

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

TURKANA COUNTY WATER SERVICES FUND

FOR THE YEAR

ENDED 30 JUNE, 2024



PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Maj Ikhir
COMMITTEE	
CLERK AT THE TABLE	Maalim





TURKANA COUNTY WATER SERVICES FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

Table of Content

1.Acronyms and Glossary of Terms	ii
2.Key Entity Information and Management	iii
3. Fund Administration Committee	vi
4. Management Team	viii
5.Chairperson's Report	ix
6. Report of The Fund Administrator	x
7.Statement of Performance against the County Fund's Predetermined Objectives	xi
8.Corporate Governance Statement	xv
9.Management Discussion and Analysis	xvii
10.Report of The Trustees	xviii
11.Statement of Management's Responsibilities	xix
12.Report of The Independent Auditor on the Financial Statements for Turkana County Water Services Fund	xx
13.Statement of Financial Performance for the Year Ended 30 th June 2024	1
14.Statement of Financial Position As at 30 June 2024	2
15.Statement of Changes in Net Assets for the year ended 30 th June 2024	3
16. Statement of Cash Flows for The Year Ended 30 June 2024	4
17.Statement Of Comparison of Budget and Actual Amounts for The Period 2024	5
18. Notes to the Financial Statements	6
19.Annexes	26

Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
WASREB	Waters Services regulatory Board.
MD	Managing Director
LOWASCO	Lodwar Water and Sanitation Company Ltd.

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
----------------------	---

Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

2.Key Entity Information and Management

a) Background information

Turkana County Water Services Fund is established by and derives its authority and accountability from Turkana County Water Act 2019 on 27th May, 2019. The Fund is wholly owned by the County Government of Turkana and is domiciled in Kenya.

The fund's objective is to

- (a) a comprehensive legal framework to establish and regulate water supply, sewerage and sanitation services in the County including — (i) an effective administration of water supply, sanitation and sewerage services; (ii) the holding of water works and water service provision assets on behalf of the County; (iii) the regulation of water use rights;
- (b) The co-ordination of the activities of institutional stakeholders in water services provision in the County;
- (c) The promotion of public participation in the water services regulation in the County;
- (d) The management of public private partnerships for water services in the County;
- (e) The coordination of waterworks development in the county; and
- (f) Matters relating to water and sanitation service provision in the County.

(b)Principal Activities

- i. Supporting water services delivery;
- ii. Supporting the Activities of the County institutional stakeholder's forum, Ward Institutional Stakeholders Forums;
- iii. Development of water infrastructure;
- iv. Payment of compensation and liability arising from duties performed under the Water Act;
- v. **Optimal, sustainable and equitable development and use of water resources in the County; and,**
- vi. Improving planning, coordination and management of the water sector.

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Key Entity and Management (Continued)

c) Fund Administration Committee

SN	Name	Position
1	Emily Ariong	Chairperson
2	Isaac Aremon	Member
3	James Illikwel	Member
4	Paul Lotum	Member
5	Rebecca Lomalia	Member
6	Lopelem Peter	Fund Administrator/Secretary
7	Simon Ekai	Deputy Chairperson

d) Key Management team

Ref	Name	Position
1	Simon Ekai	County Chief Officer Water Services
2	Job Nawose	Fund Accountant
3	Lopelem Peter	Fund Administrator
4	Paul Lotum	Director Water Services

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Jeremiah Ngachekio

f) Registered Offices

Ministry of Water Services Headquarters.
P.O. Box 11-30500
Kanamkemer Highway-Lodwar

g) Fund Contact

Mobile: + 254725 111 878
E-mail: lopelemekai@gmail.com
Website: www.turkana.go.ke

Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Key Entity and Management (Continued)

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Kenya Commercial Bank
Telephone: (054)2221082/221083
Mobile :254)700881391
E-mail: info@kcb.co.ke
Website: www.kcb.co.ke

i) Independent Auditors

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

j) Principal Legal Adviser





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

k) County Attorney

Office of the County Attorney
Telephone: (254) 720982310
E-mail: Erastus.ethekon@turkana.go.ke
Website: www.turkana.go.ke


**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

3. Fund Administration Committee

Name	Details of qualifications and experience
 <p>Mrs. Elim Emilly Ariong Chairperson</p>	<p>Mrs Emilly is a career teacher by profession. She has a vast experience working as a Teacher, Senior Teacher, Deputy Head teacher and finally Head teacher. She also worked with NGCDF as a female youth adult and secretary to the NGCDF Committee. She holds a certificate in P1.</p>
 <p>Mr. Cyrus James Ilikwel County Chief Officer for Finance</p>	<p>Mr. Cyrus has over 14 years of working experience serving in various capacities in the public sector including senior management, policy and decision-making positions.</p> <p>He holds a Master's degree in Business Administration; Accounting option, Bachelor degree in commerce accounting option coupled with CPA part II certification from KASNEB.</p>
 <p>Mr. Simon Ekai Etom Accounting Officer-Ministry of Water Services</p>	<p>Mr. Simon holds a Bachelor of Arts degree in sociology and a certificate in Gender, poverty and development studies from Egerton university.</p> <p>He has accumulated over ten years of working experience in the public sector and NGOs.</p>
 <p>Mr. Lopelem Peter Ekai Fund Administrator</p>	<p>Mr Lopelem is a career accountant born on 17th July 1989 with over 10years working in both the private and public sector. He is a member of Institute of Certified Public Accountant of Kenya (ICPAK) and in good standing. He holds a Bachelor's degree in Commerce-Finance Option, CPA-K, CS-K, and CIFA Part 1 from Kenya Accountants and Secretarial National Examination Board.</p>





**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Fund Administration Committee (Continued)

 <p>Mr Paul Ngikeny Lotum</p>	<p>Mr. Lotum Ngikeny is a holder of Bachelor’s degree in Earth Science with IT (Hydrology and Water Resources Mgt. Option). He also holds a master’s degree in Water and Environmental Engineering, University of Surrey, Guildford, UK.</p> <p>He is the current Director Water Services.</p>
 <p>Mr Isaac Aremon</p>	<p>Mr Isaac was a water Engineer by profession. He has a vast experience in the public and private sector. He was the pioneer Managing Director of Lodwar water and sanitation company ltd. He holds Trier Fachschule, West Germany German Technical Degree (Equivalent to Kenya) Higher National Diploma but with intense practical experience). He has attended Undergraduate BA Human and Social Sciences at UNISA (Diplomacy & International Relations), Pursuing a Diploma Course in Poverty, Relief and Sustainable Development at KISCWD Nairobi.</p> <p>project Planning and Management (PPM) at KIA, Project Management Cycle (PCM) in-house by VSF Belgium, Sustainable Environment Management (EIA) at KIA.</p> <p>He passed on March 2024. May his soul rest in peace.</p>
 <p>Mrs Rebecca Lomalia</p>	<p>Mrs. Rebecca, is a consultant focusing on Capacity building, Governance, Resource Mobilization, Community management & Political participation, bringing experience from previous roles at Tear fund UK, Help Age International, Oxfam International, world vision and UNHCR. Rebecca currently pursues a Masters in M&E and holds a Bachelor’s degree on gender & development studies along with a diploma in Human resource Management from Kenyatta University besides other professional certifications. With robust skills, she contributes valuable insights into the industry. Passionate and values bringing plus insights to all humanitarian needs for a just society.</p>

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

3. Fund Administration Committee

Name	Details of qualifications and experience
 <p>Mrs. Elim Emilly Ariong Chairperson</p>	<p>Mrs Emilly is a career teacher by profession. She has a vast experience working as a Teacher, Senior Teacher, Deputy Head teacher and finally Head teacher. She also worked with NGCDF as a female youth adult and secretary to the NGCDF Committee. She holds a certificate in P1.</p>
 <p>Mr. Cyrus James Ilikwel County Chief Officer for Finance</p>	<p>Mr. Cyrus has over 14 years of working experience serving in various capacities in the public sector including senior management, policy and decision-making positions. He holds a Master's degree in Business Administration; Accounting option, Bachelor degree in commerce accounting option coupled with CPA part II certification from KASNEB.</p>
 <p>Mr. Simon Ekai Etom Accounting Officer-Ministry of Water Services</p>	<p>Mr. Simon holds a Bachelor of Arts degree in sociology and a certificate in Gender, poverty and development studies from Egerton university.</p> <p>He has accumulated over ten years of working experience in the public sector and NGOs.</p>
 <p>Mr. Lopelem Peter Ekai Fund Administrator</p>	<p>Mr Lopelem is a career accountant born on 17th July 1989 with over 10years working in both the private and public sector. He is a member of Institute of Certified Public Accountant of Kenya (ICPAK) and in good standing. He holds a Bachelor's degree in Commerce-Finance Option, CPA-K, CS-K, and CIFA Part 1 from Kenya Accountants and Secretarial National Examination Board.</p>

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

5. Chairperson's Report



"Water is life, and the Board is very much alive to this fact. Our role is to provide strategic direction to ensure that we achieve our objectives"

Mrs. Emily Ariong

**Mrs. Elim Emilly Ariong
Chairperson**

The Constitution of Kenya 2010 recognizes water services as a basic right. The water function is devolved, to ensure the County citizenry have access to sufficient and quality water. Provision of sufficient clean water for human consumption and livestock utilization use is also a priority. Massive investment in the water sector is key to meeting the water demand in the County with a specific link to the sustainable management of the land resources.

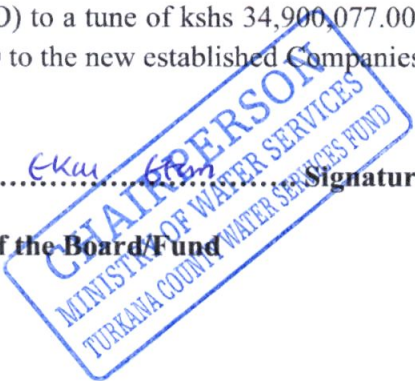
During the year, one of the board members lost his life (May his soul rest in peace) and the process of looking for a replacement commenced immediately.

The fund received kshs 71,177,290 allocation for financial year 2022-2023 in July 2023 and rebudgeted. An additional allocation of kshs 23,157,696 was appropriated in the budget for FY 2023-2024, and had not been received as at the end of the Financial Year. The overall performance of the fund is 72%.

In line with the water act, 2016, the fund supported Lodwar water and Sanitation Company (LOWASCO) to a tune of kshs 34,900,077.00. A reallocation was made to fund the transition of LOWASCO to the new established Companies.

Name Simon Ekau Signature [Signature] Date 13/12/2024

Chairperson of the Board/Fund



6. Report of The Fund Administrator



**Lopelem Ekai Peter
Fund Administrator**

In the financial year under review, the board made a resolution to prioritize development of water infrastructure Governance of the newly formed Urban and Rural Water companies to support water services delivery.

To ensure continuous and undisrupted flow of water to the residence of Lodwar, the fund with the provisions of Water act 2016 supported Lodwar water and Sanitation Company Ltd. Disbursement from the fund were made to facilitate payment of Electricity, Salary, and Purchase of water fittings and training of caretaker committee.

To ensure that the board members get requisite skills and knowledge to undertake the business of the board, capacity building workshop on corporate governance by WASREB was held at Eldoret. The training was Co-funded by Livestock marketing Systems and who catered for flight costs.

In the year under review, the board made a resolution to prioritize development of water infrastructure governance of the newly formed Urban and Rural water companies. Stakeholder engagements were undertaken to come up with the select committee to recruit board of directors. The Select committee members were trained on the vigorous process of recruitment in compliance to WASREB guidelines.

Public sensitization of the new water companies was undertaken to keep the public abreast with the current development transition to new water companies.

The management achieved the following,

- i. Recruitment of the board of directors
- ii. Training of the board members, Caretaker and Select committees.
- iii. Stakeholder forums engagements.
- iv. Support to Lodwar Water and Sanitation company ltd.
- v. Launch of Lodwar master plan.

Despite the achievements, the management faced the following challenges,

- i. Non disbursement of Ksh 23,157,696 budgeted in the year.
- ii. Transition implementation matrix not incorporated in the distribution of funds.

Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

7. Statement of Performance against the County Fund's Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The fund's objective is to

- (a) a comprehensive legal framework to establish and regulate water supply, sewerage and sanitation services in the County including — (i) an effective administration of water supply, sanitation and sewerage services; (ii) the holding of water works and water service provision assets on behalf of the County; (iii) the regulation of water use rights;
- (b) The co-ordination of the activities of institutional stakeholders in water services provision in the County;
- (c) The promotion of public participation in the water services regulation in the County;
- (d) The management of public private partnerships for water services in the County;
- (e) The coordination of waterworks development in the county; and
- (f) Matters relating to water and sanitation service provision in the County.

Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Progress on attainment of Strategic development objectives

Strategic Objective	Sub-Program	Planned Activities 01 July 2023 To June 30th 2024	Performance Indicator	Target	Performance
1. Enabling Environment for the operationalization of the fund	1. General administration of the fund	Conducting Training and Meeting of the board and Ward forums	Operational Board	1	-Board members were trained on corporate Governance. -Flawless meeting conducted.
2. Improvement of water service delivery	2. Water Governance- Facilitation of the Transition of WSPs to new water companies	1. Establishment of BoD for both Companies	No. of BOD formed	10	-Ten (10) Board of Directors for rural and Urban Water Companies recruited
		2. Recruitment of MDs for both companies	No. of MDs recruited	2	No MD recruited due to Lack of Funds
		3. Office space establishment, purchase of furniture and equipment	No. of offices operational	2	Offices are under construction
		4. Transition from Lowasco and other WSPs, payment of legal fees, wasred licence,	No. of wsp transitioned	11	The process of takeover is not yet over

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

		application and valuation costs			
		5. Companies Branding, preparation of company seals, stamps and IEC materils	No. of companies branded	2	The process of takeover is not yet over
		6. Companies commissioning for both Urban and Rural companies	No. of companies commissioned	2	The process of takeover is not yet over
		7. Salaries for the MDS and other administartive issues	No. of staff paid	2	The process of takeover is not yet over to warrant recruitment
3. Supporting the Activities of the County institutional stakeholder's forum, Ward Institutional Stakeholders Forums;	3.County and Ward forums	Conducting ward and Coutnty Institutional forums	No of forums Conducted	30	Ward and County institutional forums conducted
4. Payment of compensation and liability arising from duties performed	4.Support to Lodwar water and sanitation Company ltd	Payment of Liabilities	Expenses paid		Electricity, Salary and Purchase of pipes and fittings paid

Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

under the Water Act					
---------------------	--	--	--	--	--

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

8. Corporate Governance Statement

The Chairperson of the board was appointed by H. E the Governor Hon. Jeremiah Lomurukai vide gazette notice no 14738 of 2023 and subsequently vetted by the County assembly of Turkana.

The other members of the board were appointed by CECM Finance and Economic Planning Dr. Michael Eregae vide gazette notice no. 14878 of 2023.

The functions of the Board are

- (a) To consider and recommend the estimates of revenue to and expenditure from the Fund to the County Executive Committee Member for Finance for approval;
- (b) To approve disbursements from the Fund;
- (c) to receive, review and approve reports on the performance of the Fund;
- (d) to oversee the monitoring and evaluation of the programs and activities under the Fund;
- (e) to approve the financial statements of the Fund prepared in accordance with the Act;
- (f) to consult with the County Executive Committee Member on matters relating to the administration of the Fund;
- (g) in liaison with the Fund Administrator, prepare a framework for receiving and evaluating project proposals and publish the eligibility criteria for formulation and selection of such projects by the Board; and
- (h) to perform any other functions that shall be assigned by the County Executive Committee Member.

The meetings of the board were conducted on need basis in which the quorum was two-thirds of the membership.

A resolution required an affirmative vote of more than one half of the members present at a meeting.

During the year, the board conducted five board meetings which were attended as follows,

Date of Meeting	Emily Ariong	Rebecca Lomalia	David Maraka	Paul Lotum	Lopelem Peter	James Illikwel	Isaac Aremon
16 th Dec, 2023	√	√	√	x	√	x	√
11 th Jan, 2024	√	√	√	x	√	x	√
26 th Jan, 2024	√	√	√	√	x	x	√
5 th April, 2024	√	√	√	√	√	x	x
28 th June, 2024	√	√	√	√	√	x	x

Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

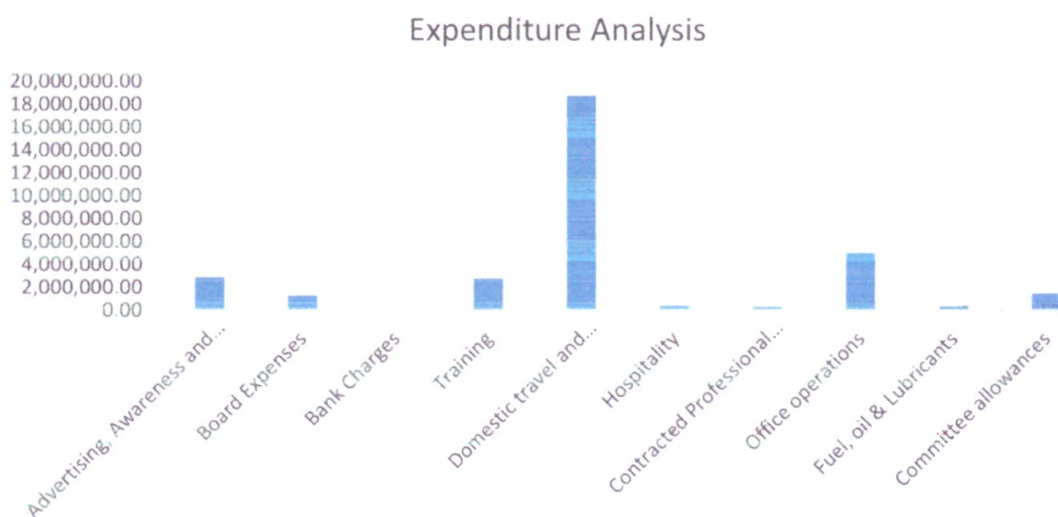
The board has not developed a charter and its remuneration is determined by salaries and remuneration commission. Cognizant of the importance of capacity building, the board was trained on corporate governance training in Eldoret.

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

9. Management Discussion and Analysis

The department of water has been appropriating money into the fund in line with the Turkana water act, 2019.

NO	DESCRIPTION	AMOUNT
1	Allocation for FY 2022-2023	71,177,290.00
2	Allocation for FY 2023-2024	23,157,696.00
	TOTAL	94,334,866.00



The stakeholder’s forum being the highest expenditure was due to public sensitization of stakeholders on Water services.

Lack of funds budgeted in FY 2023/2024 Contributed to low expenditures.

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

10. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to support water services delivery

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1

Trustees

The members of the Board of Trustees who served during the year are shown on page vi. The changes in the Board during the financial year are as shown below:

NO.	NAME	PARTICULARS
1	Isaac Aremon	Deceased

Auditors

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

By Order of the Board

Simm Ekan
.....
Chair of the Board/Fund Administration Committee
Date:


Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Turkana County Water Act, 2019 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public 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 for and as at the end of the financial year ended on June 30, 2024. 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.

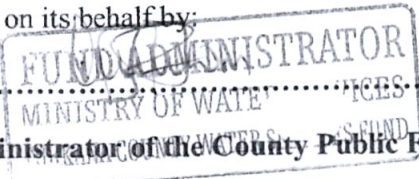
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Turkana County Water Act, 2019. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Administrator 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 Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

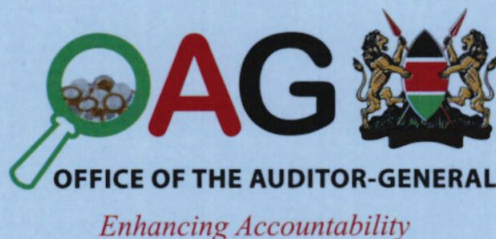
Approval of the financial statements

The Fund's financial statements were approved by the Board on 13/12 2024 and signed on its behalf by:

.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 COUNTY WATER SERVICES FUND FOR THE YEAR ENDED 30 JUNE, 2024

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Turkana County Water Services Fund set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in

Report of the Auditor-General on Turkana County Water Services Fund for the year ended 30 June, 2024

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 Water Services Fund as at 30 June, 2024, 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 Turkana County Water Act, 2019, the Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Turkana County Water Services 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 reflects the final revenue budget of Kshs.94,334,986 against actual revenue of Kshs.71,177,290 resulting to underfunding of Kshs.23,157,696.00 or 25% of the budget. Similarly, the statement shows actual receipts of Kshs.71,177,290 against the actual expenditure of Kshs.68,085,280 resulting in an underutilization of Kshs.3,092,010 or 4% of the total receipts.

The underfunding and underutilization of the budget affected the planned activities and may have impacted negatively 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. I have determined that there are no key audit matters to communicate in my report.

Other Information

The Management is responsible for the other information set out on page iii to xix which comprise of key entity Information and Management, Fund Administration Committee, management team, report of the Fund administrator, statement of performance against

predetermined objectives, corporate governance statement, Management discussion and analysis and statement of management's 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. Non-compliance with the Public Sector Accounting Standards Board Approved Reporting Template

The financial statements prepared and presented for audit review did not bear Institute of Certified Public Accountants of Kenya (ICPAK) member number of the preparer accountant. In addition, the Fund administration committee on page vi and Management team on page viii has omitted to disclose the dates of birth and work experience for some of the members as required by the approved template.

In the circumstances, the financial statements as presented do not conform to International Public Sector Accounting Standards disclosure requirements and prescribed template by the Public Sector Accounting Standards Board.

2. Composition of the Board of Management

Review of the Fund's board composition revealed that the board had six (6) members instead of seven (7) members. This was occasioned by the death of one member and who had not been replaced to comply with the provisions of Regulation 9(4) of the Public Finance Management (Turkana County Water Services Fund) Regulations, 2023 which requires a member to be replaced within thirty (30) days. In addition, review of the board members personal files revealed that there were no letters of acceptance in line with the appointment procedures.

In the circumstance, the Board of Management is not properly constituted.

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 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 effect of 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 governance were not effective.

Basis for Conclusion

1. Cash Book and Bank Reconciliations Management

The statement of financial position reflects cash and cash equivalents balance of Kshs.698,611. Examination of the cash book and bank statements revealed that the Fund maintains one (1) current account. However, the transactions in the cash book and bank reconciliation statements were not regularly checked by a senior officer. This resulted into one officer doing the recording without confirmation from senior officer. In addition, the officer who prepares the cash book is the same officer who prepares the monthly bank reconciliation statements.

In the circumstance, the reliability of internal controls around cash book management and bank reconciliations could not be confirmed.

2. Bank Signatories

Examination of documents relating to opening and operation of the Turkana Water Services Fund Account at a commercial bank showed that the authority to open the bank account was given on 19 June, 2023 where it specified three signatories for the bank account. However, a letter to change the signatories dated 16 November, 2023 assigned the Chief Officer-Water Services as the mandatory signatory contrary to Regulation 16(4) of the Public Finance Management (Turkana County Water Services Fund) Regulations which provides that the Fund Administrator shall sign all cheques issued by the Fund.

In the circumstance, Management did not comply with the regulations.

3. Lack of Internal Audit Function and Reports

Review of the internal controls of the Fund revealed that there was no internal audit function. In addition, the Fund did not seek the services of the internal auditor from the

County Executive as there was no internal audit reports provided for audit review. This is contrary to Regulation 153(1) of the Public Finance Management (County Government) Regulations, 2015 which provides that internal auditors shall review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in county government entities, give reasonable assurance through audit committee on state of risk management, control and governance and review effectiveness of the financial and non-financial performance management systems of the entities.

In the circumstances, the internal control systems were not checked to ascertain compliance with the strategic plan of the Fund and the County Government.

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 Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to 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 for 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 IFPP 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

30 December, 2024

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

13. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	2023-2024
		Kshs
Revenue From Non-Exchange Transactions		
Transfers From the County Government	1	94,334,986.00
Total Revenue		94,334,986.00
Expenses		
Use of goods and services	2	(33,185,203.00)
Payments on behalf of other County Government entity	3	(34,900,077.00)
Total Expenses		(68,085,279.00)
Surplus for the Period		26,249,707.00

Name: *PETER*
Administrator of the Fund

Name: *EWA*
Fund Accountant

Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

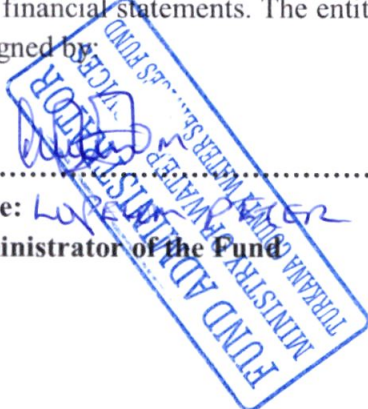
14. Statement of Financial Position As at 30 June 2024

Description	Note	2023-2024
		Kshs
Assets		
Current Assets		
Cash and Cash Equivalents	4	698,611.00
Accounts Receivables	5	25,551,096.00
Total current assets		26,249,707.00
Non-Current Assets		
Property, Plant and Equipment		-
Total non- current assets		-
Total Assets		26,249,707.00
Liabilities		
Current Liabilities		
Trade and Other Payables from Exchange Transactions		-
Total current liabilities		-
Non-Current Liabilities		
Non-Current Provisions		-
Total Liabilities		-
Net Assets		26,249,707.00
Represented By:		
Accumulated Surplus		26,249,707.00
Net Assets		26,249,707.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 13/12 2024 and signed by:

.....
Name: *[Signature]*
Administrator of the Fund

.....
Name: *[Signature]*
Fund Accountant



Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Accumulated surplus	Total
	Kshs	Kshs
Balance As At 1 July 2023	-	-
Surplus For the Period	26,249,707	26,249,707.00
Balance As At 30 June 2024		26,249,707.00

Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	2023-2024
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the county government		71,177,290.00
Total receipts		71,177,290.00
Payments		
Use of goods and services		33,185,203.00
Payments on behalf of other County Government entity		34,900,077.00
Net cash flows from operating activities		3,092,010.00
Cash flows from investing activities		
Purchase of property, plant, equipment and		-
Net cash flows used in investing activities		-
Cash flows from financing activities		
Internal Borrowing		(2,393,400.00)
Net cash flows used in financing activities		(2,393,400.00)
Net increase/(decrease) in cash & cash Equivalents		698,611.00
Cash and cash equivalents at 1 July		-
Cash and cash equivalents at 30 June 2024		698,611.00

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

17. Statement Of Comparison of Budget and Actual Amounts for The Period ended 30th June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers From County Govt.	23,157,696.00	71,177,290.00	94,334,986.00	71,177,290.00	23,157,696.00	75%
Total Income	23,157,696.00	71,177,290.00	94,334,986.00	71,177,290.00	23,157,696.00	75%
Expenses						
Use of goods and services	23,157,696.00	31,177,290.00	54,334,986.00	33,185,203.00	21,149,783.00	61%
Payments on behalf of other County Government entity		40,000,000.00	40,000,000.00	34,900,077.00	5,099,923.00	87%
Total Expenditure	23,157,696.00	71,177,290.00	94,334,986.00	68,085,280.00	26,249,706.00	72%
Surplus For the Period	-		-	3,092,010.00		

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

18. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Turkana County Water Services Fund is established by and derives its authority and accountability from Turkana County Water Act, 2019. The entity is wholly owned by the Turkana County Government and is domiciled in Kenya. The entity’s principal activity is supporting provision of water services.

2. Statement of compliance and basis of preparation

The Fund’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 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 direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

- (i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

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 2024.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</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> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p>

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Discontinued Operations	<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>Applicable 1st January 2025</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>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</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>Applicable 1st January 2026</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</p>

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 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.

(i) Early adoption of standards

The Entity did not early adopt any new or amended standards in the financial year

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 entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

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

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2023/2024 was approved by the County Assembly on 22nd June, 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded reduced appropriations of Kshs 20,000,000 on the FY 2023-2024 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same

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

c) Property, plant and equipment

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

a) Intangible Assets

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

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Summary of Significant Accounting Policies (Continued)

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

b) Investment property

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

c) 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 entity 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.

Financial assets

Classification of financial assets

The entity 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.

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Summary of Significant Accounting Policies (Continued)

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.

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.

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.

Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

Impairment

The entity 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.

Financial liabilities

Classification

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

d) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

e) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

f) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Summary of Significant Accounting Policies (Continued)

the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public

Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

o) Comparative figures

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

5. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions –

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

b) 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

Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

c) Provisions

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

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

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

6. Notes To the Financial Statements Continued

1. Transfers from County Government

Description	2023-2024
	Kshs
Transfers From County Govt. –Operations	94,334,986.00
Total	94,334,986.00

2. Use of Goods and Services

	2023-2024
	Kshs.
Advertising, Awareness and Publicity Campaigns	2,876,700.00
Board Expenses	1,256,600.00
Bank Charges	23,303.00
Training	2,769,100.00
Domestic travel and Subsistence allowance	18,747,100.00
Hospitality	384,500.00
Contracted Professional Services	304,000.00
Office operations	4,991,400.00
Fuel, oil & Lubricants	362,500.00
Committee allowances	1,470,000.00
Total	33,185,203.00

3. Payments on behalf of other County

Government entity

Description	2023-2024
	Kshs
Support To Lodwar Water and Sanitation Company Ltd	34,900,077.00
Total	34,900,077.00

4. Cash and cash equivalents

Description	2023-2024
	Kshs
KCB LODWAR Account No.1316254151	698,611.00
Total Cash and Cash Equivalents	698,611.00

**Turkana County Water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	2023-2024
		Kshs
Current Account		
Kenya Commercial Bank	1316254151	698,611.00
Grand Total		698,611.00

5. Receivables from exchange transactions

Description	2023-2024
	Kshs
Current Receivables	
Receivables from Turkana County-Ministry of Water Services of Devolution conferece ksh 951,000 & UNICEF project Ksh 1,442,400	2,393,400.00
Receivables from County Government	23,157,696.00
Total Current Receivables	25,551,096.00

6. Cash generated from operations.

Description	2023-2024
	Kshs
Surplus For the Year Before	26,249,707.00
Adjusted For:	
Less Accrued Income	23,157,696.00
Working Capital Adjustments	
Less Increase in Receivables	2,393,400.00
Net Cash Flow from Operating Activities	698,611.00

County Government of Turkana
Turkana County water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To the Financial Statements (Continued)

1. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund 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. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

Particulars		FY 2023/2024
Commissioner Of Domestic Taxes	WH 5% Professional Fees	16,000.00
KPLC	Lowasco Electricity Bills	6,550,325.00
Ecovest Consultants	Payment For Training of Board	450,000.00
Sirikwa Hotel	Conference For Board Training	210,000.00
Filona Traders Group Ltd	Supply And Delivery of Pipes and Fittings	2,751,724.00
NSSF	Bounced NSSF Payment	473,040.00
Kcb Lodwar	Lowasco Salary For June	2,771,494.00
Alice Apetet	Surrender For LOWASCO Board Allowances	700,000.00
Kcb Lodwar	Lowasco Salary For May	2,786,968.00
Ruth Kemei	Surrender for LIPA Maji Campaign	927,000.00
Kangirise Supplies & Construction Co Ltd	Supply And Delivery of Pipes and Fittings	1,474,138
Paul Lotum	Surrender	402,000.00
Domecan Co. Ltd	Supply And Delivery of Water Pumps	1,965,517.00
Esther Lokitoe	Surrender	975,000.00
KPLC	Lowasco Bills	6,328,039.00
Davies And Shirtliff	Supply Of Water Fittings	1,640,224.00

**County Government of Turkana
Turkana County water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Kcb Lodwar	Lowasco Salary For July	3,102,745.00
Loriu Trading Company	Supply And Delivery of Pipes and Fittings	1,375,862.00
Commissioner Of Domestic Taxes	WH 5% Proffesional Fees	16,000.00
KPLC	Lowasco Electricity Bills	6,550,325.00
TOTAL		34,900,077.00

b) Due from related parties

Description	2023-2024
	Kshs
Due From County Government (Ministry of Water Services)	25,551,096.00
Total	25,551,096.00

County Government of Turkana
Turkana County water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To the Financial Statements (Continued)

2. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. 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:

a) Credit risk

The Fund 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 entity's management based on prior experience and their assessment of the current economic environment. 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 Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Non-Exchange Transactions	25,551,096.00	-	25,551,096.00	-
Bank Balances	698,611.00	-	698,611.00	-
Total	26,249,707.00	-	26,249,707.00	

County Government of Turkana
Turkana County water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To the Financial Statements (Continued)

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 then ministry of Water Services

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has 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 Fund 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.

**County Government of Turkana
Turkana County water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To the Financial Statements (Continued)

c) Market risk

The board 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 Fund'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 manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

County Government of Turkana
Turkana County water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To the Financial Statements (Continued)

ii. 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 Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund’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 Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

d) Capital risk management.

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

Description	2023-2024
	Kshs
Accumulated surplus	26,249,707.00
Total funds	26,249,707.00
Total borrowings	-
Less: cash and bank balances	698,611.00
Net debt/(excess cash and cash equivalents)	25,551,096.00

County Government of Turkana
Turkana County water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To the Financial Statements (Continued)

3. Events after the reporting period

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

4. Ultimate and Holding Entity

The entity is a County Public Fund established by Water Act,2019 under the Ministry of Water Services. Its ultimate parent is the County Government of Turkana.

5. Currency

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

County Government of Turkana
Turkana County water Services Fund
Annual Report and Financial Statements for the year ended June 30, 2024

19. Annexes

Annex I: Progress on Follow Up of Prior Year Auditor'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)
-	-	-	-	-
-	-	-	-	-

Fund Administrator

Date: 2024

