

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

LODWAR MUNICIPALITY

FOR THE YEAR

ENDED 30 JUNE, 2024

PAPERS LAID	
DATE	6/3/2025
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COMMITTEE	
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LODWAR MUNICIPALITY
County Government of Turkana

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

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

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1. Acronyms & Glossary of Terms

Insert acronyms and glossary of terms used in the report e.g.

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

2. Key Entity Information and Management

a) Background information

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

b) Principal Activities

The principal activity/mission/ mandate of the Municipality is to;

Vision

A transformative and economic prosperous municipality.

Mission

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

Core objectives

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

Key Management

The Municipality's management is under the following key organs:

Ref	Position	Name
1.	Chairperson of the Board	Amujal Tatoi Christine

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2.	County Executive Committee Member responsible for Cities and Urban areas.	Peter Akono
3.	Chief Officer	Marian Lotieng
4.	Board Member	Boniface Lokuruka Rimati
5.	Board Member	Chris Ekutan Erukudi
6.	Board Member	Moses Elar Mariaio
7.	Board Member	Roseline Ngilebei Ekidor
8.	Board Member	Ekiru Nabali Margaret
9.	Board Member	Ambrose Arib Merinyang
10.	Municipality Manager	Benjamin Tukei

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th September 2023 and who had direct fiduciary responsibility were:

Ref	Position	Name
1	Municipality Manager	Benjamin Tukei
2	CECMs	Peter Akono
3	Chief Officer	Marian Lotieng

d) Fiduciary Oversight Arrangements

1) Audit and Risk Management committee

There exist risk assessment and management policy in Lodwar Municipality

The purpose of the policy is to set out broad guidelines in the establishment of risk management framework, and risk management tools for the oversight and management of risk within the Municipality and key stakeholders.

in line with Mwongozo code of conduct for state corporations,2015 the risk management committee was a pointed by the municipality manager.

The functions of the committee will be,

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- develop or enhance and implement appropriate risk management plan, processes and procedures.
- nominate risk champions
- evaluate risk on quarterly basis
- coordinate and monitor the implementation of risk initiatives
- oversee and update the municipality wide risk profiles

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

ii) County Assembly committees-The Lodwar Municipality board submits department's quarterly progress reports through the CECM for Lands to the committee for Lands.

iii) Committees of the senate: Provision of oversight to the Municipality where all county department meets to discuss with various committees.

a) Registered Offices

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

b) Fund Contacts

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

c) Bankers

Commercial Banks
Kenya Commercial- Lodwar Branch
Central Bank of Kenya

d) Independent Auditor


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


e) Principal Legal Adviser

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



3. Lodwar Municipality Board


Serial No.	Name	Details of qualifications and experience
1	 <p>Christine Tatoi-Chairperson Lodwar Municipality Board</p>	<ul style="list-style-type: none"> • She is the Chairperson for Lodwar Municipality Board since 2019 to date. • She is KCB branch manager since 2011 to date. Before being the branch manager, she was an assistant manager between 2010-2011, section head of personal banker between 2008-2010, Teller clerk between 2006-2007, Advances clerk between 2004-2005, current account between 2002-2003, and savings accounts clerk between 1999-2002 • Education; • January 2019-to date: PHD Candidate – Kenya Methodist University • May 2015 – Oct 2017 – Master of Business Administration – Kenya Methodist University • January 2011 -November 2014: BA in Human Resource Management – Kampala International University • January 2006 – May 2008: Diploma in Business Administration -Premise Africa

		<ul style="list-style-type: none"> January 1996-Mar 1998: Secretarial studies – Rift Valley Institute of Science & Technology
2	 <p>Rev. Bonface Lokuruka Rimati – Vice chairperson, Lodwar Municipality Board</p>	<ul style="list-style-type: none"> He was born in 1969. He is the current vice chair for Lodwar Municipality Board since 2019 to date. He is the chairperson for Trade and Investment Board Committee. He’s also the Vice Chair parson for planning and development Control Board Committee. He was the Chairman for Lodwar Pastors Fellowship between 2004 to 2016, Chairman for Kipsongo Training Centre between 2001 to 2015, Chairman for National Council Churches of Kenya, Turkana County and Chairman for Peace Committees Turkana county 2010. He was also Catchment area advisory committee member between 2012-2014, Conflict resolution with members of parliament and the Governor, TOT on the national values by the directorate of national cohesion, peace caravan. In 2015, he visited Israel to see the bible historical sites.
3		<ul style="list-style-type: none"> He was born in 1963.


	 <p>Chris Erukudi – Board Member, Lodwar Municipality</p>	<ul style="list-style-type: none"> • He is the Board Member for Lodwar Municipality. • He holds BSC agribusiness management and trade in Kenyatta University, Master of science in Land and Water Management (Dry Land Farming) from Cranfield University, Silsoe College, Diploma in Agricultural Engineering (Soil and Water Engineering Option. Egerton University, Njoro Kenya, Diploma in management of Non-governmental Organization Kenya Institute of Management, Diploma in Public Relations, International Correspondence Schools. • He is experienced Freelance Consultant and Capacity Building of Community Groups. He was the County Program Coordinator GIZ, Social Investment Coordinator, Tullow Oil Kenya, Instructor Trans Africa Institute of Advance Studies and Regional Manager-World Vision Kenya
4		<ul style="list-style-type: none"> • • He was born in 27 Nov 1969. He is the Board member of Lodwar Municipality. He is the Chairperson for Municipal services, member for Trade and Investment Board Committee.

	 <p>Ambrose Arib Merinyang – Lodwar Municipality Board Member</p>	<ul style="list-style-type: none"> • Holds Bachelor of development studies and Diploma in community development. He also has Certificate in community development. • Attended Lodwar High school between 1986-1989 for O Level Certificate. • He participated in various trainings; Monitoring and evaluation organised and facilitated by WFP, Workshop on fleet transport logistics distribution management at Kenya polytechnic and Conflict prevention and mitigation and response trainers workshop funded by USAID Karamoja cluster. • He also has Skills and competence on Community engagement and mobilisation, Project planning and management, Relationship management, Personnel management and Operations management. • He worked in various institutions like TULLOW KE BV as Field stakeholder engagement officer, World Vision Kenya as Field Coordinator and LWF as Assistant project officer.
5		<ul style="list-style-type: none"> • He was born in 28th Dec 1982 and he is an Independent Board Member of Lodwar Municipality, chairperson for Finance and Administration Committee, Vice Chairperson, Municipal Services.

	 <p>Moses Mariaio – Lodwar Municipality Board Member</p>	<ul style="list-style-type: none"> • He has diploma in business management and a certificate from Mosoriot Teachers College for P1 teacher. He also has Certificate in management, preparedness and mitigation. • He attended Kakuma secondary school for O Level certificate after completion of Primary School. • He was an IEBC registration clerk and polling clerk in the year 2010 and also field monitor Oxfam GB 2006. • Field Monitor Oxfam GB 2006.
<p>6</p>		<ul style="list-style-type: none"> • She is the Board Member, Municipality. • She is the Chairperson for planning and Development Control, and a member for Finance and Administration Board Committee. • She is a teacher by profession. • Holds a BED Arts and community studies and English/lit. She’s pursuing Master’s Degree in MSC in Disaster management and humanitarian assistance. • She worked with various NGO’s managing education programs. She is currently Program Co-ordinator for Echami Aito.

<p>7.</p>	 <p>Magaret Nabali Ekiru – Lodwar Municipality Board Member</p>	<ul style="list-style-type: none"> • She was born on 28th August 1989. • She is one of Board Member, Municipality. • She is Vice chairperson for Trade and Investment for Board Committee. • She has Bachelor in education Arts (ECD)Mku, Certificate in primary education Eregi Teachers college. • KCSE 2001-2004 She attained Kenya certificate of secondary in the year between 2001-2004. She attended primary school between 1993-2000 • Work Experience • She is a P1 teacher at Loyo primary school. She was a • KCSE invigilator at Lodwar Girl secondary school in the year 2016, 2015 wash and sanitation hygiene facilitator at Napuu primary and Kakwanyang primary school. She also participated at desert wheel chair race for persons with disability in April 2014.
<p>8.</p>		<ul style="list-style-type: none"> • Masters in strategic Management • Bachelors of Criminology and Security Studies



	 <p>Peter Akono, CECMs, Min. of Lands, Physical Planning & Urban Areas Management, Lodwar Municipality Board Member.</p>	
<p>9.</p>	 <p>Marian Lotieng Nakaale Chief Officer for Municipalities and Urban Areas Management, Lodwar Municipality Board Member</p>	<ul style="list-style-type: none"> • Education: • -2023-2024: MSc in Project planning and Management Catholic University of East Africa Ongoing – Done with Coursework • -2014- 2019 Bachelor of Arts in Sociology and Psychology – University of Nairobi <ul style="list-style-type: none"> - 2003-2005 Certificate in Animal Health and Production. - Animal Health and Training Institute, Kabete • Work Experience • 2019-2022 -Project Manager Caritas Luxembourg, South Sudan • 2017-2018 – Project Coordinator Caritas Czech Republic South Sudan


		<ul style="list-style-type: none">• 2014 -2016 -Project Manager Livelihoods Caritas Czech Republic South Sudan• 2007–2013 – Project Manager Diocese of Torit South Sudan
10.	 <p>Benjamin Tukei Lore-Manager, Lodwar Municipality</p>	<p>EDUCATION:</p> <ul style="list-style-type: none">• 2018 – 2020: MSc IT Management University of Nairobi Ongoing – Done with Coursework• 2001 -2005: B.Sc. (Telecommunication and Information Technology) Kenyatta University.• Jan. – Dec. 2001 Certificate in Information Technology Management. Tropical Management Institute.• 1996 – 1999: Kenya Certificate of Secondary School (KCSE)Kakuma Boys Secondary School.

		<ul style="list-style-type: none">• PROFESSIONAL TRAININGS• Jan 2022: - Data Management and Analysis using SPSS & R Programming - Monitoring and Evaluation for Malnutrition and Food Security - GIS in Drought and Disaster management.• Oct 2015• NAIROB, Kenya First Aid course – 1 Week by UNHCR Office• Aug 2012:• Kampala, Uganda. Senior IT Management course - 2 Weeks by MSF-Holland• Oct 2010:• Nairobi, Kenya. Experts Field Training Course – 2 Weeks by MSF-Holland• WORK EXPERIENCE:• TWO KB Telecoms & IT Ltd – Turkana County• Sep 2022 – Present• Turkana County Government• Director Governors Press Service• Sep. 2019 – Dec. 2019• CARITAS – Diocese of Lodwar• East African Trade, Transport and Development Facilitation Project (EARTTDFP) funded• Monitoring, Evaluation, Accountability and Learning Specialist on Consultancy• November 2014 – March 2016
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<ul style="list-style-type: none"> • United Nations High Commissioner for Refugees (UNHCR), Kakuma Sub Office. • Senior IT Assistant • June 2013 – October 2014 • Senior Telecoms Operator (On Temporary Assignment) • MSF - OCA/HOLLAND, Sudan South Mission • Aug 2008 – May 2013 • ICT Officer • Team Leadership: • Field Monitor • Also, his main areas of responsibility include; • Being Secretary to the Board • He's an Accounting officer to Lodwar Municipality • He's an Administrative head to Lodwar Municipality 	
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4. Key Management Team

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

		<ul style="list-style-type: none"> • 2017-2018 – Project Coordinator Caritas Czech Republic South Sudan • 2014 -2016 -Project Manager Livelihoods Caritas Czech Republic South Sudan • 2007–2013 – Project Manager Diocese of Torit South Sudan
<p>3.</p>	 <p>Benjamin Tukei Lore -Manager, Lodwar Municipality</p>	<p>EDUCATION:</p> <ul style="list-style-type: none"> • 2018 – 2020: MSc IT Management University of Nairobi Ongoing – Done with Coursework • 2001 -2005: B.Sc. (Telecommunication and Information Technology) Kenyatta University. • Jan. – Dec. 2001 Certificate in Information Technology Management. Tropical Management Institute. • 1996 – 1999: Kenya Certificate of Secondary School (KCSE)Kakuma Boys Secondary School. <p>PROFESSIONAL TRAININGS</p> <ul style="list-style-type: none"> • Jan 2022: - Data Management and Analysis using SPSS & R Programming - Monitoring and Evaluation for Malnutrition and Food Security - GIS in Drought and Disaster management. • Oct 2015 • NAIROB, Kenya First Aid course – 1 Week by UNHCR Office • Aug 2012: • Kampala, Uganda. Senior IT Management course - 2 Weeks by MSF-Holland • Oct 2010: • Nairobi, Kenya. Experts Field Training Course – 2 Weeks by MSF-Holland <p>WORK EXPERIENCE:</p>

		<ul style="list-style-type: none"> • TWO KB Telecoms & IT Ltd – Turkana County • Sep 2022 – Present • Turkana County Government • Director Governors Press Service • Sep. 2019 – Dec. 2019 • CARITAS – Diocese of Lodwar • East African Trade, Transport and Development Facilitation Project (EARTTDFP) funded • Monitoring, Evaluation, Accountability and Learning Specialist on Consultancy • November 2014 – March 2016 • United Nations High Commissioner for Refugees (UNHCR), Kakuma Sub Office. • Senior IT Assistant • June 2013 – October 2014 • Senior Telecoms Operator (On Temporary Assignment) • MSF - OCA/HOLLAND, Sudan South Mission • Aug 2008 – May 2013 • ICT Officer • Team Leadership: <ul style="list-style-type: none"> • Field Monitor • Also, his main areas of responsibility include; • Being Secretary to the Board • He’s an Accounting officer to Lodwar Municipality • He’s an Administrative head to Lodwar Municipality
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5. Report of the Municipality board chairperson

I would like to extend my thanks to all our shareholders and the rest of the board members for your continued support. Not forgetting Our excellency, the Governor for Turkana County Hon Jeremiah Ekamais Napotikan for implementing the construction of 3KM tarmac road within Lodwar Town streets and also establishment of recreational park at Kanamkemer Ward. Finally, on behalf of the Board, I would again like to thank all of our amazing people and teams across the municipality for all of their commitment and hard work during the year.

Our strength is our people. Our motivation is our pride in our Municipality and what it has accomplished to the people of Turkana County. Integrity is our foundation, quality and fairness are our goals and caring environment is our core objective.” Commitment to excellence and client satisfaction form the basis of our philosophy.

Thank you.

Signature:

Lodwar Municipality Chairperson



6. Report of the Municipality Manager

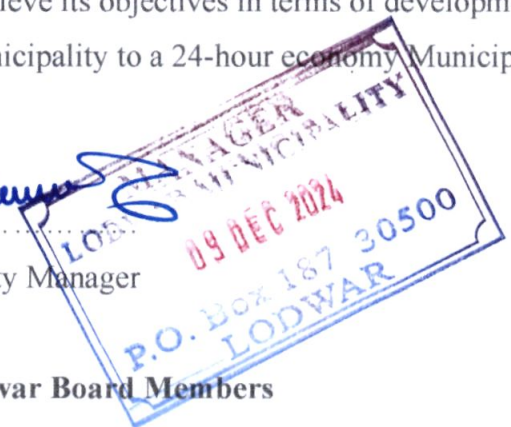
Majority of projects for last financial year funded by the county government have been completed and ready for use. Example of these projects have been listed below;

- Consultancy on Review of Lodwar Municipality Spatial Plan
- Consultancy services on preparation of Environment, Health and Sanitation Plan
- Consultancy services on development of web-based GIS Municipality information system
- Conservation structure along River Turkwel banks
- Construction & fabrication of transfer waste stations & skip bins
- Operationalization and maintenance of parking lots
- Establishment and development of recreational parks
- Construction of Kanamkemer Market - Completion
- California Market Upgrading- Phase 2
- Construction of Nakwamekwi Market

- Construction of Public toilet in Nakwamekwi
- Upgrading to Bitumen Standard of Lodwar Streets
- Construction of market stalls in Nawoitorong
- Purchase and supply of Agricultural Extension service input
- Repair and maintenance of Lodwar Fire Station Block
- Test, pumping and installation of fire station borehole

Due to support from County Government and other stakeholders, Lodwar Municipality has been enabled to achieve its objectives in terms of development and service delivery which has turned Lodwar Municipality to a 24-hour economy Municipality.

Signature: 
Lodwar Municipality Manager



7. Report of the Lodwar Board Members

Lodwar Municipality has ten board members and has held four board meetings and four committee meetings. The full board sits once every quarter of the financial year while each committee sits twice every quarter.

Lodwar municipality has implemented a number of projects in the financial year 2023-2024.

And example of these projects are;

- Operationalization and maintenance of parking lots
- Establishment and development of recreational park
- Construction of Nakwamekwi market
- Test, pumping and installation of Fire station borehole
- Construction and fabrication of transfer waste stations and skip bins.

The Municipality seeks more funding from other stakeholders to ensure municipality operates effectively and efficiently.

Signature: 

Board Member

Lodwar Municipality

8. Statement of performance against predetermined Objectives for the FY 2023/2024

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

- To ensure effective and efficient urban development and management
- To promote environmental management and public health
- To promote industrialization within the Municipality
- To establish a framework for monitoring, evaluation and reporting programs

9. Corporate Governance Statement

Lodwar Municipality has ten board members and has held four board meetings and four committee meetings. The full board sits once every quarter of the financial year while each committee sits twice every quarter. The county government of Turkana had a defunct of Lodwar town which hence inaugurated to Lodwar Municipality after promulgation of Lodwar Municipal charter.

The municipality has a charter that regulates operations and governance of Lodwar Municipality. Appointments of the board members and removal of the board members from the board who are the trustees of the board is done in accordance to section 15 and 16 of the UACA 2011 respectively. In ensuring effective service delivery to the citizens of Lodwar Municipality, the municipal charter has adopted the functions of the board as outlined in the section 20 of UACA 2011.

Furthermore, the county government inducted the board members on the functions of the board as well as those of the county government. The members have the capacity to key skills development to enable them execute their duties effectively. To enhance board and members performance, members are in committees for efficiency and effectiveness.

with the advisory from salaries and remuneration commission with the approval of Turkana County Assembly.

To address issues of ethics and conducts of members, they were subjected to an oath of secrecy during their assume of office. On matters of governance and audit, the municipality is corporate entity head by municipal

Environmental and Sustainability Report

Purpose: The formulation of Environment Policy 2018 of Turkana County is based on the requirement by the (Constitution of Kenya; 2010 and the County Governments Act, 2013) which gives powers to the county government to formulate policies and enact laws.

It is this provision that Turkana County sort to formulate policy to address the management of waste in Lodwar municipality and its environment. The purpose of this article was to determine the influence of the Environmental Policy on Solid waste management in a case of Lodwar Municipality, Turkana County, Kenya. The objectives of the study were;

To establish impact of private-public partnership on sustainable waste management in Lodwar Municipality, Turkana County; To assess the impact of political good will on solid waste management in Lodwar Municipality, Turkana County; To determine adoption of emission-reducing technologies on solid management in Lodwar municipality, Turkana county and to assess the level of integration of environmental policy with socio-economic policies to boost solid waste management in Lodwar Municipality, Turkana County, Kenya. Methodology:

A cross-sectional descriptive study design was adopted to target residents of Lodwar town, management and municipal workers, traders, fisherfolks, county National Environment Management Authority officers and public health department officers at the county level. Furthermore, the descriptive research design was employed and utilized structured and semi structure questionnaires.

7. Management Discussion and Analysis

SECTION A

The entity's operational and financial performance

Municipality's annual original budget is Shs 43,134,220 and 361,971,594 both recurrent and development respectively. Later after supplementary 1, the Lodwar Municipality Budget reduced to 39,184,220 and 306,384,091 for both recurrent and Development respectively which was later approved by the Lodwar Municipality Board Members. During this period, Lodwar Municipality utilized recurrent expenditure of 29,298,007 and expenditure for development was 76,551,608.30. Therefore, Balance Brought forward as at 1 July 2024 is KES 231,413,198.70 for Turkana County Lodwar Municipality Account.

SECTION B

Entity's compliance with statutory requirements

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

SECTION C

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

1. Conservation structures along river turkwel banks
2. Climate change, mitigation and adaptation
3. Construction and fabrication of transfer waste stations and skip bins
4. Construction of taxi/bus stands
5. Establishment and development of recreational parks
6. Beautification of green spaces in Lodwar Municipality
7. Construction of Kanamkemer market -Completion
8. Upgrading of Carlifornia market -phase II
9. Construction of public toilet in Nakwamekwi
10. Construction and maintenance of flood lights and high masks – Lodwar township
11. Construction of 3 km tarmacked road
12. Fencing of Kanamkemer cemetery
13. Construction of market stalls in Nawoitorong
14. Rehabilitation of Lodwar town arboretum
15. Operationalization and maintenance of fire station, provision of firefighting services, emergency preparedness and disaster managemen

All the projects are being financed by the County Government.

SECTION D

Major risks facing the entity.

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

Category	Description
Strategy risks	Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change).
Governance risks	Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.
Operations risks	Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money.
Legal risks	Risks arising from a defective transaction, a claim being made (including a defense to a claim or a counterclaim) or some other legal event occurring that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements or to protect assets (for example, intellectual property).
Property risks	Risks arising from property deficiencies or poorly designed or ineffective/ inefficient safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.
Financial risks	Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.
Commercial risks	Risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and /or failure to meet business requirements/objectives.

Technology risks	Risks arising from technology not delivering the expected services due to inadequate or deficient system/process development and performance or inadequate resilience.
Information risks	Risks arising from a failure to produce robust, suitable and appropriate data/information and to exploit data/information to its full potential.
Security risks	Risks arising from a failure to prevent unauthorized and/or inappropriate access to the estate and information, including cyber security and non-compliance with General Data Protection Regulation requirements.
Project/Programme risks	Risks that change programmes and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time, cost and quality.
Reputational risks	Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.
People risks	Risks arising from ineffective leadership and engagement, suboptimal culture, inappropriate behaviour, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.

Management Discussion and Analysis (continued)

SECTION E

Material arrears in statutory/financial obligations

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

SECTION F

The entity's financial probity and serious governance issues

1. Financial issues

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

2. Governance issues

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

8. Statement of Management's Responsibilities

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the period ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Lodwar Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

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


County Government of Turkana

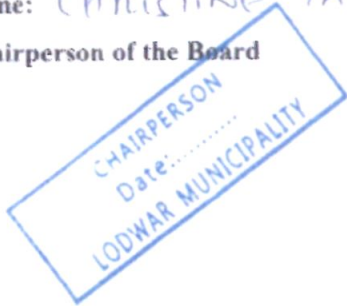
Lodwar Municipality

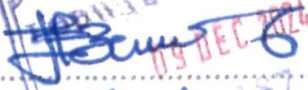
Annual Report and Financial Statements for the year ended June 30, 2024

Approval of the Financial Statements

The Municipal financial statements were approved by the Board on 18th July 2024 and signed on its behalf by:

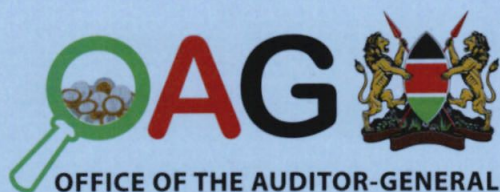

.....
Name: CHRISTINE TATOI
Chairperson of the Board




.....
Name: Jukei Benjamin
Accounting officer

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lodwar Municipality set out on pages 2 to 46, which comprise of the statement of financial position as at 30 June, 2024

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lodwar Municipality as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Expenditure in the Use of Goods and Services

The statement of financial performance reflects use of goods and services amount of Kshs.44,429,733 as disclosed in Note 12 to the financial statements. This includes Kshs.900,000 for office and general supplies and services, Kshs.2,947,000 for contracted professional services and Kshs.7,907,480 for domestic travel and subsistence that were not supported by vouchers, requisitions from user departments, evidence of tender opening and evaluation or letters of award.

In the circumstances, the accuracy, propriety and completeness of use of goods and services expenses could not be confirmed.

2. Unsupported Expenditure on Board Expenses

The statement of financial performance disclosed an expenditure of Kshs.605,300 on board expenses as shown in Note 14 to the financial statements. However, the expenditure was not supported by board minutes, attendance registers, notices of the meetings, work plan for board meetings or payment vouchers.

In the circumstances, the accuracy, propriety and completeness of board expenses of Kshs.605,300 could not be confirmed.

3. Inaccuracies of Cash and Cash Equivalents

The statement of financial position shows cash and cash equivalents of Kshs.131,413,199 as shown in Note 19 to the financial statements. However, review of cash books and bank reconciliation statements revealed a total cash book balance of Kshs.131,469,844 resulting in unreconciled balance of Kshs.56,645. Further, the monthly bank reconciliation statements were prepared by the same officer who prepared the cash books and were not checked by senior officer.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.131,413,199 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year under review reflects final budgeted revenue of Kshs.39,184,220 against actual receipts of Kshs.34,584,220. This results to an under-funding of Kshs.4,600,000 or 12% of the budget. Similarly, the statement shows total receipts of Kshs.34,584,220 against actual expenditure of Kshs.45,035,033. This resulted into over-expenditure by Kshs.10,450,813 or 30% of the budget.

In the circumstances, the under-funding and over-expenditure may affect negatively the smooth implementation of planned activities of the Municipality.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Data Protection Policy

Review of the Municipality's documents provided for verification revealed that the Municipality had no approved data protection policy contrary to Regulation 23(1) of the Data Protection (General) Regulations, 2021 that requires a data controller or data processor to develop, publish, and regularly update a policy reflecting their personal data handling practices.

In the circumstances, the board's safeguard and handling of its data is not guaranteed.

2. Lack of Strategic Plan

Review of the documents provided for audit verification revealed that the municipality had no approved strategic plan in place that could guide the Municipality in budgeting and planning for their activities. This is contrary to Section 149(2)(g) of the Public Finance

Management Act, 2012 which requires the Accounting Officer to prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the County Government.

In the circumstances, the Municipality may not achieve its objectives.

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

Responsibilities of Management and the Municipality Board

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

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

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	34,584,220	63,132,272
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues (<i>Specify</i>)	9	-	-
		34,584,220	63,132,272
Revenue from exchange transactions			
Interest income	10	-	-
Miscellaneous Income	11	-	-
		-	-
Total revenue		34,584,220	63,132,272
Expenditure			
Use of goods and services	12	44,429,733	54,832,527
Staff costs	13	-	-
Board expenses	14	605,300	-
Finance costs	15	-	-
Depreciation and amortization	16	8,478,189	-
Repairs and maintenance	17	-	212,624
Total expenses		53,513,222	55,045,151
Other gains/losses			
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		(18,929,002)	8,087,121

The notes set out on pages 8 to 45 form an integral part of these Financial Statements. The entity financial statements were approved on 30th June 2024 and signed by:


 Name: **Tukei Benjamin**
 Lodwar Municipality Manager


 Name: **Jleson Simon**
 Head of Finance
 ICPAK M/No



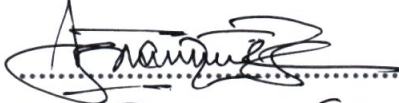
11. Statement of Financial Position as at 30 June 2024

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	131,413,199	-
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		131,413,199	-
Non-current assets			
Property, plant, and equipment	24	73,756,847	19,627,454
Total Non-current Assets		73,756,847	19,627,454
Total assets (A)		205,170,046	19,627,454
Liabilities			
Current liabilities			
Trade and other payables	26	-	-
Refundable deposits from customers	27	-	-
Employee benefit obligations	30	-	-
Total current liabilities		-	-
Non-current liabilities			
Non-current employee benefit obligation	30	-	-
Total liabilities (B)		-	-
Net Assets (A-B)		205,170,046	19,627,454
Represented by:			
Capital/Development Grants/Fund		216,011,927	11,540,333
Reserves		-	-
Accumulated surplus		(10,841,881)	8,087,121
Net Assets/Equity		205,170,046	19,627,454

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 9/12/ 2024 and signed by:


.....
Name: Tukei Benjamin
Lodwar Municipality Manager
Date: 9/12/2024




.....
Name: Dilem Samuel
Head of Finance
ICPAK M/No
Date: 9/12/2024

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

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2022	74,704,310	-	-	74,704,310
Surplus/(deficit) for the year	(74,704,310)	-	8,087,121	(66,617,189)
Funds received during the year	11,540,333	-		11,540,333
Revaluation gain/loss	-	-	-	-
Bal as at 30 Jun 2023	11,540,333	-	8,087,121	19,627,454
Bal as at 1 July 2023	11,540,333	-	8,087,121	19,627,454
Surplus/(deficit) for the year		-	(18,929,002)	(18,929,002)
Funds received during the year	204,471,594	-		204,471,594
Revaluation gain/loss	-	-	-	-
Balance as at 30 June 2024	216,011,927	-	(10,841,881)	205,170,046

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

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government		34,584,220	63,132,272
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts (<i>Specify</i>)		-	-
Total Receipts		34,584,220	63,132,272
Payments			
Use of goods and services		44,429,733	54,832,527
Staff costs		-	-
Repairs and Maintenance		-	212,624
Board expenses		605,300	-
Finance costs		-	-
Total Payments		45,035,033	55,045,151
Net cash flows from operating activities	33	(10,450,813)	8,087,121
Cash flows from investing activities			
Purchase of PPE & intangible assets		-	(8,087,121)
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		-	(8,087,121)
Cash flows from financing activities			
Receipts from Capital grants		204,471,594	11,540,333
Capital Development-Tarmac Road		(62,607,582)	(11,540,333)
Repayment of borrowings		-	-
Net cash flows used in financing activities		141,864,012	-
Net increase/(decrease) in cash & cash equivalents		131,413,199	-
Cash And Cash Equivalents At 1 July	19	-	-
Cash And Cash Equivalents At 30 June	19	131,413,199	-

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	43,134,220	(3,950,000)	39,184,220	34,584,220	4,600,000	88
Public contributions and donations	-	-	-	-	-	
Interest income	-	-	-	-	-	
Miscellaneous income (<i>specify</i>)	-	-	-	-	-	
Total Revenue	43,134,220	(3,950,000)	39,184,220	34,584,220	4,600,000	88
Expenses						
Use of goods and services	42,484,220	(3,950,000)	38,534,220	44,429,733	(5,895,513)	115
Board expenses	650,000		650,000	605,300	44,700	93
Staff Costs	-	-	-	-	-	
Finance costs	-	-	-	-	-	
Total Expenditure	43,134,220	(3,950,000)	39,184,220	45,035,033	(5,850,813)	
Surplus for the period	-	-	-	(10,450,813)	10,450,813	
Capital Expenditure	361,971,594	(55,587,503)	306,384,091	62,607,582	243,776,509	

Budget notes

The difference in original budget and actual on comparable basis is due to reallocation of funds during supplementary budget

15. Notes to the Financial Statements

1. General Information

Lodwar Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on (5th December, 2018). The Municipality is under the County Government of *Turkana* and is domiciled in Kenya. The entity's principal activity is to be the Hallmark of Transformative Governance.

2. Statement of Compliance and Basis of Preparation

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

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

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

3. Application of New and revised standards (IPSAS)

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

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

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

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

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

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

iii. Early adoption of standards

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

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023/24 was approved by the County Assembly on 30th September 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Lodwar Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Lodwar Municipality recorded additional appropriations of 106,958,633 on 30TH September 2024 following the governing body's approval.

The Lodwar Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on

accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Property, plant and equipment

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

d) Intangible assets

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

e) Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 25*.

Financial liabilities

Classification

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

f) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

g) Provisions

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

h) Social Benefits

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

i) Contingent liabilities

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

j) Contingent assets

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

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

The Lodwar Municipality provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Lodwar Municipality pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Lodwar Municipality does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported in the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting

of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Events after the reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue.

Two types of events can be identified:

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

(b) Those that are indicative of conditions that arose after the reporting date (*non-adjusting events after the reporting date*).

The Lodwar Municipality should indicate whether there are material adjusting and non-adjusting events after the reporting period.

t) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made.

Estimates and assumptions.

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

Useful lives and residual values

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

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

Notes to the Financial Statements

6. Transfers from the County Government

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	34,584,220	63,132,272
Payments by County on behalf of the entity	-	-
Unconditional development grants	-	-
Total	34,584,220	63,132,272

(Provide brief explanation for this revenue)

(a) Transfers from County Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	FY 2022-2023
TCG Executive	34,584,220	-	204,471,594.00	239,055,814	74,672,605
Ministry	-	-	0	-	0
Total	34,584,220	-	204,471,594	239,055,814	74,672,605

7. Public Contributions and Donations

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

8. Levies, Fines and penalties

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

9. Other Revenues from Non-Exchange Transactions

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

(Provide a brief explanation for this revenue)

10. Interest income

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others (<i>Specify</i>)	-	-
Total interest income	-	-

(Provide brief explanation for this revenue)

11. Miscellaneous income

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others (<i>specify</i>)	-	-
Total other income	-	-

12. Use of Goods and Services

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Utilities, supplies and services	15,606,753	7,655,060
Communication, supplies and services	-	75,000
Domestic travel and subsistence	7,907,480	9,395,374
Foreign travel and subsistence		-
Printing, advertising, supplies & services		374,328
Rent and rates		-
Training expenses	180,000	916,980
Hospitality supplies and services	798,000	2,278,362
Insurance costs		-
Specialized materials and services		982,748
Office and general supplies and services	900,000	3,200,057
Fuel, oil and lubricants	1,554,200	4,049,138
Contracted Guards and Cleaning Services	14,000,000	20,090,442
Routine maintenance – vehicles and other equipment	536,300	-
Routine maintenance – other assets		2,971,688
Contracted Professional Services	2,947,000	2,843,350
Audit fees		-
Hire of Transport, equipment etc		-
Bank Charges		-
Social Benefit expenses*	-	-
Total	44,429,733	54,832,527

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

13. Staff costs

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs (Specify)	-	-
Total	-	-

14. Board expenses

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	605,300	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Conference Costs	-	-
Other allowances (<i>Specify</i>)	-	-
Total	605,300	-

15. Finance costs

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

16. Depreciation and amortization

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Property, plant, and equipment	8,478,189	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	8,478,189	-

17. Repairs and Maintenance

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Property- Buildings		-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	212,624
Total repairs and maintenance	-	212,624

18. Gain/(loss) on disposal of assets

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

19. Cash and cash equivalents

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Fixed deposits account	131,413,198.70	-
On – call deposits	-	-
Current account	-	-
Others(<i>specify</i>)	-	-
Total Cash and Cash Equivalents	131,413,198.70	-

Financial institution	Account number	FY 2023-2024	FY 2022-2023
		Kshs.	Kshs.
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-

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Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			-
Central Bank of Kenya		131,413,199	-
Equity Bank - etc		-	-
Sub- total		131,413,199	-
d) Others(specify)			-
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		131,413,199	-

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

20. Receivables from exchange transactions

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Current Receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables (a)	-	-
Non-Current receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Non- current receivables (b)	-	-
Total	-	-

Ageing analysis for Receivables from exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs

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	Current FY	% of the total	Compar ative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

21. Receivables from Non-Exchange transaction

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from Fund	-	-
Total	-	-

Ageing analysis for Receivables from non-exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	Current FY	% of the total	Compar ative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

22. Prepayments

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(<i>specify</i>)	-	-
Total	-	-

23. Inventories

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Other inventories(<i>specify</i>)	-	-
Total inventories at the lower of cost and net realizable value	-	-

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24. Property, Plant and Equipment

Description	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets-Civil Works	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	
Depreciation rate	50 years	6 years	8 years	3 years	10 years		
As At 1 July 2022	-	-	-	-	-	-	-
Additions	4,628,545	6,840,000	585,724	661,397	6,911,788	-	19,627,454
Disposals	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-
As at 30th June 2023	4,628,545	6,840,000	585,724	661,397	6,911,788	-	19,627,454
Additions	-	-	-	-	62,607,582	-	62,607,582
Disposals	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-
As at 30th June 2024	4,628,545	6,840,000	585,724	661,397	69,519,370	-	82,235,036
Depreciation And Impairment							
At 1 July 2022	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-
As At 30th June 2023	-	-	-	-	-	-	-
Depreciation	92,571	1,140,000	73,216	220,466	6,951,937	-	8,478,189
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-

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Transfer/Adjustment	-	-	-	-	-	-	-	-	-
As at 30 th June 2024	92,571	1,140,000	73,216	220,466	6,951,937	-	-	8,478,189	-
Net Book Values									
As at 30 th June 2023	4,628,545	6,840,000	585,724	661,397	6,911,788	-	-	19,627,454	-
As at 30 th June 2024	4,535,974	5,700,000	512,509	440,931	62,567,433	-	-	73,756,847	-

(Include a brief description of WIP as a footer.)

25. Intangible assets

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

26. Trade and other payables from exchange transactions

Description	2023-2024		2022-2023	
	Kshs.		Kshs.	
Trade payables	-		-	
Retentions	-		-	
Accrued expenses	-		-	
Other payables (<i>Specify</i>)	-		-	
Total trade and other payables	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

27. Refundable deposits from customers

Description	2023-2024		2022-2023	
	KShs		KShs	
Rent deposits	-		-	
Others (<i>specify</i>)	-		-	
Total	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

28. Provisions

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Balance at the beginning of the year	-	-
Additional Provisions (<i>Specify</i>)	-	-
Provision utilised	-	-
Balance at the end of the year	-	-
Current Portion of provision	-	-
Long term portion of provision	-	-
Total Provisions	-	-

29. Borrowings

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

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 29 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security, and interest rates should be disclosed)

Description	2023-2024	2022-2023
	Kshs.	Kshs.

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Balance at beginning of the period	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
Balance at end of the period	-	-

The table below shows the Distribution of borrowings:

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

30. Employee Benefit Obligations

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

31. Deferred Income

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

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

Include columns as needed for the various sources of income deferred

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

32. Social Benefit Liabilities

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

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

33. Cash generated from operations

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Surplus/ (deficit) for the year before tax	(18,929,002)	8,087,121
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	(18,929,002)	8,087,121

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

34. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

e) Due to related parties

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

35. Contingent liabilities

Contingent liabilities	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Court case against the entity	-	-
Bank guarantees	-	-
Total	-	-

(Give details)

36. Contingent Assets

Contingent liabilities	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Court case against the entity	-	-
Others Specify	-	-
Total	-	-

37. Financial risk management

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

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

I. Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or external assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Lodwar Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Lodwar Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	131,413,198.70	131,413,198.70	-	-
Total	131,413,198.70	131,413,198.70	-	-
As at 30 June 2023				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-

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Total	131,413,198.70	131,413,198.70	-
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(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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

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

II. Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 Jun 2023				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-

Total	-	-	-	-
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III. Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Lodwar Municipality'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 Lodwar Municipality's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Lodwar Municipality's exposure to market risks or the manner in which it manages and measures the risk.

IV. Foreign currency risk

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

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

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
2023 (current year)			
Euro	10%	-	-
USD	10%	-	-
2022 (previous year)			
Euro	10%	-	-
USD	10%	-	-

V. Interest rate risk

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

Management of interest rate risk

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

VI. Capital risk management.

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

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Revaluation Reserve	216,011,927	11,540,333
Retained Earnings	-	19,627,454
Accumulated Reserve	(10,841,881)	8,087,121
Total Funds	205,170,046	39,254,908
Total Borrowings	-	-
Less: Cash and Bank Balances	131,413,199	-
Net Debt/(Excess Cash And Cash Equivalents)	(131,413,199)	-
Gearing	2	

38. Program for Results (PforR) Disclosure

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

Name of the PforR:	
Financing Partners:	
Purpose of the PforR:	
Expenditure Details	
	Amount in Kshs
Cumulative actual expenditures for the previous years	-
Actual expenditure in the current financial year.	
1. Employee Cost	-
2. Use of goods and Services	-
3. Grants and Subsidies	-
4. Building of ECDE facilities	-
5. Others (specify)	-
Sub-total	-
Cumulative Actual Expenditures to date	-

16. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

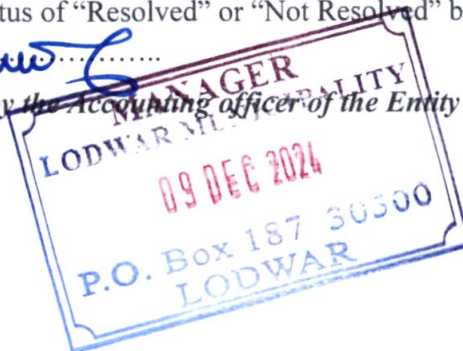
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (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.

.....
[Signature]
 To be Signed by the Accounting officer of the Entity



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Appendix 2: Inter-Entity Transfers

LODWAR MUNICIPALITY.				
Breakdown of Transfers from the County Executive of Turkana County				
FY 2023/2024				
		<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
a.	Recurrent Grants			
	County Executive	9-February-2024	1,100,000	2023-2024
	County Executive	9-February-2024	1,254,220	2023-2024
	County Executive	9-February-2024	13,380,000	2023-2024
	County Executive	9-February-2024	18,850,000	2023-2024
		Total	34,584,220	
b.	Development Grants			
	County Executive	21-June-2024	204,471,594	2023-2024
		Total	204,471,594	
c.	Direct Payments			
			-	
			-	
		Total	-	

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

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

