



REPUBLIC OF KENYA

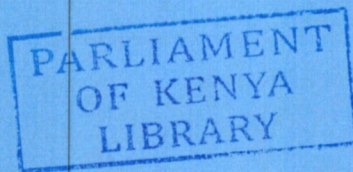


OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

PAPERS LAID	
DATE	6/6/2023
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COMMITTEE	-
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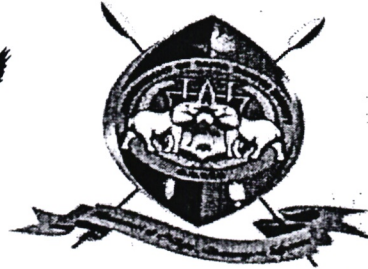
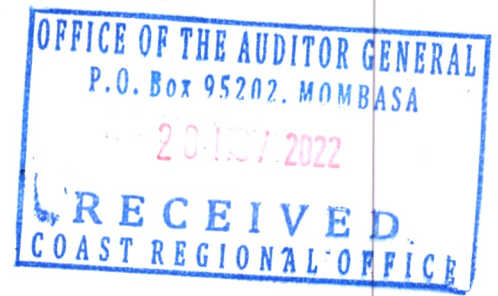
**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE, 2022**





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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2022**

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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022**

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**Table of Contents**

1. KEY ENTITY INFORMATION AND MANAGEMENT	2
2. FUND ADMINISTRATION COMMITTEE	5
3. MANAGEMENT TEAM	7
4. FORWARD NOTE BY THE CEC –FINANCE AND PLANNING	8
5. REPORT OF THE FUND ADMINISTRATOR	9
6. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES	11
7. CORPORATE GOVERNANCE STATEMENT	12
8. MANAGEMENT DISCUSSION AND ANALYSIS	15
9. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	16
10. REPORT OF THE INDEPENDENT AUDITOR ON THE TAITA TAVETA COUNTY EXECUTIVE STAFF CAR LOAN & MORTGAGE REVOLVING FUND FINANCIAL STATEMENTS	18
11. FINANCIAL STATEMENTS	19
11.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 <sup>th</sup> JUNE 2022.....	19
11.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022.....	20
11.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2022 .....	21
11.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022	22
12. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 <sup>th</sup> JUNE 2022.	23
13. NOTES TO THE FINANCIAL STATEMENTS	24
14. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	49
15. APPENDIX I: INTER-ENTITY TRANSFERS.....	50

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

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

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

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

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

The Fund's principal activity is to provide a loan fund for the purchase of vehicle, purchase of house or land for development, renovation or repair of residential property to members of the fund.

**b) Principal Activities**

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

**c) Fund Administration Committee**

Fund Administration Committee		
	Chairperson of the Board(CCO- Finance)	Ms. Joyce Kambe Mwachia, CPA (K)
1	Chief Officer –Lands	Mr. Reuben Ngeti
2	Chief Officer – Public Works	Mr. Leonard Langat
3	Legal Officer	Mr. Edwin Chahilu
4	Pay roll Manager	Mr. Joseph Kenyatta
5	Fund Administrator	CPA Erick Mwamburi

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

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**d) Key Management**

1	Chief Officer – Finance & Planning	CPA Joyce Kambe Mwachia
2	Fund Manager/ Administrator	CPA Erick Mwamburi

**e) Fiduciary Oversight Arrangements**

The key fiduciary oversight bodies at the County for the year ended 30th June 2021 were:

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

**f) Registered Offices**

P.O. Box 1066-80304

Wundanyi

**g) Fund Contacts**

Telephone: 0788186436/0718988717

E-mail: [info@taitataveta.go.ke](mailto:info@taitataveta.go.ke)

Website: [www.taitataveta.go.ke](http://www.taitataveta.go.ke)

**h) Fund Bankers**

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

**i) Independent Auditors**

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

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**j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue




P.O. Box 40112

City Square 00200



Nairobi, Kenya

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**2. FUND ADMINISTRATION COMMITTEE**



Ref	Name	Position / Qualification
		<p><u>CPA Joyce K Mwachia -CCO Finance &amp; Planning</u>            Holds a MSc Business Admn and BCom business administration            He has Vast experience in Finance &amp; accounting</p>
2		<p><u>CPA Leonard Langat -CCO -LENAR</u>            Holds a MSc Business Admn and BCom business administration            He has Vast experience in Finance &amp; accounting</p>
3		<p><u>Mr. Edwin Chahilu -Legal Officer</u>            Holds a Bachelor of law and Diploma in Law from Kenya School of Law and he is an advocate of High Court.</p>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

4		<p><b><u>Mr. Joseph Kenyatta- Pay roll Manager</u></b> Holds a MSc- Human Resource mgt and has a vast experience in payroll matters.</p>
5		<p><b><u>CPA Erick Mwamburi-Fund Administrator</u></b> Holds a Bachelor of Commerce -Accounting BCom- accounts and CPA(K) He has vast experience in Financing and Accounting.</p>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**3. MANAGEMENT TEAM**

Ref	Name	Position / Qualification
1		<p><u>CPA Joyce K Mwachia -CCO Finance &amp; Planning</u>            Holds a MSc Business Admn and BCom business administration            He has Vast experience in Finance &amp; accounting</p>
2		<p><u>CPA Erick Mwamburi-Fund Administrator</u>            Holds a Bachelor of Commerce -Accounting            BCom- accounts and CPA(K)            He has vast experience in Financing and Accounting.</p>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

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**4. FORWARD NOTE BY THE CEC –FINANCE AND PLANNING**

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

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

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

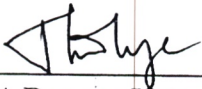
The Salaries and Remuneration Commission in its circular ref SRC/ADM/CIR/1/13 Vol.III (128) dated 17 December 2014 provided guidelines for access of Car Loan and Mortgage benefits by all state and public officers. Arising therefrom the County Executive Committee Members approved and adopted the Staff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

**Conclusion**

FY 2021/22 was a good year in general. Good progress is made and the momentum has been created to enable Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund continue on a trajectory into prosperity.

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

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



**CPA Dawson Katuu Mzenge**

**CECM - Finance and Economic Planning**

**County Government of Taita Taveta**

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**5. REPORT OF THE FUND ADMINISTRATOR**

It is my pleasure to present the Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund Financial Statements for the year ended 30th June 2022. The financial statements present the financial performance of the fund over the past year.

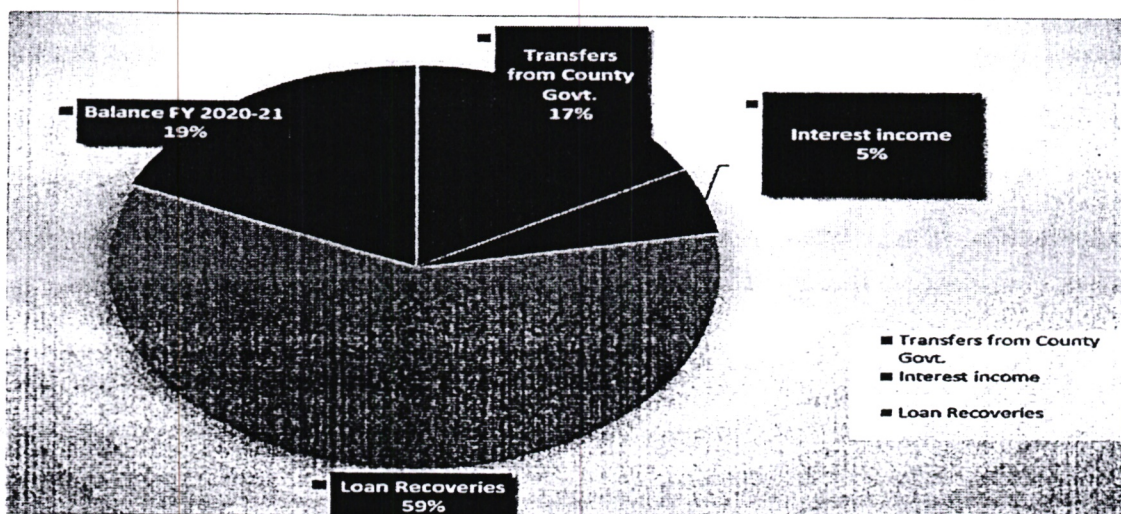
The fund was established on 1st March 2016 and started with an initial amount of KShs 4M and since then, a total of 34 loan beneficiaries have made borrowings amounting to KShs 115 M.

**Financial Performance**

a) Revenue

In the year ended 30th June 2022, the fund had projected a revenue of Kshs 59,100,000 consisting of; KShs 10,000,000 from Exchequer issues, and KShs 54,100,000 from other sources.

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



**Figure 1: Fund's sources in FY 2021/2022**

Out of the projected revenue, the Fund was able to realize KShs 57,230,715 in actual revenues, representing 97% performance. This performance was as a result of 100% realization of the funds Allocation through Transfers from County Govt, 95% interest on loans, 95% Loan recoveries and 99% on Balance FY 2020-21.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

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The table below shows an analysis of revenue performance during the year ended 30<sup>th</sup> June, 2022.

Revenue Classification	Revenue Budget (ksh)	Actual (Ksh)	Realisation (%)
Transfers from County Govt.	10,000,000	10,000,000	100%
Interest income	3,100,000	2,955,941	95%
Loan Recoveries	35,000,000	33,405,504	95%
Balance FY 2020-21	11,000,000	10,869,270	99%
<b>Total</b>	<b>59,100,000</b>	<b>57,230,715</b>	<b>97%</b>

**Table 1: Revenue performance in FY 2021/2022**

b) Loans

During the financial year 2021/22, the fund disbursed 17 new loan bringing the total loan beneficiaries to date to 63.

c) Cash flows

In the FY 2021/22, the cash and cash equivalents decreased from KShs 12,500,389 as at 30th June 2020 to KShs 10,869,270 as at 30th June 2022.

d) Conclusion

FY 2021/22 was a good year in general. Good progress was made and the momentum has been created to enable Taita Taveta County Executive Staff Car Loan & Mortgage Revolving Fund continue on a trajectory into prosperity.

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

The Fund Administrator should sign the Fund Administrator report.

Signed: \_\_\_\_\_



**Erick Mwamburi**

**Fund Administrator**

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**6. 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 objectives of the Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund plan are to:

- a) Provide funds for purchase of motor vehicle.
- b) Provide housing or land for residential to staff and management.

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund	To support staff and members to acquire motor Vehicle , Residential house or Land at an affordable facility	Increased number of staff members owning vehicles and homes in the County	% of applicants	<b>In FY 21/22 we increased Motor vehicle application by 29%.</b>  <b>Increased number of Housing application by 24%.</b>
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**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

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## **7. CORPORATE GOVERNANCE STATEMENT**

### **THE BOARD**

The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund was Gazetted on 30<sup>th</sup> September 2016 in the *Taita Taveta supplement No. 16, legislative supplement No. 1. (Taita Taveta County Legislative Supplement No. 1).*

The fund committee, performs all functions vested in the fund legislation and other Regulations.

The Board is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the board of committee at its apex. The structure is designed to ensure an informed decision-making process based on accurate reporting to the board.

### **THE FUND COMMITTEE MEMBERS**

The Fund's legislation provides that the fund shall be made up of seven (7) Members, including the chairman, and shall consist of a chairperson and eight (6) other members as directed by the funds Act. The Fund Committee exercises leadership, enterprise, integrity and judgment in directing the Fund.

The Members are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund Administrator but the Members are responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate of providing financial support for Mortgage and car loan

### **FUND COMMITTEE MEETINGS**

The fund holds at least one sitting every months or as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets. The Committee also plays an oversight role over all other financial and operational issues.

### **AUDIT AND RISK COMMITTEE**

The County internal Audit committee and internal Auditors are tasked with ensuring that corporate governance and integrity is enhanced in between the governance of the fund. The committee was established to advice the board on institutional risk management and compliance.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

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**STATEMENT OF COMPLIANCE**

The committee confirms that the fund has throughout the FY2021/2022 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

The fund will conduct an external legal audit which will confirm that the institution had complied with all relevant laws, regulations and requirements.

**INTERNAL CONTROL AND RISK MANAGEMENT**

**Internal Control**

The committee is responsible for reviewing the effectiveness of the fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

**Standing Instructions**

The fund has a Code of Ethics and Service that is applicable to all employees. These have a number of standing instructions to employees of the fund designed to enhance internal control.

**Organization Structure**

A clear organizational structure exists, detailing lines of authority and control responsibilities.

**Strategic Plan**

The business of the fund is determined by the strategic plan. The strategic plan sets out the objectives of the fund, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives.

**Internal Control Framework**

The fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the fund, is approved by the audit and risk committee.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

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The audit and risk committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the board. Where weaknesses are identified, the committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during the FY 2021/22.

**Management Team**

The management team headed by the Fund Administrator implements the board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the board's objectives are achieved effectively and efficiently.

**Auditor**

The fund is audited by the Auditor-General.

## **8. MANAGEMENT DISCUSSION AND ANALYSIS**

The committee has continued to grow since its inception and the management has put measures in place to safeguard against any risks.

The management has ensured that we comply with statutory requirements relating to the functions of the fund and also making sure that there is no any form of non-compliance.

### **BUSINESS PERFORMANCE**

#### **Revenue**

The fund has so far received over 160 M as revenues from the exchequer issues since its inception, this will go a long way to see the proposed development plan are achieved within the stipulated period. This will see elevation of the lives of staff member of the County.

#### **Cash flow**

The cash and cash equivalents decreased from KShs 12,500,389 as at 30 June 2021 to KShs 10,869,270 as at 30 June 2022. The decrease was significant since there was an uptake of the facility in compliances with the law.

### **OPERATIONAL PERFORMANCE**

The fund's core operating activities is to elevate the living standards of staff member of the county, by availing funds for acquisition of motor vehicle and residential houses as outlined in the Act.

#### **Employees**

Human capital is a critical ingredient towards ensuring realisation of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services.

#### **Conclusion**

We appreciate the unrelenting support from the committee members, management, staff, the county government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2021/2022.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

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**9. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by The Taita Taveta County Gazette Supplementary No. 16, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 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 Taita Taveta County Gazette Supplementary No. 16. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 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.

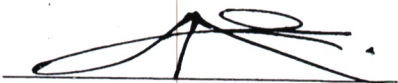
**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

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

**Approval of the financial statements**

The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund's financial statements were approved on 21/11/2022 and signed on its behalf by:

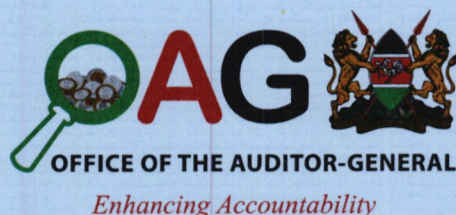


**Erick Mwamburi**

**Fund Administrator**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA COUNTY EXECUTIVE STAFF CAR LOAN AND MORTGAGE REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure 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 Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund set out on pages 19 to 49, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial

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*Report of the Auditor-General on Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund for the year ended 30 June, 2022*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund as at 30 June, 2022, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Receivables from Exchange Transactions**

The statement of financial position reflect Kshs.87,241,875 and Kshs.24,684,421 in respect of long term receivables from exchange transactions and current portion of receivables from exchange transactions respectively, all totalling to Kshs.111,926,296. Verification of the car loans recoveries as at 30 June, 2022 revealed that loans due in the year under review amounting to Kshs.4,062,996 had not been deducted from June, 2022 payroll. Further, the total receivables from exchange transactions of Kshs.111,926,296 varied with the outstanding amount of Kshs.94,313,447 reflected in the payroll. The resultant variance of Kshs.17,612,849 between the two records was not explained or reconciled.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.111,926,296 as at 30 June, 2022 could not be confirmed.

#### **2. Current Liabilities – Unsupported Current Portion of Borrowings**

The statement of financial position reflects Nil balance in respect of current portion of borrowings as at 30 June, 2022. As previously reported, the balance of Kshs.23,052,154 reflected as current portion of the borrowings in the prior year 2020/2021 was not supported by a schedule of borrowings or agreements between the Fund and the lenders. Further, as disclosed in Note 18 to the financial statements, the Fund Management repaid Kshs.400,000 during the year under review, leaving a balance of Kshs.22,652,154 which was converted to a revolving fund. However, no approval of the lender was provided to support the conversion.

In the circumstances, the accuracy and completeness of the current portion of borrowings balance as at 30 June, 2022 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.59,100,000 and Kshs.57,230,715 respectively, resulting in an under-funding of Kshs.1,869,285 (or 3%) of the budget. Similarly, the Fund expended Kshs.51,789,043 against an approved budget of Kshs.59,100,000, resulting in an under-expenditure of Kshs.7,310,957 (or 12%) of the budget.

The under expenditure may have negatively affected service delivery to the intended beneficiaries.

#### **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 matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the matters.

#### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

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

## **Basis for Conclusion**

### **1. Failure to Charge Borrowers' Gratuity and Pension**

During the year under review, a total of Kshs.51,326,346 as disclosed in Note 23 to finance statements, was issued as car loans and mortgages. However, the Fund Management did not request for the borrowers' prior written authority to have their gratuity dues utilized in clearing outstanding debts of County employees who may lose employment before full repayment of loans, contrary to Regulation 29(1) of the Taita Taveta County Executive Staff Car Loan and Mortgage Fund Regulations, 2018 that states that, 'a borrower shall be required to give prior authority in writing for gratuity dues to be utilized to clear any outstanding debt in case staff loses the County employment before fully repaying the loan'.

In the circumstances, there is risk of loss of public funds due to default and the Management is in breach of the law.

### **2. Uninsured Mortgage Properties**

Note 23 to the financial statements reflects disbursements made during the year under review amounting to Kshs.51,326,346. Review of the disbursements revealed that Kshs.46,829,868 was paid out as mortgages without proof of the borrowers having taken mortgage protection and fire insurance policies. This is contrary to Regulation 20(1) of the Taita Taveta County Government Employees Car Loan and Mortgage Fund Regulations, 2018 that requires a borrower receiving a loan to take out and maintain a mortgage protection policy and a fire policy with an insurance firm approved by the Financier.

Further, the car loans and mortgages of Kshs.51,326,346 were paid directly to the staff bank accounts instead of the identified sellers' or developers' bank accounts, contrary to the purchase agreements between purchasers and vendors and Regulation 22(1)(b) of Public Finance Management (County Governments) Regulations, 2015 requiring Accounting Officers to be accountable to the County Assembly for maintaining effective systems of internal control and the measures taken to ensure that they are effective.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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 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 Fund Administration Committee**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as 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 sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Fund or 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.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**02 March, 2023**

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**11. FINANCIAL STATEMENTS**

**11.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2022.**

	Note	FY2021/2022 KShs	FY2020/2021 KShs
<b>Revenue from exchange transactions</b>			
Interest income	4	2,955,941	2,812,383
Other income	5	-	-
<b>Total revenue</b>		<b>2,955,941</b>	<b>2,812,383</b>
<b>Expenses</b>			
Employee Costs	6	-	-
Use of goods and services	7	462,697	203,630
Finance costs	8	-	-
<b>Total expenses</b>		<b>462,697</b>	<b>203,630</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	9	-	-
<b>Surplus/( deficit) for the period</b>		<b>2,493,244</b>	<b>2,608,753</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on 21/11/2022 and signed by:



**Chief Officer**  
Name: Leonard Langat  
ICPAK Member Number: 10793



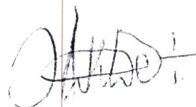
**Fund Administrator**  
Name: Erick Mwamburi  
ICPAK Member Number: 15008

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022**

**11.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	Note	TY 2021/2022 KShs	TY 2020/2021 KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	10,869,270	12,500,389
Current portion of long term receivables from exchange transactions	11	24,684,421	33,337,512
Prepayments	12	-	-
Inventories	13	-	-
<b>Non-current assets</b>			
Property, plant and equipment	14	-	-
Intangible assets	15	-	-
Long term receivables from exchange transactions	11	87,241,875	65,959,225
<b>Total assets</b>		<b>122,795,566</b>	<b>111,797,127</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	16	-	-
Provisions	17	-	-
Current portion of borrowings	18	-	23,052,154
Employee benefit obligations	19	-	-
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	19	-	-
Long term portion of borrowings	18	-	-
<b>Total liabilities</b>		<b>-</b>	<b>23,052,154.00</b>
<b>Net assets</b>		<b>122,795,566</b>	<b>88,744,973</b>
Revolving Fund	25	118,254,207	85,602,053
Reserves	26	(3,899,636)	(2,804,831)
Accumulated surplus	27	8,440,995	5,947,750
<b>Net Value of the Fund</b>		<b>122,795,566</b>	<b>88,744,973</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on 21/11/2022 and signed by:



**Chief Officer**  
Name: Leonard Langat  
ICPAK Member Number: 10793



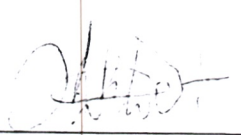
**Fund Administrator**  
Name: Erick Mwamburi  
ICPAK Member Number: 15008


**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022**

**11.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2022**

		<b>Revolving Fund</b>	<b>Reserves</b>	<b>Accumulated surplus</b>	<b>Total</b>
	<b>Note</b>		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>Balance as at 1 July 2020</b>		<b>75,602,053</b>	<b>(1,697,481)</b>	<b>3,338,998</b>	<b>77,243,570</b>
Surplus/(deficit) for the period	27	-	-	2,608,753	2,608,753
Funds received during the year	25	10,000,000	-	-	10,000,000
Revaluation gain	26	-	(1,107,350)	-	(1,107,350)
<b>Balance as at 30 June 2021</b>		<b>85,602,053</b>	<b>(2,804,831)</b>	<b>5,947,750</b>	<b>88,744,973</b>
<b>Balance as at 1 July 2021</b>		<b>85,602,053</b>	<b>(2,804,831)</b>	<b>5,947,750</b>	<b>88,744,973</b>
Borrowings	18	22,652,154	-	-	22,652,154
Surplus/(deficit) for the period	27	-	-	2,493,244	2,493,244
Funds received during the year	25	10,000,000	-	-	10,000,000
Revaluation gain	26	-	(1,094,805)	-	(1,094,805)
<b>Balance as at 30 June 2022</b>		<b>118,254,207</b>	<b>(3,899,636)</b>	<b>8,440,995</b>	<b>122,795,566</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on 21/11/2022 and signed by:

  
**Chief Officer**  
**Name: Leonard Langat**  
**ICPAK Member Number: 10793**

  
**Fund Administrator**  
**Name: Erick Mwamburi**  
**ICPAK Member Number: 15008**

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022**

**11.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

	Note	FY2021/2022 KShs	FY2020/2021 KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest received	4	2,955,941	2,812,383
Receipts from other operating activities		-	-
<b>Total Receipts</b>		<b>2,955,941</b>	<b>2,812,383</b>
<b>Payments</b>			
Employee Costs	6	-	-
Use of goods and services	7	462,697	203,630
Finance cost	8	-	-
<b>Total Payments</b>		<b>462,697</b>	<b>203,630</b>
<b>Net cash flows from operating activities</b>		<b>2,493,244</b>	<b>2,608,753</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments	24	33,405,504	30,295,795
Loan disbursements paid out	23	(47,129,868)	(43,563,576)
<b>Net cash flows used in investing activities</b>		<b>(13,724,364)</b>	<b>(13,267,781)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts	2	10,000,000	10,000,000
Additional borrowings	19	-	-
Repayment of borrowings	19	(400,000)	(1,670,660)
<b>Net cash flows used in financing activities</b>		<b>9,600,000</b>	<b>8,329,340</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,631,119)</b>	<b>(2,329,689)</b>
Cash and cash equivalents at 1 JULY	10	12,500,389	14,830,078
<b>Cash and cash equivalents at 30 JUNE</b>	<b>10</b>	<b>10,869,270</b>	<b>12,500,389</b>
<b>Financial Position</b>		<b>10,869,270</b>	<b>12,500,389</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on 21/11/21 and signed by:



Chief Officer  
Name: Leonard Langat  
ICPAK Member Number: 10793




Fund Administrator  
Name: Erick Mwamburi  
ICPAK Member Number: 15008

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

**12. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2022.**

	<b>Original budget</b>	<b>Adjustment s</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>	<b>% utilisation</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	
<b>Revenue</b>						
Public contributions and donations	-	-	-	-	-	0%
Transfers from County Govt.	40,000,000	(30,000,000)	10,000,000	10,000,000	-	100%
Interest income	3,100,000	-	3,100,000	2,955,941	144,059	95%
Loan Recoveries	35,000,000	-	35,000,000	33,405,504	1,594,496	95%
Balance FY 2020-21	11,000,000	-	11,000,000	10,869,270	130,730	99%
<b>Total income</b>	<b>89,100,000</b>	<b>(30,000,000)</b>	<b>59,100,000</b>	<b>57,230,715</b>	<b>1,869,285</b>	<b>97%</b>
<b>Expenses</b>						
Employee Costs		-	-	-	-	0%
Use of goods and services	500,000	-	500,000	462,697	37,303	93%
Loans	88,600,000	(30,000,000)	58,600,000	51,326,346	7,273,654	88%
<b>Total expenditure</b>	<b>89,100,000</b>	<b>(30,000,000)</b>	<b>59,100,000</b>	<b>51,789,043</b>	<b>7,310,957</b>	<b>88%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,441,672</b>	<b>(5,441,672)</b>	<b>-</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund financial statements were approved on 21/11/2022 and signed by:



**Chief Officer**  
**Name: Leonard Langat**  
**ICPAK Member Number: 10793**



**Fund Administrator**  
**Name: Erick Mwamburi**  
**ICPAK Member Number: 15008**

**13. NOTES TO THE FINANCIAL STATEMENTS**

**Summary of Significant Accounting Policies**

**1. General Information**

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund is established by and derives its authority and accountability from Taita Taveta County Subsidiary legislation, 2016. The entity is wholly owned by the Taita Taveta County Executive and is domiciled in Kenya. The entity's principal activity is to issue Mortgage & Car Loan facilities at 3% interest.

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

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

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

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

**(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022**

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

**(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022**

<b>IPSAS 41: Financial Instruments</b>	<b>Applicable: 1<sup>st</sup> January 2023:</b>
	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.

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

		<p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>		<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul>
<p>Amendments to Other IPSAS resulting from</p>		<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

IPSAS 41, Financial Instruments	<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>
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**(iii) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2022.

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

**a) Revenue recognition**

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

Transfers from other government entities

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

**ii) Revenue from exchange transactions**

***Interest income***

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

**b) Budget information**

The original budget for FY 2021-2022 was approved by the County Assembly on 25<sup>th</sup> June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded reduction appropriations of 30,000,000 on the FY 2021-2022 budget following the governing body's approval.

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

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

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

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

**c) Property, plant and equipment**

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

**d) Intangible Assets**

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

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

**a) Financial instruments**

*Financial assets*

*Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

*Loans and receivables*

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

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

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity 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 Entity 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 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)

***Financial liabilities***

***Initial recognition and measurement***

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

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

***Loans and borrowing***

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

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

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

**b) Inventories**

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**e) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

***Contingent liabilities***

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

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

***Contingent assets***

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

**d) Nature and purpose of reserves**

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

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

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

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

The Entity 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.

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.

**g) 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.

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

**h) 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.

**i) Related parties**

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

**j) Cash and cash equivalents**

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

**k) Comparative figures**

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

**l) Events after the reporting period**

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

**m) Ultimate and Holding Entity**

The entity is a County Public Fund established by Taita Taveta County Subsidiary Legislation, 2016 under the Ministry of finance and Planning. Its ultimate parent is the County Government of Taita Taveta.

**n) Currency**

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

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

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

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

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

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

**b) Useful lives and residual values**

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

- 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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note .

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.

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Public contributions and donations

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

2. Transfers from County Government

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Transfers from County Govt. –Mortgage	10,000,000	10,000,000
Transfers from County Govt. –Car Loan	-	-
<b>Total</b>	<b>10,000,000</b>	<b>10,000,000</b>

3. Fines, penalties and other levies

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

4. Interest income

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Interest received from Loans	2,955,941	2,812,383
Interest accrued from Loans	-	-
<b>Total interest income</b>	<b>2,955,941</b>	<b>2,812,383</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. Other income**

Description	FY2021/2022	FY 2020/2021
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
<b>Total other income</b>	<b>-</b>	<b>-</b>

**6. Employee Costs**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7. Use of Goods and Services**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	436,555	179,600
Committee Allowances	-	-
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs		
Security Costs		
Telephone And Communication Expenses		
Bank Charges	26,142	24,030
Audit Fees		
Provision For Doubtful Debts		
<b>Total</b>	<b>462,697</b>	<b>203,630</b>

**8. Finance costs**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10. Cash and cash equivalents**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	10,869,270	12,500,389
Others	-	-
<b>Total cash and cash equivalents</b>	<b>10,869,270</b>	<b>12,500,389</b>

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

Financial Institution	Account number	FY2021/2022	FY2020/2021
		KShs	KShs
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Kenya Commercial bank-Mortgage Account		7,531,542	9,494,995
Kenya Commercial bank- Car Loan Account		3,337,728	3,005,394
<b>Sub- total</b>		<b>10,869,270</b>	<b>12,500,389</b>
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>10,869,270</b>	<b>12,500,389</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11. Receivables from exchange transactions**

Description	FY 2021/2022	FY 2020/2021
	KShs	KShs
<b>Current Receivables</b>		
Interest receivable	-	-
Current loan repayments due	24,684,421	33,337,512
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Current receivables</b>	<b>24,684,421</b>	<b>33,337,512</b>
<b>Non-Current receivables</b>		
Long term loan repayments due	87,241,875	65,959,225
<b>Total Non-current receivables</b>	<b>87,241,875</b>	<b>65,959,225</b>
<b>Total receivables from exchange transactions</b>	<b>111,926,296</b>	<b>99,296,738</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

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**12. Prepayments**

Description	FY 2021/2022	FY 2020/2021
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**13. Inventories**

Description	FY 2021/2022	FY 2020/2021
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>-</b>	<b>-</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**14. Property, plant and equipment**

	2020	2021	2022	2023	2024
<b>At 1<sup>st</sup> July 2020</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2021</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-
<b>Depreciation and impairment</b>					
At 1 <sup>st</sup> July 2020	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2021</b>	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-
<b>Net book values</b>					
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15. Intangible assets-software**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
<b>NBV</b>	-	-

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

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
<b>Total trade and other payables</b>	-	-

**17. Provisions**

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

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**18. Borrowings**

Description	FY2021/2022	FY2020/2021
	KShs	KShs
<b>Balance at beginning of the period</b>	23,052,154	24,722,814
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	(400,000)	(1,670,660)
<b>Balance at end of the period</b>	<b>22,652,154</b>	<b>23,052,154</b>

- The Borrowings of Kshs 22,652,154 has been transformed into revolving fund

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

Description	FY2021/2022	FY2020/2021
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	22,652,154	23,052,154
<b>Total balance at end of the year</b>	<b>22,652,154</b>	<b>23,052,154</b>

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

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	22,652,154	23,052,154
<b>Total</b>	<b>22,652,154</b>	<b>23,052,154</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**19. Employee benefit obligations**

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

**20. Cash generated from operations**

	FY 2021/2022	FY 2020/2021
	KShs	KShs
<b>Surplus for the year before tax</b>	-	-
<b>Adjusted for:</b>		
Depreciation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	<b>-</b>	<b>-</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**21. Related party balances**

**a) Nature of related party relationships**

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

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

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

a) Related party transactions	FY2021/2022	FY2020/2021
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	FY2021/2022	FY2020/2021
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

d) Due from related parties

	FY2021/2022	FY2020/2021
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
<b>Total</b>	-	-

e) Due to related parties

	FY2021/2022	FY2020/2021
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
<b>Total</b>	-	-

22. Contingent assets and contingent liabilities

Contingent liabilities	FY2021/2022	FY2020/2021
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Loan disbursements paid out

	FY2021/2022	FY2020/2021
Description	KShs	KShs
Loan disbursements paid out	51,326,346	43,563,576
Accrued loans	(4,196,478)	-
<b>Total</b>	<b>47,129,868</b>	<b>43,563,576</b>

24. Proceeds from loan principal repayments received

	FY2021/2022	FY2020/2021
Description	KShs	KShs
Loan principal receivable	38,747,779	31,281,736
less loan principal Accrued	5,342,275	985,942
<b>Total</b>	<b>33,405,504</b>	<b>30,295,794.50</b>

25. Revolving Fund

	FY2021/2022	FY2020/2021
Description	KShs	KShs
Balance b/d	85,602,053	75,602,053
Borrowings	22,652,154	-
Funds received during the year	10,000,000	10,000,000
<b>Total</b>	<b>118,254,207</b>	<b>85,602,053</b>

26. Reserves

	FY2021/2022	FY2020/2021
	KShs	KShs
Balance b/d	(2,804,830)	(1,697,481)
Reserves for the period	(1,094,805)	(1,107,350)
<b>Total</b>	<b>(3,899,636)</b>	<b>(2,804,830)</b>

27. Accumulated surplus

	FY2021/2022	FY2020/2021
	KShs	KShs
Balance b/d	5,947,750	3,338,997
Surplus/( deficit) for the period	2,493,244	2,608,753
<b>Total</b>	<b>8,440,994</b>	<b>5,947,750</b>

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**14. 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.

1.0	Revaluation Loss		Erick Mwamburi	Resolved	30th June 2022
2.0	Budgetary Control and Performance		Erick Mwamburi	Resolved	30th June 2022
3.0	Unsecured Car Loans		Erick Mwamburi	On Progress	30th June 2022
4.0	Direct Payment of Loans to Staff Accounts		Erick Mwamburi	On Progress	30th June 2022
5.0	Failure to Develop Mortgage Protection and Fire Policies		Erick Mwamburi	On Progress	30th June 2022


**Taita Taveta County Executive Staff Car Loan and Mortgage Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.**

**15. APPENDIX I: INTER-ENTITY TRANSFERS**

FY 2021/2022				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Jun-21	10,000,000	FY 2021-22
		<b>Total</b>	<b>10,000,000</b>	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		<b>Total</b>	<b>-</b>	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		<b>Total</b>	<b>-</b>	

**Fund Administrator**

TTCE Staff Car loan & Mortgage Fund

Sign  -----

**Head of County Treasury**

Taita Taveta County Government

  
Sign-----