

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

TURKANA COUNTY BIASHARA FUND

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

PAPERS LAID	
DATE	23/02/2022
TABLED BY	SML
COMMITTEE	-
CLERK AT THE TABLE	CAROLYNE CHEROP



Turkana County Biashara Fund
Reports and Financial Statements
For the year ended June 30, 2020



TURKANA COUNTY BIASHARA FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

**Turkana County Biashara Fund
Reports and Financial Statements
For the year ended June 30, 2020**

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Turkana County Biashara Fund is established by and derives its authority and accountability from Turkana county Biashara Fund (Amendment) Act, 2019 Via Kenya gazette Supplement No.15 (Turkana County Act No. 8). The Fund is wholly owned by the County Government of Turkana and is domiciled in Kenya.

b) Principal Activities

The fund's objective is to

- (1) Facilitate the improvement of business development and self-Reliance by boosting the growth of Micro entrepreneurs in the County.
- (11) To provide affordable and competitive Credit to both formal and informal Traders involved in Production and trade in good and Service within Turkana County

c) Key Management



Mr. Emathe Namuar

He is the current County executive committee member for the department of Finance and Economic Planning.
He holds a masters degree in Project Planning and Management.



Dr. Michael Eregae

He is the current Chief officer for the Department of Trade, Gender and Youth Affairs.
He holds a PhD in Veterinary Epidemiology.



Mr. Abraham Losinyen

He is the Chief Officer, department of Finance.
He holds a PhD in Development Studies.



Mr. James Lokwale

He is the current director, directorate of Trade and Enterprise Development.
He holds a master of Business Administration in Strategic Management

Turkana County Biashara Fund
Reports and Financial Statements
For the year ended June 30, 2020

d) Registered Offices

P.O. Box 11-30500
Biashara Centre Plaza
Equity Bank Highway
Lodwar, KENYA

e) Fund Contacts

E-mail: tcg@gmail.com
Website: www.tcg.go.ke

f) Fund Bankers

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

g) Independent Auditors

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

h) Principal Legal Adviser

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

Turkana County Biashara Fund
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2. TURKANA COUNTY BIASHARA FUND MANAGEMENT BOARD

As at 30th June the Fund did not have a board since the members appointment had expired in February,2020.

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
PREDETERMINED OBJECTIVES**

Introduction

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

The key development objectives of Turkana County Biashara Fund's 2018-2022 plan are to:

(1) Facilitate the improvement of business development and self-Reliance by boosting the growth of Micro entrepreneurs in the County.

(11) To provide affordable and competitive Credit to both formal and informal Traders involved in Production and trade in good and Service within Turkana County

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Trade Development	Facilitate the improvement of business development and self-Reliance by boosting the growth of Micro entrepreneurs in the County	Increased access to business loan	No. of business awarded loans	In FY 19/20, the Controller of Budget did not authorise release of funds to facilitate achievement of the objective

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4. MANAGEMENT TEAM

Name	Details of qualifications and experience
1. EMATHE NAMUAR	CEC FINANCE AND PLANNING
2. ABRAHAM LOSINYEN	CHIEF OFFICER-FINANCE
3. FRANCIS ESIMIT	Ag DIRECTOR-PROCUREMENT
4. JAMES LOKWALE	FUND ADMINISTRATOR

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5. FUND CHAIRPERSON'S REPORT.

Turkana County Biashara Fund had a budgetary allocation of Kshs36million, Fy2019-20. However, the allocation has not been disbursed as at 30th June, 2020. Therefore, the board activities were not implemented as planned.

The budgetary allocations must be timely disbursed to facilitate achievement of the fund objective

**Turkana County Biashara Fund
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For the year ended June 30, 2020**

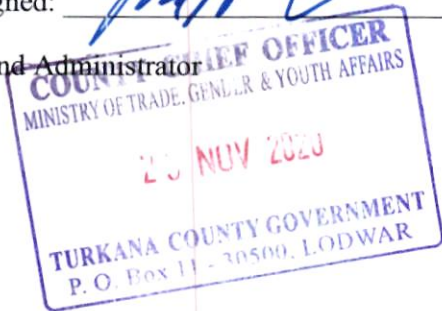
6. REPORT OF THE FUND ADMINISTRATOR

Turkana County Biashara Fund has a budgetary allocation of Kshs36million, Fy2019-20. However, the allocation was not disbursed as at 30th June, 2020. Therefore, the board activities were not implemented as planned.

The budgetary allocations must be timely disbursed to facilitate achievement of the fund objective

Signed: _____

Fund Administrator



**Turkana County Biashara Fund
Reports and Financial Statements
For the year ended June 30, 2020**

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

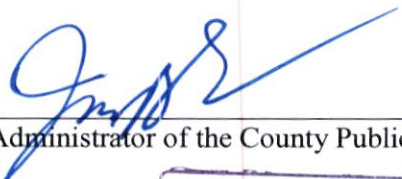
Biashara Fund administrator is responsible for the preparation and presentation of the Turkana County Biashara Fund's financial statements, which give a true and fair view of the state of affairs of the fund for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

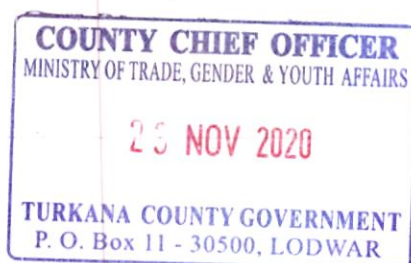
The Fund Administrator confirms that Turkana County Biashara Fund's has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Funds received during the year under audit were used for the eligible purposes for which they were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

Approval of the financial statements

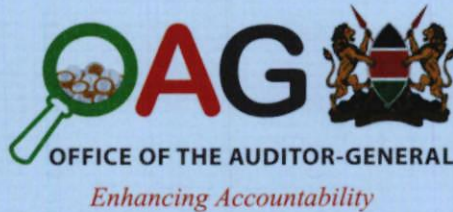
The Fund's financial statements were approved by the Board on 23/11/2020 and signed on its behalf by:



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 BIASHARA FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Turkana County Biashara Fund set out on pages 12 to 31, which comprise of the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Turkana County Biashara Fund as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Turkana County Biashara (Amendment) Act, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Presentation of Financial Statements

The financial statements provided for the audit review revealed the following anomalies:

- i. Corporate Governance Statement, Management Discussion and analysis, Corporate social responsibility statement/sustainability reporting and report of the trustees were not included in the financial statements.
- ii. Progress on follow-up of prior year auditor's recommendations has not been completed in the financial statements as required by the reporting template issued by the PSASB.

- iii. The statement of financial position reflects current portion of long-term receivables from exchange transaction of Kshs.32,000,000. The amount relates to amount lent to the County Executive and therefore classifying it as receivables from exchange transactions is incorrect as it contravenes IPSAS 9.1.

Consequently, the financial statements do not comply with the International Public Sector Accounting Standards (IPSAS) and template issued by the Public Sector Accounting Standards Board.

2.0 Lack of Asset Register

The statement of financial position as at 30 June, 2020 reflects property, plant and equipment balance of Kshs.4,771,156 which was not supported with the asset register as required by Section 136(3) of Public Finance Management (County Government) Regulations, 2015.

Consequently, the accuracy, completeness and existence of assets valued at Kshs.4,771,156 as at 30 June, 2020 could not be confirmed.

3.0 Loans Inherited from Defunct Local Authorities

The statement of financial position as at 30 June, 2020 reflects current portion of long-term receivables from exchange transactions of Kshs.32,000,000. However, the amount did not include loans receivable of Kshs.12,298,014 which was explained to have been inherited from defunct local authorities and has been outstanding for over seven years. There was no evidence provided of any strategies that management has put in place to recover the amount. Further, the handing over report was not provided for audit review.

Consequently, the accuracy and completeness of the current portion of long-term receivables of Kshs.32,000,000 as at 30 June, 2020 could not be confirmed and recoverability of the amount is in doubt.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.36,074,170 and Kshs.74,170 respectively resulting to an under-funding of Kshs.36,000,000 or 99% of the budget. Similarly, the Fund expended Kshs.7,653 against an approved budget of Kshs.36,074,170 resulting to an under-expenditure of Kshs.36,066,517 or 99% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Turkana County.

Further, the management did not provide the approved budget contrary to Section 149(2)(h) of the Public Finance Management Act that requires the accounting officer to prepare estimates of the expenditure of the entity in conformity with strategic plan and Section 149(2)(i) which requires the accounting officer to submit the estimates of an entity which is not a county corporation to County Executive Committee member for finance.

Therefore, the Fund Management is in breach of the law and the propriety of the total payments for the year ended 30 June, 2020 could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Outstanding Borrowed Funds-County Executive of Turkana

The statement of financial position as at 30 June, 2020 reflects current portion of long-term receivables from exchange transactions figure of Kshs.32,000,000. However, records provided for audit review indicated that the amount related to funds borrowed by the County Executive. The debt has been outstanding for over a year, contrary to section 142(3) of the Public Finance Management Act, 2012 which states that 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.

Further, the short-term borrowing was not approved by the County Assembly as required by Section 142(1) of the Public Finance Management Act, 2012, which states that county

government entities should seek the authority of the County Assembly to borrow cash on a short-term basis for cash management purposes only.

Consequently, it was irregular for the County Executive Management to borrow an amount of Kshs.32,000,000 from the fund since it was not approved and it was also not possible to confirm the propriety of the expenditure of the amount.

2.0 Irregular Composition of the Board

A review of the composition of the fund management board revealed that the board comprised of six members instead of seven as stipulated in section 8(3) of the Turkana County Biashara Fund (Amendment) Act, 2019. Further, the criteria and other supporting documents such as advertisement, recruitment minutes in support of the recruitment process of the sub-county appraisal committee were not provided for audit verification.

Under the circumstances, the Fund Management Board and Sub-County Appraisal Committee were not properly constituted.

3.0 Unresolved Prior Year Audit matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources which have not been reflected in the financial statement under progress on follow up of prior year auditors' recommendation. Further, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019.

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

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

REPORT ON 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Fund 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect

a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 February, 2022

**Turkana County Biashara Fund
Reports and Financial Statements
For the year ended June 30, 2020**

9. FINANCIAL STATEMENTS

9.1. STATEMENT OF FINANCIAL PERFORMANCE AS AT 30th JUNE 2020

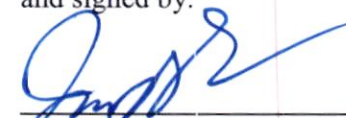
	Note	2019/2020	2018/2019
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	0	0
Transfers from the County Government	2	0	0
Fines, penalties and other levies	3	0	0
		0	0
Revenue from exchange transactions			
Interest income	4	0	0
Other income-Loan repayment	5	31,400	24,000
		31,400	24,000
Total revenue		31,400	24,000
Expenses			
Fund administration expenses	6	0	14,395.50
General expenses	8	2,393,232	2,385,579
Finance costs	9	0	0
Total expenses		2,393,232.00	2,399,974.50
Other gains/losses			
Gain/loss on disposal of assets	10		
Surplus/(deficit) for the period		(2,361,832)	(2,375,974.50)


**Turkana County Biashara Fund
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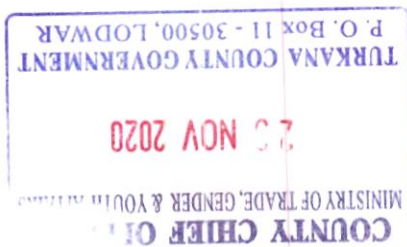
9.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2019/2020 KShs	2018/2019 KShs
Assets			
Current assets			
Cash and cash equivalents	11	66,517.25	42,770.25
Current portion of long- term receivables from exchange transactions	12	32,000,000	32,000,000
Prepayments	14	0	0
Inventories	15	0	0
		32,066,517.25	32,042,770.25
Non-current assets			
Property, plant and equipment	14	4,771,156	7,156,735.00
Intangible assets	15	0	0
Long term receivables from exchange transactions	16	0	0
		0	0
Total assets		36,837,673.25	39,199,505.25
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	0	0
Provisions	19	0	0
Current portion of borrowings	20	0	0
Employee benefit obligations	23	0	0
		0	0
Non-current liabilities			
Non-current employee benefit obligation		0	0
Long term portion of borrowings		0	0
Total liabilities		0	0
Net assets		36,837,673.25	39,199,505.25
Capital Fund		46,607,504.75	46,607,504.75
Reserves		0	0
Accumulated surplus		(9,769,831.23)	(7,407,999.23)
Total net assets and liabilities		36,837,673.25	39,199,505.25

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 23/11/2020 and signed by:


 Administrator of the Fund
 Name: Dr. Michael Egepe


 Fund Accountant
 Name: Grace E. Gwot
 ICPAK Member Number: 25932



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Turkana County Biashara Fund
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9.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020

	Capital Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2018	46,607,504.75	0	(5,032,024.73)	41,575,480.02
Surplus/(deficit) for the period	0	0	(2,375,974.50)	(2,375,974.50)
Funds received during the year	0	0	0	0
Revaluation gain	0	0	0	0
Balance as at 30 June 2019	46,607,504.75	0	(7,407,999.23)	39,199,505.52
Balance as at 1 July 2019	46,607,504.75	0	(7,407,999.23)	39,199,505.52
Surplus/(deficit) for the period			(2,361,832)	(2,361,832)
Funds received during the year	0	0	0	0
Revaluation gain	0	0	0	0
Balance as at 30 June 2020	46,607,504.75	0	(9,769,831.23)	36,837,673.52

Turkana County Biashara Fund
Reports and Financial Statements
For the year ended June 30, 2020

9.4. STATEMENT OF CASH FLOWS AS AT 30 JUNE 2020

	Note	2019/2020	2018/2019
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Transfers from the County Government		0	0
Interest received		0	0
Receipts from other operating activities-loan recovery		31,400	24,000
Total Receipts		31,400	24,000
Payments			
Fund administration expenses		0	0
General expenses	8	7,653	14,395.50
Finance cost		0	0
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	21	0	0
Increase/(Decrease) in Accounts Payable: (deposits and retention)	22	0	0
Net cash flows from operating activities		23,747	9,604.50
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(0)	(0)
Proceeds from sale of property, plant and equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		(0)	(0)
Net cash flows used in investing activities		(0)	(0)
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0

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Repayment of borrowings		(0)	(0)
Net cash flows used in financing activities		(0)	(0)
Net increase/(decrease) in cash and cash equivalents		23,747	9,604.50
Cash and cash equivalents at 1 JULY	11	42,770.25	33,165.75
Cash and cash equivalents at 30 JUNE	11	66,517.25	42,770.25

9.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2020	2020	2020	2020	2020	2020
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	0	(0)	0	0	(0)	
Transfers from County Govt.	36,000,000	42,770	36,042,770	42,770	36,000,000	0.1%
Interest income	0	0	0	0	(0)	
Other income	0	31,400	31,400	31,400	0	100%
Total income	36,000,000	74,170	36,074,170	74,170	36,000,000	0.2%
Expenses						
Fund administration expenses	1,080,000	0	1,080,000	0	1,080,000	0%
General expenses	34,920,000	74,170	34,994,170	7,653	34,986,517	0.02%
Finance cost	0	(0)	0	0	0	
Total expenditure	36,000,000	74,170	36,074,170	7,653	36,066,517	0%
Surplus for the period	0	0	0	66,517	0	

9.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 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.

3. Comparative figures

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

4. Events after the reporting period

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

5. Ultimate and Holding Entity

The entity is a County Public Fund established by Turkana County Biashara Fund Act,2015 under the Ministry of Trade, Gender and Youth Affairs. Its ultimate parent is the County Government of Turkana.

6. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

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

2. Transfers from County Government

Description	2019/2020	2018/2019
	KShs	KShs
Transfers from County Govt. – operations	0	0
Payments by County on behalf of the entity	0	0
Total	0	0

3. Fines, penalties and other levies

Description	2019/2020	2018/2019
	KShs	KShs
Late payment penalties	0	0
Fines	0	0
Total	0	0

4. Interest income

Description	2019/2020	2018/2019
	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
Total interest income	0	0

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5. Other income

Description	2019/2020	2018/2019
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender documents	0	0
Miscellaneous income-loan recovery	31,400	24,000
Total other income	31,400	24,000

6. Fund administration expenses

Description	2019/2020	2018/2019
	KShs	KShs
Staff costs (Note 7)	0	0
Loan processing costs	0	0
Professional services costs	0	0
Administration fees	0	0
Total	0	0

7. Staff costs

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages	0	0
Staff gratuity	0	0
Staff training expenses	0	0
Social security contribution	0	0
Other staff costs	0	0
Total	0	0



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	2019/2020	2018/2019
	KShs	KShs
Consumables	0	0
Electricity and water expenses	0	0
Fuel and oil costs	0	0
Insurance costs	0	0
Postage	0	0
Printing and stationery	0	0
Rental costs	0	0
Security costs	0	0
Telecommunication	0	0
Bank Charges	7,653	14,395.50
Hospitality	0	0
Depreciation and amortization costs	2,385,579	2,385,579
Other expenses	0	0
Total	2,393,232	2,399,974.50



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

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

10. Gain/(loss) on disposal of assets

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

11. Cash and cash equivalents

Description	2019/2020	2018/2019
	KShs	KShs
Turkana County Emergency fund account	66,517.25	42,770.25
County mortgage account	0	0
Fixed deposits account	0	0
On – call deposits	0	0
Current account	0	0
Others	0	0
Total cash and cash equivalents	66,517.25	42,770.25

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

		2019/2020	2018/2019
Financial institution	Account number	KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank		0	0
Equity Bank, etc		0	0
Sub- total		0	0
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank - etc		0	0
Sub- total		0	0
c) Current account			
Kenya Commercial bank		66,517.25	42,770.25
Bank B		0	0
Sub- total		66,517.25	42,770.25
d) Others(specify)		0	0
Cash in transit		0	0
Cash in hand		0	0
M Pesa		0	0
Sub- total		0	0
Grand total		66,517.25	42,770.25

12. Receivables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Current Receivables		
Interest receivable	0	0
Current loan repayments due	0	0
Other exchange debtors-Finance and planning imprest A/C	32,000,000	32,000,000
Less: impairment allowance	(0)	(0)
Total Current receivables	32,000,000	32,000,000
Non-Current receivables		
Long term loan repayments due	0	0
Total Non- current receivables	0	0
Total receivables from exchange transactions	32,000,000	32,000,000



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Additional disclosure on interest receivable

Description	2019/2020	2018/2019
	KShs	KShs
Interest receivable		
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
Current loan repayments due	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. Revenue from Non-Exchange transaction

	KShs	KShs
Description	2019/2020	2018/2019
	KShs	KShs
Transfer to County Executive	0	0
Transfer to Fund	0	0
Total receivables from non-exchange transactions	0	0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Prepayments

Description	2019/2020	2018/2019
	KShs	KShs
Prepaid rent	0	0
Prepaid insurance	0	0
Prepaid electricity costs	0	0
Other prepayments(specify)	0	0
Total	0	0

15. Inventories

Description	2019/2020	2018/2019
	KShs	KShs
Consumable stores	0	0
Spare parts and meters	0	0
Catering	0	0
Other inventories(specify)	0	0
Total inventories at the lower of cost and net realizable value	0	0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1st July 2018	0	9,542,314	0	0	0
Additions	0	0	0	0	0
Disposals	(0)	(0)	0	0	(0)
Transfers/adjustments	0	(0)	0	(0)	(0)
At 30th June 2019	0	7,156,735	0	0	0
At 1st July 2019					
Additions	0	0	0	0	0
Disposals	(0)	0	0	0	(0)
Transfer/adjustments	(0)	0	0	(0)	(0)
At 30th June 2020	0	4,771,156	0	0	0
Depreciation and impairment					
At 1 st July 2018	(0)	(0)	(0)	(0)	(0)
Depreciation	(0)	(2,385,579)	(0)	(0)	(0)
Impairment	(0)	0	0	0	(0)
At 30th June 2019	0	(2,385,579)	0	0	0
At 1st July 2019					
Depreciation	(0)	(2,385,579)	(0)	0	(0)
Disposals	0	0	0	0	0
Impairment	(0)	(0)	0	0	(0)
Transfer/adjustment	0	(0)	(0)	0	0
At 30th June 2020	0	4,771,156	0	0	0
Net book values					
At 30th June 2019	0	7,156,735	0	0	0
At 30th June 2020	0	4,771,156	0	0	0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Trade and other payables from exchange transactions

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

18. CHANGES IN RECEIVABLE

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

19. CHANGES IN ACCOUNTS PAYABLE

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Cash generated from operations

	2019/2020	2018/2019
	KShs	KShs
Surplus/ (deficit) for the year before tax	(2,361,832)	0
Adjusted for:		
Depreciation	2,385,579	0
Amortisation	0	0
Gains/ losses on disposal of assets	(0)	(0)
Interest income	(0)	(0)
Finance cost	0	0
Working Capital adjustments		
Increase in inventory	(0)	(0)
Increase in receivables	(0)	(0)
Increase in payables	0	0
Net cash flow from operating activities	23,747	0

21. 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;

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b) Related party transactions

	2019/2020	2018/2019
	KShs	KShs
Transfers from related parties'	0	0
Transfers to related parties	0	0

c) Key management remuneration

	2019/2020	2018/2019
	KShs	KShs
Board of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry	0	0
Due from County Government	0	0
Total	0	0

e) Due to related parties

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry	0	0
Due to County Government	0	0
Due to Key management personnel	0	0
Total	0	0

22. Contingent assets and contingent liabilities

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

(Give details)

10. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR’S RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.

