

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Turkana set out on pages 1 to 95 which comprise of the statement of financial assets and liabilities as at 30 June, 2022 and the statement of receipts and payments, statement of cashflows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Executive of Turkana as at 30 June, 2022, and its financial performance and its cashflows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Payments

The statement of receipts and payments reflects expenditure of Kshs.2,958,072,863 for use of goods and services as disclosed in Note 5 to the financial statements. The amount however includes Kshs.5,753,100 paid to local merchants but was not supported by tax compliance certificates, user requisitions, delivery notes, inspection and acceptance reports and attendance lists for stakeholders invited to meetings.

In the circumstances, the validity and accuracy of the payments amounting to Kshs.5,753,100 could not be confirmed.

2. Unsupported Motor Vehicle Insurance

Note 5 to the financial statements under use of goods and services is an amount of Kshs.258,867,505 for insurance costs, which further include Kshs.18,213,363 paid to an insurance service provider for insurance services for motor vehicles . However, tender documents including; user department requisition, advertisement, tender register, tender bid document, appointment of tender and evaluation committees, tender opening and evaluation minutes, notification of award and letter of acceptance, professional opinion, contract agreement and insurance policy documents were not provided for audit review.

In addition, insurance costs included an amount of Kshs.2,025,000 paid to a local merchant for supply of office stationery that had no relation to insurance services

In the circumstances, the validity and accuracy of insurance costs of Kshs.20,238,363 could not be confirmed.

3. Variance Between Statement of Cashflows and Notes

The statement of cashflows includes an increase in outstanding imprests of Kshs.67,970,904 indicated as a prior year adjustment which is not supported by the corresponding Note 19 that reflects an increase of Kshs.231,035,602. No explanation was provided for the anomaly.

In the circumstances, the accuracy of the change in outstanding imprests of Kshs.67,970,904 in the cashflow statement could not be confirmed.

4. Accuracy and Payment of Pending Bills

The County Executive of Turkana financial statements for the year ended 30 June, 2021 reflects other pending account payables amount of Kshs.480,526,752 as at 30 June, 2021 comprising of construction of building, civil works, supply of goods and services payables as indicated in other important disclosures. By the time of final audit in November, 2022, supporting evidence was provided for Kshs.202,574,438 having been paid leaving an outstanding balance of Kshs.277,952,312. However, this balance was not included in the amount of other pending accounts payables of Kshs.2,015,196,164 disclosed in other important disclosure 1 and annex 2 to the financial statements.

In the circumstances, the accuracy and completeness of the pending accounts payables could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Unresolved Prior Year Issues

In the report of the previous year, several issues were raised under report on the financial statements and report on lawfulness and effectiveness in use of public resources. However, the report on the progress on follow up of auditor's recommendations showed that the Management had not resolved the issues.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.15,211,885,528 and Kshs.9,962,073,711 respectively resulting to a shortfall in disbursements by Kshs.5,249,811,817 (or 35%) of the budget. Similarly, the County Executive incurred total expenditure for the year of Kshs.10,110,561,458 against a budget of Kshs.15,211,885,528 resulting to under expenditure of Kshs.5,101,324,070 (or 34%) of final budget.

In addition, the County Executive had a development budget of Kshs.4,674,100,190 for the year ended 30 June, 2022. However, during the year, only Kshs.2,362,601,918 was utilised leaving a balance of Kshs.2,311,498,272 (or 49%) of the budget unspent. An appropriate explanation was not provided for failure to utilize development funds as budgeted.

The under-funding and the under-expenditure impacted negatively on implementation of programmes and service delivery to the public.

3. Statement of Budget Execution by Programmes and Sub-Programmes

The total expenditure in the statement of budget execution by programmes and sub-programmes of Kshs.9,708,806,883 varies with the total expenditure in the statement of receipts and payment by Kshs.367,605,040 which has not been explained or reconciled. It was therefore not possible to ascertain the accuracy of the amounts in the statement of budget execution by programmes and sub-programmes.

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. Failure to Observe Fiscal Responsibility on County Executive Expenditures

The County Executive had an approved final budget amount of Kshs.15,211,885,528 composed of recurrent budget of Kshs.10,537,785,338 or 69% of total budget and development budget of Kshs.4,674,100,190 or 31% of the total budget in compliance with Section 107(2)(b) of Public Finance Management Act, 2012.

However, during the year, the total expenditure was Kshs.10,076,411,923 which included recurrent expenditure of Kshs.7,713,810,006 or 77% and development expenditure of Kshs.2,362,601,918 or 23 %.

In the circumstances, though the County Executive complied with the law on budget preparation, the implementation of the budget was not in congruence with law.

2. Project Implementation Status

A sample of projects identified and verified revealed that, fifty (50) projects with total contract sum of Kshs.475,276,580 were at various states of implementation. Forty-three (43) projects on routine road maintenance, construction of buildings, construction and civil works and supply and delivery of specialized equipment's of Kshs.329,596,490 had been completed. Six (6) projects with a contract sum of Kshs.132,159,816 were still ongoing, while one (1) project costing Kshs.13,520,274 and an amount of Kshs.4,442,306 already paid had stalled.

Further, a comprehensive project implementation status report was not provided for audit review to ascertain the overview of the effectiveness of utilization of the development expenditure

The non-completion of projects as planned denied the residents of Turkana County the services and benefits that would have accrued from the completed projects as envisioned in the budget.

3. Accounts Receivable - Outstanding Imprest

Included in the statement of assets and liabilities is Kshs.170,521,036 for accounts receivable- outstanding imprest as at 30 June, 2022 as disclosed in Note 15 to the financial statements. However, the amount includes Kshs.87,178,125 issued to members of staff before surrender of previous imprests contrary to Regulation 93(8) of the Public Finance and Management (County Government) Regulations, 2015 which states that in order to effectively and efficiently manage and control the issue of temporary imprests, an accounting officer or AIE holder shall ensure that no second imprest is issued to any officer before the first imprest is surrendered or recovered in full from his or her salary. In addition, an amount of Kshs.158,896,406 of the total outstanding imprest of Kshs.170,521,036 was due for surrender on or before 30 June, 2022 but had not been surrendered as at the close of the financial year contrary to Regulation 93(5) of the Public Finance and Management (County Government) Regulations, 2015 which requires holder of temporary imprest to account for or surrender the imprest within seven working days after returning to the duty station. At the time of audit in November, 2022, there was no evidence of subsequent surrender or recovery of outstanding imprest of Kshs.170,521,036.

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

4. Non-preparation and Submission of the Consolidated Financial Statements

The County Treasury did not prepare and submit the consolidated financial statements and relevant summaries to the Auditor- General with copies to the National Treasury, Controller of Budget and the Commission on Revenue Allocation contrary to Section 163(1) and (4) of the Public Finance Management Act, 2012 which states that at the end of each financial year, the County Treasury shall, for the county government, consolidate the annual financial statements in respect of all the county government entities in formats to be prescribed by the Accounting Standards Board.

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

5. Failure to Maintain Assets Register

The summary of non-current assets register in Annex 6 to the financial statements indicates that the County Executive had fixed assets with a historical cost of Kshs.4,399,594,379 as at 30 June, 2021. During the financial year additional assets of Kshs.1,474,180,070 were acquired as reflected in the statement of receipts and payments

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and Note 10 to the financial statements, resulting to cumulative total assets of Kshs.5,873,772,449 as at 30 June, 2022. However, the County Executive does not maintain an accurate and up to date assets register that could be relied on to confirm the nature, number, physical location and fair value of the assets.

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

6. Purchase of Generator for the County Headquarters

Included in use of goods and services expenditure of Kshs.2,958,072,863 in the statement of receipts and payments and as disclosed in Note 5 to the financial statements, is Kshs.373,143,341 for other operating expenses which further includes Kshs.6,584,007 paid to a local merchant vide payment IFMIS Voucher No. 10009140 for purchase of a generator for the County Headquarters.

However, the terms of payment as indicated in the contract stated that the client shall pay the amount of Kshs.6,699,516, being 80% of contract cost upon delivery of the generator, 10% on installation and completion certificate issued and 10% retention to be paid after 6 months of usage. The generator was delivered on 26 March, 2022 and received on 30 March, 2022 and had not been installed as at the time of audit in November, 2022 but the supplier was paid the full amount less taxes contrary to the contractual terms. In addition, no retention fee was withheld from the supplier

In addition,, the supplier did not provide a 10% performance security of the contractual sum contrary to Section 142 (1) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the County Executive was in breach of the law.

7. Completion of Kataboi Eco Lodge

Note 10 to the financial statements reflects Kshs. 201,699,954 relating to Constructions and civil works expenditure. The expenditure include Kshs.18,269,805 paid to a local merchant for completion of Kataboi Eco lodge, through tender no TCG/TC&NR/103/2020-2021 at a contract sum of Kshs.60,016,621. However, audit review of the procurement records revealed that during the financial year 2014-2015 the department of tourism had previously awarded a contract for construction to completion of eco-tourism hotel at Kataboi in Lakezone ward to a contractor at a contract sum of Kshs.66,389,746.40 to be completed in December, 2015.

Project site inspection report done in October, 2018 by the project manager revealed the project had incurred approved variations amounting to Kshs.9,958,464 borne due to challenges between the bills of quantities and drawings.

The report also stated that the project was estimated to be 75% complete and 90% of the payments had already been made and retention fee was Kshs.7,634,821. The project manager recommended for termination of contract citing variation of contract costs which amounted to more than 25% of the contract sum and that the contract delivery period had elapsed.

Another site meeting held on 1 February, 2019 between the client's representative (Turkana County Government) and the contractor arrived at a mutual agreement on the winding up of the contract and it was agreed that the contractor be paid Kshs.7,634,821 as retention fee. A termination letter dated 26 March, 2019 Ref TCG/MTTI/W/01/2013-2014 was issued to the contractor. However, summary of payments made to the contractor before termination of the contract was not provided to determine the total amount so far spent on the project.

Also, a project status report as well as pre-inspection report from the department of infrastructure to confirm the remaining works to be done before issuing of new tender was not provided.

In addition, bills of quantities for the new contract, payment voucher, interim payments certificate of works and statement for valuation for the expenditure of Kshs.18,269,805 were not provided for audit review. The new contract also does not specify the period under which the contract will be valid and the works completed.

Field audit verification in November, 2022 revealed the contractor was still on site but not much of renovation works had been done.

In the circumstances, it was not possible to confirm that value for money was realized from the expenditure on the project in both contracts.

8. Borrowing from County Funds

The County Executive had an outstanding amount of Kshs.319,619,870 owed to various county funds which had been borrowed on short term basis for cash management at the beginning of the year. During the year ended 30 June, 2022, the County Executive further borrowed Kshs.180,852,404 and repaid an amount of Kshs.43,000,000 resulting in outstanding balance of Kshs.457,472,274 as summarized below:

County Fund	Balance as at 30 June, 2021 (Kshs)	Additional Borrowing During the year (Kshs)	Loan Repayment (Kshs)	Balance as at 30 June, 2022 (Kshs)
Turkana County Covid 19 Emergence Response	69,878,059	41,870,435	43,000,000	68,748,494
Turkana County Youth and Women Empowerment Fund	60,242,540	1,401,400	-	61,643,940
Turkana Education and Skills Development Fund	-	2,277,340	-	2,277,340
Turkana County Emergency Fund	144,054,008	133,303,229	-	277,357,237
Turkana County Cooperative Enterprise fund	-	2,000,000	-	2,000,000
Turkana County Biashara Fund	-	-	-	-

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County Fund	Balance as at 30 June, 2021 (Kshs)	Additional Borrowing During the year (Kshs)	Loan Repayment (Kshs)	Balance as at 30 June, 2022 (Kshs)
Turkana County Car and Mortgage Fund	45,445,263	-	-	45,445,263
Total	319,619,870	180,852,404	43,000,000	457,472,274

No County Assembly approval was provided for total borrowing of Kshs.180,852,404 during the year ended 30 June, 2022 as required by Section 142 (1) of the Public Finance Management Act, 2012,

Further, the amount of Kshs.180,852,404 was not credited to the county revenue fund contrary to Regulation 81(1)(a) of Public Finance Management Act (County Government) Regulations, 2015 and the details of utilization of the borrowed funds have not been disclosed or provided for audit review.

Also, the borrowed funds were utilized without County Assembly and Controller of Budget approval contrary to Regulation 45(2) of Public Finance Management Act (County Government) Regulations, 2015.

Finally, the borrowed funds during the year and outstanding balances as at 30 June, 2021 were not refunded in full during the period of borrowing contrary to Section 142(3) of the Public Finance Management Act, 2012.

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

9. Compensation of Employees

9.1 Employees Earning Less than a Third of Basic Salaries

Statement of receipts and payments reflects an amount of Kshs.4,194,508,809 relating to compensation of employees. However, review of monthly payroll for the year ended 30 June, 2022 revealed instances where employees of the County Executive received net salaries which were less than a third of their respective basic salaries while others received negative salaries as summarized below, contrary to Section 19(3) of the Employment Act, 2007.

Month	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
No. of staff	172	161	157	147	144	34	133	110	106	96	91	20

Management has not provided justification for payments of net pay less than one third of respective staff salaries.

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

9.2 Failure to Observe One Third Rule on Staff Composition and Recruitment

Review of personnel records revealed that during the year under review the County Public Service Board recruited a total of one hundred and forty-one (141) county staff between 10 August, 2021 and 21 January, 2022 into permanent and pensionable staff positions.

However, all of the 141-county staff recruited were from the dominant community contrary to the provisions of Section 65(1), (e) of the County Government Act, 2012.

In addition, the records provided for audit indicated that as at 30 June, 2022, the County Government of Turkana had a total of three thousand seven hundred and seven (3,707) employees out of whom two thousand nine hundred and thirty (2,930) or approximately 79% were from the dominant community as indicated below.

Cadre of Staff	Number of Employees	Dominant Community	Dominant Community (%)
Key Management staff (CECs/CA/CS)	15	15	100%
Chief Officers	14	14	100%
Other permanent and pensionable staff	3,678	2,901	79%
Total	3,707	2,930	79%

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

10. Construction of Kalokol Resource Centre

Tender for construction of Kalokol Resource Centre at Kalokol was awarded to a local contractor at a contract sum of Kshs.25,104,510. The contract agreement was signed on 12 January, 2021 and works expected to be completed within sixteen (16) Weeks commencing 27 January, 2021. The contractor was paid an amount of Kshs.11,678,590 on 28 June, 2021.

However, audit inspection of the project in November, 2022 confirmed that the works were yet to be completed, more than eighteen (18) months after lapse of the contract period. Approximately 50% of the works had been done and the contractor was not on site.

Further, project progress report, renewal of performance bond and records of the payments made so far were not provided for audit review.

In the circumstances, it was not possible to ascertain whether value for money incurred on the project was realized.

11. Construction of Plastic Re-Use Facility

The contract for the construction of plastic re-use facility was awarded to a local contractor under tender no. TCG /MEE-NR/208/2016-2017 at contract sum of Kshs.13,626,320. The contract agreement was signed on 13 January, 2017 and works were expected to be completed within twelve (12) weeks commencing immediately upon signing of the agreement. The contractor was paid an amount of Kshs.4,895,620 on 15 April, 2021.

By the time of audit in November, 2022 the project was incomplete more than three (3) years after the expected completion date and the contractor was not on site.

Further, project progress report, renewal of performance bond, records of additional payments during the year ended 30 June, 2022 and other previous payments were not produced for audit review.

In the circumstances, it was therefore not possible to confirm that the County Executive derived value for money from the expenditure incurred so far on the incomplete and abandoned project.

12. Construction of Chain-Link Fence and Water Distribution at Kerio Breeding Centre

Included in the constructions and civil works of Kshs.201,699,954 under acquisition of assets as disclosed in Note 10 to the financial statements is Kshs.8,250,804 paid to a local merchant on 22 March, 2022 vide payment IFMIS Voucher No. 10008223 for the construction of chain link fence and water distribution at Kerio Breeding Centre through tender no TCG/MOAPEF/842332/2020-2021.

Review of the contract revealed that the winning bidder did not provide certified bank statement for the last six (6) months, this being evaluation criteria number five (5). Therefore, the bidder was awarded a score of zero (0) by all the three evaluators and should not therefore have proceeded to the financial evaluation stage rendering all the bidders and the tender non-responsive. However, the evaluation report dated 23 February, 2021 signed by all the three evaluators still recommended the bidder for award of the tender. No explanation was provided for this violation of the evaluation criteria.

The professional opinion dated 25 February, 2021 concurred with the evaluation report awarding the tender to the winning bidder and concluded that the evaluation was done according to the laws despite the failure to provide certified bank statements.

The contract was entered into and signed on 16 March, 2021 before the lapse of fourteen (14) days after notification of award and the contract did not specify the contract period.

Consequently, the contract was irregularly awarded.

13. Failure to Settle Pending Bills

Other important disclosure¹ and 2 and Annex 2 and 3 to the financial statements reflects total pending account payables and staff payables of Kshs.2,015,196,164 and Kshs.88,893,232 respectively totalling Kshs.2,104,089,396 which ought to have been paid but was outstanding as at 30 June, 2022 contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015.

The County Executive Management was therefore in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Failure to Operationalize Public Finance Management Standing Committee

The County Executive did not operationalize the Public Finance Management Standing Committee during the year ended 30 June, 2022 to provide strategic guidance on public finance management matters as required by Section 18.(1) of the Public Finance Management (County Government) Regulations, 2015 which states that 'There is established in every county government entity a public finance management standing committee to provide strategic guidance to the entity on public finance management matters.'

Consequently, there was no guarantee that appropriate guidance was provided on the public finance matters of the County Executive.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the County Executive's financial reporting process, reviewing the effectiveness of how the 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 would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive ability 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 Turkana County Executive to cease 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 Turkana County Executive to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 March, 2023