

REPUBLIC OF KENYA



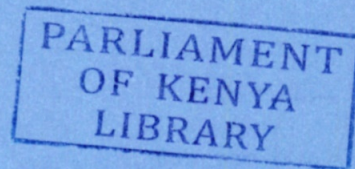
*Enhancing Accountability*

## REPORT

PAPER LAID	
DATE	28/2/2024
TABLED BY	Maj. Leader OF
COMMITTEE	
CLERK AT THE TABLE	Angela

**THE AUDITOR-GENERAL**

ON



**TURKANA COUNTY EMERGENCY  
FUND**

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

Revised 30 June 2023



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## TURKANA COUNTY EMERGENCY FUND

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2023

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





## ***Turkana County Emergency Fund***

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

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**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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**2. Key Entity Information and Management**

**a) Background information**

Turkana County Emergency Fund is established by and derives its authority and accountability from Turkana County Emergency Fund Act, 2016. The Fund is wholly owned by the County Government of Turkana and is domiciled in Kenya.

The fund's objective is to enable payments to be made in respect of a county when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority.

The budgetary allocation for the fund for the year was **KShs377, 000,000** and the entire amount was requisitioned and received into the Fund's operational account Held at KCB Lodwar Branch

Comparatively the fund had a budget of **KShs 100,000,000** the previous financial Year 2021-2022

During the year under review, the Fund absorbed cumulatively **KShs 301,059,099** compared to **114,530,141** incurred in the year ended 30<sup>th</sup> June, 2022.

**b) Principal Activities**

The purpose of the Fund is to enable Payments to be made in respect of a county when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority.

**c) Fund Administration Committee**

Turkana County Emergency Fund is administered by the County Executive Committee Member for Finance and Planning

**d) Key Management team**

1	FUND ADMINISTRATOR	DR. MICHAEL EKIDOR EREGAE
2	CHIEF OFFICER-FINANCE	MR. JAMES ILLIKWEL CYRUS
3	FUND ACCOUNTANT	CPA JULIUS EWOI LOKOPU

**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

1	Directorate Internal Audit-Secretary Audit Committee	CPA Michael Ekadeli
2	Member Audit Committee	CPA Emmanuel Lochor
3	Member Audit Committee	Ms. Selina Lokope
4	Member Audit Committee	CPA Edwin Omino
5	Member Audit Committee	Ms. Joyce Illikwel

**f) Audit Committee**

<b>Name</b>	<b>Details of qualifications and experience</b>
1. CPA Michael Ekadeli – Director Internal Audit, Secretary	CPA Ekadeli has over 20 years of work experience in both private and public sectors. He holds Bachelor’s Degree in commerce , finance and accounting.  He is a certified public accountant and a member of ICPAK. He is also a certified secretary and member of the ICPSK. He also a member of Institute of internal auditors.
2. Edwin Omino	Edwin is a member of the audit committee. He is a certified Public Accountant and Public Secretaries of Kenya, Associate member of Kenya Institute of Management.  He has over 20 years og experience bothe in NGOs and public sectors.
3. CPA Emmanuel Lochor - Member	CPA Emmanuel is a member representing County Treasury in Audit Committee, he is a holder of Master of Business Administration, Finance. He holds Bachelor of Business management, accounting option. He is a member of Institute of Certified Public accountant and also a member of institute of internal Auditors of Kenya. He has 12 years’ experience in accounting and finance in public sector
4. Joyce Illikwel -Member	Ms Joyce is a member of audit committee and she is a county public health expert practitioner. She has over 20 years both in health sector and various committee membership.
5. Ms. Selina Lokope – Member	Ms Selina is a member of the audit committee representing the public. She has over 7 years of experience in public sector.

**g) Registered Offices**

P.O. Box 11-30500  
County Treasury Building  
Nawoitorong Road,  
Lodwar, Kenya.

**h) Fund Contacts**

Telephone: (254) 000  
E-mail: [tcg.go.ke](mailto:tcg.go.ke)  
Website: [www.tcg.go.ke](http://www.tcg.go.ke)

**i) Fund Bankers**

1. Kenya Commercial Bank  
Lodwar Branch
2. Equity Bank  
Lodwar Branch

**Key Entity and Management (Continued)**

**3. Independent Auditors**

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

**4. Principal Legal Adviser**

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



**5. County Attorney**


OFFICE OF THE COUNTY ATTORNEY  
P.O BOX 11-30500  
LODWAR-KENYA

**3. Fund Administration Committee**

Turkana County Emergency Fund is administered by the County Executive Committee Member for Finance and Planning

**4. Management Team**

 <p>1. DR. MICHAEL EKIDOR EREGAE- CECM FINANCE AND ECONOMIC PLANNING</p>	<p>Dr. Eregae is the County Executive Committee Member –Finance and Economic Planning and the Administrator of Turkana County Emergency Fund.</p> <p>He is holder of a Doctor of Philosophy degree in Veterinary Epidemiology from the University of Guelph, Ontario, Canada. In addition, he has an Msc in Veterinary Epidemiology and Economics, and a Bachelor of Veterinary Medicine degree from the University of Nairobi.</p> <p>The bulk of his past experience is in implementing and managing livestock development projects especially in pastoral areas of Africa (Kenya, Uganda, South Sudan, and Somalia). These projects focused on livestock disease control, livestock production, and livestock marketing. Eregae has worked for several development agencies including <i>Cooperazione Internazionale</i> (COOPI), VETAID, VSF-Germany and the Government of Kenya (GoK). Eregae also worked with the Turkana County Government as County Chief Officer for Livestock, Veterinary Services, and Fisheries, and Trade, Gender and Youth Affairs.</p>
 <p>2. JAMES ILLKWEL CYRUS CHIEF OFFICER-FINANCE</p>	<p>Mr. James Illkwel is the Chief Officer Finance. He Holds Masters of Business Administration(Accounting) option from Masinde Muliro University of Science and Technology(MMUST)</p> <p>He Holds B-COM(Accounting) option from MMUST</p> <p>Currently pursuing CPA Part 11</p>

 <p>3. CPA JULIUS EWOI LOKOPU FUND ACCOUNTANT</p>	<p>CPA Lokopu serves as Chief Accountant in-charge of Turkana County Exchequer requisitions and Turkana County Emergency Fund</p> <p>He Holds Master of Business Administration(MBA(Finance) from The Catholic University of Eastern Africa (CUEA</p> <p>He is a Full Member of The Institute of Certified Public Accountants of Kenya(ICPA(K) and an Associate Member of The Institute of Certified Secretaries of Kenya(ICPS(K)</p> <p>He holds Bachelor of Commerce-Finance Option from The Catholic University of Eastern Africa(CUEA)</p> <p>He has 11 years' Experience as Senior Accountant both in Private and Public sectors</p>

**5. FORWARD BY CEC-FINANCE AND ECONOMIC PLANNING**

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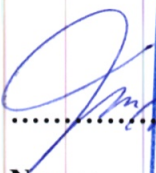
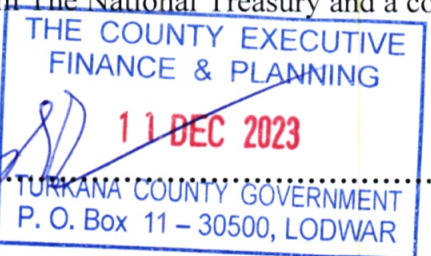
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During the year ended June 2023, the Fund received **Kshs377,000,000, an additional amount of Kshs270,871,497** was received being repayment of pending cumulative prior year borrowing by County Executive. The fund incurred Cumulative expenditure of **KShs 301,059,099** for the year ended June 2023 compared to **114,530,141** incurred in the year ended 30 June, 2022.

There were no significant changes in the fund management during the year under review. The future outlook of the fund is expanded budget to support Emergency interventions

**CONCLUSION**

The Fund achieved the objectives intended objectives. This was support by timely release of fund from The National Treasury and a committed technical team

  
Name: 

**CEC-FINANCE AND ECONOMIC PLANNING**

*Turkana County Emergency Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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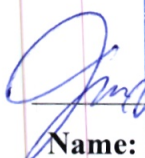
**6. Report of The Fund Administrator**

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**THE COUNTY EXECUTIVE**  
**FINANCE & PLANNING**  
**11 DEC 2023**  
**Name: TURKANA COUNTY GOVERNMENT**  
**P. O. Box 11 – 30500, LODWAR**  
**Fund Administrator**

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

**Introduction**

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

The purpose of the Fund is to enable Payments to be made in respect of a county when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority.

**8. Corporate Governance Statement**

The Fund is domiciled within Finance department and is managed by administration committee appointed by the County Executive Committee Member for Finance and planning. The committee meets on a need basis to approve expenditure and financial statements. During the year under review the fund administration held 4 meetings during the year. All members were in attendance. The Fund administration committee members work voluntarily are not therefore remunerated or paid.

**9. Management Discussion and Analysis**

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**10. Statement of Management’s Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *Turkana County Emergency Fund Act, 2016* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the *Turkana County Emergency Fund* is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

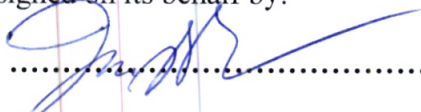
The Administrator of the *Turkana County Emergency Fund* accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Turkana County Emergency Fund Act, 2016*. The Administrator of *Turkana County Emergency Fund* is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2023, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of *Turkana County Emergency Fund* has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

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

**Approval of the financial statements**

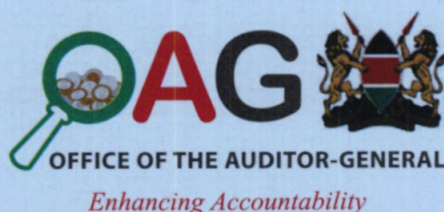
The Fund’s financial statements were approved by the Board on \_\_\_\_\_ 2023 and signed on its behalf by:



.....  
**Fund Administrator**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON TURKANA COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Turkana County Emergency Fund set out on pages 1 to 48, which comprise of the statement of financial position as

at 30 June, 2023, 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, the financial statements present fairly, in all material respects, the financial position of Turkana County Emergency Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Turkana County Emergency Fund Act, 2016 and the Public Finance Management Act, 2012.

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

### **Key Audit Matters**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Irregular Lending of Funds to the County Executive**

The statement of financial position reflects current portion of long-term receivables from non-exchange transactions amounting to Kshs.42,314,520 in respect of short - term loans advanced to Turkana County Executive as disclosed in Note 13 to the financial statements. Review of records revealed that the County Executive owed the Fund Kshs.277,354,237 at the beginning of the year and borrowed Kshs.35,831,780 in the year

under review all totalling to Kshs.313,186,017. This is contrary to Section 5 of the Turkana County Emergency Fund Act, 2016 which states that the purpose of the Fund is to enable payments to be made in respect of a County when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority. The loans advanced to the County Executive were therefore an application of funds for purposes which they were not intended. Further, the terms of the loans to the County were not provided and loan repayment amounting to Kshs.270,871,497 leaving Kshs.42,314,520 still outstanding.

In the circumstances, the Fund Management was in breach of the Turkana County Emergency Fund Act, 2016.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Failure to Maintain Proper Fuel, Oil and Lubricants Records**

The statement of financial performance reflects use of goods and services amounting to Kshs.301,059,099. The amount includes administration fees amounting to Kshs.11,235,248 as disclosed in Note 7 to the financial statements. The administration fees amount includes an expenditure of Kshs.982,758 incurred on the purchase of refined fuels. However, the fuel expenditure was not supported with supplier statements, detail orders, work tickets and fuel registers.

In the circumstances, the controls over the requisition, order, receipt and usage of fuel, oil and lubricants could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal

controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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**

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of

my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

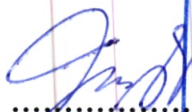
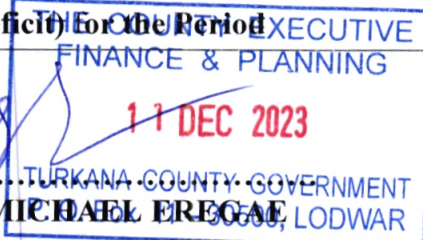
  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

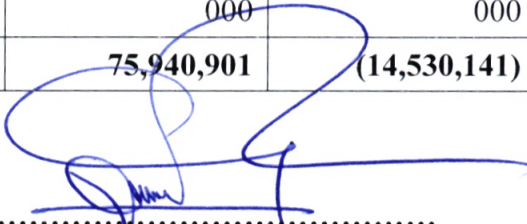
Nairobi

05 February, 2024

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

Description	Note	2023	2022
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	000	000
Transfers From the County Government	2	377,000,000	100,000,000
Fines, Penalties and Other Levies	3	000	000
		<b>377,000,000</b>	<b>100,000,000</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	000	000
Other Income	5	000	000
		000	000
<b>Total Revenue</b>		<b>377,000,000</b>	<b>100,000,000</b>
<b>Expenses</b>			
Employee Costs	6	000	000
Use of goods and services	7	301,059,099	114,530,141
Depreciation and Amortization Expense	8	000	000
Finance Costs	9	000	000
<b>Total Expenses</b>		<b>301,059,099</b>	<b>114,530,141</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	000	000
Gain /Loss on fair value of investments	11	000	000
<b>Surplus/(Deficit) For the Period</b>		<b>75,940,901</b>	<b>(14,530,141)</b>

  
  
 Name: DR. MICHAEL EREGAE, LODWAR  
 Administrator of the Fund

  
 Name: CPA JULIUS LOKOPU  
 Fund Accountant  
 ICPAK Member Number:

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

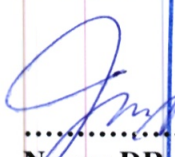
13. Statement of Financial Position As at 30 June 2023			
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	320,957,144	9,976,286
Current Portion of Long- Term Receivables From Exchange Transactions	13	42,314,520	277,354,237
Prepayments	14	000	000
Inventories	15	000	000
Investments in financial assets	16	000	000
<b>Total current assets</b>		<b>363,271,664</b>	<b>287,330,523</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17	000	000
Intangible Assets	18	000	000
Long Term Receivables from Exchange Transactions	13	000	000
Investment Property	19	000	000
<b>Total non- current assets</b>		000	000
<b>Total Assets</b>		<b>363,271,664</b>	<b>287,330,523</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	20	000	000
Current Portion of Borrowings	21	000	000
Employee Benefit Obligations	22	000	000
Social benefit liabilities	23	000	000
<b>Total current liabilities</b>		000	000
<b>Non-Current Liabilities</b>			
Long Term Portion of Borrowings	21	000	000
Non-Current Employee Benefit Obligation	22	000	000
Social benefit liabilities	23	000	000
<b>Total Liabilities</b>		000	000

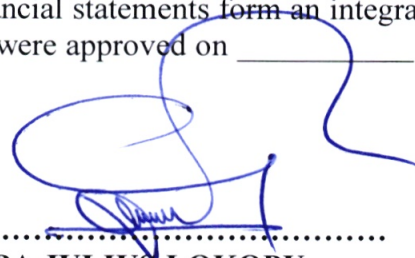
**Turkana County Emergency Fund**

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

		FY 2021-2022	FY 2022-2023
<b>Net Assets</b>		<b>363,271,664</b>	<b>287,330,523</b>
Revolving Fund		470,252	470,252
Reserves		000	000
Accumulated Surplus		<b>362,801,412</b>	<b>286,860,271</b>
<b>Total Net Assets and Liabilities</b>		<b>363,271,664</b>	<b>287,330,523</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on \_\_\_\_\_ 2023 and signed by:

  
**THE COUNTY EXECUTIVE  
FINANCE & PLANNING**  
**11 DEC 2023**  
.....  
TURKANA COUNTY GOVERNMENT  
**Name: DR. MICHAEL ERGAE**  
**Administrator of the Fund**

  
.....  
**Name: CPA JULIUS LOKOPU**  
**Fund Accountant**  
**ICPAK Member Number:17438**

**Turkana County Emergency Fund**

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

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

<b>Balance As At 1 July 2021</b>	<b>470,252</b>	<b>0</b>	<b>301,390,652</b>	<b>301,860,904</b>
Surplus/(Deficit) For the Period	0	-	(14,530,141)	(14,530,141)
Funds Received During the Year	0	-	0	0
Transfers	0		0	
Revaluation Gain	0	0	-	0
<b>Balance As At 30 June 2022</b>	<b>470,252</b>	<b>0</b>	<b>286,860,511</b>	<b>287,330,763</b>
<b>Balance As At 1 July 2022</b>	<b>470,252</b>	<b>0</b>	<b>286,860,511</b>	<b>287,330,763</b>
Surplus/(Deficit) For the Period		-	<b>75,940,901</b>	<b>75,940,901</b>
Funds Received During the Year	000	-	-	000
Transfers	000		(000)	
Revaluation Gain	-	000	-	000
<b>Balance As At 30 June 2023</b>	<b>470,252</b>	<b>000</b>	<b>362,801,412</b>	<b>363,271,664</b>

**Turkana County Emergency Fund****Annual Report and Financial Statements for the year ended June 30, 2023****15. Statement of Cash Flows for The Year Ended 30 June 2023**

<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		000	000
Transfers from the county government	2	377,000,000	100,000,000
Interest received		000	000
Receipts from other operating activities		000	000
<b>Total receipts</b>		<b>377,000,000</b>	<b>100,000,000</b>
<b>Payments</b>			
Fund administration expenses	7	11,250,000	2,920,400
General expenses	7	289,809,099	111,604,047
Finance cost		000	000
Other payments-Bank Charges		<b>000</b>	5,694
		<b>301,059,099</b>	<b>114,530,141</b>
<b>Net cash flows from operating activities</b>		<b>75,940,901</b>	<b>(14,530,141)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		(000)	(000)
Proceeds from sale of property, plant & equipment		000	000
Proceeds from loan principal repayments		000	000
Loan disbursements paid out		(000)	(000)
<b>Net cash flows used in investing activities</b>		<b>(00)</b>	<b>(000)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		000	000
Additional borrowings		(35,831,540)	(133,300,229)
Repayment of borrowings		270,871,497	(0)
<b>Net cash flows used in financing activities</b>		<b>235,039,957</b>	<b>(133,300,229)</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>310,980,858</b>	<b>(147,830,610)</b>
Cash and cash equivalents at 1 <sup>st</sup> July 2022		9,976,286	157,806,896
<b>Cash and cash equivalents at 30<sup>th</sup> June 2023</b>		<b>320,957,144</b>	<b>9,976,286</b>

16. Statement of Comparison of Budget And Actual Amounts For The Period

Description	Original Budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual on comparable basis Kshs	Performance difference Kshs	Variance Kshs
	A	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations	000	(000)	000	000	(000)	
Transfers From County Govt.	100,000,000	277,000,000	377,000,000	377,000,000	000	100%
Interest Income	000	-	000	000	(000)	
Other Income	000	-	000	000	000	
<b>Total Income</b>	<b>100,000,000</b>	<b>277,000,000</b>	<b>377,000,000</b>	<b>377,000,000</b>	<b>(000)</b>	<b>100%</b>
<b>Expenses</b>						
Fund Administration Expenses	3,000,000	-	11,310,000	11,250,000	60,000	
General Expenses	97,000,000	(000)	365,690,000	289,809,099	75,880,901	
Finance Cost	000	(000)	000	000	(000)	
<b>Total Expenditure</b>	<b>100,000,000</b>	<b>(000)</b>	<b>377,000,000</b>	<b>301,059,099</b>	<b>75,940,901</b>	
<b>Deficit For the Period</b>	<b>000</b>	<b>000</b>	<b>377,000,000</b>	<b>75,940,901</b>	<b>75,940,901</b>	
<b>Capital expenditure</b>	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>	

## **17. Notes to the Financial Statements**

### **1. General Information**

Turkana County Emergency Fund is established by and derives its authority and accountability from Turkana County Emergency Fund Act. The entity is wholly owned by the Turkana County Government and is domiciled in Kenya. The entity's principal activity is to enable Payments to be made in respect of a county when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority

### **2. Statement of compliance and basis of preparation**

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

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

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

<b>IPSAS 41: Financial Instruments</b>	<b>Applicable: 1<sup>st</sup> January 2023</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:
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**Turkana County Emergency Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

	<ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li>   <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**Turkana County Emergency Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><b>State the impact of the standard to the Entity if relevant</b></p>

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

IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>
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**Turkana County Emergency Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

**(iii) Early adoption of standards**

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

**1. Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2022-2023 was approved by the County Assembly on June, 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded no additional appropriations on the FY 2022-2023 budget following the governing body's approval.

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

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 16 of these financial statements.

**c) Property, plant and equipment**

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

**d) Intangible Assets**

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

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

**e) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an 10-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

**f) Financial instruments**

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

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**g) Inventories**

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

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

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

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

**h) Provisions**

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

**i) Social Benefits**

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

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

**j) Contingent liabilities**

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

**Contingent assets**

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

**k) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

**l) Changes in accounting policies and estimates**

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

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

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

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

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

**n) Foreign currency transactions**

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

**o) Borrowing costs**

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

**p) Related parties**

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

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**r) Comparative figures**

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

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

**5. Significant judgments and sources of estimation uncertainty**

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

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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

*(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)*

**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**6. Notes To The Financial Statements**

**1. Public contributions and donations**

Donation From Development Partners	000	000
Contributions From The Public	000	000
<b>Total</b>	<b>000</b>	<b>000</b>

*(Provide brief explanation for this revenue)*

**2. Transfers from County Government**

Transfers From County Govt. –Operations	377,000,000	100,000,000
Payments By County On Behalf Of The Entity	000	000
Unconditional Development grants	000	000
<b>Total</b>	<b>377,000,000</b>	<b>100,000,000</b>

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

Late Payment Penalties	000	000
Fines	000	000
<b>Total</b>	<b>000</b>	<b>000</b>

*(Provide brief explanation for this revenue)*

**4. Interest income**

Interest Income from Mortgage Loans	000	000
Interest Income From Car Loans	000	000
Interest Income From Investments in financial assets	000	000
Interest Income On Bank Deposits	000	000
<b>Total Interest Income</b>	<b>000</b>	<b>000</b>

**Turkana County Emergency Fund**  
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*(Provide brief explanation for this revenue)*

**Notes to the Financial Statements Continued**

**5. Other income**

Other Income		
Insurance Recoveries	000	000
Income from Sale of Tender Documents	000	000
Bad debts recovered	000	000
Miscellaneous Income	000	000
<b>Total Other Income</b>	<b>000</b>	<b>000</b>

*(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).*

**6. Employee Costs**

Employee Costs		
Salaries And Wages	000	000
Staff Gratuity	000	000
Staff Training Expenses	000	000
Social Security Contribution	000	000
Other <i>(Specify)</i>	000	000
<b>Total</b>	<b>000</b>	<b>000</b>

**7. Use of Goods and Services**

Use of Goods and Services		
General Expenses-Emergency	289,809,099	111,604,047
Loan Processing Costs	000	000
Professional Services Costs	000	000
Administration Fees	11,235,248	2,920,400
Committee Allowances	000	000
Bank Charges	14,752	000
Electricity And Water Expenses	000	000
Fuel And Oil Costs	000	000

**Turkana County Emergency Fund**  
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Expenses		
Insurance Costs	000	000
Postage And Courier	000	000
Printing And Stationery	000	000
Rental Costs	000	000
Security Costs	000	000
Telephone And Communication Expenses	000	000
Bank Charges	000	000
Audit Fees	000	000
Provision For Doubtful Debts	000	000
Other ( <i>Specify</i> )	000	000
Social benefit expenses*		
<b>Total</b>	<b>301,059,099</b>	<b>114,530,141</b>

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42*

**8. Depreciation and Amortization Expense**

Expenses		
Property Plant and Equipment	000	000
Intangible Assets	000	000
<b>Total</b>	<b>000</b>	<b>000</b>

**9. Finance costs**

	FY 2022-2023	FY 2021-2022
Interest On Bank Overdrafts	000	000
Interest On Loans From Banks	000	000
<b>Total</b>	<b>000</b>	<b>000</b>

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

Expenses		
Property, Plant and Equipment	000	000
Intangible Assets	000	000
<b>Total</b>	<b>000</b>	<b>000</b>

**Turkana County Emergency Fund**  
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**11. Gain/ (loss) on Fair Value Investments**

Investments at Fair Value- Equity investments	000	000
Fair value – Investment property	000	000
Fair value- other financial assets (specify)	000	000
<b>Total Gain</b>	<b>000</b>	<b>000</b>

**12. Cash and cash equivalents**

Turkana County Emergency Fund Account-KCB	73,112	9,976,286
Turkana County Emergency Fund Account-EQUITY	320,884,032	000
Fixed Deposits Account	000	000
On – Call Deposits	000	000
Current Account	000	000
Others ( <i>Specify</i> )	000	000
<b>Total Cash And Cash Equivalents</b>	<b>320,957,144</b>	<b>9,976,286</b>

**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements Continued**

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

<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		000	000
Equity Bank, Etc.		000	000
<b>Sub- Total</b>		<b>000</b>	<b>000</b>
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		000	000
Equity Bank - Etc.		000	000
<b>Sub- Total</b>		<b>000</b>	<b>000</b>
<b>c) Current Account</b>			
Kenya Commercial Bank		000	000
Bank B		000	000
<b>Sub- Total</b>		<b>000</b>	<b>000</b>
<b>d) Others(Specify)</b>			
Cash In Transit		000	000
Cash In Hand		000	000
<b>Sub- Total</b>		<b>000</b>	<b>000</b>
<b>Grand Total</b>		<b>000</b>	<b>000</b>

**13. Receivables from exchange transactions**

<b>Current Receivables</b>			
Interest Receivable		000	000
Current Loan Repayments Due		000	000
Other Exchange Debtors		000	000
Less: Impairment Allowance		(000)	(000)
<b>Total Current Receivables</b>			
<b>Non-Current Receivables</b>			
Long Term Loan Repayments Due		42,314,520	277,354,237
<b>Total Non- Current Receivables</b>		<b>000</b>	<b>000</b>
<b>Total Receivables From Exchange Transactions</b>		<b>42,314,520</b>	<b>277,354,237</b>

**Turkana County Emergency Fund  
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**Notes to the Financial Statements Continued**

**Additional disclosure on interest receivable**

Interest Receivable		
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	000	000
Accrued interest receivable from of long-term loans of previous years	000	000
Interest receivable from current portion of long-term loans issued in the current year	000	000
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	000	000
Accrued principal from long-terms loans from previous periods	000	000
Current portion of long-term loans issued in the current year	000	000

**14. Prepayments**

Prepayments		
Prepaid Rent	000	000
Prepaid Insurance	000	000
Prepaid Electricity Costs	000	000
Other Prepayments ( <i>Specify</i> )	000	000
<b>Total</b>	<b>000</b>	<b>000</b>

**15. Inventories**

Inventories		
Consumable Stores	000	000
Spare Parts And Meters	000	000
Catering	000	000
Other Inventories ( <i>Specify</i> )	000	000
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>	<b>000</b>	<b>000</b>

**Notes to the Financial Statements Continued**

**16. Investments in financial assets**

16. Investments in financial assets		
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	000	000
CBK	000	000
Sub- total	000	000
<b>b. Investment with Financial Institutions/ Banks</b>		
Bank x	000	000
Bank y	000	000
Sub- total	000	000
<b>c. Equity investments (specify)</b>		
Equity/ shares in Entity xxx	000	000
Sub- total	000	000
<b>Grand total</b>	<b>000</b>	<b>000</b>

*(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.*

**Movement of Equity Investments**

Movement of Equity Investments		
At the beginning of the year	000	000
Purchase of investments in the year	000	000
Sale of investments during the year	(000)	(000)
Gain/(loss) in fair value of investments through surplus or deficit	000	000
<b>At the end of the year</b>	<b>000</b>	<b>000</b>

**e) Shareholding in other entities**

*For investments in equity share listed above, list down the equity investments under the following categories:*

Shareholding in other entities							
	%	%	%	Kshs	Kshs	Kshs	
Entity A	000	000	000	000	000	000	
Entity B	000	000	000	000	000	000	
Entity C	000	000	000	000	000	000	
	000	000	000	000	000	000	

*Turkana County Emergency Fund*

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

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

**17. Property, plant and equipment**

<b>At 1<sup>st</sup> July (Previous FY)</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
Additions	xxx	xxx	xxx	-	xxx
Disposals	(xxx)	(xxx)	-	-	(xxx)
Transfers/Adjustments	xxx	(xxx)	xxx	(xxx)	(xxx)
<b>At 30<sup>th</sup> June (Previous FY)</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>At 1<sup>st</sup> July (Current FY)</b>					
Additions	xxx	xxx	xxx	-	xxx
Disposals	(xxx)	-	-	-	(xxx)
Transfer/Adjustments	(xxx)	xxx	xxx	(xxx)	(xxx)
<b>At 30<sup>th</sup> June (Current FY)</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>Depreciation And Impairment</b>					
<b>At 1<sup>st</sup> July (Previous FY)</b>	<b>(xxx)</b>	<b>(xxx)</b>	<b>(xxx)</b>	<b>(xxx)</b>	<b>(xxx)</b>
Depreciation	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Impairment	(xxx)	-	-	-	(xxx)
<b>At 30<sup>th</sup> June (Previous FY)</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>At 1<sup>st</sup> July (Current FY)</b>					
Depreciation	(xxx)	(xxx)	(xxx)	-	(xxx)
Disposals	xxx	-	-	-	xxx
Impairment	(xxx)	(xxx)	-	-	(xxx)
Transfer/Adjustment	xxx	(xxx)	(xxx)	xxx	xxx
<b>At 30<sup>th</sup> June (Current FY)</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>Net Book Values</b>					
<b>At 30<sup>th</sup> June (Previous FY)</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>At 30<sup>th</sup> June (Current FY)</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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

**22. Borrowings**

Description		
<b>Balance At Beginning of The Period</b>	000	000
External Borrowings During the Year	000	000
Domestic Borrowings During the Year	000	000
Repayments Of External Borrowings During the Period	(000)	(000)
Repayments Of Domestic Borrowings During the Period	(000)	(000)
<b>Balance At End of The Period</b>	000	000

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

Description		
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organization'	000	000
Sterling Pound Denominated Loan From 'Y Organization'	000	000
Euro Denominated Loan from Z Organization'	000	000
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB	000	000
Kenya Shilling Loan from Barclays Bank	000	000
Kenya Shilling Loan from Consolidated Bank	000	000
Borrowings From Other Government Institutions	000	000
<b>Total Balance at End of The Year</b>	000	000

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

Description		
Short Term Borrowings (Current Portion)	000	000
Long Term Borrowings	000	000
<b>Total</b>	<b>000</b>	<b>000</b>

*(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)*

**Turkana County Emergency Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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

**23. Employee benefit obligations**

	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Current Benefit Obligation	000	000	000	000	000
Non-Current Benefit Obligation	000	000	000	000	000
<b>Total</b>	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>

**24. Social Benefit Liabilities**

Health social benefit scheme	000	000
Unemployment social benefit scheme	000	000
Orphaned and vulnerable benefit scheme	000	000
Elderly social benefit scheme	000	000
Bursary social benefits	000	000
<b>Total</b>	<b>000</b>	<b>000</b>
Current social benefits	000	000
Non- current social benefits	000	000
<b>Total (tie to totals above)</b>	<b>000</b>	<b>000</b>

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.*

**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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

**25. Cash generated from operations**

	000	000
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>000</b>	<b>000</b>
<b>Adjusted For:</b>		
Depreciation	000	000
Amortisation	000	000
Gains/ Losses On Disposal Of Assets	(000)	(000)
Interest Income	(000)	(000)
Finance Cost	000	000
<b>Working Capital Adjustments</b>		
Increase In Inventory	(000)	(000)
Increase In Receivables	(000)	(000)
Increase In Payables	000	000
<b>Net Cash Flow From Operating Activities</b>	<b>000</b>	<b>000</b>

*(The total of this statement should tie to the cash flow section on net cash flows from operating activities)*

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

**26. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

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

**b) Related party transactions**

Description		
	FY 2022-2023	FY 2021-2022
Transfers From Related Parties'	000	000
Transfers To Related Parties	000	000

**c) Key management remuneration**

Description		
	KSh	KSh
Board Of Trustees	000	000
Key Management Compensation	000	000
<b>Total</b>	<b>000</b>	<b>000</b>

**d) Due from related parties**

Description		
	FY 2022-2023	FY 2021-2022
Due From Parent Ministry	000	000
Due From County Government	000	000
<b>Total</b>	<b>000</b>	<b>000</b>

**Other Disclosures Continued**

**e) Due to related parties**

Due To Parent Ministry	000	000
Due To County Government	000	000
Due To Key Management Personnel	000	000
<b>Total</b>	<b>000</b>	<b>000</b>

**27. Contingent assets and contingent liabilities**

Court Case Xxx Against the Fund	000	000
Bank Guarantees	000	000
<b>Total</b>	<b>000</b>	<b>000</b>

*(Give details)*

**Notes To The Financial Statements (Continued)****28. Financial risk management**

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	000	000	000	000
Receivables From Non-Exchange Transactions	000	000	000	000
Bank Balances	000	000	000	000
<b>Total</b>	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	000	000	000	000
Receivables From Non-Exchange Transactions	000	000	000	000
Bank Balances	000	000	000	000
<b>Total</b>	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

**Turkana County Emergency Fund**  
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**Notes To The Financial Statements (Continued)**

**18. Intangible assets**

<b>Cost</b>		
<b>At Beginning of The Year</b>	000	000
Additions	000	000
<b>At End of The Year</b>	000	000
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>	000	000
Amortization	000	000
<b>At End of The Year</b>	000	000
Impairment Loss	000	000
<b>At End of The Year</b>	000	000
<b>NBV</b>	000	000

**19. Investment Property**

<b>At beginning of the year</b>	000	000
Additions	000	000
Disposal during the year	(000)	(000)
Depreciation	(000)	(000)
Impairment	(000)	(000)
Gain/(loss) in fair value (if fair value is elected)	000	000
<b>At end of the year</b>	000	000

*(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.*

**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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

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

Trade Payables		000		000
Refundable Deposits		000		000
Accrued Expenses		000		000
Other Payables		000		000
<b>Total Trade and Other Payables</b>		<b>000</b>		<b>000</b>
<b>Ageing analysis (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	000	%	000	%
1-2 years	000	%	000	%
2-3 years	000	%	000	%
Over 3 years	000	%	000	%
<b>Total (tie to above total)</b>	<b>000</b>		<b>000</b>	

*(NB: Amount under deposits and retentions should tie to cash held in deposit account)*

**21. Provisions**

Balance At the Beginning Of The Year	000	000	000	000
Additional Provisions	000	000	000	000
Provision Utilised	(000)	(000)	(000)	(000)
Change Due To Discount And Time Value For Money	(000)	(000)	(000)	(000)
Transfers From Non -Current Provisions	000	000	000	000
<b>Balance At The End of The Year</b>	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from xxx

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

**b) Liquidity risk management**

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

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

At 30 June (Current FY)				
Trade Payables	000	000	000	000
Current Portion Of Borrowings	000	000	000	000
Provisions	000	000	000	000
Employee Benefit Obligation	000	000	000	000
<b>Total</b>	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>
At 30 June (Comparative FY)				
Trade Payables	000	000	000	000
Current Portion Of Borrowings	000	000	000	000
Provisions	000	000	000	000
Employee Benefit Obligation	000	000	000	000
<b>Total</b>	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>

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

**c) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**i. Foreign currency risk**

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

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

At 30 June (Current FY)			
Financial Assets	000	000	000
Investments	000	000	000
Cash	000	000	000
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	000	000	000
Borrowings	000	000	000
<b>Net Foreign Currency Asset/(Liability)</b>	<b>000</b>	<b>000</b>	<b>000</b>

*The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.*

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

**Foreign currency sensitivity analysis**

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

<b>(Current FY)</b>			
Euro	10%	000	000
USD	10%	000	000
<b>(Comparative FY)</b>			
Euro	10%	000	000
USD	10%	000	000

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

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

**d) Capital risk management.**

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

Revaluation reserve	000	000
Revolving fund	000	000
Accumulated surplus	000	000
<b>Total funds</b>	000	000
Total borrowings	000	000
Less: cash and bank balances	(000)	(000)
Net debt/(excess cash and cash equivalents)	000	000
<b>Gearing</b>	xx%	xx%

**29. Events after the reporting period**

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

**30. Ultimate and Holding Entity**

The entity is a County Public Fund established by Turkana County Emergency Fund Act,2016 under the Ministry of Finance and planning. Its ultimate parent is the County Government of Turkana.

**31. Currency**

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

**18. Annexes**

**Annex I: Progress on Follow Up of Prior Year Auditor’s Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

[Redacted Header]				
No.	Issue	Description of Issue	Management Comments	Status
1		<p><b>Unsupported Expenditure</b></p> <p>The statement of financial performance for the year ended 30 June 2022 reflects use of goods and services amount of Kshs.114,530,141 which according to note 7 to the financial statements included general office expenses amount of Kshs1,604,047. Included in the general office expenses were payments totaling to Kshs.2,706,200 incurred while distributing relief food in different sub-counties but which were not supported with expenditure requisitions and authorizations and evidence of travel. In addition, no</p>	<p>The evidence of travel included in the general office expenses of payments was attached</p> <p>Payment vouchers and other supporting documentation were availed</p>	Resolved

[Redacted]					
		<p>payment vouchers and other supporting documentation were provided for review of expenditure on rapid drought assessment amounting to Kshs.10,963,250. In the circumstances, the accuracy and validity of Kshs.13,669,450 included the expenditure on use of goods and services for the year ended 30 June 2022 could not be confirmed</p>			
		<p><b>Unresolved Prior Year Matters</b></p>			
2		<p>Various prior year audit issues remained unresolved as at 30 June, 2022. Management has not</p>	<p>For the prior year unresolved audit issues, the management resolved</p>	Resolved	

		<p>provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.</p>		
3	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflected total receipts budget of Kshs.257,806,896 against actual receipts of</p>	<p>The underperformance was due to late disbursements, COVID-19 related issues and procurement processes.</p>	Resolved	

		<p>Kshs.100,000,000 resulting into undisbursed allocation of Kshs.157,806,896 or 61% of the budget. Similarly, the statement reflected total payments budget of Kshs.257,806,896 against actual payments of Kshs.114,530,141 resulting to under-absorption of Kshs.143,276,515 or 56% of the budget. The underperformance may have impacted negatively on the execution of the purpose of the Fund.</p>		
4	<p><b>Unauthorized Internal Lending to County Executive</b></p> <p>The statement of financial position and note 12 to the</p>	<p>The County Government Management ensured that the borrowed money has been captured in the supplementary budget which was approved by the County Assembly.</p>	Resolved	

		<p>financial statements reflected cumulative receivables from non-exchange transactions balance of Kshs.277,354,237 being money lent to Turkana County Executive as a borrowing to finance its recurrent operations due to delays in exchequer releases on various dates. However, as at the time of audit in November 2022 the funds had not been credited in the Fund's account. Further, the borrowing by the county executive was not supported by the County Assembly approval and acknowledgement of funds by the County Treasury contrary to Section 142(1) and (3) of the Public Finance Management Act,2012 which provides that County Assembly</p>		

		may authorize short term borrowing by county government entities for cash management purposes only and a county government entity that has any such borrowing shall ensure that the money borrowed is repaid within a year from the date on which it was borrowed, in the circumstances, the County Executive and Fund Management were in breach of the law.		

5	<p>Non-Emergency Expenses</p> <p>The statement of financial performance reflected Kshs. 114,524,447 in respect to use of goods and services as disclosed under note 7 to the financial statements out of which expenditure amounting to Kshs.45,282,260 did not meet the threshold set under section 112 of the Public Finance Management Act, 2012 and Section 7 of the Turkana County Emergency Fund Act, 2016 that the County Executive Committee member for Finance may make payments from the county government's Emergency Fund only if he or she is satisfied that there an urgent and unforeseen need for expenditure for which there is no specific legislative authority. There was no evidence that the expenditure of Kshs.45,282,260 was not budgeted</p>			
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		<p>for, could not be delayed until a later financial year without harming the general public interest and that the payment was meant to alleviate the damage, loss, hardship or suffering caused by an unforeseen event.</p> <p>In the circumstances, the Fund Management was in breach of the law.</p>		

6	<p><b>Management of Cash and Cash Equivalents</b></p> <p>Review of the cash and cash equivalents management revealed that recording of transactions in the cash book and bank reconciliations were not regularly checked and confirmed by a senior officer. In addition, the officer who prepared the cash book also prepared the monthly bank reconciliation statements hence no separation of duties. Further, there was no board of survey report to confirm the balances as at 30 June 2022. From the foregoing, it was not possible to ascertain the adequacy and effectiveness of controls over cash and cash equivalents.</p>	<p>The cashbook and bank reconciliations that has been checked and confirmed</p>		
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**Turkana County  
Emergency Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**Annex II: Inter-Fund Confirmation Letter  
[Insert your Letterhead]**

[Insert name of beneficiary Fund]

[Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Turkana County Emergency Fund as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 <sup>th</sup> June 20xx				Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
<b>Total</b>							

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

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

**Name .....** **Sign .....** **Date .....**

**Turkana County**

**Emergency Fund**

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

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

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

**Turkana County  
Emergency Fund**

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

**Annex IV: Reporting on Disaster Management Expenditure**

Programme	Sub-programme	Disaster type	Categories of Disaster-related Activity that require expenditure reporting (Response, recovery, mitigation/preparedness)	Expenditure item	Amount (KShs.)	Comments

*Turkana County Emergency Fund  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023*

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Fund Manager/Accounting Officer (Enter title of head of Fund)

Date.....

**TURKANA COUNTY GOVERNMENT**  
**FINANCE & PLANNING**

*[Signature]*  
**11 DEC. 2023**

**TURKANA COUNTY GOVERNMENT**  
**P. O. Box 11 – 30500, LODWAR**