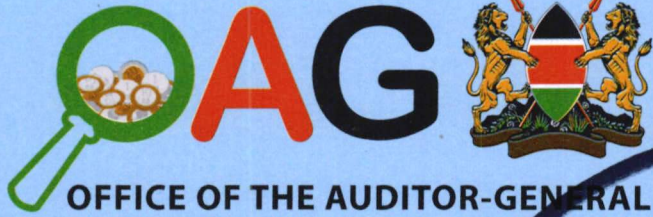
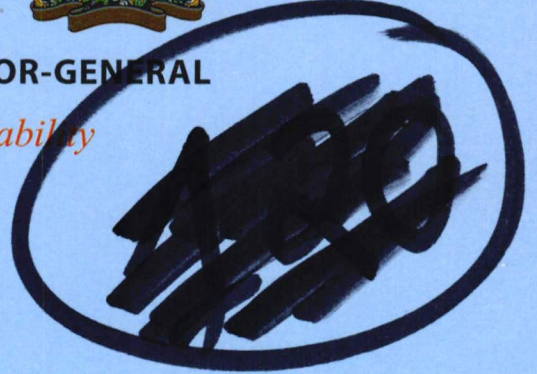


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

329

LODWAR MUNICIPALITY

PAPERS LAID	
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FOR THE YEAR ENDED

30 JUNE, 2025



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LODWAR MUNICIPALITY
County Government of Turkana

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
SPA	Special purpose account
W.I.P	Work in progress

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the Lodwar Municipality's financial resources.

Comparative Year- Means the prior period.

Work in Progress-means capital projects that are still on going

Special Purpose Account-the operational account of the Municipality held in the Central bank of Kenya

KUSP II-Kenya Urban Support program II

2. Key Lodwar Municipality Information and Management

a) Background information

Lodwar Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 (amended 2019) and Cities and Municipal Charter on (5th December, 2018). The Municipality is under the County Government of Turkana and is domiciled in Kenya.

b) Principal Activities, Vision and Mission of the Municipality

I. The principal mandate of the Municipal is to:

- Promotion, regulation and provision of refuse collection and solid waste management services.
- Promotion and provision of water and sanitation services and infrastructure in areas within the Municipality not served by the water and sanitation provider.

II. Vision

- A transformative and economic prosperous municipality.

III. Mission

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

Core objectives

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

c) Key Management

The *Lodwar Municipality* management is under the following key organs:

- County Department in charge of Municipalities
- Board of Management
- Accounting Officer/ Lodwar Municipality Manager
- Head of departments

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30TH JUNE 2025 and who had direct fiduciary responsibility were:

s/no	Position	Name
1	Lodwar Municipality Manager	Eng Tukei Benjamin
	Directors/Head of departments	
2	Deputy Director physical Planning	John Cheboi Kilimo
3	Head of Administration	Lucy Lorogoi Minyan
4	Head of Accounting	Ekarani Ekai James
5	Head of Procurement	Gideon Kipyego
6	Head Human Resource	Elimo Maureen Ikai
7	Head of ICT	Robert Lotulya
8	Head of Environment and climate change	John Kirwa
9	Head of Public Health	Josphat Omwenga kwaba
10	Head of Municipal Infrastructure	Augustus Keya Mucholwa
11	Head of Social protection	Francisca Asimit Ereng
12	Head of Trade	Purity Natabo
13	Head of Revenue	Lilian Ateyo

e) Fiduciary Oversight Arrangements

i. Audit and Risk Management Committee

There exists risks assessment and management policy in Lodwar Municipality. The purpose of the policy is to set out broad guidelines in the establishment of risk management framework, and risk management tools for the oversight and management of risk within the Municipality and key stake holders.

In line with mwongozo code of conduct for state corporations, 2015 the risk management committee was appointed by the Municipality manager.

The functions of the committee are:

- Develop or enhance and implement appropriate risk management plan, processes and procedures.
- Nominate risks champions
- Evaluate risks on quarterly basis
- Co-ordinate and monitor the implementation of risks initiatives
- Oversee and update the Municipality wide risks profiles

The manager reports all risks to the Audit committee through the head of internal Audit

i) Lodwar Municipality Board of Management

The Manager reports risks to the Board of management where both the Chief Officer Urban Areas Management and the County Executive for Lands physical planning and Urban Areas management

ii) County Assembly committees- on finance and special funds.

ii) Committees of the Senate

Public Accounts and Public Investment Committee. The Committees of the senate provides oversight to the Municipality and all other County funds on the finance invested in projects and other accounting process.

iii) Registered Office.

Lodwar Municipality
Ministry of Lands, Physical Planning and Urban Areas Management
P.O. Box 187-30500
Lands Office-Municipality
KENYA

iv) Contacts


E-mail: info@lodwarmunicipality.go.ke
manager@lodwarmunicipality.go.ke
Website: www.tcg.go.ke

v) Bankers



Central Bank of Kenya
Kenya Commercial bank



vi) Principal Legal Adviser

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

		<p>Kampala, Uganda. Senior IT Management course - 2 Weeks by MSF-Holland</p> <p>Oct 2010:</p> <p>Nairobi, Kenya. Experts Field Training Course – 2 Weeks by MSF-Holland</p> <p>WORK EXPERIENCE:</p> <p>TWO KB Telecoms & IT Ltd – Turkana County</p> <p>Sep 2022 – Present</p> <p>Turkana County Government</p> <p>Director Governors Press Service</p> <p>Sep. 2019 – Dec. 2019</p> <p>CARITAS – Diocese of Lodwar</p> <p>East African Trade, Transport and Development Facilitation Project (EARTTDFP) funded.</p>
<p>3</p>	 <p>Peter Lomorukai Board Member and Chief Officer for Municipalities and Urban Areas Management</p>	<p><u>Education:</u></p> <p>❖ 2016 – 2018</p> <p>MSc. In field epidemiology – Assessment on factors Associated with visceral Leishmaniosis: A case control study of Loima and Turkana West Sub-counties, North Kenya</p> <p>Moi University – Eldoret, Kenya</p> <p>❖ 2011 – 2013</p> <p>- BSc. Medical Laboratory Science – A case study of prevalence of Brucellosis at Namoruputh Health Centre in Loima Division, Turkana</p>

		<p>Mt. Kenya University – Thika, Kenya</p> <p>❖ 2001 – 2003</p> <p>- Diploma in medical Laboratory Sciences – A case Management of Tuberculosis patients in TB Manyatta at the Lodwar District Hospital, Turkana</p> <p>Eldoret National Polytechnic – Eldoret, Kenya</p> <p><u>Work Experience:</u></p> <p>Dec. 2022 – April 2024</p> <ul style="list-style-type: none">• County Chief Officer for preventive and promotive health <p>Turkana County Government</p> <p>April 2024 – August 2024</p> <ul style="list-style-type: none">• County Chief Officer for Lands and Physical Planning 5 months <p>Turkana County Government</p> <p>August 2024 - Date</p> <ul style="list-style-type: none">• County Chief Officer for Urban areas and Municipalities <p>Turkana County Government</p>
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<p>4</p>	 <p>Hon Faith Akuam Aletia CECMs, Min. of Lands, Physical Planning & Urban Areas Management, Lodwar Municipality Board Member.</p>	<p>CECM Faith is a holder of a Bachelor of Arts in social work and a Diploma in social work. She has over 10 years of work experience in Government working in various public sector departments.</p>
	 <p>William Ejore Emoru Board Member</p>	<p>Ejore William Emoru: (member Lodwar municipality board) holder of M.Ed. in special needs Education at Maseno University, B.Ed. in special needs Education at Maseno University, Higher diploma in Human resource management at Eldoret Technical training institute, Executive diploma in Human Resources Management at Israel Galilee international institute, Diploma in special education at KISE. Professionally, he is a holder of senior management certificate and strategic leadership development program certificate at KSG. Taught at Katilu secondary school, Lodwar high school and Salvation Army Nawoitorong Mixed secondary school. Currently serving as deputy principal katilu boy's secondary school, member for Turkana County education fund management board. Worked as executive member for Turkana County public service board for a period of six years. He has</p>

		<p>also served as contact person for KUB Turkana branch and was KSB associate member. He is NCPWD member. Professional board KUSNET.</p>
	 <p>George Emoru Emojong Board Member</p>	<p>Mr. George Emoru Emojong was born on 01/01/1975 in Turkana County. He holds a master’s degree in Education, planning, management and Administration from Mount Kenya University (2014) and a Bachelor of Education Arts degree from the University of Nairobi (2010). He worked with the County government of Turkana as the County executive committee member from 2020-2022. He also served in the County assembly of Turkana as the Hansard Editor 1 and Senior Hansard Editor from 2014-2020. He is a teacher by profession having served from 1996-2014 as a teacher, deputy headteacher and headteacher. He has a wide range of experience in matters management having worked at management level at the teacher’s service commission and at the County executive.</p>
	 <p>Teresa Nater Lotokos Board Member</p>	<p>Teresa Nater Lotokos is a young woman of age 29years, born and raised in Napetet Village-Lodwar. She has academic qualifications of both Bachelors of business management (procurement option) from Turkana University College and Diploma in purchasing and supply chain management from Jomo Kenyatta university.</p> <p>She has a working experience of over 7years in relation to her field of work, general operation of the organization and other fields. She has worked with</p>


		<p>various organization and currently as the procurement officer at Lodwar Vocational and Training Centre. The experience earned has really shaped her to a more responsible staff with a good communication and managerial skills, punctual and always working under minimal supervision.</p> <p>Apart from work, she is also involved in other charitable activities in the community; Apese Ere Organization as the Co-founder and also Board member -financial advisor, and Napetet Professionals Association as a Member. Through this, she has managed to touch so many lives, especially the youths through mentorship activities, advocacy, and other social/moral support activities.</p>
	 <p>Esther Arukudi Nangor Vice Chairperson</p>	<p>Esther Arukudi Nangor, a 39-year-old education professional born and raised in Turkana County. I hold a Bachelor of Education Arts (BEDA) degree from Mount Kenya University and currently serve as a Deputy Head of Institution under the Teachers Service Commission (TSC). My dedication to fostering academic excellence and leadership has been pivotal in shaping the institutions I work with.</p>
	 <p>Eiton Lochampa Board Member</p>	<p>Naomi Eiton Lochampa is a dedicated development professional with over five years of experience in project management and implementation. She specializes in resilient livelihoods, financial inclusion, and community empowerment, particularly for marginalized groups in the Turkana region. Naomi has a strong track record in designing and delivering innovative solutions to</p>




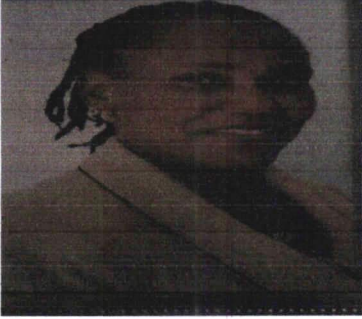


		<p>address pressing challenges such as poverty, food insecurity, and climate change. With a degree in Natural Resources Management and certifications in financial education and entrepreneurship, she is committed to creating sustainable and equitable development. Naomi is passionate about leveraging technology and community-led approaches to drive positive change.</p>
	 <p>Ambrose Merinyang Arib Board Member</p>	<p>He was born on 27 Nov 1969. He is the Board member of Lodwar Municipality. He is the Chairperson for Municipal services, member for Trade and Investment Board Committee.</p> <p>Holds Bachelor of development studies and Diploma in community development. He also has Certificate in community development. Attended Lodwar High school between 1986-1989 for O Level Certificate.</p> <p>He participated in various trainings; Monitoring and evaluation organised and facilitated by WFP, Workshop on fleet transport logistics distribution management at Kenya polytechnic and Conflict prevention and mitigation and response trainers workshop funded by USAID Karamoja cluster.</p> <p>He also has Skills and competence on Community engagement and mobilisation, Project planning and management, Relationship management, Personnel management and Operations management.</p> <p>He worked in various institutions like TULLOW KE BV as Field stakeholder engagement officer, World</p>



		Vision Kenya as Field Coordinator and LWF as Assistant project officer.
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4. Key Management Team

S/ No	Name	Details of qualifications and experience
1.	 <p>ENG.TUKEI BENJAMIN LORE MANAGER/ACCOUNTING OFFICER</p>	<p>QUALIFICATION & EXPERIENCE</p> <p>2018 – 2020: MSc IT Management University of Nairobi Ongoing – Done with Coursework</p> <p>2001 -2005: B.Sc. (Telecommunication and Information Technology) Kenyatta University.</p> <p>Jan. – Dec. 2001 Certificate in Information Technology Management. Tropical Management Institute.</p> <p>1996 – 1999: Kenya Certificate of Secondary School (KCSE)Kakuma Boys Secondary School.</p> <p>PROFESSIONAL TRAININGS</p> <p>Jan 2022: - Data Management and Analysis using SPSS & R Programming - Monitoring and Evaluation for Malnutrition and Food Security - GIS in Drought and Disaster management.</p> <p>Oct 2015</p> <p>NAIROB, Kenya First Aid course – 1 Week by UNHCR Office</p> <p>Aug 2012:</p> <p>Kampala, Uganda. Senior IT Management course - 2 Weeks by MSF-Holland</p> <p>Oct 2010:</p> <p>Nairobi, Kenya. Experts Field Training Course –</p>

		<p>2 Weeks by MSF-Holland</p> <p>WORK EXPERIENCE:</p> <p>TWO KB Telecoms & IT Ltd – Turkana County Sep 2022 – Present</p> <p>Turkana County Government Director Governors Press Service Sep. 2019 – Dec. 2019</p> <p>CARITAS – Diocese of Lodwar East African Trade, Transport and Development Facilitation Project (EARTTDFP) funded.</p>
<p>2.</p>	 <p>JOHN KILIMO CHEBOI</p> <p>DEPUTY DIRECTOR PHYSICAL PLANNING</p>	<p>QUALIFICATION & EXPERIENCE</p> <p>MASTER OF SCIENCE IN ENVIRONMENTAL PLANNING AND MANAGEMENT, UNIVERSITY OF ELDORET</p> <p>- B.A. IN URBAN AND REGIONAL PLANNING, MASENO UNIVERSITY</p> <p>- A REGISTERED PHYSICAL PLANNER REGISTERED BY THE PHYSICAL PLANNERS’ REGISTRATION BOARD (PPRB)</p> <p>- CORPORATE MEMBER OF THE KENYA INSTITUTE OF PLANNERS (KIP)</p>

<p>3.</p>	 <p>LUCY LOROGOI MIINYAN ADMINISTRATOR</p>	<p>QUALIFICATION & EXPERIENCE</p> <p>Holder of Bachelors of Business management (specialized in Supplies and procurement management).</p> <p>19years of experience</p>
<p>4.</p>	 <p>EKARAN EKAI JAMES CHIEF ACCOUNTANT</p>	<p>QUALIFICATION & EXPERIENCE</p> <p>MSC FINANCE AND ACCOUNTING -DONE WITH COURSE WORK-ONGOING RESEARCH</p> <p>BBM FINANCE AND BANKING</p> <p>HIGHER DIPLOMA IN HRM</p> <p>HIGHER DIPLOMA IN ENTREPRENEURSHIP</p> <p>CPA SEC 5</p> <p>KATC II</p> <p>24 YEARS EXPERIENCE</p>
<p>5</p>	 <p>GIDEON KIPYEGO SENIOR PROCUREMNT OFFICER</p>	<p>QUALIFICATION & EXPERIENCE</p> <p>BBM PURCHASING AND SUPPLIES OPTIO</p> <p>CPSP-K</p> <p>15YEARS OF EXPERIENCE</p>

6	 <p>JOHN KIRWA KORIR</p> <p>ENVIRONMENT AND CLIMATE CHANGE OFFICER</p>	<p>QUALIFICATION & EXPERIENCE</p> <p>HOLDER OF BSC ENVIRONMENT SCIENCE AND CPA K</p> <p>MORE THAN 10YRS EXPERIENCE</p>
7	 <p>AUGUSTUS MUCHOLWA WANJALA KEYA</p> <p>ARCHITECTURAL ENGINEER</p>	<p>Qualification & Experience</p> <p>Civil, Structural & Environmental Engineer</p> <ul style="list-style-type: none">- Member EBK (B10409)- Member EIK & NEMA (Reg. 12624)- BSc. Civil Engineering - UoN 2015- MSc. Civil Engineering (Env. Health Engineering) - UoN 2024- Over 7 years' experience in Design & Implementation of Civil, Water & Structural works in both public & Private Sector <p>Area of Responsibility</p> <ul style="list-style-type: none">- Planning, Coordinating and Overseeing the design, construction and maintenance of infrastructural works at Lodwar Municipality.

<p>8</p>	 <p>Francisca Asimit Ereng Social protection officer</p>	<p>Qualification & Experience Masters in Development Studies. -ONGOING Bachelor of Arts Development Studies Diploma in Community Development & Social Work Certificate in Community Development and Social Work Certificate in Gender, Poverty and Development Studies</p>
<p>9</p>	 <p>ELIMO MAUREEN IKAI CHIEF HUMAN RESOURCE OFFICER</p>	<p>QUALIFICATION & EXPERIENCE BACHELOR DEGREE IN HUMAN RESOURCE DIPLOMA IN HUMAN RESOURCE 11 YRS EXPERIENCE</p>
<p>10</p>	 <p>ROBERT NAWEET LOTULYA PRINCIPAL INFORMATION ,COMMUNICATION AND TECHNOLOGY OFFICER</p>	<p>QUALIFICATION & EXPERIENCE BACHER OF BUSSINESS INFORMATION TECHNOLOGY HIGHER DIPLOMA IN COMPUTING STUDIES DIPLOMA IN ICT 15 YRS EXPERIENCE</p>

5. Lodwar Municipality Board Chairperson's Report

I would like to extend my thanks to all our stakeholders and the rest of the Board members for your continued support, not forgetting our excellency the Governor for Turkana County Hon Jeremiah Ekamais Napotikan.

The Boards counts on the following achievements/successes;

- The construction of a 3km Tarmac Road within Lodwar Township which has been recently finalized
- Maintenance of garbage collection and cleanliness in Lodwar Township
- Completion of Nakwamekwi Market

The Municipality Board is new in the office about four month and its performance cannot be actually be gauged since they came to office towards the end of the financial year. However, the Board has shown dedication in their works by participating in all meetings in the fourth quarter. They have also engaged staff in their respective committees. This is assigned that in the long run the Board performance will be at par.

The Challenges faced are:

- Lack of Complete transfer of functions of the Municipality
- Financial constraints despite funding by County Government.

The Board endeavours to have Municipality that has pride and Motivation in its people by accomplishing tasks that uplift the lives of the people. A board that her foundation is based integrity, quality services and fairness in service delivery. A Board that her philosophy is anchored on commitment to satisfaction of her client

Finally, on behalf of the Board, I would like to thank the Municipality Board team for their commitment and hard work during the finally year 2024/2025

Thank you

Signature.....

Lodwar Municipality Chairperson



6. Report of the Lodwar Municipality Manager

I take this opportunity to thank to all our stakeholders and the Board members for their support and the County Government of Turkana through his Excellency the Governor Hon Jeremiah Ekamais Napotikan.

The Municipality counts on the following achievements/successes;

- The construction of a 3km Tarmac Road within Lodwar Township which has been completed
- Maintenance of garbage collection and cleanliness in Lodwar Township
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The Challenges faced are:

- Lack of Complete transfer of functions of the Municipality
- Financial constraints despite funding by County Government.

The Lodwar Municipality's annual original budget was **Kshs.55,395,154** and **Kshs.207,983,773** recurrent and development respectively giving a total revenue of **kshs 263,378,927**. The Lodwar Municipality Budget reduced to **Kshs.39, 184,220** for recurrent and **Kshs.283, 209,093** developments respectively giving a revenue total of **kshs 322,491,709** which was later approved by the Lodwar Municipality Board Members. During this period, Lodwar Municipality utilized recurrent expenditure of **Kshs.122, 926,840.53** and expenditure for development was **Kshs.161, 767,190.44** amounting to **88%** absorption.

The over expenditure arising comparison of budget and actual expenditure is from bills that were recurrent in nature that were budgeted as development bills and a reduction of the budget under supplementary despite the fact that expenditure was already incurred.

The Municipality has made significant process since its inception in 2018 where it has completed several projects that have contributed to the development of the Municipality. The projects such;

- a) Fire station
- b) Fencing of the cemetery

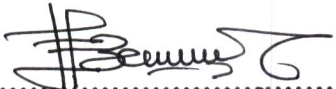
- c) Tarmacking of Roads within the Municipality which has opened up business
- d) Street lighting
- e) Public Toilets
- f) Markets stalls
- g) Fencing of recreation parks and
- h) Boda-boda shades

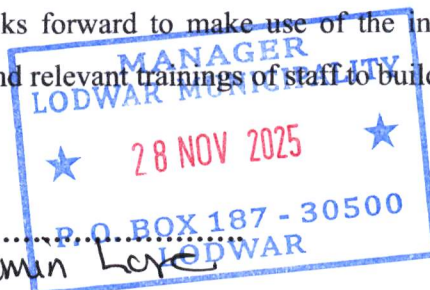
The Lodwar fire station, streets lighting was achieved in partnership with work bank and the rest of projects are County funded projects. The street lights have helped to restore security situation in the Municipality. All these projects have been completed within the required standards and quality hence providing value for money for the Municipality.

The Municipality endeavours to up uplift the lives of the people within the Municipality by creating a foundation id based on integrity, quality services and fairness in service delivery. A Municipality that her philosophy is anchored on commitment to satisfaction of her client

Finally, on behalf of the Lodwar Municipality Management, I would like to thank the Municipality Board team for their commitment and hard work during the finally year 2024/2025.

The Lodwar Municipality looks forward to make use of the internal audit department, the Board finance and audit committee and relevant trainings of staff to build capacity hence mitigating risks.


Name: Tukei Benjamin Lore
Lodwar Municipality Manager



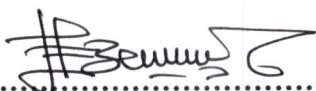
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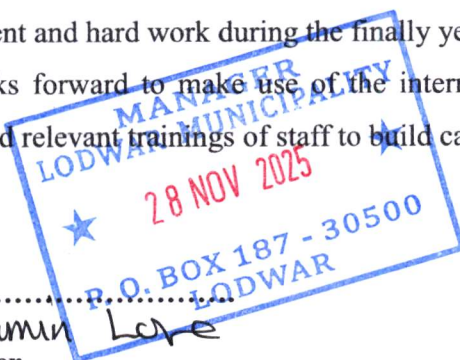
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The Lodwar Municipality looks forward to make use of the internal audit department, the Board finance and audit committee and relevant trainings of staff to build capacity hence mitigating risks.



Name: Tukei Benjamin Love
Lodwar Municipality Manager



7. Statement of Performance against Predetermined Objectives for the FY 2024-2025

Program	Sub-program	Objective	Outcome	Indicator	Performance
Lodwar Municipality Services	Urban planning	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In fy 2024-2025 under review, we increased Housing unit by 0%.
	Municipal services	Disposal of both solid waste and liquid waste	No. of municipality sectors plans developed No. of municipality website developed No. of Policies enacted No. of By Laws approved No. of waste trucks Procured Units of Fire	Reduced solid waste within Municipality by 80%	Municipality free from solid and liquid waste at 90%

Program	Sub-program	Objective	Outcome	Indicator	Performance
			accessories procured. No. of Fire inspection vehicle procured. No.of fire engines procured No.of fire Motorbike procured KMs. of Urban roads tarmacked. KMs . Of Urban roads maintained. % completion of Solid waste management and recycling plant constructed % completion of Liquid waste management and treatment plant		

Program	Sub-program	Objective	Outcome	Indicator	Performance
			constructed % completion of Storm water Drainage System		
			constructed No. of KM of Non- Motorised path		
			Constructed No. of recreational parks		
			constructed No. of green spaces		
			constructed No. of street lights installed.		
			No of High mast lights installed and maintained		
			No of Bus/taxi stands constructed.		
			No.		

Program	Sub-program	Objective	Outcome	Indicator	Performance
			rehabilitated dumpsites No. of Markets stall constructed No. of arbortum rehabilitated		
	Municipal Planning		Board meetings held Sub- Committee meetings held Citizen For a conducted Board members capacity building Technical Staff capacity built Municipal Administrative Offices and Town Hall constructed	No. of Board meetings held No. of Sub- Committee meetings held No. of Citizen Foras Conducted No. of Board members capacity build. No. of technical staff capacity build.	4 Board meetings held-100% 16 subcommittee meetings held- 100% 14 citizens Foras held-100% 8 Technical staff capacity build-80%
	Municipal infrastructure services		Roads in Lodwar Township		

Program	Sub-program	Objective	Outcome	Indicator	Performance
			constructed into bitumen Modern Toilets Constructed Markets stall constructed Arboretum rehabilitated Fire station completed		
	General Administrative, Planning and support services		Effective and Efficient service delivery	% of Service delivered	90%

8. Corporate Governance Statement

Appointment of Board Members; Process of appointment and removal of Directors; Size, Demographics of the Board; Existence of the Board Charter

Appointment of the Municipal Board has been done on two occasions for Lodwar Municipality, guided by section 13 or 14 of the UACA of 2011. The defunct Board served from October 2019 and October 2024. The current board came into office through gazette notice NO -1 of 3rd January 2025 and represents the various groups as required by the UACA of 2011. Also importantly, the Turkana County Government has competitively recruited managers on two occasions as per section 28 of UACA of 2011

The Municipal administration comprises sections, headed by section heads. These serve and operate as directors would, in the conventional public service structure. They are the MOST technical officers in the section, by both qualification and experience, recruited through the County Public Service Board and deployed accordingly, by the County Government Human Resource Directorate.

Removal from office of Heads of Sections, or any other staff, is guided by the Human Resource Guidelines and other relevant regulations as adopted by the Public Service in Kenya. In summary, this is pegged primarily on performance and discipline. However, the Municipality remains guided by the Kenyan Constitution and natural principles of justice while going about both appraisal and/or otherwise.

Roles and functions of the Municipal Board

Functions of the Board are as stipulated on Section 20, clause (1) of the UACA of 2011. The core mandate of the Board is to oversee the affairs, operations and development in the Municipality and undertake any other duties as delegated to them by the County Executive. The Board therefore performs their duties to the Populace of the municipality as per the directives and guidance of the County Executive, headed by H.E the Governor.

Induction, Training and Development

Lodwar Municipality conducted induction seminar(s) for the defunct board between 16th December 2019 and 20 December 2019. This focused on equipping the Board members with the requisite

capacities for take-off and performance of their duties. The induction seminar for the current board was scheduled September 2025 and will be undertaken to ensure that the Board members are equipped for execution of their duties.

Induction training, Knowledge management and capacity enhancement

The municipality staffs is undertaken on a regular basis and as needs arise, guided by resource availability in conjunction with the County Directorate for Human Resource and the Turkana County Public Service Board.

Board & Members Performance

Whereas the appointment of members of the board is not entirely meritoriously, but in consideration of various groups within the municipality, performance remains a cornerstone and cardinal measure of their impactful Ness while in office, collectively as a board. To this end, Lodwar municipality if guided by sections, 15, 16, 18 and 20 of the UACA of 2011.

Number of Board Meetings held and attendance

Board Meetings are guided by section 20 of the UACA of 2011 clause (1). Lodwar Municipality Board sits once every three months i.e (quarterly). However, should the chair find it necessary to hold any meeting out of this period, the board has in the past and shall be in the future guided by clause (2) of section 20 of UACA of 2011.

Succession Plan

The tenure of the board and its members is guided by section 15 & 16 of UACA of 2011. For the Municipality administration, there is an elaborate staff establishment which guides human resource needs and planning. The Municipality has endeavoured to acquire for herself the best suited staff for every of her functions, always guided by the regulations and human resource guidelines. To adhere to the Mwongozo 2015 guidelines, the Board has its one member Mr Ambrose Merinyang appointed earlier within the tenure of the previous Board to help built capacity of the new Board

Policy to manage Conflict of interest

Lodwar Municipality remains firmly determined to keep at bay any corrupt practices. The Municipality has a zero-tolerance declaration to all corrupt dealings, conflict of interest included. The Municipality embraces and is committed to uphold and abide by the provisions of the conflict-of-interest act of 2025 enacted on the 30th of July 2025 by H.E the President of the Republic of Kenya and other relevant laws.



Board Remuneration

Board Remuneration is strictly guided by SRC provisions at all times.

Ethics and conduct

The conduct of Board members of the Municipality is guided by chapter VI of the Kenyan constitution. Lodwar Municipality Board members are bound by this chapter in the execution of their duties. Importantly also, the Municipal Board remains guided by section 16 clauses (e, f, g, h, I, j) of the UACA of 2011.

Governance Audit

Lodwar Municipality subscribes to all the relevant provisions of the public audit act of 2015. In so doing, the Municipal Board prepares and presents her internal audit reports to the directorate of internal Audit as and when required. The Board also constantly requires that the Municipal administration submits all necessary audit reports to the OAG as and when required. Over and above this, the Municipal Board requires that the Municipality administration prepares and responds to any matters of audit arising from the Senate PAC during the financial year(s).

Communication Policy

The Municipality subscribes to the clear, timely, respectful and formal communication policy.

Terms of Reference for committees

There exist 3 No. committees at Lodwar Municipality: Finance & Administration, Planning & Development Control and the Trade and Development Committee. The Terms of References and membership for each committee are clear and developed in tandem with the Municipality goals. The Technical Staff leading specific functions sitting in these committees actively spearhead the realizations of the TOR deliverables.

Policy on Related Party Transactions

Lodwar Municipality remains firmly determined to keep at bay any corrupt practices. The Municipality has a zero-tolerance declaration to all corrupt dealings, conflict of interest included. The Municipality embraces and is committed to uphold and abide by the provisions of the conflict-of-interest act of 2025 enacted on the 30th of July 2025 by H.E the President of the Republic of Kenya.

9. Management Discussion and Analysis

a. On the operational and financial performance of the Lodwar Municipality during the period,

- Liquidity and capital resources-the Lodwar Municipality is liquidity standing is low to enable it discharge short term obligations and as such it is prone to litigations. The capital resources are decreasing which is the only revenue source from the County Government since revenue functions are not yet handed over by the County Treasury.
- Financial performance-the Lodwar Municipality has performed well in discharging its mandate paying Contractors and creditors compared earlier years at 88%
- Future outlook-the future outlook of Lodwar municipality is good if only all the transferred functions are handed over to Lodwar municipality. However, the Municipality risks being unable to discharge its functions.

b. Lodwar Municipality's key projects or investments decision implemented or on-going,

The construction of a road to bitumen which was done within Lodwar Township and is complete.

c. Lodwar Municipality compliance with statutory requirements,

The Municipality compliance with all statutory requirements. All statutory deductions are submitted at the time of payment

d. Major risks facing the Municipality, material arrears in statutory and other financial obligations, and

An amount of **kshs 13,063,128.70** which includes **2% vat,3% withholding tax and 10% retention** for karachi hardware and company Limited which was processed and never paid at internet banking (IB) when payment was done due system failure. This amount has been captured as accrued expenditure and forwarded for rebudgeting and payment in the **fy 2025/2026**

10. Environmental And Sustainability Reporting

1. Sustainability strategy and profile

The accounting officer should make a broad overview about global political and macroeconomic trends affecting sustainability priorities, e.g. climate change, make reference to international sustainability best practices frameworks e.g. Sustainable Development Goals (SDG) and the Lodwar Municipality's sustainability priorities and policy framework. Discuss the Lodwar Municipality's key achievements, failures and mitigation measures during the reporting period. Provide information on the Lodwar Municipality's service delivery charter and procedures on contracts management e.g. proportion of contracts allocated to local suppliers/contractors/ special groups (Youth, Women) and PWD categories.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of implementation of the policy. Outline successes, shortcomings and mitigation measures, efforts to manage biodiversity, effective waste management (reduce, reuse, recycle, disposal methods) and efforts to reduce environmental impact of the organisation's products (e.g. automation of systems-paperless offices, reduced use of plastic bottles, provision of bins for segregation of waste in the compound, packaging that is biodegradable, maintaining vehicles to reduce Co2 emissions). Discuss initiatives around climate change (e.g. climate smart technologies- drought resistant crop varieties, eco-toilets, eco jikos, green buildings- designed with automated lightings, open areas with natural lights, solar lighting and heating system)

3. Employee welfare

The hiring and welfare of employees is still handled centrally by the office of the County Secretary and the County Public service Board. Lodwar municipality has no role however County Government is guided by public service commission human resource policy may 2016 and other laws such as labour laws in recruiting and catering for employees' welfare.

4. Market place practices

The organisation should outline its efforts to:

a) Responsible competition practice.

- Anticorruption-the organisation trains employees on integrity at work place and in the public environment.

- Responsible political involvement-Lodwar municipality implements all circulars and laws pertaining political neutrality in public services by reminding officer that they are supposed to be politically neutral
- Fair competition-ensure tendering is done according to the approved thresholds and information for the tenders is confidential and not shared to any one tenderer. Secondly, the best is awarded the tender
- Ensures improved service delivery practices-Lodwar municipality has a charter, provide good customer care, anti-corruption-reporting, public engagement/citizen fora on quarterly basis.

b) *Responsible Supply chain and supplier relations*

Lodwar Municipality maintains good business practices by ensuring all tenders are advertised for the public to apply and allow competition. All suppliers and contractors are given a humble time to complete their assignments or contraction obligations without unnecessary disturbance. All contractors and suppliers are paid promptly immediately they are cleared for payments

c) *Responsible marketing and advertisement or Responsible engagement with the citizens*

The Municipality holds Citizen for a quarterly to engage the public and conducts radio talks in order to pass information and as well to allow the public to ask questions on regular occasions.

d) *Product stewardship or Awareness creation*

The municipality has put mechanism for dispute resolution with its public or customers. The Citizen FOR A also forms part or forums for public to engage the management of Lodwar Municipality.

5. Corporate Social Responsibility/Community Engagements

The Municipality engages the Public on quarterly basis through Citizen FORA and radio talks. The Municipality also undertakes Town cleaning where all staffs are supposed to undertake in the cleaning

0

11. Report of the Lodwar Municipality Board Members

The Board Members submit their report together with the audited financial statements for the year ended 30th June 2025 which show the state of the Lodwar Municipality affairs.

Principal activities

The principal activities of the Lodwar Municipality are:

- a) General administration and planning services
- b) Municipal planning
- c) Municipal services
- d) Municipal infrastructure
- e) Research, Development and Extension services

Performance

The performance of the Lodwar Municipality for the year ended 30th June 2025 is set out on page 1-9

Board Members

The members of the Board who served during the year are shown below:

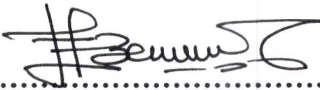
s/no	Outgoing Board	Current	Date of appointment
1	Christine Tatoi-Chairperson	Job Nyorsok_Chairperson	06/12/2024
2	Bonface Lokuruka-Member	Eiton Lochampa-Member	06/12/2024
3	Chris Erukudi-Member	Teresa Nater Lotokos-Member	06/12/2024
4	Ambrose Merinyang-Member	Ambrose Merinyang-Member	03/12/2020
5	Moses Mariaio-Member	George Emojong Emoru - Member	06/12/2024
6	Margret Nabali-member	William Ejore Emoru-Member	06/12/2024
7	Peter Akono-CECM	Hon Faith Aletea-Member	06/12/2024
8	Peter Lomurukai - Member	Peter Lomurukai -Member	06/12/2024
9	Roseline Ekidor-Member	Esther Arukudi Emojong-Vice Chairperson	06/12/2024
10	Benjamin Tukei Manager/secretary	Tukei Benjamin Lore- Manager/secretary	06/12/2024



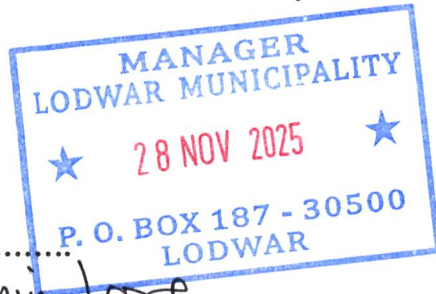
Auditors

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

By Order of the Board



Name: Lukei Benjamin Lore.
Secretary of the Board





12. Statement of Management's Responsibilities

Section 180 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of the Lodwar Municipality established by Urban Areas and Cities Act No. 13 of 2011 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Lodwar Municipality Manager is responsible for the preparation and presentation of the Lodwar Municipality financial statements, which give a true and fair view of the state of affairs of the Lodwar Municipality for and as at the end of the financial year ended on June 30, 2025. 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 Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.


The Lodwar Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban Areas and Cities Act No. 13 of 2011*. The Lodwar Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Lodwar Municipality transactions during the financial year ended June 30, 2025 and the financial position as at that date.

The Lodwar Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control.

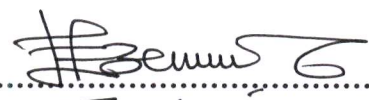


Approval of the financial statements

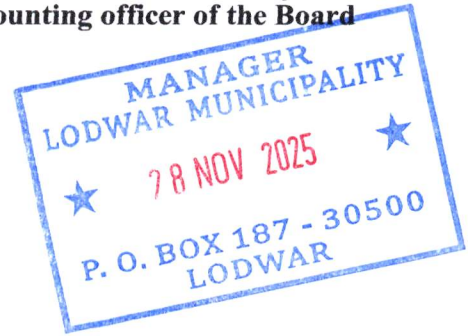
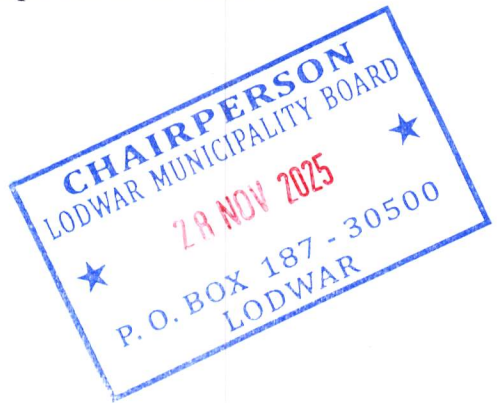
The Municipal financial statements were approved by the Board on 28/11 2025 and signed on its behalf by:



Name: *Esther Nangor*
Chairperson of the Board



Name: *Tukei Benjamin Lore*
Accounting officer of the Board





REPUBLIC OF KENYA

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Enhancing Accountability

HEADQUARTERS
Anniversary Towers
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P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON LODWAR MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lodwar Municipality set out on pages 1 to 46, which comprise of the statement of financial position as at 30 June, 2025

Report of the Auditor-General on Lodwar Municipality for the year ended 30 June, 2025

and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lodwar Municipality as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 (Amended 2019), County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in the Statement of Cash Flows

The statement of cash flows reflects net cash flows from financing activities of Kshs.102,884,498 which includes increase in receivables balance of Kshs.3,178,200. However, the Public Sector Accounting Standards Board has prescribed the direct method of cashflow presentation which excludes the movement in receivables. In addition, the comparative prior year cash and cash equivalents as at end of the year of Kshs.131,413,199 was omitted from the statement of cash flows.

In the circumstances, the accuracy and completeness of the cash flows from financing activities of Kshs.102,884,498 could not be confirmed.

2. Errors and Omissions in the Financial Statements

- i. The statement of comparison of budget and actual amounts shows material variances between the final budgeted amount and actual amounts on comparative basis. However, the Management has not provided Notes to explain the reasons for the material variances.
- ii. The statement of financial performance reflects transfers from the County Government of Kshs.39,282,616 referenced to Note 6 to the financial statements. However, the detailed disclosure of transfers from the County Government is presented in Note 5 to the financial statements. The inconsistency between the body of the statement of financial performance and the Notes has not been explained.

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

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts shows total budgeted receipts of Kshs.322,491,709 against total actual receipts of Kshs.276,758,513 resulting in underfunding of Kshs.45,733,196 or 14% of the budget. Similarly, the statement shows actual receipts of Kshs.276,758,513 against actual expenditure amount of Kshs.274,809,102 resulting to under-utilization of Kshs.1,949,411 or 7% of receipts.

The under-funding and under-utilization affected the planned activities and may have negatively impacted service delivery to the public.

2. Lack of Municipal Autonomy from the County Executive

The Municipality was awarded a Municipal Charter on 5 December, 2018, which was intended to grant its operational independence from the County Government of Turkana. However, the audit review revealed that this autonomy has not been effectively realized. The gazettelement of the transfer of functions to the Municipality only occurred on 16 December, 2024. In addition, although the Municipality is mandated to collect rates, taxes, levies, duties, fees, and surcharges, these revenue streams have not been disclosed in the financial statements. Further, despite the Charter, the design, construction, and maintenance of urban roads and infrastructure remain under the County Executive's Department of Roads.

In the circumstances, the County Executive continued to perform Municipal's functions undermining the Municipality's autonomy.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Municipality in 2024/2025 revealed that the following matters remained unresolved.

No	Year	Unresolved prior year audit matters
1.	2023/2024	Budgetary Control and Performance
2.	2023/2024	Lack of Data Protection Policy
3.	2023/2024	Lack of Strategic Plan

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of internal Audit Function

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

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

2. Non-Remittance of Public Procurement Capacity Building Levy

During the financial year under review, the Municipality made payments for goods and services amounting to Kshs.119,163,540 and certified works worth Kshs.161,767,190. However, the Municipal board did not deduct and remit the public procurement capacity building levy. This was contrary to Paragraph 3(1) of Legal Notice number 206 of the Levy Order, 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Failure to Stagger Board Appointments

Review of the Municipal Board documentation revealed that nine (9) new Municipality board members were appointed on 6 December, 2024 and gazetted on 29 April, 2024. Four (4) months later, that is, from 15 September, 2025 to 19 September, 2025 the board members were inducted as per the Mwongozo, 2015 guidelines. However, the appointment of the board members is not staggered as required by the Mwongozo, 2015 provisions and hence the organization may lose continuity and experience when the current Board's term expires. In addition, there was no board charter at the time of audit.

In the circumstances, new board members may take time to understand organization policies and culture disrupting decision making.

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

Responsibilities of the Management and Board of Management

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

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

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

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

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

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

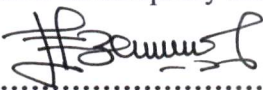
11 December, 2025



14. Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Revenue from non-exchange transactions			
Transfers from the County Government	6	39,282,616.00	34,584,220.00
Public contributions and donations	7	-	
Levies Fines and Penalties	8	-	
Other revenues -restated depreciation	9		
		39,282,616.00	34,584,220.00 -
Revenue from exchange transactions			-
Interest income	10	-	
Miscellaneous Income	11	-	-
		-	
Total revenue		39,282,616.00	34,584,220.00
Expenditure			
Use of goods and services	12	101,220,500.00	44,429,733.00
Staff costs	13	-	-
Board expenses	14	3,763,300.00	605,300.00
Finance costs	15	-	-
Depreciation and amortization	16	8,631,252.00	8,478,189.00
Repairs and maintenance-Assets	17	17,943,040.00	-
Total expenses		131,558,092.00	53,513,222.00
Other gains/losses			
Gain/loss on disposal of asset	18		
Suplus/Deficit		(92,275,476.00)	(18,929,002.00)

The notes set out on pages 10 to 53 form an integral part of these Financial Statements. The Lodwar Municipality financial statements were approved on 28/11/2025 and signed by:


 Name: Tukei Benjamin Lore
 Lodwar Municipality Manager




 Name: Wogelon Peter

Head of Finance
 ICPAK M/No 22331

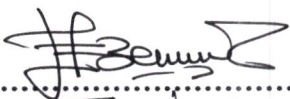


15. Statement of Financial Position as at 30 June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs.	Kshs.
Assets			
Current assets			
Cash and Cash equivalent	19	1,949,411.00	131,413,199.00
Receivables from exchange transactions	20	3,178,200.00	
Receivables from Non- exchange transactions	21	62,725,320.00	
Prepayments	22		
Inventories	23		-
		67,852,931.00	131,413,199.00
Non-current assets			
Property, plant, and equipment	24	243,963,669	73,756,847.00
Intangible assets	25	-	0
Biological Assets	26	-	0
Total Non-current Assets		243,963,669	73,756,847.00
Total assets (A)		311,816,600	205,170,046.00
Liabilities			
Current liabilities			
Refundable deposits	28		
Provisions	29	-	0
Borrowings	30	-	0
Current Lease Liabilities			0
			0
Non-current liabilities			0
Karachi hardware-Deductions on construction of Road to Bitumen 2%,3% and 10%	27	13,063,128.00	0
Non-current lease liability		-	0
Deferred Income	32	-	0
Borrowings		-	0
Non-current employee benefit obligation	31	-	0
Social Benefits	33	-	0
Total liabilities (B)		13,063,128.00	0
Net assets (A-B)		298,753,472.00	205,170,046.00

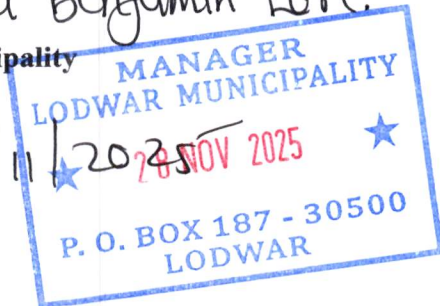
Description	Note	FY 2024-2025	FY 2023-2024
		Kshs.	Kshs.
Represented by:			
Capital/Development Grants/Fund		395,610,071.00	216,011,927.00
Revaluation			
Accumulated surplus		(96,856,599.00)	(10,841,881.00)
Net Assets/Equity		298,753,472.00	205,170,046.00


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Lodwar Municipality financial statements were approved on 28/11 2025 and signed by:


 Name: Lukei Benjamin Lore.

Lodwar Municipality
 Manager

Date: 28/11/2025




 Name: Wepem Peto

Head of Finance

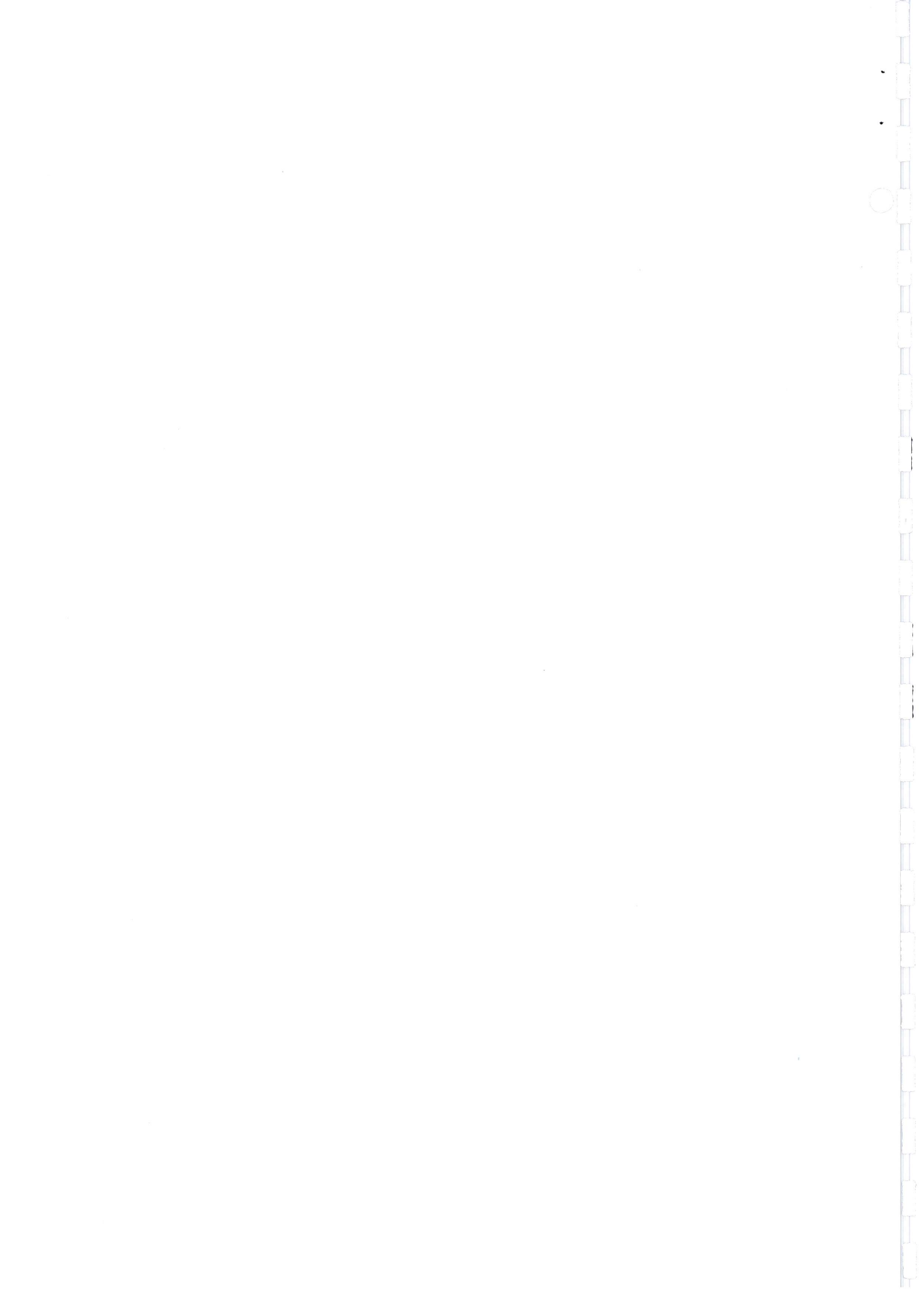
ICPAK M/No 22331

Date: 28/11/2025



16. Statement of Changes in Net Assets for the Year Ended 30 June 2025

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
As at 1st July 2023	11,540,333.00	-	8,087,121.00	19,627,454.00
Surplus/(deficit) for the year	-	-	(18,929,002.00)	(18,929,002.00)
Funds received during the period	204,471,594.00	-	-	204,471,594.00
Revaluation gain	-	-	-	-
As at 30th June 2024	216,011,927.00	-	(10,841,881.00)	205,170,046.00
As at 1st July 2024	216,011,927.00	0	(10,841,881.00)	205,170,046.00
Surplus/(deficit) for the period		-	(92,275,476.00)	(92,275,476.00)
Funds received during the period	106,062,698.00	-	-	106,062,698.00
Capital income Deferred	62,725,320.00	0	-	62,725,320.00
W.I.P Account adjustment	10,810,126.00			10,810,126.00
Restated depreciation adjustment			6,260,758.00	6,260,758.00
As at 30th June 2025	395,610,071.00	0.00	(96,856,599.00)	298,753,472.00



17. Statement Of Cash Flows for The Year Ended 30 June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs.	Kshs.
Cash flows from operating activities			
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	39,282,616.00	34,584,220.00
Public contributions and donations		0	0
Interest received		0	0
Miscellaneous receipts (Specify)		0	0
Total Receipts		39,282,616.00	34,584,220.00
Payments			
Use of goods and services	12	101,220,500.00	44,429,733.00
Staff costs		0	0
Board expenses	14	3,763,300.00	605,300.00
Repairs maintenance-Assets	17	17,943,040.00	0
Total Payments		122,926,840.00	45,035,033.00
Net cash flows from/ (used in) operating activities	34	(83,644,224.00)	(10,450,813.00)
Cash flows from investing activities			
Purchase of PPE & intangible assets		(148,704,062.00)	0
Proceeds from sale of biological assets		0	0
Net cash flows from/ (used in) investing activities		(148,704,062.00)	0
Cash flows from financing activities			
Receipts from Capital grants	6	106,062,698.00	204,471,594.00
Capital Development			0

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs.	Kshs.
		-	
Repayment of borrowings		-	0
Increase in receivables	20	(3,178,200.00)	
Net cash flows from/ (used in) financing activities		102,884,498.00	204,471,594.00
Net increase/(decrease) in cash & cash equivalents		(129,463,788.00)	194,020,781.00
Cash And Cash Equivalents as at Period Start	18	131,413,199.00	0
Cash And Cash Equivalents as at Period End	19	1,949,411.00	0

Pending Bills					
Acquisition of Intangible assets	-	-	-	-	-
Repayment of borrowings					-
Total expenses Development	207,983,773.00	75,225,320.00	283,209,093.00	148,704,062	63%
Total Expenditure	263,378,927.00	59,112,782.00	322,491,709.00	274,809,102.00	88%
Surplus/deficit for the period	0.00	0.00	0.00	1,949,411.00	

Reconciliation table

	Operating	Financing	Investing	Total
Actual amounts on comparable basis presented in the budget and actual comparative statement	(83,644,244)	102,884,498	(148,704,062)	
Basis difference	-	-	-	-
Timing differences		-	-	-
Lodwar Municipality differences	-	-	-	-
Classification differences	-	-	-	-
Actual in the statement of cashflows	(83,644,244)	102,884,498	(148,704,062)	

19. Notes to the Financial Statements

1. General Information

Lodwar Municipality is established by and derives its authority and accountability from Urban Areas and Cities act no 13 of 2011 and Cities and Municipality Charter on (5th December, 2018). The Lodwar Municipality is under the Turkana County Government and is domiciled in Kenya.

The *Lodwar Municipality's* principal activity is the Hallmark of Transformative Governance.

2. Statement of Compliance and Basis of Preparation

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

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

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

3. Application of New and revised standards (IPSAS)

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

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

	<p>commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Lodwar Municipality shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <p>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</p> <p>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</p> <p>iii. Disclosures that identify and explain the amounts in the Lodwar Municipality's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p>

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iii. Early adoption of standards

The Lodwar Municipality did not early – adopt any new or amended standards in the financial year

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 *Lodwar Municipality* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly of Turkana in 27th June 2024. 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 Lodwar Municipality upon receiving the respective approvals in order to conclude the final budget.

The Lodwar Municipality budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial

Statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts,

Prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cash flows has been presented in 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 Lodwar Municipality recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated

amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

e) Biological Assets

The Lodwar Municipality recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the Lodwar Municipality, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

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. Lodwar Municipality does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Municipality financial statements.

A financial instrument is any contract that gives rise to a financial asset of one Lodwar Municipality and a financial liability or equity instrument of another Lodwar Municipality. At initial recognition, the Lodwar Municipality 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 Lodwar Municipality 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 Lodwar Municipality'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 Lodwar Municipality 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 Lodwar Municipality classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses,

interest revenue, and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The Lodwar Municipality 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 Lodwar Municipality 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 .

Financial liabilities

Classification

The Lodwar Municipality 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 Municipality.

h) Provisions

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

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 needs of society as a whole. The Lodwar Municipality recognises a social benefit as an expense for the social benefits scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Lodwar Municipality will incur in fulfilling the present obligations represented by the liability.



j) Contingent liabilities

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

k) Contingent assets

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

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

l) Nature and purpose of reserves

The Lodwar Municipality creates and maintains reserves in terms of specific requirements. Lodwar Municipality does not have reserves maintained and appropriate policies adopted

m) Changes in accounting policies and estimates

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

n) Employee benefits – Retirement benefit plans

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

are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

o) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

p) 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.

q) Related parties

The Lodwar Municipality regards a related party as a person or a Lodwar Municipality with the ability to exert control individually or jointly, or to exercise significant influence over the Municipality, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Lodwar Municipality Managers and Lodwar Municipality Accountant.

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Events after the reporting period

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

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

The Lodwar Municipality has no material adjusting and non- adjusting events after the reporting period.

u) Currency

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

4. Significant judgments and sources of estimation uncertainty

The preparation of the Municipality's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates

could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made.

Estimates and assumptions.

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

Useful lives and residual values

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

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

Notes to the Financial Statements

5. Transfers from the County Government

Description	FY 2024-2025	Comparative FY 2023-2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	39,282,616.00	34,584,220
Payments by County on behalf of the Lodwar Municipality	-	-
Unconditional development grants		-

County Government of Turkana

Lodwar Municipality

Annual Report and Financial Statements for the year ended June 30, 2025

Total	39,282,616.00	34,584,220
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This transfer is from Turkana County Government being part of the equitable share/revenue of the County

(a) Transfers from County Government entities (Categorized)

Name Of The Lodwar Municipality Sending The Grant	Amount recognized to Statement of financial performance * Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year 2024-2025	Comparative FY 2023-2024
			Kshs	Kshs	Kshs
TCG Executive Department	39,282,616.		106,062,698	145,345,314	239,055,814
Ministry	-	-	-	-	-
Total	39,282,616		106,062,698	145,345,314	239,055,814

6. Public Contributions and Donations

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Donation from development partners	0	0
Contributions from the public	0	0
Total	0	0

7. Levies, Fines and penalties

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Levies	0	0
Fines	0	0
Penalties	0	0
Others (indicate and specify)	0	0
Total	0	0



8. Other Revenues

Description	FY 2024-2025	FY 2023-2024 Comparative FY
	Kshs.	Kshs.
Transfers from other government entities	0	0
Others (<i>indicate and specify</i>)	0	0
Total	0	0

10. Interest income

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Interest income from investments	0	0
Interest income on bank deposits	0	0
Others (<i>Specify</i>)	0	0
Total interest income	0	0

11. Miscellaneous income

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Income from sale of tender documents	0	0
Others (<i>specify</i>)	0	0
Total other income	0	0

12. Use of Goods and Services

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Utilities, supplies and services	2,960,000.00	15,606,753
Communication, supplies and services	165,000.00	-
Domestic travel and subsistence	35,718,398.00	7,907,480
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	-
Catering services	2,613,379.00	-
Training expenses	4,775,554.00	180,000
Hospitality Supplies and services	-	798,000
Catering Services	-	-



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Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Insurance costs		-
Specialized materials and services		-
Office and general supplies and services	20,579,201.00	900,000
Fuel, oil and lubricants	2,499,098.00	1,554,200
Other operating expenses	949,500.00	-
Routine maintenance – vehicles and other equipment	1,140,150.00	536,300
Routine maintenance – other assets	-	-
Contracted Professional Services	16,117,000.00	2,947,000
Audit fees		-
Hire of Transport, equipment etc	700,000.00	-
Contracted guards and Cleaning Services	12,999,500.00	14,000,000
Adjustments	3,722.00	-
Total	101,220,500.00	44,429,733

13. Staff costs

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Salaries and wages	0	0
Staff gratuity	0	0
Social security contribution	0	0
Other staff costs (<i>Specify</i>)	0	0
Total	0	0

14. Board expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	3,763,300.00	605,300
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Conference Costs		-
Other allowances	-	-
Total	3,763,300.00	605,300

15. Finance costs

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Interest on Bank overdrafts	0	0
Interest on loans from banks	0	0
Total	0	0

16. Depreciation and amortization

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Property, plant and equipment	8,631,252.00	8,478,189
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	8,631,252.00	8,478,189

17.Repairs and Maintenance

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Property- Buildings	17,943,040.00	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	212,624
Total repairs and maintenance	17,943,040.00	212,624

18.Gain/(loss) on disposal of assets

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0

19.(a)Cash and cash equivalents

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-

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Current account-CB Balance	1,949,411.00	131,413,199
Others(<i>specify</i>)	-	-
Total	1,949,411.00	131,413,199

(b) .Detailed analysis of the cash and cash equivalents are as follows:

Financial institution	Account number	FY 2024-2025	FY 2023-2024
		Kshs.	Kshs.
a) Fixed deposits account			
Kenya Commercial bank			-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			
Central Bank of Kenya- Turkana Lodwar Municipality account	1000739762	1,949,411.00	131,413,199.00
Central Bank of Kenya UDG Phased II account	1000742887	0	-
Central Bank of Kenya UDG account	1000411732	401.00	401.00
Kenya Commercial Bank Urban development grant account-KCB	1262996260	370.00	370.00
Grand total		1,950,182.00	131,413,199.00

20 (a) Receivables from exchange transactions

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Current Receivables		
Service, water and electricity debtors	0	0
Other exchange debtors	3,178,200.00	0
Less: impairment allowance	0	0
Total Current receivables (a)	3,178,200.00	0
Non-Current receivables		
Service, water and electricity debtors	0	0
Other exchange debtors	0	0



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Less: impairment allowance	0	0
Total Non- current receivables (b)	0	0
Total		

(b) Ageing analysis for Receivables from exchange transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	Current yr	% of the total	Comparative fy	% of the total
Less than 1 year	0	0%	0	0%
Between 1- 2 years	0	0%	0	0%
Between 2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total (a+b)	0	0%	0	0%

21(a) Receivables from Non-Exchange transaction

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from KUSP II Fund	62,725,320.00	-
Total	62,725,320.00	-

(b) Ageing analysis for Receivables from non-exchange transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Comparative FY	
		% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

22. Prepayments

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Prepaid rent	0	0
Prepaid insurance	0	0
Prepaid electricity costs	0	0
Other prepayments	0	0
Total	0	0

23.(a) Inventories

Description	FY 2024-2025	FY 2023-2024
	FY	Comparative FY
	Kshs	Kshs
Consumable stores	0	0
Medical supplies	0	0
Spare parts and meters	0	0
Water for distribution	0	0
Other goods held for resale	0	0
Catering	0	0
Less: allowance for impairment	0	0
Total inventories at the lower of cost and net realizable value	0	0

b) Detailed Disclosure on Inventories

	FY 2024-2025	FY 2023-2024
		Comparative FY
Opening balance	0	0
Additional Inventory in the year	0	0
Inventory expensed in the year	0	0
Write-downs in the year	0	0
Others specify	0	0
Closing balance	0	0

24..Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Other Asset- infrastructure	Furniture and fittings	Computer	Capital Work in progress	Skip Bins	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation Rate		10%	16.67%	20%	12.50%	33.30%		33.30%	
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		Kshs
As at 1 st July 2023	0	4,628,545	6,840,000	6,911,788	585,725	661,397	0		19,627,455
Additions	0	0	0	62,607,582	0	0	0		62,607,582
Disposals	0	0	0	0	0	0	0		0
Transfer/Adjustments	0	0	0	0	0	0	0		0
As at 30 th June 2024	0	4,628,545	6,840,000	69,519,370	585,725	661,397	0		82,235,037
Additions	0	39,784,074	0	0	-	-	118,983,240	2,999,876	161,767,190
Disposals	0	0	0	0	0	-	-		-
Transfer/Adjustments	0	0	0	(62,607,582)	0	-	73,417,708		10,810,126
As at end of period June 2025	0	44,412,619	6,840,000	6,911,788	585,725	661,397	192,400,948	2,999,876	254,812,353
Depreciation And Impairment									-
As at 1 st July 2023									

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Description	Land	Building	Motor vehicles	Other Asset-infrastructure	Furniture and fittings	Computer	Capital Work in progress	Skip Bins	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation Rate		10%	16.67%	20%	12.50%	33.30%		33.30%	
Depreciation	-	92,571	1,140,000	6,951,937	73,216	220,466	-		8,478,190
Disposals	-						-		
Impairment	-						-		
Transfer/Adjustment	-						-		
As at 30th June 2024		92,571	1,140,000	6,951,937	73,216	220,466	-	-	8,478,190
Depreciation	-	4,441,262	1,140,000	1,382,358	448,200	220,245	-	998,959	8,631,252
Disposals	-						-		-
Impairment	-						-		
Capital Development adjustments	-			(6,260,758)					(6,260,758)
Accumulated depreciation as at 30 June 2025		4,533,833	2,280,228	2,073,537	521,416	440,711	-	998,959	10,848,684
NBV Prior Year fy 2023-2024 Audited	0	4,628,545	6,840,000	69,519,370	585,725	661,397	-	0	82,235,037
NBV as at end of the period 30th June 2025	0	39,878,786	4,559,772	4,838,251	64,309	220,686	192,400,948	2,000,917	243,963,669

Notes

The payment of kshs 73,417,708 on construction of road to Bitumen in June 2024 which was W.I. P was posted wrongly as infrastructure asset in the financial year 2023/2024 as kshs 62,607,582 without deductions of kshs 10,810,126 which were not paid in the financial year 2023/2024 but paid in the financial year 2024/2025 despite being credited in the cashbook as one payment voucher of kshs 73,417,708. The errors have now been corrected by crediting infrastructure and debiting W.I.P account with kshs 62,607,582. Further, the W.I.P account is debited with the omission of kshs 10,810,126 to reflect the total payment of kshs 73,417,708 as shown in the Asset movement schedule. The omission of kshs 10,810,126 as provided in the Asset movement schedule above. Also, the depreciation cost associated with kshs 62,607,582 has been debited in the accumulated depreciation account with kshs 6,260,758. and adjustment made in the statement of changes in Assets to recognize the depreciation as income to increase the accumulated surplus.

JOURNAL ENTRY TO CORRECT THE ERRORS

S/NO	Description of	DR (kshs)	CR (kshs)
1	a) Work in progress b) Other-infrastructure account (to correct wrong posting in other infrastructure account in fy 2023/2024)	62,607,582	62,607,582
2	a) Accumulated depreciation account b) Capital account/statement of changes in Asset (To correct erroneous depreciation of W.I.P Asset in fy 2023/2024)	6,260,758	6,260,758
3	a) Work in progress account b) Capital account/statement of changes in Asset (To correct understatement/omission of value of work in progress of Kshs 73,417,708 posted in the Asset register as kshs 62,607,582 in the fy 2023/2024)	10,810,126	10,810,126
	Totals	79,678,466	79,678,466

25..Intangible assets

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Cost		
At beginning of the year	0	0
Additions	0	0
At end of the year	0	0
	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

26.Biological Assets

Description	FY 2024-2025	FY 2023-2024
	Kshs	Comparative FY Kshs
Trees in a plantation forest	0	0
Animals: Dairy Cattle, Pigs, Sheep	0	0
Others specify	0	0
Total	0	0

27.Trade and Other Payables

Description	FY 2024-2025		FY 2023-2024	
	Kshs.		Kshs.	
Karachi hardware-KRA 2%	1,529,640.00			
Karachi hardware-10% Retentions	8,871,914.00			
Karachi Hardware -3%	2,661,574.00			
Other payables (Specify)				
Total trade and other payables	13,063,128.00			
Ageing analysis:	FY 2024-2025	% of the Total	Comparative FY	% of the Total
Under one year	13,063,130	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	13,063,130		0	



28. Refundable deposits and prepayments from customers.

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
Rent deposits	0		0	
Prepayments	0		0	
Others (<i>specify</i>)	0		0	
Total	0		0	
Ageing analysis:	FY 2024-2025	% of the Total	Comparative FY	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

29..Provisions

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Balance at the beginning of the year	-	-
Additional Provisions (<i>Specify</i>)	-	-
Provision utilised	(-)	(-)
Balance at the end of the year	-	-
Current Portion of provision	-	-
Long term portion of provision	-	-
Total Provisions	-	-

31. Borrowings

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

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Balance at beginning of the period	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	(-)	(-)
Balance at end of the period	-	-

The table below shows the Distribution of borrowings:

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

31. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Total	-	-	-	-

32. Deferred Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

Description	County government	International funders/donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

Include columns as needed for the various sources of income deferred

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

33.Social Benefit Liabilities

Description	FY 2024-2025	FY 2023-2024 previous FY
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
PWD benefit scheme	-	-
Elderly social benefit scheme	-	-
Total	-	-
	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

34.Cash generated from operations

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Surplus/ (deficit) for the period before tax	(92,275,476)	(18,929,002)
Adjusted for:		
Depreciation	8,631,252.00	8,478,189
Restated depreciation	0	-
Gains/ losses on disposal of assets	0	-
Interest income	0	-
Finance cost	0	-
Working Capital adjustments		-
Increase in inventory	0	-
Increase in receivables	0	-
Increase in payables	0	-
Net cash flow from operating activities	(83,644,224)	(10,450,813)

35.Related party balances

a) Nature of related party relationships

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

- a) The County Government.
- b) The Parent County Government Ministry.

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- c) County Assembly.
- d) Key management.
- e) Lodwar Municipality Board; etc.

b) Related party transactions

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Transfers from related parties'	0	0
Transfers to related parties	0	0

c) Key management remuneration

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Board Members	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Due from parent Ministry	0	0
Due from County Government	0	0
Due from County Assembly	0	0
Total	0	0

e) Due to related parties

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Due to parent Ministry	0	0
Due to County Government	0	0
Due to Key management personnel	0	0
Due to County Assembly	0	0
Total	0	0

36..Contingent liabilities

Contingent liabilities	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Court case xxx against the Lodwar Municipality	0	0
Bank guarantees	0	0
Total	0	0

No court case

37.Contingent Assets

Contingent liabilities	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Court case xxx against the Lodwar Municipality	0	0
Others Specify	0	0
Total	0	0

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Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

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 Lodwar Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

II. Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2025 (current year)				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 Jun 2024 (previous year)				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0

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Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2025 (current year)				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 Jun 2024 (previous year)				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0

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Employee benefit obligation	0	0	0	0
Total	0	0	0	0

Market risk

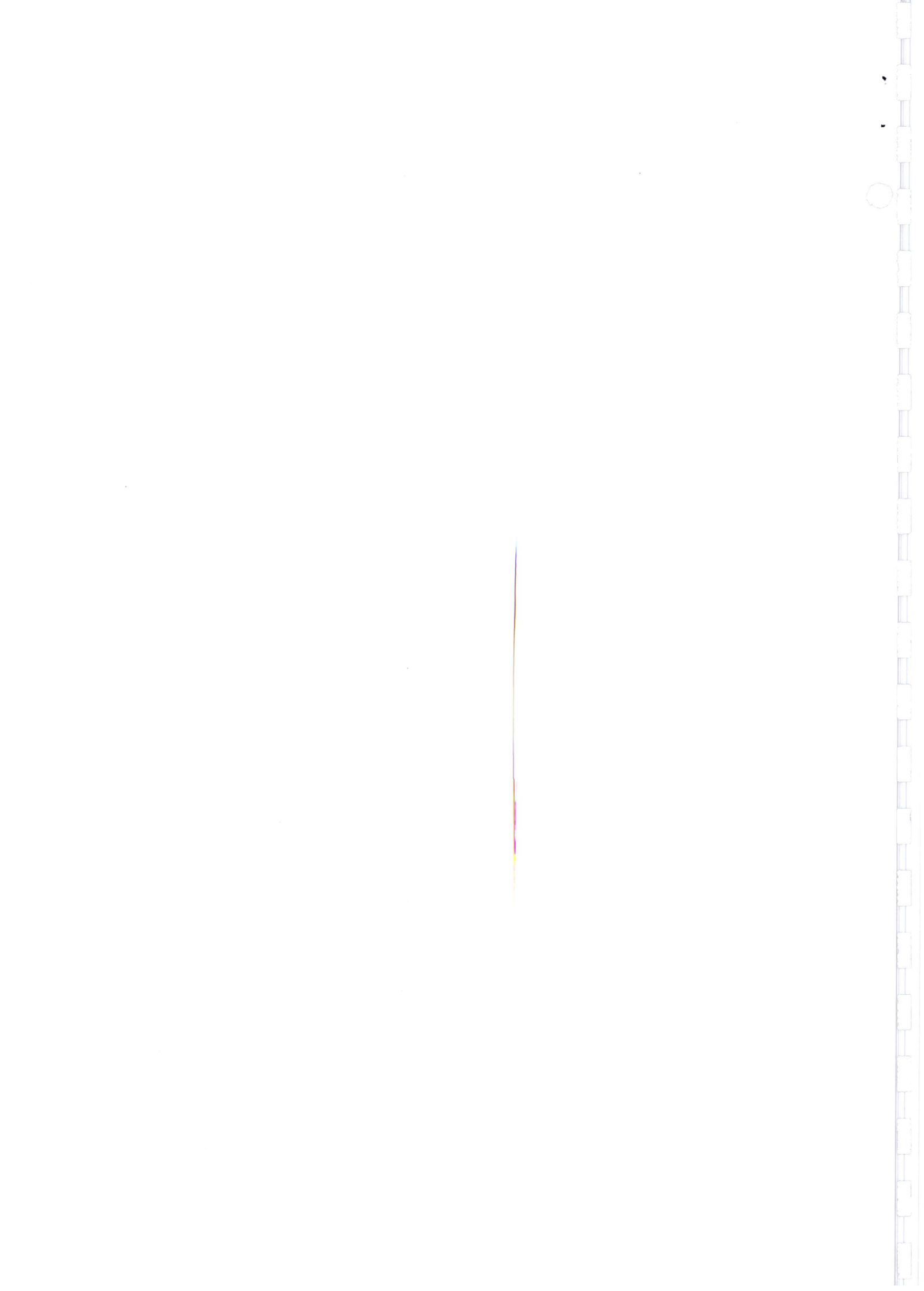
The Board has put in place an internal audit function to assist it in assessing the risk faced by the Lodwar Municipality on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Lodwar Municipality 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 Lodwar Municipality 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 Lodwar Municipality exposure to market risks or the manner in which it manages and measures the risk.

III. Foreign currency risk

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

Description	Other currencies		Total
	Kshs.	Kshs.	Kshs.
At 30 June 2025 (current year)			
Financial assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ receivables	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0



Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
2025 (current year)			
Euro	10%	0	0
USD	10%	0	0
2024 (previous year)			
Euro	10%	0	0
USD	10%	0	0

IV. Interest rate risk

Interest rate risk is the risk that the Lodwar Municipality's financial condition may be adversely affected as a result of changes in interest rate levels. The Lodwar Municipality'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.

V. Capital risk management.

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

Description	FY 2024-2025	FY 2023-2024
	Kshs.	2024 Kshs.
Capital/Development Grants/Municipality	395,610,071.00	216,011,927
Accumulated surplus	(95,857,640.00)	(10,841,881)
Total Funds	299,752,431.00	205,170,046
Total borrowings	-	-
Less: cash and bank balances	2,006,058.00	131,413,199
Net debt/(excess cash and cash equivalents)	(2,006,058.00)	(131,413,199)
Gearing	.7%	2%

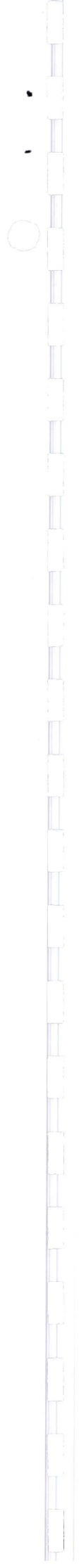
39. Statement of comparison of Budget and actual performance

The variances from comparison of budget is from expenditures approved as pending bills in development budget but are recurrent in nature. When classified as recurrent, they burst the recurrent budget under use of goods and service and development expenditures reduce accordingly. Secondly, Lodwar municipality recognized slash in the original budget of recurrent despite the department having incurred expenditures before the supplementary budget. These two actions have seen the recurrent expenditure going beyond the approved budget

40. Program for Results (PforR) Disclosure

This disclosure note is for entities that are implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

Name of the PforR:	
Financing Partners:	
Purpose of the PforR:	
Expenditure Details	Amount in Kshs
Cumulative actual expenditures for the previous years	0
Actual expenditure in the current financial year.	-
	-



County Government of Turkana

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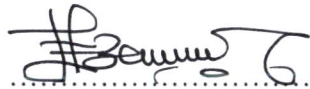
1. <i>Employee Cost</i>	-
2. <i>Use of goods and Services</i>	-
3. <i>Grants and Subsidies</i>	-
4. <i>Building of ECDE facilities</i>	-
5. <i>Others (specify)</i>	-
Sub-total	
Cumulative Actual Expenditures to date	-

41. Appendices

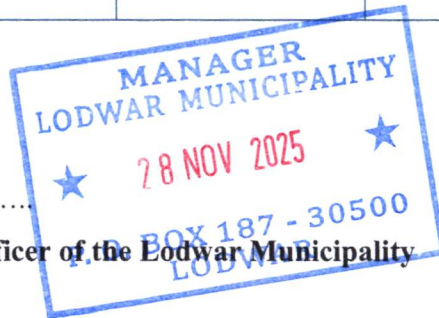
Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
2024-2025-CG-0023-MUN-0002/3	Various issues	Responded	Resolved	



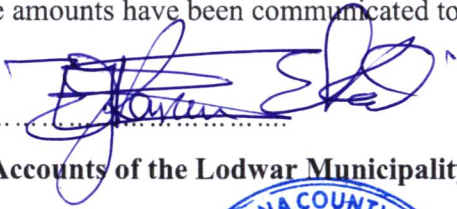
Manager/Accounting officer of the Lodwar Municipality



Appendix 2: Inter-Lodwar Municipality Transfers

LODWAR MUNICIPALITY NAME:				
Breakdown of Transfers from the County Executive of Turkana County				
FY 2024/2025				
		Bank Statement Date	Amount (Kshs.)	FY
a.	Recurrent funds	23/10/2024	55,395,154.00	2024/2025
	Sub-Totals		55,395,154.00	
		Bank Statement Date	Amount (Kshs.)	
b.	Development funds	27/09/2024	1,231,012.00	2024/2025
		05/12/2024	88,719,148.00	2024/2025
	Sub_Totals		89,950,160	
	Grand Totals		145,345,314.00	

The above amounts have been communicated to and reconciled with the parent Department in the County.



Head of Accounts of the Lodwar Municipality



Head of accounts of transferring Entities





Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

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



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Appendix 4: Disaster Expenditure Reporting Template

Date:

Lodwar Municipality

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

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