</b>	<b>46</b>	<b>89</b>

Total expenditure as at 30<sup>th</sup> June, 2025 was **kshs. 238,091,895.30**.

The County as successfully drilled, equiped and piped Boreholes. Installed Solar PVs to Primary schools and Dispensaries. Graded and gravelled roads Construction of Dispensaries including a complete Child maternity clinic in Kakuma.

During the year the County faced numerous challenges that impeded implementation. Administrative bureaucracies in the approval of projects by various levels of the committees, carrying projects feasibility studies and approval of expenditures/requests by the Board slowed down budget implementation. This was also the first time for Counties to implement Equalisation fund and were required to set up structures.

The FY 2023/2024 was generally a challenging year though we made notable progress on implementation of projects despite the fact that the fund as no administartive cost (Recurrent) to support quarterly Monitoring of projects. We will continue with this momentum and focus to enable Turkana County continues on prosperous trajectory. We have identified gaps and areas to improve on in the subsequent years.

Turkana County Government  
Equalisation Fund

**Annual Report and Financial Statements for the year ended June 30, 2025.**

---



.....  
Name: *Roseline Aite*  
CECM-Finance

**THE COUNTY EXECUTIVE  
FINANCE & PLANNING  
30 JUN 2025  
TURKANA COUNTY GOVERNMENT  
P.O. Box 11 -30500 -30500, LODWAR**

### 5. Statement of Performance against Predetermined Objectives for FY 2024/2025-1

Turkana County Equalisation Fund had five strategic pillars in the Strategic plan FY 2024-2025 and as outlined in the Third County Integrated development Plan and Governors nine point Agenda.

Pillar 1: Water

pillar 2. Health Services

Pillar 3: Education

Pillar 4: Roads

Pillar 5: Energy

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Water Quality and Quantity	Access to clean, quality portable water	No. of Boreholes successfully drilled	Geohydrogeological Survey, Drilling, Equiping, Solarizing, Piping, Construction of Storage tanks	21 Boreholes drilled
Pillar 2: Healthy and well-nourished citizens	Secure access, affordable, cost-effective, quality, equitable, comprehensive, and integrated people-centered health services.	No. of operational Health facilities	Construction of Health facilities	3 Health facilities completed.
Pillar 3: Expand Education Infrastructure	Provision of safe and secure learning environment.	No. of classrooms constructed	Construction of classrooms and donrnitoris and Social Halls	1 Classroom constructed/1 No. Dormitory on going/ 1 no. Social Hall on going
Pillar 4: Develop road infrastructure	Improve transport infrastructure.	No. of KMs of road maintained.	No. of access roads opened/ Increase of KMs of roads graded and gravelled.	Several access roads opened/Dozing of namariath drift.
Pillar 5: Sustainable use of renewable Energy	Increase access to renewable Energy	No. of institutions connected with Solar PVs	Installation of Solars and Streetlights	3 Dispensaries installed with solar PVs/2 Secondary schools

				installed with Solar PVs
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## **6. Corporate Governance Statement**

### **a) Composition of Committees.**

#### **County Technical Committee**

1. County Commissioner-Chairperson
2. County Executive Committee Member for Finance.
3. Constituency Development Fund managers.
4. Representative of County Assembly.
5. Representatives of implementing sectors with prioritized Projects.
6. Chairperson of the Constituency Development Fund (CDF)

#### **Sub-County Technical Committee**

1. Sub-County Commissioner-Chairperson.
2. Four technical officers from ministries relevant to funding priorities.
3. Chairpersons of Project Identification and Implementation Committees within the sub-county.
4. Secretary of the Constituency

#### **Project Identification and Implementation Committee**

1. Assistant Sub-County Commissioner-Chairman
2. The village administrators of areas defined by the Commission on Revenue Allocation as marginalized.
3. Representative of the women, youth, minorities and persons with disabilities from marginalized areas.

4. A representative of the Constituency Development Fund committee member at the sub-county level; A representative of religious group or local Non-Governmental Organisation (NGO) with office at ward level

**b) Functions of Committees**

**County Technical Committee**

1. Approving all projects to be financed from the Fund.

**Sub-County Technical Committee.**

1. Receive project funding proposals from respective Project Identification and Implementation committees.
2. Evaluate and prioritize all development proposals from the Project Identification and Implementation Committees.
3. Assess the feasibility and cost all project proposals received from the Project Identification and Implementation Committees.
4. Submit project proposals and funding requests received from the Project Identification and Implementation Committees to the county government.
5. Monitor all projects being undertaken and ensure they meet the objectives they are originally meant to achieve.
6. Prepare quarterly reports on funds received and implementation status of all projects financed by the Fund to the county technical committee with a copy to the County Executive Committee Member responsible for matters relating to finance.
7. Prepare and submit annual reports on implementation of all projects financed by the Fund to the county technical committee with a copy to the County Executive Committee Member for Finance.

**Project Identification and Implementation Committee.**

1. Undertake public participation, in beneficiary areas.
2. Identify and prioritize project in beneficiary areas in line with guidelines issued by the administrator of the Fund.
3. Prepare and submit project funding proposals to sub-county technical committee.
4. Provide oversight on project implementation.

## 7. Management Discussion and Analysis

In the Financial year 2023/2024 through the Equalisation Fund Appropriation Bill 2023, Turkana County was allocated **kshs.1,203,573,848**. Loima Constituency was allocated **Kshs. 220,390,107**, Turkana Central Constituency **Kshs.136,259,192**, Turkana East Constituency **Kshs.123,375,493**, Turkana North Constituency **kshs.333,858,792**, Turkana South Constituency **kshs.119,843,070** and Turkana West Constituency **kshs.269,847,194**. These funds were intended to support development expenditures including the Provision of basic services such as water, roads, Health facilities and Electricity. However, only **Kshs.1,049,657,927** was eventually allocated.

### Turkana County Projects Analysed per Sector and Board Resolution.

S/N	Category	Education	Energy	Health	Roads	water	Total
1	Approved Projects	1	0	2	0	30	33
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The FY 2023/2024 was generally a challenging year though we made notable progress on implementation of projects despite the fact that the fund as no administrative cost (Recurrent) to support quarterly Monitoring of projects. We will continue with this momentum and focus to enable Turkana County continues on prosperous trajectory. We have identified gaps and areas to improve on in the subsequent years.

## **8. Environmental and Sustainability Reporting**

**(Two to three pages)**

### **i) *Sustainability strategy and profile***

The top management especially the accounting officer has ensured that in the County Annual programme performance for the Financial Year 2023/2024 has sustainable programmes that are consistently captured, analysed and reported. The progress report on in implementation of projects and programmes are also captured by the county government at departmental level. The process ensures that there is transparency, accountability and evidence in management of public funds while further enhancing linkages between development plans, policy implementation and budgeting as provided by Chapter 220(2) of the Constitution of Kenya 2010. should refer to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

### **ii) *Environmental performance***

The County government through the department of Environment has actively participated in the environmental activities. The tree planting exercise has been ongoing around County offices, Schools, Hospitals and Social places and majorly in Turkana Cultural Ekales Centre in a bid to achieve the forest cover.

### **iii) *Employee welfare***

The County government completed staff establishment policy and it is now under implementation. The board managed to employ a number of new staff to bridge the existing gaps. The new recruitment has taken into consideration the gender ratio, tribe and minority groups in the community residing in turkana county. Various staff from ministry of health, public service and disaster management and finance have since been promoted on merits to higher positions boosting their engagement levels.

### ***Marketplace practices-***

The County government has endeavoured to comply with all procurement laws and good business practices to ensure fairness in the distribution of contracts:

**a) *Responsible competition practice.***

All contracts are advertised and suppliers use IFMIS system to submit their documents for evaluation as per the set procurement criteria. Both successful and unsuccessful bidders are notified on who won the contract with justifications.

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

All contracts are advertised and suppliers use IFMIS system to submit their documents for evaluation as per the set procurement criteria. Both successful and unsuccessful bidders are notified on who won the contract with justifications.

**c) *Responsible marketing and advertisement or Responsible engagement with the citizens***

The county government through the ministry of Trade engages the public on annual basis on the revisions of laws governing fair trade practices. During the Finance Public views are always sorted before its presented to the County Assembly.

**d) *Product stewardship or Awareness Creation***

The department of trade has conducted market analysis on the weights of goods to ensure customers are protected.

**9. Statement of Management Responsibilities**

Section 167 of the Public Finance Management Act, 2012 and Sec 20 of the Public Finance Management (Equalisation Fund Administration) Regulations, 2021 requires that, at the end of each financial year, the Administrator of a County Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.


The Management of the County Equalisation Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on June 30, 2025. 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 Fund; (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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Management of the County Equalisation Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Finance Management (Equalisation Fund Administration) Regulations, 2021. The Management of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of the Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. The Management further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Management of the County Equalisation Fund has assessed the Fund's ability to continue as a going concern and nothing has come to the attention of the Management to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

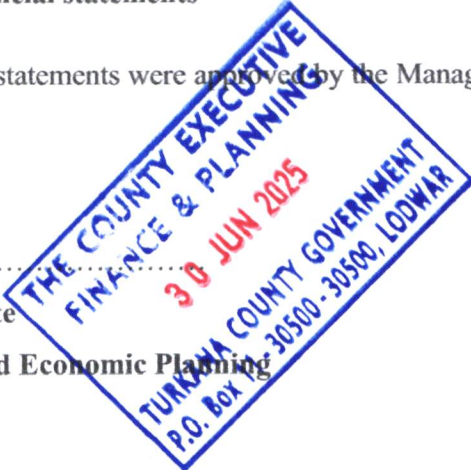
**Approval of the financial statements**

The Fund's financial statements were approved by the Management on 30<sup>th</sup> June, 2025 and signed on its behalf by:



Name: Roseline Aite

CECM Finance and Economic Planning



# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON TURKANA COUNTY GOVERNMENT EQUALISATION FUND FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

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

#### **Opinion**

I have audited the accompanying financial statements of Turkana County Government Equalisation Fund set out on pages 1 to 25, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of

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*Report of the Auditor-General on Turkana County Government Equalisation Fund for the year ended 30 June, 2025*

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Turkana County Government Equalisation Fund as at 30 June, 2025 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 (Equalisation Fund Administration) Regulations, 2021 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2025 reflects final receipts budget and actual on comparable basis totalling to Kshs.1,049,657,927 and Kshs.238,091,895 respectively, resulting to an underfunding of Kshs.811,566,031 or approximately 77% of the budget.

In addition, the statement of management discussion and analysis on page xvi indicates that the Fund was allocated Kshs.1,203,573,848 through the Equalisation Fund Appropriation Bill 2023. However, the amount differs with the final budget amount of Kshs.1,049,657,927, resulting in unexplained variance of Kshs.153,915,921.

The underfunding affected the implementation of planned activities and may have negatively impacted on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **Other Matter**

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

## **Other Information**

The Management is responsible for the Other Information set out on page iv to xx which comprise of Key Entity Information and Management, Key Management Team, Report of the County Executive Committee Member for Finance, Statement of Performance Against Predetermined Objectives, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Failure to Allocate Fund Administration, Monitoring and Evaluation Costs**

The statement of financial performance reflects total expenditure of Kshs.386,608,948 during the year under review. As disclosed in Note 7 to the financial statements, this amount relates to payments made for certified works on roads, water, health, energy, and education facilities. However, no budgetary allocation was set aside for oversight, monitoring, and evaluation of projects implemented by the County Government of Turkana.

In the circumstances, effectiveness of oversight, monitoring and evaluation of ongoing projects by the Fund Management could not be confirmed.

## **2. Failure to Charge and Remit the Public Procurement Capacity Building Levy**

The statement of financial performance reflects total payments of Kshs.386,608,948 incurred on various Turkana County Government Equalization Fund projects. However, there was no evidence of a public procurement capacity building levy charged on all procurement contracts. This was contrary to paragraph 3(1) of the Public Procurement Capacity Building Levy Order, 2023 which requires that there shall be paid a Levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

## **3. Outstanding Receivables**

The statement of financial position reflects accounts receivables balance of Kshs.811,566,032 in respect of receivables from Equalisation Fund as disclosed in Note 9 to the financial statements. As at the time of audit in November, 2025 the funds had not been received. The delay in disbursement of outstanding receivables affects the implementation of the projects hence delay of provision of basic services, including water, roads, health facilities and electricity to marginalized areas of Turkana County.

In the circumstances, the recoverability of the outstanding receivables from non-exchange transactions could not be confirmed.

## **4. Outstanding Accounts Payables**

The statement of financial position reflects a balance of Kshs.148,517,053 in respect of pending accounts payables. As disclosed in Note 10 to the financial statements, this represents amounts due to contractors.

Failure to settle pending bills during the year to which they relate affects the implementation of subsequent year's budget programs as the accounts payable form a first charge on that year's budget disbursement and is contrary to Treasury circular Ref.AG3/101/75 which requires Accounting Officers to establish effective financial controls and maintain financial discipline in order to achieve efficient utilization of resources and ensure adherence to financial regulations and procedures to curb accumulation of accounts payables which may attract accumulated penalties and interest on outstanding amounts resulting to avoidable costs.

In the circumstances, Management was in breach of government policy.

## **5. Project Implementation status**

Review of the projects undertaken during the year revealed that out of eighty-eight (88) projects valued at Kshs.1,049,657,927, only six (6) projects had been completed while twenty-seven (27) were ongoing and fifty-five (55) had not been started.

The incomplete projects imply delayed benefits to the public.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Internal Audit Function and Reports**

During the year under review, Management had not established an internal audit department and audit committee. Further, there was no evidence that internal audit reviews were carried out during the financial year. This was contrary to section 155(1) of the Public Finance Management Act, 2012 which requires that every county government entity shall have appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, the effectiveness of internal controls, risk management and overall governance could not be confirmed.

#### **2. Lack of Risk Management Policy**

Review of the internal controls of the Fund revealed that the risk Management policy was not in place. In addition, no documented formal risk assessments were provided for audit for the period under review. This was contrary to Regulation 158(1) of the Public Finance Management (County government) Regulations, 2015 which requires that an entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations

In the circumstances, the Fund lacks mechanisms to detect, prevent, or respond to fraudulent activities which may undermine the Fund's ability to fulfill its objectives.

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

### **Responsibilities of the Management and those Charged with Governance**

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

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

**Nairobi**

**16 December, 2025**

**11. Statement of Financial Performance for the year ended 30 June 2025**

	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Revenue from Non-Exchange Transactions</b>			
Transfers from Equalisation Fund	6	1,049,657,927	-
<b>Total Revenue</b>		<b>1,049,657,927</b>	-
<b>Expenditure</b>			
Use of goods and services	7	386,608,948	-
<b>Total Expenditure</b>		<b>386,608,948</b>	-
<b>Surplus for the year</b>		<b>663,048,979</b>	-

The notes set out on pages 15 to 18 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed by:

.....  
 Name: Roseline Aite  
 CECM-Finance

Date 30<sup>TH</sup> Jun, 2025

**THE COUNTY EXECUTIVE  
 FINANCE & PLANNING  
 30 JUN 2025  
 TURKANA COUNTY GOVERNMENT  
 P.O. Box 11 - 30500 - 30500, LODWAR**

.....  
 Name: PETER LOCHAM  
 Fund Accountant  
 ICPAK M/No:  
 Date 30<sup>TH</sup> Jun, 2025

12. Statement of Financial Position as at 30 June 2025

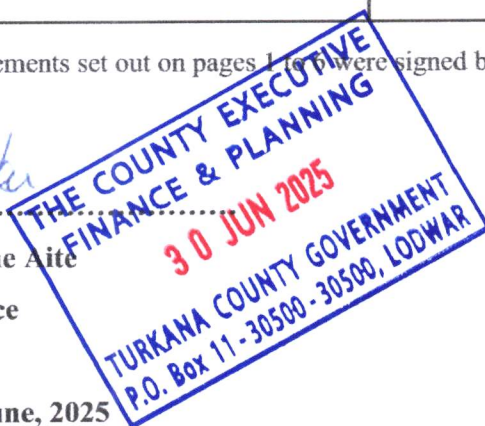
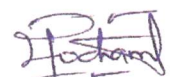
Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash And Cash Equivalents	8	23,809,190	-
Receivables non-exchange transactions	9	811,566,032	-
<b>Total Current Assets</b>		<b>835,375,221</b>	-
<b>Total Assets (A)</b>		<b>835,375,221</b>	-
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Certificates Payable	10	148,517,053	-
Retention	11	23,809,190	-
<b>Total Current Liabilities</b>		<b>172,326,242</b>	-
<b>Total Liabilities (B)</b>		<b>172,326,242</b>	-
<b>Net Assets (A-B)</b>		<b>663,048,979</b>	-
<b>Represented By:</b>			
Accumulated Surplus		663,048,979	-
<b>Net Assets</b>		<b>663,048,979</b>	-

The financial statements set out on pages 1 to 9 were signed by:



Name: Roseline Aite  
CECM-Finance

Date 30<sup>TH</sup> June, 2025

Name: PETER LOCHAM  
Fund Accountant  
ICPAK M/No:

Date 30<sup>TH</sup> June, 2025

13. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Accumulated surplus
	Kshs
<b>Prior Year</b>	
Balance As At 1 July 2023	-
Surplus/(Deficit) For the Year	-
Balance As At 30 June 2024	-
<b>Current Year</b>	
Balance As At 1 July 2024	-
Surplus/(Deficit) For The Year	663,048,979
Balance As At 30 June 2025	<b>663,048,979</b>

THE COUNTY GOVERNMENT OF TURKANA  
OFFICE OF THE CHIEF EXECUTIVE OFFICER  
P.O. BOX 1000  
LODIAK, TURKANA COUNTY  
KENYA

**14. Statement of Cash Flows for the year ended 30 June 2025**

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Cash flows from operating Activities</b>			
<b>Receipts</b>			
Receipt from Equalisation Fund		238,091,895.30	-
<b>Total Receipts</b>		<b>238,091,895.30</b>	<b>-</b>
<b>Payments</b>			
Use of goods and services		238,091,895.30	-
<b>Net cash flows (to)/from operating activities (a)</b>	12	<b>-</b>	<b>-</b>
<b>Cash flows from investments</b>		<b>-</b>	<b>-</b>
<b>Net cash flows (to)/from investing activities (b)</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing</b>		<b>-</b>	<b>-</b>
<b>Net cash flows (to)/from financing activities (c)</b>		<b>-</b>	<b>-</b>
<b>Movement in cash and cash equivalents</b>			
Net increase/ decrease in cash and cash equivalents. <b>(d) = (a) + (b) +(c)</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at July 1<sup>st</sup> , 2024</b>	<b>8</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at June 30<sup>th</sup> ,2025</b>	<b>8</b>	<b>-</b>	<b>-</b>

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

## 15. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 20xx

	Original budget(s) As Appropriated in current Year	Balance from Previous Years	Final budget of Total funds appropriated	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Transfers from EF	1,049,657,927	0	1,049,657,927	238,091,895.30	811,566,031.70	23%
<b>Expenses</b>						
Road projects	101,521,806	0	101,521,806	0	101,521,806	0%
Water project	545,888,193	0	545,888,193	217,917,835.30	327,970,357.70	40%
Health facilities	333,629,144	0	333,629,144	16,561,750	317,067,394	5%
Energy	32,079,071	0	32,079,071	0	32,079,071	0%
Education facilities	36,539,713	0	36,539,713	3,612,310	32,927,403	10%
Others ( <i>specify</i> )						
<b>Total Expenditure</b>	<b>1,049,657,927</b>		<b>1,049,657,927</b>	<b>238,091,895.30</b>	<b>811,566,031.70</b>	
<b>Surplus/Deficit</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	



Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	0
1	Reason for differences	N/A
2	Reason for differences	N/A
3	Reason for differences	N/A
4	Reason for differences	N/A
	Closing Cash and Cash Equivalent as per the statement of Cash flows	0

**16. Notes to the Financial Statements**

**1. General Information**

Equalisation fund is established by and derives its authority and accountability under article 204. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity’s principal activity is to bridge development gap in marginalized areas, bringing them up to par with the rest of the country.

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

The County Equalisation Fund 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 Fund. 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 indirect method. The Financial Statements are prepared on the accrual basis.

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

i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43 Leases	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
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>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li data-bbox="488 1675 1437 1809">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li data-bbox="488 1832 1437 1921">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li data-bbox="488 1944 1437 2076">iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol>

**Annual Report and Financial Statements for the year ended June 30, 2025.**

Standard	Effective date and impact:
	The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> </ol>

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li data-bbox="451 304 1439 439">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li data-bbox="451 461 1439 707">iii. Disclosures that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

**iii) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**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 *Fund* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realized in the statement of financial performance upon fulfilling the conditions set. Revenue shall be recognised upon submission and approval of the payment request by the transferring agency (Equalisation Fund).

**b) Certified Works**

Certified works are recognized when the works can be measured reliably and/ or when certificates of work done are received and approved by the Equalisation Fund.

**c) Budget information**

**Annual Report and Financial Statements for the year ended June 30, 2025.**

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The Appropriation Act for the FY was passed by Parliament. The allocation shall continue in force until all projects identified are completed.

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. Included in the budget statement are balances of appropriations from previous years, not yet disbursed.

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 cash flows.

**d) Financial instruments**

IPSAS 41 addresses the classification, measurement, and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting, and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**i) Financial assets**

**Classification of financial assets**

The Fund classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

### **Impairment**

The Fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

### **ii) Financial liabilities**

#### **Classification**

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

#### **e) Changes in accounting policies and estimates**

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

#### **f) Related parties**

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

#### **g) Cash and cash equivalents.**

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Central Bank of Kenya special purpose account and the deposit account at the end of the financial year.

#### **h) Comparative figures**

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

#### **i) 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, 2025.

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

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

**6. Transfers from Equalisation Fund**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Transfers for roads	101,521,806	-
Transfers for water projects	545,888,193	-
Transfers for health facilities	333,629,144	-
Transfers for energy	32,079,071	-
Transfers for education facilities	36,539,713	-
Others ( <i>specify</i> )	-	-
<b>Total</b>	<b>1,049,657,927</b>	<b>-</b>

**7. Use of Goods and Services**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Certified works for roads	-	-
Certified works for water project	348,350,981	-
Certified works for health facilities	31,107,447	-
Certified works for energy	-	-
Certified works for education facilities	7,150,520	-
Others ( <i>specify</i> )	-	-
<b>Total</b>	<b>386,608,948</b>	<b>-</b>

**8. Cash and Cash Equivalents**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Special Purpose Account	-	-
Deposit Account	23,809,189.55	-
Cash balances	-	-
<b>Total Cash and cash equivalents</b>	<b>23,809,189.55</b>	<b>-</b>

*Provide disclosure on any restricted cash that the entity is holding.*

## 9. Receivables from non-exchange transactions

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Receivables from Equalisation Fund	811,566,032	-
<b>Total receivables</b>	<b>811,566,032</b>	<b>-</b>

## Ageing analysis for Receivables from non-exchange transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	FY 2024-2025	% of the total	FY 2023-2024 FY	% of the total
Less than 1 year	811,566,032	100	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>811,566,032</b>	<b>100%</b>	<b>-</b>	<b>%</b>

## 10. Certificates Payable

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Certificates payables	148,517,052.76	-
<b>Total Payables</b>	<b>148,517,052.76</b>	<b>-</b>

## Ageing analysis of certificates payable

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	FY 2024-2025	% of the total	FY 2023-2024 FY	% of the total
Less than 1 year	148,517,052.76	100	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>148,517,052.76</b>	<b>%</b>	<b>-</b>	<b>%</b>

## 11. Retention

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
Retention monies	23,809,190		-	
<b>Total retention money</b>	<b>23,809,190</b>		<b>-</b>	
<b>Ageing analysis: (Retention deposits)</b>	<b>FY 2024-2025</b>	<b>% of the Total</b>	<b>FY 2023-2024 FY</b>	<b>% of the Total</b>
Under one year	23,809,190	100	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>23,809,190</b>	<b>100%</b>	<b>-</b>	

## 12. Cash Generated from Operations

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Surplus for the year before tax	663,048,979	-
Adjusted for:		
	-	-
<b>Working capital adjustments</b>		
Increase in receivables	(811,566,032)	-
Increase in payables	148,517,052.76	-
<b>Net cash flow from operating activities</b>	<b>(0)</b>	<b>-</b>

### 13. Financial Risk Management

The Fund'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 fund 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 fund's 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, as well as receivables. 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 entity'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 entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June, 2025</b>				
Receivables from non-exchange transactions	811,566,032	811,566,032	-	-
Bank balances	23,809,190	23,809,190	-	-
<b>Total</b>	<b>835,375,221</b>	<b>835,375,221</b>	-	-
<b>As at 30 June, 2024</b>				
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

**Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxx. The Board of Directors sets the entity'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 Fund's management, 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 requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June, 2024</b>				
Payables	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 30<sup>th</sup> June, 2025</b>				
Payables	-	-	-	-
<b>Total</b>	-	-	-	-

**iii) Market risk**

The Entity has put in place an internal audit function 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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity'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 entity's exposure to market risks or the way it manages and measures the risk.

**a) Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on the surplus or deficit 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. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (Current FY: Kshs xxx). A rate increase/decrease of five percent would result in a decrease/increase in surplus before tax of Kshs xxx (Current FY – Kshs xxx)

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

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

Description	FY 2024-2025	FY 2024-2025
	Kshs	Kshs
Accumulated surplus	663,048,979	-
<b>Total Funds</b>	<b>663,048,979</b>	-
Total Borrowings	-	-
Less: Cash and Bank Balances	23,809,190	-
Net Debt/(Excess cash and cash Equivalents)	(23,809,190)	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**14. Related Party Disclosures****a) Nature of related party relationships**

Entities and other parties related to xxx corporation 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.

**b) County Government of xx**

The county Government of xx is the principal shareholder of the *Entity*, holding 100% of the *Entity's* equity interest. The County Government has provided full guarantees to all long-term lenders of the entity.

**c) Other related parties include:**

- i) The Parent Department.
- ii) County Governments
- iii) Other County Corporations
- iv) Key management.

## d) Transactions with related parties

Description	FY 2024-2025	FY 2024-2025
	Kshs	Kshs
<b>a) Sales to related parties</b>		
Others ( <i>specify</i> )	-	-
<b>Total</b>	-	-
<b>B) purchases from related parties</b>		
Others ( <i>specify</i> )	-	-
<b>Total</b>	-	-
<b>b) Grants /transfers from the government</b>		
Grants from EF	386,608,948	-
Grants from other levels of Government	-	-
Donations in kind	-	-
<b>Total</b>	<b>386,608,948</b>	-
<b>c) Expenses incurred on behalf of related party</b>		
Payments for goods and services for xxx	-	-
<b>Total</b>		
<b>d) Key management compensation</b>		
Compensation to key management	-	-
<b>Total</b>	-	-

## 15. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Contingent Assets		

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Receivables from government entities	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

(Give details)

**Contingent Liabilities**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
<b>Contingent Liabilities</b>	-	-
Court case xx against the entity	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

(Give details)

**16. Events after the Reporting Period**

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

**17. Ultimate And Holding Entity**

The Entity is a Fund under the Department of *Finance & economic planning*. Its ultimate parent is the County Government of *Turkana*.

**18. Currency**

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

17. Appendices


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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for the implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report.

  
 THE COUNTY EXECUTIVE  
 FINANCE & PLANNING  
 30 JUN 2025  
 TURKANA COUNTY GOVERNMENT  
 P.O. Box 11-30500-30500, LODWAR

Roseline Aite  
 County Executive Committee Member for Finance

Date: 30<sup>th</sup> June, 2025

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**Appendix II: Projects Implementation Status Report.**

S/N o.	Project Name (A)	Sector (B)	Constituency (C)	Ward (D)	Approved Budget/total allocation (E)	Contract Sum (F)	Amount certified (G)	Amount Paid (H)	Payable amount I=(G-H)	% Status of implementation (J)
1	Drilling and equipping of borehole at Kangitit	Water	Turkana East	Lokori Kochodin	10,456,364.02	10,222,811.70	4,089,125.00	4,089,125.00	-	40
2	Drilling and equipping of borehole at Ngillimoikemer	Water	Turkana East	Lokori Kochodin	11,406,942.54	11,121,225.32	11,121,225.30	11,121,225.30	-	100
3	Drilling and equipping of borehole at Elelea Village.	Water	Turkana East	Katilia	11,406,942.77	11,044,806.61	6,983,534.00	6,983,534.00	-	63
4	Installation of Reverse Osmosis Plant and construction of plant house at Kapedo.	Water	Turkana East	Kapedo Napeitom	11,406,942.56	11,406,942.56	9,172,470.00	9,172,470.00	-	80
5	Drilling and equipping of Borehole at Lomopus	Water	Turkana Central	Kangatoha	11,882,232.90	10,867,590.00	10,867,590.00	10,867,590.00	-	100
6	Drilling and equipping of Nakwamunyen Borehole	Water	Loima	Turkwel	9,505,785.91	9,505,785.91	-	-	-	-
7	Drilling and equipping of Lochor- Ebei borehole	Water	Loima	Turkwel	9,505,785.47	9,458,131.77	3,621,399.00	3,621,399.00	-	38

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8	Construction of X-ray building and Laboratory for the Lorugum Sub County Hospital.	Health	Loima	Turkwel	19,011,570.94	18,786,847.00	11,226,200.00	11,226,200.00	-	60
9	Drilling, equipping, solarize, storage and piping of Kopeto village borehole	Water	Loima	Loima	14,258,678.71	13,200,399.71	4,198,722.00	4,198,722.00	-	32
10	Drilling and equipping of Borehole at Lobei	Water	Loima	Lobei Kotaruk	9,505,785.47	8,600,549.78	4,316,945.00	4,316,945.00	-	50
11	Drilling, equipping, Storage and piping of borehole at Kekoroe Akwan	Water	Loima	Lokiriama	14,733,968.24	14,504,690.00	4,528,500.00	4,528,500.00	-	31
12	Drilling, equipping, Storage and piping of Lomokori borehole	Water	Loima	Lokiriama	14,733,967.48	14,497,546.83	14,497,547.00	14,497,547.00	-	100
13	Drilling, equipping, Storage and piping of Komio Borehole	Water	Loima	Urum	15,492,337.12	14,983,636.20	9,383,962.00	9,383,962.00	-	63
14	Drilling, Solarization, Equipping, 5km water pipeline and installation of elevated steel tank (50m3) at Napusmoru	Water	Turkana South	Lokichar	13,308,099.74	13,308,099.74	13,308,099.00	13,308,099.00	-	100
15	Drilling, equipping and intallation of elevated steel tank at Kalokoda/Kaibac hal.	Water	Turkana South	Katilu	9,505,785.47	9,505,785.47	4,763,020.00	4,763,020.00	-	50

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16	Drilling of Borehole, solarization, equipping, and installation of elevated steel tank (50m3) at Kangakipur-Chibilet	Water	Turkana South	Kalapata	13,330,971.38	13,330,971.38	6,721,138.00	6,721,138.00	-	50
17	Establish maternal child clinic in Kakuma sub county hospital, establish an outpatient department in Kakuma sub county hospital	Health	Turkana West	Kakuma	12,461,056.86	12,320,600.00	5,335,550.00	5,335,550.00	-	43
18	Drilling, equipping, solarize and storage of borehole in Letea centre	Water	Turkana West	Letea	11,494,256.40	11,470,861.47	8,029,602.00	8,029,602.00	-	70
19	Drilling, equipping, solarize and storage of borehole in Lokipoto	Water	Turkana West	Letea	11,494,256.40	9,900,996.20	5,010,129.00	5,010,129.00	-	51
20	Drilling, equipping, solarize and storage of Kalopetase Borehole	Water	Turkana West	Letea	11,494,256.40	11,494,256.40	8,450,300.00	8,450,300.00	-	74
21	Drilling, equipping, solarize and storage of Oropoi Borehole	Water	Turkana West	Letea	11,494,256.40	11,494,256.40	5,174,687.00	5,174,687.00	-	45
22	Drilling and equipping of Borehole at Lokwamor	Water	Turkana West	Kalobeyei	10,275,538.16	10,275,538.16	7,319,700.00	7,319,700.00	-	71
23	Drilling, equipping, solarize and storage of	Water	Turkana West	Kalobeyei	11,406,942.56	11,170,489.29	2,933,632.00	2,933,632.00	-	26

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	borehole in Nalapatui									
24	Drilling, equipping, solarize, piping and storage of Lopur Borehole	Water	Turkana West	Lopur	16,000,761.10	16,000,761.10	13,061,472.00	13,061,472.00	-	82
25	Drilling and equipping of Nawoyaragae Borehole	Water	Turkana West	Lokichogio	11,406,943.02	11,406,943.02	7,850,430.00	7,850,430.00	-	69
26	Drilling and equipping of a Borehole at Ngidocha	Water	Turkana West	Nanam	11,406,942.56	11,406,942.56	11,406,942.00	4,735,777.00	-	100
27	Construction of ECDE at Nakangae	Education	Turkana West	Nanam	7,704,646.29	7,150,520.00	3,612,310.00	3,612,310.00	-	51
28	Drilling and Equipping a borehole at Lorot Akwan	Water	Turkana West	Songot	9,899,107.31	9,899,107.31	7,520,718.00	7,520,718.00	-	76
29	Drilling and Equipping a borehole at Nakaala	Water	Turkana West	Songot	9,505,786.84	9,505,786.84	6,530,218.00	6,530,218.00	-	69
30	Drilling and Equipping a borehole at Lomekwi	Water	Turkana North	Lakezone	11,406,942.56	11,406,942.56	11,406,942.00	11,406,942.00	-	100
31	Drilling and Equipping a borehole at Kangakipur centre	Water	Turkana North	Kaeris	11,406,942.67	11,064,418.77	7,851,720.00	7,851,720.00	-	71
32	Drilling and Equipping a borehole at Kaituko village	Water	Turkana North	Kaeris	11,406,942.56	10,970,606.00	7,798,067.00	7,798,067.00	-	71
33	Drilling and Equipping of borehole in Lokamaryang	Water	Turkana North	Kibish	15,640,698.81	15,324,102.00	-	-	-	-

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**Appendix III: Transfers from Government Entities**

Name of the Entity Transferring the funds	Date received as per bank statement	Total Amount - KES	Where Recorded/recognized		
			Statement of Financial Performance	Receivables	Total Transfers during the Year
Equalisation Fund	-	-	-	-	-
<b>Total</b>		-	-	-	-

**Appendix IV- Inter-Entity Confirmation Letter**

Name of transferring entity:.....

Name of beneficiary entity:.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)			
Reference Number	Date Received	Total	Remarks
<b>Total</b>			

I confirm that the amounts shown above are correct as of the date indicated.

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**  
 Name ..... Sign ..... Date.....

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**Appendix V: Funding Summary**

<b>Financial Year</b>	<b>Appropriation during the FY</b> a	<b>Funds received during the FY</b> b	<b>Outstanding funds</b> c=a-b
2024/2025	1,049,657,927	238,091,895.30	811,566,031.70
<b>Total</b>	<b>1,049,657,927</b>	<b>238,091,895.30</b>	<b>811,566,031.70</b>

**Appendix VI: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		



**Appendix VII: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments