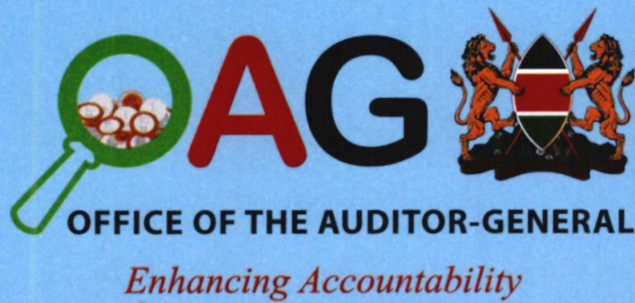


REPUBLIC OF KENYA



# REPORT

OF

**THE AUDITOR-GENERAL**

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OF KENYA  
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**TURKANA COUNTY CO-OPERATIVE  
ENTERPRISE DEVELOPMENT FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



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**THE TURKANA COUNTY CO-OPERATIVE ENTERPRISE  
DEVELOPMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

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

***Turkana County Co-operative Enterprise Development Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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*Turkana County Co-operative Enterprise Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**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
FY	Financial Year
TC	Turkana County

b) Glossary of Terms

Fiduciary Management

The key management personnel who had financial responsibility

***Turkana County Co-operative Enterprise Development Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**2. Key Entity Information and Management**

**a) Background information**

Turkana County Co-operative Enterprise Development Fund was established by and derives its authority and accountability from Turkana County Co-operative Enterprise Development Fund Act, 2019(Amendment) Via Turkana County gazette Supplement No.14 (Act 07). The Fund is wholly owned by the County Government of Turkana and is domiciled in Kenya.

The fund's objective is to;

- i. Finance and promote the socio-economic welfare of the Co-operative Societies;
- ii. Provide affordable and accessible credit to primary Co-operative Societies;
- iii. Facilitate Investments in Co-operative Societies;
- iv. Entrench the principles of prudent financial management and administrative action in the management of co-operative societies across the County;
- v. Facilitate marketing of products and services of co-operative societies both in the domestic and the international markets;
- vi. Revive key primary Co-operative Societies for accelerated economic development of the cooperative movement across the County;
- vii. Research, develop, innovate and transfer technology;
- viii. Hold, manage and apply the finances of the fund in accordance with the provisions of the Act; and
- ix. Perform such other functions as are conferred on it by the Act or such other written law.

The Fund's principal activity is to provide low interest loans to Co-operative Institutions that seek to promote the welfare and economic uplifting of the people of Turkana County.

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to provide low interest loans to Co-operative Institutions that seek to promote the welfare and economic uplifting of the people of Turkana County.

**Turkana County Co-operative Enterprise Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**Key Entity and Management (Continued)**

**c) Board of Trustees/Fund Administration Committee**

The fund does not have a fund administration board.

**d) Key Management team**

Ref	Name	Position
1	Elizabeth Loote	CECM Trade, Co-operatives, Gender and Youth Affairs
2	Samwel Ekale	CO Trade, Enterprise Development and Co-operatives
3	Benson Akol	Director Co-operatives Development
4	Grace Ewoi	Fund Administrator

**e) Fiduciary Oversight Arrangements**

**Turkana County Assembly Sectoral Committee on Finance, Planning, Trade, and ICT.**

SN	Position	Name
1	Chairperson	Michael Ewoi
2	Vice Chairperson	Willy Nalimo
3	Member	Mathew Alany
4	Member	Anarclet Lemuya
5	Member	Amina Loitanit
6	Member	Samuel Aliwo
7	Member	Rebecca Epae
8	Member	Esther Mana

**f) Registered Offices**

P.O. Box 11-30500  
 Trade, Gender & Youth Affairs Offices,  
 Cooperative Building,  
 Next to Turkana County Assembly  
 Lodwar, KENYA.

**Key Entity and Management (Continued)**

**g) Fund Contacts**

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

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

**h) Fund Bankers**

Kenya Commercial Bank  
Lodwar Branch.

**i) County Attorney**

The Office of the County Attorney  
P.O. Box 11-30500  
Lodwar, Kenya

*Turkana County Co-operative Enterprise Development Fund*  
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**3. Board of Trustees/ Fund Administration Committee.**


During the year under review the fund did not have a fund board. The County Assembly approved the nominee for the position of the chairperson on 6<sup>th</sup> September,2023.

**Turkana County Co-operative Enterprise Development Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**4. Management Team**

Name	Details of qualifications and experience
<p>1. Mrs. Elizabeth Loote</p> 	<p>She is the current County executive committee member for Trade, Co-operatives, Gender and Youth Affairs. Elizabeth holds a bachelor's degree in economics and Sociology from Egerton University. She possesses over seven (7) years' work experience from Public, corporate and Non-Governmental Organizations in areas Public Sector Management, Policy formulation, Accounting and Financial Management. She formerly worked for SwissContact as an Accountant before joining PanAfricare as a Finance Officer. Prior to her employment as a County Executive Committee Member, she worked as an Assistant County Commissioner.</p>
<p>2. Mr. Samwel Ekale</p> 	<p>He is the Chief Officer and Fund Administrator. Samwel holds a bachelor's degree in applied Statistics with Computing from Karatina University. He has over Six (6) years extensive knowledge and experience in areas of Public Administration, entrepreneurship, community engagements, and Private Sector. He has formerly worked for County Government as a Statistician in the strategy Delivery Unit and also as a Land Reclamation Officer.</p>
<p>3. Mr. Benson Akol</p> 	<p>He is the current director for Co-operatives Marketing and Development. He is currently pursuing his master's degree in business administration (Finance) at Jomo Kenyatta University of Agriculture and Technology. He has a bachelor's degree in business management (Purchasing and Supplies Management option) at Mount Kenya University. In addition, he possesses a diploma in co-operative Management at Cooperative College of Kenya. Benson has a fifteen (15) year extensive experience in policy formulation and implementation, co-operatives good governance and provision of</p>

**Turkana County Co-operative Enterprise Development Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

	<p>technical advice on co-operative investment, finance, credit and marketing, project management and extension services. He serves as the Fund Board Secretary.</p>
<p>4. CPA Grace Ewoi</p> 	<p>Grace has over Eleven (11) years' working experience in Public and Non-Governmental Organizations in areas of accounting and financial Management.</p> <p>She holds a Master of Science degree in International Oil and Gas Management from University of Dundee, UK and a bachelor's degree in business management (Finance and Banking Option) from Moi University. She is a Certified Public Accountant (CPA) graduate with KASNEB Examining Body and an investment analyst. She also possesses expertise in Energy and Natural Resources management and policy formulation, Extractive industries financial modelling and analysis and experience in streamlining financial systems in humanitarian emergency responses. Grace is the fund administrator.</p>

*Turkana County Co-operative Enterprise Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**5. Board/Fund Chairperson's Report**

During the period under review the fund did not have a board chairperson.

*Turkana County Co-operative Enterprise Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**6. Report of The Fund Administrator**

The Turkana County Co-operative Enterprise Development Fund was formed with a principal purpose of providing low interest loans to co-operative institutions that seek to promote the welfare and economic uplifting of the residents of Turkana County. For a period of three consecutive financial years from FY 20-21, the fund has accumulated a capital of **Kshs.96,251,070**.

During the Financial year under review, the fund received a total of **Kshs.45,321,825** from the County Exchequer Account. This amount is apportioned as **Kshs.43,962,170 (97%)** for revolving loans while **Kshs.1,359,655 (3%)** is for recurrent operations. This is the third disbursement received by the fund since its formation. The Fund also had an opening balance of **Kshs.48,920,136** at the start of the year bringing the total available revenue for utilization to **Kshs.94,241,961** The only expenditure incurred accrued from bank charges amounting to **Kshs.2,577** since the fund can not undertake any operations due to the absence of the board that can approve its budget. The fund also has a cumulative borrowing of **Kshs.3,005,500** from Executive that was utilized to facilitate awareness and sensitization education on the existing co-operatives within the county.

These funds will be solely utilised to finance the existing co-operative societies and to facilitate the operations of the fund. The management hopes that the process of constituting the board will be fast tracked to enable the operation of the fund for its intended objectives to be achieved.



.....  
Name: SAMUEL EKALE

**Fund Administrator**

**Turkana County Co-operative Enterprise Development Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**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 key development objectives of the Turkana County Co-operative Enterprises Development Fund’ s 2022-2027 plan are to:

- a. Finance and promote the socio-economic welfare of the Co-operative Societies;
- b. Provide affordable and accessible credit to primary Co-operative Societies;
- c. Facilitate Investments in Co-operative Societies;
- d. Entrench the principles of prudent financial management and administrative action in the management of co-operative societies across the County;
- e. Facilitate marketing of products and services of co-operative societies both in the domestic and the international markets;
- f. Revive key primary Co-operative Societies for accelerated economic development of the cooperative movement across the County;
- g. Research, develop, innovate and transfer technology.

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Co-operatives Marketing and Development	Provide affordable and accessible credit to primary Co-operative Societies	Increased access to Co-operative loans/financing	Number of Co-operative Societies awarded loans.	During the FY 2022/2023 the Fund received a total of Kshs.45,321,825

*Turkana County Co-operative Enterprise Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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				which is yet to be disbursed to Co-operative Societies across the County.
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## **8. Corporate Governance Statement**

At the moment the board has not been appointed rendering the fund non-operational. If appointed the board shall consist of not more than 6 members who are not public officers. The chairperson appointed by the governor on the recommendation of the county executive committee member responsible for Co-operative development and marketing with the approval of the County Assembly. The other eight members shall be appointed by the County Executive Committee Member responsible for Co-operative development and marketing; drawn from co-operative movement within the county while observing the interests of minorities, Youth, gender and people living with disability.

A person shall not be qualified for appointment as a member of the board if that person is;

- i. a member of National Assembly;
- ii. is adjudged bankrupt;
- iii. is convicted of a criminal offence and sentenced to a term of imprisonment of not less than six months.

An appointed member of the Board shall cease to be a member when;

- i. Dies;
- ii. Is unable to perform the functions of the office due to mental or physical infirmity

The board shall have the powers necessary for the performance of its functions and these powers shall be;

- i. Supervise, control and administer the assets of the fund in such a manner and for such purposes as would best promote the objects and functions for which the fund is established;
- ii. Formulate policy guidelines on funding
- iii. Ensure that all projects funded are consistent with priorities specified in the relevant policy documents;
- iv. Approve proposals submitted to it by the unit under the act;
- v. Authorise allocations from the fund;
- vi. Formulate or approve standards, guidelines and procedures for funding proposals and release of loans and credit facilities;
- vii. Approve the organizational structure of the unit;
- viii. Provide oversight in the utilization of the fund;
- ix. Cause to be kept proper records of all assets and liabilities of the Fund;

***Turkana County Co-operative Enterprise Development Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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- x. Prepare and present for approval;
  - a. Annual estimates of revenue and expenditure of the fund
  - b. Audited accounts in accordance with the international accounting standards and relevant laws
  - c. The investment proposals

The members of the board shall be paid such allowances or remuneration as per the Salaries and Remuneration Commission and in accordance with the relevant financial regulations and/or guidelines currently in force including the Salaries and Remuneration Commission.

The conduct of business of the Board shall be as provided in the First Schedule, but subject thereto, the Board may regulate its own procedure. The quorum for the conduct of business of the meeting of the Board shall be two-thirds of the total number of members of the Board.

*Turkana County Co-operative Enterprise Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**9. Management Discussion and Analysis**

In order to facilitate the main objective of the fund of providing affordable and accessible credit, the fund received a total of **Kshs.45,321,825** from the County Exchequer Account during the period under review. This funding is anticipated to facilitate both the current operations **Kshs.1,360,000 (3%)** of the fund and the capital **Kshs.43,961,825 (97%)**. These funds will be solely utilised to finance the existing co-operative societies and to facilitate the operations of the fund.

It was impossible to operationalize the fund due to absence of the board that will approve the Fund's budget for appropriation. With the changes in the regime and elections, the process of constituting the board has taken a considerable long time derailing the realization of the fund's objectives. The County Assembly approved the nominee for the position of the chairperson on 6<sup>th</sup> September, 2023.

## **10. Environmental and Sustainability Reporting**

Turkana County Co-operative Enterprise Development Fund was established to facilitate financing and promotion of socio-economic welfare of the Co-operative Societies within Turkana County through provision of affordable and accessible credit. The fund also aims at facilitating marketing of products and services of the co-operative societies within and outside the country.

The fund did not undertake any CSR activities since it only focuses on providing affordable credit to co-operative societies within the county.

Below is a brief highlight of our achievements in each pillar:

### **1. Sustainability strategy and profile -**

The fund is created in such a way that it is a revolving fund that will enable the fund to operate for a long time. The interest charged is the lowest (3%) compared to what is charged in the market by financial and non-financial institutions making it affordable. The funding requirements are also minimal to enable easy access to the loan with a flexible repayment instalments and schedule.

### **2. Environmental performance**

Since this is a revolving fund, there is minimal interaction of the products(loans) with the environment. The fund therefore does not have an environmental management policy.

### **3. Employee welfare**

The fund does not hire any staff since it is operated and managed by the staff working for the department the fund is housed under.

### **4. Market place practices-**

The organisation should outline its efforts to:

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

The fund offers a competitive interest rate that is lower the pre-existing market interest rates while maintaining an equal platform for all the eligible groups to apply and receive the funds without any bias or preference.

Advertisement for the funds will be made public.

#### **b) Responsible Supply chain and supplier relations- The fund has not engaged any supplier.**

***Turkana County Co-operative Enterprise Development Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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- c) Responsible marketing and advertisement-The fund advertises calls for funding through the social media, radios, and newspapers.

**5. Community Engagements-**

There were no charitable events undertaken by the fund during the financial year under review.

**Turkana County Co-operative Enterprise Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**11. Report of The Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

**Principal activities**

The principal activity of the Fund is to provide low interest loans to Co-operative Institutions that seek to promote the welfare and economic uplifting of the people of Turkana County.

**Results**

The results of the Fund for the year ended June 30, 2023 are set out on page 1 to 6

**Trustees**

The fund did not have a board as at the date of the report. The changes in the Board during the financial year are as shown below:

<b>S/No.</b>	<b>Name of the Previous Board Member</b>	<b>Position</b>	<b>New Board Member</b>
1	Jennipher Nawoi	Patron	Elizabeth Loote

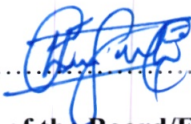
***Turkana County Co-operative Enterprise Development Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**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



.....  
**Chair of the Board/Fund Administration Committee**

**Date:** 09/11/2023

## **12. 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 the Constitution, an Act of Parliament or County Legislation, 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, 2023. 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 the Turkana County Co-operative Enterprise Development Fund Act, 2019(Amendment). 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, 2023, and of the Fund's financial position as at that date. The Administrator further confirm 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

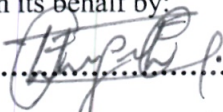
**Turkana County Co-operative Enterprise Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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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 9<sup>th</sup> November 2023 and signed on its behalf by:

  
.....

**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL  
*Enhancing Accountability*

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

## REPORT OF THE AUDITOR-GENERAL ON TURKANA COUNTY CO-OPERATIVE ENTERPRISE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for intended purpose; and,
- C. Report on the 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 does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and overall governance systems are properly designed and were working effectively in the financial year under review.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Turkana County Co-operative Enterprise Development Fund set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance,

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*Report of the Auditor-General on Turkana County Co-operative Enterprise Development Fund for the year ended 30 June, 2023*

statement of 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 Co-operative Enterprise Development Fund as at 30 June, 2023 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 Co-operative Enterprise Development Fund Act, 2020 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Turkana County Co-operative Enterprise Development 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.

### **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**

#### **1. Lack of Board/Fund Chairperson Report**

The annual report and financial statements for the year under review does not include the report of board/fund chairperson as required by Public Sector Accounting Standards Board contrary to Regulation 101(4) of the Public Finance Management (County Government) Regulations, 2015 which states that an Accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board. The Board has provided guidelines and reporting templates to be used in preparation of annual reports and financial statements.

#### **2. Budgetary Control and Performance**

The Fund had an approved and fully operational budget of Kshs.1,359,655 and development budget of Kshs.94,887,806 all totaling to Kshs.96,247,461 during the year ended 30 June, 2023. However, the actual operational expenses amounted to Kshs.2,577

resulting in underutilization of Kshs.1,357,078 while the Kshs.94,887,806 allocated to loans was not utilized during the year under review.

In the circumstances, the Fund did not deliver on its mandate of loan disbursement to eligible co-operative societies in the County.

My opinion is not modified in respect of these matters.

### **Other Information**

The Management is responsible for the other information set out on page iv to xxii which comprise of Key Entity Information and Management, Board of Trustee/Fund Administrative Committee, Management Team, Board/Fund Chairperson's Report, Report of The Fund Administrator , Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Management Responsibilities.

The other information does not include the financial statements and my audit report thereon.

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 USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Operational Budget**

The statement of financial performance reflects use of goods and services expenditure of Kshs.2,577. Further, during the year under review, the Fund received transfer from County Executive of Kshs.45,321,825 out of which Kshs1,359,655 was allocated to administration expenses and the balance of Kshs.43,962,170 was in respect of capital fund for loan disbursement to eligible co-operative societies. However, Management has not provided the Fund's approved operational budget estimates contrary to Section 149(2)(h) of the Public Finance Management Act, 2012 that requires the Accounting Officer to prepare estimates of the expenditure of the entity in conformity with strategic

plan and section 149(2)(i) which requires the Accounting Officer to submit the estimates of an entity which is not a county corporation to county Executive Committee Member for Finance.

In circumstances, Management was in breach of the law and funds may have been utilized on activities not supporting the core mandate of the Fund.

## **2. Fund Management Board**

Turkana County Co-operative Enterprise Development Fund was established in the year 2016 and became operational effective 19 June, 2020. The fund's board was Gazetted on 22 December, 2023. However, during the year ended 30 June, 2023, the Fund operated without a board contrary to Section 11(1) of the Turkana County Co-operative Enterprise Development Fund Act, 2020 which states that the oversight function and management of the Fund shall be vested in the board, which shall be appointed in accordance with this section and Section 11(2)(b) of the Turkana County Co-operative Enterprise Development Fund Act, 2020 which requires that five (5) persons not being public officers shall be appointed, drawn from co-operative movement within the county while observing the interests of minorities, gender, people with disability, and youth.

In the circumstances, the appointing authority was in breach of the law and the Fund was not able to effectively implement its objectives in the absence of the board.

## **3. Non-Disbursement of Loans**

The statement of financial position reflects nil balance in respect of current portion of long-term receivables from exchange transactions and long-term receivables from exchange transactions. Available records indicated that since its operationalization in 2020/2021 financial year, the Fund has received cumulative transfers of Kshs.96,251,070 as at 30 June, 2023 out of which Kshs.93,364,415 was allocated to loans and balance of Kshs.2,886,655 to operational expenses, inclusive Kshs.45,321,825 received during the year under review.

However, as at 30 June, 2023, the Management had not disbursed any loan to eligible co-operative societies in the county due to lack of a Fund Management Board. At the time of audit in October, 2023, no loan had been disbursed to any co-operative society.

In the circumstances, the Fund's objective of reviving, promoting and financing, marketing facilitation of primary cooperative societies among others in the county have not been met and there is no value for money obtained on its accumulated Revolving Fund balance of Kshs.93,364,415 that was meant to facilitate disbursement of loans to co-operative societies.

## **4. Related Party Borrowing**

The statement of financial position reflects receivables from non-exchange transactions amount of Kshs.3,005,500 as at 30 June, 2023 being outstanding short term borrowing by Turkana County Executive. The amount comprises of outstanding balance of

Kshs.2,005,500 as at 30 June, 2022 and additional lending of Kshs.1,000,000 to the county on 17 November, 2022. However, approval by the County Assembly of short-term borrowings, borrowing agreements and acknowledgement of funds by County Treasury were not provided for audit review. Further, at the time of audit in October, 2023, there was no evidence of refund of the Kshs.3,005,500. This was contrary to Section 142(1) of the Public Finance Management Act, 2012 which requires county government entities to seek the authority of the county assembly to borrow cash on a short-term basis for cash management purposes only.

Further, the borrowed funds were not repaid within one-year contrary to Section 143(3) which stipulates that a county government entity that has any such borrowing shall ensure that the money borrowed is repaid within a year from the date on which it was borrowed.

In the circumstances, the Fund Management was in breach of the law and the Fund may not be able to meet its objectives of disbursing loans to qualifying cooperative societies.

## **5. Implementation of Oversight Bodies' Recommendations**

Turkana County Co-operative Enterprise Development Fund was established in the year 2016 and became operational effective 19 June, 2020 with the object of reviving, promoting and financing, marketing facilitation of primary Cooperative Societies among others in the County. Further, the Fund's statutory audits for the years ended 30 June, 2021 and 2022 were concluded and audit reports issued to the Fund Management by the Auditor-General.

However, there was no evidence to show that the report and financial statements have been discussed by the relevant committee of the County Assembly or Senate and recommendations thereon implemented contrary to Regulation 19(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Standing Committee shall generally be responsible for monitoring the effectiveness of the corporate governance practices under which the entity operates and propose revisions as may be required from time to time and monitoring timely resolution of audit issues.

In the circumstances, the recommendations of the Auditor-General may not be implemented in the absence of effective oversight on utilization and accountability of public funds.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) 2315 and 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 the Board of Trustees/Fund Administration Committee**

The 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 the 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 overall governance.

In preparing the financial statements, the Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Fund or cease operations.

The 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, the 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.

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

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

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

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

  
FCPA Nancy Gathungu CBS  
AUDITOR-GENERAL

**Nairobi**

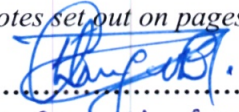
**15 February, 2024**

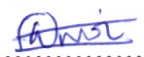
**Turkana County Co-operative Enterprise Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	1,359,655	900,000
Fines, Penalties and Other Levies	3	-	-
<b>Total Revenue from Non-Exchange Transactions</b>		<b>1,359,655</b>	<b>900,000</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	-	-
Other Income	5	-	-
<b>Total Revenue from Exchange Transactions</b>		<b>-</b>	<b>-</b>
<b>Total Revenue</b>		<b>1,359,655</b>	<b>900,000</b>
<b>Expenses</b>			
Employee Costs	6	-	-
Use of goods and services	7	2,577	882
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
<b>Total Expenses</b>		<b>2,577</b>	<b>882</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
<b>Surplus/(Deficit) for the Period</b>		<b>1,357,078</b>	<b>899,118</b>

(The notes set out on pages 7 to 38 form an integral part of these Financial Statements)

.....  
  
Name: SAMUEL EKALE  
Administrator of the Fund

.....  
  
Name: GRACE ENDI  
Fund Accountant  
ICPAK Member Number: 25932

*Turkana County Co-operative Enterprise Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**


**15. Statement of Financial Position As at 30 June 2023**


Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	93,239,384	48,920,136
Current Portion of Long- Term Receivables From Exchange Transactions	13	-	-
Receivables from Non-Exchange Transactions		3,005,500	2,005,500
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
<b>Total current assets</b>		<b>96,244,884</b>	<b>50,925,636</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	-	-
Investment Property	19	-	-
<b>Total non- current assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>96,244,884</b>	<b>50,925,636</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>			
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-
<b>Total Liabilities</b>		<b>-</b>	<b>-</b>

**Turkana County Co-operative Enterprise Development Fund**  
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Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Net Assets</b>		<b>96,244,884</b>	<b>50,925,636</b>
Revolving Fund		93,364,415	49,402,245
Reserves		-	-
Accumulated Surplus		2,880,469	1,523,391
<b>Total Net Assets and Liabilities</b>		<b>96,244,884</b>	<b>50,925,636</b>

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 9/11/2023 and signed by:

  
 Name: SAMUEL EKALE  
 Administrator of the Fund

  
 Name: GRACE ENDO  
 Fund Accountant  
 ICPAK Member Number: 25432

**Turkana County Co-operative Enterprise Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**16. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2023**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2021</b>	<b>20,302,245</b>	-	<b>624,273</b>	<b>20,926,518</b>
Surplus/(Deficit) For the Period	-	-	899,118	899,118
Funds Received During the Year	29,100,000	-	-	29,100,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2022</b>	<b>49,402,245</b>	-	<b>1,523,391</b>	<b>50,925,636</b>
<b>Balance As At 1 July 2022</b>	<b>49,402,245</b>	-	<b>1,523,391</b>	<b>50,925,636</b>
Surplus/(Deficit) For the Period	-	-	1,357,078	1,357,078
Funds Received During the Year	43,962,170	-	-	43,962,170
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2023</b>	<b>93,364,415</b>	-	<b>2,880,469</b>	<b>96,244,884</b>

**Turkana County Co-operative Enterprise Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**17. Statement of Cash Flows for The Year Ended 30 June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations	1	-	-
Transfers from the county government	2	1,359,655	900,000
Interest received	4	-	-
Receipts from other operating activities		-	-
<b>Total Receipts</b>		<b>1,359,655</b>	<b>900,000</b>
<b>Payments</b>			
Fund administration expenses	7	-	-
General expenses	7	2,577	882
Finance cost	9	-	-
Other payments		-	-
<b>Total Payments</b>		<b>2,577</b>	<b>882</b>
<b>Net cash flows from operating activities</b>	25	<b>1,357,078</b>	<b>899,118</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets	17	-	-
Proceeds from sale of property, plant & equipment	10	-	-
Proceeds from loan principal repayments	13	-	-
Receivables From Non-Exchange Transactions-Borrowings		(1,000,000)	(2,005,500)
Loan disbursements paid out	13	-	-
<b>Net cash flows used in investing activities</b>		<b>(1,000,000)</b>	<b>(2,005,500)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts	13	43,962,170	29,100,000
Additional borrowings	22	-	-
Repayment of borrowings	22	-	-
<b>Net cash flows used in financing activities</b>		<b>43,962,170</b>	<b>29,100,000</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>44,319,248</b>	<b>27,993,618</b>
Cash and cash equivalents at 1 July		48,920,136	20,926,518
<b>Cash and cash equivalents at 30 June</b>		<b>93,239,384</b>	<b>48,920,136</b>

*Turkana County Co-operative Enterprise Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**18. Statement Of Comparison Of Budget And Actual Amounts For The Period**

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
<b>Revenue</b>						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.	1,359,655	-	1,359,655	1,359,655	-	100%
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
<b>Total Income</b>	<b>1,359,655</b>	<b>-</b>	<b>1,359,655</b>	<b>1,359,655</b>	<b>(0)</b>	<b>100%</b>
<b>Expenses</b>						
Fund Administration Expenses	1,350,000	-	1,350,000	-	1,350,000	-
General Expenses	9,655	-	9,655	2,577	7,078	27%
Finance Cost	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>1,359,655</b>	<b>-</b>	<b>1,359,655</b>	<b>2,577</b>	<b>1,357,078</b>	<b>-</b>
<b>Surplus For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,357,078</b>	<b>(1,357,078)</b>	
<b>Capital expenditure</b>	<b>43,962,170</b>	<b>50,925,636</b>	<b>94,887,806</b>	<b>-</b>	<b>94,887,806</b>	

**Budget notes**

The fund had an allocation of Kshs.2,005,500 during supplementary 1 FY 22-23 whose intention was to refund the TCG executive borrowing. The amount has been included in the capital expenditure adjustments which includes Kshs.48,920,136 opening balance and Kshs.2,005,500. At the end of the financial year this amount wasn't disbursed.

**19. Notes to the Financial Statements**

**1. General Information**

Turkana County Co-operative Enterprise Development Fund is established by and derives its authority and accountability from Turkana County Co-operative Enterprise Development Fund Act, 2019(Amendment). The Fund is wholly owned by the County Government of Turkana and is domiciled in Kenya.

**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 2023*

Standard	Effective date and impact
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> </ul>

**Turkana County Co-operative Enterprise Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>The fund does not possess any financial instruments.</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</li> </ul> <p><i>There is no impact to the fund.</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**Turkana County Co-operative Enterprise Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>There is no impact to the fund.</i></p>
<p>Other improvements to IPSAS</p>	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><i>There is no impact to the fund.</i></p>

*(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 43</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>There is no impact to the fund.</i></p>

*Turkana County Co-operative Enterprise Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>There is no impact to the fund.</i></p>

**(iii) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year 2022/2023.

**1. 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.

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2022/2023 was approved by the County Assembly on 30<sup>th</sup> 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 additional appropriations of Kshs.2,005,500 on the FY 2022/2023 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 basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 14 of these financial statements.

**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.

**d) Intangible Assets**

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

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

**e) 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.

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

**f) 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. 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.

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

**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.

**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.

**Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**g) 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.

**h) 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.

**i) 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.

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

**j) 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.

**k) Nature and purpose of reserves**

The Entity neither creates nor and maintains any reserves in terms of specific requirements.

**l) 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.

**m) Employee benefits – Retirement benefit plans**

The Entity does not provide 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 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.

*Summary of Significant Accounting Policies (Continued)*

**n) 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.

**o) 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.

**p) 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.

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

**r) Comparative figures**

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

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

**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.

State all judgements, estimates and assumptions made e.g.

**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

**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 Co-operative Enterprise Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**6. Notes To The Financial Statements**

**1. Public contributions and donations**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2. Transfers from County Government**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	1,359,655	900,000
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
<b>Total</b>	<b>1,359,655</b>	<b>900,000</b>

**3. Fines, penalties and other levies**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. Interest income**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
<b>Total Interest Income</b>	<b>-</b>	<b>-</b>

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**Notes to the Financial Statements Continued**

**5. Other income**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
<b>Total Other Income</b>	<b>-</b>	<b>-</b>

**6. Employee Costs**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**7. Use of Goods and Services**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	-	-
Bank Charges	2,577	882
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-

*Turkana County Co-operative Enterprise Development Fund*

**Annual Report and Financial Statements for the year ended June 30, 2023**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other	-	-
Social benefit expenses*	-	-
<b>Total</b>	<b>2,577</b>	<b>882</b>

**8. Depreciation and Amortization Expense**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Finance costs**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**10. Gain/(loss) on disposal of assets**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**11. Gain/ (loss) on Fair Value Investments**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
<b>Total Gain</b>	-	-

**12. Cash and cash equivalents**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Turkana County Co-operative Enterprise Devt. Fund account	93,239,384	48,920,136
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (\$	-	-
<b>Total Cash And Cash Equivalents</b>	<b>93,239,384</b>	<b>48,920,136</b>

*Turkana County Co-operative Enterprise Development Fund*

**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements Continued**

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

Financial Institution	Account number	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
<b>Sub- Total</b>		-	-
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
<b>Sub- Total</b>		-	-
<b>c) Current Account</b>			
Kenya Commercial Bank	1224339827	93,239,384	48,920,136
Bank B		-	-
<b>Sub- Total</b>		<b>93,239,384</b>	<b>48,920,136</b>
<b>d) Others</b>			
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>93,239,384</b>	<b>48,920,136</b>

**13. Receivables from exchange transactions**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	-	-
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	-	-
<b>Total Non- Current Receivables</b>	-	-
<b>Total Receivables From Exchange Transactions</b>	-	-

**Notes to the Financial Statements Continued**

**Additional disclosure on interest receivable**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

**14. Prepayments**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments	-	-
<b>Total</b>	-	-

**15. Inventories**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts and Meters	-	-
Catering	-	-
Other Inventories	-	-
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>	-	-

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**Notes to the Financial Statements Continued**

**16. Investments in financial assets**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	-	-
Sub- total	-	-
<b>b. Investment with Financial Institutions/ Banks</b>		
Bank	-	-
Bank	-	-
Sub- total	-	-
<b>c. Equity investments (specify)</b>		
Equity/ shares	-	-
Sub- total	-	-
<b>Grand total</b>	-	-

**Movement of Equity Investments**

Impairment allowance/ provision	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
<b>At the end of the year</b>	-	-

**e) Shareholding in other entities**

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Current year	Prior year
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

*Turkana County Co-operative Enterprise Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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

**17. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2021</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2022</b>					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>Depreciation And Impairment</b>					
At 1 <sup>st</sup> July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2022</b>					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>Net Book Values</b>					
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-

*Turkana County Co-operative Enterprise Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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

**18. Intangible assets**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
<b>Cost</b>		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
<b>Amortization And Impairment</b>		
At Beginning of The Year	-	-
Amortization		
At End of The Year	-	-
Impairment Loss		
At End of The Year	-	-
<b>NBV</b>	-	-

**19. Investment Property**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

*Turkana County Co-operative Enterprise Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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

**20. Trade and other payables from exchange transactions**

Description	FY 2022-2023		FY 2021-2022	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
<b>Total Trade and Other Payables</b>	-		-	
Ageing analysis (Trade and other payables)	FY 2022-2023	% of the Total	FY 2021-2022	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total (tie to above total)</b>	-	-	-	-

**21. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
<b>Balance At The End of The Year</b>	-	-	-	-

*Turkana County Co-operative Enterprise Development Fund*

Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

**22. Borrowings**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
<b>Balance At End of The Period</b>	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From Organization'	-	-
Sterling Pound Denominated Loan From Organization'	-	-
Euro Denominated Loan from Organization'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
<b>Total Balance at End of The Year</b>	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	-	-

*Turkana County Co-operative Enterprise Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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

**23. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	FY 2022-2023	FY 2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**24. Social Benefit Liabilities**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total</b>	-	-

*Turkana County Co-operative Enterprise Development Fund*  
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**Notes To The Financial Statements (Continued)**

**25. Cash generated from operations**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>1,357,078</b>	<b>899,118</b>
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>1,357,078</b>	<b>899,118</b>

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

**26. 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.

**b) Related party transactions**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Transfers From Related Parties'	45,321,825	30,000,000
Transfers To Related Parties	-	-

**c) Key management remuneration**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**d) Due from related parties**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	3,005,500	2,005,500
<b>Total</b>	<b>3,005,500</b>	<b>2,005,500</b>

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**Other Disclosures Continued**

**e) Due to related parties**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	-	-

**27. Contingent assets and contingent liabilities**

Contingent Liabilities	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

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

**28. 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:

<b>Description</b>	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	3,005,500	-	3,005,500	-
Bank Balances	93,239,384	93,239,384	-	-
<b>Total</b>	<b>96,244,884</b>	<b>93,239,384</b>	<b>3,005,500</b>	<b>-</b>
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	2,005,500	-	2,005,500	-
Bank Balances	48,920,136	48,920,136	-	-
<b>Total</b>	<b>50,925,636</b>	<b>48,920,136</b>	<b>2,005,500</b>	<b>-</b>

**Turkana County Co-operative Enterprise Development Fund**  
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**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 no significant concentration of credit risk.

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2022</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**Turkana County Co-operative Enterprise Development Fund**  
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**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 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.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Turkana County Co-operative Enterprise Development Fund**  
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**Notes To The Financial Statements (Continued)**

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>(Current FY)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>(Comparative FY)</b>			
Euro	10%	-	-
USD	10%	-	-

**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. 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 0 (2023: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2023 – KShs 0)

**Turkana County Co-operative Enterprise Development Fund**  
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**Notes To The Financial Statements (Continued)**

**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	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	93,364,415	49,402,245
Accumulated surplus	2,880,469	1,523,391
<b>Total funds</b>	<b>96,244,884</b>	<b>50,925,636</b>
Total borrowings	-	-
Less: cash and bank balances	(93,239,384)	(48,920,136)
Net debt/(excess cash and cash equivalents)	93,239,384	48,920,136
<b>Gearing</b>	<b>97%</b>	<b>96%</b>

**29. Events after the reporting period**

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

**30. Ultimate and Holding Entity**

The entity is a County Public Fund established by Turkana County Co-operative Enterprise Development Fund Act, 2019(Amendment) under the Ministry of Trade, Co-operatives, Gender, and Youth Affairs. Its ultimate parent is the County Government of Turkana.

**31. Currency**

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

**Turkana County Co-operative Enterprise Development Fund  
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**20. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
4.1.1	Approval of Financial Statements	The County Executive Committee Member for Trade, gender and Youth Affairs approved the financial statement since the law allows her to do so in the absence of the fund chairperson and board.	Not Resolved	July, 2023
4.2	Budget Absorption	The fund can't utilize the allocated funds without a fund's board to approve the operational budget and workplan.	Not Resolved	September,2023
4.1	Lack of an Operational Budget	The fund management board has already been appointed awaiting gazettelement. The fund can't have an operational budget without a board.	Not Resolved	September,2023
4.2	Fund Management Board	The fund management board has already been appointed awaiting gazettelement.	Not Resolved	September,2023
4.3	Non disbursement of Loans	The fund management board has already been appointed awaiting gazettelement.	Not Resolved	September,2023

*Turkana County Co-operative Enterprise Development Fund*  
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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
4.6	Receivables from Non-Exchange Transactions - Internal Borrowing	The process of refunding the funds has already been initiated	Not Resolved	September,2023

  
**Fund Administrator**

**Turkana County Co-operative Enterprise Development Fund**

Date.....9<sup>th</sup> Nov. 2023.....

**Turkana County Co-operative Enterprise Development Fund  
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**Annex II: Inter-Fund Confirmation Letter**



**Turkana County Co-operative Enterprise Development Fund  
P.O Box 11-30500  
Lodwar.**

The Turkana County Government wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Turkana County Co-operative Enterprise Development Fund as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Turkana County Government (Kshs) as at 30 <sup>th</sup> June 2023				Amount Received by TC Co-operative Enterprise Devt Fund (KShs) as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	7 <sup>th</sup> Oct. 2023	0	45,321,825	0	45,321,825	45,321,825	0

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<b>Total</b>		<b>0</b>	<b>45,321,825</b>	<b>0</b>	<b>45,321,825</b>	<b>45,321,825</b>	<b>0</b>

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

**Head of Accountants department of beneficiary Fund:**

Name Benson Swoton Sign [Signature] Date 22/11/2023

*Turkana County Co-operative Enterprise Development Fund*

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**Annex III: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
None									

*Turkana County Co-operative Enterprise Development Fund*  
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**Annex IV: 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
None						