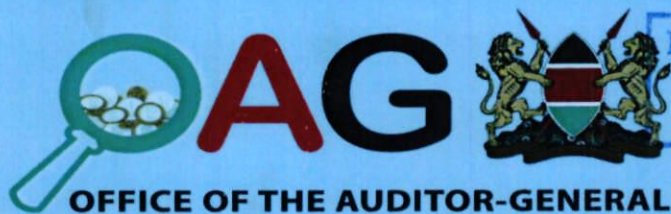


REPUBLIC OF KENYA



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*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**TURKANA COUNTY EDUCATION  
AND SKILLS DEVELOPMENT FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2020**

PAPERS LAID	
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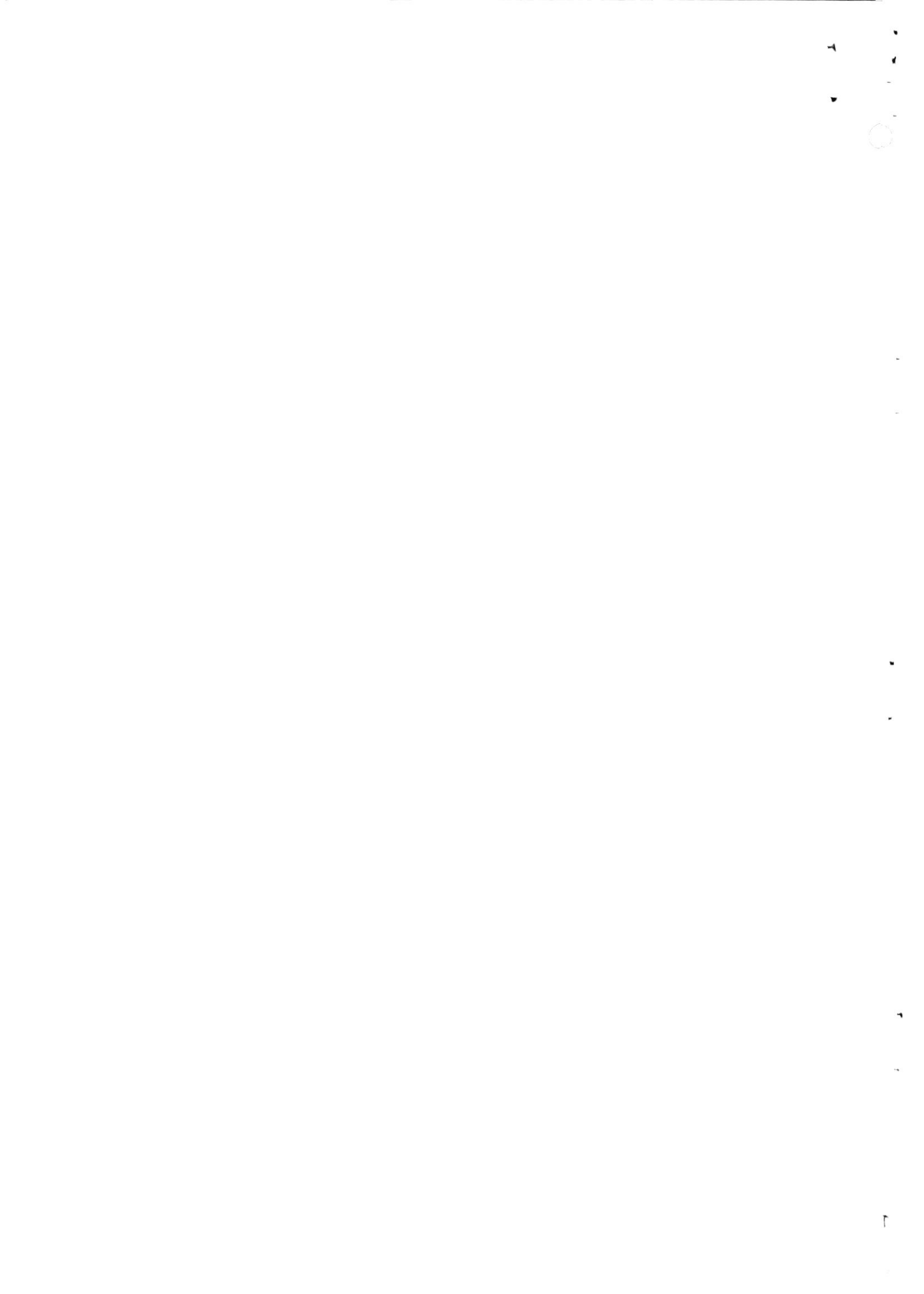
**TURKANA COUNTY EDUCATION AND SKILLS DEVELOPMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2020**

---

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



*Turkana County Education and Skills Development Fund*  
**Report and financial statement.**  
**For the year ended June 30, 2020**

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*Turkana County Education and Skills Development Fund*  
**Report and financial statement.**  
**For the year ended June 30, 2020**

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## **1. KEY ENTITY INFORMATION AND MANAGEMENT**

### **1. Background information**

The Turkana County Education & Skills Development Fund is established by and derives its authority and accountability from Turkana county Education and skills Development (Amendment) Act, 2016. The Fund is wholly owned by the County Government of Turkana and is domiciled in Kenya.

### **2. Principal Activities**

The fund's objective is to;

1. Provide a framework for consultation and co-ordination between the county executive, ward appraisal committee and other stakeholders in the Education sector.
2. Provide a framework for consultation and cooperation amongst county government entities.
3. Establish institutional structure and mechanism for relations
4. Provide a framework for the inclusive consideration of any matter that affects the entities of Turkana county Government and other county stakeholders in the Education sector
5. Give effect to Article 187 and 200 of the Constitution ,in respect of the transfer of functions and powers by one level of government of another ,including the transfer of the legislative powers
6. Provide mechanisms for the resolution of inter-entities and or stakeholders disputes where they arise.

### **3. Key Management**



**Mr. Charles Ewoi.**

He the current County executive committee member – department of education, sports and social protection of turkana county government.

He is the Patron to county secretariat committee

He has a degree in BA. Education



**Mrs Pauline Lokuruka**

She is the current Chief officer – department of education, sports and social protection of Turkana County

She is the Secretary to county secretariat committee and has a degree BA. education



*Turkana County Education and Skills Development Fund*  
**Report for the year ended June 30, 2020**

---



**Rev. Jackson Iruko.**

He is the Chairperson to county secretariat committee

Appointed from Turkana South to represent religion and has a degree in Art (theology). He mandated to chair meetings in every sitting



*Turkana County Education and Skills Development Fund*  
**Report for the year ended June 30, 2020**

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**4. Registered Offices**

P.O. Box 11-30500  
Office of the County Executive-Education, Sports and Social Protection  
Lodwar Primary Highway  
Lodwar, KENYA

**5. Fund Contacts**

E-mail: [tcg@gmail.com](mailto:tcg@gmail.com)  
Website: [www.tcg.go.ke](http://www.tcg.go.ke)

**6. Fund Bankers**

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

**7. Independent Auditors**

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





**8. Principal Legal Adviser**

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

**2. THE COUNTY SECRETARIAT**

The County Secretariat is established by Section 7 and 8 of Turkana County Education and skill Development (Amendment) Act, 2016. The following are members who were in office during the year.

**Members' profiles:**

 <p><b>Mr. Charles Ewoi.</b>          He the current County executive committee member – department of education, sports and social protection of turkana county government. He is the Patron to county secretariat committee He has a degree in BA. Education</p>	 <p><b>Mrs Pauline Lokuruka</b>          She is the current Chief officer – department of education, sports and social protection of Turkana County She is the Secretary to county secretariat committee and has a degree BA. Art education</p>
 <p><b>Rev. Jackson Iruko.</b>          He is the Chairperson to county secretariat committee Appointed from Turkana South to represent religion and has a degree in Art (theology). He mandated to chair meetings in every sitting</p>	 <p><b>Mrs Patricia Lokitela</b>          She the Vice chairperson of county secretariat committee Appointed from Turkana East to represent women and has a degree in art (education)</p>

*Turkana County Education and Skills Development Fund*

• **Report for the year ended June 30, 2020**

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**Mr Benedict Loyelei**

He is a Member of county secretariat committee  
Appointed from Turkana East to represent minority  
and has a degree in Art (education)



**Mr Milestone Eregae**

Member to bursary secretariat committee.  
Appointed form Turkana West to represent  
youth and has a degree in Art (Education)



**Mr. Alexander Lamah**

He is a Member to county secretariat committee,  
Appointed from Turkana North to represent  
PWDs and he has Diploma in Development  
Studies



**Mrs Beatrice Egiron**

She is a Member to county secretariat committee  
apointed from turkana central to represent  
education. And has a degree in Art (Education)

### **3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'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 skill development fund** plan are to:

- a) Provide quality education to resident of Turkana County.
- b) To bridge the gap of illiteracy
- c) To diversify knowledge around the corners of the Turkana county.
- d) To reduce poverty levels by empowering community to enrolling children to schools
- e) To nurture talents through skill developments programs.

#### **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>
Turkana county education and skill development fund.	To ensure the residents attain quality education at high levels of learning	Increased number of beneficiaries enrolling to tertiary institutions	7.85% number of beneficiaries enrolling to tertiary institutions.	In FY 19/20 an increase of beneficiaries was experienced despite a decrease in budget allocation

**Turkana County Education and Skills Development Fund**  
**Report for the year ended June 30, 2020**

**4. MANAGEMENT DISCUSSION AND ANALYSIS**

The Fund was allocated a total budget of Kshs.294, 000,000.00 which was disbursed in two phases during the year. A total of 37,028 students benefited from the Fund which represents an increase of 1,448 students from last financial year's beneficiaries of 35,567 students.

Below is tabulation of the year performance:

**Table 1: Beneficiaries.**

S/NO	Categories	2018/2019	2019/2020	Difference
1	Secondary School	25,611	26,281	670
2	Colleges	3,497	4,317	820
3	Universities	3,484	3,418	(66)
4	Medical Colleges	471	867	396
5	Teachers Colleges	1,656	1111	(545)
6	Vocational/Polytechnics	358	572	214
7	Others	503	462	(41)
	<b>Total</b>	<b>35,580</b>	<b>37,028</b>	<b>1,448</b>

**Table 2: Sub counties beneficiaries.**

S/NO	Sub County	No of beneficiaries
1	Turkana Central	8,219
2	Turkana West	7,589
3	Turkana North	7,143
4	Turkana South	4,959
5	Loima	4,762
6	Turkana East	4,356
	<b>Totals</b>	<b>37,028</b>

**Challenges**

1. The 3% of total budget portioned to cater for administrative expense cannot accommodate all key activities which include:-
  - Monitoring and evaluation of disbursed funds
  - Carrying out career guidance
  - Day to day response to office emergencies
  - Management and implementation of office core objectives i.e. disbursement and distribution of cheques outside the county,
  - Carrying out sensitization of ward appraisal committee.
  - Maintenance of the system E-bursary- it has made difficult adoption and implementation of e-bursary as office requires stable internet connectivity

*Turkana County Education and Skills Development Fund*  
**Report for the year ended June 30, 2020**

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2. Delay in submission of award list from wards.
3. Lack of admission numbers in some of beneficiaries that led to floating of fund in institutions.
4. Abbreviation of institutions/payee names that result to dishonour of cheques by banks.

## **5. THE CHAIRPERSON'S REPORT**

The Turkana County Education and skill Development fund was established in 2014. The fund had a budgetary allocation of **Kshs.294, 000,000** during the year. The County treasury disbursed 100% of the budgeted amount.

The ward appraisal committee successfully awarded beneficiary in the all the wards within the county.

The Fund faced a number of challenges in the reporting period that affected budget implementation. These included the following:

- Delay in submission of beneficiary lists from the Wards appraisal committees.
- Inadequate administration budget to train Ward appraisal committee
- Covid-19 disrupted operations and negatively affected the disbursement process for the second phase

The following measures have been put in place to address the challenges and to improve budget execution in the future periods:

- Strict timelines for receiving of beneficiary lists from Wards appraisal committees have been put in place and adhered to.
- Implementation of the e-bursary system to enhance efficiency.



**REV JACKSON IRUKO**

**BOARD CHAIRPERSON.**

**Turkana County Education and Skills Development Fund**  
**Report for the year ended June 30, 2020**

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**6. REPORT OF THE FUND ADMINISTRATOR**

The Turkana County Education and skill Development fund was established in 2014. The fund had a budgetary allocation of **Kshs294, 000, 000**. The County treasury disbursed 100% allocation for the year under review.

The ward appraisal committee successfully awarded beneficiary in the all the wards within the county.

The Fund faced a number of challenges in the reporting period that affected budget implementation. These included the following:

- Delay in submission of beneficiary lists from the Wards appraisal committees.
- Inadequate administration budget to train Ward appraisal committee
- Covid-19 disrupted operations and negatively affected the disbursement process for the second phase

Signed: \_\_\_\_\_

**MRS PAULINE LOKURUKA**  
**FUND ADMINISTRATOR**



***Turkana County Education and Skills Development Fund***  
**Report for the year ended June 30, 2020**

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## **7. REPORT OF THE SECRETARIAT**

The secretariat submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Fund affairs.

### **Principal activities**

The principal activities of the Fund are to:

1. Provide a framework for consultation and co-ordination between the county executive, ward appraisal committee and other stakeholders in the Education sector.
2. Provide a framework for consultation and cooperation amongst county government entities.
3. Establish institutional structure and mechanism for relations
4. Provide a framework for the inclusive consideration of any matter that affects the entities of Turkana county Government and other county stakeholders in the Education sector
5. Give effect to Article 187 and 200 of the Constitution ,in respect of the transfer of functions and powers by one level of government of another ,including the transfer of the legislative powers
6. Provide mechanisms for the resolution of inter-entities and or stakeholders disputes where they arise.

### **Results**

The results of the Fund for the year ended June 30, 2020 are set out on pages 1 to 43.

### **Secretariat**

The members of the Secretariat who served during the year are shown on pages iii and iv. The changes in the board during the financial year are as shown below;

S/NO	Name of the previous board member	Position	New board member
1	Mrs Patrick Lokaimoe	Patron	Mr Charles Ewoi
2	Dr Jacob Iolelea	Fund secretary	Mrs Pauline Lokuruka

***Turkana County Education and Skills Development Fund***  
**Report for the year ended June 30, 2020**

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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 Secretariat



**REV JACKSON IRUKO –CHAIRPERSON**

Date: 30<sup>th</sup> June, 2020 .

**Turkana County Education and Skills Development Fund**  
**Report for the year ended June 30, 2020**

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**8. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

Sections 167(1) 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 for each Financial year in a form prescribed by the Accounting Standards Board

Turkana county skills development Fund Secretary is responsible for the preparation and presentation of Turkana County Education and skills Development 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, 2020. 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 Fund Secretary accepts responsibility for the Fund's financial statements, which have been prepared on the Accrual basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (Accrual Basis). The Secretary is of the opinion that the funds financial statements give a true and fair view of the state of the funds transactions during the financial year ended June 30, 2020, and of its financial position as at that date. The Secretary further confirms the completeness of the accounting records maintained for the fund which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

The Secretary confirms that Turkana County Education and skills Development Fund's has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Secretary confirms that the fund's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 30/06/ 2020 and signed on its behalf by:

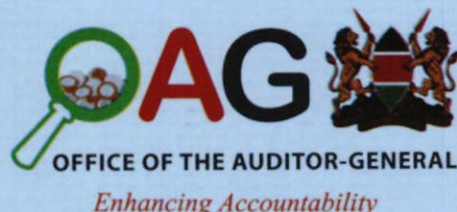
  
Mrs Pauline Lokuruka  
The Fund Secretary





# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON TURKANA COUNTY EDUCATION AND SKILLS DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Turkana County Education and Skills Development Fund set out on pages 1 to 43, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Turkana County Education and Skills Development Fund as at 30 June, 2020, 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 Education and Skills Development (Amendment) Act, 2016.

#### Basis for Qualified Opinion

##### 1.0 General Expenses

##### 1.1 Variance and Other Anomalies on the General Expenses.

1.1.1 The statement of financial performance for the year ended 30 June, 2020 reflects general expenses of Kshs.392,112,470 which relates to other expenses- fees subsidies as disclosed in Note 8 to the financial statements. A review of the list provided for audit indicated that the ward appraisal committee had allocated an amount of Kshs.457,499,800 to 56,944 students within the County in three phases resulting to a variance of Kshs.65,387,330.

1.1.2 In addition, included in the Kshs.457,499,800 is Kshs.172,463,000 relating to phase 2 of 2018-2019 bursaries and which was not treated as expenses in

2018-2019 financial statements in accordance with the accrual concept of accounting which requires that revenue or expenses are recorded when a transaction occurs rather than when payment is received or made.

1.1.3 Further, the following additional anomalies were noted:

- Documents such as death certificates in case of total or partial orphans and terminal report forms for continuing students were not attached to application forms.
- Reasons for award were not duly completed and application forms signed by the chairperson and secretary to the ward appraisal committee.
- Minutes of ward appraisal committee do not show how all applicants were vetted to come up with the final list of beneficiaries.
- There is no evidence to show that the Management Committee periodically produced and shared disbursement reports with the Governor and the County Assembly.
- There was no evidence that the ward appraisal committee held meetings in public as required by Section 22(b) of Turkana County Education and Skills Development Act, 2014.
- There was no evidence that successful applicants were notified through a gazette notice as well as written communication as required by Section 22(c) of Turkana County Education and Skills Development Act, 2014.

## **1.2 Disbursements of Fees Subsidies during the COVID-19 Pandemic Period**

Documents provided for audit revealed that Kshs.96,900,200 out of the fund's disbursements of Kshs.392,112,470 was disbursed in the months of May and June, 2020. The Management has not explained why the funds were disbursed to schools yet the schools had been closed due to the COVID -19 pandemic. Further, there is no evidence of acknowledgement the funds by the respective schools. In addition, there was no evidence that the fees subsidies were approved by the ward appraisal committees.

In the circumstances, the accuracy and completeness of the general expenses balance of Kshs.392,112,470 for the year ended 30 June, 2020 could not be confirmed.

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

## **Key Audit Matters**

Key audit matters are those matters that, in my professional 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**

### **1.0 Budget Control and Performance**

#### **1.1 Lack of Approved Budget**

The Fund Management did not provide the approved budget for audit 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.

The Fund's Management is in breach of the law and the propriety of the total payments of Kshs.414,637,840 for the year ended 30 June, 2020 could not be confirmed.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1.0 Non -Compliance to Public Finance Management (County Governments) Regulations, 2015**

Included in the total expenses of Kshs.414,637,840 reflected in the statement of financial performance for the year ended 30 June, 2020 is fund administrative expenses of Kshs.22,525,338 which is approximately 8% of the actual income of Kshs.294,000,000 contrary to Section 197(1)(d) of Public Finance Management (County Governments) Regulations, 2015, which requires that fund administration costs of County Public Fund to be at a maximum of three (3%) percent of the approved budget of the Fund.

In the circumstances, the Fund's Management breached the law.

#### **2.0 Appointment of the Fund's Secretariat**

Page ii of the Fund's financial statements reflects Key entity information containing members of the secretariat which include a female and male representative. However,

there was no evidence to confirm that the appointment of the two members was approved by the County assembly. Further there was no evidence to confirm that the female and male representative were of high integrity as stipulated in Section 8(2) of the Turkana County Education and Skills Development (Amendment) Act, 2016 which requires that the female and male representatives appointed by the County Executive Committee member for Education with the approval of the Member of the County Assembly must be persons of high integrity, good moral standings and have wide experience in management of education in the County.

In the circumstances, the Fund's Management breached the law.

### **3.0 Failure to Submit Audited Reports to County Assembly**

Documents provided for audit revealed that the Fund's financial statements for the years ended 30 June, 2016, 2017 and 2018 were concluded and audit certificates issued to the Fund's Management by the Auditor General.

However, there was no evidence that the financial statements have been submitted to the County Assembly contrary to Section 149(1) of the Public Finance Management Act, 2012 which states that an accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is — (a) lawful and authorised; and (b) effective, efficient, economical and transparent and Regulation 19(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the standing committee shall generally be responsible for the following - (f) monitor the effectiveness of the corporate governance practices under which the entity operates and propose revisions as may be required from time to time; (g) monitoring timely resolution of audit issues;

In the circumstances, the Fund's Management breached the law.

### **4.0 Unresolved Prior Year Audit matters**

There were issues raised in the audit report for 2018/2019 financial year of which no report or recommendations from the Fund Management were submitted for audit verification and clearance. The issues therefore remain unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require accounting officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

Consequently, the Fund's Management is in breach of the law.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 overall governance were not effective.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern or 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 as a going concern or 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.

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

**Nairobi**

**20 December, 2021**

*Turkana County Education and Skills Development Fund*  
**Financial Statements for the year ended June 30, 2020**

**10. FINANCIAL STATEMENTS**

**10.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR  
 ENDED 30 JUNE 2020**

	Note	2019/2020	2018/2019
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	0	0
Transfers from the County Government	2	294,000,000	344,019,660
Fines, penalties and other levies	3	0	0
		<b>294,000,000</b>	<b>344,019,660</b>
<b>Revenue from exchange transactions</b>			
Interest income	4	0	0
Other income-	5	0	0
<b>Total revenue</b>		<b>294,000,000</b>	<b>344,019,660</b>
<b>Expenses</b>			
Fund administration expenses	6	22,525,338	10,585,222
General expenses	8	392,112,470	164,643,434
Other expenses-		0	0
Finance costs	9	0	0
<b>Total expenses</b>		<b>414,637,840</b>	<b>175,228,656</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	10		
<b>Surplus/( deficit) for the period</b>		<b>(120,637,808)</b>	<b>168,791,003</b>


*Turkana County Education and Skills Development Fund*

**Financial Statements for the year ended June 30, 2020**


**10.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	2019/2020 KShs	2018/2019 KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	51,179,744	170,164,225
Current portion of short- term receivables from exchange transactions	12	0	520,427
Prepayments	14	0	0
Inventories	15	0	0
		<b>51,179,744</b>	<b>170,684,652</b>
<b>Non-current assets</b>			
Property, plant and equipment	14	0	0
Intangible assets	15	0	0
Long term receivables from exchange transactions	16	0	0
			0
<b>Total assets</b>		<b>51,179,744</b>	<b>170,684,652</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	18	1,132,900	0
Provisions	19	0	0
Current portion of borrowings	20	0	0
Employee benefit obligations	23	0	0
<b>Non-current liabilities</b>			
Non-current employee benefit obligation		0	0
Long term portion of borrowings		0	0
<b>Total liabilities</b>		<b>1,132,900</b>	<b>0</b>
<b>Net assets</b>		<b>50,046,844</b>	<b>170,684,652</b>
Capital Fund		10,026,461	10,026,460
Reserves		0	0
Accumulated surplus		40,020,383	160,658,191
<b>Total net assets and liabilities</b>		<b>50,046,844</b>	<b>170,684,652</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 30/06/2020 and signed by:

  
Mrs Pauline Lokuruka  
Fund Secretary



  
Fund Accountant  
Name: CPA Grace Ewoi  
ICPAK Member Number:  
25932

*Turkana County Education and Skills Development Fund*  
**Financial Statements for the year ended June 30, 2020**

**10.3. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED  
 30th JUNE 2020**

	Capital Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2018</b>	10,026,460	0	(8,132,812)	1,893,648
Surplus/(deficit) for the period	0	0	168,791,003	168,791,003
Funds received during the year	0	0	0	0
Revaluation gain	0	0	0	0
<b>Balance as at 30 June 2019</b>	<b>10,026,460</b>	<b>0</b>	<b>160,658,191</b>	<b>170,684,652</b>
<b>Balance as at 1 July 2019</b>	<b>10,026,460</b>	<b>0</b>	<b>160,658,191</b>	<b>170,684,652</b>
Surplus/(deficit) for the period	0	0	(120,637,808)	(120,637,808)
Funds received during the year	0	0	0	0
Revaluation gain	0	0	0	0
<b>Balance as at 30 June 2020</b>	<b>10,026,460</b>	<b>0</b>	<b>40,020,383</b>	<b>50,046,844</b>

*Turkana County Education and Skills Development Fund*

**Financial Statements for the year ended June 30, 2020**

**10.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2019/2020	2018/2019
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		0	0
Transfers from the County Government		294,000,000	344,019,660
Interest received		0	0
Receipts from other operating activities		0	0
<b>Total Receipts</b>		<b>294,000,000</b>	<b>344,019,660</b>
<b>Payments</b>			
Fund administration expenses		22,525,338	10,585,222
General expenses		392,112,470	164,643,434
Finance cost		0	0
<b>Total Payments</b>		<b>414,637,808</b>	<b>175,228,656</b>
Increase/decrease in short term receivables		520,427	(520,427)
<b>Adjusted for:</b>			
Increase in trade and other payables from exchange transactions		1,132,900	
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	21	0	0
Increase/(Decrease) in Accounts Payable: (deposits and retention)	22	0	0
		<b>1,132,900</b>	<b>0</b>
<b>Net cash flows from operating activities</b>		<b>(118,984,481)</b>	<b>168,270,577</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		0	0
Proceeds from sale of property, plant and equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		0	0
<b>Net cash flows used in investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0
Repayment of borrowings		0	0
<b>Net cash flows used in financing activities</b>		<b>(118,984,481)</b>	<b>168,270,577</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>0</b>	<b>0</b>
Cash and cash equivalents at 1 July	11	170,164,225	1,893,648
<b>Cash and cash equivalents at 30 June</b>	<b>11</b>	<b>51,179,744</b>	<b>170,164,225</b>

**10.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public contributions and donations	0	0	0	0	0	
Transfers from County Govt.	294,000,000	170,684,653	464,684,653	464,684,653	0	100
Interest income	0	0	0	0	0	
Other income	0	0	0	0	0	
<b>Total income</b>	<b>294,000,000</b>	<b>170,684,653</b>	<b>464,684,653</b>	<b>464,684,653</b>	<b>0</b>	<b>100</b>
<b>Expenses</b>						
Fund administration expenses	8,820,000	14,000,000	22,820,000	22,525,338	294,662	99
General expenses	285,180,000	156,684,653	441,864,653	392,112,470	49,752,183	89
Finance cost	0	0	0	0	0	
<b>Total expenditure</b>	<b>294,000,000</b>	<b>170,684,653</b>	<b>464,684,653</b>	<b>414,637,808</b>	<b>50,046,845</b>	<b>89</b>
<b>Surplus for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,046,845</b>	<b>(50,046,845)</b>	

**Notes:**

1. The adjustment of Kshs.170, 684,653 relates to bank balances brought forward and which was available for use in the current financial year.
2. The surplus of Kshs. (50,046,845) differs with the surplus in the statement of financial performance of Kshs. (120,637,808). This is due to the adjustment of Kshs.170, 684,653 in the opening bank balances.

## **10.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **1. 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.

### **2. Adoption of new and revised standards**

#### **a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

#### **b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2022:</b> 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"><li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the</li></ul>

*Turkana county education and skill development fund*

**Summary of Significant Accounting Policies for the year ended 30 June 2020**

Standard	Effective date and impact:
	<p>asset's cash flows and the objective for which the asset is held;</p> <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><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</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; (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>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</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> <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>Other Improvements to IPSAS</p>	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current</li> </ul>

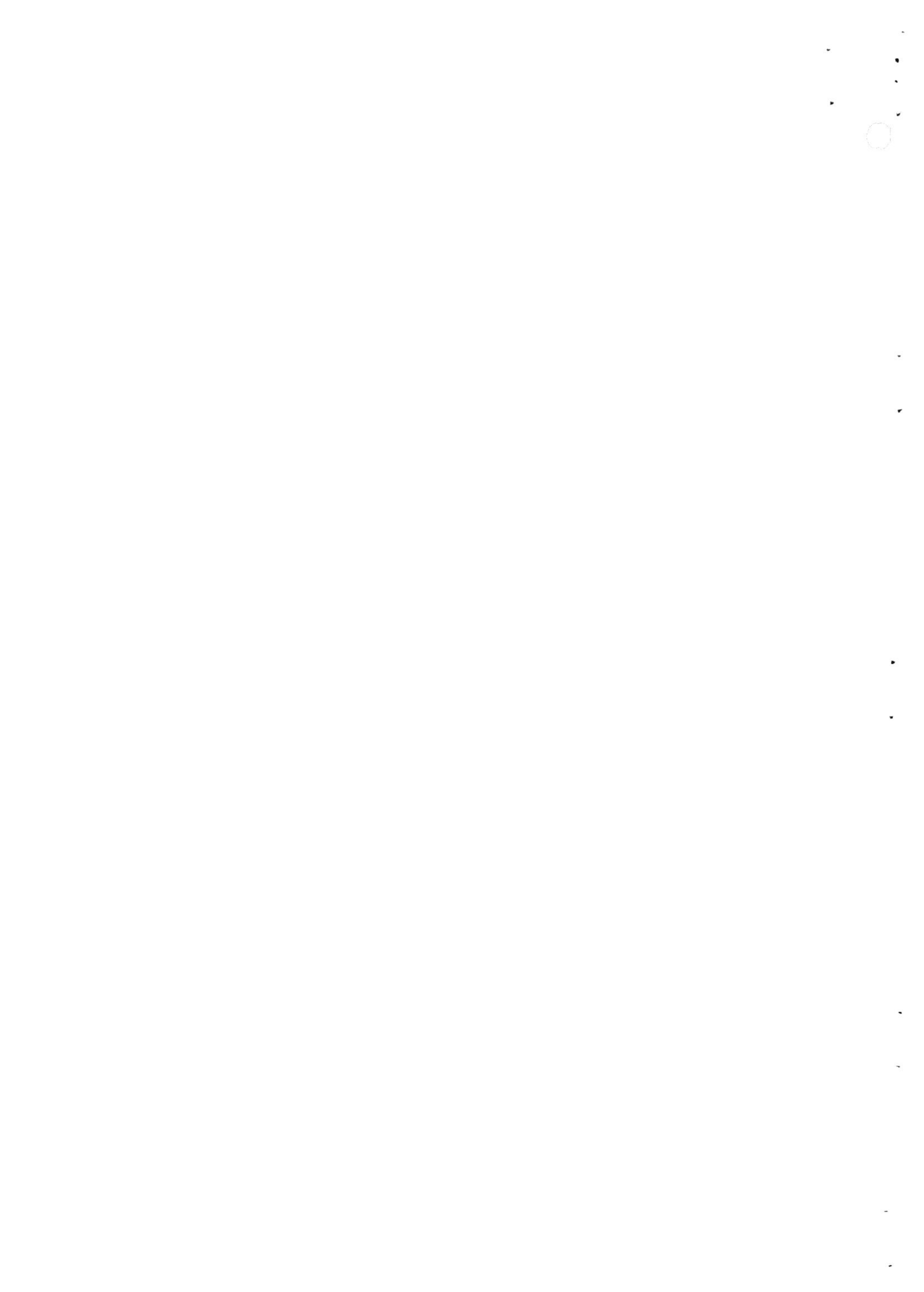


*Turkana county education and skill development fund*  
**Summary of Significant Accounting Policies for the year ended 30 June 2020**

Standard	Effective date and impact:
	<p>references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.  Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.  Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).  Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>
	<p>IPSAS 40, Public Sector Combinations.  Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

**c) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020.



## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **3. 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.

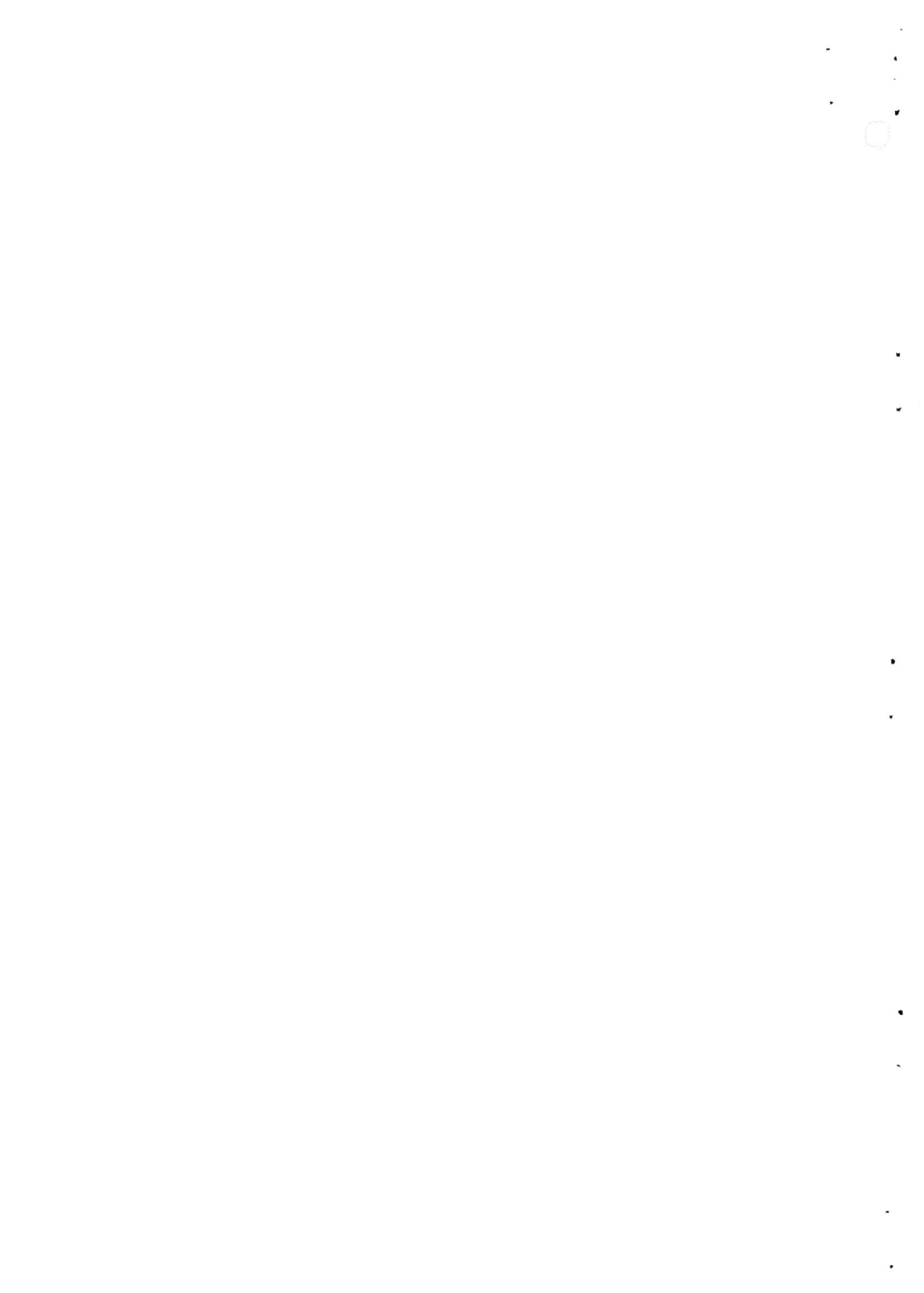
### **4. Budget information**

The original budget for FY 2019/2020 was approved by the County Assembly on Kshs.294,000,000. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. There was opening balance of Kshs.170, 684,653 brought forward and which was available for use in the current financial year. Accordingly, the Fund recorded a final budget of Kshs.464,684,653 on the FY 2019/2020 budget.

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.

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 10.5 of these financial statements.



## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **5. 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.

### **6. 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.

### **7. Financial instruments**

#### *Financial assets*

#### *Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

#### *Loans and receivables*

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

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### ***Held-to-maturity***

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

### ***Impairment of financial assets***

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

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

### ***Financial liabilities***

#### ***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

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

#### ***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

*Turkana county education and skill development fund*  
**Summary of Significant Accounting Policies for the year ended 30 June 2020**

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Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

### **8. 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.

### **9. 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.

*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.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### *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.

### **10. Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements when need arises. There are no reserves maintained by the Fund.

### **11. 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.

### **12. Employee benefits – Retirement benefit plans**

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

### **13. 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.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **14. 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.

### **15. 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 secretariat, the and fund administrator.

### **16. 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.

### **17. Comparative figures**

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

### **18. Events after the reporting period**

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

### **19. Ultimate and Holding Entity**

The entity is a County Public Fund established by Turkana county Education and skills Development (Amendment)Act, 2016 under the Ministry of Ministry of Education, Sports and Social Protection. Its ultimate parent is the County Government of Turkana.

### **20. Currency**

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

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **21. 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.

**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.

#### **Useful lives and residual values**

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

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

#### **Provisions**

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

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.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **22. 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ii. Interest rate risk**

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

*Management of interest rate risk*

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

*Sensitivity analysis*

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

**10.6 NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners		
Contributions from the public		
<b>Total</b>	<b>0</b>	<b>0</b>

**2. Transfers from County Government**

Description	2019/2020	2018/2019
	KShs	KShs
Transfers from County Government	294,000,000	344,019,660
Payments by County on behalf of the entity		
<b>Total</b>	<b>294,000,000</b>	<b>344,019,660</b>

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

Description	2019/2020	2018/2019
	KShs	KShs
Late payment penalties		
Fines		
<b>Total</b>		

**4. Interest income**

Description	2019/2020	2018/2019
	KShs	KShs
Interest income from Mortgage loans		
Interest income from car loans		
Interest income from investments		
Interest income on bank deposits		
<b>Total interest income</b>		

*Turkana county education and skill development fund*  
**Notes to the Financial Statements for the year ended 30 June 2020**

**5. Other income**

Description	2019/2020	2018/2019
	KShs	KShs
Insurance recoveries		
Income from sale of tender documents		
Miscellaneous income		
<b>Total other income</b>		

**6. Fund administration expenses**

Description	2019/2020	2018/2019
	KShs	KShs
Staff costs (Note 7)		
Loan processing costs		
Professional services costs		
Administration fees	22,525,338	10,585,222.10
<b>Total</b>	<b>22,525,338</b>	<b>10,585,222.10</b>

**7. Staff costs**

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages		
Staff gratuity		
Staff training expenses		
Social security contribution		
Other staff costs		
<b>Total</b>		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. General expenses**

Description	2019/2020	2018/2019
	KShs	KShs
Consumables		
Electricity and water expenses		
Fuel and oil costs		
Insurance costs		
Postage		
Printing and stationery		
Rental costs		
Security costs		
Telecommunication		
Hospitality		
Depreciation and amortization costs		
Other expenses-fees subsidies	392,112,470	164,643,434
<b>Total</b>	<b>392,112,470</b>	<b>164,643,434</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9. Finance costs**

Description	2019/2020	2018/2019
	KShs	KShs
Interest on Bank overdrafts		
Interest on loans from banks		
<b>Total</b>		<b>0</b>

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

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment		
Intangible assets		
<b>Total</b>		<b>0</b>

**11. Cash and cash equivalents**

Description	2019/2020	2018/2019
	KShs	KShs
Turkana County skills Fund account	51,179,744	170,164,225
County mortgage account		
Fixed deposits account		
On – call deposits		
Current account		
Others		
<b>Total cash and cash equivalents</b>	<b>51,179,744</b>	<b>170,164,225</b>

*Turkana county education and skill development fund*  
**Notes to the Financial Statements for the year ended 30 June 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

		2019/2020	2018/2019
Financial institution	Account number	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		51,179,744	170,164,225
Bank B		0	0
<b>Sub- total</b>		<b>51,179,744</b>	<b>170,164,225</b>
<b>d) Others(specify)</b>			
Cash in transit			
Cash in hand			
M-Pesa			
<b>Sub- total</b>			
<b>Grand total</b>		<b>51,179,744</b>	<b>170,164,225</b>

**12. Receivables from exchange transactions**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Current Receivables</b>		
Interest receivable		
Current loan repayments due		
Other exchange debtors-finance and planning		520,427
Less: impairment allowance		
<b>Total Current receivables</b>		<b>520,427</b>
<b>Non-Current receivables</b>		

*Turkana county education and skill development fund*  
**Notes to the Financial Statements for the year ended 30 June 2020**

Long term loan repayments due		
<b>Total Non- current receivables</b>		
<b>Total receivables from exchange transactions</b>		

**Additional disclosure on interest receivable**

Description	2019/2020	2018/2019
	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		0

**13. Revenue from Non-Exchange transaction**

Description	2019/2020	2018/2019
	KShs	KShs
Transfer to County Executive	294,000,000	
Transfer to fund		
<b>Total receivables from non-exchange transactions</b>		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**14. Prepayments**

Description	2019/2020	2018/2019
	KShs	KShs
Prepaid rent		
Prepaid insurance		
Prepaid electricity costs		
Other prepayments		
<b>Total</b>		<b>0</b>

**15. Inventories**

Description	2019/2020	2018/2019
	KShs	KShs
Consumable stores		
Spare parts and meters		
Catering		
Other inventories(specify)		
<b>Total inventories at the lower of cost and net realizable value</b>		



**Turkana County Education and Skills Development Fund**  
**Notes to the financial statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16. 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 2018</b>					
Additions					
Disposals					
Transfers/adjustments					
<b>At 30<sup>th</sup> June 2019</b>					
<b>At 1<sup>st</sup> July 2019</b>					
Additions					
Disposals					
Transfer/adjustments					
<b>At 30<sup>th</sup> June 2020</b>					
<b>Depreciation and impairment</b>					
At 1 <sup>st</sup> July 2018					
Depreciation					
Impairment					
<b>At 30<sup>th</sup> June 2019</b>					
<b>At 1<sup>st</sup> July 2019</b>					
Depreciation					
Disposals					
Impairment					
Transfer/adjustment					
<b>At 30<sup>th</sup> June 2020</b>					
<b>Net book values</b>					
<b>At 30<sup>th</sup> June 2019</b>					
<b>At 30<sup>th</sup> June 2020</b>					

*Turkana County Education and Skills Development Fund*  
**Notes to the financial statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. Intangible assets-software**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Cost</b>		
At beginning of the year		
Additions		
<b>At end of the year</b>		
<b>Amortization and impairment</b>		
At beginning of the year		
Amortization		
<b>At end of the year</b>		
Impairment loss		
<b>At end of the year</b>		
<b>NBV</b>		<b>0</b>

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

Description	2019/2020	2018/2019
	KShs	KShs
Trade payables		
Refundable deposits		
Accrued expenses		
Other payables		
<b>Total trade and other payables</b>		<b>0</b>

**19. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2019)				
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 (30.06.2020)</b>				

*Turkana County Education and Skills Development Fund*  
**Notes to the financial statements**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**20. Borrowings**

Description	2019/2020	2018/2019
	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 domestics 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:

	2019/2020	2018/2019
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan		
Sterling Pound denominated loan		
Euro denominated loan		
<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	2019/2020	2018/2019
	KShs	KShs
Short term borrowings(current portion)		
Long term borrowings		
<b>Total</b>		

*Turkana County Education and Skills Development Fund*  
**Notes to the financial statements**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**21. CHANGES IN RECEIVABLE**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Account receivable as at 1 <sup>st</sup> July 2019 (A)		
Account receivable issued during the year (B)		
Account receivable settled during the Year (C)		
Net changes in account receivables D= A+B-C		<b>0</b>

**22. CHANGES IN ACCOUNTS PAYABLE**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Accounts Payable as at 1 <sup>st</sup> July 2019 (A)		
Accounts Payable held during the year (B)		
Accounts Payable paid during the Year (C)		
Net changes in account receivables D= A+B-C		<b>0</b>

**23. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation				
Non-current benefit obligation				
<b>Total employee benefits obligation</b>				

*Turkana County Education and Skills Development Fund*  
**Notes to the financial statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**24. Cash generated from operations**

	2019/2020	2018/2019
	KShs	KShs
<b>Surplus/ (deficit) for the year before tax</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>0</b>

**25. 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) Ministry of Education , Sports and Social Protection
- c) Key management
- d) Board of Trustees.

*Turkana County Education and Skills Development Fund*  
**Notes to the financial statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**b) Related party transactions**

	2019/2020	2018/2019
	KShs	KShs
Transfers from related parties'	294,000,000	
Transfers to related parties		

**c) Key management remuneration**

	2019/2020	2018/2019
	KShs	KShs
Secretariat		
Key Management Compensation		
<b>Total</b>		

**d) Due from related parties**

	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry		
Due from County Government		
<b>Total</b>		

**e) Due to related parties**

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry		
Due to County Government		
Due to Key management personnel		
<b>Total</b>		

*Turkana County Education and Skills Development Fund*  
Notes to the financial statements  
For the year ended June 30, 2020

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**26. Contingent assets and contingent liabilities**

<b>Contingent liabilities</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Court case fee against the Fund		
Bank guarantees		
<b>Total</b>		<b>0</b>

**11. 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
	<b><u>REPORT ON THE FINANCIAL STATEMENTS</u></b>				
1.0	<p><b><u>Presentation and Accuracy of financial statements</u></b></p> <p>A review of the financial statements for the year ended 30 June 2019 presented for audit revealed the following anomalies:</p> <p>i) The statement of cash flows reflects cash and cash equivalent figure of Kshs.170,684,653 as at 30 June 2019 which vary with the figure of Kshs.170,164,224 reflected in the statement of financial position resulting to a variance of Kshs.520,429</p>	Awaiting issuance of the final audit report in order to take corrective action.	CPA Julius Lokopu-Senior Accountant	Resolved	30 June 2021

*Turkana County Education and Skills Development Fund*

**Notes to the financial statements**

**For the year ended June 30, 2020**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
	<p>which has not been reconciled or explained.</p> <p>ii) The statement of comparison of budget and actual amounts reflects general expenses - fees final budget figure of Kshs.164,643,434 which vary with the budgeted figure of Kshs.333,699,070 resulting to a variance of Kshs.169,055,636 which has not been explained or reconciled. Further, the approved budget for the fund was not made available for audit verification.</p> <p>iii) There is no evidence on how Progress on follow up of auditor recommendations were resolved for the year 2017/2018.</p> <p>In consequence, the accuracy and completeness of the financial statements for year ended 30 June 2019 could not be ascertained.</p>				

*Turkana County Education and Skills Development Fund*

Notes to the financial statements

For the year ended June 30, 2020

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
2.0	<p><b><u>Cash and Cash Equivalents</u></b></p> <p>The statement of financial position as at 30 June 2019 reflects cash and cash equivalents figure of Kshs.170,164,226 which is at variance with cash book balance figure of Kshs.168,866,300 resulting to a variance of Kshs.1,297,926 which has not been explained or reconciled. Further, the cash and cash equivalents figure vary with the figure of Kshs.170,684,653 reflected in note 11 to the financial statements resulting to a variance of Kshs.520,427 which has also not been explained or reconciled.</p> <p>Under the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.170,164,226 as at 30 June 2019 could not be confirmed.</p>	Awaiting issuance of the final audit report in order to take corrective action.	CPA Julius Lokopu-Senior Accountant	Resolved	30 June 2021
	<b><u>REPORT ON LAWFULNESS AND EFFECTIVENESS IN</u></b>				



*Turkana County Education and Skills Development Fund*

Notes to the financial statements

For the year ended June 30, 2020

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
	<u>USE OF PUBLIC RESOURCES</u>				
1.0	<p><u>Representatives to the Secretariat.</u></p> <p>Key entity information include members of the secretariat which include a female and male representative. However, there was no prove to confirm that the appointment of the female and male representative to the secretariat was approved by the County assembly. Further there was no evidence to confirm that the female and male representative were of high integrity as stipulated in section 8(2) of the Turkana County Education and Skills Development (Amendment) Act, 2016 ) which requires that the female and male representatives appointed by the County Executive Committee member for Education with the approval</p>	<p>The information has been updated and has also been amended in the Financial statements of the entity.</p>	<p>CPA Julius Lokopu-Senior Accountant</p>	<p>Resolved</p>	

*Turkana County Education and Skills Development Fund*

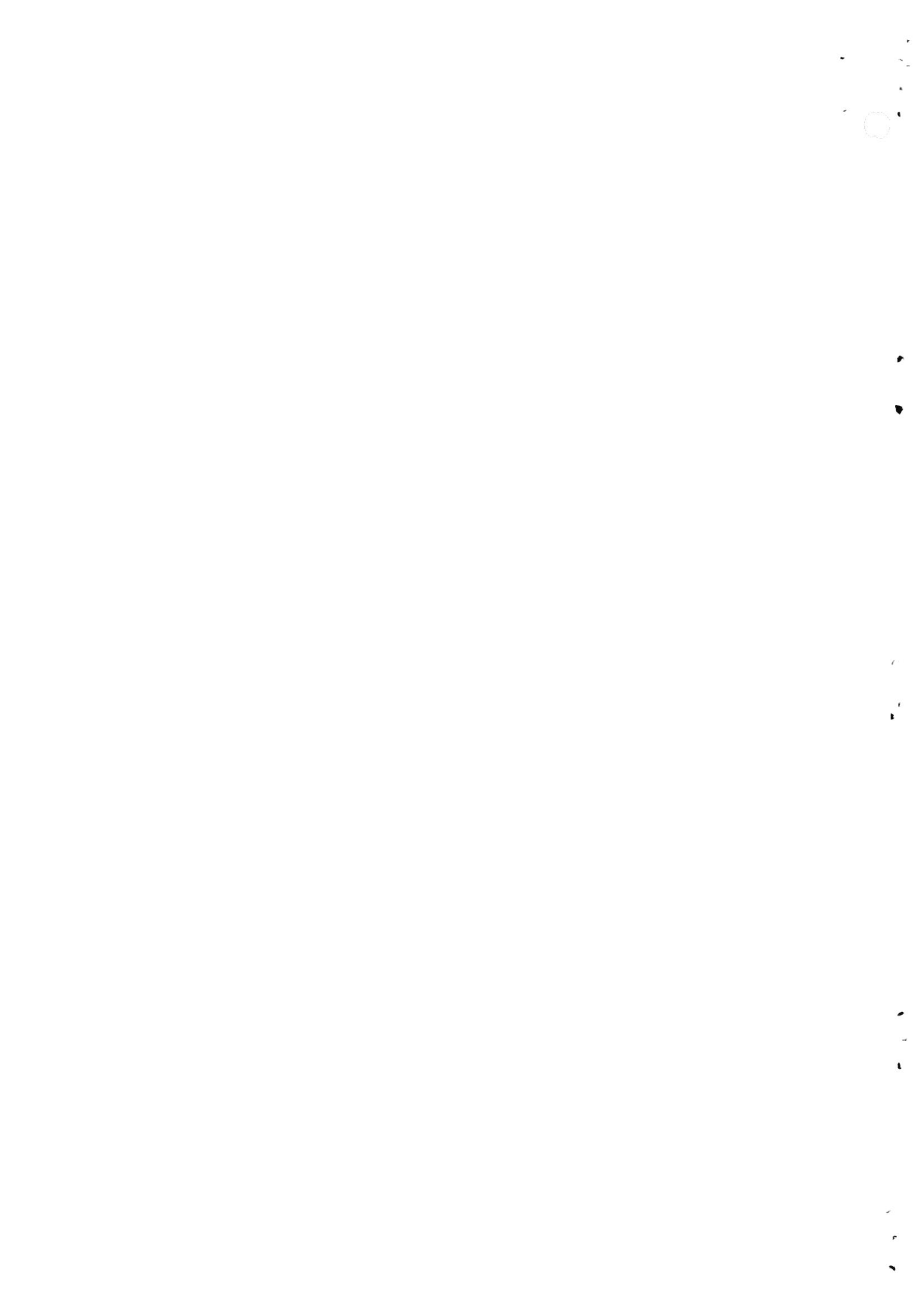
Notes to the financial statements  
For the year ended June 30, 2020

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
	of the Member of the County Assembly must be persons of high integrity, good moral standings and have wide experience in management of Education in the County.				
2.0	<p><b><u>Ward Appraisal Committees</u></b></p> <p>Available information indicate that each ward has seven ward appraisal committee members. However, personal files for the ward appraisal committee members were not availed to confirm that they were appointed in accordance with Section 12 (c) of the Turkana County Education and Skills Development (Amendment) Act, 2016 on selection of the seven members of the ward appraisal committee for the 30 wards. Under the circumstance, it was not confirmed whether the ward appraisal committee members were appointed in accordance with the Turkana County Education and Skills</p>	Each member of the ward appraisal committee has a file which is available at the headquarter's offices.	Mrs. Pauline Lokuruka- Fund Secretary	Resolved	

*Turkana County Education and Skills Development Fund*

Notes to the financial statements  
For the year ended June 30, 2020

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
	Development (Amendment) Act, 2016.				
3.0	<p><b><u>Fund Administration Expenses</u></b> Included in the fund administration expenses figure of Kshs.10,585,222 reflected in the statement of financial performance is an expenditure of Kshs.111,000 relating to sitting allowances paid to members of the secretariat whose term of office had expired. Under the circumstance, the propriety of Kshs.111,000 sitting allowances for the year ended 30 June 2019 could not be confirmed.</p>	Awaiting issuance of the final audit report in order to take corrective action.	CPA Julius Lokopu-Senior Accountant	Resolved	
4.0	<p><b><u>Management of the Fund</u></b> Included in the general expenses figure of Kshs.164,643,434 reflected in note 8 to the financial statement is general expenses relating to bursary paid to various institutions. However, there is no evidence to show that the management committee periodically produced and shared</p>	<p>Reports are shared quarterly to the respective offices. Additionally, the committee relies on the knowledge of the ward appraisal</p>	Mrs. Pauline Lokuruka- Fund Secretary.	Resolved	



*Turkana County Education and Skills Development Fund*

Notes to the financial statements  
For the year ended June 30, 2020

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
	<p>disbursement reports with the Governor and the County Assembly. Further, there is no evidence that the successful applicants were notified through the county gazette notice as well as written communication.</p> <p>In addition, there is no evidence from the application forms to show that the applicants were resident of the ward for which fee support is being sought, either they were total or partial orphan with no financially stable guardian and of good academic standing and moral character. Under the circumstances, the validity and propriety of Kshs.164,643,434 expenditure on school subsidies for the year ended 30 June 2019 could not be confirmed.</p>	<p>committees to identify and approve applicants.</p>			
5.	<p><b><u>Current Portion of Long Term Receivables from Exchange Transactions</u></b></p> <p>The statement of financial position reflects current portion</p>	<p>The difference has been refunded.</p>		Resolved	



*Turkana County Education and Skills Development Fund*

**Notes to the financial statements**

**For the year ended June 30, 2020**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
	<p>of long term receivables from exchange transactions figure of Kshs.520,427 relating to borrowing by the Turkana County Executive. However, available information indicate that the Turkana County Treasury borrowed Kshs.37,820,237 from the fund on December 2018 out of which Kshs.37, 300,000 was refunded on 4 January 2019 leaving a balance of Kshs.520,237 which had not been refunded by 30 June 2019 and no explanation has been availed for failure to have the borrowed amount refunded. Further, borrowing contravened the purpose for which the Fund was set up of supporting education and skills development in the county. Under the circumstance, the residents of the Turkana County were denied benefits of fund of skill development.</p>		<p>CPA Julius Lokopu-Senior Accountant</p>		

