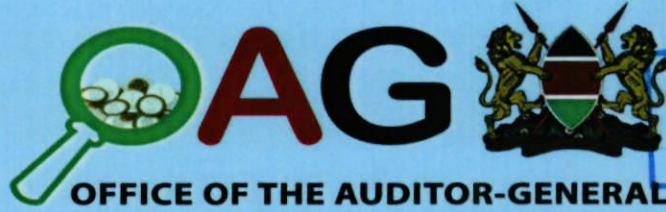


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Enhancing Accountability

REPORT
OF
THE AUDITOR-GENERAL
ON
TAITA TAVETA COUNTY EXECUTIVE
CAR LOAN AND MORTGAGE
REVOLVING FUND

FOR THE YEAR ENDED
30 JUNE, 2020

PAPERS LAID	
DATE	02/03/2022
TABLED BY	DSMW
COMMITTEE	—
CLERK AT THE TABLE	CHANIA



**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**



**TAITA TAVETA COUNTY EXECUTIVE STAFF CAR LOAN AND MORTGAGE
REVOLVING FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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



**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements -
For the year ended June 30,2020**

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**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The County Government of Taita Taveta Executive Staff Car Loan and Mortgage Scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the fund and as advised by the SRC in the circular under the reference, Taita Taveta County Executive adopted the PFM regulations 2014 to guide in the operationalization of the fund. The fund has been internally administered in the county government by the Fund Administrator

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol III (128) dated 17th December 2014 provided guidelines for access of Mortgage and mortgage benefits by state and public officers. Arising therefrom, the County Assembly approved and adopted the Staff Loans Policy Paper on 1st March 2016


The fund is wholly owned by the county government of Taita Taveta and is domiciled in Kenya

b) Principal Activities





The Principle purpose of this scheme is to facilitate County employees to benefit from Government funded loans to purchase cars and access mortgage facilities as per SRC circular.

c) Key Fund Management Committee


The entity's day-to-day management is under the following key organs:

Ref	Name	Position / Qualification
1		<u>CPA Leonard Langat -CCO Finance & Planning</u> Holds a MSc Business Admn and BCom business administration He has Vast experience in Finance & accounting

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
 Reports and Financial Statements
 For the year ended June 30, 2020

2		<p><u>Mr. Sydney Mwakitela-CCO Public Works</u> Holds a Bachelor’s degree in civil Engineering and has vast experience in Civil Engineering</p>
3		<p><u>Mr. Reuben Ngeti -CCO-LENAR</u> Holds a Masters of Arts- Urban and Regional planning and has a vast experience in Urban planning.</p>
4		<p><u>Mr. Edwin Chahilu -Legal Officer</u> Holds a Bachelor of law and Diploma in Law from Kenya School of Law and he is an advocate of High Court.</p>
5		<p><u>Mr. Joseph Kenyatta- Pay roll Manager</u> Holds a MSc- Human Resource mgt and has a vast experience in payroll matters.</p>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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For the year ended June 30, 2020**

6		<p><u>CPA Erick Mwamburi-Fund Administrator</u> Holds a Bachelor of Commerce -Accounting BCom- accounts and CPA(K) He has vast experience in Financing and Accounting.</p>
---	---	---

d) Fiduciary Management

The key management personnel who held office during the year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEC Member, Member Finance and Planning	Mr. Andrew Kubo Mlawasi, ACCA
2.	Chief Officer, Finance and Planning	Leonard Langat, CPA (K)
3.	Director – Accounting Services	Joyce Kambe Mwachia, CPA (K)
4.	Fund Administrator	CPA Erick Mwamburi

e) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2020 were:

- 1.) County Assembly of Taita Taveta County
- 2.) County Audit Committee
- 3.) County Budget and Economic Forum (CBEF)

f) Entity headquarters

P.O. Box 1066-80304
Wundanyi

g) Entity contacts

Telephone: 0788186436/0718988717
 E-mail: info@taitataveta.go.ke
 Website: www.taitataveta.go.ke

h) Entity bankers

1. Kenya Commercial Bank
 Wundanyi Branch
 P.O. Box 1067-80304
 Wundanyi.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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For the year ended June 30, 2020**

i) Independent Auditors

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

j) Principal Legal Adviser

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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

2. FORWARD NOTE BY THE CEC –FINANCE AND PLANNING

The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving fund is a revolving fund established pursuant to the Salaries and Remuneration Circular no SRC/ADM/CIR/1/13/ Vol III (128) of 17th December 2014. Section 167 of the Public Finance Management Act 2012 mandates the Administrator of Public Funds with preparation of Annual Financial Statements

For proper management of the fund, the Taita Taveta County Executive adopted Public Finance Management (Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund) Regulations 2015 to guide operationalization of the Fund.

The Fund started operations in 1st March 2016 following the gazettelement of the Taita Taveta County Executive Employees Car Loan and mortgage regulation 2018. It received an initial amount of Ksh.4M.

The Salaries and Remuneration Commission in its circular ref SRC/ADM/CIR/1/13 Vol.III (128) dated 17 December 2014 provided guidelines for access of Car Loan and Mortgage benefits by all state and public officers. Arising therefrom the County Executive Committee Members approved and adopted the Staff Loans Policy Paper on 17th March 2015. On 20th August 2015 the Fund Committee Members approved and adopted the guidelines on internal administration of the Car Loan and Mortgage Scheme Funds with effect from 1st March 2016.

Conclusion

FY 2019/20 is a good year in general. Good progress is made and the momentum has been created to enable Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund continue on a trajectory into prosperity.

I take this opportunity to thank H.E. the Governor and the Deputy Governor for their support. I would also want to thank my colleagues, the County Executive Committee Members in charge of other departments who we have worked hand in hand to ensure that Taita Taveta County achieves its mission.

I thank all staff in the entire County for their continued commitment and dedication through hard work in delivering services to the people of Taita Taveta County



County Executive Committee Member for Finance and Economic Planning

County Government of Taita Taveta

3. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present the Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund Financial Statements for the year ended 30th June 2020. The financial statements present the financial performance of the fund over the past year.

The fund was established on 1st March 2016 and started with an initial amount of KShs 4M and since then, a total of 34 loan beneficiaries have made borrowings amounting to KShs 115 M.

Financial Performance

a) Revenue

In the year ended 30th June 2020, the fund had projected a revenue of Kshs 70,665,000 consisting of; KShs 11,665,000 from Exchequer issues, and KShs 59,000,000 from other sources.

A graphical representation of the revenue budget is as shown below:

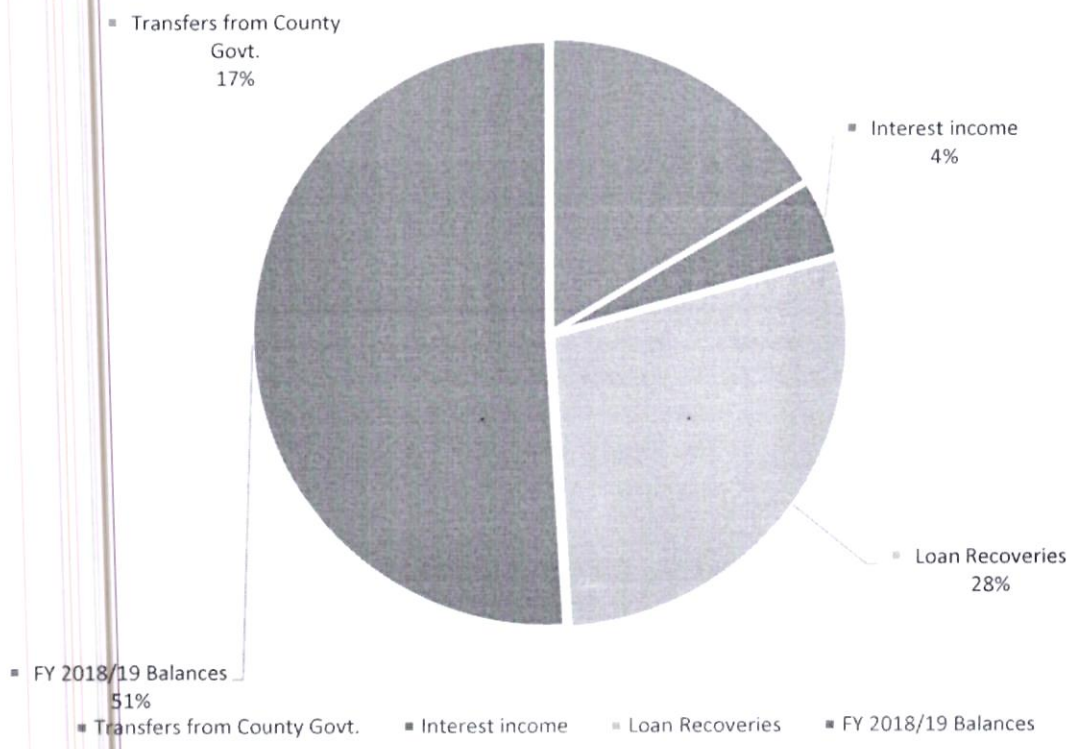


Figure 1: Fund's sources in FY 2019/2020

Out of the projected revenue, the Fund was able to realize KShs 69,006,261 in actual revenues, representing 98% performance. This performance was as a result of 100%

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

realization of the funds Allocation through Transfers from County Govt, 77% interest on loans, 95% Loan recoveries and 100% FY 2018/19 Fund balances.

The table below shows an analysis of revenue performance during the year ended 30th June, 2020.

Table 1: Revenue performance in FY 2019/2020

Revenue Classification	Revenue Budget (Ksh)	Actual (Ksh)	Realization (%)
Transfers from County Govt.	11,665,000	11,665,000	100%
Interest income	3,000,000	2,322,448	77%
Loan Recoveries	20,000,000	19,019,852	95%
FY 2018/19 Balances	36,000,000	35,998,990	100%
Total	70,665,000	69,006,291	98%

b) Loans

During the financial year 2019/20, the fund disbursed 17 new loan bringing the total loan beneficiaries to date to 34.

c) Cash flows

In the FY 2019/20, The cash and cash equivalents decreased from KShs 35,998,990 as at 30th June 2019 to KShs 14,830,078 as at 30th June 2020.

d) Conclusion

FY 2019/20 was a good year in general. Good progress was made and the momentum has been created to enable Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund continue on a trajectory into prosperity.

I take this opportunity to thank the Fund Committee Members for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Taita Taveta County Executive Mortgage fund achieves its mission.

The Fund Administrator should sign the Fund Administrator report.



Signed: _____

Erick Mwamburi

Fund Administrator

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

4. 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 Taita Taveta County Gazette Supplementary No. 16, 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, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The 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 Taita Taveta County Gazette Supplementary No. 16. 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, 2020, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund's financial statements were approved on ...26-01-., 2020 and signed on its behalf by:

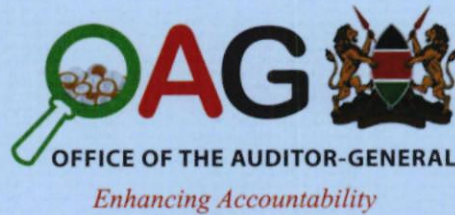


Erick Mwamburi

Fund Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA COUNTY EXECUTIVE CAR LOAN AND MORTGAGE REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Taita Taveta County Executive Car Loan and Mortgage Revolving Fund set out on pages 12 to 36, which comprise of the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 the Taita Taveta County Executive Car Loan and Mortgage Revolving Fund as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Taita Taveta County (Executive Staff Car Loan and Mortgage Fund) Regulations, 2018 and the Public Finance Management Act, 2012.

Basis of Qualified Opinion

Unsupported Balances

1. Revaluation Loss

The statement of changes in net assets for the year ended 30 June, 2020 and Note 27 to the financial statements reflects a negative reserves balance of Kshs.1,697,481 which includes a revaluation loss of Kshs.241,800 in the financial year ended 30 June, 2019 and a revaluation loss of Kshs.3,131 in the financial year ended 2020. As previously reported, a valuation report in support of the revaluation loss was not provided for audit review.

Consequently, the accuracy and completeness of the statement of changes in net assets for the year ended 30 June, 2020 could not be confirmed.

2. Current Portion of Borrowings

The statement of financial position as at 30 June, 2020 reflects current portion of borrowings balance of Kshs.24,722,814 as disclosed in Note 19 to the financial statements. However, and as previously reported the figure was not supported with schedules or any agreement between the Fund and the lender. Further, the borrowing was not factored in the approved budget for the year under review.

Consequently, the accuracy, validity and completeness of the current portion of borrowings balance of Kshs.24,722,814 as at 30 June, 2020 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.70,665,000 and Kshs.69,006,291 respectively resulting to an under-funding of Kshs.1,658,709 or 2% of the budget. Similarly, the Fund expended Kshs.54,176,213 against an approved budget of Kshs.70,665,000 resulting to an under-expenditure of Kshs.16,488,787 or 23% of the budget. The underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Taita Taveta County.

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 matter 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

Receivables from Exchange Transactions

The statement of financial position as at 30 June, 2020 reflects current portion of long-term receivables from exchange transactions balance of Kshs.24,373,532 and long-term receivables from exchange transactions balance of Kshs.62,762,773, all totalling to Kshs.87,136,305 as disclosed in Note 12 to the financial statements. However, the balance is not supported with any registered charge by the County Government of Taita Taveta against the property, contrary to Regulation 19 of the Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund Regulations, 2018 that provides that "the County Government of Taita Taveta shall have a charge registered on the property financed through a loan granted under this part and shall be entitled to have its name entered in all documents of title for that property".

Consequently, the Fund may be exposed to loss of loans advanced to staff due to non-compliance with 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, AND RISK MANAGEMENT GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedure 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 governance were not effective.

Basis for Conclusion

1. Failure to Develop Risk Management Strategy

As previously reported, Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund Board did not develop risk management strategies. Without a risk management strategy, the Board may not be effective in managing a robust business operation of the Fund. This is contrary to Section 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that 'the Accounting Officer shall ensure that (a) the county government entity develops risk management strategies, which include fraud prevention mechanism; and (b) the county government entity develops a system of risk management and internal control that builds robust business operations'.

Consequently, the Management did not comply with the law and regulations governing operations of the Fund.

2. Failure to Maintain Mortgage Protection and Fire Policies

As previously reported, the Management has not developed mortgage protection and fire policies with an insurance firm approved by the financier, contrary to Part III Section 20(1) of Taita Taveta County (Executive Staff Car Loan and Mortgage Fund) Regulations, 2018 which states that 'a borrower receiving a loan under this part shall take out and maintain a mortgage protection policy and fire policy with an insurance firm approved by the Financier'. Failure to develop these policies is contrary to the law and exposes the Fund to risk of loss in case of death or total disability of the borrower.

Therefore, the operations of the Fund will not be performed as required of the law.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide

a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 February, 2022

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

**5.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th
JUNE 2020**

	Note	FY2019/2020 KShs	FY2018/2019 KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	2,322,449	1,183,266
Other income	5	-	-
Total revenue		2,322,449	1,183,266
Expenses			
Fund administration expenses	6	97,000	136,800
General expenses	8	26,391	16,610
Finance costs	9	-	-
Total expenses		123,391	153,410
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
Surplus/(Deficit) for the period		2,199,058	1,029,856

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on 26-01-2020 and signed by:



Chief Officer
Name: Leonard Langat
ICPAK Member Number:10793



Fund Administrator
Name: Erick Mwamburi
ICPAK Member Number:15008

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

5.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	FY2019/2020 KShs	FY2018/2019 KShs
Assets			
Current assets			
Cash and cash equivalents	11	14,830,078	35,998,990
Current portion of long term receivables from exchange transactions	12	24,373,532	12,173,506
Prepayments	13	-	-
Inventories	14	-	-
Non-current assets			
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
Long term receivables from exchange transactions	12	62,762,773	39,932,961
Total assets		101,966,383	88,105,457
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings	19	24,722,814	24,722,814
Employee benefit obligations	20	-	-
Non-current liabilities			
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	19	-	-
Total liabilities		24,722,814	24,722,814
Net assets		77,243,569	63,382,643
Revolving Fund	26	93,665,000	82,000,000
Reserves	27	(1,697,481)	(1,694,350)
Accumulated surplus	28	(14,723,949)	(16,923,007)
Net Value of the Fund		77,243,570	63,382,643

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on 26-01-2020 and signed by:



Chief Officer
Name: Leonard Langat
ICPAK Member Number:10793



Fund Administrator
Name: Erick Mwamburi
ICPAK Member Number:15008

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
Reports and Financial Statements
For the year ended June 30,2020**

5.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020

	Notes	Revolving Fund	Reserves	Accumulated surplus	Total
		KShs	KShs	KShs	KShs
Balance as at 1 July 2018		52,000,000	(1,452,550)	(17,952,863)	32,594,587
Surplus/(deficit) for the period	28	-	-	1,029,856	1,029,856
Funds received during the year	26	30,000,000	-	-	30,000,000
Revaluation gain	27	-	(241,800)	-	(241,800)
Balance as at 30 June 2019		82,000,000	(1,694,350)	(16,923,007)	63,382,643
Balance as at 1 July 2019		82,000,000	(1,694,350)	(16,923,007)	63,382,643
Surplus/(deficit) for the period	28	-	-	2,199,058	2,199,058
Funds received during the year	26	11,665,000	-	-	11,665,000
Revaluation gain	27	-	(3,131)	-	(3,131)
Balance as at 30 June 2020		93,665,000	(1,697,481)	(14,723,949)	77,243,570

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on, 2020 and signed by:



Chief Officer
Name: Leonard Langat
ICPAK Member Number:10793



Fund Administrator
Name: Erick Mwamburi
ICPAK Member Number:15008

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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5.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	FY2019/2020 KShs	FY2018/2019 KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
Interest received	4	2,322,448	1,183,266
Receipts from other operating activities		-	-
Total Receipts		2,322,448	1,183,266
Payments			
Fund administration expenses	6	97,000	136,800
General expenses	8	26,391	16,610
Finance cost	9		
Total Payments		123,391	153,410
Net cash flows from operating activities		2,199,058	1,029,856
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments	25	19,019,852	6,759,661
Loan disbursements paid out	24	(54,052,822)	(28,636,064)
Net cash flows used in investing activities		(35,032,970)	(21,876,403)
Cash flows from financing activities			
Proceeds from revolving fund receipts	2	11,665,000	30,000,000
Additional borrowings	19		24,722,814
Repayment of borrowings			-
Net cash flows used in financing activities		11,665,000	54,722,814
Net increase/(decrease) in cash and cash equivalents		(21,168,912)	33,876,266
Cash and cash equivalents at 1 JULY	11	35,998,990	2,122,724
Cash and cash equivalents at 30 JUNE	11	14,830,078	35,998,990
Financial Position		14,830,078	35,998,990

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on 26-01-2020 and signed by:



Chief Officer
Name: Leonard Langat
ICPAK Member Number:10793



Fund Administrator
Name: Erick Mwamburi
ICPAK Member Number:15008

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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5.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2020	2020	2020	2020	2020	2020
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	-	-	0%
Transfers from County Govt.	11,665,000	-	11,665,000	11,665,000	-	100%
Interest income	3,000,000	-	3,000,000	2,322,448	677,552	77%
Loan Recoveries	20,000,000	-	20,000,000	19,019,852	980,148	95%
FY 2018/19 B/d	36,000,000	-	36,000,000	35,998,990	1,010	100%
Total income	70,665,000	-	70,665,000	69,006,291	1,658,709	98%
Expenses						
Fund administration expenses	160,000	-	160,000	97,000	63,000	61%
General expenses	60,000	-	60,000	26,391	33,609	44%
Loans	70,445,000	-	70,445,000	54,052,822	16,392,178	77%
Total expenditure	70,665,000	-	70,665,000	54,176,213	16,488,787	77%
Surplus for the period	-	-	-	14,830,078	(14,830,078)	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on, 2019 and signed by:



Chief Officer
Name: Leonard Langat
ICPAK Member Number:10793



Fund Administrator
Name: Erick Mwamburi
ICPAK Member Number:15008

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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5.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2020 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2020: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

c) Early adoption of standards

The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund did not early – adopt any new or amended standards in year 2019.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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 Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund 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.

4. Budget information

The original budget for FY 2019/20 was approved by the County Assembly 6th November 2019. 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.

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. 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.

6. 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.

7. Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund determines the classification of its financial assets at initial recognition.

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. 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 Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund.

9. Provisions

Provisions are recognized when the Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund 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 Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

Contingent liabilities

The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund 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.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund 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 Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund 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.

10. Changes in accounting policies and estimates

The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

11. 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.

12. Related parties

The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund 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 Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. 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 Kenya Commercial Bank (KCB) at the end of the financial year.

14. Comparative figures

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

15. Events after the reporting period

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

16. Currency

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

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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6. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Transfers from County Govt. –Mortgage	11,665,000	30,000,000
Transfers from County Govt. –Car Loan		
Total	11,665,000	30,000,000

3. Fines, penalties and other levies

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Interest received from Loans	2,201,041	1,059,895
Interest accrued from Loans	121,408	123,371
Total interest income	2,322,448	1,183,266

5. Other income

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
Total other income	-	-

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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6. Fund administration expenses

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Staff costs (Note 7)	97,000	136,800.00
Loan processing costs	-	-
Professional services costs	-	-
Total	97,000	136,800.00

7. Staff costs

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	97,000	136,800.00
Total	97,000	136,800.00

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Bank Charges	26,391	16,610.00
Total	26,391	16,610.00

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

10. Gain on disposal of assets

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	14,830,078	35,998,990
Others	-	-
Total cash and cash equivalents	14,830,078	35,998,990

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial institution	Account number	FY2019/2020 KShs	FY2018/2019 KShs
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			
Kenya Commercial Bank-Mortgage Account		14,011,441	34,876,629
Kenya Commercial bank- Car Loan Account		818,637	1,122,361
Sub- total		14,830,078	35,998,990
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		14,830,078	35,998,990

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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12. Receivables from exchange transactions

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Current Receivables		
Interest receivable	121,408	124,539
Current loan repayments due	24,252,124	12,048,967
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables	24,373,532	12,173,506
Non-Current receivables		
Long term loan repayments due	62,762,773	39,932,961
Total Non-current receivables	62,762,773	39,932,961
Total receivables from exchange transactions	87,136,305	52,106,467

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Total	-	-

14. Inventories

Description	FY2019/2020	FY2018/2020
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value	-	-

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1st July 2019	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
Depreciation and impairment					
At 1 st July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 1st July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
Net book values					
At 30th June 2020	-	-	-	-	-
At 30th June 2020	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilized	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non-current provisions	-	-	-	-
Total provisions	-	-	-	-

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	24,722,814	24,722,814
Repayments of external borrowings during the period	-	-
Repayments of domestic's borrowings during the period	-	-
Balance at end of the period	24,722,814	24,722,814

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

Description	FY2019/2020	FY2018/2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

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

21. Cash generated from operations

	FY2019/2020	FY2018/2019
	KShs	KShs
Surplus for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

22. Related party balances

a) Nature of related party relationships

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

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



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Contingent assets and contingent liabilities

Contingent liabilities	FY2019/2020	FY2018/2019
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
Total	-	-

24. Loan disbursements paid out

	FY2019/2020	FY2018/2019
Description	KShs	KShs
Loan disbursements paid out	54,052,822	28,636,064
Total	54,052,822	28,636,064

25. Proceeds from loan principal repayments received

	FY2019/2020	FY2018/2019
Description	KShs	KShs
Loan principal receivable	19,019,852	7,996,105
less loan principal Accrued	-	1,236,444
Total	19,019,852	6,759,661

26. Revolving fund

	FY2019/2020	FY2018/2019
	KShs	KShs
Balance b/d	82,000,000	52,000,000
Funds received during the year	11,665,000	30,000,000
Total	93,665,000	82,000,000

27. Reserves

	FY2019/2020	FY2018/2019
	KShs	KShs
Balance b/d	(1,694,350)	(1,452,550)
Reserves for the period	(3,131)	(241,800)
Total	(1,697,481)	(1,694,350)

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28. Accumulated surplus

	FY2019/2020	FY2018/2019
	KShs	KShs
Balance b/d	(16,923,007)	(17,952,863)
Surplus/(deficit) for the period	2,199,058	1,029,856
Total	(14,723,949)	(16,923,007)



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7. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Presentation of the Financial Statements		Erick Mwamburi	On Progress	30th June 2020
2.0	Revolving Fund		Erick Mwamburi	On Progress	30th June 2020
3.0	Receivables from Exchange Transactions		Erick Mwamburi	On Progress	30th June 2020
4.0	Budgetary Control and Performance		Erick Mwamburi	On Progress	30th June 2020

