

REPUBLIC OF KENYA

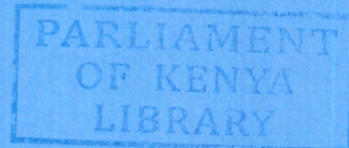


*Enhancing Accountability*

PAPERS LAID	
DATE	31/6/2023
TABLED BY	Majority Leader
COMMITTEE	—
CLERK AT THE TABLE	Chania

**REPORT**

**OF**

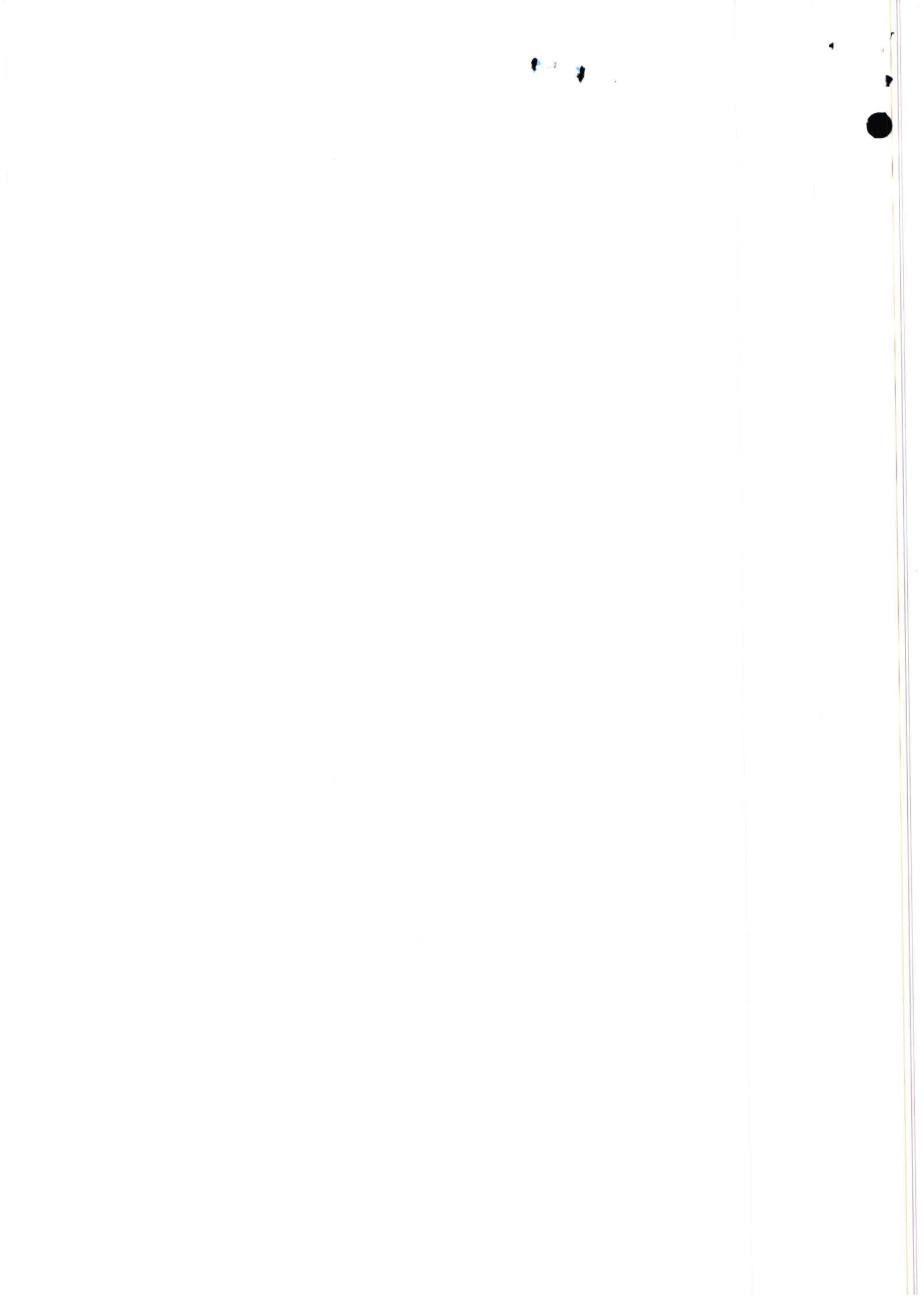


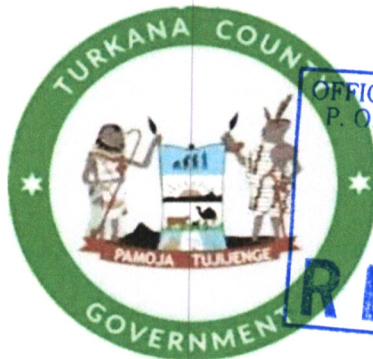
**THE AUDITOR-GENERAL**

**ON**

**TURKANA COUNTY EMERGENCY FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2022**





OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
21 MAR 2023  
**RECEIVED**

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**TURKANA COUNTY EMERGENCY FUND  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2022**

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

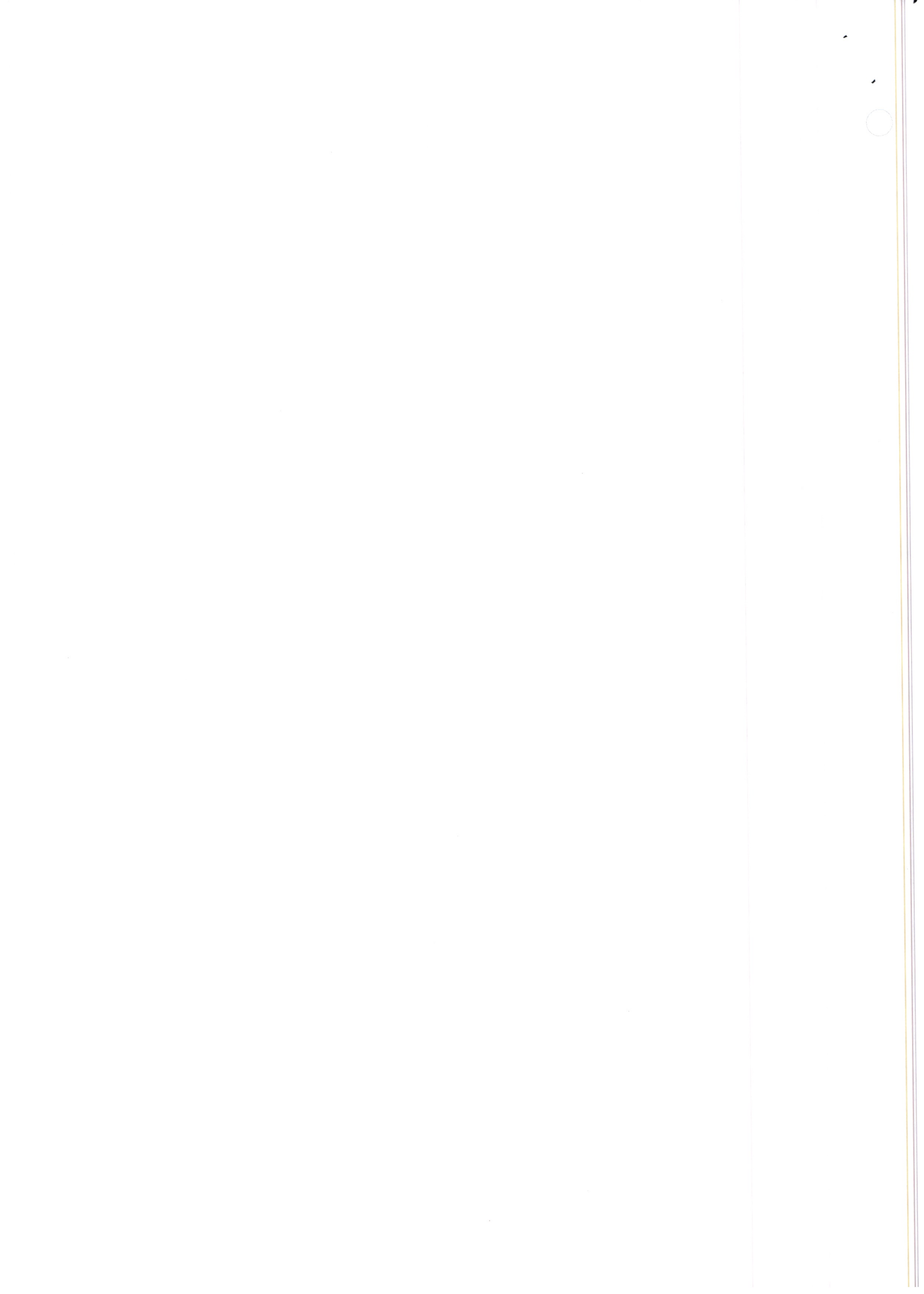


***Turkana County Emergency Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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***Turkana County Emergency Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**1. Key Entity Information and Management**

**a) Background information**

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

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

The budgetary allocation for the fund for the year was **KShs100, 000,000** and the entire amount was requisitioned and received into the Fund's operational account with the Commercial Bank on 10.11.2021, and balance Brought Forward from the previous year of KShs 157, 806,896 totalling to KShs 257,806,896 which then formed part of the total revenue for the year 2021-2022.

Comparatively the fund had an operational budget of **KShs 236,000,000** the previous financial year.

During the year under review, the Fund absorbed cumulatively **KShs 114,530,141** representing **44.42 %** of the budget on General expenses for the period ended 30<sup>th</sup> June, 2022 as compared to **KShs 39,021,324** incurred in the year ended 30<sup>th</sup> June, 2021.

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

**b) Principal Activities**

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



***Turkana County Emergency Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Ms. Jennipher Nawoi Long'or	County Executive Committee Member – Finance and Economic Planning
2	Mr. Abraham Losinyen Ekai	Chief Officer – Finance
4	CPA Michael Ekadeli	Secretary
5	CPA Emmanuel Lochor	Member
7	Ms. Selina Lokope	Member
9	CPA Edwin Omino	Member
10	Ms. Joyce Asibitar	Accountant – Fund

**d) Key Management**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Ms. Jennipher Nawoi Long'or	County Executive Committee Member – Finance and Economic Planning
2	Mr. Abraham Losinyen Ekai	Chief Officer -Finance
3	Ms. Joyce Asibitar	Accountant -Fund



***Turkana County Emergency Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**e) Registered Offices**

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

**f) Fund Contacts**

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

**g) Fund Bankers**

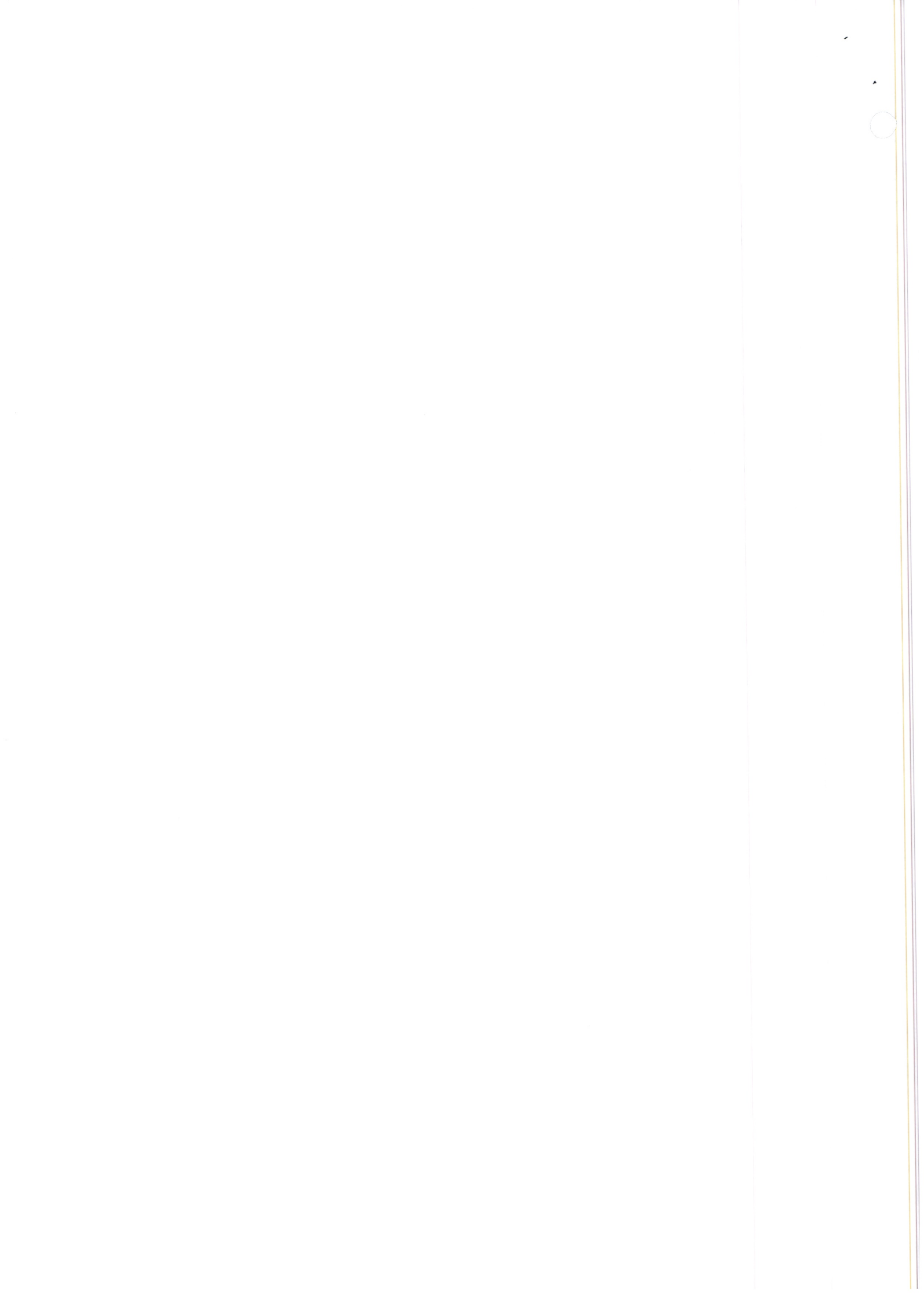
Kenya Commercial Bank Ltd  
Lodwar Branch.

**h) Independent Auditors**

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



**i) Principal Legal Adviser**

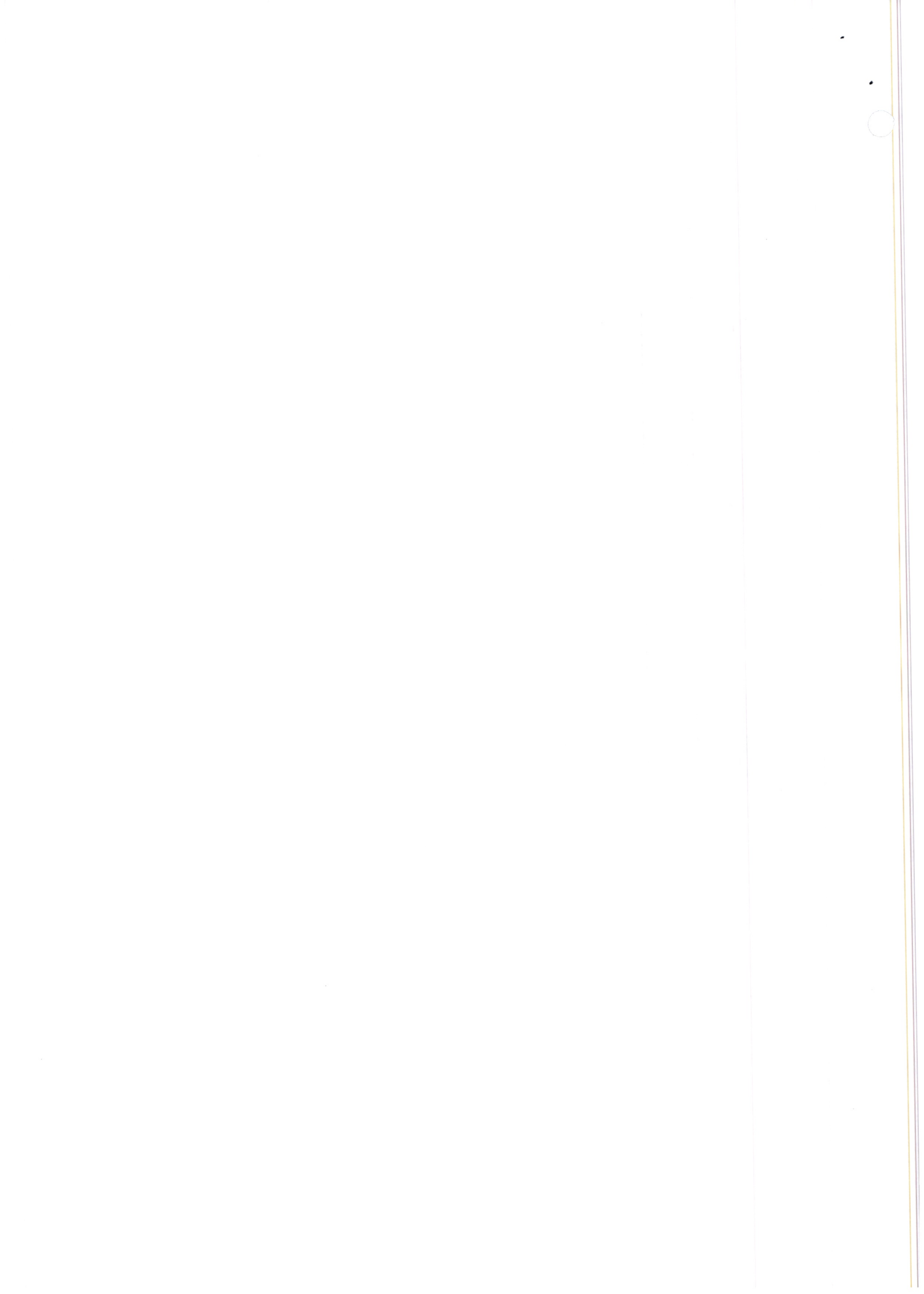
County Attorney,  
P.O. Box 11-30500,  
Lodwar, Kenya.




**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

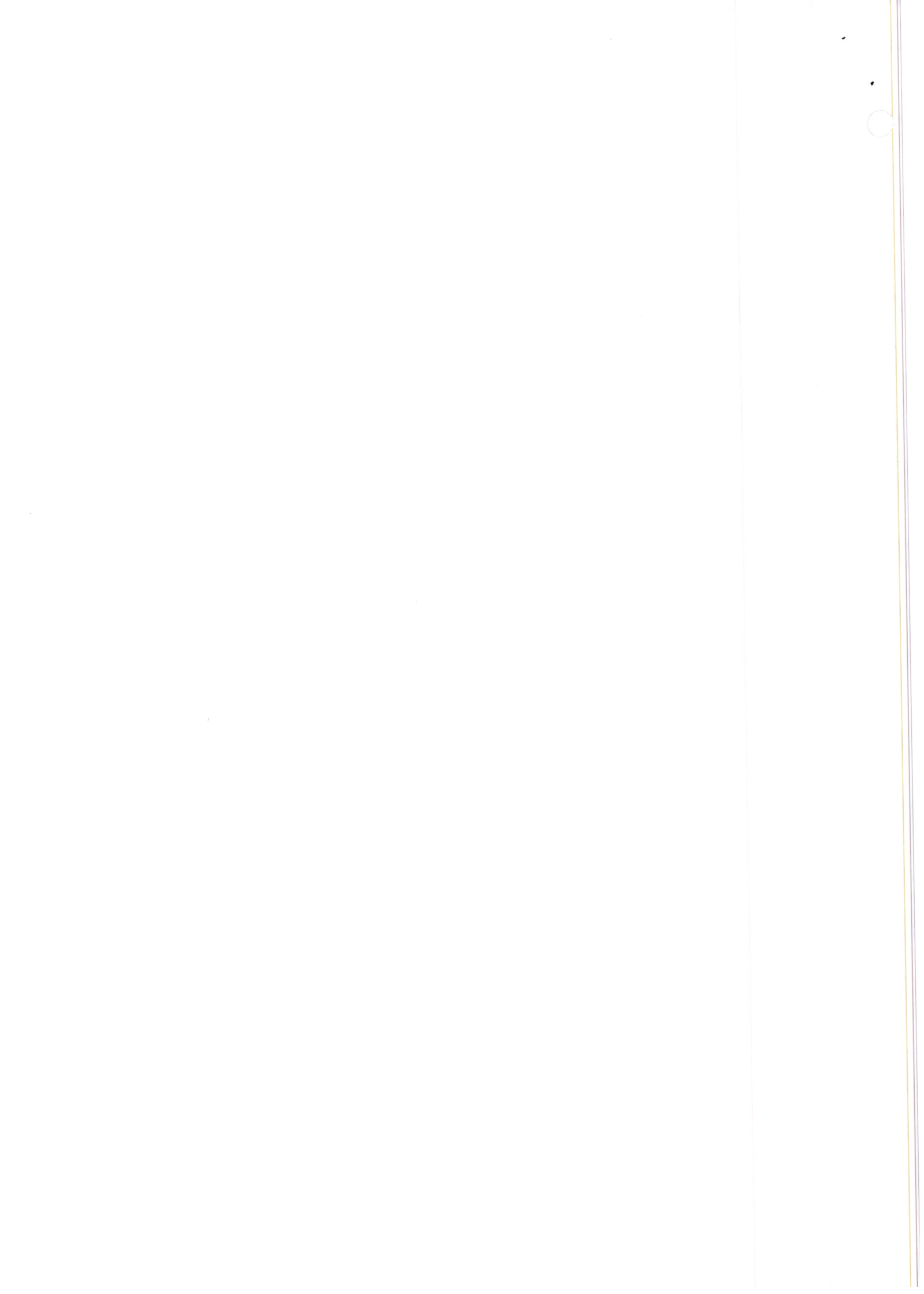
**2. The Board of Trustees (or any other governing body for the Fund)**

Name	Details of qualifications and experience
 <p>1. Mrs. Jennipher Nawoi</p>	<p>She is the current County executive committee member for Trade, Gender and Youth Affairs. Jennipher holds a Bachelors' degree in Commerce (Finance major) from Kenyatta University and a Master of Science degree in Energy Studies with Specialization in Energy Finance from University of Dundee, Scotland, United Kingdom. She is an enrolled Certified Public Accountant (CPA) student with Kenya Accountants and Secretaries National Examination Board (KASNEB) Section 4. She possesses over thirteen (13) years' work experience in Public, corporate and Non-Governmental Organizations in areas Public Sector Management, Policy formulation, Accounting and Financial Management and experience in streamlining robust tools, strategies, and financial systems in humanitarian emergency responses.</p>
 <p>2. Abraham Losinyen Ekai- Chief Officer Finance – Fund Administrator/Manager</p>	<p>Holds a master of International Development Policy Degree from the Dukes University and Bachelor of Commerce Business Administration and Management and Degree from Daystar University.</p> <p>He has cumulatively 16 years' experience in senior management position with various institutions.</p>
<p>Edwin Omindo</p>	<p>He a member of the audit committee. He is a certified Public Accountant and Public Secretaries of Kenya, Associate member of Kenya Institute of Management. He has over 20 years of experience both in NGOs and public sectors.</p>



***Turkana County Emergency Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

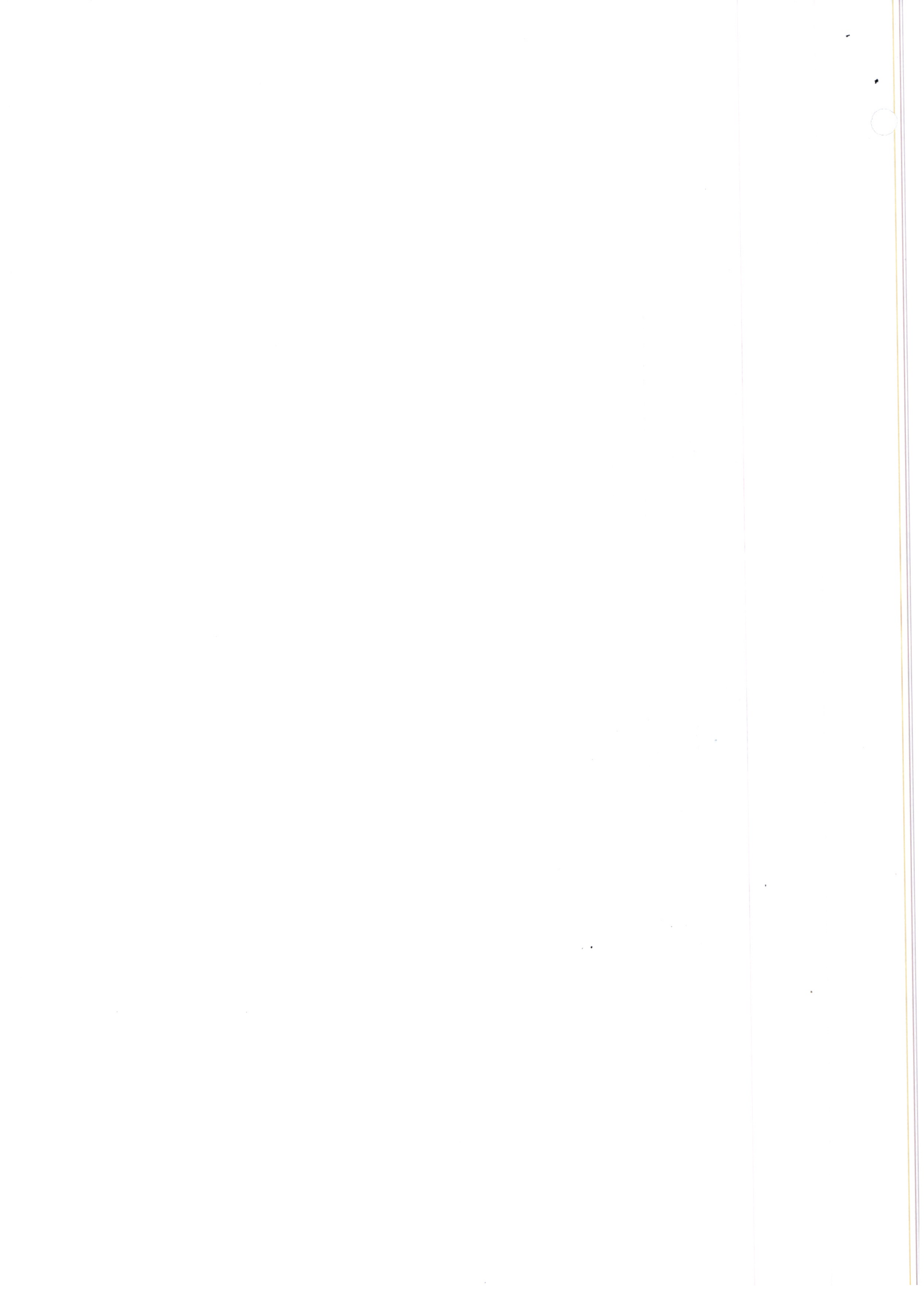
 <p>3. CPA Michael Ekadeli – Director Internal Audit, Secretary</p>	<p>He has over 20 years of work experience in both private and public sectors. He holds Bachelor’s Degree in commerce , finance and accounting. He is a certified public accountant and a member of ICPAK. He is also a certified secretary and member of the ICPSK. He also a member of Institute of internal auditors.</p>
<p>4. CPA Emmanuel Lochor - Member</p>	<p>He is a member representing County Treasury in Audit Committee, he is a holder of Master of Business Administration, Finance. He holds Bachelor of Business management, accounting option. He is a member of Institute of Certified Public accountant and also a member of institute of internal Auditors of Kenya. He has 12 years’ experience in accounting and finance in public sector</p>
<p>5. CPA Joyce Illikwel -Member</p>	<p>She is a member of audit committee and she is a county public health expert practitioner. She has over 20 years both in health sector and various committee membership.</p>
<p>6. Ms. Selina Lokope - Member</p>	<p>She is a member of the audit committee representing the public. She has over 7 years of experience in public sector.</p>



**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**3. Management Team**

Name	Details of qualifications and experience
 1. Mrs. Jennipher Nawoi	<p>She is the current County executive committee member for Trade, Gender and Youth Affairs. Jennipher holds a Bachelors’ degree in Commerce (Finance major) from Kenyatta University and a Master of Science degree in Energy Studies with Specialization in Energy Finance from University of Dundee, Scotland, United Kingdom. She is an enrolled Certified Public Accountant (CPA) student with Kenya Accountants and Secretaries National Examination Board (KASNEB) Section 4. She possesses over thirteen (13) years’ work experience in Public, corporate and Non-Governmental Organizations in areas Public Sector Management, Policy formulation, Accounting and Financial Management and experience in streamlining robust tools, strategies, and financial systems in humanitarian emergency responses.</p>
 2. Abraham Losinyen Ekai- Chief Officer Finance – Fund Administrator/Manager	<p>Holds a master of International Development Policy Degree from the Dukes University and Bachelor of Commerce Business Administration and Management and Degree from Daystar University.</p> <p>He has cumulatively 16 years’ experience in senior management position with various institutions.</p>
 3. Ms. Joyce Asibitar – Fund Accountant	<p>She holds diploma certificate in business management.</p> <p>She holds Bachelors Degree in Business management, accounting option.</p> <p>She is a student with Kenya Accountants and Secretaries National Examination Board (KASNEB) Section 5. She is also a Masters student at Kenyatta University awaiting to graduate in Masters in Business management, Financial management option.</p>



**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**Board/Fund Chairperson's Report**

Put a foreword note by the Chairperson of the corporate governance body responsible for the Public Fund. Where no such body exists, include a forward note by the CEC under whose department the Public Fund was established. May include information such as:

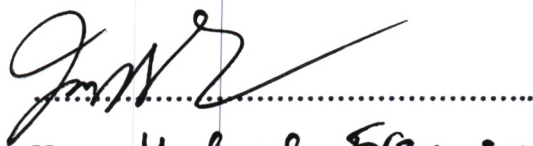
Turkana County Emergency Fund was established to enable payments to be made in respect of a county when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority.

The budgetary allocation for the fund for the year was **KShs100, 000,000 and** the entire amount was requisitioned and received into the Fund's operational account with the Commercial Bank on 10.11.2021, and there was additional balance brought forward from FY20-21 of KShs 157,806,896 totalling to KShs 257,806,896 which then formed part of the total revenue for the year 2021-2022.

Comparatively the fund had an operational budget of **KShs 236,000,000** the previous financial year.

To attain Fund's objective, the Fund absorbed cumulatively **KShs 114,530,141** of the budget on both General and administrative expenses for the period ended 30<sup>th</sup> June, 2022 as compared to **KShs 39,021,324** incurred in the year ended 30<sup>th</sup> June, 2021.

The fund total receivables in the year ended 30<sup>th</sup> June 2022 amounted to KShs 133,300,229 and the management has initiated the process of reimbursement by factoring the total amount of receivables in the supplementary budget.



Name: *Michael Ekegae*

**Chairperson/Fund Administration Committee**



***Turkana County Emergency Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

Report of The Fund Administrator

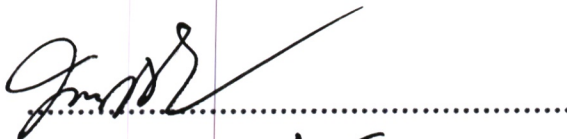
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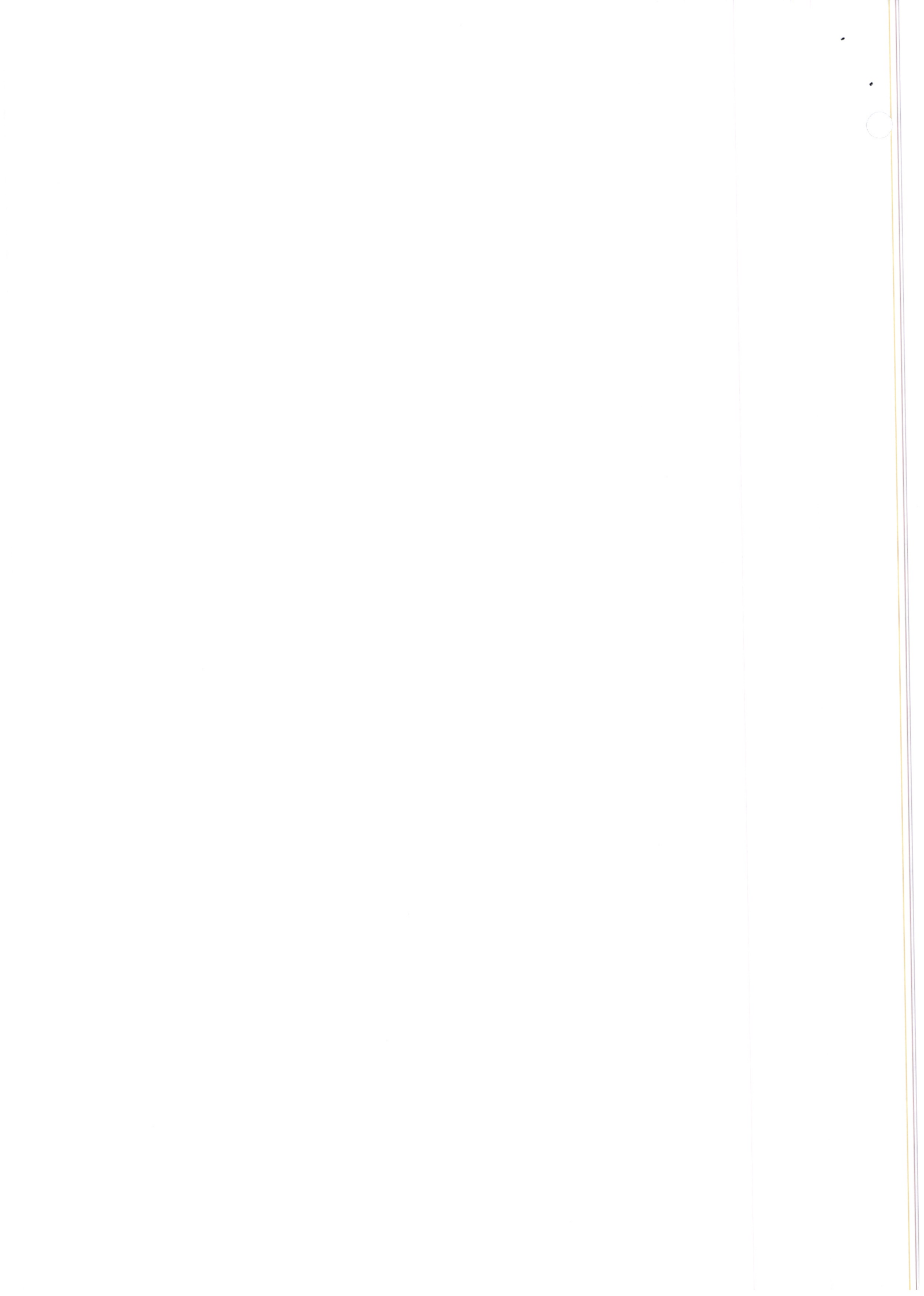
To attain Fund's objective, the Fund absorbed cumulatively **KShs 114,530,141** of the budget on both General and administrative expenses for the period ended 30<sup>th</sup> June, 2022 as compared to **KShs 39,021,324** incurred in the year ended 30<sup>th</sup> June, 2021.

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Name: *Michael Egego*

**Fund Administrator**



***Turkana County Emergency Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

Statement of Performance Against the County Fund’s Predetermined Objectives  
Guidance

*Refer to the entity’s annual budget and program plan report on the extent of the county government entity’s progress in attaining the plan. Report on the metrics met, objectives yet to be met, challenges and opportunities of the County entity in implementation of its program plan. Refer to the strategic plan if the entity has one. There is no strategic plan for the fund.*

**Introduction**

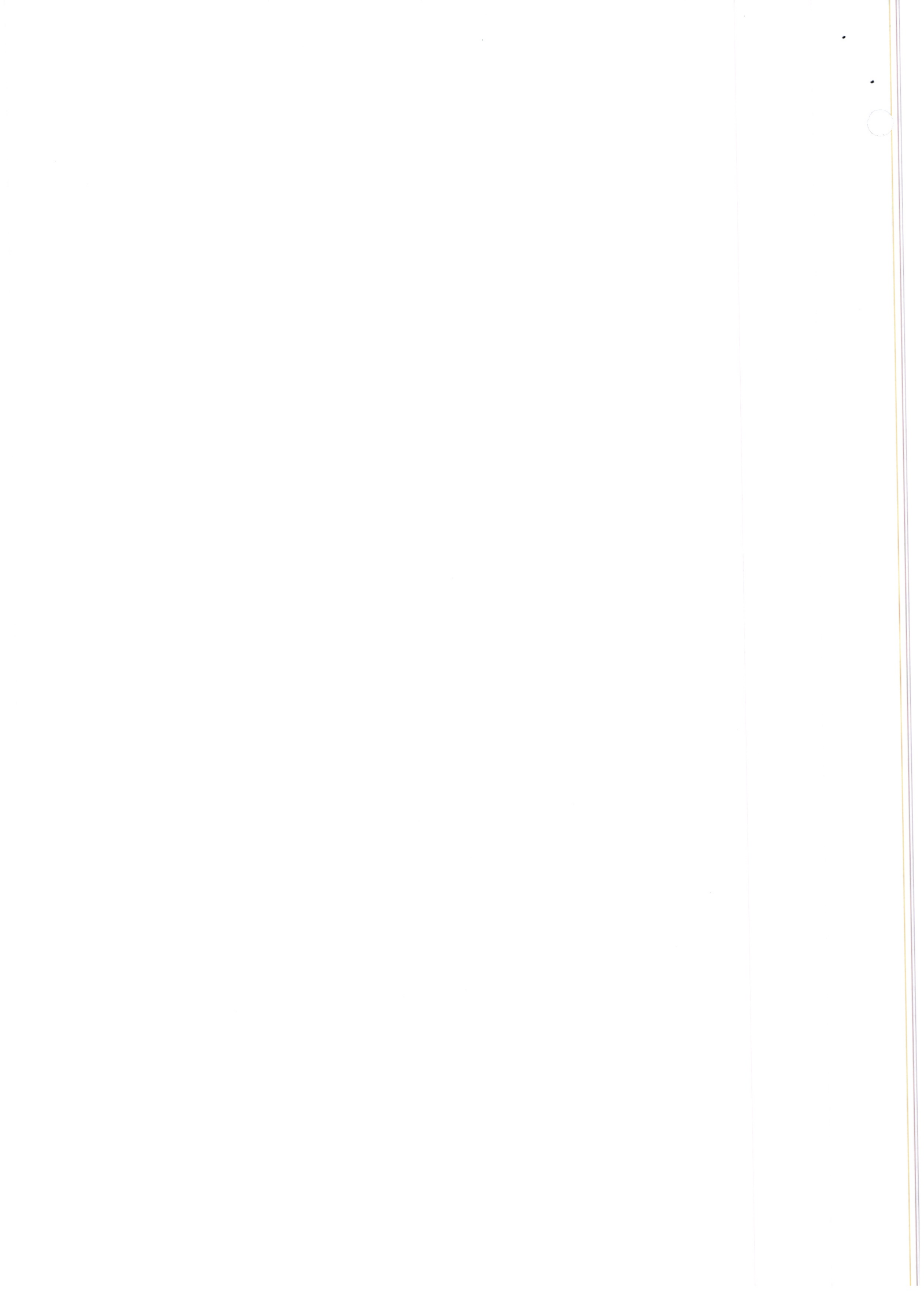
Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector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

There’re no key development objectives of the Fund as per the strategic plan.

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

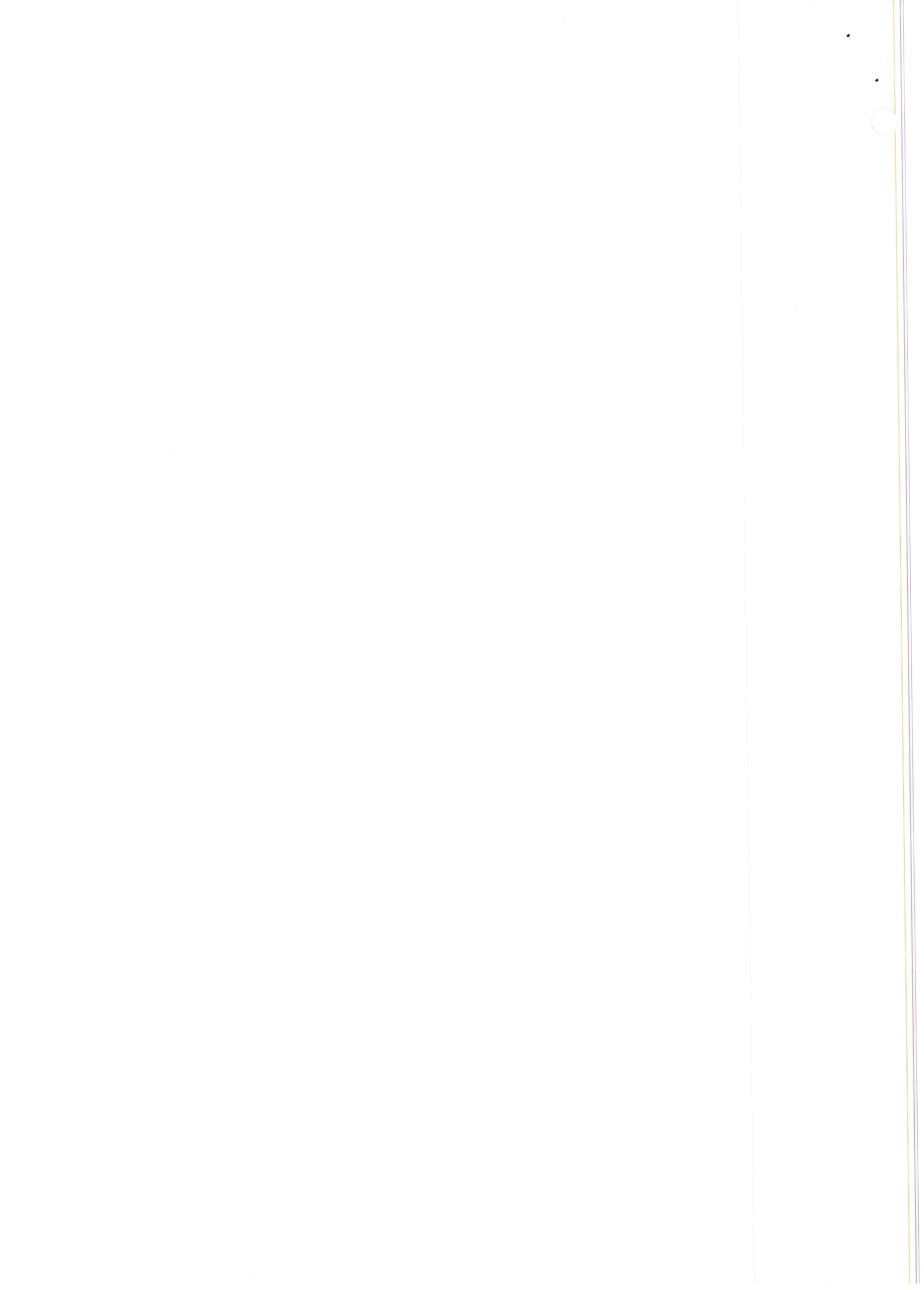
<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Public Works, Roads & Transport	To develop and maintain roads and storm water drainage to global standards	Increased efficient transportation of people, goods and services	% of motorable and passable roads within the city	<b>In FY 21/22 no motorable and passable roads by attained.</b>
Program 2	Objective	Outcome	Indicator	Performance



***Turkana County Emergency Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**3. Corporate Governance Statement**

The Fund is domiciled within Finance department and is managed and run by the Fund Administration committee. The committee meets on a need basis to approve expenditure and financial statements. During the year under review the fund administration held 3 meetings during the year. All members were in attendance. The Fund administration committee members work voluntarily are not therefore remunerated or paid.



***Turkana County Emergency Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**4. Management Discussion and Analysis**

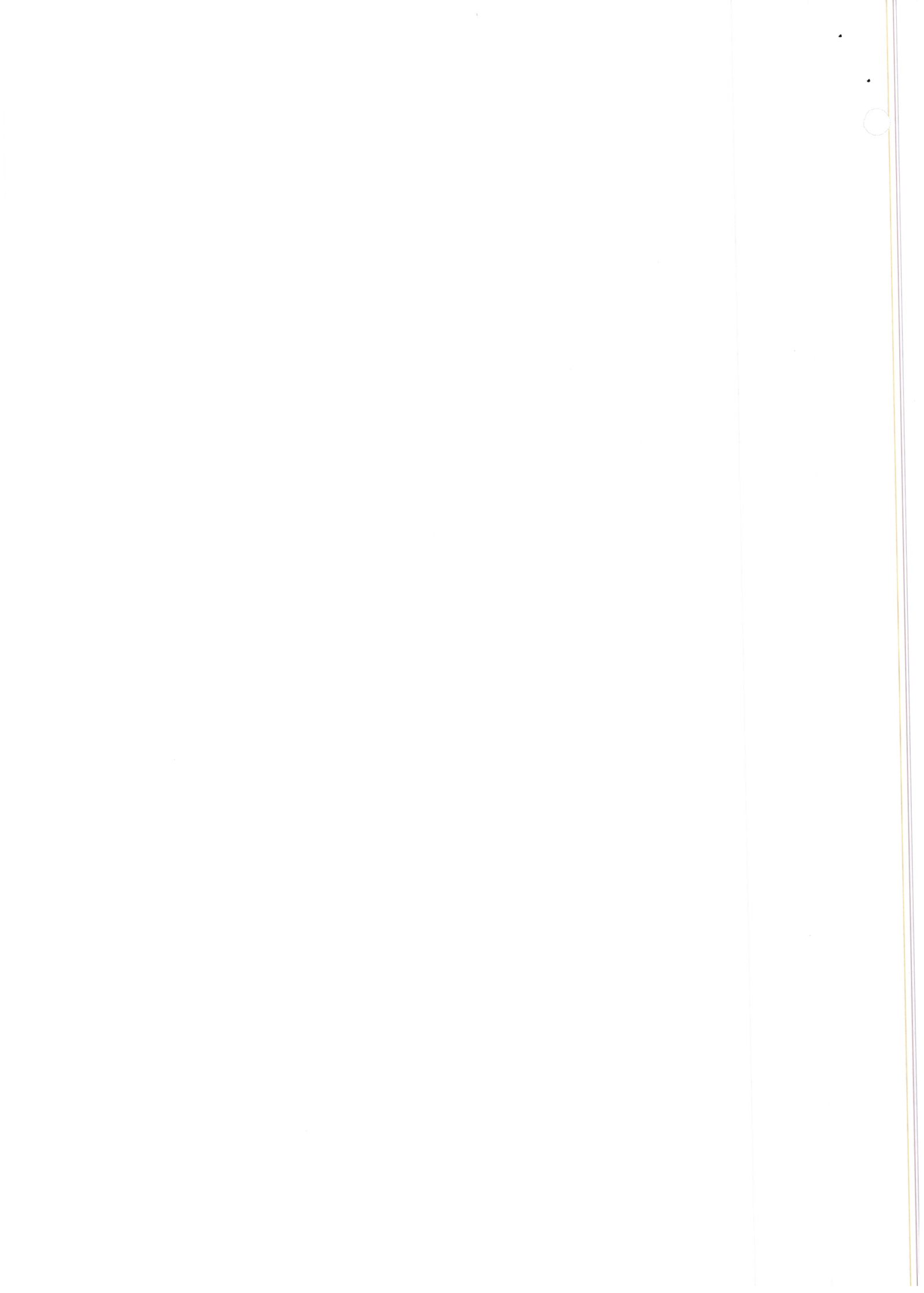
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***Turkana County Emergency Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**5. Environmental and Sustainability Reporting**

The Fund doesn't carry CSR activities since its purpose is to enable payments to be made in respect of a county when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority.

Turkana County Emergency Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on the following pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

**1. Sustainability strategy and profile -**

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

**2. Environmental performance**

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

**3. Employee welfare**

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

**4. Market place practices-**

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

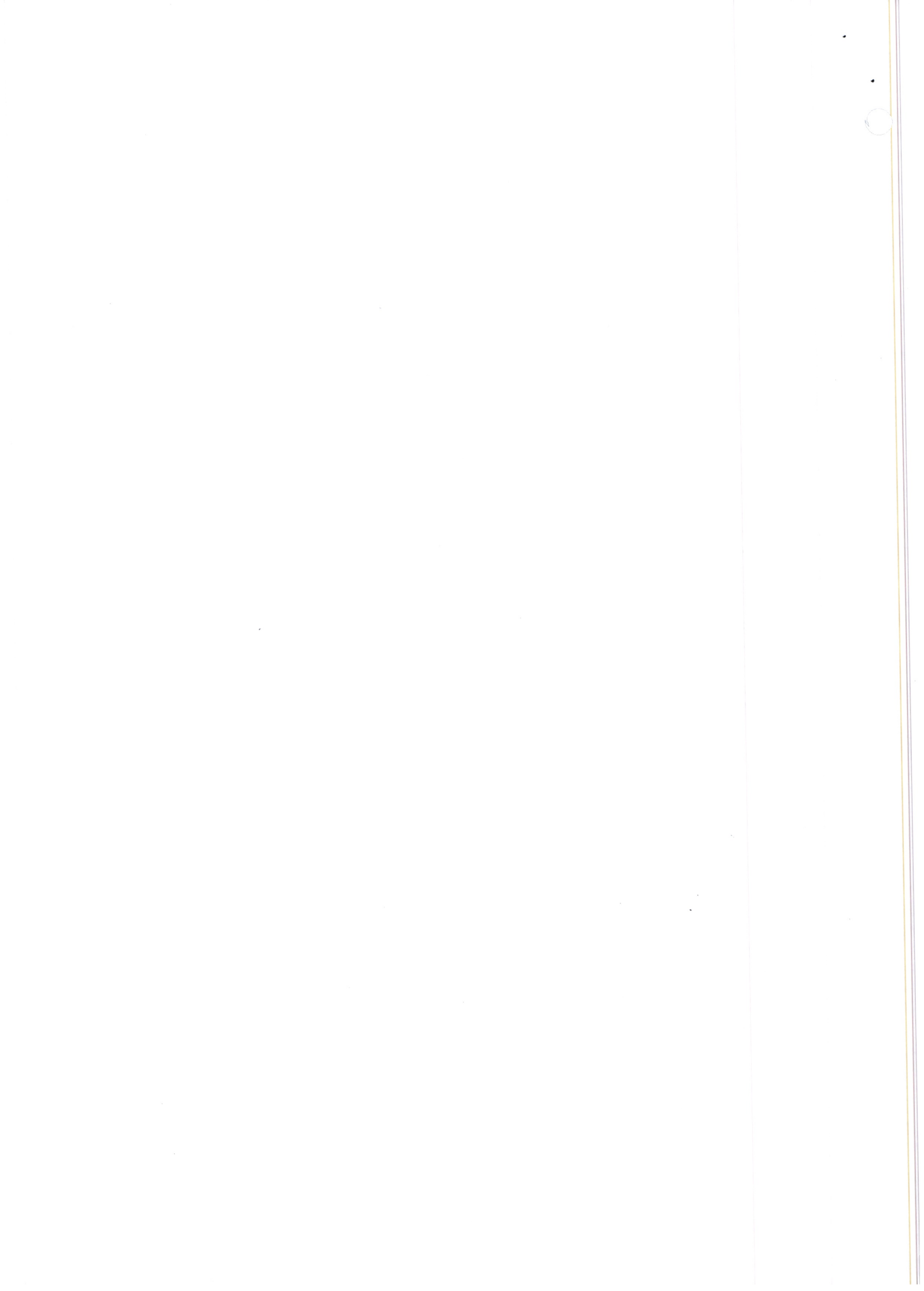
b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

d) Product stewardship- outline efforts to safeguard consumer rights and interests

**5. Community Engagements-**

Community is engaged where there is an urgent need for them as per the purpose and objective of the fund. For example , food is provided to them when there is drought and even animal feeds. They are also provided with non food items when there is an outbreak of fire.



***Turkana County Emergency Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**6. Report of The Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

**Principal activities**

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

**Results**

The results of the Fund for the year ended June 30, 2022 are set out on page 1-31

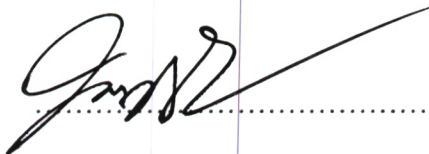
**Trustees**

The members of the Board of Trustees who served during the year are shown on page vi and vii. The changes in the Board during the financial year are as shown below:

**Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. OR Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *Turkana County Emergency Fund* for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



Chair of the Board/Fund Administration Committee

Date: 17/3/2023



**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**7. Statement of Management's Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the constitution, an act of parliament or county legislation shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

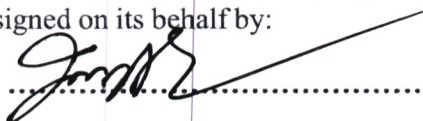
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Turkana County Emergency Fund Act. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

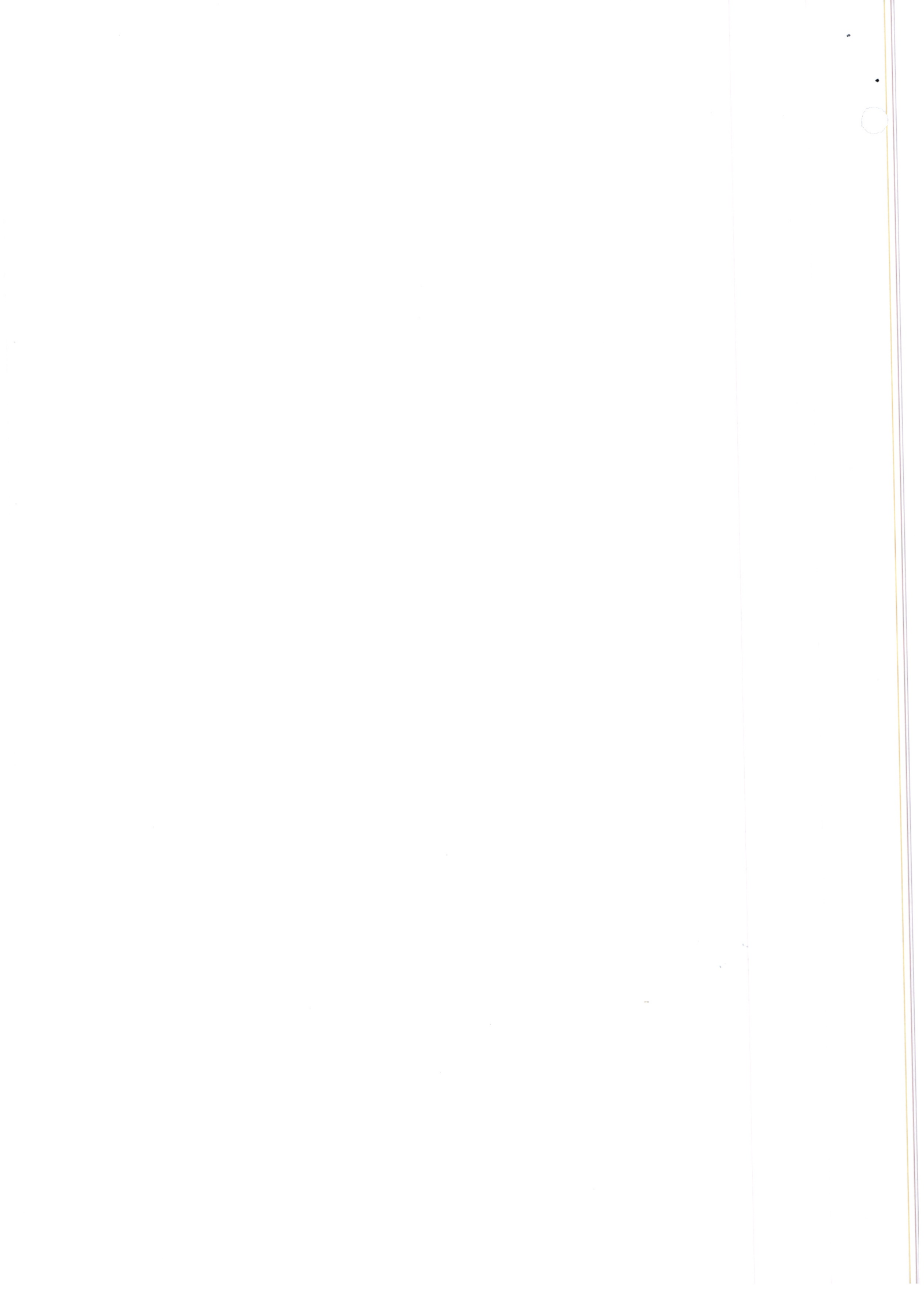
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 17/3/ 2023 and signed on its behalf by:

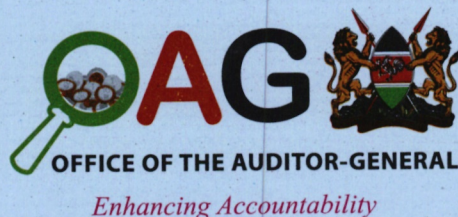
  
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**Administrator of the County Public Fund**



# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON TURKANA COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Turkana County Emergency Fund set out on pages 1 to 37, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, except for the effects of the matter described in the Basis of qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Turkana County Emergency Fund as at 30 June, 2022, 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 Public Finance Management Act, 2012 and Turkana County Emergency Fund Act, 2016.

### **Basis for Qualified Opinion**

#### **Unsupported Expenditure**

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects use of goods and services totalling Kshs.114,530,141 which includes general office expenses amount of Kshs.111,604,047. The general office expenses further includes Kshs.2,706,200 incurred while distributing relief food in different Sub-Counties. However, there were no expenditure requisitions , authorizations and evidence of travel. In addition, no payment vouchers and other supporting documentation were provided for audit of expenditure on rapid drought assessment amounting to Kshs.10,963,250.

In the circumstances, the accuracy and completeness of Kshs.13,669,450 for use of goods and services could not be confirmed

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

#### **Key Audit Matters**

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

#### **Other Matter**

##### **1. Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2022. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow-up of

auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.257,806,896 and Kshs.100,000,000 respectively resulting to an under-funding of Kshs.157,806,896 or 61% of the budget. Similarly, the Fund expended Kshs.114,530,141 against an approved budget of Kshs.257,806,896 resulting to an under-expenditure of Kshs.143,276,515 or 56% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Unauthorized Internal Lending to County Executive**

The statement of financial position and as disclosed in Note 12 to the financial statements reflects cumulative receivables from non-exchange transactions balance of Kshs.277,354,237 being money lent to Turkana County Executive as a borrowing to finance its recurrent operations due to delays in exchequer releases on various dates. However, as at the time of audit in November, 2022 the funds had not been credited in the Fund's account. Further, the borrowing by the County Executive was not supported by the County Assembly approval and acknowledgement of funds by the County Treasury. This is contrary to Section 142(1) and (3) of the Public Finance Management Act, 2012 which states that County Assembly may authorize short-term borrowing by County Government entities for cash management purposes only and a County Government entity that has any such borrowing shall ensure that the money borrowed is repaid within a year from the date on which it was borrowed.

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

#### **2. Non-Emergency Expenses**

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects use of goods and services amounting to Kshs.114,530,141 which includes expenditure amounts of Kshs.45,282,260 which did not meet the threshold set under Section 112 of the Public Finance Management Act, 2012 and Section 7 of the Turkana County Emergency Fund Act, 2016 that the County Executive Committee member for Finance may make payments from the County Government's Emergency

Fund only if he or she is satisfied that there is an urgent and unforeseen need for expenditure for which there is no specific legislative Authority. There was no evidence that the expenditure of Kshs.45,282,260 was not budgeted for, could not be delayed until a later financial year without harming the general public interest and that the payment was meant to alleviate the damage, loss, hardship or suffering caused by an unforeseen event.

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on 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 overall governance were not effective.

### **Basis for Conclusion**

#### **Management of Cash and Cash Equivalents**

Review of the cash and cash equivalents management revealed that recording of transactions in the cash book and bank reconciliations were not regularly checked and confirmed by a senior officer. In addition, the officer who prepared the cash book also prepared the monthly bank reconciliation statements hence no separation of duties. Further, there was no board of survey report to confirm the balances as at 30 June, 2022.

In the circumstances, the effectiveness of internal controls on management of cash and cash equivalents could not be confirmed.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 overall governance.

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

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

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

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

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

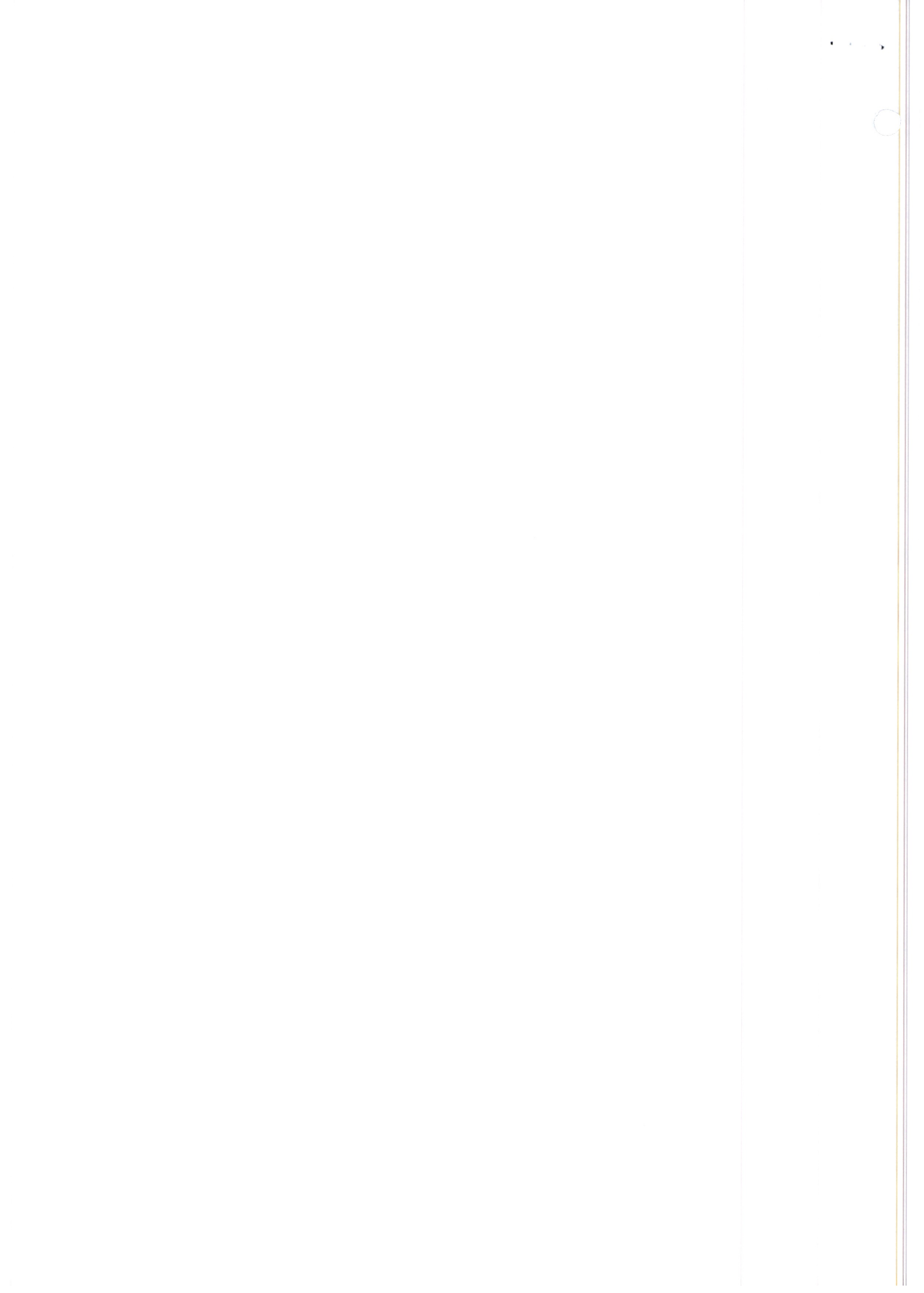
I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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

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

**Nairobi**

**03 May, 2023**

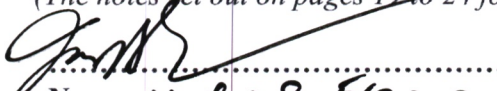



**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

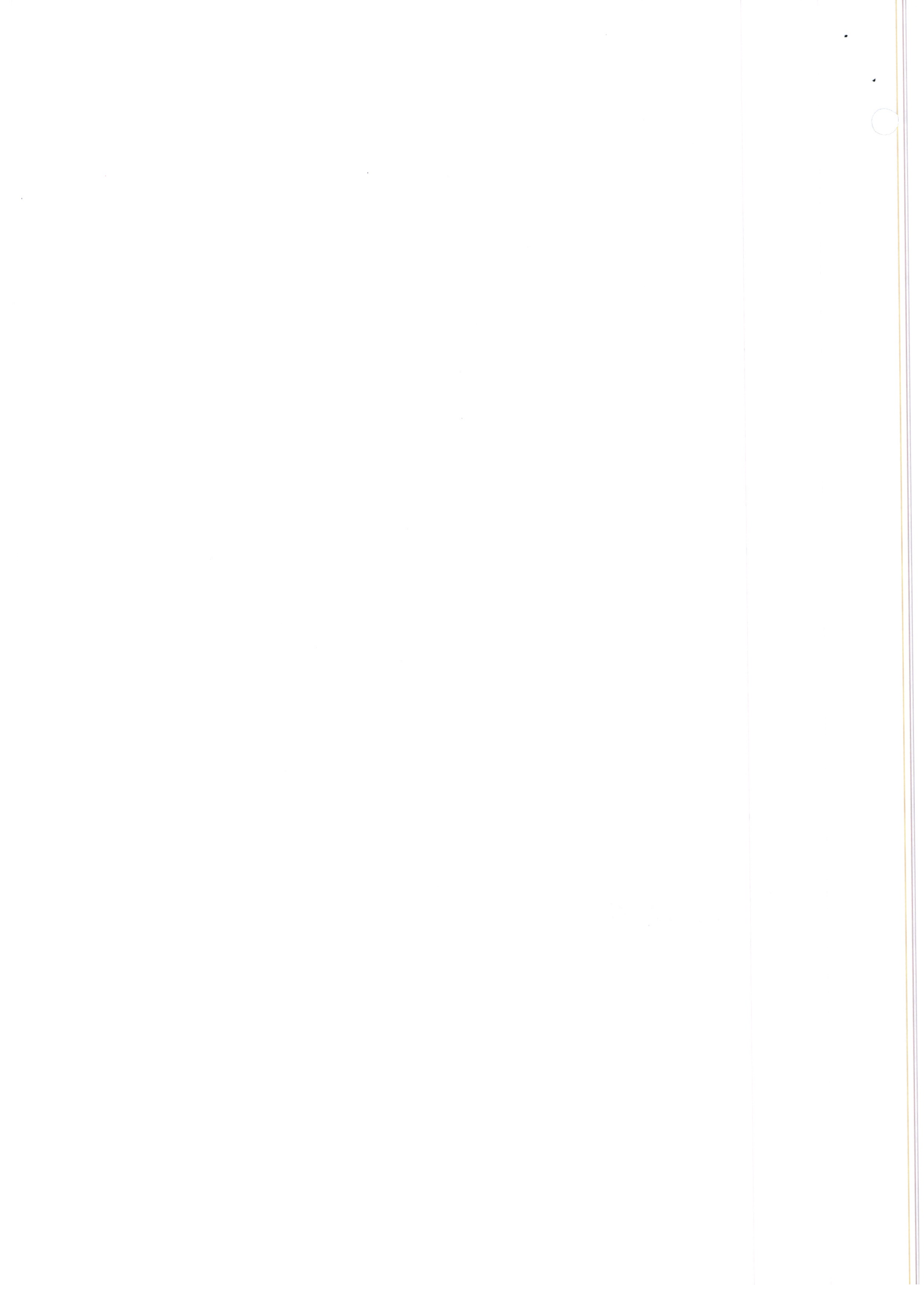
**9. Statement of Financial Performance for The Year Ended 30<sup>th</sup> June 2022**

	Note	2021-2022	2020-2021
		KShs	KShs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	0	0
Transfers From the County Government	2	100,000,000	236,000,000
Fines, Penalties and Other Levies	3	0	0
		<b>100,000,000</b>	<b>236,000,000</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	0	0
Other Income	5	0	0
		<b>0</b>	<b>0</b>
<b>Total Revenue</b>		<b>0</b>	<b>0</b>
<b>Expenses</b>			
Employee Costs	6	0	0
Use of goods and services	7	114,530,141	39,021,324
Depreciation and Amortization Expense	8	0	0
Finance Costs	9	0	0
<b>Total Expenses</b>		<b>114,530,141</b>	<b>39,021,324</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	0	0
<b>Surplus/(Deficit) for the Period</b>		<b>(14,530,141)</b>	<b>196,978,676</b>

(The notes set out on pages 19 to 24 form an integral part of these Financial Statements)

  
 Name: Michael Elgare  
 Administrator of the Fund

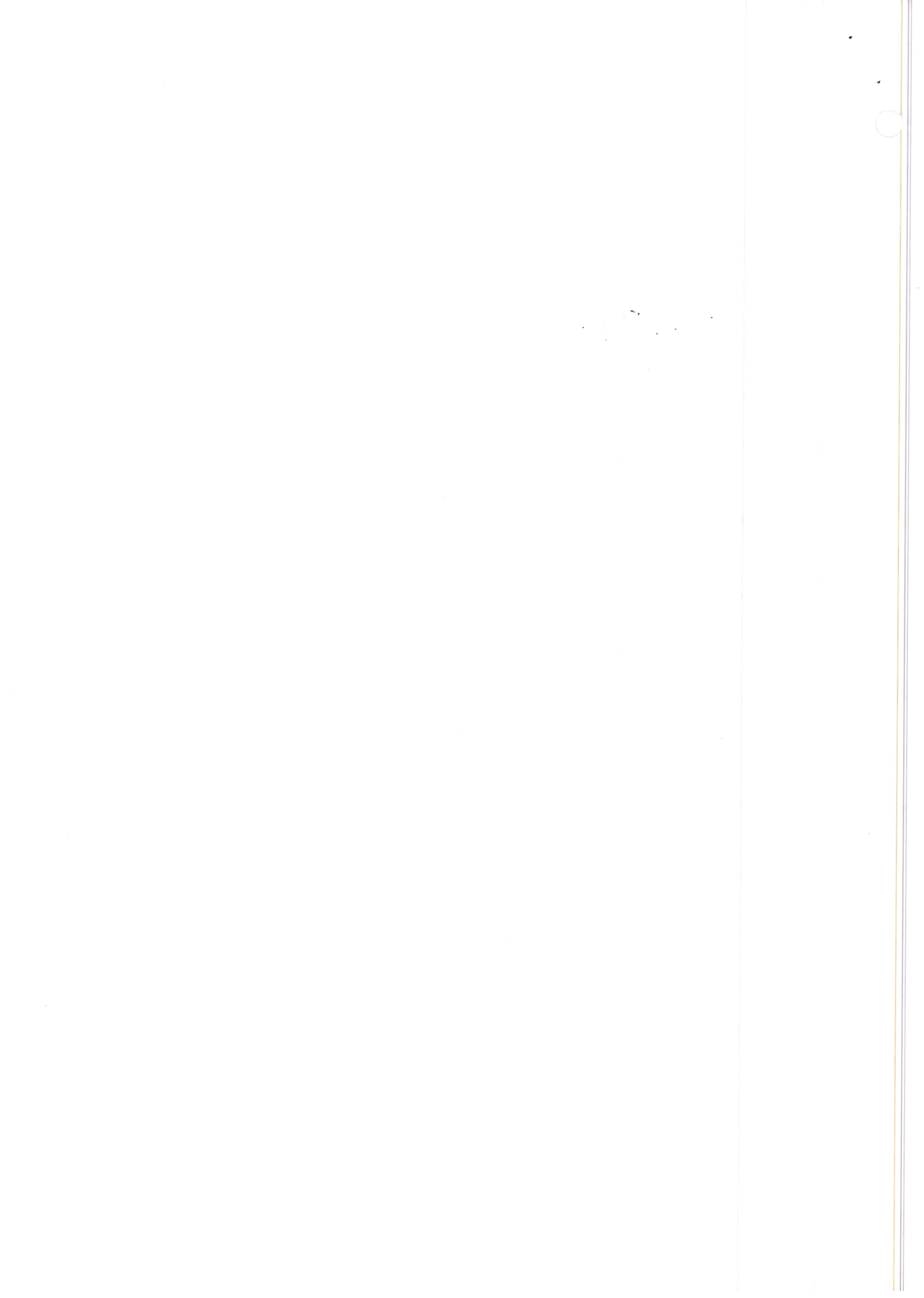
  
 Name: Joyce Asibitar  
 Fund Accountant  
 ICPAK Member Number:



**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

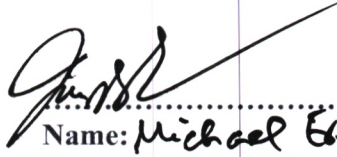
**10. Statement of Financial Position As At 30 June 2022**


	Note	2021-2022	2020-2021
		KShs	KShs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	11	9,976,286.01	157,806,896
Current Portion of Receivables From Non-Exchange Transactions	12	277,354,237	144,054,008
Prepayments	13	0	0
Inventories	14	0	0
<b>Total Current Assets</b>		<b>287,330,523</b>	<b>301,860,904</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	15	0	0
Intangible Assets	16	0	0
Long Term Receivables from Exchange Transactions		0	0
<b>Total Non-Current Assets</b>		<b>0</b>	<b>0</b>
<b>Total Assets</b>		<b>287,330,523</b>	<b>301,860,904</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	17	0	0
Provisions	18	0	0
Current Portion of Borrowings	19	0	0
Employee Benefit Obligations	20	0	0
<b>Total Current Liabilities</b>		<b>0</b>	<b>0</b>
<b>Non-Current Liabilities</b>		<b>0</b>	<b>0</b>
Non-Current Employee Benefit Obligation	20	0	0
Long Term Portion of Borrowings	19	0	0
<b>Total Non-Current Liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities</b>		<b>0</b>	<b>0</b>
<b>Net Assets</b>		<b>287,330,523</b>	<b>301,860,904</b>
Revolving Fund		470,252	470,252
Reserves		0	0
Accumulated Surplus		<b>286,860,271</b>	301,390,652
<b>Total Net Assets and Liabilities</b>		<b>287,330,523</b>	<b>301,860,904</b>

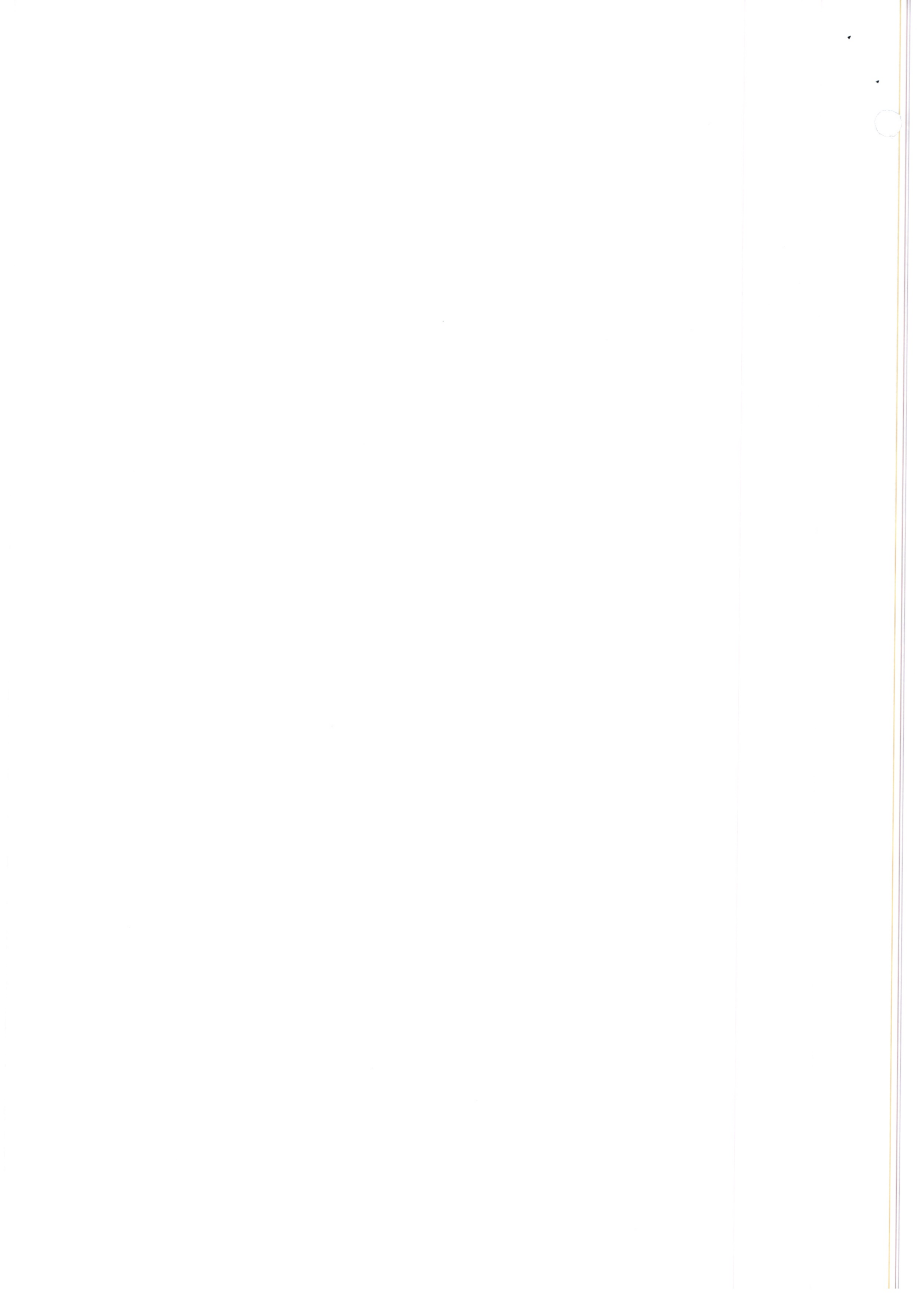


**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 17/03/2023 and signed by:

  
.....  
Name: *Michael Egeae*  
Administrator of the Fund

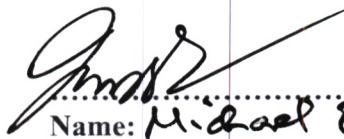
  
.....  
Name: *Joyce Asibitay*  
Fund Accountant  
ICPAK Member Number:




**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**11. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2022**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance As At 1 July 2020</b>	470,252	0	104,411,976	104,882,228
Surplus/(Deficit) For the Period	-	-	196,978,676	196,978,676
Funds Received During the Year	0	-	0	0
Transfers	0		0	
Revaluation Gain	0	0	0	0
<b>Balance As At 30 June 2021</b>	<b>470,252</b>	<b>0</b>	<b>301,390,652</b>	<b>301,860,904</b>
<b>Balance As At 1 July 2021</b>	<b>470,252</b>	<b>0</b>	<b>301,390,652</b>	<b>301,860,904</b>
Surplus/(Deficit) For the Period	0	-	-14,530,141	-14,530,141
Funds Received During the Year	0	-	0	0
Transfers	0		0	
Revaluation Gain	0	0	-	0
<b>Balance As At 30 June 2022</b>	<b>470,252</b>	<b>0</b>	<b>286,860,511</b>	<b>287,330,763</b>

  
 Name: Michael Hegar  
 Administrator of the Fund

  
 Name: Joyce Arbitor  
 Fund Accountant  
 ICPAK Member Number:

*Turkana County Emergency Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2022**

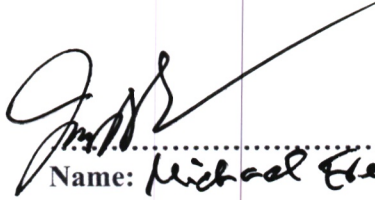
**12. Statement Of Cash Flows For The Year Ended 30 June 2022**


	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Cashflows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		0	0
Transfers from the county government	2	100,000,000	236,000,000
Interest received		0	0
Receipts from other operating activities		0	0
<b>Total receipts</b>		<b>100,000,000</b>	<b>236,000,000</b>
<b>Payments</b>			
Fund administration expenses		0	7,175,900
General expenses	7	114,530,141	31,021,324
Finance cost		0	0
Other payments		<b>0</b>	<b>0</b>
<b>Total Payments</b>		<b>114,530,141</b>	<b>39,021,324</b>
<b>Net cashflows from operating activities</b>	21	<b>(14,530,141)</b>	<b>196,978,676</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		(0)	(0)
Proceeds from sale of property, plant & equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		(0)	(0)
<b>Net cashflows used in investing activities</b>		<b>(0)</b>	<b>(0)</b>
<b>Cashflows from financing activities</b>			
Proceeds from revolving fund receipts		0	0
Additional borrowings-TCG Executive borrowings		(133,300,229)	(298,770,823)
Repayment of borrowings		(0)	192,076,564
<b>Net cashflows used in financing activities</b>		<b>(133,300,229)</b>	<b>(106,694,259)</b>
<b>Net increase/(decrease)in cash &amp; cash Equivalents</b>		<b>(147,830,610)</b>	<b>90,284,417.45</b>
Cash and cash equivalents at 1 July	11	157,806,896	67,522,479
<b>Cash and cash equivalents at 30 June</b>	11	<b>9,976,286.01</b>	<b>157,806,896</b>

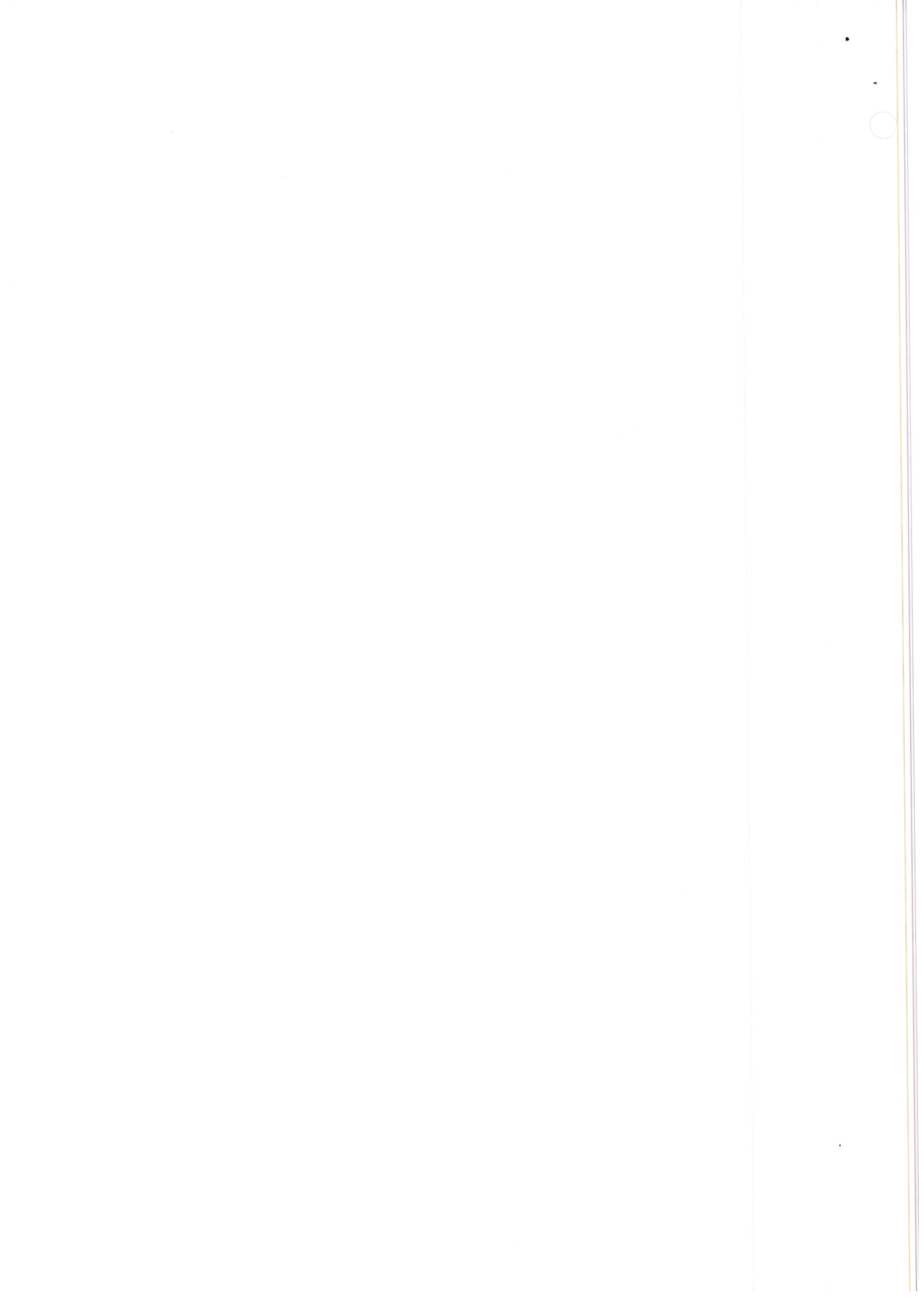


**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

*(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)*

  
Name: Michael Egeza  
Administrator of the Fund

  
Name: Joya Asibitar  
Fund Accountant  
ICPAK Member Number:



**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	0	(0)	0	0	(0)	
Transfers From County Govt.	100,000,000	157,806,896	257,806,896	100,000,000	157,806,896	
Interest Income	0	-	0	0	(0)	
Other Income	0	-	0	0	0	
<b>Total Income</b>	<b>100,000,000</b>	<b>157,806,896</b>	<b>257,806,896</b>	<b>100,000,000</b>	<b>157,806,896</b>	
<b>Expenses</b>						
Fund Administration Expenses	3,000,000	4,734,206.88	7,734,206.88	2,920,400	262,856.88	2.9%
General Expenses	97,000,000	153,072,689	250,072,689	111,609,741	143,013,658	41.5%
Finance Cost	0	(0)	0	0	(0)	0
<b>Total Expenditure</b>	<b>100,000,000</b>	<b>157,806,896</b>	<b>257,806,896</b>	<b>114,530,141</b>	<b>(0)</b>	<b>44.4%</b>
<b>Surplus For The Period</b>	<b>100,000,000</b>	<b>157,806,896</b>	<b>257,806,896</b>	<b>(14,530,141)</b>	<b>143,276,515</b>	<b>55.6%</b>

**Budget notes**

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**14. Notes to the Financial Statements**

**1. General Information**

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

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

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

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

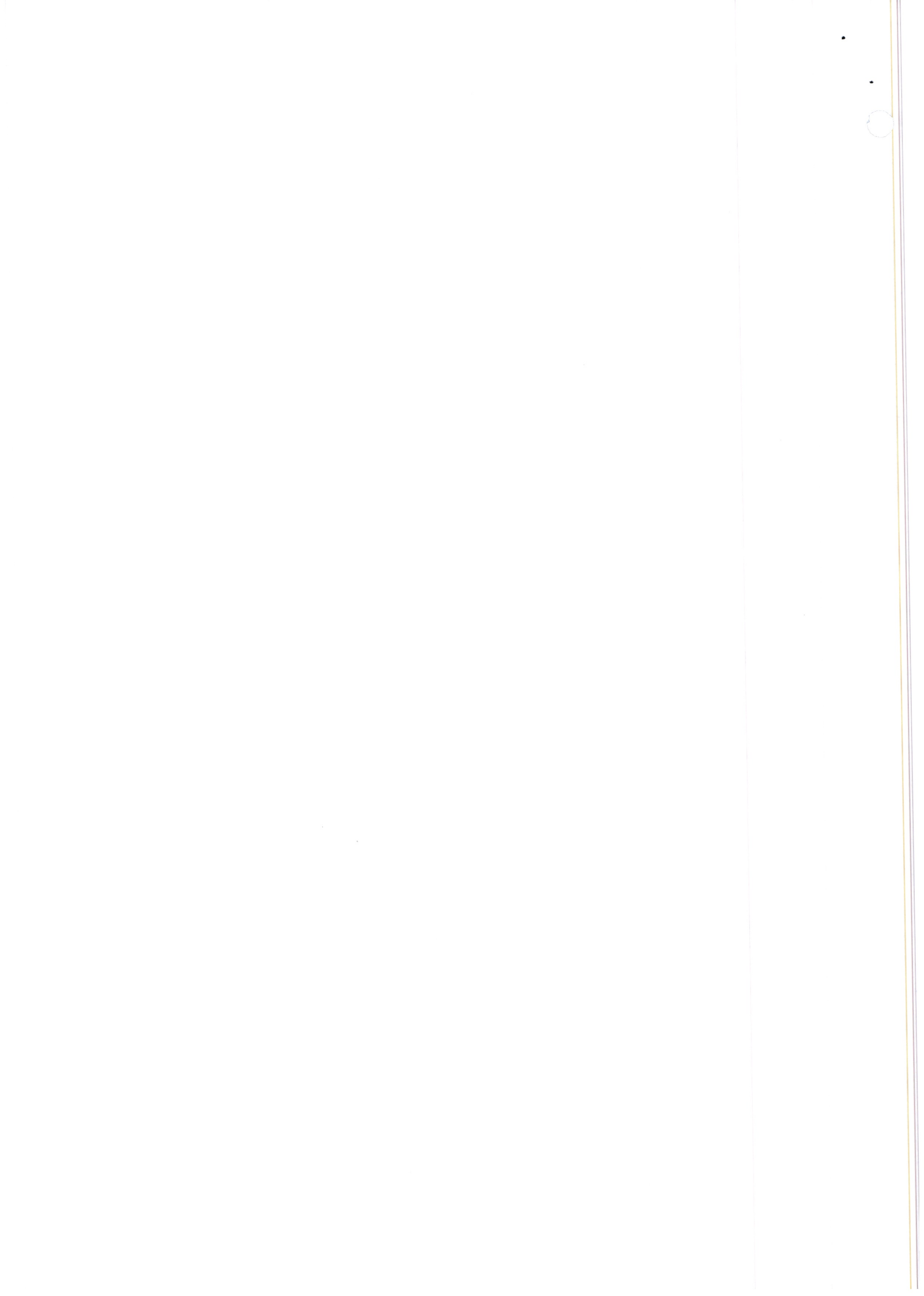
**3. Adoption of new and revised standards**

**(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022**

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

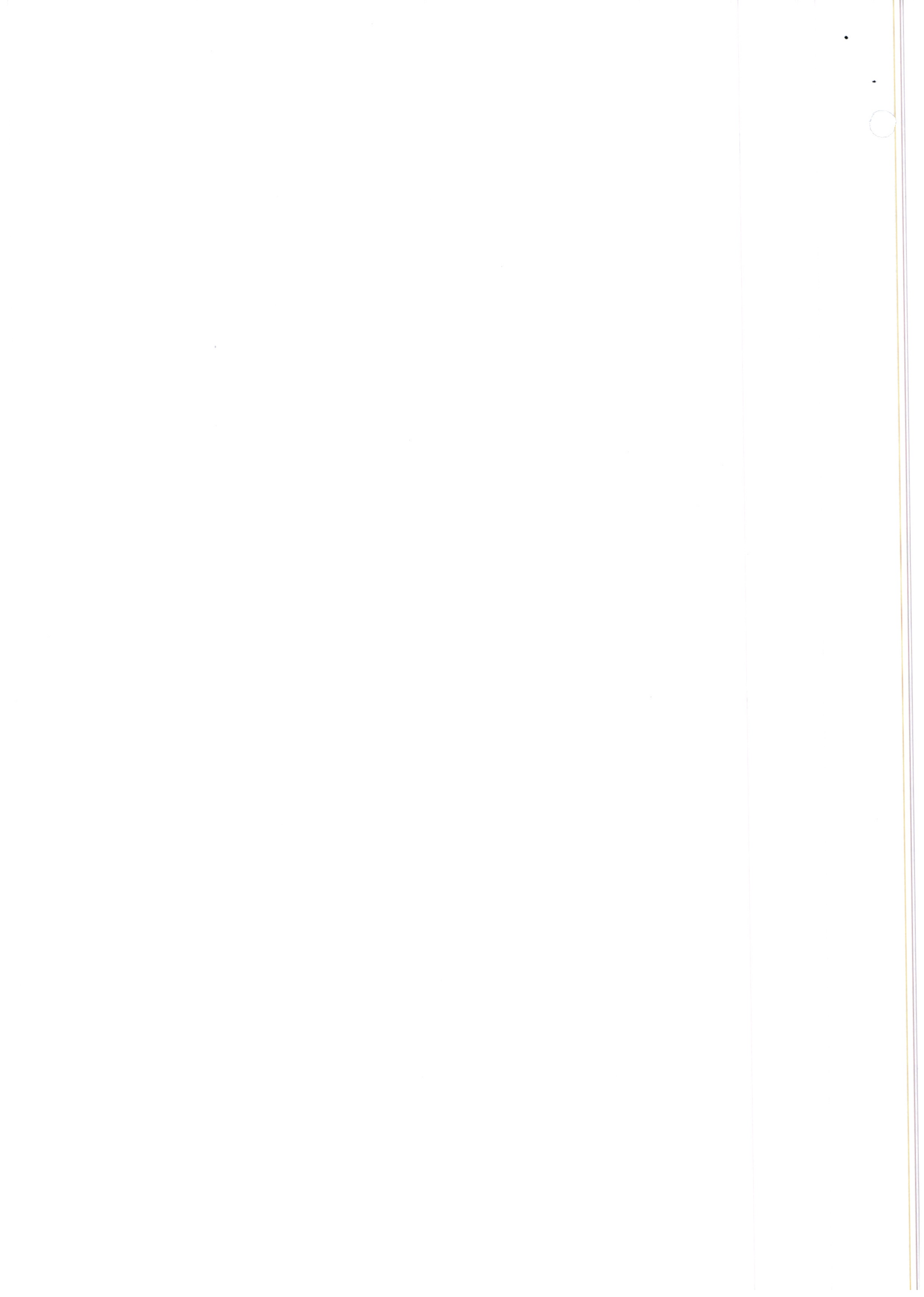
**(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41: Financial Instruments</b>	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.



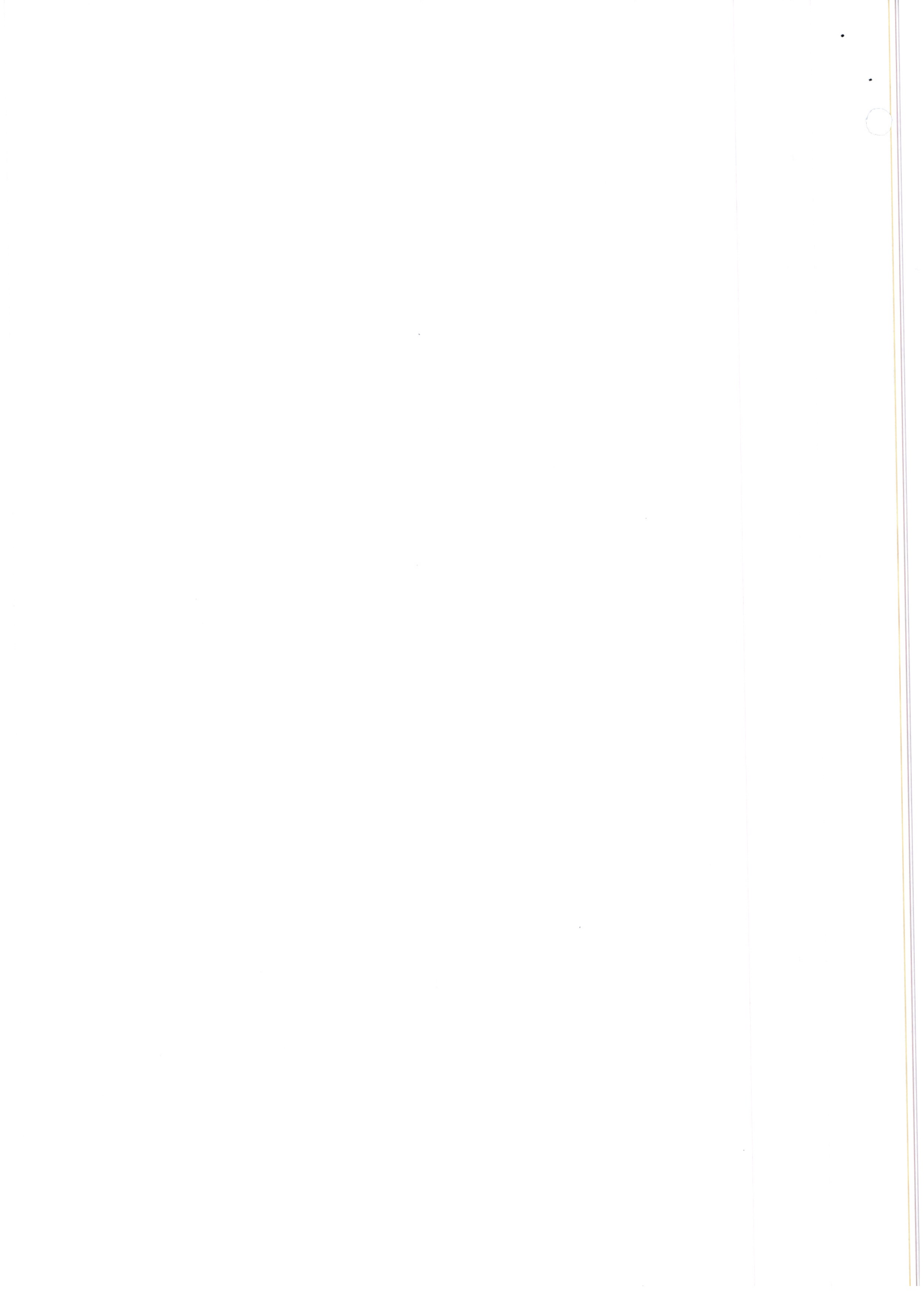
**Turkana County Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	<p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><b>It will help in improving preparation of financial statements.</b></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul> <p><b>It will help in simplifying the information prepared for easy understanding by the users.</b></p>



**Turkana County Emergency Fund**  
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Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>It will help in the amendments of financial statements</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><b>It will help in improving the financial statement</b></p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a</p>

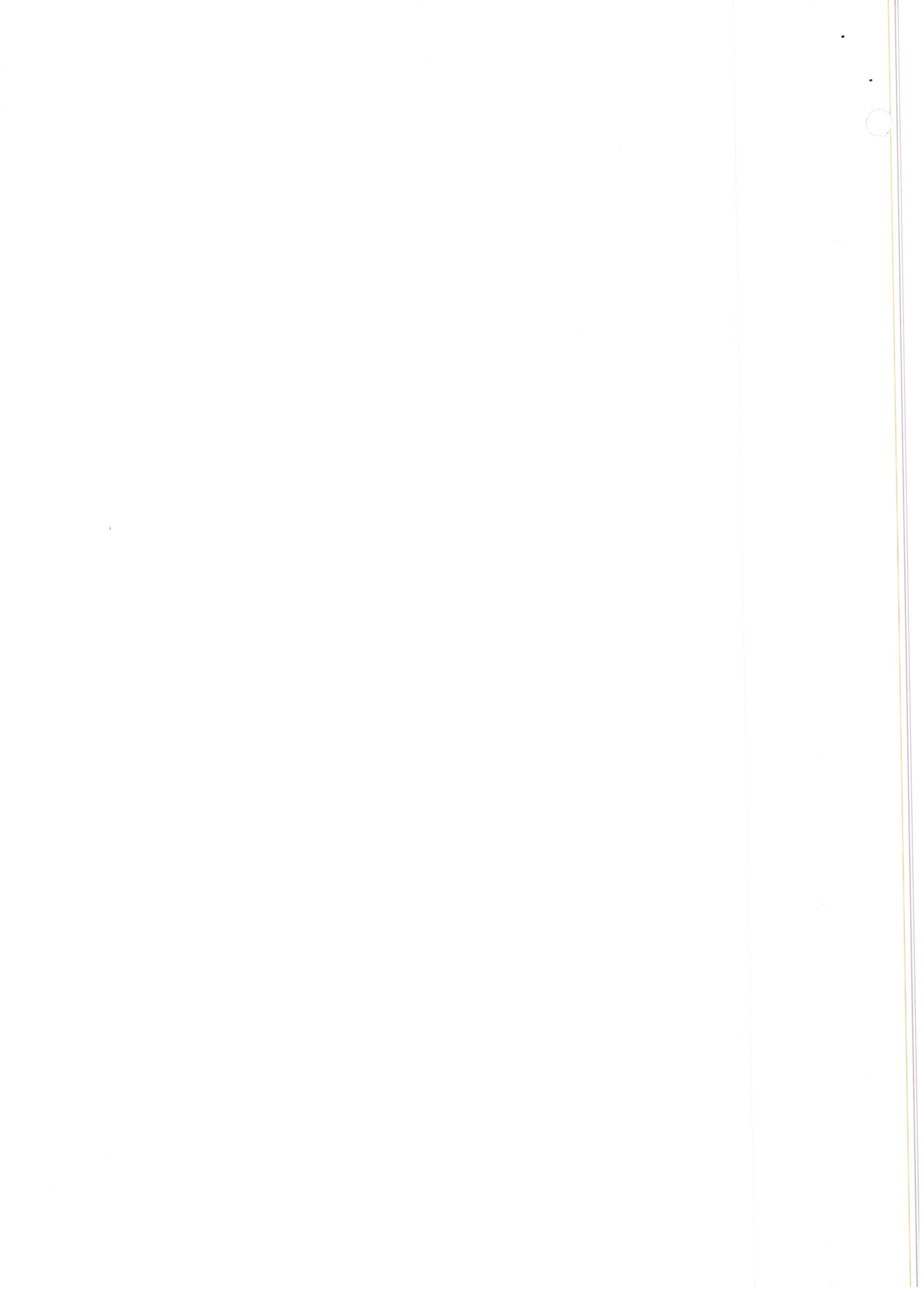


**Turkana County Emergency Fund**  
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Standard	Effective date and impact:
	<p>basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**(iii) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2022.



**4. Significant Accounting Policies**

**a) Revenue recognition**

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

Transfers from other government entities

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

**ii. Revenue from exchange transactions**

***Interest income***

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

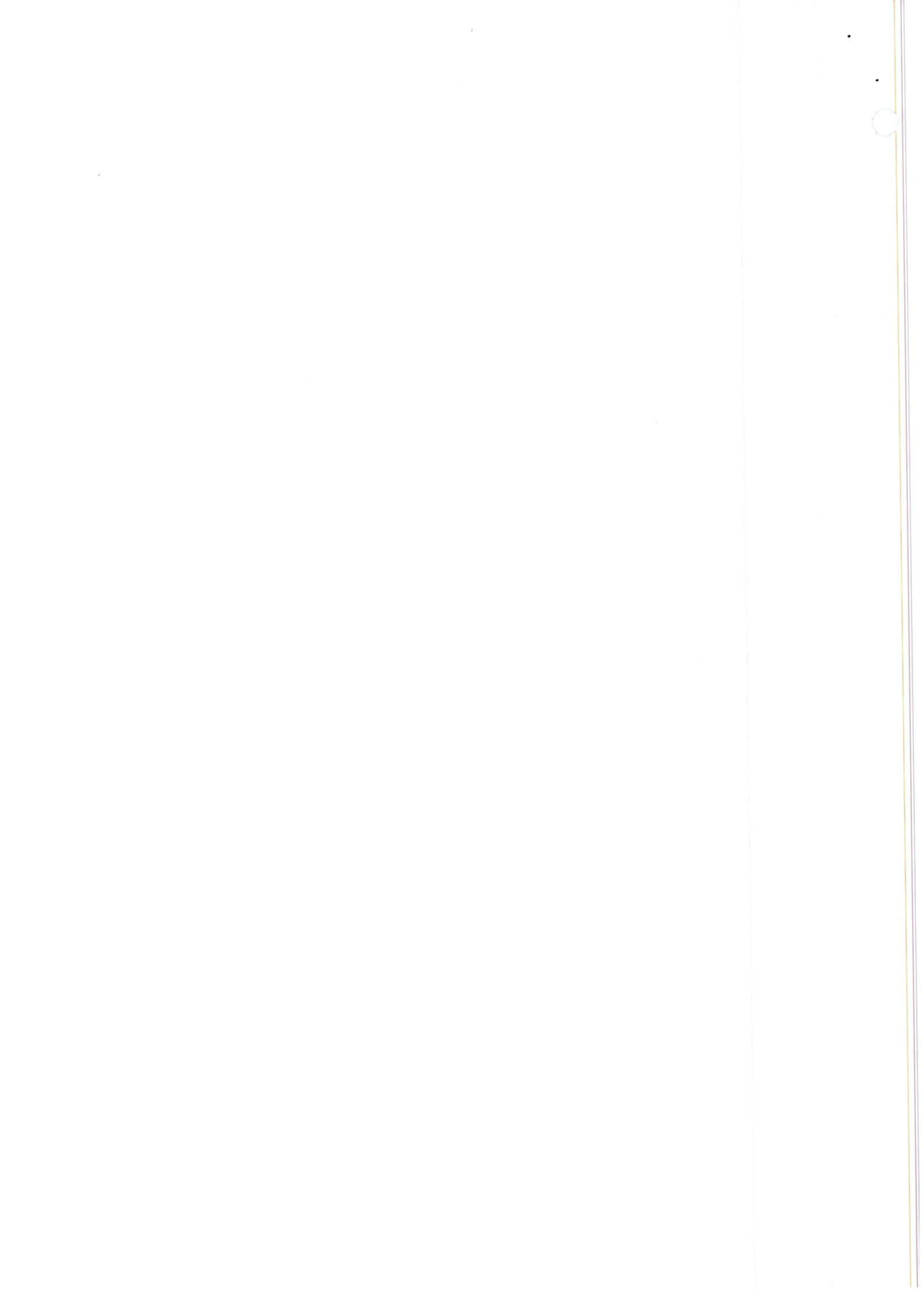
**b) Budget information**

The original budget for FY 2021-2022 was approved by the County Assembly on 24.06.2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded no additional appropriations on the FY 2021-2022 budget.

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

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

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



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

**c) Property, plant and equipment**

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

**d) Intangible Assets**

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

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

**e) Financial instruments**

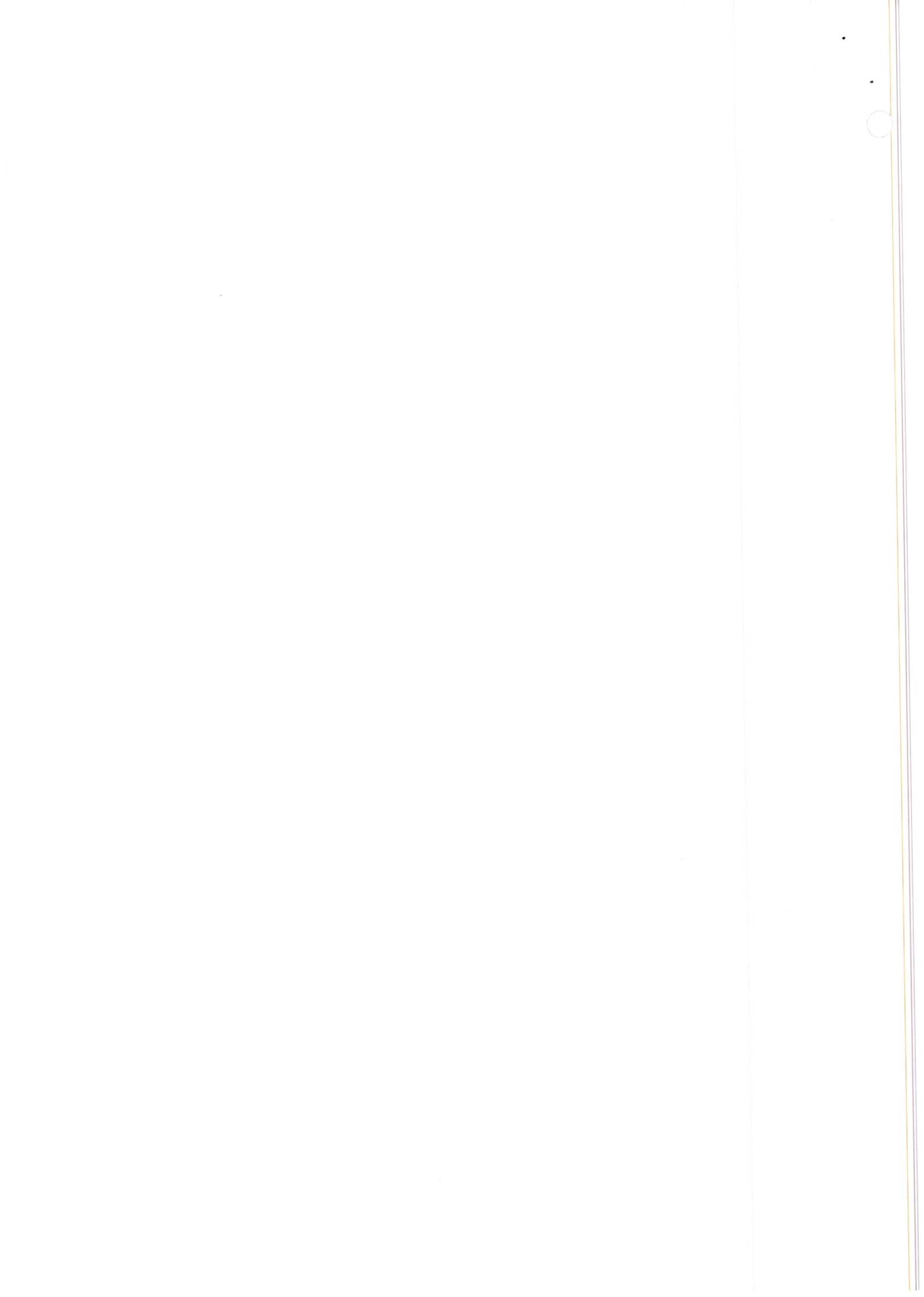
***Financial assets***

***Initial recognition and measurement***

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

***Loans and receivables***

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



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

***Held-to-maturity***

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

***Impairment of financial assets***

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

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

***Financial liabilities***

***Initial recognition and measurement***

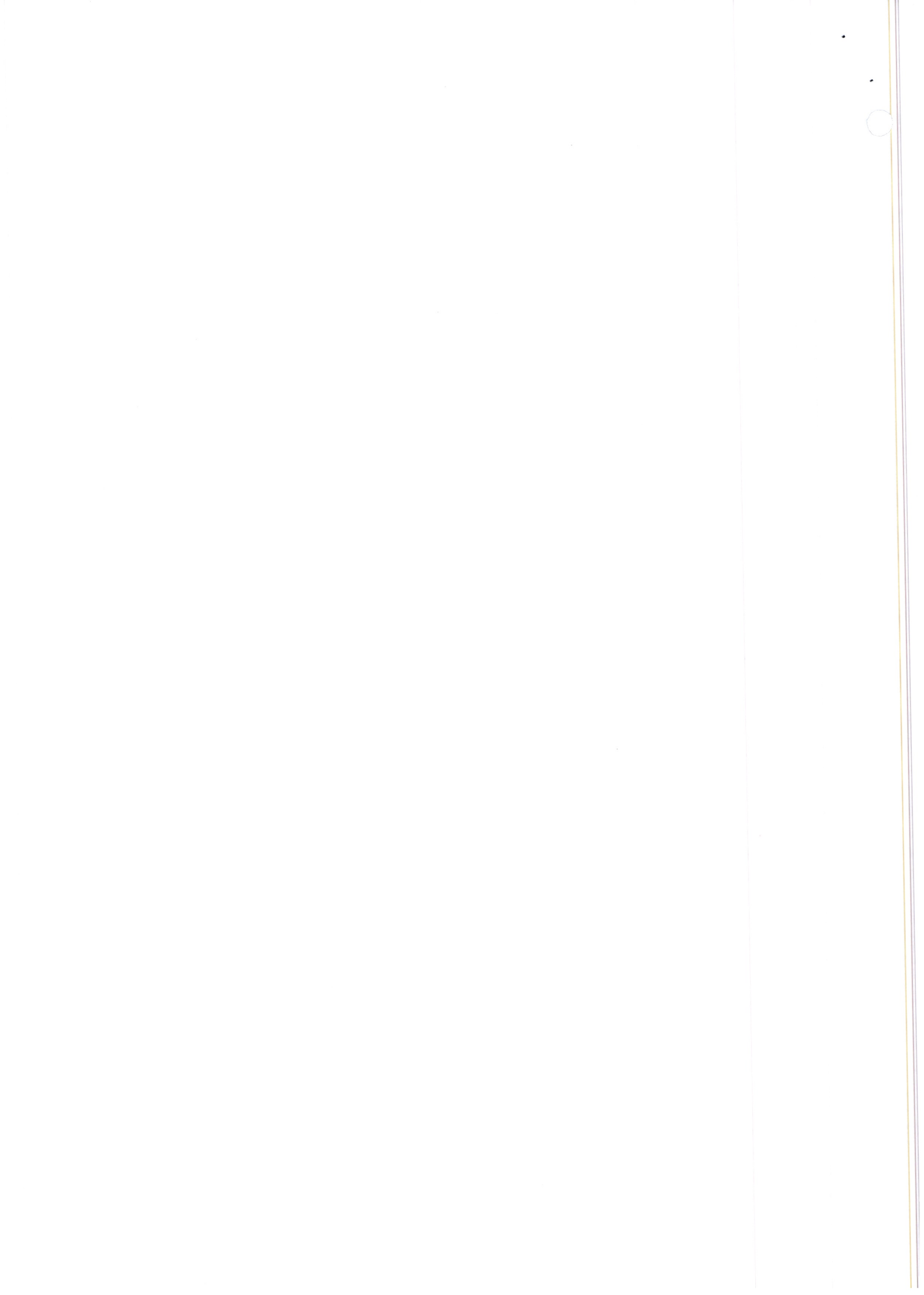
Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

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

***Loans and borrowing***

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

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



***Turkana County Emergency Fund***  
***Annual Report and Financial Statements for the year ended June 30, 2022***

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

**f) Inventories**

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**g) Provisions**

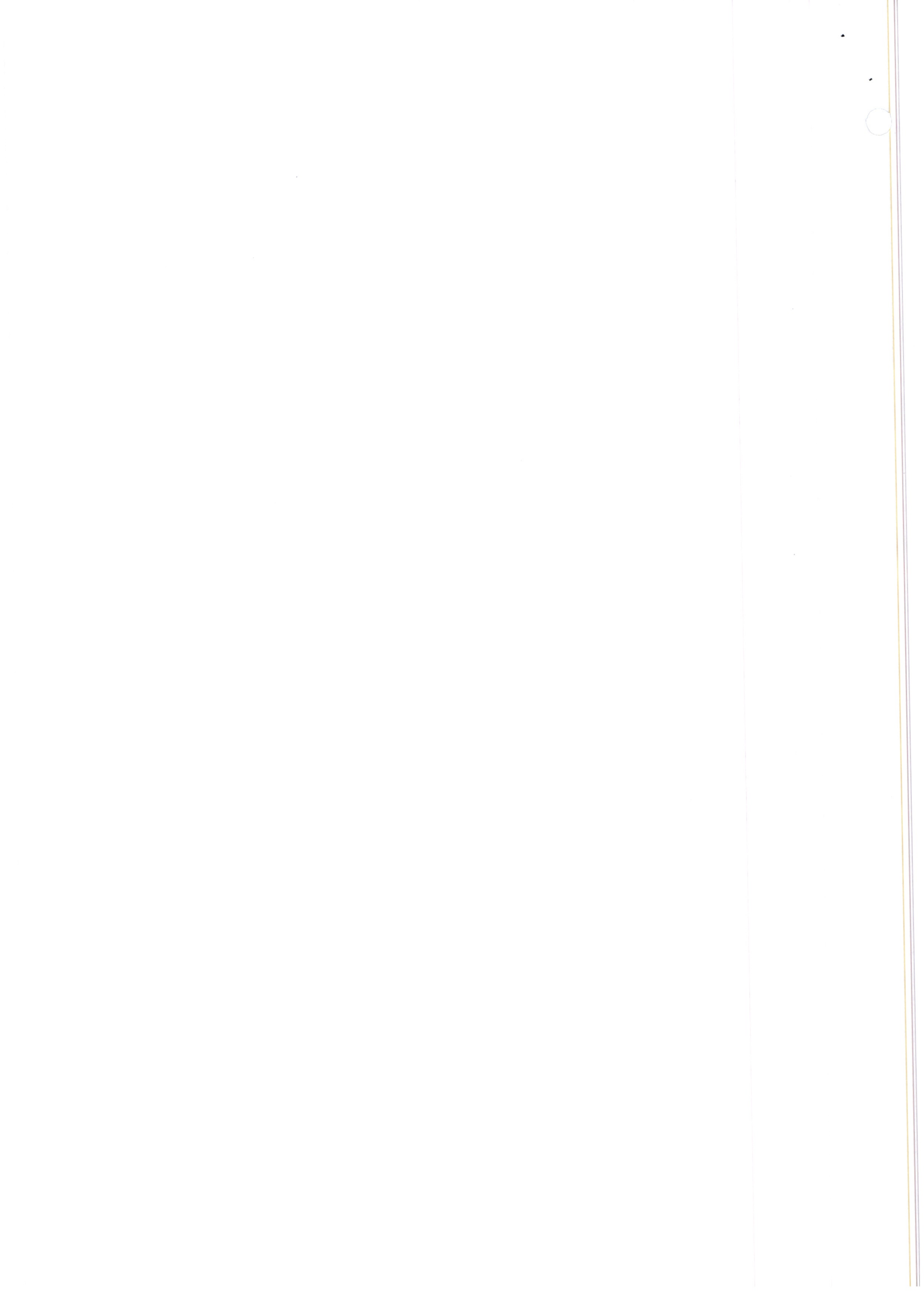
Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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



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

**Contingent assets**

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

**h) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. *There is no reserves maintained and appropriate policies adopted.*

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

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

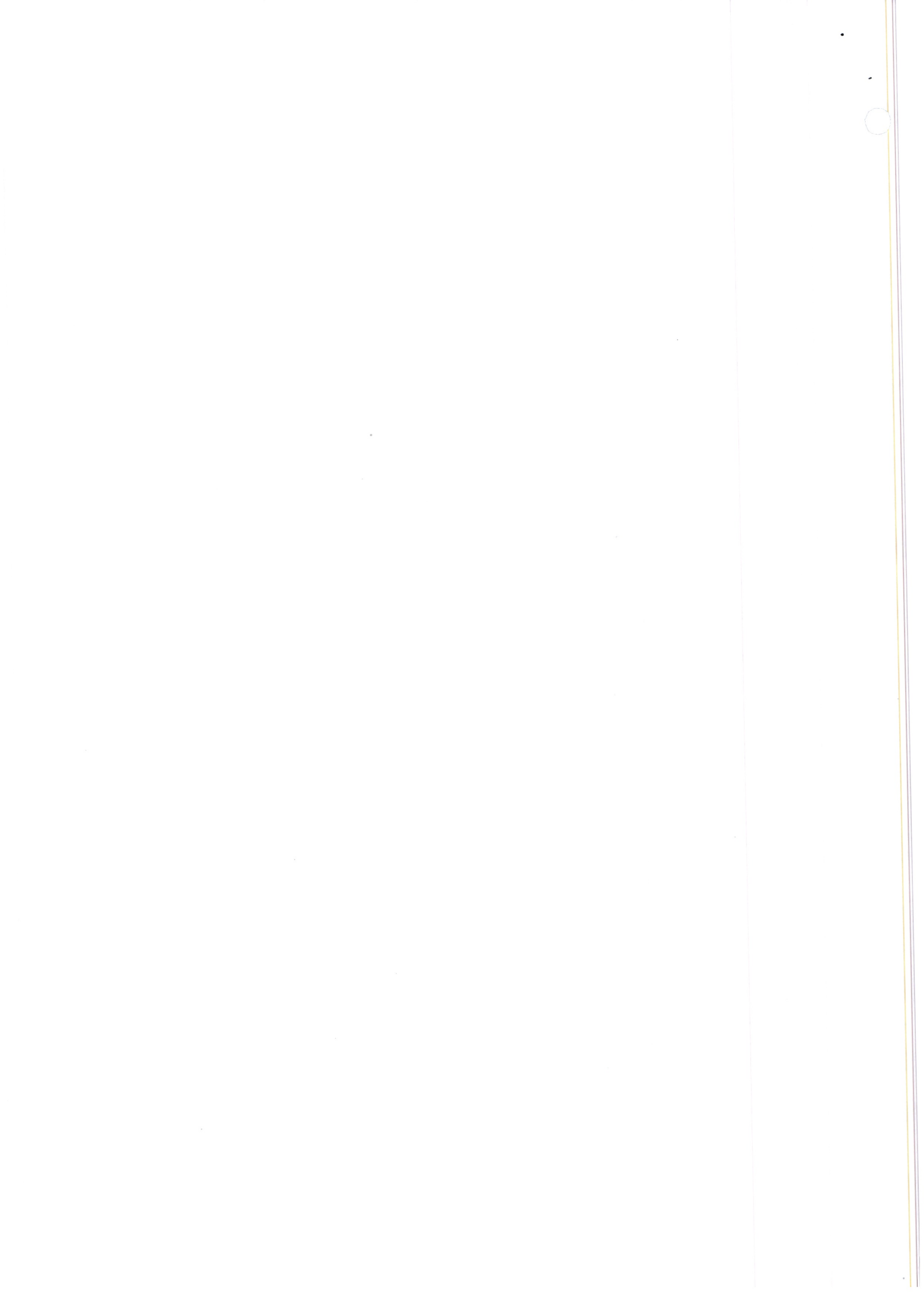
**j) Employee benefits– Retirement benefit plans**

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

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

**k) Foreign currency transactions**

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



*Turkana County Emergency Fund*  
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**Summary Of Significant Accounting Policies (Continued)**

**l) 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.

**m) Related parties**

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

**n) Cash and cash equivalents**

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

**o) Comparative figures**

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

**p) Events after the reporting period**

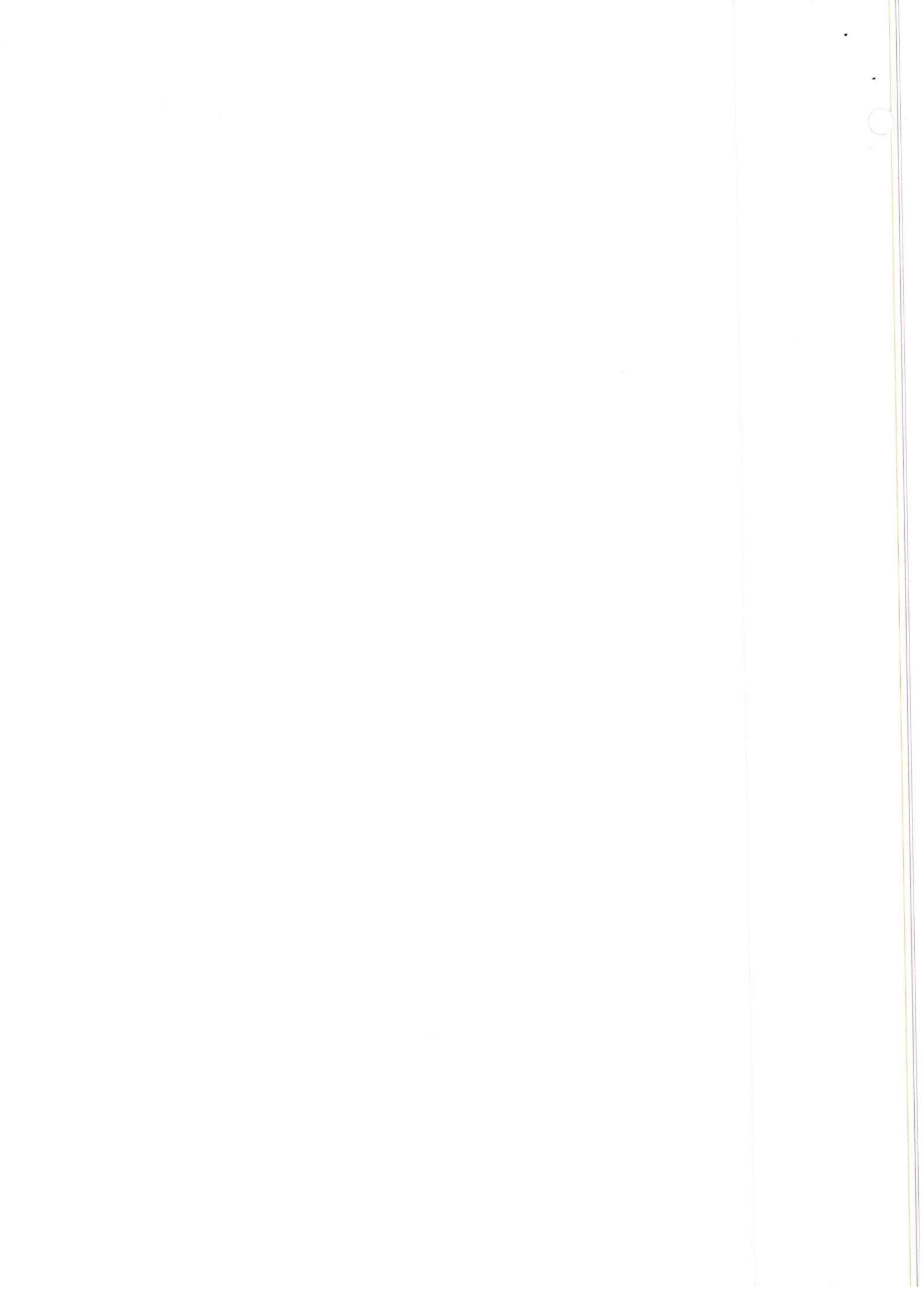
There were no material adjusting and non- adjusting events after the reporting period.

**q) Ultimate and Holding Entity**

The entity is a County Public Fund established by the Turkana County Emergency Fund Act, 2016, the purpose of the fund is to enable payments to be made in respect of a County when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority. under the Ministry of Finance and Economic Planning. Its ultimate parent is the County Government of Turkana.

**r) Currency**

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



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

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

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

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

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

**b) Useful lives and residual values**

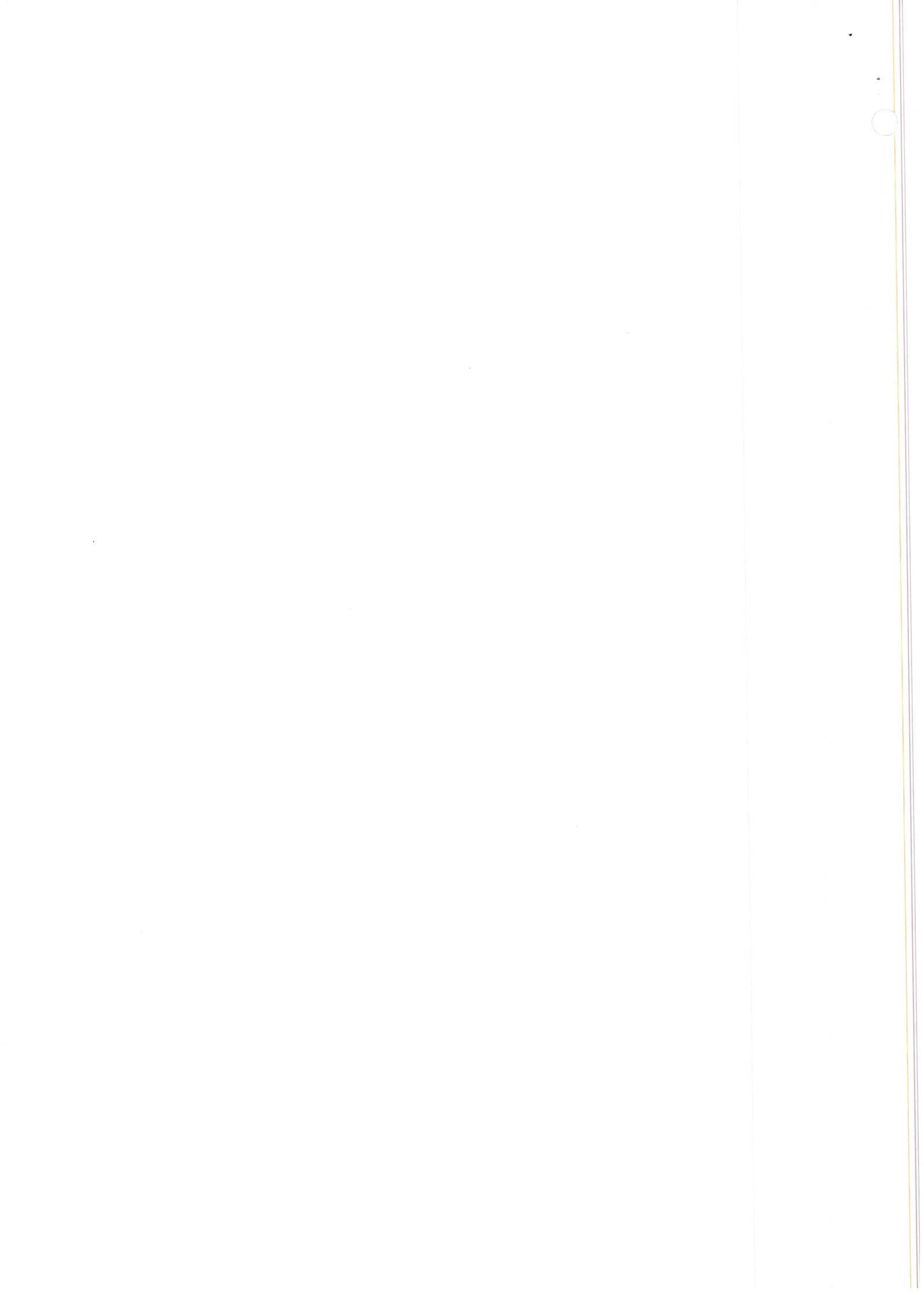
The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

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

**c) Provisions**

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

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



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**6. Notes To The Financial Statements**

**1. Public contributions and donations**

Description	2021-2022	2020-2021
	KShs	Kshs
Donation From Development Partners	0	0
Contributions From the Public	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**2. Transfers from County Government**

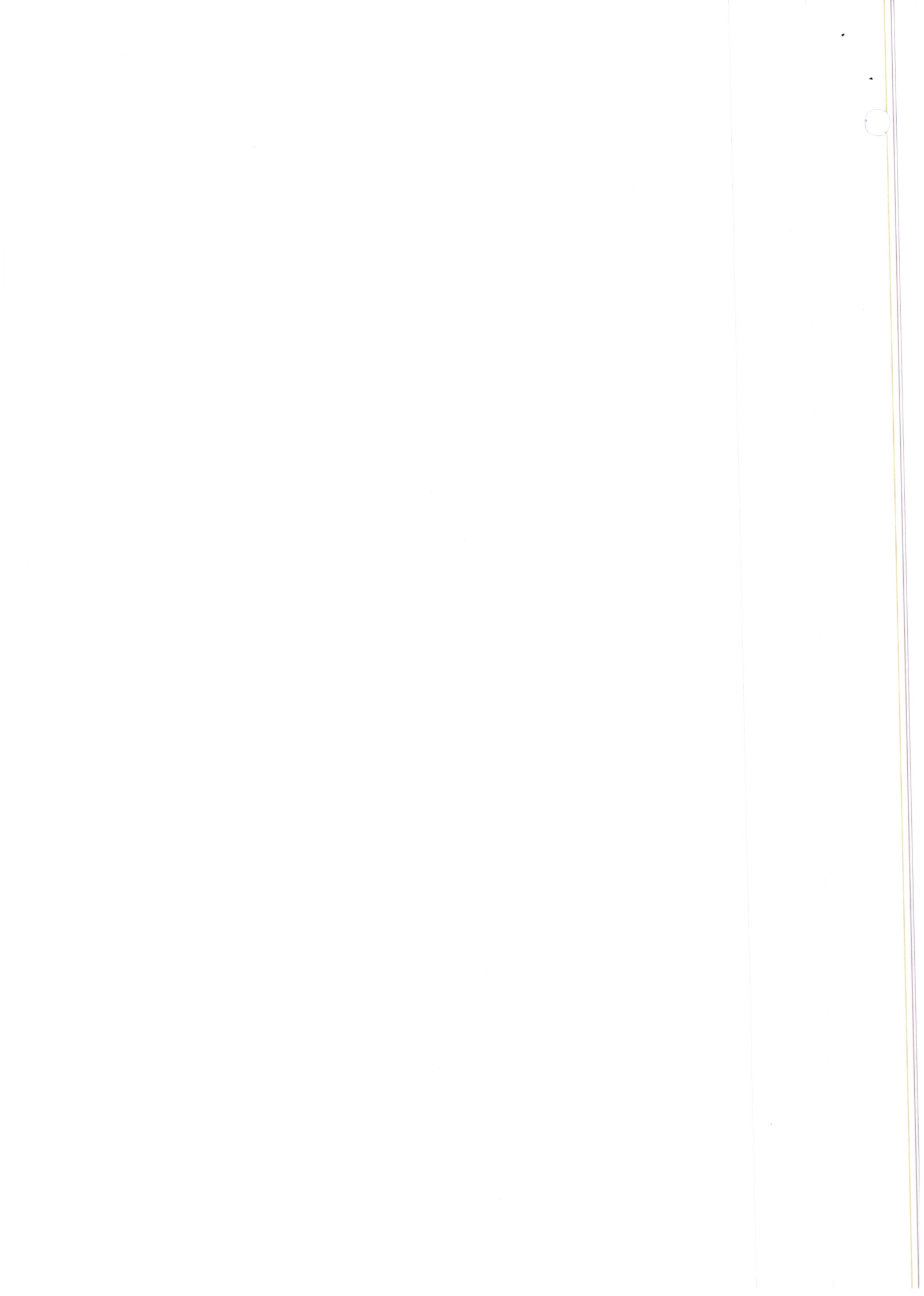
Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	100,000,000	236,000,000
Payments By County On Behalf Of The Entity	0	0
<b>Total</b>	<b>100,000,000</b>	<b>236,000,000</b>

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Late Payment Penalties	0	0
Fines	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**4. Interest income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income from Mortgage Loans	0	0
Interest Income from Car Loans	0	0
Interest Income from Investments	0	0
Interest Income on Bank Deposits	0	0
<b>Total Interest Income</b>	<b>0</b>	<b>0</b>



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

**5. Other income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	0	0
Income From Sale Of Tender Documents	0	0
Miscellaneous Income	0	0
<b>Total Other Income</b>	<b>0</b>	<b>0</b>

**6. Employee Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries And Wages	0	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Social Security Contribution	0	0
Other ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**7. Use of Goods and Services**

Description	2021/22	2020/21
	Kshs.	Kshs.
General Office Expenses	111,604,047	31,837,916.55
Loan Processing Costs	0	0
Professional Services Costs	0	0
Administration Fees	2,920,400	7,175,900
Committee Allowances	0	0
Bank Charges	5,694	7,507
Electricity And Water Expenses	0	0
Fuel And Oil Costs	0	0
Insurance Costs	0	0
Postage And Courier	0	0
Printing And Stationery	0	0
Description	2021/22	2020/21



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	Kshs.	Kshs.
Rental Costs	0	0
Security Costs	0	0
Telephone And Communication Expenses	0	0
Bank Charges	0	0
Audit Fees	0	0
Provision For Doubtful Debts	0	0
Other ( <i>Specify</i> )	0	0
<b>Total</b>	<b>114,530,141</b>	<b>39,021,323.55</b>

**8. Depreciation and Amortization Expense**

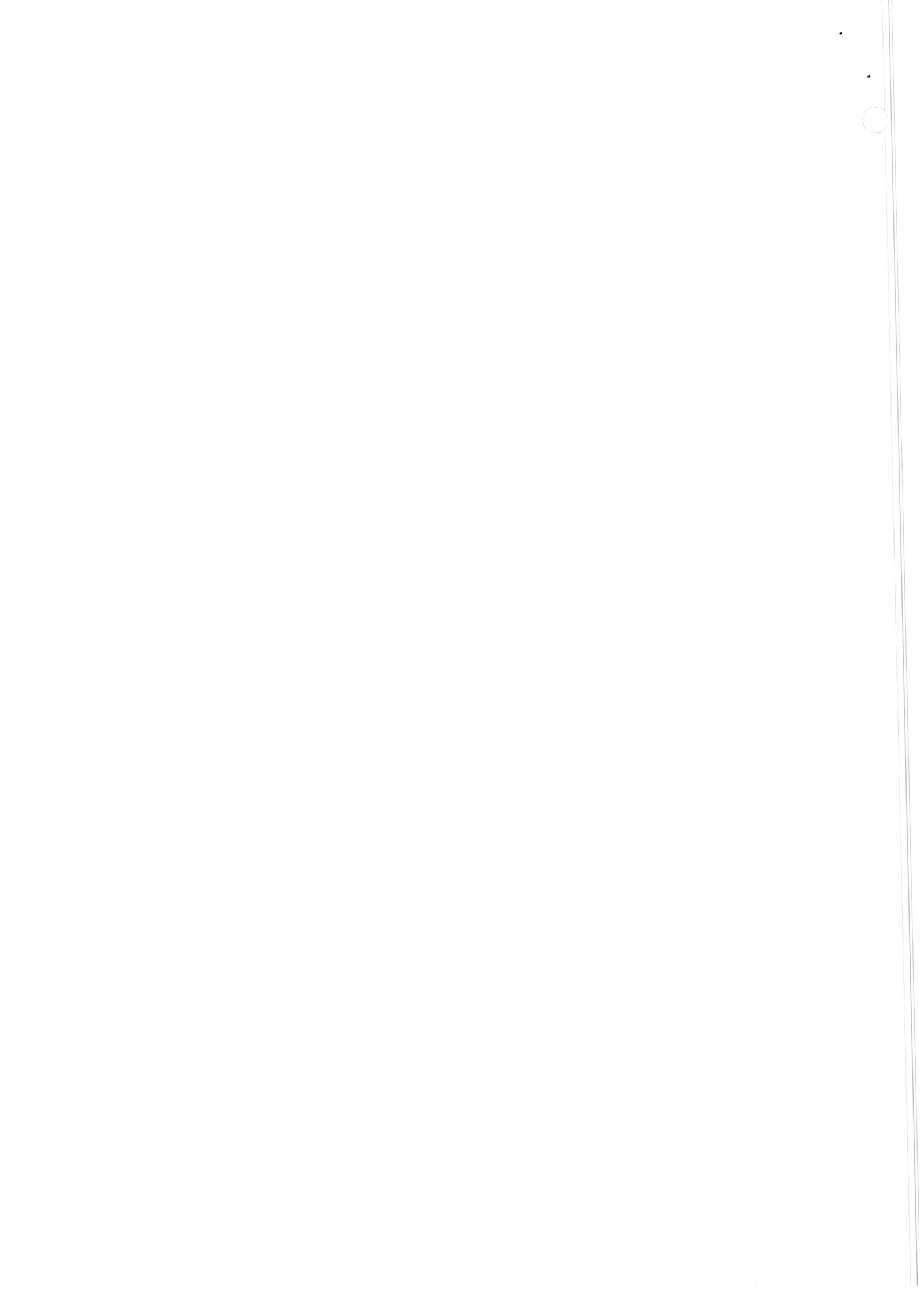
Description	2021/22	2020/21
	Kshs.	Kshs.
Property Plant and Equipment	0	0
Intangible Assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**9. Finance costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest On Bank Overdrafts	0	0
Interest On Loans From Banks	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant And Equipment	0	0
Intangible Assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



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

**11. Cash and cash equivalents**

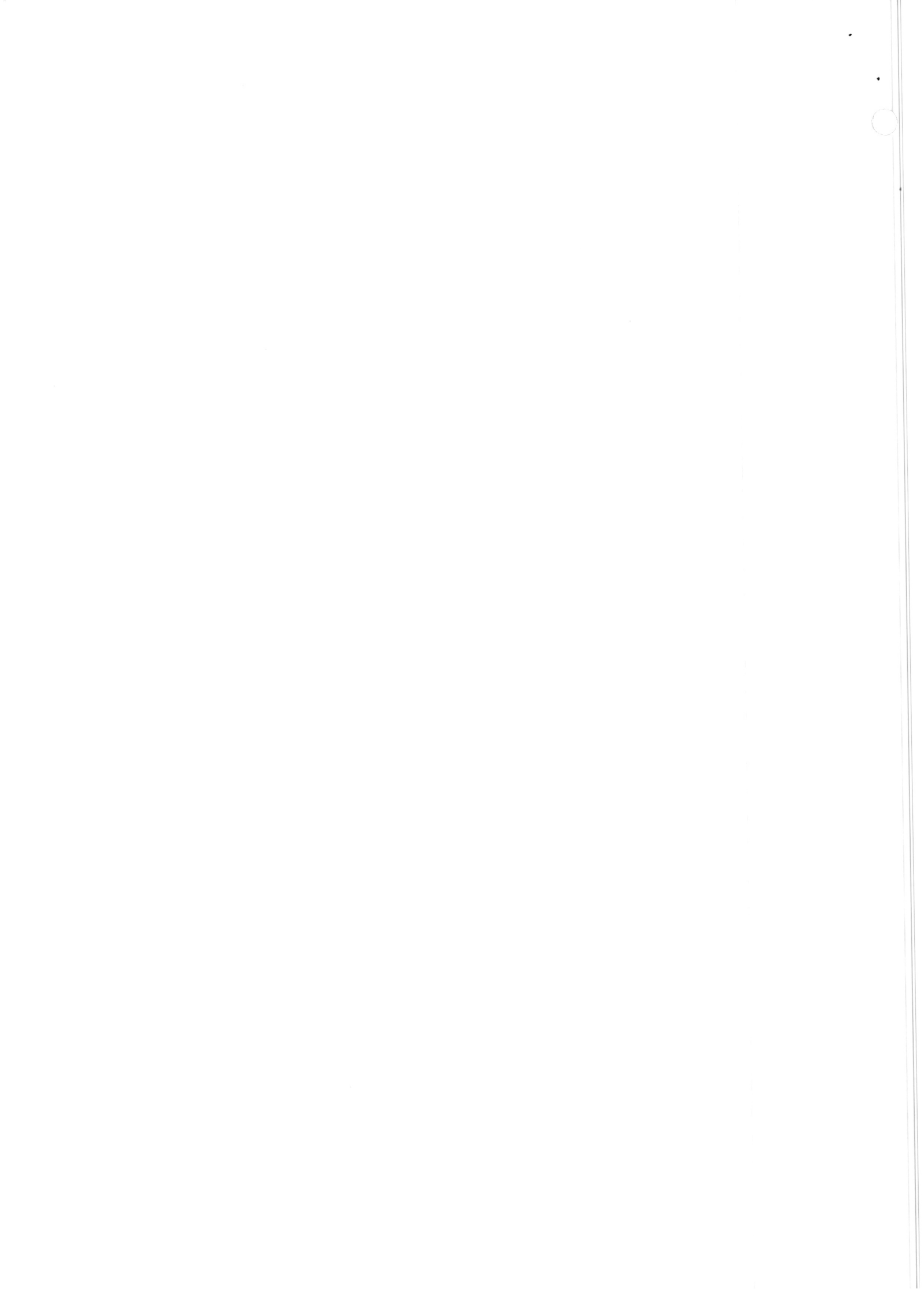
Description	2021-2022	2020-2021
	Kshs	Kshs
Turkana County Emergency Fund – 1163710075	9,976,286.01	157,806,896
<b>Total Cash And Cash Equivalents</b>	<b>9,976,286.01</b>	<b>157,806,896</b>

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

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		0	0
Equity Bank, Etc.		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		0	0
Equity Bank - Etc.		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>c) Current Account</b>			
Kenya Commercial Bank	1163710075	9,976,286.01	157,806,896
Bank B		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>d) Others (Specify)</b>			
Cash In Transit		0	0
Cash In Hand		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>Grand Total</b>		<b>9,976,286.01</b>	<b>157,806,896</b>

**12. Receivables from exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Current Receivables</b>		



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Interest Receivable	0	0
Current Loan Repayments Due	0	0
Other Exchange Debtors	0	0
Less: Impairment Allowance	(0)	(0)
<b>Total Current Receivables</b>		
<b>Non-Current Receivables</b>		
Receivables from Non Exchange Transactions	277,354,237	144,054,008
<b>Total Non- Current Receivables</b>	277,354,237	144,054,008
<b>Total Receivables From Non Exchange Transactions</b>	<b>277,354,237</b>	<b>144,054,008</b>

**Additional disclosure on interest receivable**

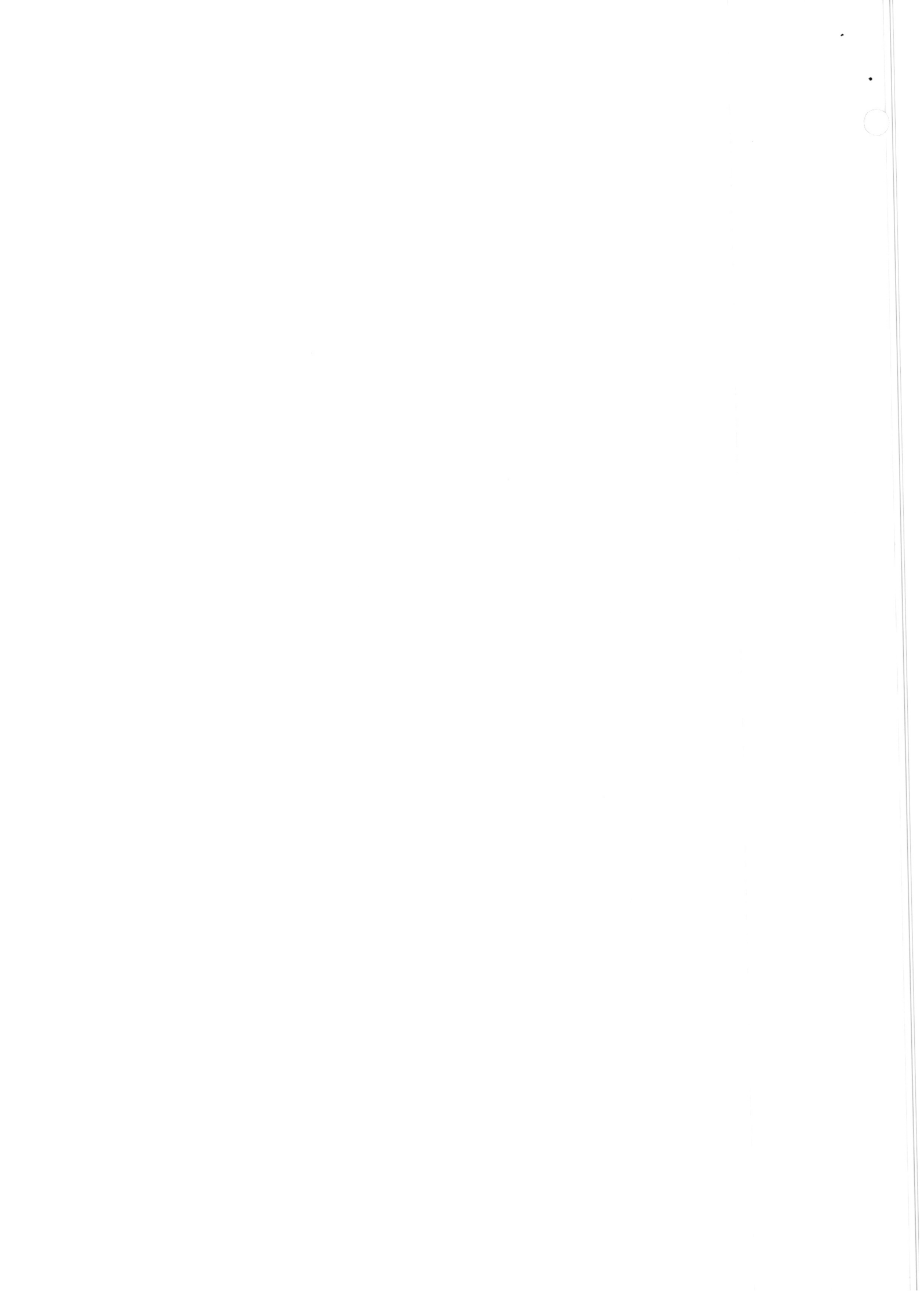
Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	0	0
<b>Current loan repayments due</b>	0	0
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

**13. Prepayments**

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments (Specify)	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

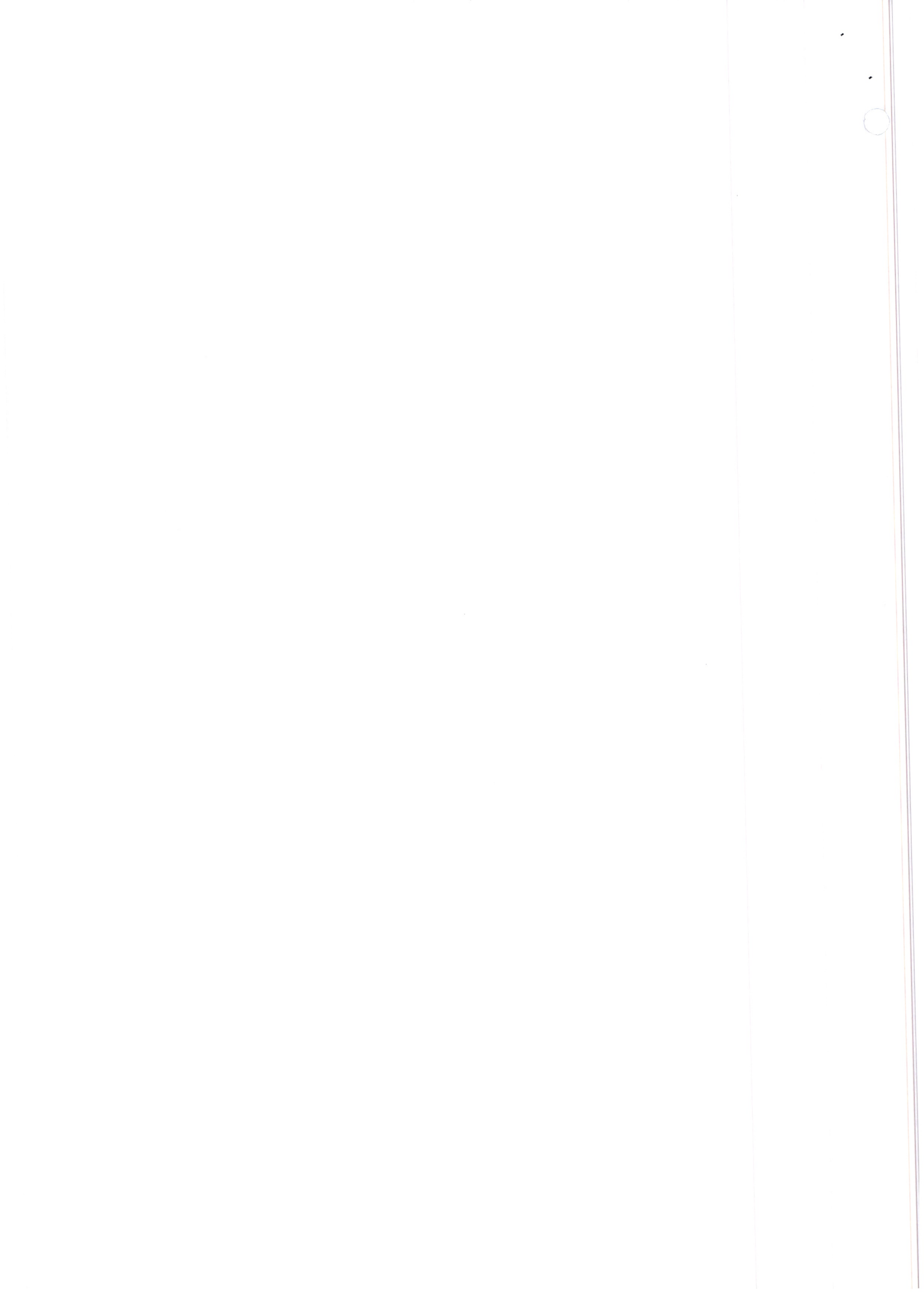
**14. Inventories**

Description	2021-2022	2020-2021
	Kshs	Kshs



***Turkana County Emergency Fund***  
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Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories (Specify)	0	0
<b>Total Inventories At The Lower Of Cost And Net Realizable Value</b>	<b>0</b>	<b>0</b>

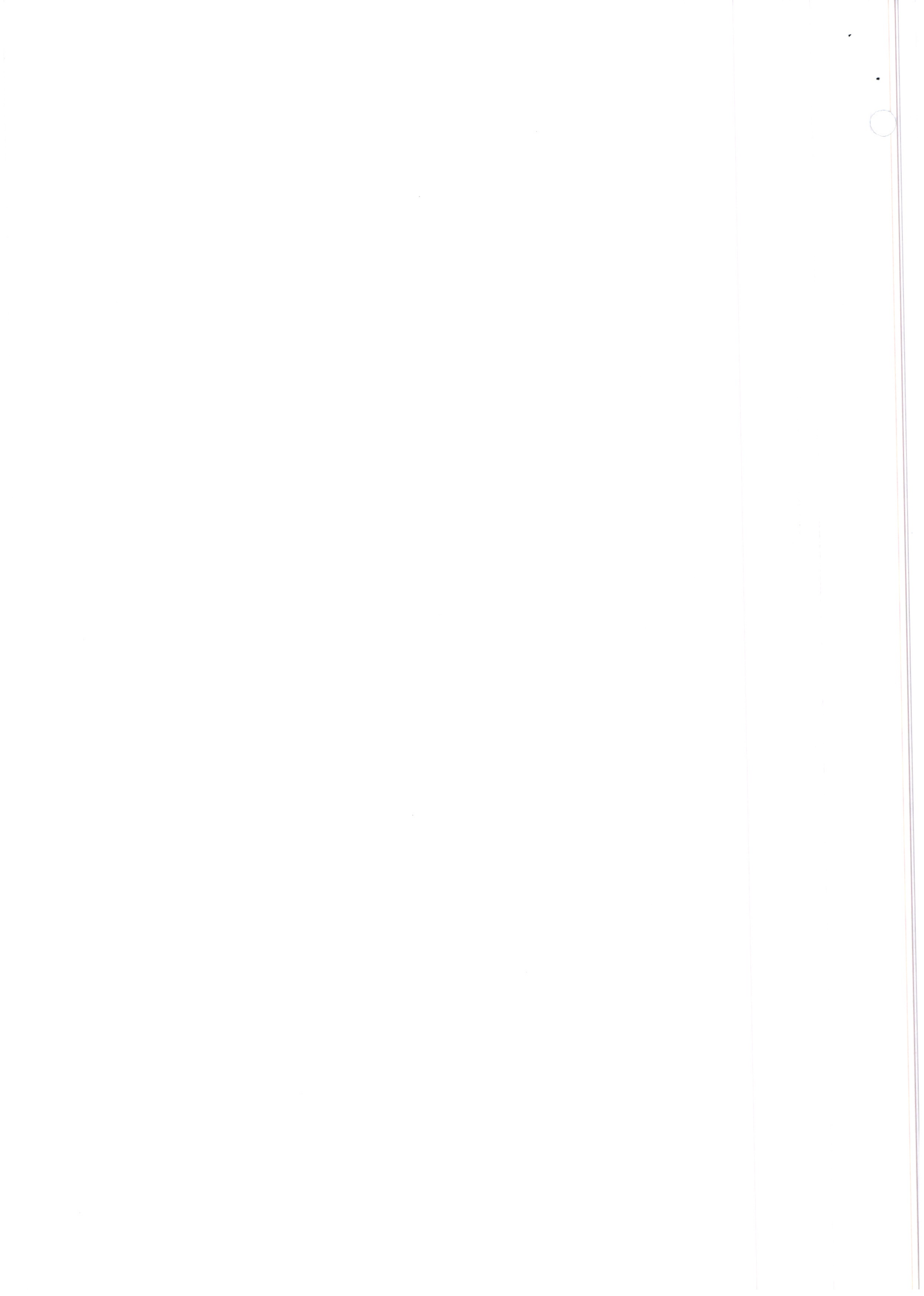


*Turkana County Emergency Fund  
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**Notes To The Financial Statements (Continued)**

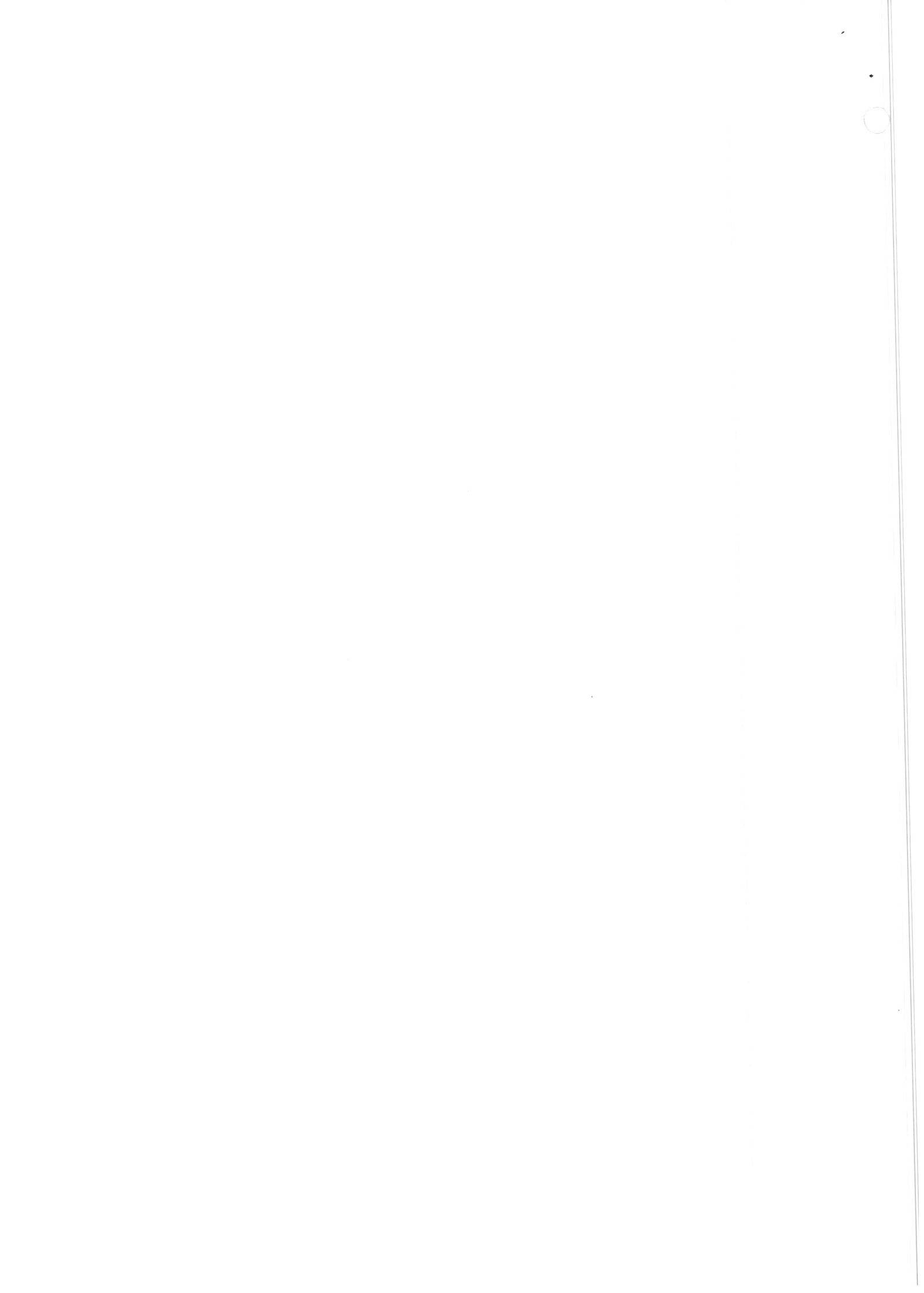
**15. Property, plant and equipment**

	<b>Land and Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers and office equipment</b>	<b>Total</b>
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 1<sup>st</sup> July 2020</b>	0	0	0	0	0
Additions	0	0	0	-	0
Disposals	(0)	(0)	-	-	(0)
Transfers/Adjustments	0	(0)	0	(0)	(0)
<b>At 30<sup>th</sup> June 2021</b>	0	0	0	0	0
<b>At 1<sup>st</sup> July 2021</b>					
Additions	0	0	0	-	0
Disposals	(0)	-	-	-	(0)
Transfer/Adjustments	(0)	0	0	(0)	(0)
<b>At 30<sup>th</sup> June 2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciation And Impairment</b>					
At 1 <sup>st</sup> July 2020	(0)	(0)	(0)	(0)	(0)
Depreciation	(0)	(0)	(0)	(0)	(0)
Impairment	(0)	-	-	-	(0)
<b>At 30<sup>th</sup> June 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 1<sup>st</sup> July 2021</b>					
Depreciation	(0)	(0)	(0)	-	(0)
Disposals	0	-	-	-	0
Impairment	(0)	(0)	-	-	(0)



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	<b>Land and Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers and office equipment</b>	<b>Total</b>
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Transfer/Adjustment	0	(0)	(0)	0	0
<b>At 30<sup>th</sup> June 2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Values</b>					
<b>At 30<sup>th</sup> June 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30<sup>th</sup> June 2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



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

**16. Intangible assets**

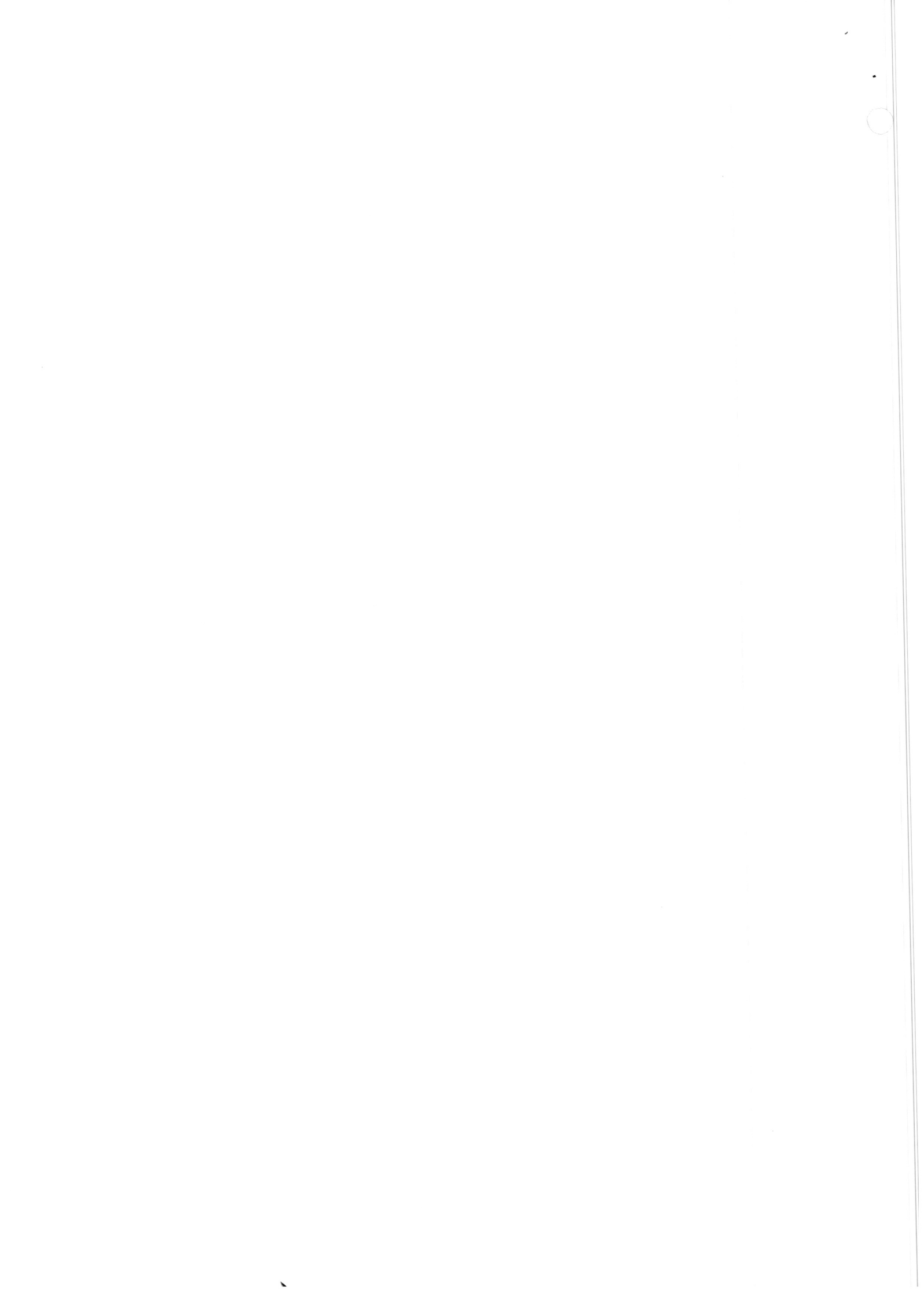
Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Cost</b>		
At Beginning Of The Year	0	0
Additions	0	0
<b>At End Of The Year</b>	<b>0</b>	<b>0</b>
<b>Amortization And Impairment</b>		
At Beginning Of The Year	0	0
Amortization	0	0
<b>At End Of The Year</b>	<b>0</b>	<b>0</b>
Impairment Loss	0	0
<b>At End Of The Year</b>	<b>0</b>	<b>0</b>
<b>NBV</b>	<b>0</b>	<b>0</b>

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	0	0
Refundable Deposits	0	0
Accrued Expenses	0	0
Other Payables	0	0
<b>Total Trade And Other Payables</b>	<b>0</b>	<b>0</b>

**18. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2021)	0	0	0	0
Additional Provisions	0	0	0	0
Provision Utilised	(0)	(0)	(0)	(0)
Change Due To Discount And Time Value For Money	(0)	(0)	(0)	(0)
Transfers From Non -Current Provisions	0	0	0	0
<b>Balance At The End Of The Year (30.06.2022)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



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

**19. Borrowings**

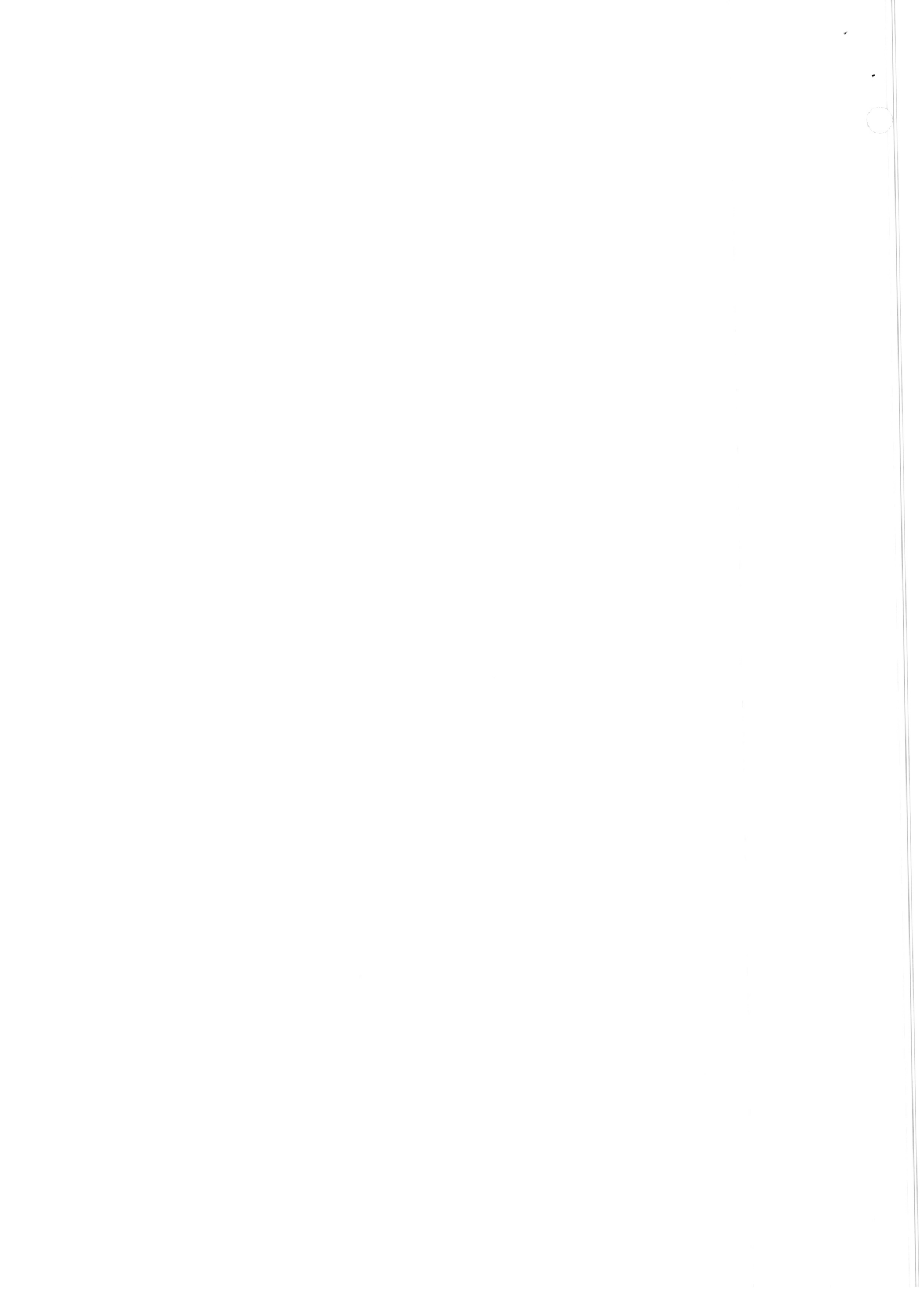
Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>	<b>0</b>	<b>0</b>
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments Of External Borrowings During the Period	(0)	(0)
Repayments Of Domestic Borrowings During the Period	(0)	(0)
<b>Balance At End of The Period</b>	<b>0</b>	<b>0</b>

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

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organisation'	0	0
Sterling Pound Denominated Loan From 'Y Organisation'	0	0
Euro Denominated Loan from Z Organisation'	0	0
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
<b>Total Balance at End Of The Year</b>	<b>0</b>	<b>0</b>

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



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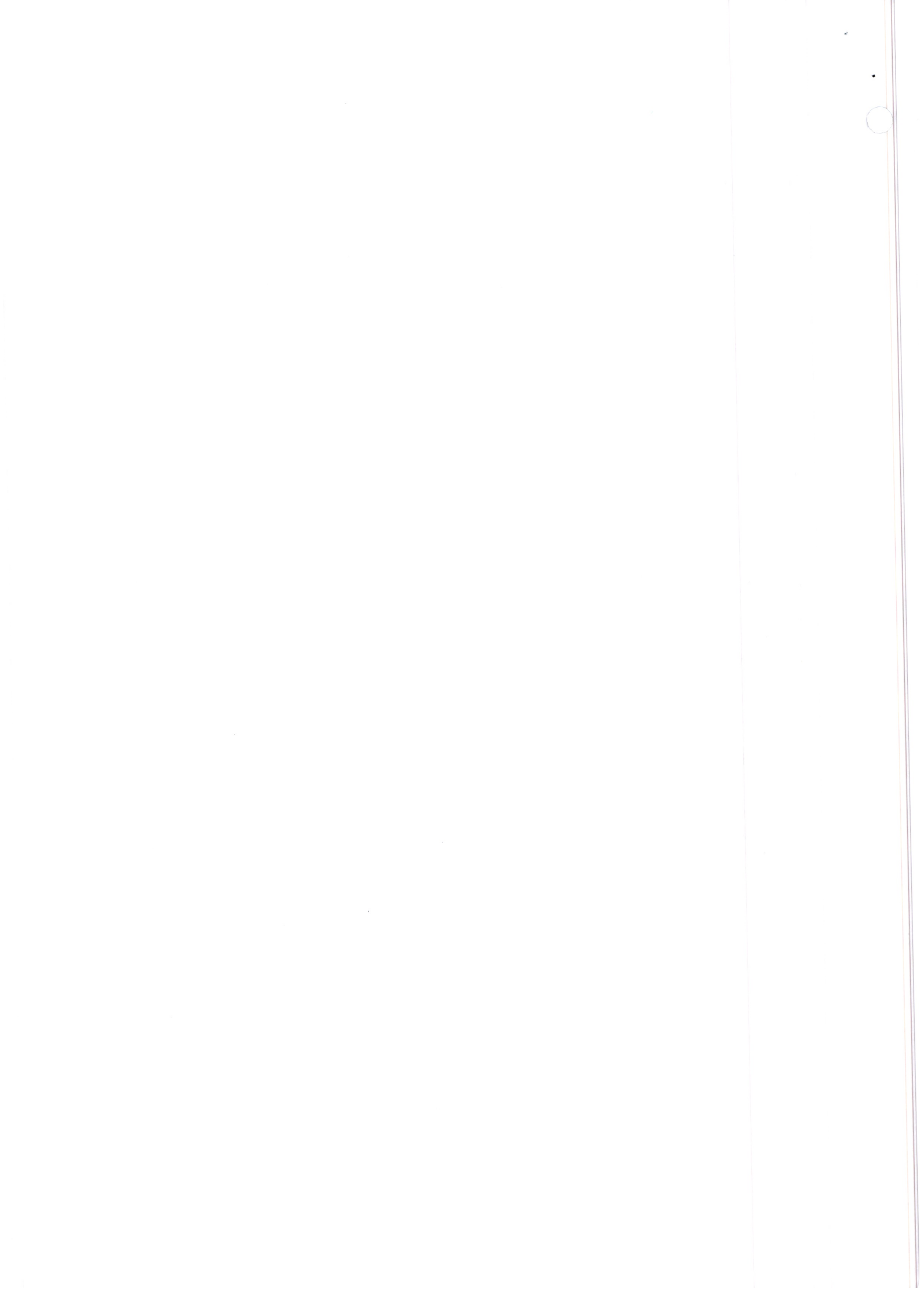
**Notes To The Financial Statements (Continued)**

**20. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2021-2022	2020-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**21. Cash generated from operations**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>(14,530,141)</b>	<b>196,978,676</b>
<b>Adjusted For:</b>		
Depreciation	0	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	(0)	(0)
Interest Income	(0)	(0)
Finance Cost	0	0
<b>Working Capital Adjustments</b>		
Increase In Inventory	(0)	(0)
Increase In Receivables	(0)	(0)
Increase In Payables	0	0
<b>Net Cash Flow From Operating Activities</b>	<b>(14,530,141)</b>	<b>196,978,676</b>



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**Other Disclosures**

**22. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

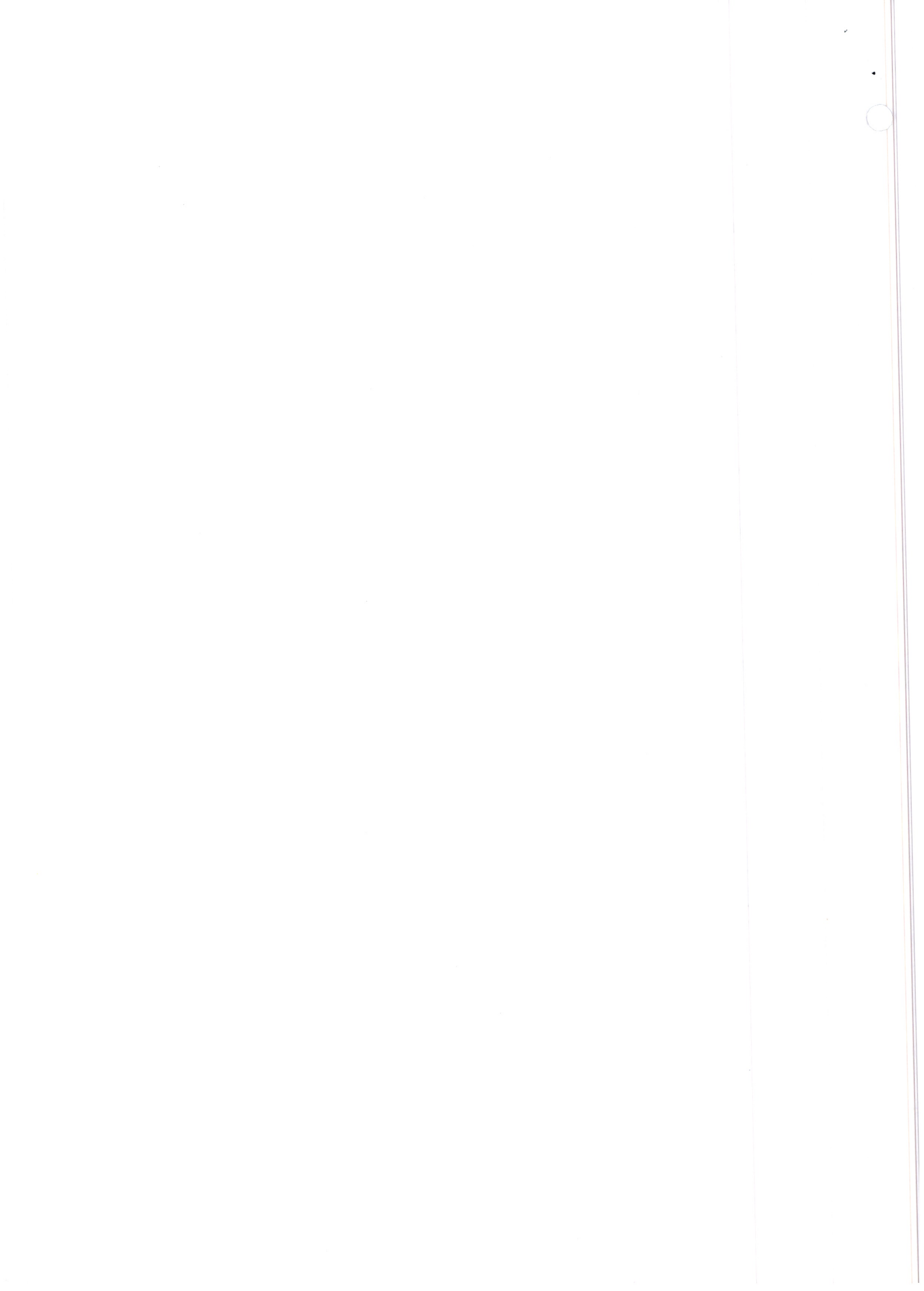
	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

**c) Key management remuneration**

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**d) Due from related parties**

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



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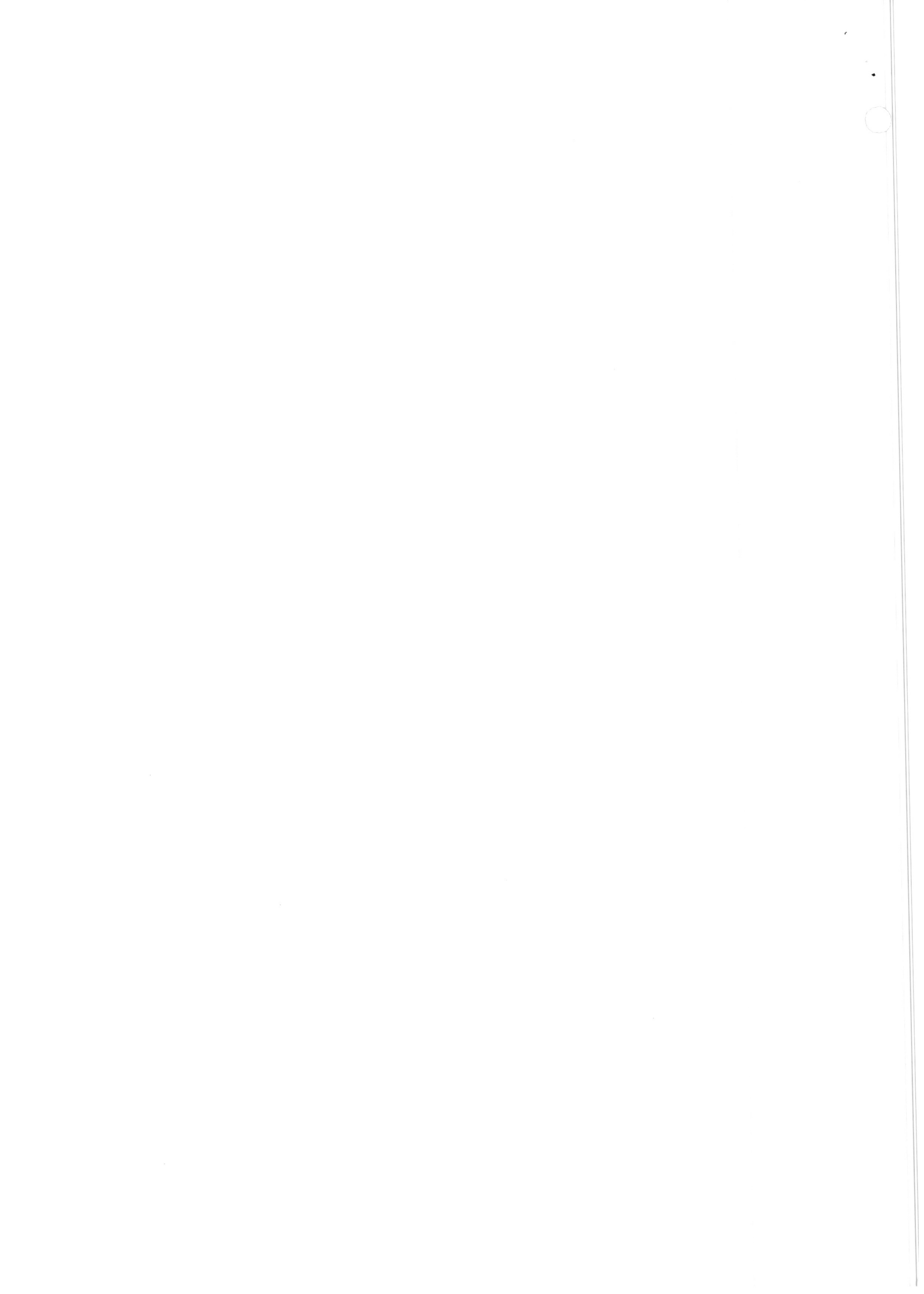
**Other Disclosures Continued**

**e) Due to related parties**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**23. Contingent assets and contingent liabilities**

<b>Contingent Liabilities</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Court Case 0 Against The Fund	0	0
Bank Guarantees	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



**Turkana County Emergency Fund**  
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**Other Disclosures Continued**

**24. Financial risk management**

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

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

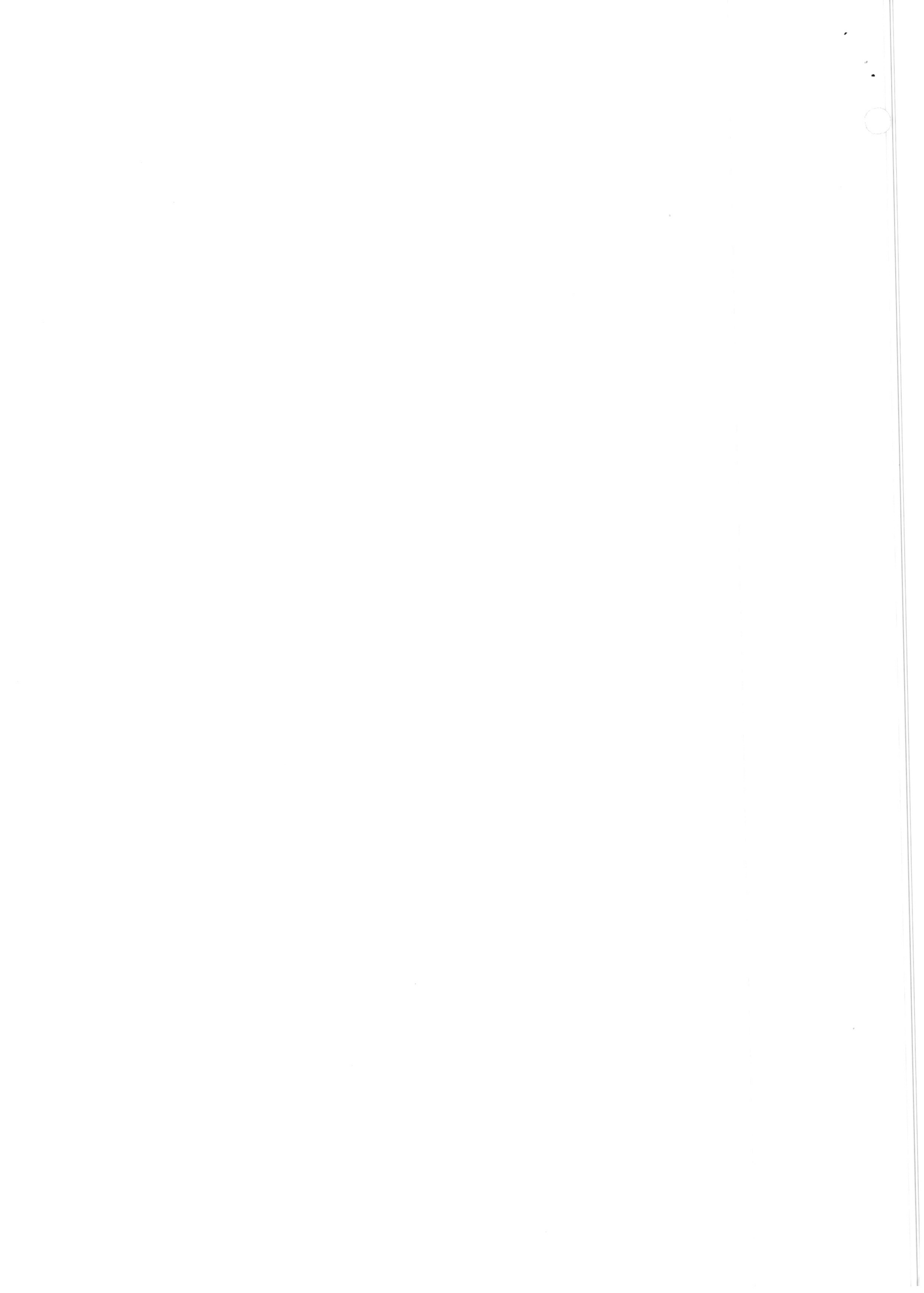
**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

		<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2022</b>					
Receivables From Exchange Transactions		0	0	0	0
Receivables From Non-Exchange Transactions		133,300,229	133,300,229	0	0
Bank Balances		9,976,286.01	9,976,286.01	0	0
<b>Total</b>		<b>143,276,515.01</b>	<b>143,276,515.01</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2021</b>					
Receivables From Exchange Transactions		0	0	0	0
Receivables From Non-Exchange Transactions		144,054,008	144,054,008	0	0
Bank Balances		157,806,896	157,806,896	0	0
<b>Total</b>		<b>301,860,904</b>	<b>301,860,904</b>	<b>0</b>	<b>0</b>



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

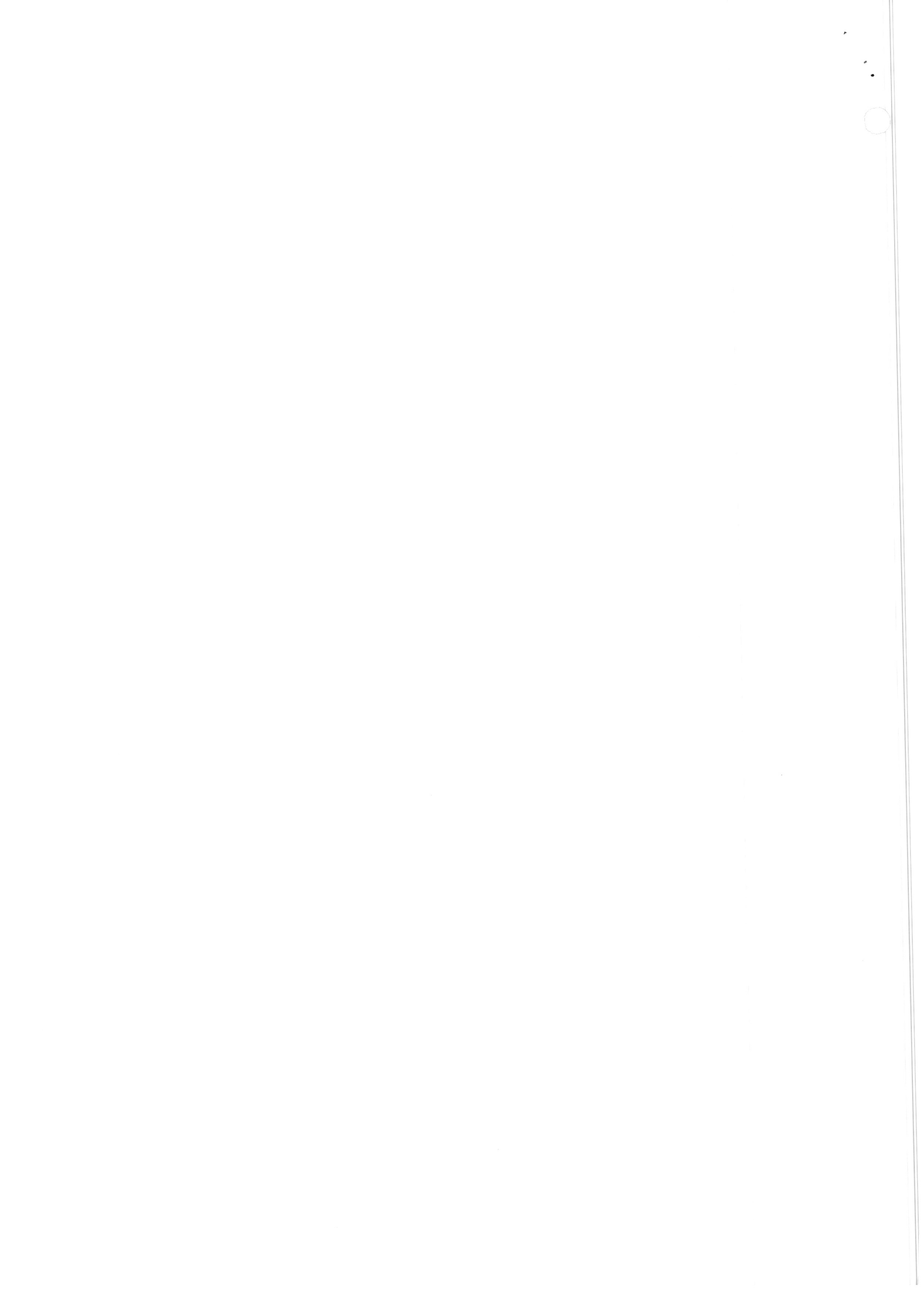
The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2021</b>				
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



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**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

		<b>Other currencies</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2021</b>			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables	0	0	0
<b>Liabilities</b>			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	<b>0</b>	<b>0</b>	<b>0</b>



**Turkana County Emergency Fund**  
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**Foreign currency sensitivity analysis**

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

		<b>Change in currency rate</b>	<b>Effect on surplus/ deficit</b>	<b>Effect on equity</b>
		<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>2022</b>				
Euro		10%	0	0
USD		10%	0	0
<b>2021</b>				
Euro		10%	0	0
USD		10%	0	0

**ii. Interest rate risk**

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

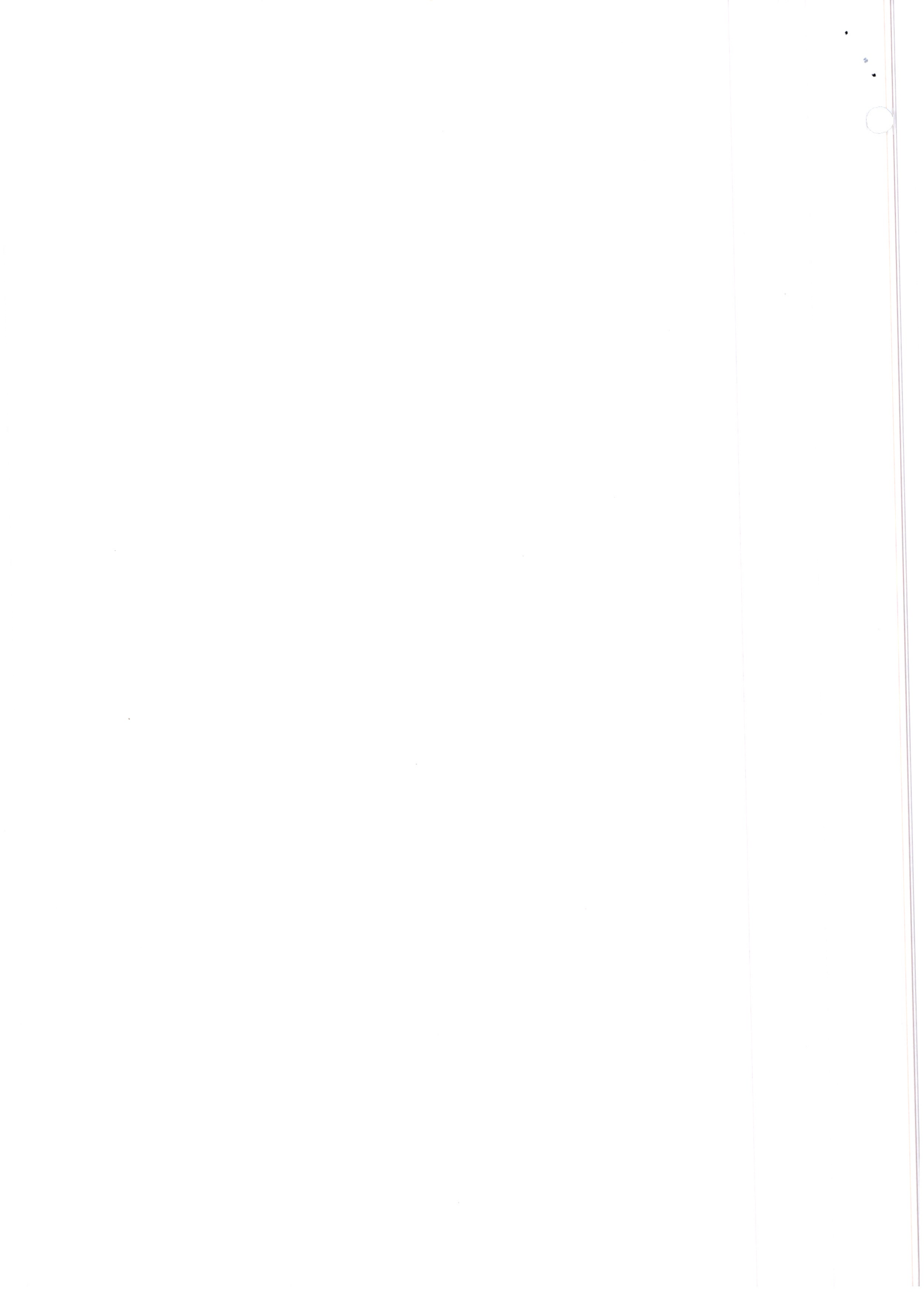
**Management of interest rate risk**

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

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2022: KShs 0 ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2021 – KShs 0)

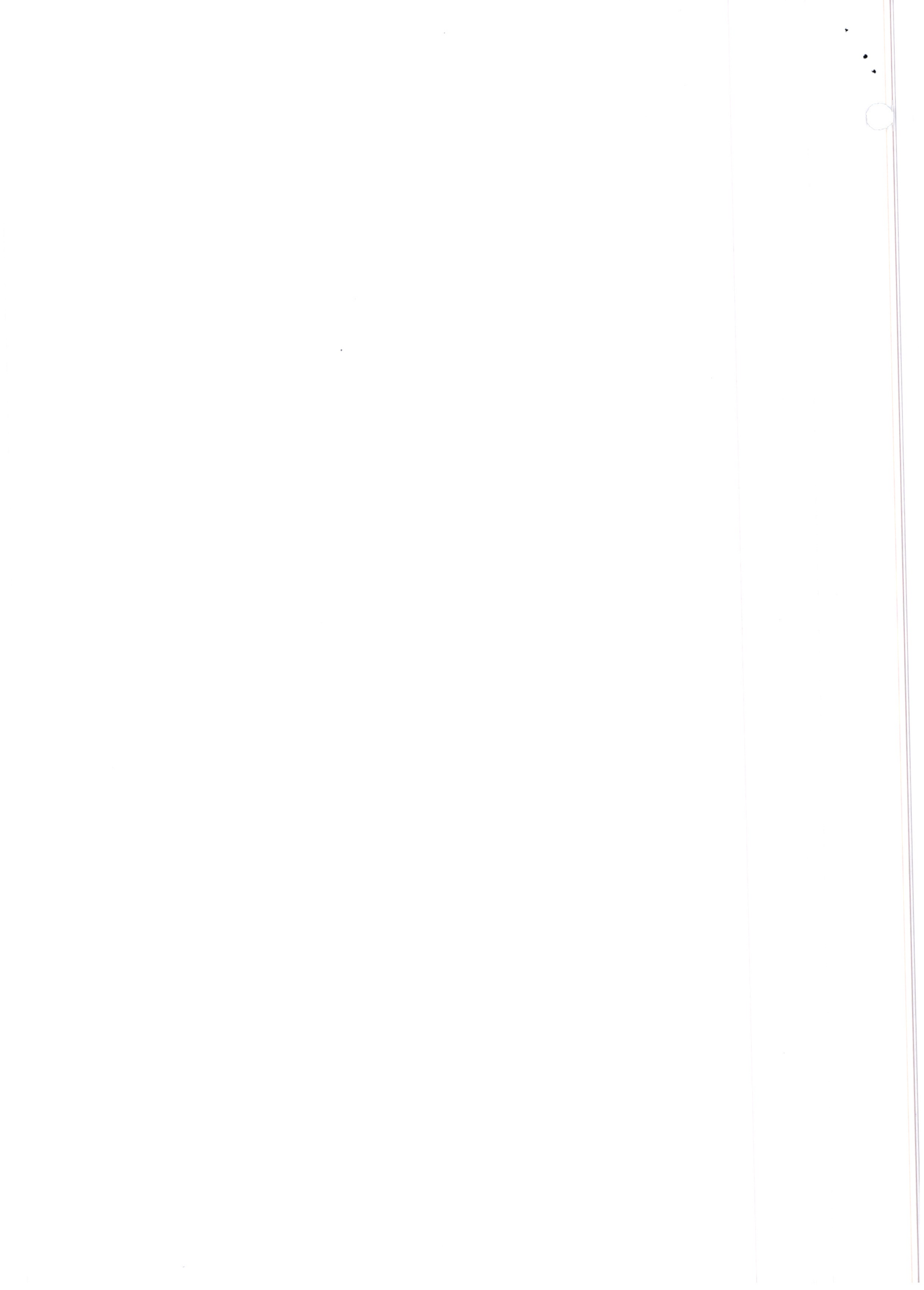


**Turkana County Emergency Fund**  
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**d) Capital risk management**

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
<b>Total funds</b>	<b>0</b>	<b>0</b>
Total borrowings	0	0
Less: cash and bank balances	(0)	(0)
Net debt / (excess cash and cash equivalents)	0	0
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

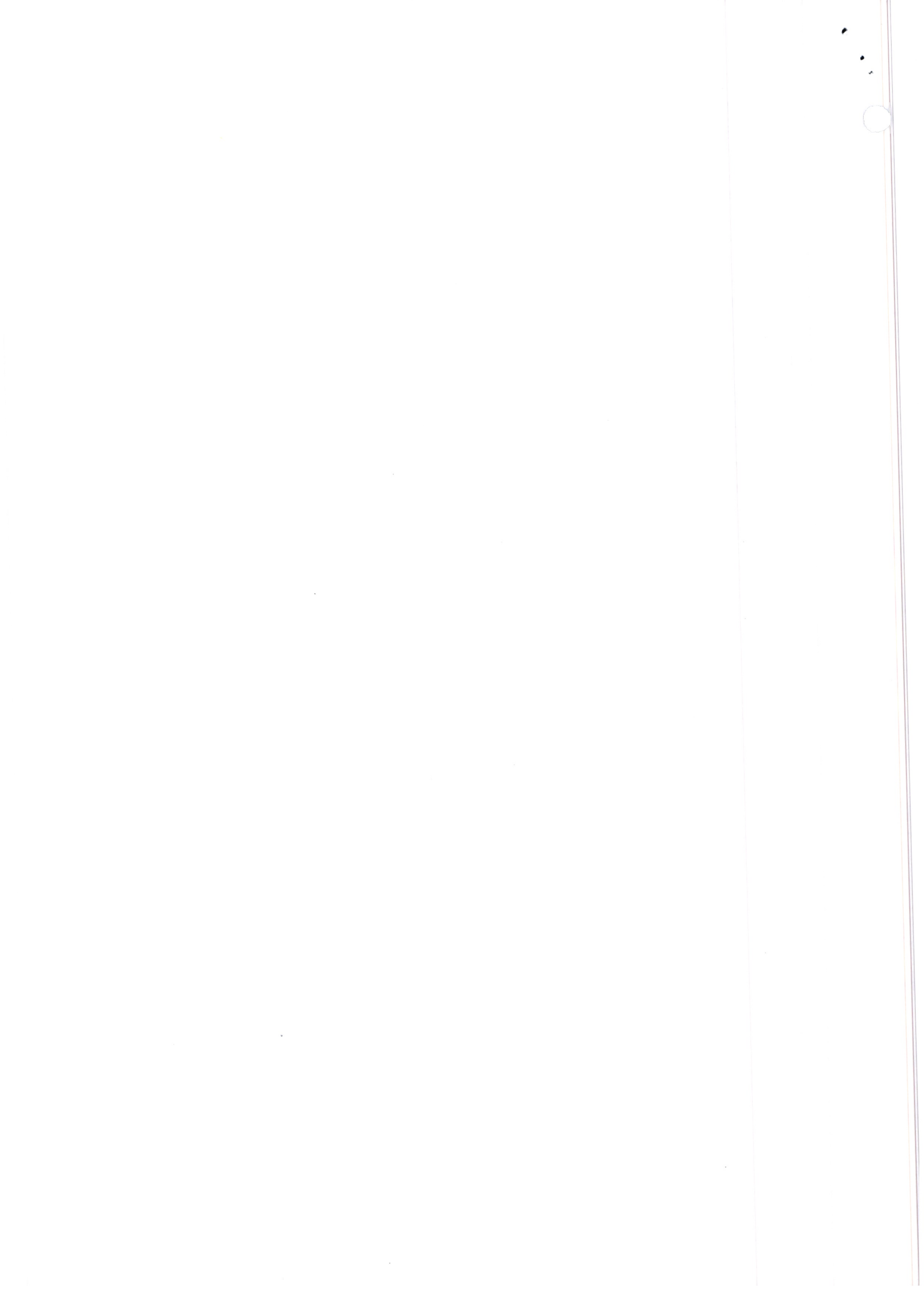


**Turkana County Emergency Fund**  
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**15. Progress On Follow Up Of Prior Year Auditor's Recommendations**

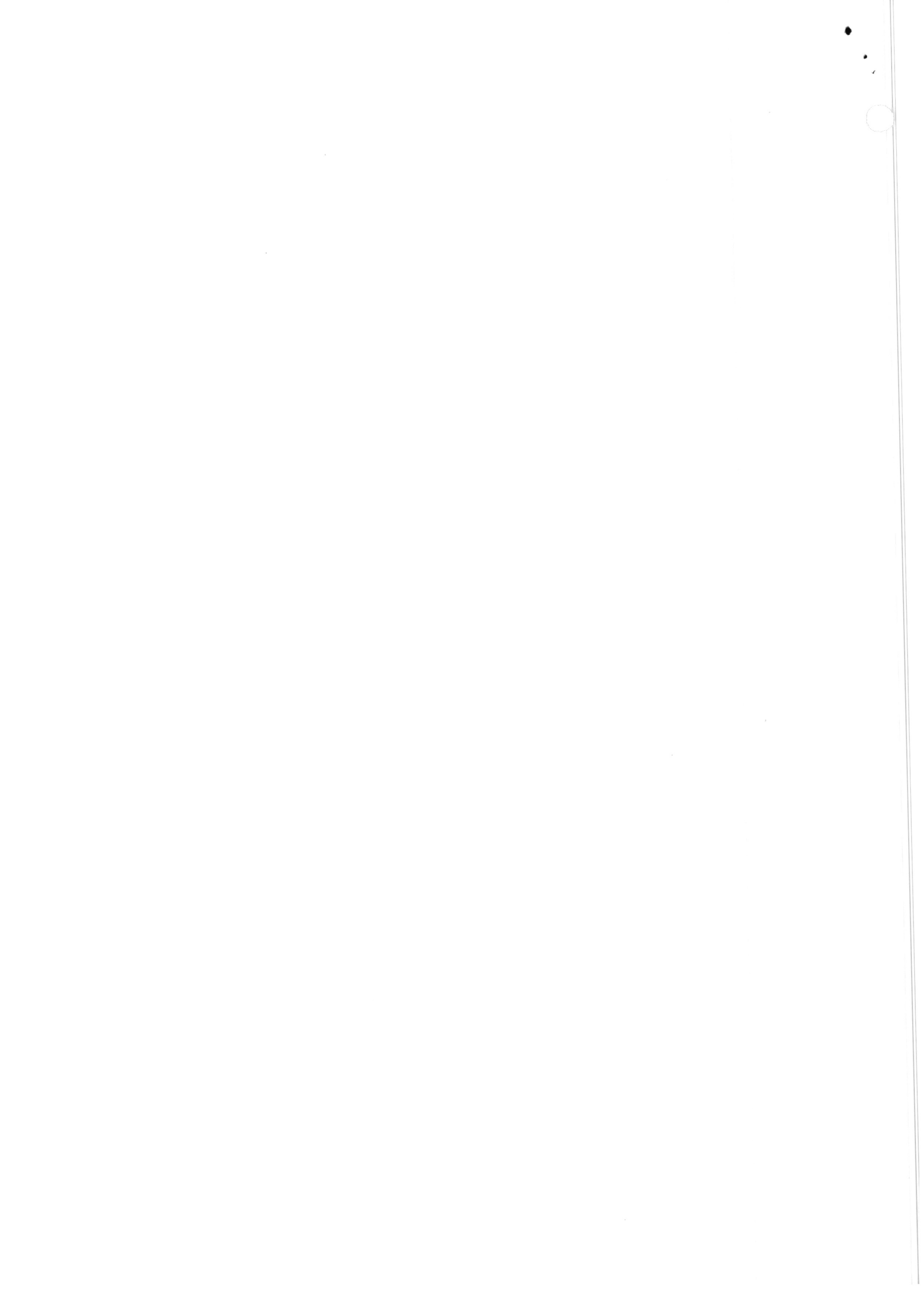
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>1. Budgetary Control and Performance</b>	The under-performance may have constrained execution of planned activities and delivery of services to the stakeholders. Therefore, there is need for Management to review the work plans mechanism with a view of improving performance for better service delivery.		Not resolved	June 2023
<b>2. Unapproved Internal Borrowings</b>	The statement of financial position and corresponding Note 12 to the financial statements reflects receivables from non-exchange transactions balance of Kshs.144,054,008 being outstanding loans balance lent out to the Turkana County Executive. However, the borrowing by the county executive was not supported by County Assembly approval and acknowledgement of funds by County Treasury. This is contrary to Section 142 Sub-section (1) and (3)		Not resolved	June 2023



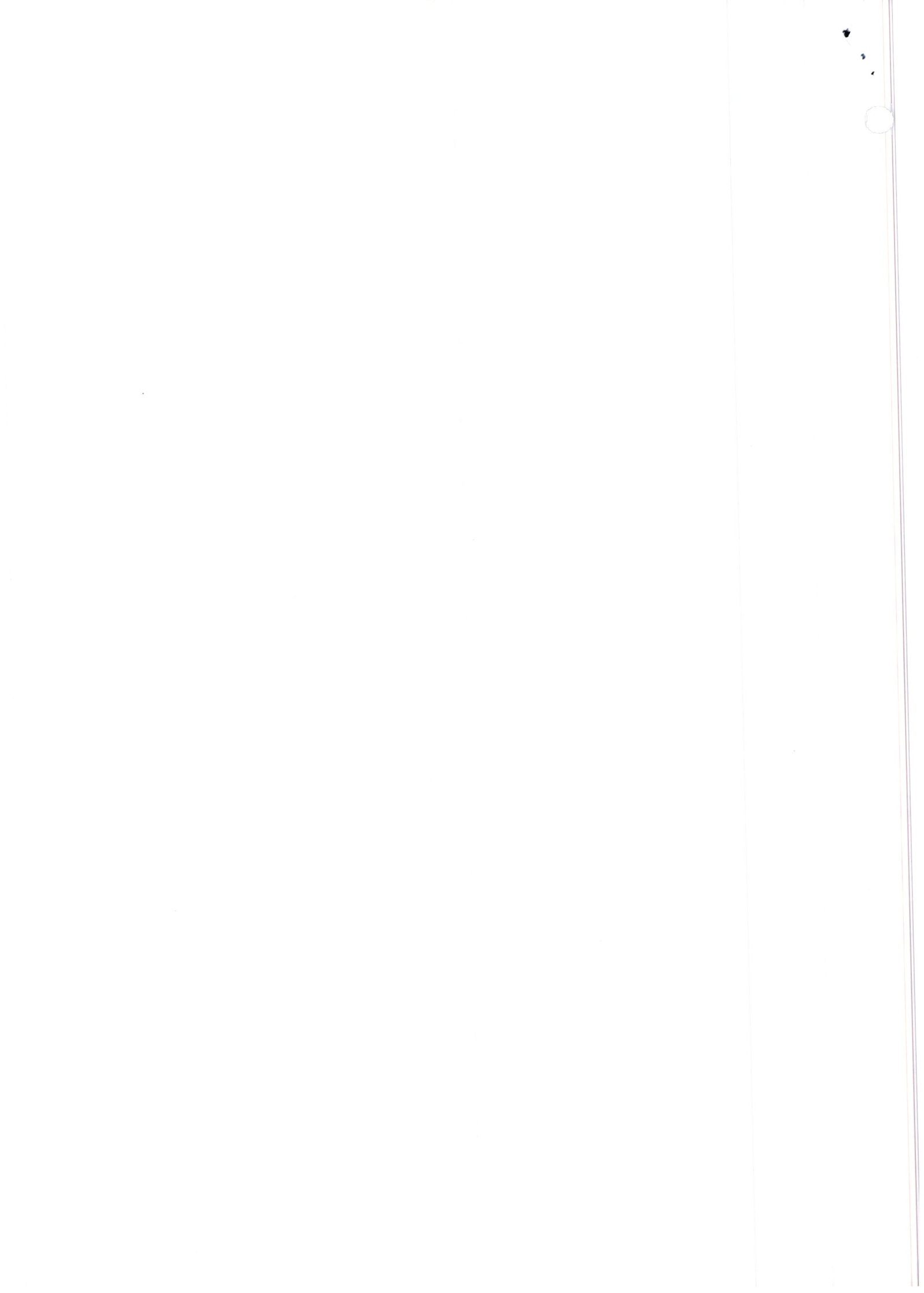
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resol ved / Not Resol ved)	Timefram e: (Put a date when you expect the issue to be resolved)
	<p>of the Public Finance Management Act, 2012 which stipulates that the County Assembly may authorize short term borrowing by County Government entities for cash management purposes only and a County Government entity that has any such borrowing shall ensure that the money borrowed is repaid within a year from the date on which it was borrowed.</p> <p>In the circumstances, the accuracy and the regularity of the Kshs.144,054,008 receivables from non-exchange transactions could not be confirmed.</p>			
3.	<p><b>Unapproved Emergency Expenses</b></p> <p>The statement of financial performance reflects general expenses of Kshs.31,845,424 comprising of bank charges amount of Kshs.7,507 and emergency supplies amount of Kshs.31,837,917. However, there was no evidence to show that the emergency supplies payments of Kshs.31,837,917 were</p>		Not resolved	June 2023



**Turkana County Emergency Fund**  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>approved by the County Assembly. Further, there was no evidence that the County Executive Committee (CEC) Finance and Planning initiated the process of appropriation of the bill to be introduced into the County Assembly for appropriation of the money paid for replenishment contrary to Section 114(1) of the of the Public Financial Management Act, 2012 and Section 10(3) of the Turkana County Emergency Fund Act, 2016 which requires that the County Executive Committee member for finance to seek approval of the County Assembly within two months after payment is made from the Emergency Fund.</p> <p>In the circumstances, the accuracy of the emergency supplies of Kshs.31,837,917 for the year ended 30 June, 2021 could not be confirmed and the Fund was in breach of the law</p> <p>The audit was conducted in accordance with ISSAI 4000. The standard</p>			



**Turkana County Emergency Fund**  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.</p>			

