

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KAKUMA-KALOBEYEI MUNICIPALITY

FOR THE YEAR

ENDED 30 JUNE, 2024



| PAPERS LAID | |
|--------------------|-----------------|
| DATE | 6/3/2025 |
| TABLED BY | Dep. Prof. Whip |
| COMMITTEE | |
| CLERK AT THE TABLE | Maalim |



KAKUMA MUNICIPALITY
County Government of Turkana

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

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

County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

18 DEC 2024

Table Of Contents

| | |
|---|-------------|
| 1. Acronyms & Glossary of Terms | ii |
| 2. Key Entity Information And Management | iii |
| 3. Kakuma Municipality Board | vii |
| 4. Key Management Team | viii |
| 7. Statement of performance against predetermined objectives for the FY | xiv |
| 9. Management Discussion and Analysis | xx |
| 10. Statement of Management’s Responsibilities | xxiv |
| 11. Report of the Independent Auditor on the Financial Statements of Kakuma Municipality | xxvi |
| 12. Statement of Financial Performance for The Year Ended 30 June 2024 | 1 |
| 13. Statement of Financial Position As At 30 June 2024 | 2 |
| 14. Statement of Changes in Net Assets For the Year Ended 30 June 2024 | 4 |
| 15. Statement Of Cash Flows for The Year Ended 30 June 2024 | 5 |
| 16. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2024 | 6 |
| 17. Notes to the Financial Statements | 7 |
| 18. Appendices | 33 |

1. Acronyms & Glossary of Terms

| | |
|----------------------|---|
| PSASB | Public Sector Accounting Standards Board |
| FY | Financial Year |
| OSHA | Occupational Safety & Health Act |
| Fiduciary Management | Key management personnel who have financial responsibility in the entity. |

2. Key Entity Information And Management

a) Background information

Kakuma Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 (amended 2019) and Cities and Municipal Charter on (30th March, 2023). The Municipality is under the County Government of Turkana and is domiciled in Kenya.

b) Principal Activities

Vision of Kakuma Municipality

A transformative and economically prosperous municipality. Some of the principal activities undertaken in the municipality include;

- Provision of cleaning and garbage collection service within Kakuma Town
- Training and capacity building of Kakuma Municipality officers

Mission of Kakuma Municipality

To facilitate socio economic transformation through creation of a conducive business environment and sustainable use of resources to ensure high quality of life.

The principal activities of Kakuma Municipality are as follows:

- a) Efficient management and disposal of both solids and liquid waste.
- b) Adequately managed storm water within the Municipality.
- c) Manage and control development within the Municipality.
- d) Achieve a decent liveable environment with adequate urban infrastructure and services.
- e) Achieve an urbanized system of transport.
- f) Establish Municipality Infrastructure.
- g) Identify & protect/zone all open spaces and refreshment areas within the Municipality.
- h) Provide for affordable housing.

Where the core values for kakuma Municipality are; integrity and professionalism.

c) Key Management

The Municipal Manager who is the AIE holder is accountable to the Municipal board. The Municipal Board is then accountable to the County Executive committee and the County Assembly.

The key management personnel who held office during the financial year ended 30th June,2024 and who had direct fiduciary responsibility were:

| Ref | Position | Name |
|-----|--|------------------------|
| 1 | Chief Officer Ministry of Urban Areas Management | Marian Lotieng Nakaale |
| 2 | Municipality Manager | Peter Emuria Ekiru |
| 3 | Accountant | Dickson Etukon |
| 4 | Physical Planner | Stephen Njoroge |

Municipality Board

The Municipality board was sworn into office on 6th November,2024.

d) Fiduciary Oversight Arrangements

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were.

Audit and Risk Management committee

The Municipal Manager who is the AIE holder is accountable to the Municipal board. The Municipal Board is then accountable to the County Executive committee and the County Assembly.

Audit and Risk Management Committee

There exist risk assessment and management policy in Kakuma Municipality. The purpose of the policy is to set out broad guidelines in the establishment of risk management framework, and risk management tools for the oversight and management of risk within the Municipality and key stakeholders. In line with Mwongozo code of conduct for state corporations,2015.

The Board has constituted an audit and Risk committee with the following functions; Develop or enhance and implement appropriate risk management plan, processes and procedures, Nominate risk champions, Evaluate risk on quarterly basis, Coordinate and monitor the implementation of risk initiatives, Oversee and update the municipality wide risk profiles

County Assembly committees.

The board is answerable to the County assembly of Turkana and makes annual financial reports to the county assembly. Whenever called upon, the board files reports to relevant County Assembly

County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

departmental committee. In terms of financial matters, the board always make appearance before public accounts committee, implementation committee, budget and appropriation committee whenever requested to do so.

Committees of the Senate.

The board can also be called to appear before the relevant Senate community like Public Investment Committee, and Public Accounts Committee as the case maybe.

e) Registered Offices

P.O. Box 187-30500
Lands Office-Municipality
KENYA

f) Fund Contacts

Telephone:(+254) 000
E-mail: tcg@gmail.com
Website: www.tcg.go.ke

g) Bankers

Commercial Banks
Kenya Commercial- Lodwar Branch
Central Bank of Kenya

h) Independent Auditor

Auditor General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box30084
Nairobi, Kenya



i) Principal Legal Adviser

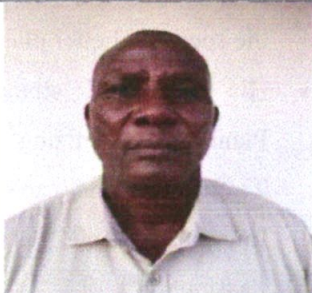
The County Attorney
P.O. Box 11 -30500
Lodwar

3. Kakuma Municipality Board

The Municipality board was sworn into office on 6th November, 2024.

4. Key Management Team

| Serial No | Name | Details of qualifications and experience |
|-----------|--|--|
| 1. |  <p>Peter Akono, CECMs, Min. of Lands, Physical Planning & Urban Areas Management, Lodwar Municipality Board Member.</p> | <ul style="list-style-type: none"> • Masters in strategic Management • Bachelors of Criminology and Security Studies |
| 2. |  <p>Marian Lotieng Nakaale Chief Officer for Municipalities and Urban Areas Management, Lodwar Municipality Board Member</p> | <p>Education:</p> <ul style="list-style-type: none"> • -2023-2024: MSc in Project planning and Management Catholic University of East Africa Ongoing – Done with Coursework • -2014- 2019 Bachelor of Arts in Sociology and Psychology – University of Nairobi <ul style="list-style-type: none"> - 2003-2005 Certificate in Animal Health and Production. - Animal Health and Training Institute, Kabete • Work Experience • 2019-2022 -Project Manager Caritas Luxembourg, South Sudan |

| | | |
|----|---|--|
| | | <ul style="list-style-type: none"> • 2017-2018 – Project Coordinator Caritas Czech Republic South Sudan • 2014 -2016 -Project Manager Livelihoods Caritas Czech Republic South Sudan • 2007–2013 – Project Manager Diocese of Torit South Sudan |
| 3. |  <p>PETER EMURIA EKIRU – Manager Kakuma Municipality</p> | <ul style="list-style-type: none"> • MR. PETER EMURIA EKIRU, is the Current Manager of Kakuma Municipality and the Secretary to the Board of Management, He Holds A bachelors Degree in Social Work from Catholic University of Eastern Africa, currently pursuing A master Degree in Governance and Ethics from Mount Kenya University. • He has over 15 years of experience working with UNHCR in different capacities while achieving operations core mandate ranging from repatriation, local integration and resettlement. • He served as the vice chairperson of UNHCR Staff Council where he represented staff issues locally, Nationally and at the internationally level for a period of three (3) years. Moreover, Emuria worked with Mukuru Slums and Don Bosco in |

| | | |
|--|--|--|
| | | <p>Nairobi as field Associate for five years.</p> <ul style="list-style-type: none"> • He has been the chairperson of school Board of Management for Kakuma Mixed primary and Our Lady of Mercy Girls secondary for six years. His Career Objective is to enhance social functioning to make the society a better place to live. • His areas of strength include: Planning, organizing, Networking, Team work and capacity building, Interpersonal communication, Passion in empowering Communities, Analytical capability, Strong managerial Skills, monitoring and evaluation. |
|--|--|--|

5. Municipality Board Chairperson's Report

Kakuma Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 (amended 2019) and Cities and Municipal Charter on (30th March, 2023). The Municipality is under the County Government of Turkana and is domiciled in Kenya. Kakuma Municipality Vision is to be a transformative and economically prosperous municipality.

Successes made

The Boards Performance

The Board of the Kakuma Municipality has been established and draws its powers and performs all functions vested in boards of municipalities in accordance to the Urban Areas and Cities Act 2011 as amended 2019 and the County Government Act and The Municipality by-Laws.

The Board has members who meet on quarterly basis. The municipality Board has taken into consideration the provisions of the law relating to appointment of PWDs and other sectorial representation on its board. The Municipality Board has demarcated and gazette municipality boundaries and has prepared and approved its strategic plan that runs from year 2024-2028.

Challenges faced by the Municipality

Kakuma Municipality despite the above sited achievements faces the following challenges;

- Late and delayed disbursements of funds from the County Treasury
- Under- staffing- hindering service delivery
- Inadequate budgetary provisions
- The Municipality has not yet achieved full autonomy
- Insufficient funds for infrastructure development and partners.

In view of the foregoing, the municipality should endeavours to create a bigger impact on the enterprise development in order to play its rightful role in the county and nations development by rethinking its service delivery model to reach more beneficiaries efficiently, effectively and in a sustainable manner

6. Report of the municipality manager

Budget Performance.

The Kakuma Municipality had approved budget of Ksh.20,000,000 which was later reduced by the supplementary budget to Ksh.19,000,000 for the recurrent and Zero Development respectively.

The Kakuma Municipality budget and funds during this year was managed by the Lodwar Municipal staffs, after being disbursed by the County Treasury to the Kakuma Municipality Special Purpose Account. This is because; the municipal staffs were yet to be transferred from the parent ministry of Lands and Urban Areas Management.

Budget Absorption

The kakuma Municipality's overall absorption was Ksh.19,000,000 million for both recurrent and Zero development respectively translating to 88.79%

On behalf of the board members of the Kakuma Municipality, I have honour to forward the annual report and financial statements for the year ended 30th June,2024.

The Board is fully alive to its mandate and the fact that Kakuma Municipality having been established is still young and requires unequivocal support and guidance to lay a strong foundation for its future and sustainability through sound policies and strategies as well as full autonomy of its operations.

PHYSICAL PROGRESS BASED ON THE OUTPUT

Kakuma Municipality aspires to be the best Municipality in the Country through the adoption of best sound policies and strategic practices as well as the development and use of key instruments that are necessary for successful corporate governance in line with Urban Areas and Cities Act of 2011, and Article 184 of the constitution of Kenya 2010.

The Board is pleased with operational and financial results delivered by management. However, being a young municipality, Kakuma has faced several challenges; key among them was inadequate funding and delayed disbursement, under-staffing and not functioning with full powers of autonomy. The Board acknowledges the support it has received from H.E.The Governor and the County Committee member in executing its mandate and functions. We are positive that this support will

*County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

continue into successive years to enable the municipality complete the futuristic plans and implementation of the layed strategic plans.

The Board acknowledges the support and good working relationship with all departments of county executive and the county staff as a whole. We also acknowledge the immense support that the municipality has and is receiving from donors.



.....
PETER EMURIA EKIRU

Municipality Manager

County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

7. Statement of performance against predetermined objectives for the FY

Section 164 (2)(f) of the Public Finance Management Act requires that, at the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board Management including a statement of the county government entity's performance against predetermined objectives.

The key recurrent objectives of the Kakuma Municipality

| program | objective | output | indicator | performance |
|--------------------------------------|--|---|-----------------------------|-----------------------|
| planning and support services | To transform the socio-economic status of the municipality | Effective and efficient service delivery | Service not fully delivered | 30% service performed |
| Municipal Planning | Board meetings held | No.of board meetings held | | |
| | Sub committee meetings held | No.of sub committee meetings held | | |
| | Citizen Fora held | No. of Citizen For a held | | |
| | Board members Capacity built | No.of board members capacity built | | |
| | Technical staff capacity built | No. of technical staff capacity built. | | |
| | Policies and Bills developed | No. of policies and bills developed. | | |
| | Kakuma municipality spatial plan implemented | No. of kakuma municipality spatial plan implementd. | | |
| | Municipal markets established | | | |
| | | | | |

County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

| | | | | |
|---------------------------|--|--|--|--|
| Municipal services | Municipality sector plans developed | | | |
| | Municipality spatial database system developed | | | |
| | Regulation of outdoor advertising | | | |
| | Transfer stations installed | | | |
| | Skip bins installed | | | |
| | Cultural activities conducted | | | |
| | Municipal sports events conducted. | | | |
| | Urban schemes developed | | | |
| | Tree planted | | | |
| | Firefighters trained | | | |
| | Fire engine procured | | | |
| | Fire inspection vehicle | | | |

*County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

| | | | | |
|---------------------------------|--|--|--|--|
| | Fire motorbikes procured | | | |
| Municipal infrastructure | Urban roads in kakuma municipality tarmacked | | | |
| | Recreation parks constructed | | | |
| | Green spaces constructed | | | |
| | Street lights istalled | | | |
| | Waste management infrastructure constructed | | | |
| | Storm water drainage systemconstructed | | | |
| | Onstop jua kali center established | | | |
| | Modern toilets constructed | | | |
| | Municipality households supplied with portable water | | | |
| | Markets stall constructed | | | |
| | Fire stations constructed and operationalized | | | |

County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

| | | | | |
|--|---|--|--|--|
| Research and extension services | Schemes farmers reached with extension services | | | |
| | Municipal benchmarking conducted | | | |

8. Corporate Governance statement

a. Process of appointment and removal of Board members.

The current Board was competitively recruited and sworn in, in the financial year 2024/2025.

Unless a petition is brought against the board members, the duly constituted board will continue serving until the term expires.

b. Roles and functions of the municipal board members

- Overseeing the affairs of the Municipality;
- Develop or adopt policies, plans, strategies and programs and set targets for service delivery;
- Formulating and implement an integrated development plan;
- Controlling land use, land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employment centers, residential areas, recreational areas, parks, entertainment, passenger transport, agriculture, and freight and transit stations within the framework of the spatial and master plans for the Municipality as delegated by the County Government of Turkana;
- Promoting and undertaking infrastructural development and services within Municipality as delegated by the County Government of Turkana;
- Developing and managing schemes, including site development in collaboration with the relevant national and county agencies;
- Maintaining a comprehensive database and information system of the administration;
- Administering and regulating its internal affairs;
- Implementing applicable national and county legislation;
- Entering into contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions;
- Monitoring and where appropriate, regulating municipal services where those services are provided by service providers other than the Board of the Municipality;
- Preparing and submitting its annual budget estimates to the relevant County Executive Committee member for consideration and submission to the County Assembly for approval as part of the annual County Appropriation Bill;
- Collecting rates, taxes levies, duties, fees and surcharges on fees as delegated by the County Government of Turkana;
- Settling and implementing tariff, rates and tax and debt collection policies as delegated by the County Government of Turkana;
- Implementing policies for fire and disaster management
- Promoting a safe and healthy environment.
- Coordinating and facilitating citizens and plans and delivery of services.

- c. Induction and training, municipality Board members and member's performances, members are always inducted after engagement and are frequently trained on quarterly basis.
- d. Number of municipality Board meetings held and the attendance to those meetings by members

The current Board was competitively recruited and sworn in, hence committees have been formed and ready to hold meetings starting financial year 2024/2025.

e. Succession plan

The board of directors are always competitively recruited and legally constituted after their term of service has ended.

f. Existence of a service charter

Currently there is a service charter, mounted at the entrance of municipality offices. It is written in English and Kiswahili for ease of understanding by the municipality residents and visitors.

9. Management Discussion and Analysis

SECTION A

The entity's operational and financial performance

Kakuma Municipality's annual original budget was Kshs.20,000,000 for FY 2023-2024 and later reduced to Kshs.19,000,000 after the supplementary 1 approval. During this period, Kakuma Municipality incurred total expenditure of Kshs.15,682,700 on recurrent to facilitate officers.

SECTION B

Entity's compliance with statutory requirements

Municipality's compliance with statutory requirements, all the statutory deductions are always submitted on time especially during payment of suppliers /contractors.

SECTION C

Key projects and investment decisions the entity is planning/implementing.

SECTION D

Major risks facing the entity.

The major key risks facing the entity that has been emanated from the entity's risk management framework include;

| Category | Description |
|------------------|--|
| Strategy risks | Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change). |
| Governance risks | Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance. |
| Operations risks | Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money. |

County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

| | |
|------------------|--|
| Legal risks | Risks arising from a defective transaction, a claim being made (including a defense to a claim or a counterclaim) or some other legal event occurring that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements or to protect assets (for example, intellectual property). |
| Property risks | Risks arising from property deficiencies or poorly designed or ineffective/ inefficient safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public. |
| Financial risks | Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting. |
| Commercial risks | Risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and /or failure to meet business requirements/objectives. |
| People risks | Risks arising from ineffective leadership and engagement, suboptimal culture, inappropriate behaviour, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance. |

*County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

| | |
|-------------------------|---|
| Technology risks | Risks arising from technology not delivering the expected services due to inadequate or deficient system/process development and performance or inadequate resilience. |
| Information risks | Risks arising from a failure to produce robust, suitable and appropriate data/information and to exploit data/information to its full potential. |
| Security risks | Risks arising from a failure to prevent unauthorized and/or inappropriate access to the estate and information, including cyber security and non-compliance with General Data Protection Regulation requirements. |
| Project/Programme risks | Risks that change programmes and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time, cost and quality. |
| Reputational risks | Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations. |

Management Discussion and Analysis (continued)

SECTION F

Material arrears in statutory/financial obligations

There is no material arrears neither in statutory/ or financial obligations.

SECTION F

The entity's financial probity and serious governance issues

I. Financial issues

Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.

2. Governance issues

Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.

10. Statement of Management's Responsibilities

Section 166 of the Public Finance Management Act, 2012 requires that, at the end of each quarter, the Accounting Officer of the Kakuma Municipality established by Urban Areas and Cities Act No. 13 of 2011 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the period ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Kakuma Municipality, (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 Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Urban Areas and Cities Act No. 13 of 2011. The Kakuma Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Kakuma Municipality's transactions during the financial period ended June 30, 2024 and the financial position as at that date.

The Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Municipality Manager has assessed the Municipality's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

County Government of Turkana
Kakuma Municipality

Annual Report and Financial Statements for the year ended June 30, 2024

Approval of the Financial Statements

The Municipal financial statements were approved on 16/12/2024 and signed on its behalf

by:

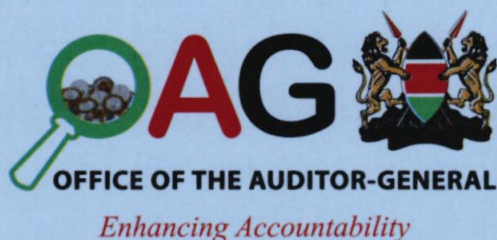


Name: PETER EMURIA EKROD

Accounting officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAKUMA-KALOBYEI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kakuma-Kalobeyei Municipality set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2024 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kakuma-Kalobeyei Municipality as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 (Amended 2019), County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variances in Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts and the approved budget provided for audit review revealed variances as detailed below;

| | Amounts as per the Statement of Comparison of Budget and Actual Amounts (Kshs.) | Amount as per the Approved Budget (Kshs.) | Variance (Kshs.) |
|---------------------------|--|--|-----------------------------|
| Use of goods and services | 17,000,000 | 16,500,000 | 500,000 |
| Board expenses | 2,000,000 | 2,500,000 | -500,000 |

In the circumstances, the accuracy and completeness of the budget amounts in the statement of comparison of budget and actual amounts could not be confirmed.

2. Variance in Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 10 to the financial statements reflects cash and cash equivalents balance of Kshs.3,317,300. However, the cash book balances as at 30 June, 2024 showed total bank balances of Kshs.3,362,114 resulting to an unreconciled variance of Kshs.44,814.

In the circumstances, the accuracy of cash and cash equivalent of Kshs.3,317,300 could not be confirmed.

3. Unsupported Expenditure on Fuel, Oil and Lubricants

The statement of financial performance reflects use of goods and services amount of Kshs.15,682,700 as disclosed in Note 9 to the financial statements. This includes fuel, oil and lubricants amount of Kshs.1,099,000. Review of cashbook and payment schedules provided for audit verification in support of the expenditure reveal that the payment was made to a supplier on 31 May, 2024. However, the expenditure was not been supported by detail orders, supplier statements, and fuel registers.

In the circumstances, the accuracy and regularity of fuel, oil and lubricants expenditure of Kshs.1,099,000 could not be confirmed.

4. Unsupported Contracted Professional Services

The statement of financial performance reflects use of goods and services expenditure of Kshs.15,682,700 which includes contracted professional services amount of Kshs.1,600,000 as disclosed in Note 9 to the financial statements. However, there was no contract between the firm and the Municipality to support the payment. In addition, there were no procurement records to show how the services were procured.

In the circumstances, the accuracy of contracted professional services expenditure of Kshs.1,600,000 could not be confirmed.

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

Emphasis of Matter

The statement of comparison of budget and actual amounts reflects actual receipts of Kshs.19,000,000 against the actual expenditure of Kshs.15,682,700 resulting to underutilization of Kshs.3,317,300 or 17% of the budget.

The underutilization of the budget affected the planned activities, and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the other information set out on page iii to xxv which comprise of Key Entity Information and Management, The Board of Trustees, Management Team, Chairman's Statement, Report of the Fund Administrator, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees, Statement of Trustees Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Non-Compliance with the Public Sector Accounting Standards Board Requirements

The financial statements prepared and presented for audit had inconsistencies in the numbering of Notes to the financial statements as follows: -

- i. The statement of financial performance states that transfer from other government units is summarized in Note 6 to the financial statements instead of Note 5 to the financial statements.
- ii. Use of goods and services is reflected as Note 12 to the financial statements instead of Note 9 to the financial statements.
- iii. Cash and cash equivalents is reflected as Note 19 to the financial statements instead of Note 10 to the financial statements.
- iv. Net cash flows from operating activities are reflected as Note 33 to the financial statements instead of Note 11 to the financial statements.

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Assessment Policy and Disaster Recovery Plan

Review of the internal controls revealed that Kakuma Municipality had not developed a Risk Management policy contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to develop risk management strategies, which include fraud prevention mechanism. In addition, the Municipality did not have a disaster recovery plan or business continuity plan to ensure that the entity recovers its functionality in case of an unplanned incident or disaster.

In the circumstances, the Municipality's risk assessment and disaster preparedness could not be confirmed.

2. Lack of Information Technology and Data Protection Policies

Review of the Municipality's policies and documents provided for audit revealed that the Municipality had no approved Data Protection Policy contrary to Regulation 23(1) of the Data Protection (General) Regulations, 2021 that requires a data controller or data processor to develop, publish, and regularly update a policy reflecting their personal data handling practices. In addition, the Municipality did not have information technology policy to guide them on matters relating to information and data handling.

In the circumstances, the Municipality's safeguard and handling of its data and information could not be confirmed.

3. Lack of Internal Audit Function

Review of the internal controls of the entity revealed that the Municipality had no internal audit function. In addition, the Municipality did not seek the services of the Internal Auditor from the County Executive as there was no Internal Audit Reports provided for audit review. This is contrary to Section 155(1)(a) of Public Finance Management Act 2012 that requires the entity to ensure that it complies with this Act and has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

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

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

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

County Government of Turkana
 Kakuma Municipality
 Annual Report and Financial Statements for the year ended June 30, 2024

12. Statement of Financial Performance for The Year Ended 30 June 2024.

| Description | Note | FY 2023-2024 |
|---|------|-------------------|
| | | Kshs. |
| Revenue from non-exchange transactions | | |
| Transfers from the County Government | 6 | 19,000,000 |
| Public contributions and donations | 7 | - |
| Levies Fines and Penalties | 8 | - |
| Other revenues | 9 | - |
| | | 19,000,000 |
| Revenue from exchange transactions | | |
| Interest income | 10 | - |
| Miscellaneous Income | 11 | - |
| | | - |
| Total revenue | | 19,000,000 |
| Expenditure | | |
| Use of goods and services | 12 | 15,682,700 |
| Staff costs | 13 | - |
| Board expenses | 14 | - |
| Finance costs | 15 | - |
| Depreciation and amortization | 16 | - |
| Repairs and maintenance | 17 | - |
| Total expenses | | 15,682,700 |
| Other gains/losses | | |
| Gain/loss on disposal of assets | 18 | - |
| Surplus/(deficit) for the period | | 3,317,300 |

The notes set out on pages 7 to 32 form an integral part of these Financial Statements. The entity financial statements were approved on 06/12 2024 and signed by:



Name: PETER EMURIA EKURU
 Municipality Manager



Name: GRACE EWOL
 Head of Finance
 ICPAK M/No 25932

*County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

13. Statement of Financial Position As At 30 June 2024

| Description | Note | FY2023-24 |
|--|------|------------------|
| | | Kshs. |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 19 | 3,317,300 |
| Receivables from exchange transactions | 20 | - |
| Receivables from non-exchange transactions | 21 | - |
| Prepayments | 22 | - |
| Inventories | 23 | - |
| Total current assets | | 3,317,300 |
| Non-current assets | | |
| Property, plant, and equipment | 24 | - |
| Total Non-current Assets | | - |
| Total assets (A) | | 3,317,300 |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 26 | - |
| Refundable deposits from customers | 27 | - |
| Employee benefit obligations | 30 | - |
| Total current liabilities | | - |
| Non-current liabilities | | |
| Non-current employee benefit obligation | 30 | - |
| Total liabilities (B) | | - |
| Net Assets (A-B) | | 3,317,300 |
| Represented by: | | |
| Capital/Development Grants/Fund | | - |
| Reserves | | - |
| Accumulated surplus | | 3,317,300 |
| Net Assets/Equity | | 3,317,300 |

*County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

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 16/12 2024 and signed by:



.....
Name: PETER EMURIA EKIRO

Kakuma Municipality Manager

Date:



.....
Name: GRACE ENDI

Head of Finance

ICPAK M/No 25932

Date: 16/12/2024

*County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

14. Statement of Changes in Net Assets For the Year Ended 30 June 2024

| Description | Capital/ Development Grants/Fund | Revaluation Reserve | Accumulated surplus | Total |
|-----------------------------------|--|------------------------|------------------------|-----------|
| | Kshs | Kshs. | Kshs. | Kshs. |
| | | | | |
| Bal as at 1 July 2022 | - | - | - | - |
| Surplus/(deficit) for the year | - | - | - | - |
| Funds received during the year | - | - | - | - |
| Revaluation gain/loss | - | - | - | - |
| Bal as at 30 Jun 2023 | - | - | - | - |
| | - | - | - | - |
| Bal as at 1 July 2023 | - | - | - | - |
| Surplus/(deficit) for the year | | - | 3,317,300 | 3,317,300 |
| Funds received during the year | - | - | - | - |
| Revaluation gain/loss | - | - | - | - |
| Balance as at 30 June 2024 | - | - | 3,317,300 | 3,317,300 |

*County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

15. Statement Of Cash Flows for The Year Ended 30 June 2024

| Description | Note | FY 2023-2024 |
|---|------|-------------------|
| | | Kshs. |
| Cash flows from operating activities | | |
| Receipts | | |
| Transfers from the County Government | | 19,000,000 |
| Public contributions and donations | | - |
| Interest received | | - |
| Miscellaneous receipts (<i>Specify</i>) | | - |
| Total Receipts | | 19,000,000 |
| Payments | | |
| Use of goods and services | | 15,682,700 |
| Staff costs | | - |
| Board expenses | | - |
| Finance costs | | - |
| Total Payments | | 15,682,700 |
| Net cash flows from operating activities | 33 | 3,317,300 |
| Cash flows from investing activities | | |
| Purchase of PPE & intangible assets | | - |
| Proceeds from sale of PPE | | - |
| Net cash flows used in investing activities | | - |
| Cash flows from financing activities | | |
| Receipts from Capital grants | | - |
| Proceeds from borrowings | | - |
| Repayment of borrowings | | - |
| Net cash flows used in financing activities | | - |
| Net increase/(decrease) in cash & cash equivalents | | 3,317,300 |
| Cash And Cash Equivalents At 1 July | 19 | - |
| Cash And Cash Equivalents At 30 June | 19 | 3,317,300 |

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

County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2024

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilization |
|---|-------------------|--------------------|-------------------|----------------------------|------------------------|------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | |
| | a | b | c=(a+b) | d | e=(c-d) | f=d/c |
| Revenue | | Kshs. | Kshs. | Kshs. | Kshs. | |
| Transfers from the County Government | 20,000,000 | (1,000,000) | 19,000,000 | 19,000,000 | - | 100 |
| Public contributions and donations | - | - | - | - | - | 0 |
| Interest income | - | - | - | - | - | 0 |
| Miscellaneous income (<i>specify</i>) | - | - | - | - | - | 0 |
| Total Revenue | 20,000,000 | (1,000,000) | 19,000,000 | 19,000,000 | - | 100 |
| Expenses | | | | | | |
| Use of goods and services | 17,000,000 | - | 17,000,000 | 15,682,700 | 1,317,300 | 92 |
| Board expenses | 3,000,000 | (1,000,000) | 2,000,000 | - | 2,000,000 | 0 |
| Staff Costs | - | - | - | - | - | 0 |
| Finance costs | - | - | - | - | - | 0 |
| Total Expenditure | 20,000,000 | (1,000,000) | 19,000,000 | 15,682,700 | 3,317,300 | 83 |
| Surplus for the period | - | - | - | 3,317,300 | (3,317,300) | |
| Capital Expenditure | - | - | - | - | - | |

Budget notes

17. Notes to the Financial Statements

1. General Information

Kakuma Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 (amended 2019) and Cities and Municipal Charter on (30th March, 2023). The Municipality is under the County Government of Turkana and is domiciled in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Application of New and revised standards (IPSAS)

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There are no new standards effective in the financial year ended 30th June 2024.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

| Standard | Effective date and impact: |
|---|--|
| IPSAS 43: Leases | <i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. |
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | <i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. |
| IPSAS 45: Property Plant and Equipment | <i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. |
| IPSAS 46: Measurement | <i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: |

County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

| | |
|---------------------------------------|---|
| | <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| IPSAS 47: Revenue | <p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> |
| IPSAS 48: Transfer Expenses | <p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> |
| IPSAS 49: Retirement Benefit Plans | <p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> |

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2023/2024

Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

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 for each period.

b) Budget information

The original budget for FY 2023/2024 was approved by the County Assembly on 22nd June, 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The Kakuma Municipality'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. 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 xxx of these financial statements.

c) Property, plant and equipment

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

d) Intangible assets

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

e) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The* entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

f) 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 Kakuma Municipality.

g) Provisions

Provisions are recognized when the Kakuma Municipality 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 Kakuma Municipality 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.

h) Social Benefits

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

i) Contingent liabilities

The Kakuma Municipality 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.

j) Contingent assets

The Kakuma Municipality 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 Kakuma Municipality in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured

reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

k) Nature and purpose of reserves

The Municipality does not create nor maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

The Municipality 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 Municipality, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Municipality Managers and Municipality Accountant.

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Events after the reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue. Two types of events can be identified:

- (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) Those that are indicative of conditions that arose after the reporting date.

County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

The Municipality does not have material adjusting and non- adjusting events after the reporting period.

t) Currency

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

4. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Municipality 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 Municipality. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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

- i) The condition of the asset based on the assessment of experts employed by the Kakuma Municipality.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funds to replace the asset.
- v) Changes in the market in relation to the asset.

Notes to the Financial Statements

5. Transfers from the County Government

| Description | FY 2023-2024 |
|--|-------------------|
| | Kshs. |
| Transfers from County Govt. – Recurrent | 19,000,000 |
| Payments by County on behalf of the entity | - |
| Unconditional development grants | - |
| Total | 19,000,000 |

(a) Transfers from County Government entities (Categorized)

| Name Of The Entity Sending The Grant | Amount recognized to of | Amount deferred under | Amount recognised in | Total grant |
|--------------------------------------|--|-------------------------|-----------------------|------------------------|
| | Statement financial performance* Kshs | deferred income Kshs | capital fund. Kshs | income during the year |
| TCG Executive | 19,000,000 | - | - | 19,000,000 |
| Ministry | - | - | - | - |
| Total | 19,000,000 | - | - | 19,000,000 |

6. Public Contributions and Donations

| Description | FY 2023-2024 |
|------------------------------------|--------------|
| | Kshs. |
| Donation from development partners | - |
| Contributions from the public | - |
| Total | - |

7. Other Revenues from Non-Exchange Transactions

| Description | FY 2023-2024 |
|--|--------------|
| | Kshs. |
| Transfers from other government entities | - |
| Others (<i>indicate and specify</i>) | - |
| Total | - |

8. Interest income

| Description | FY 2023-2024 |
|----------------------------------|--------------|
| | Kshs. |
| Interest income from investments | - |
| Interest income on bank deposits | - |
| Others (<i>Specify</i>) | - |
| Total interest income | - |

9. Use of Goods and Services

| Description | FY 2023-2024 |
|--|--------------|
| | Kshs. |
| Utilities, supplies and services | - |
| Communication, supplies and services | - |
| Domestic travel and subsistence | 7,894,000 |
| Foreign travel and subsistence | - |
| Printing, advertising, supplies & services | - |
| Rent and rates | - |
| Training expenses | - |
| Hospitality supplies and services | - |
| Insurance costs | - |
| Specialized materials and services | - |
| Office and general supplies and services | - |
| Fuel, oil and lubricants | 1,099,000 |
| Contracted Guards and Cleaning Services | 4,959,500 |
| Routine maintenance – vehicles and other equipment | 130,200 |
| Routine maintenance – other assets | - |
| Contracted Professional Services | 1,600,000 |
| Audit fees | - |

*County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

| | |
|----------------------------------|-------------------|
| Hire of Transport, equipment etc | - |
| Bank Charges | - |
| Social Benefit expenses* | - |
| Total | 15,682,700 |

10. Cash and cash equivalents

| Description | FY 2023-2024 |
|--|------------------|
| | Kshs |
| Fixed deposits account | - |
| On – call deposits | - |
| Current account | 3,317,300 |
| Others(<i>specify</i>) | - |
| Total Cash and Cash Equivalents | 3,317,300 |

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

| Financial institution | Account number | FY 2023-2024 |
|----------------------------------|----------------|------------------|
| | | Kshs. |
| a) Fixed deposits account | | |
| Kenya Commercial bank | | - |
| Equity Bank, etc | | - |
| Sub- total | | - |
| b) On - call deposits | | |
| Kenya Commercial bank | | - |
| Equity Bank - etc | | - |
| Sub- total | | - |
| c) Current account | | |
| Central Bank of Kenya | 1000739778 | 3,317,300 |
| Equity Bank - etc | | - |
| Sub- total | | 3,317,300 |
| d) Others(specify) | | |
| Cash in transit | | - |
| Cash in hand | | - |
| Mobile Money | | - |
| Sub- total | | - |
| Grand total | | 3,317,300 |
| | | |
| | | |

11. Cash generated from operations

| Description | FY 2023-2024 |
|--|------------------|
| | Kshs |
| Surplus/ (deficit) for the year before tax | 3,317,300 |
| Adjusted for: | |
| Depreciation | - |
| Amortisation | - |
| Gains/ losses on disposal of assets | - |
| Working Capital adjustments | |
| Increase in inventory | - |
| Increase in receivables | - |
| Increase in payables | - |
| Net cash flow from operating activities | 3,317,300 |

12. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Municipality 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 Municipality is related to the following entities:

- a) The County Government.
- b) The Parent County Government Ministry.
- c) County Assembly.
- d) Key management.
- e) Kakuma Municipality Board; etc.

b) Related party transactions

| Description | FY 2023-2024 |
|---------------------------------|--------------|
| | Kshs. |
| Transfers from related parties' | 19,000,000 |
| Transfers to related parties | 19,000,000 |

c) Key management remuneration

| Description | FY 2023-2024 |
|-----------------------------|--------------|
| | Kshs. |
| Board Members | - |
| Key Management Compensation | - |
| Total | - |

d) Due from related parties

| Description | FY 2023-2024 |
|----------------------------|--------------|
| | Kshs. |
| Due from parent Ministry | - |
| Due from County Government | - |
| Due from County Assembly | - |
| Total | - |

*County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

e) Due to related parties

| Description | FY 2023-2024 |
|---------------------------------|--------------|
| | Kshs. |
| Due to parent Ministry | - |
| Due to County Government | - |
| Due to Key management personnel | - |
| Due to County Assembly | - |
| Total | - |

13. Financial risk management

The Municipality's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Municipality's overall risk management programme focuses on the 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 Municipality 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 Municipality's financial risk management objectives and policies are detailed below:

I. Credit risk

The Kakuma Municipality 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 assessments 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 Kakuma Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Kakuma Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| Description | Total amount | Fully performing | Past due | Impaired |
|--|------------------|------------------|----------|----------|
| | Kshs | Kshs | Kshs | Kshs |
| As at 30th June 2024 | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non-exchange transactions | - | - | - | - |
| Bank balances | 3,317,300 | 3,317,300 | - | - |
| Total | 3,317,300 | 3,317,300 | - | - |
| As at 30 June 2023 | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non-exchange transactions | - | - | - | - |
| Bank balances | - | - | - | - |
| Total | 3,317,300 | 3,317,300 | - | - |

County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

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 Kakuma Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Kakuma Municipality has significant concentration of credit risk on amounts due from *cash*.

The Kakuma Municipality Board sets policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

II. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Municipality Manager, who has built an appropriate liquidity risk management framework for the management of the Municipality's short, medium and long-term liquidity management requirements. The Municipality manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Municipality under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|--|----------------------|-----------------------|------------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| As at 30th June 2024 | | | | |
| Trade payables | - | - | - | - |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Others (<i>specify</i>) | - | - | - | - |
| Total | - | - | - | - |
| As at 30th June 2023 | | | | |

County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

| | | | | |
|-------------------------------|---|---|---|---|
| Trade payables | - | - | - | - |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Others (<i>specify</i>) | - | - | - | - |
| Total | - | - | - | - |

III. Market risk

The Board has put in place an internal audit function to assist it in assessing the risk faced by the Municipality 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 Municipality'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 Municipality'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 Municipality's exposure to market risks or the manner in which it manages and measures the risk.

IV. Foreign currency risk

The Municipality has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying

*County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

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

| Description | | Other currencies | Total |
|--|-------|---------------------|-------|
| | Kshs. | Kshs. | Kshs. |
| At 30 June 2024 | | | |
| Financial assets | - | - | - |
| Investments | - | - | - |
| Cash | - | - | - |
| Debtors/ receivables | - | - | - |
| Liabilities | - | - | - |
| Trade and other payables | - | - | - |
| Borrowings | - | - | - |
| Net foreign currency asset/(liability) | - | - | - |

Foreign currency sensitivity analysis

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

| Description | Change in currency rate | Effect on surplus/ deficit | Effect on equity |
|------------------|----------------------------|-------------------------------|---------------------|
| | Kshs. | Kshs. | Kshs. |
| 2023/2024 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |

V. 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.

VI. Capital risk management.

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

| Description | FY 2023-2024 |
|---|------------------|
| | Kshs |
| Revaluation Reserve | - |
| Retained Earnings | - |
| Accumulated Reserve | 3,317,300 |
| Total Funds | 3,317,300 |
| Total Borrowings | - |
| Less: Cash and Bank Balances | 3,317,300 |
| Net Debt/(Excess Cash And Cash Equivalents) | (3,317,300) |
| Gearing | 1 |



*County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization
Telephone Number
Email Address
Name of CEO/MD/Head

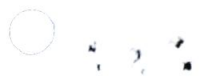
| Project Name | Project Description | Project Objectives | Project Activities | | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|-----------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| | | | | | | | | | |
| | | | | | | | | | |

Appendix 4: Disaster Expenditure Reporting Template

Date:

Entity: Kakuma Municipality

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



*County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

18. Appendices
Appendix 1. Progress on Follow up of Auditors Recommendations.

The financial statements for FY 2023-24 are the inaugural statements.



.....

Municipality Manager

*County Government of Turkana
Kakuma Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

Appendix 2: Inter-Entity Transfers

| KAKUMA MUNICIPALITY. | | | | |
|--|--------------------|---------------------|-------------------|---|
| Breakdown of Transfers from the County Executive of Turkana County | | | | |
| FY 2023/2024 | | | | |
| a. | Recurrent Grants | Bank Statement Date | Amount (Kshs.) | Indicate the FY to which the amounts relate |
| | County Executive | 9-Feb-24 | 3,400,000 | 2023/24 |
| | County Executive | 9-Feb-24 | 6,650,000 | 2023/24 |
| | County Executive | 9-Feb-24 | 8,950,000 | 2023/24 |
| | Total | | 19,000,000 | |
| b. | Development Grants | Bank Statement Date | Amount (Kshs.) | Indicate the FY to which the amounts relate |
| | | - | - | |
| | Total | | - | |
| c. | Direct Payments | Bank Statement Date | Amount (Kshs.) | Indicate the FY to which the amounts relate |
| | | - | - | |
| | Total | | - | |

[Signature]

Signed by the Head of Accounts of the Entity and the transferring Entities