

REPUBLIC OF KENYA



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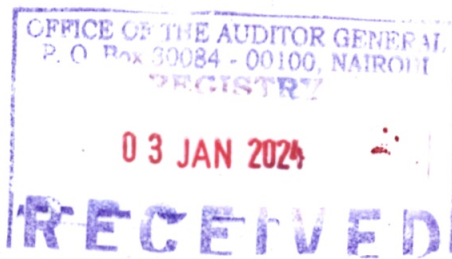
**THE AUDITOR-GENERAL**

**ON**

**TURKANA COUNTY EDUCATION AND  
SKILLS DEVELOPMENT FUND**

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

PAPERS LAID	
DATE	24/3/2024
TABLED BY	Dep. Maj. Wshup
COMMITTEE	C.P.I.C
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**THE TURKANA COUNTY EDUCATION AND SKILLS**

**DEVELOPMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

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

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

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**Table of Content**

1. Acronyms and Glossary of Terms	iii
2. Key Entity Information and Management	iv
3. Board of Trustees/ Fund Administration Committee.	vii
4. Management Team	ix
6. Report of The Fund Administrator	xiii
7. Statement of Performance Against the County Fund's Predetermined Objectives	xv
8. Corporate Governance Statement	xvi
9. Management Discussion and Analysis	xviii
10. Environmental and Sustainability Reporting	xix
11. Report of The Trustees	xxi
12. Statement of Management's Responsibilities	xxiii
13. Report of The Independent Auditor on the Financial Statements for The Turkana County Education and Skill Development Fund.	xxv
14. Statement of Financial Performance for the Year Ended 30 <sup>th</sup> June 2023	1
15. Statement of Financial Position As at 30 June 2023	2
16. Statement Of Changes in Net Assets for the year ended 30 <sup>th</sup> June 2023	4
17. Statement of Cash Flows for The Year Ended 30 June 2023	5
18. Statement Of Comparison Of Budget And Actual Amounts For The Period	6
19. Notes to the Financial Statements	8
20. Annexes	40

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

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**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
FY	Financial Year
TC	Turkana County

b) Glossary of Terms

Fiduciary Management

The key management personnel who had financial responsibility

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

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**2. Key Entity Information and Management**

**a) Background information**

The Turkana County Education & Skills Development Fund is established by and derives its authority and accountability from Turkana County Education and skills Development (Amendment) Act, 2016. The Fund is wholly owned by the County Government of Turkana and is domiciled in Kenya.

The fund's objective is to;

- i. Provide quality education to resident of Turkana County;
- ii. Bridge the gap of illiteracy;
- iii. Diversify knowledge around the corners of the Turkana County;
- iv. Reduce poverty levels by empowering community to enrolling children to schools;
- v. Nurture talents through skill developments programs;

The Fund's principal activity is to provide fee subsidy to needy and deserving students both in colleges, university and tertiary institutions.

**b) Principal Activities**

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

- i. Provide a framework for consultation and co-ordination between the county executive, ward appraisal committee and other stakeholders in the Education sector;
- ii. Provide a framework for consultation and cooperation amongst county government entities.
- iii. Establish institutional structure and mechanism for relations;
- iv. Provide a framework for the inclusive consideration of any matter that affects the entities of Turkana County Government and other county stakeholders in the Education sector;
- v. Give effect to Article 187 and 200 of the Constitution, in respect of the transfer of functions and powers by one level of government of another, Including the transfer of the legislative powers; and
- vi. Provide mechanisms for the resolution of inter-entities and or stakeholders disputes where they arise.

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

**Key Entity and Management (Continued)**

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

Sl. No.	Position	Name
1	Chairperson of the Board	Rev. Jackson Iruko
2	Board Member	Rita Akuuta Ekiru
3	Board Administrator	Moses Korea
4	Board Member	Clarrison Ingolan Yono
5	Board Member	Collins Nangor
6	Board Member	Beatrice Egiron
7	Board member	Lilycaren Awoton
8	Fund Accountant	Grace Ewoi

**d) Key Management team**

Sl. No.	Position	Name
1	Fund Patron	Leah Lokala
2	Fund Administrator	Moses Korea
3	Fund Accountant	Grace Ewoi
4	Fund Chairperson	Rev. Jackson Iruko

**e) Fiduciary Oversight Arrangements**

**Turkana County Assembly Sectoral Committee on Finance, Planning, Trade, and ICT.**

Sl. No.	Position	Name
1	Chairperson	Michael Ewoi
2	Vice Chairperson	Willy Nalimo
3	Member	Mathew Alany
4	Member	Anarclet Lemuya
5	Member	Amina Loitanit
6	Member	Samuel Aliwo
7	Member	Rebecca Epae
8	Member	Esther Mana

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

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**Key Entity and Management (Continued)**

**f) Registered Offices**

P.O. Box 11-30500  
Office of the County Executive-Education,  
Sports and Social Protection  
Lodwar Mixed Primary Highway  
Lodwar, KENYA

**g) Fund Contacts**

E-mail: [tcg@turkana.go.ke](mailto:tcg@turkana.go.ke)  
Website: [www.tcg.go.ke](http://www.tcg.go.ke)

**h) Fund Bankers**

Kenya Commercial Bank  
Lodwar Branch.

**i) Independent Auditors**

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

**j) County Attorney**





The Office of the County Attorney  
P.O. Box 11-30500  
Lodwar, Kenya

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

**3. Board of Trustees/ Fund Administration Committee.**




Name	Details of qualifications and experience
<p>1. Rev. Jackson Iruko</p> 	<p>Rev. Iruko is the Chair to the County Secretariat Committee. He is appointed from Turkana South to represent religion since he is a practising reverend for Reformed church of East Africa (RCEA). He possesses a bachelor's degree in Arts (theology). Jackson has worked with mentorship programs within the county, possessing vast experience in counselling having engaged in counselling sessions with the Diocese of Lodwar to curb widespread drug abuse among young children. He also doubles as the Dean of students at Turkana University.</p>
<p>2. Moses Etelej Korea</p> 	<p>He is the current Chief Officer for Education, ECDEs and Social Protection and the Secretary to the Fund Management Committee. Mr. Moses holds a Master of Science degree in Environmental and Petroleum Geochemistry from the university of Newcastle and a degree in Education from Moi university. He has over ten years of experience in the Public Sector working as a High school teacher rising through ranks to the level of a High school principal engaging in high level policy and decision making roles.</p>
<p>3. Rita Akuuta Ekiru</p> 	<p>She is a member of the Secretariat Committee representing women. Rita has a bachelor's degree in social work from Masinde Muliro University of Science and Technology, a diploma in Logistics Management from Cefored College and a diploma in Purchasing and Supplies Management from Eldoret Aviation Training Institute. She is currently a Field Logistics and Administrative Assistant with Handicap International. She previously worked as a Field Monitor for Kenya Bureau of Statistic and a Storekeeper with the National Council of Churches of Kenya.</p>
<p>4. Clarrison Ingolan Yono</p> 	<p>He is a member of the Secretariat Committee representing people living with disability. He has diploma in theology. He is currently the Coordinator in Akide Gospel fellowship entrusted with the responsibility of rolling out Christian ministries in churches and schools. He worked for Tullow Oil Kenya in facilitating stakeholder engagement with the host community, carrying out sensitization and community mobilization. He has expansive knowledge in community engagement.</p>

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

<p>5. Collins Nangor</p> 	<p>He is member of the Secretariat committee. He has a diploma in Business management from Mount Kenya University. He previously worked as enumerator with world vision Kenya. Mr Collins is business oriented, operating businesses within the County that has employed more than ten youths.</p>
<p>6. Beatrice Egiron</p> 	<p>She is a member of the Secretariat Committee representing the teaching fraternity. She has a bachelor's degree in arts (Education). Beatrice is a primary school teacher with more than 10 years in the teaching profession. She is a member in various women groups that focus on women empowerment and development.</p>
<p>7. Lilycaren Awoton</p> 	<p>She is a member of the Secretariat Committee representing the youth. She has a diploma in Accountancy and Personnel Management. She worked for the Centre for Advocacy and Relief Development as a Human Resource Officer for a year and as an Office Assistant for Kapenguria Teachers Sacco.</p>
<p>8. Grace Ewoi</p> 	<p>Grace is the Fund Administrator. She has over Eleven (11) years' working experience in Public and Non-Governmental Organisations in areas of accounting and financial Management.</p> <p>She holds a Master of Science degree in International Oil and Gas Management from University of Dundee, UK and a bachelor's degree in business management (Finance and Banking Option) from Moi University. She is a Certified Public Accountant (CPA) graduate with KASNEB Examining Body and an investment analyst. She also possesses expertise in Energy and Natural Resources management and policy formulation, Extractive industries financial modelling and analysis and experience in streamlining financial systems in humanitarian emergency responses.</p>

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

**4. Management Team**

<p>1. Leah Lokala</p> 	<p>She is the current County Executive Committee Member (CECM) for the Department of Education, Sports and Social Protection. She is the patron to secretariat committee mandated to oversee committee resolution and contribution. Mrs. Leah is holder of a Master of Science degree in Human Resource Management, Bachelor of Arts in Education, a Higher National Diploma in Human resource Management and a certificate in Primary Teacher Education. She has over 10 years of work experience in Government working in various public sector departments and institutions.</p>
<p>2. Moses Korea</p> 	<p>He is the current Chief Officer for Education, ECDEs and Social Protection and the secretary to the Fund Management Committee. Mr. Moses holds a Master of Science degree in Environmental and Petroleum Geochemistry from the university of Newcastle and a degree in Education from Moi university. He has over ten years of experience in the Public Sector working as a High school teacher rising through ranks to the level of a High school principal engaging in high level policy and decision making roles.</p>
<p>3. Grace Ewoi</p> 	<p>Grace is the Fund Administrator. She has over Eleven (11) years' working experience in Public and Non-Governmental Organisations in areas of accounting and financial Management. She holds a Master of Science degree in International Oil and Gas Management from University of Dundee, UK and a bachelor's degree in business management (Finance and Banking Option) from Moi University. She is a Certified Public Accountant (CPA) graduate with KASNEB Examining Body and an Investment Analyst. She also possesses expertise in Energy and Natural Resources management and policy formulation, Extractive industries financial modelling and analysis and experience in streamlining financial systems in humanitarian emergency responses.</p>
<p>4. Rev.Jackson Iruko</p>	<p>Rev. Iruko is the Chair to the County Secretariat Committee. He is appointed from Turkana South to represent religion since he is a practising reverend for Reformed church of East Africa (RCEA). He possesses a bachelor's degree in arts (Theology). Jackson has worked with mentorship programs within the county, possessing vast</p>

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

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experience in counselling having engaged in counselling sessions with the Diocese of Lodwar. He also doubles as the Dean of students at Turkana University.

## **5. Board/Fund Chairperson's Report**

The Turkana County Education and skill Development fund was established in 2014 with the main aim of providing fee subsidies to deserving and needy students across the County. In the year under review, the fund received an allocation of **Kshs.384,219,180** compared to the previous allocation of **Kshs.374,000,000**. Moreover, the fund also had a carry-over from the previous financial year of **Kshs.15,404,131**.

For the smooth operations of the fund, a total of **Kshs.11,520,000 (3%)** was allocated to the fund administration cost while **Kshs.372,699,180 (97%)** was allocated for fee subsidies. However, actual expenditure incurred during the year amounted to **Kshs.400,675,816** which includes **Kshs.11,448,800** administration cost and **Kshs.389,227,016** for general expenses-Fee subsidies and bank charges. From the disbursement the ward appraisal committee managed to award funds to 58,856 students compared to the previous year 46,925 across the 30 wards in the entire County.

During the year under discussion, there was a transfer of the County Executive Committee Member of the department Mrs. Esther Lokwei who was replaced by Mrs. Leah Lokala as indicated in the trustee's section.

The Fund encountered several challenges in the reporting period that affected budget implementation. These included the following:

- Delay in submission of beneficiary lists from the Wards appraisal committees.
- Inadequate administration budget for monitoring and training Ward appraisal committee
- Incorrect information regarding beneficiaries' details and Institutions which delays disbursements to some Institutions.

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

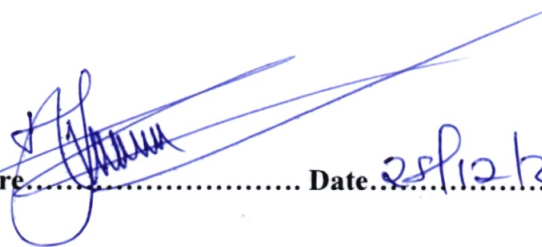
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The following measures have been put in place to address the challenges and to improve budget execution in future:

- Strict timelines for submission of beneficiary lists from Wards Appraisal Committees.
- Implementation of the e-bursary system to enhance efficiency.

Rev. JACKSON IRUKO

Name..... Signature..... Date 25/12/2023.



**Fund Board Chairperson**

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

**6. Report of The Fund Administrator**

The Turkana County Education and skill Development Fund main objective is to provide quality education to resident of Turkana County, bridge the illiteracy gap and create a diversified knowledge base workforce through provision and subsidization of school fees to needy and deserving students.

During the year under review the fund was allocated **Kshs.384,219,180** compared to the previous allocation of **Kshs.374,000,000**. Moreover, the fund also had a carry-over from the previous financial year of **Kshs.15,404,131** and a refund of internal borrowings of **Kshs.2,277,340**.

For the smooth operations of the fund, a total of **Kshs.11,520,000 (3%)** was allocated to the fund administration cost while **Kshs.372,699,180 (97%)** was allocated for fee subsidies. However, actual expenditure incurred during the year amounted to **Kshs.400,675,816** which includes **Kshs.11,448,800** administration cost and **Kshs.389,227,016** for general expenses-Fee subsidies and bank charges.

The total amount was disbursed in two phases during the year. A total of **58,856** students benefited from the Fund which represents an exponential increase of **11,931** students from the previous financial year's **46,925** beneficiaries.

Below is a tabulation of the year's performance:

**Table 1: Beneficiaries.**

S/NO	CATEGORIES	BENEFICIARIES	AMOUNT (KSHS)	% UTILIZATION
1	Secondary School	39,461	259,948,637	92%
2	Colleges	6,559	45,436,163	
3	Universities	5,738	51,303,716	
4	Medical Colleges	4,591	16,538,962	8%
5	Teachers Colleges	1,023	8,485,138	
6	Vocational/Polytechnics	1,032	4,534,928	
7	Others (driving, comp, adult educ)	452	2,876,883	
	<b>TOTAL</b>	<b>58,856</b>	<b>389,124,427</b>	<b>100%</b>

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

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**Table 2: Comparison of FY 21/22 and FY 22/23 Beneficiaries.**

S/NO	CATEGORIES	FY 22/23	FY 21/22
1	Secondary School	39,461	35,492
2	Colleges	6,559	3,916
3	Universities	5,738	4,019
4	Medical Colleges	4,591	1,245
5	Teachers Colleges	1,023	1,067
6	Vocational/Polytechnics	1,032	775
7	Others (driving, comp, adult educ)	452	411
	<b>TOTAL</b>	<b>58,856</b>	<b>46,925</b>

Compared to the previous financial year, the number of students that benefitted from the fund increased exponentially from 46,925 to 58,856 which is attributed to the increase of the fund budget allocation.

The Fund encountered a number of challenges during the year that affected budget implementation including but not limited to delay in submission of beneficiary lists from the Wards appraisal committees, inadequate administration budget for monitoring and training Ward appraisal committee and incorrect information in regard to beneficiaries' details and Institutions which delays disbursements to some Institutions.

The management intends to employ the following measures;

- Strict timelines for submission of beneficiary lists from Wards Appraisal Committees.
- Implementation of the e-bursary system to enhance efficiency.

  
.....

Name: **E TELEJ KOREA MOSOJ.**

**Fund Administrator**

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

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

**Introduction**

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

The key development objectives of the Turkana County skill development fund plan are to:

- Provide quality education to resident of Turkana County.
- To bridge the gap of illiteracy
- To diversify knowledge around the corners of the Turkana County.
- To reduce poverty levels by empowering community to enrolling children to schools
- To nurture talents through skill developments programs

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

Turkana county education and skill development fund.	To ensure the residents attain quality education at high levels of learning	Increased number of beneficiaries enrolling to tertiary institutions	Number of beneficiaries enrolling to tertiary institutions.	The number of students supported in tertiary institutions improved from 3,498 to 7,098
	To bridge the gap of illiteracy	Improved illiteracy levels in the county	Percentage of literacy level in the County	The number of students supported overallly increased from 46,925 to 58,852.
	To diversify knowledge around the corners of the Turkana County.	Availability of diverse skill sets across the County	Number of rare skills nurtured across the County.	Various skill sets have been developed.
	To nurture talents through skill developments programs	Availability of diverse skill set in the county	Number of diverse rare skills nurtured and accessible in the county	Various skill sets have been developed.

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

**8. Corporate Governance Statement**

During the Financial Year the Secretariat Committee held three meetings and all the members were present all through. The first meeting held was for members to approve the fund annual budget and work plan.

Name	Designation	Meetings Date			Remuneration Kshs
		09/08/2022	10/12/2022	22/03/2023	
Rev. Jackson Iruko	Chairperson	✓	✓	✓	15,000
John Tukei	Secretary	✓	✓	✓	12,000
Rita Akuuta Ekiru	Member	✓	✓	✓	12,000
Clarrison Ingolan Yono	Member	✓	✓	✓	12,000
Collins Nangor	Member	✓	✓	✓	12,000
Beatrice Egiron	Member	✓	✓	✓	12,000
Lilycaren Awoton	Member	✓	✓	✓	12,000
Grace Ewoi	Fund Admin.	✓	✓	✓	12,000

The members are remunerated according to the SRC rates for board members in Public service.

The board members are appointed by the County Executive Committee member responsible for Education, Sports and Social Protection for a period of three years while the chairperson and Vice shall be elected among the members during the first meeting.

A person shall not be qualified for appointment as a member of the board if that person is;

- i. a member of National Assembly;
- ii. is adjudged bankrupt;
- iii. is convicted of a criminal offence and sentenced to a term of imprisonment of not less than six months.

An appointed member of the Board shall cease to be a member when;

- i. Dies;
- ii. Is unable to perform the functions of the office due to mental or physical infirmity

The Secretariat shall have the powers necessary for the performance of its functions and these powers shall be;

- i. equitably share funds among the 30 wards existing in the county;

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

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- ii. review allocations to ensure support offered is adequate and sufficient;
- iii. approve disbursement of fee support awarded to each ward;
- iv. monitoring allocation to ensure needy and deserving students benefit;
- v. conduct periodic county skills surveys to identify critical skills for the purpose of refocusing support and encouraging students to pursue necessary disciplines;
- vi. maintain an updated database of all applicants and beneficiaries of the fund;

The members of the board shall be paid such allowances or remuneration as per the Salaries and Remuneration Commission and in accordance with the relevant financial regulations and/or guidelines currently in force including the Salaries and Remuneration Commission.

The conduct of business of the Board shall be as provided in the First Schedule, but subject thereto, the Board may regulate its own procedure. The quorum for the conduct of business of the meeting of the Board shall be two-thirds of the total number of members of the Board.

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

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**9. Management Discussion and Analysis**

In the year under review, the fund received an allocation of **Kshs.384,219,180** compared to the previous allocation of **Kshs.374,000,000**. Moreover, the fund also had a carry-over from the previous financial year of **Kshs.15,404,131**.

For the smooth operations of the fund, a total of **Kshs.11,520,000 (3%)** was allocated to the fund administration cost while **Kshs.372,699,180 (97%)** was allocated for fee subsidies. However, actual expenditure incurred during the year amounted to **Kshs.400,675,816** which includes **Kshs.11,448,800** administration cost and **Kshs.389,227,016** for general expenses-Fee subsidies and bank charges.

From the disbursement the ward appraisal committee managed to award funds to **58,856** students compared to the previous year **46,925** across the 30 wards in the entire County.

Comparison of the current and previous Financial Year.

S/NO	CATEGORIES	FY 22/23	FY 21/22
1	Secondary School	39,461	35,492
2	Colleges	6,559	3,916
3	Universities	5,738	4,019
4	Medical Colleges	4,591	1,245
5	Teachers Colleges	1,023	1,067
6	Vocational/Polytechnics	1,032	775
7	Others (driving, comp, adult educ)	452	411
	<b>TOTAL</b>	<b>58,856</b>	<b>46,925</b>

The Fund encountered a number of challenges during the year that affected budget implementation including but not limited to delay in submission of beneficiary lists from the Wards appraisal committees, inadequate administration budget for monitoring and training Ward appraisal committee and incorrect information in regard to beneficiaries' details and Institutions which delays disbursements to some Institutions.

The management intends to employ the following measures;

- Strict timelines for submission of beneficiary lists from Wards Appraisal Committees.
- Implementation of the e-bursary system to enhance efficiency.

## **10. Environmental and Sustainability Reporting**

The Turkana County Education & Skills Development Fund is established by and derives its authority and accountability from Turkana County Education and skills Development (Amendment) Act, 2016 for the sole purpose of providing fee subsidies to needy students.

The fund does not undertake any CSR activities since it only focuses on providing fee subsidies to students in secondary, university and tertiary institutions.

Below is a brief highlight of our achievements in each pillar;

### **1. Sustainability strategy and profile -**

The fund is created in such a way that it is disbursed as fee subsidies to needy students in secondary, tertiary institutions and universities.

### **2. Environmental performance**

Since this is a fund meant for fee subsidization, there is minimal interaction of the products(loans) with the environment. The fund therefore does not have an environmental management policy.

### **3. Employee welfare**

The fund comprises of a board of management/secretariat that constitutes 4 gentlemen and 4 ladies. The fund does not hire any staff since it is operated and managed by the staff working for the department the fund is housed under.

### **4. Market place practices-**

The organisation should outline its efforts to:

#### **a) Responsible competition practice.**

The fund is free and does not attract any interest. Advertisement for the funds is always made public through the local dailies, posters and official county social media platforms.

#### **b) Responsible Supply chain and supplier relations-** The fund occasionally engages suppliers on short term while fulfilling its contractual agreements promptly.

#### **c) Responsible marketing and advertisement-**The fund advertises calls for funding through the social media, radios and newspapers.

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

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**5. Community Engagements-**

There were no charitable events undertaken by the fund during the financial year under review.

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

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**11. Report of The Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Fund are;

- i. Provide quality education to resident of Turkana County.
- ii. To bridge the gap of illiteracy
- iii. To diversify knowledge around the corners of the Turkana County.
- iv. To reduce poverty levels by empowering community to enrolling children to schools
- v. To nurture talents through skill developments programs.

**Results**

The results of the Fund for the year ended June 30, 2023 are set out on page 1 to 7.

**Trustees**

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

<b>S/No.</b>	<b>Name of the Previous Board Member</b>	<b>Position</b>	<b>New Board Member</b>
1	Esther Lokwei	CECM-Education, Sports and Social Protection.	Leah Lokala
2	John Tukei	Board Secretary	Moses Korea

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

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**Auditors**

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

By Order of the Board

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke, is written over a dotted line.

**Chair of the Board/Fund Administration Committee**

**Date:** 28/12/2023

## **12. Statement of Management's Responsibilities**

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

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

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

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention

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

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of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 28/12/ 2023 and signed on its behalf by:

  
.....

**Administrator of the County Public Fund**

# REPUBLIC OF KENYA



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**HEADQUARTERS**  
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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON TURKANA COUNTY EDUCATION AND SKILLS DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Turkana County Education and Skills Development Fund set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

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*Report of the Auditor-General on Turkana County Education and Skills Development Fund for the year ended 30 June, 2023*

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Turkana County Education and Skills Development Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Turkana County Education and Skills Development Act, 2016 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Stale/Unpaid Cheques**

The statement of financial position reflects cash and cash equivalents balance of Kshs.286,835, being funds held in a commercial bank account as disclosed in Note 12 to the financial statements. The bank reconciliation statement for the month of June, 2023 however, reflects unrepresented cheques totalling to Kshs.1,653,000, out of which cheques totalling to Kshs.75,000 cleared subsequently between July and October, 2023 while cheques totalling to Kshs.1,511,000 became stale in August, 2023 and were reversed in the cash book in September, 2023. The Management has not provided evidence to confirm that the reversed stale cheques of Kshs.1,511,000 were replaced. This is contrary to Regulation 90(3) of the Public Finance Management (County Governments) Regulations, 2015 which requires an accounting officer to ensure that any discrepancies noted during bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cash books.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.286,835 could not be confirmed.

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

#### **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. There were no key audit matters to report in the year under review.

## **Other Information**

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

My opinion on the financial statements do 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 USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Unsupported Bursary Award Process**

The statement of financial performance reflects use of goods and services amount of Kshs.400,675,816, which includes other fees subsidy of Kshs.389,124,427 paid to various secondary schools, colleges and universities to support needy students from Turkana County as disclosed in Note 7 to the financial statements. The Management did not however provide gazette notice or written communication to confirm that successful applicants were notified. This is contrary to Section 22(d) of the Turkana County Education and Skill Development Act, 2014, which requires that successful applicants will be notified through the County gazette notice as well as written communication. Further, the thirty (30) Ward Appraisal Committees in the County did not keep and maintain an updated database of all the applicants, contrary to Section 13(e) of the Turkana County Education and Skill Development Act, 2014 which states that the ward appraisal committees shall maintain an updated data base of all the applicants.

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

#### **2. Un-Authorized Internal Borrowing**

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.938,000 (2021/2022: Kshs.2,277,340), being outstanding short term borrowing by County Executive of Turkana. The County Executive borrowed an additional amount of Kshs.5,329,000 during the year under review, increasing the total borrowing to Kshs.7,606,340 from the opening balance of Kshs.2,277,340. The total amount repaid

during the period under review was Kshs.6,668,340 resulting to a closing balance of Kshs.938,000.

The Management did not however, provide approval from the County Assembly to borrow from the Fund contrary to Section 142(1) of the Public Finance Management Act, 2012 which requires county government entities to seek the authority of the County Assembly to borrow cash on a short-term basis for cash management purposes only.

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

The Fund may also not carry out its mandate of supporting needy students due to diversion of funds.

### **3. Unconfirmed Implementation of Oversight Bodies' Recommendations**

The Fund was established in the year 2014 with the objective of providing framework for consultation and coordination between county executive, ward appraisal committee and other stakeholders in the Education Sector among others. Annual statutory audits of the Fund for the financial years 2014/2015 to 2021/2022 were concluded and audit reports issued to the Management by the Auditor-General. The Management did not however, provide evidence that the audit reports had been discussed and recommendations implemented. This was contrary to Section 31(1) (a) of the Public Audit Act, 2015 which states that within three months after Parliament or the County Assembly has debated and considered the final report of the Auditor-General and made recommendations, a state organ or a public entity that had been audited shall, as a preliminary step, submit a report on how it has addressed the recommendations and findings of the previous year's audit. Further, Section 149(2)(l) of the Public Finance Management Act, 2012 requires accounting officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

In the circumstance, the Management was in breach of the law and the recommendations made by the oversight authorities may not be implemented for improvement of performance.

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

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

### **Conclusion**

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

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

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

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

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

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

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

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

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

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

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


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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

05 March, 2024


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

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

<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	384,219,180	374,000,000
Fines, Penalties and Other Levies	3	-	-
<b>Total Revenue from Non-Exchange Transactions</b>		<b>384,219,180</b>	<b>374,000,000</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	-	-
Other Income	5	-	-
<b>Total Revenue from Exchange Transactions</b>		<b>-</b>	<b>-</b>
<b>Total Revenue</b>		<b>384,219,180</b>	<b>374,000,000</b>
<b>Expenses</b>			
Employee Costs	6	-	-
Use of goods and services	7	400,675,816	362,858,539
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
<b>Total Expenses</b>		<b>400,675,816</b>	<b>362,858,539</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
<b>Surplus/(Deficit) for the Period</b>		<b>(16,456,636)</b>	<b>11,141,461</b>

(The notes set out on pages 8 to 39 form an integral part of these Financial Statements)

  
 Name: **ELEET KORIR**  
 Administrator of the Fund

  
 Name: **GRACE GNDI**  
 Fund Accountant  
 ICPAK Member Number: **25932**

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

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

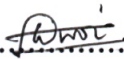
	Note	2022-2023 KSh	2021-2022 KSh
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	286,835	15,404,131
Current Portion of Long- Term Receivables From Exchange Transactions	13	-	-
Receivables from Lending	22b	938,000	2,277,340
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
<b>Total current assets</b>		<b>1,224,835</b>	<b>17,681,471</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	-	-
Investment Property	19	-	-
<b>Total non- current assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>1,224,835</b>	<b>17,681,471</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	22a	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>			
Long Term Portion of Borrowings	22a	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-
<b>Total Liabilities</b>		<b>-</b>	<b>-</b>

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

<b>Net Assets</b>		<b>1,224,835</b>	<b>17,681,471</b>
Revolving Fund		10,026,460	10,026,460
Reserves		-	-
Accumulated Surplus		(8,801,625)	7,655,011
<b>Total Net Assets and Liabilities</b>		<b>1,224,835</b>	<b>17,681,471</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28/12/2023 and signed by:

  
 Name: ETELET WORS  
 Administrator of the Fund

  
 Name: GRACE ENDI  
 Fund Accountant  
 ICPAK Member Number: 25932

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

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

Description				
<b>Balance As At 1 July 2021</b>	<b>10,026,460</b>	-	<b>(3,486,450)</b>	<b>6,540,010</b>
Surplus/(Deficit) For the Period	-	-	11,141,461	11,141,461
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2022</b>	<b>10,026,460</b>	-	<b>7,655,011</b>	<b>17,681,471</b>
<b>Balance As At 1 July 2022</b>	<b>10,026,460</b>	-	<b>7,655,011</b>	<b>17,681,471</b>
Surplus/(Deficit) For the Period	-	-	(16,456,636)	(16,456,636)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2023</b>	<b>10,026,460</b>	-	<b>(8,801,625)</b>	<b>1,224,835</b>

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

**17. Statement of Cash Flows for The Year Ended 30 June 2023**

<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations	1	-	-
Transfers from the county government	2	384,219,180	374,000,000
Interest received	4	-	-
Receipts from other operating activities	5	-	-
<b>Total Receipts</b>		<b>384,219,180</b>	<b>374,000,000</b>
<b>Payments</b>			
Fund administration expenses	7	11,448,800	11,105,700
General expenses	7	389,227,016	351,752,839
Finance cost	9	-	-
Other payments		-	-
<b>Total Payments</b>		<b>400,675,816</b>	<b>362,858,539</b>
<b>Net cash flows from operating activities</b>	25	<b>(16,456,636)</b>	<b>11,141,461</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets	17	-	-
Proceeds from sale of property, plant & equipment	10	-	-
Proceeds from loan principal repayments	13	-	-
Receivables From Non-Exchange Transactions-Borrowings		-	(2,277,340)
Loan disbursements paid out	13	-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>(2,277,340)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional Lending	22b	(5,329,000)	-
Refunds	22b	6,668,340	-
<b>Net cash flows used in financing activities</b>		<b>1,339,340</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>(15,117,296)</b>	<b>8,864,121</b>
Cash and cash equivalents at 1 July		15,404,131	6,540,010
<b>Cash and cash equivalents at 30 June</b>		<b>286,835</b>	<b>15,404,131</b>

*Turkana County Education and Skills Development Fund*

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

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

Description	Actuals	Budget	Final Budget	Actuals	Variance	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.	384,219,180	-	384,219,180	384,219,180	-	100%
Interest Income	-	-	-	-	-	-
Balance B/F-Cash and Cash Equivalent	-	15,404,131	15,404,131	15,404,131	-	100%
Balance B/F-Internal Borrowing	-	2,277,340	2,277,340	2,277,340	-	100%
<b>Total Income</b>	<b>384,219,180</b>	<b>17,681,471</b>	<b>401,900,651</b>	<b>401,900,651</b>	<b>-</b>	<b>100%</b>
<b>Expenses</b>						
Fund Administration Expenses	11,520,000	-	11,520,000	11,448,800	71,200	99%
General Expenses	372,699,180	17,681,471	390,380,651	389,227,016	1,153,635	99%
Finance Cost	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>384,219,180</b>	<b>17,681,471</b>	<b>401,900,651</b>	<b>400,675,816</b>	<b>1,224,835</b>	
<b>Surplus For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,224,835</b>	<b>(1,224,835)</b>	
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

*Turkana County Education and Skills Development Fund*

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

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**Budget notes**

The fund had an allocation of Kshs.2,277,340 during supplementary 1 FY 22-23 whose intention was to refund the TCG executive borrowing. The amount has been included in the general expenditure adjustments which includes Kshs.15,404,131 opening balance and Kshs.2,277,340.

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

**19. Notes to the Financial Statements**

**1. General Information**

The Turkana County Education & Skills Development Fund is established by and derives its authority and accountability from Turkana County Education and Skills Development (Amendment) Act, 2016. The Fund is wholly owned by the County Government of Turkana and is domiciled in Kenya.

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

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

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

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

New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023	
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> </ul>

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

	<ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>The fund does not possess any financial instruments.</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</li> </ul> <p><i>There is no impact to the fund.</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

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

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

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

Standard	Effective Date and Impact
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>There is no impact to the fund.</i></p>

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

<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>There is no impact to the fund.</i></p>
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**(iii) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year 2022/2023.

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

**1. Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2022/2023 was approved by the County Assembly on 30<sup>th</sup> June, 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Kshs.2,277,340 on the FY 2022/2023 budget following the governing body's approval.

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

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

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 14 of these financial statements.

**c) Property, plant and equipment**

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

**d) Intangible Assets**

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

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

**e) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

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

**f) Financial instruments**

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

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

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

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

**Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**g) Inventories**

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

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

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

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

**h) Provisions**

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

**i) Social Benefits**

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

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

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

**j) Contingent liabilities**

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

**Contingent assets**

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

**k) Nature and purpose of reserves**

The Entity neither creates nor and maintains any reserves in terms of specific requirements.

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

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

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

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

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

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

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

**n) Foreign currency transactions**

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

**o) Borrowing costs**

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

**p) Related parties**

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

**q) Cash and cash equivalents**

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

**r) Comparative figures**

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

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

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

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

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

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available.

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

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

**6. Notes To The Financial Statements**

**1. Public contributions and donations**

	FY 2022-2023	FY 2021-2022
Donation From Development Partners	-	-
Contributions From The Public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2. Transfers from County Government**

	FY 2022-2023	FY 2021-2022
Transfers From County Govt. –Operations	384,219,180	374,000,000
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
<b>Total</b>	<b>384,219,180</b>	<b>374,000,000</b>

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

	FY 2022-2023	FY 2021-2022
Late Payment Penalties	-	-
Fines	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. Interest income**

	FY 2022-2023	FY 2021-2022
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
<b>Total Interest Income</b>	<b>-</b>	<b>-</b>

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

**Notes to the Financial Statements Continued**

**5. Other income**

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

**6. Employee Costs**

Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**7. Use of Goods and Services**

General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	11,448,800	11,105,700
Committee Allowances	-	-
Bank Charges	102,589	87,632
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-

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

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other-Fees Subsidy	389,124,427	351,665,207
Social benefit expenses*	-	-
<b>Total</b>	<b>400,675,816</b>	<b>362,858,539</b>

**8. Depreciation and Amortization Expense**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Finance costs**

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

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

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Property, Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

**11. Gain/ (loss) on Fair Value Investments**

Description	FY 2022-2023	FY 2021-2022
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
<b>Total Gain</b>	-	-

**12. Cash and cash equivalents**

	FY 2022-2023	FY 2021-2022
Turkana County Education & Skills Devt. Fund account	286,835	15,404,131
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
<b>Total Cash And Cash Equivalents</b>	<b>286,835</b>	<b>15,404,131</b>

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

**Notes to the Financial Statements Continued**

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

		FY 2022-2023	FY 2021-2022
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
<b>Sub- Total</b>		-	-
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
<b>Sub- Total</b>		-	-
<b>c) Current Account</b>			
Kenya Commercial Bank	1162877286	286,835	15,404,131
Bank B		-	-
<b>Sub- Total</b>		<b>286,835</b>	<b>15,404,131</b>
<b>d) Others</b>			
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>286,835</b>	<b>15,404,131</b>

**13. Receivables from exchange transactions**

	FY 2022-2023	FY 2021-2022
<b>Current Receivables</b>		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	-	-
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	-	-
<b>Total Non- Current Receivables</b>	-	-
<b>Total Receivables From Exchange Transactions</b>	-	-

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

**Notes to the Financial Statements Continued**

**Additional disclosure on interest receivable**

	FY 2021-2022	FY 2022-2023
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

**14. Prepayments**

	FY 2021-2022	FY 2022-2023
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments	-	-
<b>Total</b>	-	-

**15. Inventories**

	FY 2021-2022	FY 2022-2023
Consumable Stores	-	-
Spare Parts and Meters	-	-
Catering	-	-
Other Inventories	-	-
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>	-	-

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

**Notes to the Financial Statements Continued**

**16. Investments in financial assets**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	-	-
Sub- total	-	-
<b>b. Investment with Financial Institutions/ Banks</b>		
Bank	-	-
Bank	-	-
Sub- total	-	-
<b>c. Equity investments (specify)</b>		
Equity/ shares	-	-
Sub- total	-	-
<b>Grand total</b>	-	-

**Movement of Equity Investments**

Impairment allowance/ provision	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
<b>At the end of the year</b>	-	-

**e) Shareholding in other entities**

Name of Entity/Share Investment held	No of shares			Fair value of shares	Fair value of shares	
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

**Turkana County Education and Skills Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**  
**Notes To The Financial Statements (Continued)**

**17. Property, plant and equipment**

<b>At 1<sup>st</sup> July 2021</b>	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-	-
<b>At 1<sup>st</sup> July 2022</b>						
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-	-
<b>Depreciation And Impairment</b>						
At 1 <sup>st</sup> July 2021	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-	-
<b>At 1<sup>st</sup> July 2022</b>						
Depreciation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-	-
<b>Net Book Values</b>						
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-	-

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

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

**18. Intangible assets**

	FY 2023-2023	FY 2021-2022
<b>Cost</b>		
<b>At Beginning of The Year</b>	-	-
Additions	-	-
<b>At End of The Year</b>	-	-
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>	-	-
Amortization		
<b>At End of The Year</b>	-	-
Impairment Loss		
<b>At End of The Year</b>	-	-
<b>NBV</b>	-	-

**19. Investment Property**

Description	FY 2023-2023	FY 2021-2022
	Ksh	Ksh
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
<b>At end of the year</b>	-	-

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

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

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

	FY 2022-2023		FY 2021-2022	
Trade Payables	-	-	-	-
Refundable Deposits	-	-	-	-
Accrued Expenses	-	-	-	-
Other Payables	-	-	-	-
<b>Total Trade and Other Payables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ageing analysis (Trade and other payables)</b>	<b>FY 2022-2023</b>	<b>% of the Total</b>	<b>FY 2021-2022</b>	<b>% of the Total</b>
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total (tie to above total)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**21. Provisions**

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

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

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

**22a. Borrowings**

	FY 2022-2023	FY 2021-2022
<b>Balance At Beginning of The Period</b>	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
<b>Balance At End of The Period</b>	-	-

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

Description	FY 2022-2023	FY 2021-2022
<b>External Borrowings</b>		
Dollar Denominated Loan From Organization'	-	-
Sterling Pound Denominated Loan From Organization'	-	-
Euro Denominated Loan from Organization'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
<b>Total Balance at End of The Year</b>	-	-

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

	FY 2022-2023	FY 2021-2022
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	-	-

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

**22 b. Lending**

<b>Balance At Beginning of The Period</b>	<b>2,277,340</b>	-
Lending During the Year	5,329,000	-
Refunds During the Period	(6,668,340)	-
<b>Balance At End of The Period</b>	<b>938,000</b>	-

**23. Employee benefit obligations**

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

**24. Social Benefit Liabilities**

Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

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

**25. Cash generated from operations.**

	FY 2022-2023	FY 2021-2022
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>(16,456,636)</b>	<b>11,141,461</b>
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>(16,456,636)</b>	<b>11,141,461</b>

**Turkana County Education and Skills Development Fund**  
**Report and Financial Statements for the year ended June 30, 2023**

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

**26. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

Description		
Transfers From Related Parties'	386,496,520	374,000,000
Transfers To Related Parties	-	-

**c) Key management remuneration**

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

**d) Due from related parties**

Description		
Due From Parent Ministry	-	-
Due From County Government	938,000	2,277,340
<b>Total</b>	<b>938,000</b>	<b>2,277,340</b>

**Turkana County Education and Skills Development Fund**  
**Report and Financial Statements for the year ended June 30, 2023**

**Other Disclosures Continued**

**e) Due to related parties**

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	-	-

**27. Contingent assets and contingent liabilities**

Contingent Liabilities	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

**Turkana County Education and Skills Development Fund**  
**Report and Financial Statements for the year ended June 30, 2023**

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

**28. Financial risk management**

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

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

**a) Credit risk**

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

<b>At 30 June 2023</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	938,000	-	938,000	-
Bank Balances	286,835	286,835	-	-
<b>Total</b>	<b>1,224,835</b>	<b>286,835</b>	<b>938,000</b>	<b>-</b>
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	2,277,340	-	2,277,340	-
Bank Balances	15,404,131	15,404,131	-	-
<b>Total</b>	<b>17,681,471</b>	<b>15,404,131</b>	<b>2,277,340</b>	<b>-</b>

**Turkana County Education and Skills Development Fund**  
**Report and Financial Statements for the year ended June 30, 2023**

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

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

The entity has no significant concentration of credit risk.

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

**b) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total	
	Kshs	Kshs	Kshs	Kshs	
<b>At 30 June 2023</b>					
Trade Payables	-	-	-	-	-
Current Portion Of Borrowings	-	-	-	-	-
Provisions	-	-	-	-	-
Employee Benefit Obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>At 30 June 2022</b>					
Trade Payables	-	-	-	-	-
Current Portion Of Borrowings	-	-	-	-	-
Provisions	-	-	-	-	-
Employee Benefit Obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**Turkana County Education and Skills Development Fund**  
**Report and Financial Statements for the year ended June 30, 2023**

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

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Turkana County Education and Skills Development Fund**  
**Report and Financial Statements for the year ended June 30, 2023**

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

**Foreign currency sensitivity analysis**

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

Description	Change in	Effect on surplus	Effect on
	currency rate	deficit	equity
	KShs	KShs	KShs
<b>(Current FY)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>(Comparative FY)</b>			
Euro	10%	-	-
USD	10%	-	-

**ii. Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2023: KShs 0 ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2023 – KShs 0)

**Turkana County Education and Skills Development Fund  
Report and Financial Statements for the year ended June 30, 2023**

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

**d) Capital risk management.**

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

Revaluation reserve	-	-
Revolving fund	10,026,460	10,026,460
Accumulated surplus	(8,801,625)	7,655,011
<b>Total funds</b>	<b>1,224,835</b>	<b>17,681,471</b>
Total borrowings	-	-
Less: cash and bank balances	(286,835)	(15,404,131)
Net debt/(excess cash and cash equivalents)	286,835	15,404,131
<b>Gearing</b>	<b>23%</b>	<b>87%</b>

**29. Events after the reporting period**

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

**30. Ultimate and Holding Entity**

The entity is a County Public Fund established by Turkana County Education and Skills Development Fund Act, 2016(Amendment) under the Ministry of Education, Sports, and Social Protection. Its ultimate parent is the County Government of Turkana.

**31. Currency**

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

**Turkana County Education and Skills Development Fund  
Report and Financial Statements for the year ended June 30, 2023**

**20. Annexes**

**Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations**

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

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)
1	Incorrect Cash and Cash Equivalent Balance	The value of stale cheques amounting to Kshs.1,239,000 that became stale in December,2023 were subsequently reversed in the cash book in January,2023.	Resolved	January,2023
2	Failure to Prepare Operational Budget	The fund approved budget was prepared and approved in the first secretariat meeting.	Resolved	January,2023
3	Appointment of Ward Appraisal Committee	The ward appraisal committees were appointed by the Sub County Education Officer in consultation with the area Member of County Assembly between 31 <sup>st</sup> August to 2 <sup>nd</sup> September 2021	Resolved	January,2023
4	Internal Borrowing	The funds have already been refunded.	Resolved	June,2023

  
**Fund Administrator**

**Turkana County Education and Skills Development Fund**

Date.....28/12/2023

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

**Annex II: Inter-Fund Confirmation Letter**



**Turkana County Education and Skills Development Fund**  
**P.O Box 11-30500**  
**Lodwar.**

The Turkana County Government wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Turkana County Education & Skills Development Fund as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Turkana County Government (Kshs) as at 30 <sup>th</sup> June 2023				Amount Received by TC Education & Skills Devt Fund (KShs) as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	17/10/2022	384,219,180	0	0	384,219,180	384,219,180	0
	10/05/2023	2,277,340	0	0	2,277,340	2,277,340	0

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

<b>Total</b>		<b>386,496,520</b>	<b>0</b>	<b>0</b>	<b>386,496,520</b>	<b>386,496,520</b>	<b>0</b>
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In confirm that the amounts shown above are correct as of the date indicated.

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

Name ..... Michael Ate Lagibe ..... Sign .....  ..... Date ..... 28/12/2023 .....

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

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

Project Name	Project Description	Project Objectives	Project Activities	Q1	Q2	Q3	Q4	Source Of Funds	Implementing Partners
None									

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

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

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
None						