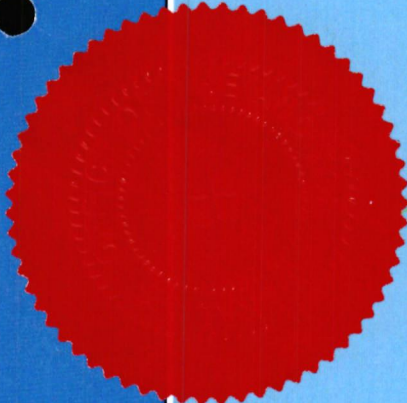


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REPUBLIC OF KENYA



Enhancing Accountability



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REPORT

OF

THE AUDITOR-GENERAL

ON

**WEST POKOT COUNTY CAR LOAN AND
MORTGAGE SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2021**



WEST POKOT COUNTY CAR LOAN AND MORTGAGE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2021

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

WEST POKOT CAR LOAN AND MORTGAGE FUND

Reports and Financial Statements

For the year ended June 30, 2021

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WEST POKOT CAR LOAN AND MORTGAGE FUND

Reports and Financial Statements

For the year ended June 30, 2021.

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

West Pokot County Car Loan and Mortgage Fund is established by and derives its authority and accountability from West Pokot County Car Loan and Mortgage Scheme Fund Regulations, 2016. The Fund is wholly owned by the County Government of West Pokot and is domiciled in Kenya.

The fund is managed by a committee that sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

The fund's objective is to enable Car loan and Mortgage to be advanced to the Members of the scheme as may be prescribed the Salaries and Remunerations Commission.

The Fund's principal activity is to provide car and mortgage loans to its members

b) Principal Activities

The principal mandate of the Fund is to provide loan scheme for the purchase of vehicles, house or land for development, renovation and repair of residential property by members of the scheme.

c) Fund Administration Committee

Ref	Position	Name
1.	Chairperson of the Board	Hon. Ruth Kisabit
2.	Member	Hon. Francis Kiteleuyan
3.	Member	Hon. Augustine Chemonges Loile
4.	Member	Hon. Christine Apakoreng
5.	Assistant Director Transport services	Mr. Leonard Kilekwang
6.	Assistant Director Legal services	Mr. Erick Changorok
7.	Assistant Director Human Resource services	Mrs. Carolyne Kiberenge Powen
8.	Fund Administrator	Dr. Grace Amurle

WEST POKOT CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2021.

d) Key Management

Ref	Position	Name
1	Fund Administrator	Dr. Grace Amurle
2	Fund Accountant	CPA Haron Muruny

e) Fiduciary Oversight Arrangements

The following are fiduciary oversight arrangements applicable to the West Pokot Car loan and Mortgage fund :

i. West Pokot County Assembly

Article 185(3) provides that a County Assembly, while respecting the principle of the separation of powers, may exercise oversight over the County executive committee and any other County executive organs. The oversight role of the County assembly is exercised directly by all members of the County assembly and through County assembly committees. The following are the committees responsible for oversight in the County assembly:

- Public Accounts and Investment Committee
- Sectorial Committees
- Finance and Planning Committee
- Implementation Committee

ii. Controller of Budget

Article 228(4) of the Constitution of Kenya provides that the Controller of Budget shall oversee the implementation of the budgets of the national and County governments by authorizing withdrawal from public funds. The Controller of Budget is also mandated to inquire into any matter which may be brought to his/her attention or which he/she considers necessary in the process of budget implementation.

iii. The Senate

The Senate by virtue of its constitutional mandate has secondary oversight responsibility over County governments. The County Public Accounts and Investment Committee of the Senate has been directly involved in oversight over County governments.

iv. Audit Committee

The West Pokot County Audit Committee was constituted and inducted on 1st July 2018 as per the provisions of the Public Finance and Management Act, 2012. It is mandated to review audit reports and advise the County government on institutional risk management.

WEST POKOT CAR LOAN AND MORTGAGE FUND

Reports and Financial Statements

For the year ended June 30, 2021.

f) Registered Offices

P.O Box 222 – 30600
Office of the Governor
Off Kapenguria County Hospital Road
Kapenguria, Kenya

g) Fund Contacts

Telephone: (254) 0532014000
E-mail: carloanmortgagefund@westpokot.go.ke
Website: www.westpokot.go.ke

h) Fund Bankers

Co-operative Bank of Kenya
Kitale Branch
P.O. Box 1058 - 30200
Kitale, Kenya

i) Independent Auditors






Auditor General
Anniversary Towers, University Way
P.O. Box 30084-00100
Nairobi, Kenya

j) Principal Legal Adviser

The County Attorney
P.O Box 222 – 30600
Off Kapenguria County Hospital Road
Kapenguria, Kenya

WEST POKOT CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2021.




2. THE FUND ADMINISTRATION COMMITTEE

Name	Details of qualifications and experience
<p>1. Hon. Ruth Kisabit</p> 	<p>Date of Birth: 4th April Qualification: MA. Education Management and Administration Experience: 27 Yrs Position: CECM – Finance & Economic Planning</p>
<p>2. Hon. Francis Kiteleuyan</p> 	<p>Date of Birth: 14th July 1975 Qualification: BA. Business Management Experience: 25 Yrs Position: CECM – Trade Industrialization and Cooperative Development.</p>
<p>3. Hon. Augustine Chemonges Loile</p> 	<p>Date of Birth: 7th May 1975 Qualification: M.PHL.Economics Experience: 19 Yrs Position: CECM – Lands, Housing, Physical Planning and Urban Development</p>
<p>4. Hon.Christine Apakoreng</p> 	<p>Date of Birth: 10th May 1975 Qualification: BSc. Education Experience: 16 Yrs Position: CECM – Health, Sanitation and Emergency Services</p>
<p>5. Mr. Leonard Kilekwang</p> 	<p>Date of Birth: 13th September 1993 Qualification: BA. Neuroscience and Minor Economics Experience: 4Yrs Position: Assistant Director Transport</p>
<p>6. CPA Grace Amurle, (PhD)</p>	<p>Date of Birth: 1st January 1959 Qualification: PHD in Business Administration Experience: 20 Yrs in Public Sector and NGOs Position: Chief officer Finance & Economic planning</p>

WEST POKOT CAR LOAN AND MORTGAGE FUND

Reports and Financial Statements

For the year ended June 30, 2021.

	
7. Mr. Erick Changorok 	Date of Birth: 1986 Qualification: Bachelor of Law Experience: 5 Yrs Position: Assistant Director Legal Services
8. Mrs. Carolyn K. Powen 	Date of Birth: 1984 Qualification: Msc. Human Resources Experience: 10 Yrs Position: Assistant Director Human Resource Management.

WEST POKOT CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2021.

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

Introduction

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

The key development objective of the Car loan and Mortgage Scheme Regulations 2016 are derived from the SRC circular 023/12/2014. These are:



- a) Provide affordable government loans to purchase cars
- b) Provide access to mortgage facilities.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Car Loan and Mortgage	To provide affordable government loans to purchase cars and access to mortgage facilities	Increased number of officers accessing the Car loan and Mortgage fund	No of officers granted Car Loan and Mortgage.	-In FY 20/21 the three staff members were advanced loans -2 staff members received top up loans.

WEST POKOT CAR LOAN AND MORTGAGE FUND**Reports and Financial Statements****For the year ended June 30, 2021.****4. MANAGEMENT TEAM**

Name	Details of qualifications and experience
1. Hon. Ruth Kisabit 	Date of Birth: 4 th April Qualification: MA. Education Management and Administration Experience: 27 Yrs Position: CECM – Finance & Economic Planning
2. Dr. Grace Amurle 	Date of Birth: 1 st January 1959 Qualification: PHD in Business Administration Experience: 20 Yrs in Public Sector and NGOs Position: Chief officer Finance & Economic planning, Fund Administrator/Secretary.
3. Mr. Paul Woyakapel	Date of Birth: Qualification: Experience: Position:
4. CPA Haron Ksang Muruny	Date of Birth: 1 st January 1989 Qualification: Bsc. Finance & Banking, CPA(K) Experience: 8 Yrs in Finance and Banking Position: Head of Accounting Services

WEST POKOT CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2021.

5. FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

The financial statements for West Pokot County Car Loan & Mortgage Fund for the FY 2020/2021 have been prepared to comply with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

As a measure to improve service delivery in the County there were Cabinet reshuffles and some directorship position within the departments. It was due to this that the fund experienced changes in both the Committee and key management. This was witnessed by introduction of a new Chairperson who is the current County Executive Committee Member for Finance, Chief officer Finance, Director Transport services and Director Legal services.


During the Financial year under review the fund granted loans to 3 members as at June 30, 2021. This brings the total number of beneficiaries to 57.

The fund advanced a total cumulative loan of Kshs.238,500,000 to members as at June 30, 2021. During the year under review, total loan repayment amounted to Ksh. 32,926,071. The total outstanding loans (principal and interest) from members as at 30th June, 2021 amounted to Ksh.122,391,789. The fund earned total interest of Kshs.4,127,402 during the period. Additionally, 2 beneficiaries received top up loans.

The Fund committee held four meetings during the period under review. The available Bank balance as at 30th June, 2020 amounted to Ksh.36,890,548.

The fund had the lowest disbursement of loans during the year under review as compared to the previous years. This was attributed to delays in amendment of Regulations and draft bill. The proposed Car loan and Mortgage bill and amended policy seeks to address issues of defaulters by curbing the repayment period to the term of engagement of the beneficiaries amongst other issues facing the fund.

Lastly would like to commend the Committee and Secretariat for their dedication and commitment to ensure the fund achieves its objective.


Hon. Ruth Kisabit
Chairperson Car Loan and Mortgage Scheme Fund

WEST POKOT CAR LOAN AND MORTGAGE FUND

Reports and Financial Statements

For the year ended June 30, 2021.

6. REPORT OF THE FUND ADMINISTRATOR

The West Pokot County Car loan & Mortgage scheme fund is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 dated 14th February 2014 and SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014

The SRC circulars provided guidelines for accessing car loan and mortgage benefits by state and public officers. It is in lieu of this that the County Car loan and mortgage scheme fund was created.

The financial statements for Car & Mortgage for the period ended 30th June, 2020 have been prepared in accordance to Section 167 of the Public Finance Management (PFM) Act 2012 which mandates the administrator of the fund to prepare and present 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 each financial year.

The fund is keen on enforcing fiscal responsibility principles with key focus on efficiency and effectiveness in the implementation of the fund's objective. The funds received during the year under review were repayments from loanees. A total of Kshs 32,926,071. were received out of which Ksh 6,800,000 was transferred to the main account to facilitate loan advances and top ups. Despite this, there are a few challenges with the major one being defaulting by former county employees. However, measures to curb this have been put in place so as to secure sustainability of the fund.

To ensure a high level of financial performance by the fund, the Committee and the secretariat underwent an intensive training to improve their capacity and on the best practices to manage the fund. The management team is committed to ensure all funds submitted to the scheme fund are used for their intended purposes and have been duly accounted for.



Dr. Grace Soprin Amurle

Fund Administrator – West Pokot Car Loan and Mortgage Scheme Fund

7. CORPORATE GOVERNANCE STATEMENT

a. Number of Fund Administration Committee meetings held and the attendance to those meetings by members

During the financial year the Committee held four meetings. In the four meetings all the committee members were present.

b. Process of appointment and removal of Administration Committee members,

Procedure for appointment of the fund's Committee members is stated in the West Pokot car loan and mortgage scheme fund regulations 2016.

c. Roles and functions of the Fund Administration Committee members,

The Car loan and mortgage Committee is responsible for the general administration and management of the affairs of the fund. The committee is responsible for;

- Making recommendations with respect to the conditions under which car loan and mortgage shall be granted or repaid.
- Processing applications for the granting of loans to members of the scheme subject to provisions of any agreement relating to provision of car loan or mortgage
- Receiving and administering the resources of the fund
- Supervising the day to day running of the fund
- Liaising with financial institutions to set up a revolving fund for the disbursement of loans
- Call in loans in cases of breach by the borrower.

d. Induction and training, Administration Committee members and member's performance

Induction and training of the committee members is done on needs assessment basis and approval for all trainings is determined by the committee.

e. Conflict of interest

The Committee decisions are consensually based and guided by the Car loan and mortgage regulations 2016. This approach is embraced to ensure that fund operates in a transparent and fair manner.

f. Board remuneration

The Committee allowances are paid based on the SRC circular on payment of taskforce allowance and remuneration of tribunal, boards and committees. All allowances are paid by the fund administrator with the approval of the Committee.

8. MANAGEMENT DISCUSSION AND ANALYSIS

a. Operational and financial performance of the Fund during the period

The fund and financial performance for the period under review was satisfactory. Some of the major achievement made were:

- Preparation of Cash books and bank reconciliations
- Generation and issuance of Individual statements to the beneficiaries.
- Preparation of Financial statements for the previous financial years

b. Fund's compliance with statutory requirements,

The West Pokot car loan and mortgage fund is fully compliant with all statutory requirement as mandated by laws governing the establishment and operations of funds.

c. Major risks facing the Fund, material arrears in statutory and other financial obligations, and

In every entity there are emerging risks that may hinder or delay the implementation of the entity's objectives. It is important therefore to identify the risks in time so as to employ proper methods in managing the risks. Embedding a strong risk culture among the staff and the leadership, articulating the organizations risk appetite levels, and institutionalizing knowledge and awareness of risk management at all levels in all areas of operations is of paramount importance.

The major risk areas in the delivery of the fund's objective are:

- funding and budget constraint.
- Lack of procedures for charging of collateral to secure loans
- Lack of a software
- Huge expectation from staff on loan amounts.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

West Pokot Car loan and Mortgage fund exists to transform lives of the county executive staff employees. This is achieved through granting of affordable car loan and mortgages to provide affordable housing.

The fund is keen to conserve the environment, promote education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives, however due to the Covid 19 constraint measures the fund did not engage in any Corporate social responsibilities' activities during the period under review.

Below is a brief highlight of our achievements:

1. Sustainability strategy and profile

The fund has been able to sustain its activities of disbursing loans despite limited resources from allocation from the County budget. This has been attributed by prompt repayments from the beneficiaries thereby sustaining the fund. The fund since inception has received Kshs 149 million and 29.5million as borrowings from County Assembly. Total loan disbursements amount to 238.5 million. This indicates good performance in terms of repayments however the fund risks loss of funds from defaulters. To minimize this the fund has made efforts to limit defaulting by capping gaps that existed during loan application such as limit of loan repayment period and reviewing of the loan application form and loan agreement between the beneficiaries and the fund.

WEST POKOT CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2021.

10. FUND ADMINISTRATION COMMITTEE

The Committee submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Fund affairs.

9.1 Principal activities

The principal activities of the Fund are to provide car and mortgage loans to its members.

9.2 Performance

The performance of the Fund for the year ended June 30, 2021, are set out on page 19.

9.3 Committee

The members of the Fund Administration Committee who served during the year are shown on page 3.

9.4 Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. OR Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Fund for the year/period ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Committee



Ruth Kisabit

Chair of the Fund Administration Committee

Date: 12/11/2021

11. 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 West Pokot County Car Loan and Mortgage Scheme Fund Regulation 2016, 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, 2021. 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 West Pokot County Car Loan and Mortgage Scheme Fund Regulation 2016. 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, 2021, 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.

WEST POKOT CAR LOAN AND MORTGAGE FUND

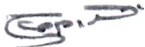
Reports and Financial Statements

For the year ended June 30, 2021.

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 Fund's financial statements were approved by the Board on 12/11/2021 and signed on its behalf by:

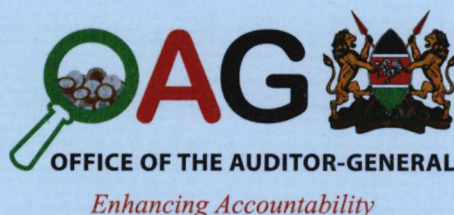


Dr. Grace Amurle Soprin

Fund Administrator – West Pokot Car Loan and Mortgage Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON WEST POKOT COUNTY CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2021

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 West Pokot County Car Loan and Mortgage Fund set out on pages 19 to 61, which comprise of the statement of

financial position as at 30 June, 2021, statement of financial performance, statement of cash flows, statement of changes in net assets, and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of West Pokot County Car Loan and Mortgage Scheme Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the West Pokot County Car Loan and Mortgage (Members) Scheme Fund Regulations, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Training Expenses

The statement of financial performance reflects general expenses balance of Kshs.1,471,020 which, as disclosed in Note 7 to the financial statements, includes other costs - committee expenses amount of Kshs.1,460,200. This latter expenditure includes an amount of Kshs.731,700 in respect of payments of per diem and allowances to Fund Committee Members and support staff for benchmarking and training on formulation of Fund Policy and Regulation. However, the amount was withdrawn in cash through undated and unauthorized payment voucher, the travel was not authorized, work/bus tickets, quotations and invoices for the conference services were not provided.

In the circumstances, the accuracy and validity of the training expenditure of Kshs.731,700 could not be confirmed.

2. Unsupported Loans

The statement of financial position and the corresponding Note 11 to the financial statements reflects long term receivables from exchange transactions balance of Kshs.122,391,789 relating to loans to Members. However, review of documents revealed the following unsatisfactory matters:

- (i) A Member applied for a loan of Kshs.1,500,000 on 10 December, 2018 for development of a house. However, the loan statement dated 24 August, 2021 revealed that the loan advanced on 30 December, 2018 was Kshs.5,000,000 and an additional amount of Kshs.500,000 on 30 August, 2019. This resulted in an unsupported loan advanced of Kshs.4,000,000.
- (ii) Another Member applied for a loan of Kshs.20,000,000 on 18 December, 2018 for purchase of land, repayable for a period of 60 months. The application form was

not supported by a copy of official search of the title to the property and a certified copy of the sale agreement. Further, the Member has never made any repayments of the loan as per the loan statements provided.

- (iii) Further, a Member was advanced a loan of Kshs.15,000,000. However, the loan application form was not provided and only a statement has been attached showing the loan advanced and the balances. The repayment schedule submitted for audit review shows the opening balance for the loan as Kshs.12,821,954 and the Member did not make any repayments within the financial year as per the repayment schedule provided.
- (iv) The balance includes loans of Kshs.3,500,000 advanced to two (2) Members towards development of residential properties. However, Management did not provide copies of the designs of the proposed residential property duly approved by the relevant County Government department and Bills of Quantities in respect of the proposed development, renovation or repair.

In the circumstances, the accuracy and completeness the loans advanced of Kshs.122,391,789 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the West Pokot County Car Loan and Mortgage Scheme 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

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given satisfactory explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

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. Non-compliance with the Public Sector Accounting Standards Board Requirements

Review of the annual report and financial statements submitted reflects the name of the Fund as 'West Pokot County Car Loan and Mortgage Fund'. However, the header for the rest of the pages omits the word 'County'. Further, various sections of the financial statements including table of contents, statement of changes in net assets, statement of comparison of budget and actual amounts, summary of significant accounting policies and notes to the financial statements have no pages. This is contrary to Public Sector Accounting Standards Board (PSASB) reporting template.

In the circumstances, the annual report and the financial statements as presented do not comply with the requirements of the Public Sector Accounting Standards Board revised reporting template.

2. Non-Performing Loans

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.122,391,789. Note 11 However, a review of the loan repayment schedule provided for audit review revealed that loan balances of Kshs.46,607,075 have not been repaid.

There was no evidence of measures taken by the Fund Management to recover the unpaid principal amount and interest due as required by Regulation 20 of the West Pokot County Car Loan and Mortgage Scheme Fund Regulations, 2016.

In the circumstances, Management was 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

1. Lack of Oversight on the Fund

The audits reports of the Fund for the years ended 30 June, 2017, 2018, 2019 and 2020 were concluded and audit certificates issued to the Fund Management by the Auditor-General. However, the reports are yet to be discussed by the audit committee and there was no evidence the financial statements have been submitted to the County Assembly contrary to Section 149(1) of the Public Finance Management Act, 2012.

In the circumstances, effectiveness of the internal control and governance of the Fund could not be confirmed.

2. Weak Internal controls on Loans

The following internal control weaknesses on loans issued were noted:

- (i) Absence of loan agreements between members and the fund

Audit scrutiny of personal member's loan files revealed that the committee did not present loan agreements to be signed between the fund and the members taking car and or mortgage loans stipulating the conditions of the loans, the repayment period and the responsibilities of each party and in particular, repayment of the loans and the consequences of defaulting loans.

- (ii) Loan application forms

There was no approval letter or note by the committee to show/indicate that they agreed with the terms of the loan that the members applied for.

- (iii) There was no documentation to show/indicate when the Human Resource Department approved the date when deductions from the member' payslip were to commence.

In the circumstances, effectiveness of the internal control and governance of the Fund could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain 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 terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 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 judgement and maintain professional skepticism throughout the audit. I also:

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 July, 2022

WEST POKOT CAR LOAN AND MORTGAGE FUND**Reports and Financial Statements****For the year ended June 30, 2021.****13. FINANCIAL STATEMENTS****13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2021.**

	Note	FY2020/2021	FY2019/2020 (Restated)	FY2019/2020
		KShs	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	4,127,402	4,430,988	-
Other income	5	-	-	-
Total revenue		4,127,402	4,430,988	-
Expenses				
Fund administration expenses	6	-	-	
General expenses	7	1,471,020	214,060	213,400
Finance costs	8	-	-	
Total expenses		1,471,020	214,060	213,400
Other gains/losses				
Gain/loss on disposal of assets	9	-	-	
Surplus/(deficit) for the period		2,656,382	4,216,928	- 213,400

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13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	FY2020/2021	FY2019/2020 (Restated)	FY2019/2020
		KShs	KShs	KShs
Assets				
Current assets				
Cash and cash equivalents	10	36,890,548	11,611,140	11,611,140
Current portion of long-term receivables from exchange transactions	11	-	-	
Receivable from non exchange transaction	12	6,216,736	6,581,606	
Prepayments	13			
Inventories	14	-	-	
Non-current assets				
Long term receivables from exchange transactions	11	122,391,789	144,255,365	37,552,604
Property, plant and equipment	15	-	-	
Intangible assets	16	-	-	
Total assets		165,499,073	162,448,110	49,163,744
Liabilities				
Current liabilities				
Trade and other payables from exchange transactions	17	1,249,248	854,667	
Provisions	18	-	-	
Current portion of borrowings	19	-	-	
Employee benefit obligations	20	-	-	
Non-current liabilities				
Non-current employee benefit obligation	20	-	-	
Long term portion of borrowings	19	-	-	
Total liabilities		1,249,248	854,667	
Net assets				
Revolving Fund		149,000,000	149,000,000	
Reserves		-	-	
Accumulated surplus		15,249,825	12,593,443	
Total net assets and liabilities		165,499,073	162,448,110	-

WEST POKOT CAR LOAN AND MORTGAGE FUND

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For the year ended June 30, 2021.

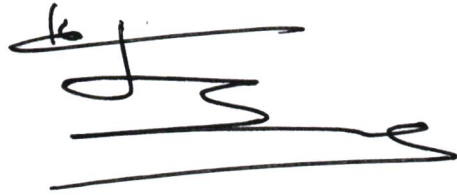
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 12/11/2021 and signed by:



Administrator of the Fund

Name: Dr. Grace Amurle Soprin

ICPAK Member Number: 2141



Fund Accountant

Name: CPA Haron Muruny Ksang

ICPAK Member Number: 26158

WEST POKOT CAR LOAN AND MORTGAGE FUND**Reports and Financial Statements****For the year ended June 30, 2021****13.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2015	-	-	-	-
Surplus/(deficit) for the period	-	-	42,850	42,850
Funds received during the year	30,000,000	-	-	30,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2016	30,000,000	-	42,850	30,042,850
Balance as at 1 July 2016	30,000,000	-	42,850	30,042,850
Surplus/(deficit) for the period	-	-	1,925,918	1,925,918
Funds received during the year	45,000,000	-	-	45,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2017	75,000,000	-	1,968,768	76,968,768
Balance as at 1 July 2017	75,000,000	-	1,968,768	76,968,768
Surplus/(deficit) for the period	-	-	2,198,528	2,198,528
Funds received during the year	70,000,000	-	-	70,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2018	145,000,000	-	4,167,296	146,968,768
Balance as at 1 July 2018	145,000,000	-	4,167,296	149,167,296
Surplus/(deficit) for the period	-	-	4,209,220	4,209,220
Funds received during the year	4,000,000	-	-	4,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	149,000,000	-	8,376,516	157,376,516
Balance as at 1 July 2019	149,000,000	-	8,376,516	157,376,516
Surplus/(deficit) for the period	-	-	4,216,928	4,216,928
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	149,000,000	-	12,593,443	161,593,443
Balance as at 1 July 2020	149,000,000	-	12,593,443	161,593,443
Surplus/(deficit) for the period	-	-	2,656,382	2,656,382
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	149,000,000	-	15,249,825	164,249,825

WEST POKOT CAR LOAN AND MORTGAGE FUND**Reports and Financial Statements**

For the year ended June 30, 2021.

13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	FY2020/2021	FY2019/2020
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	282,513
Transfers from the County Government		-	-
Transfer from repayment account			24,500,000
Interest received	4	3,334,161	-
Receipts from other operating activities		-	-
Total Receipts		3,334,161	24,782,513
Payments			
Fund administration expenses		-	-
General expenses	8	1,471,020	-
Finance cost			213,400
Total Payments	8	1,471,020	213,400
Net cash flows from operating activities	21	1,863,141	24,569,113
Adjustment Net Increase/Decrease in Receivables			
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from loan overpayments			
Proceeds from loan principal repayments		30,216,268	-
Loan disbursements paid out		- 6,800,000	20,000,000.00
Net cash flows used in investing activities		23,416,268	-
Cash flows from financing activities			
Proceeds from revolving fund receipts			
Additional borrowings			-
Repayment of borrowings		-	4,500,000
Net cash flows used in financing activities		-	4,500,000
Net increase/(decrease) in cash and cash equivalents		25,279,409	29,069,113
Prior year adjustment		-	
Cash and cash equivalents at 1 JULY	11	11,611,140	-
Cash and cash equivalents at 30 JUNE	11	36,890,548	29,069,113

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13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2021.

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2021	2021	2021	2021	2021	2021
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	-	-	-	-	-	-
Transfers from County Govt.	-	-	-	-	-	-
Interest income	-	-	-	4,127,402	(4,127,402)	-
Other income	-	-	-	-	-	-
Total income	-	-	-	4,127,402	(4,127,402)	-
Expenses						
Fund administration expenses	-	-	-	-	-	-
General expenses	-	-	-	1,471,200	(1,471,200)	-
Finance cost	-	-	-	-	-	-
Total expenditure	-	-	-	1,471,200	(1,471,200)	-
Surplus for the period	-	-	-	2,656,202	(2,656,202)	-

13.6 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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard/ Amendments : Applicable: 1st January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.
d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard	There was no impact of the amendment to IPSAS 33 with respect to the current financial report

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p>

WEST POKOT COUNTY CAR LOAN AND MORTGAGE FUND
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Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Early adoption of standards

The West Pokot Car loan and Mortgage fund did not early – adopt any new or amended standards in year 2020.

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 entity and can be measured reliably.

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The County's original budget for FY 2020/2021 was approved by the County Assembly on 25th June 2020. 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 West Pokot car loan and mortgage Fund did not record any additional appropriations.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in these financial statements.

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.

2. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Financial instruments

a) 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 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.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the 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 Fund assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity 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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a 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)

b) 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 Fund 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.

4. 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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Fund.

5. Provisions

Provisions are recognized when the 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 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 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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

The 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 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.

6. Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements.

7. Changes in accounting policies and estimates

The 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.

8. Employee benefits – Retirement benefit plans

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Foreign currency transactions

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

10. 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.

11. Related parties

The 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise of the Fund Administrator and Fund Accountant.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Cash and cash equivalents

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

13. Comparative figures

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

14. Events after the reporting period

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

15. Ultimate and Holding Entity

The Fund is a County Public Fund established by West Pokot County Car Loan and Mortgage Scheme Fund Regulations 2016 under the Department of Finance and Economic Planning. Its ultimate parent is the County Government of West Pokot.

16. Currency

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Provisions

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

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

18. Financial risk management

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

a) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
	-	-	-	-
At 30 June 2020	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2020	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

d) Foreign currency risk

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2021			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2021			
Euro	10%	-	-
USD	10%	-	-
2020			
Euro	10%	-	-
USD	10%	-	-

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

f) Capital risk management

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

	2020/2021	2019/2020
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

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14. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2020/2021	2019/2020
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – operations	-	-
Payments by County on behalf of the entity	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2020/2021	2019/2020
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Levies	-	-
Licences	-	-
Total	-	-

4. Interest income

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Interest income from loans (mortgage or car loans)	4,127,402	4,430,988
Total interest income	4,127,402	4,430,988

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Other income

Description	2020/2021	2019/2020
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income (specify)	-	-
Total other income	-	-

6. Fund administration expenses

Description	2020/2021	2019/2020
	KShs	KShs
Staff costs (Note 6a)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
Total	-	-

6A. Staff costs

Description	2020/2021	2019/2020
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. General expenses

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Stationaries	-	43,000
Other costs costs - committee expenses	1,460,200	165,000
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Hospitality	8,000	-
Transfer to County Assembly	-	-
Depreciation and amortization costs	-	-
Other expenses -Bank charges	2,820	6,060
Total	1,471,020	214,060

8. Finance costs

Description	2020/2021	2019/2020
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

9. Gain/(loss) on disposal of assets

Description	2020/2021	2019/2020
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Cash and cash equivalents

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account-01141694710300 - MAIN ACCOUNT	194,383	69,113
01141694710301 - REPAYMENT ACCOUNT	36,696,165	11,542,027
Total cash and cash equivalents	36,890,548	11,611,140

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

Financial institution	Account number	2020/2021	2019/2020
		KShs	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		-	-
Bank B		-	-
Sub- total		-	-
d) Others(specify)		-	-
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Receivables from exchange transactions

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables	-	-
Non-Current receivables		
Long term loan repayments due	122,391,789	144,255,365
Total Non current receivables	122,391,789	144,255,365
Total receivables from exchange transactions	122,391,789	144,255,365

Additional disclosure on interest receivable

Description	2020/2021	2019/2020
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Receivables from Non-Exchange transaction

Description	2020/2021	2019/2020
	KShs	KShs
Transfer from County Executive	6,216,736	6,581,606
Transfer from XXX Fund	-	-
Total receivables from non-exchange transactions	6,216,736	6,581,606

13. Prepayments

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Prepaid - loan over recoveries	1,249,248	854,667
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Total	1,249,248	854,667

14. Inventories

Description	2020/2021	2019/2020
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

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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	-	-	-	-	-
At 1st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
Depreciation and impairment	-	-	-	-	-
At 1st July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 1st July 2020	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 30th June 2021	-	-	-	-	-
Net book values	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 30th June 2021	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	2020/2021	2019/2020
	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	2020/2021	2019/2020
	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 (1.07.2020)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
Balance at the end of the year (30.06.2021)	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	2020/2021	2019/2020
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
Balance at end of the period	-	-

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

	2020/2021	2019/2020
	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	2020/2021	2019/2020
	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

	2020/2021	2019/2020
	KShs	KShs
Surplus/ (deficit) for the year before tax	-	-
Adjusted for:	-	-
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	4,127,402	-
Finance cost	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-1,471,020	-
Net cash flow from operating activities	2,656,382	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) County Assembly;
- d) Key management;
- e) Committee

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	2020/2021	2019/2020
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	2020/2021	2019/2020
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

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d) Due from related parties

	2020/2021	2019/2020
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

e) Due to related parties

	2020/2021	2019/2020
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent liabilities	2020/2021	2019/2020
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
Total	-	-

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15. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S

RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Compliance with Public Sector Accounting Standards Board Financial Reporting Template	The Financial statements have been revised in compliance with the Accounting standard board template	Resolved	March 2021
1.2	Presentation of Financial Statements	The Financial statements has been amended	Resolved	March 2021
1.3	Inaccuracies in Financial Statements	The Financial statements has been amended	Resolved	March 2021
2.0	Expensing of Loans	The Financial statements has been amended, income and expenditure and statement of	Resolved	March 2021

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		assets and liabilities are clearly stated		
3.0	Accounts Receivable- Outstanding Loans/Interest	The accounts receivable- outstanding loans /interest amount calculations have been revised and is correctly stated	Resolved	March 2021
4.0	Disbursements to Members	The process of charge or joint registration of properties with the County government is currently ongoing	Not Resolved	March 2022
5.0	Maintenance of Proper Books of Account	Loan application register, approved loans register, general ledger and individual member's ledger have been prepared	Resolved	May 2021
6.0	Borrowing from the County Assembly Car	Approval and transfer documents are	Resolved	March 2021

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Reports and Financial Statements

For the year ended June 30, 2021.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Loans & Mortgage Scheme Fund	available in the Fund file.		
7.0	Unsecured Loans	The fund is in the process of ensuring all outstanding loans ownership are charged jointly with the county Government	Not resolved	March 2022
8.0	Member Loan Statements	Individual member statements have been prepared and all outstanding loans communicated to each beneficiary	Resolved	June 2021
9.0	Motor Vehicle Comprehensive Cover and Mortgage Protection and Fire Policy	The process of insuring loans is currently ongoing	Not Resolved	June 2022
10.0	Monthly Financial and Non-Financial	There were capacity challenges on	Resolved	June 2022

WEST POKOT COUNTY CAR LOAN AND MORTGAGE FUND
Reports and Financial Statements
For the year ended June 30, 2021.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Budgetary Reports	preparation of reports but all the reports since inception have been prepared.		
11.0	Implementation of Oversight Bodies Recommendations	All reports have been submitted	Resolved	June 2021
12.0	Payment Vouchers	This has been rectified and all payments made has been supported with payment vouchers.	Resolved	March 2021
13.0	Register of Loan Applications	Loan register has created a loan register where all loan applications, loans disbursed and loans rejected have been registered	Resolved	May 2021
14.0	Fund Staff	A secretariat was constituted comprising of the financial reporting unit and	Resolved	March 2021

WEST POKOT COUNTY CAR LOAN AND MORTGAGE FUND

Reports and Financial Statements

For the year ended June 30, 2021.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		fund accountant who report to the fund administrator.		
15.0	Updating of Cash Books and Approval of Bank Reconciliation Statements	Cash book has been updated and bank reconciliations done and approved	Resolved	June 2021
16.0	Unresolved Prior Year Audit matters	Most Prior year audit matters have been resolved - some pending matters are still ongoing	Resolved Not resolved	March 2021 March 2022

WEST POKOT COUNTY CAR LOAN AND MORTGAGE FUND

Reports and Financial Statements


For the year ended June 30, 2021.

16. APPENDIX I: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the County Executive of West Pokot County Government				
FY 2020/2021				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		09/01/2019	1,000,000	FY 2018/2019
		24/12/2018	3,000,000	FY 2018/2019
		Total	3,000,000	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		Total	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		16/04/2018	70,000,000	FY 2018/2019
		28/02/2018	25,000,000	FY 2018/2019
		01/07/16	20,000,000	FY 2016/2017
		21/06/16	30,000,000	FY 2015/2016
		Total	145,000,000	

The above amounts have been communicated to and reconciled with the parent Ministry.

Fund Administrator
West Pokot Car Loan and Mortgage Fund


Head of County Treasury at
West Pokot County