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REPORT

OF

THE AUDITOR-GENERAL

ON

**TURKANA COUNTY EXECUTIVE STATE
AND PUBLIC OFFICERS CAR LOAN AND
MORTGAGE FUND**

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





**TURKANA COUNTY EXECUTIVE STATE AND PUBLIC OFFICERS
CAR LOAN AND MORTGAGE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

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**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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Turkana County Executive State and Public Officers Car Loan and Mortgage fund Annual Report and Financial Statements for the year ended June 30, 2022

1. Key Entity Information and Management

a) Background information

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

The Fund's principal activity is to provide a loan scheme for the purchase of motor vehicles and purchase, development, renovation or repair of residential property by Turkana County executive State and Public Officers as prescribed by the salaries and Remuneration Commission in their letter dated 17th December, 2014 referenced as SRC/ADM/CIR/1/13/Vol.III (128)

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide a loan scheme for the purchase of motor vehicles and purchase, development, renovation or repair of residential property by Turkana County executive State and Public Officers as prescribed by the salaries and Remuneration Commission in their letter dated 17th December, 2014 referenced as SRC/ADM/CIR/1/13/Vol.III (128).

c) Fund Administration Committee

Ref	Name	Position
1	Peter Eripete	Fund Chairperson
2	Esther Ikaru	Fund Vice - Chairperson
3	Abraham Losinyen	Fund Administrator
4	Rosemary Nchinyei	Member
5	Joseph Egiron	Member
6	Chris Kiyana	Member
7	Leonard Mana	Member
8	Erastus Ethekon	Ex-officio Member
9	Simon Logilae	Fund Accountant

d) Key Management

Ref	Name	Position
1	Peter Eripete	Fund Chairperson
2	Esther Ikaru	Fund Vice - Chairperson
3	Abraham Losinyen	Fund Administrator
4	Simon Logilae	Fund Accountant

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

e) Registered Offices

P.O. Box 11-30500
County Treasury Building
Nawoitong Road
Lodwar, KENYA

f) Fund Contacts

Telephone: (254) 0790531896
E-mail: slogilae@yahoo.com
Website: www.tcg.go.ke

g) Fund Bankers

1. Kenya Commercial Bank
P.O BOX 58-30500
LODWAR

h) Independent Auditors



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

i) Principal Legal Adviser




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

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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2. The Management Team

Name	Details of qualifications and experience
<p>1. Peter Eripete</p> 	<p>Mr. Peter Eripete is the Chairperson Of the fund, he was Born on 10th November 1958. He is Currently serving as the County Secretary of Turkana County Government. He has a Bachelor's degree in Arts and a working experience of 37 years in public service.</p>
<p>2. Abraham Losinyen</p> 	<p>Mr. Abraham Losinyen is the Secretary/Administrator of the Fund. He was born on 18th December, 1982, he is Currently serving as the Chief officer of Finance. He has a Master's degree in International development policy and a Bachelor's Degree in Business administration and management and a subsidiary in community development. He has a working experience of 18 years both in private and public service.</p>

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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<p>3. Rosemary Nchinyei</p> 	<p>Ms Rosemary Nchinyei is Member of the Fund, She was Born on 7th April, 1978 and Currently serving as the Chief officer of Infrastructure, Roads and Public works. She has a Master's of Arts in International Journalism and a diploma in Mass Communication. She has a working experience of 16 years both in private and public service.</p>
<p>4. Joseph Egiron</p> 	<p>Mr Joseph Egiron is a Member of the Fund. He was Born on 2nd January, 1981. He is Currently serving as the Director of Urban areas management and has a Bachelor's Degree in Lands survey. He as a working experience of 14 years in public service.</p>
<p>5. Chris Kiyana</p> 	<p>Mr Chris Kiyana is a Member of the Fund. He was Born on 24th September, 1983. He is Currently serving as the Director of Human Resource Management. He has a Master's degree in Human Resource Management and a Bachelor's Degree in Business management-HRM. He is a Member of IHRM No.06432. He also has a higher diploma in HRM and a working experience of 12 years both in private and public service.</p>

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

<p>6. Leonard Mana</p> 	<p>Mr Leonard Mana is a Member of the Fund. He was Born on 05th March, 1980. He is Currently serving as the Deputy Director HRM/Payroll. He has a Bachelor's Degree in Arts Social studies, Sociology major and A higher Diploma in Human Resource Management. He is Member of institute of Human Resource Management No.05381 and has a working experience of 19 years both private and public service.</p>
<p>7. Erastus EtheKon</p> 	<p>Mr Erastus EtheKon is an Ex-Officio Member of the Fund. He was Born on 10th February, 1976. He is Currently serving as the County Attorney. He has a degree of Master of Science (Project Management) and a Master of Laws in Transnational oil, gas and energy Law. He also has master's degree in peace, conflict and development studies. He has also a Bachelor's Degree in Law. He is an Advocate of the high court and a Member of Law society of Kenya No. P105/5061/03. He has a working experience of 19 years both in private and public service.</p>

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

3. Fund Chairperson's Report

As Turkana County Executive State and Public officers Car Loan and Mortgage Fund marks its 4th year of active operations, I am proud of the progress made this far. The Fund has recorded tremendous strides in realizing the objective of providing loans for the purchase of motor vehicles and purchase, development, renovation or repair of residential property by Turkana county executive members of staff.

As a committee, our role is to adhere to the policies and regulations in place and facilitate the Turkana executive members of staff. The various interactions we had with staff loan applications documents, they informed the need to review the regulations for improved management of the fund.

I am proud of the disbursements made in the FY 2021/2022. I would also like to recognize the role played by the committee members in offering valuable guidance into the management of the fund.

Finally, the objective of the fund is in line with the National Agenda of affordable housing. Staff sensitization has been enhanced and they have been encouraged to embrace this opportunity. Plans have been put in place to avail more resources to this fund going forward and widen accessibility of this facility to all executive staff members. As the chairperson of this fund I am extremely optimistic that the overall objective of the fund will eventually be achieved.


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Name: Peter Eripete

Chairperson of the Fund.

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

4. Report of the Fund Administrator

It is a great honour to present the Financial Report for the Turkana County Executive State and Public officers Car Loan and Mortgage Fund. The report highlights the milestone achieved by the Turkana County Executive State and Public officers Car Loan and Mortgage Fund during the Financial Year 2021/2022.

The principal mandate of the Turkana County Executive Car Loan and Mortgage Fund is to provide a loan scheme for the purchase of motor vehicles and purchase, development, renovation or repair of residential property by Turkana county executive State and Public Officers as prescribed by the salaries and Remuneration Commission in their letter dated 17th December, 2014 referenced as SRC/ADM/CIR/1/13/Vol.III (128).

The report for this Fund covers 12 months' period beginning from July 2021 to June 2022. The budgetary allocation for the fund during the year was Kshs.40, 000,000 but the fund did not realize the release of the said amount during the financial year. Disbursements in loans worth Kshs.48, 700,000 were made to 16 County Executive staff after conducting three (3) Committee meetings. The County Treasury owes the fund Kshs.45, 445,263 and it's expected to be refunded in the FY 2022/2023. During the year the Fund generated an income interest of Kshs.3,011,841 from loans issued. The Fund received a further income of Kshs.28,000 from loan application fees. The fund incurred Kshs.3,639,242 on use of goods and services during the year.



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Name: Abraham Losinyen

Fund Administrator

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

5. Statement of Performance against the County Fund's Predetermined Objectives

Introduction

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

The key development objectives of the Turkana County Executive State and Public officers Car Loan and Mortgage Fund 2018-2022 plan is to:

- a) Provide a loan scheme for the purchase of motor vehicles and purchase, development, renovation or repair of residential property by Turkana County executive State and Public Officers as prescribed by the salaries and Remuneration Commission in their letter dated 17th December, 2014 referenced as SRC/ADM/CIR/1/13/Vol.III (128).

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Turkana County Executive State and Public officers Car Loan & Mortgage Fund	To provide a loan scheme for the purchase of Motor vehicles and purchase, development, renovation or repair of residential property by Turkana County Executive State and Public officers.	Increased Number of State and Public officers getting Loan facility.	No. of State and Public officers getting loan facility.	In FY 2021/2 we disbursed loans to 16 Executive staff members being the third disbursement since inception of the Fund. Thus the total number of the Executive staff members who have received the loan are 38.

Turkana County Executive State and Public Officers Car Loan and Mortgage fund Annual Report and Financial Statements for the year ended June 30, 2022

6. Corporate Governance Statement

Turkana County Executive State and Public officers Car Loan and Mortgage Fund recognizes corporate governance to be central towards meeting its objectives.

The principal mandate/objective of the Fund is to provide a loan scheme for the purchase of motor vehicles and purchase, development, renovation or repair of residential property by Turkana County executive State and Public Officers as prescribed by the salaries and Remuneration Commission in their letter dated 17th December, 2014 referenced as SRC/ADM/CIR/1/13/Vol.III (128).

Committee Meetings

The meetings of the Committee shall be convened by the chairperson or in the absence of the chairperson, by a member designated by the chairperson and shall be convened at such times as may be necessary for the discharge of the committee's functions. The quorum for a meeting of the committee shall be chairperson and any other four members. The Turkana County Executive State and Public officers Car Loan and Mortgage Fund Administration Committee conducted three (3) meetings during the FY 2021-2022.

Best practice requires that every committee member attends a minimum of 75% of all committee meetings. Below is an extract from the attendance register for the committee meetings held in the period from 1st July 2021 to 30th June 2022.

S/No	Committee Member	Number of Eligible Meetings during the Year	Number of meetings attended	Attendance
1	Peter Eripete	3	3	3/3
2	Esther Ikaru	3	3	3/3
3	Abraham Losinyen	3	2	2/3
4	Rosemary Nchinyei	3	3	3/3
5	Joseph Egiron	3	3	3/3
6	Chris Kiyana	3	3	3/3
7	Leonard Mana	3	3	3/3
8	Erastus EtheKon	3	3	3/3
9	Simon Logilae	3	3	3/3

Turkana County Executive State and Public Officers Car Loan and Mortgage fund Annual Report and Financial Statements for the year ended June 30, 2022

Succession Plan

Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund Regulations, 2016 has already outlined the management committee of the Fund as follows;

Chairperson – County Secretary, Vice-chairperson – Chief officer, Public service, administration & Disaster management, Secretary – Chief Officer, Finance, Members Include, Chief Officer Roads, transport and infrastructure, Director- urban areas management, Director- Supply chain management, Director- Human resource management and Deputy director- HRM and Payroll management and Ex-officio Member- County Attorney.

Existence of a service charter

Turkana County Executive State and Public officers Car Loan and Mortgage Fund has not yet developed a service charter. The Fund Administration Committee has intention of developing one in the FY 2022-2023. The charter will outline powers and responsibilities of the Fund and its members, appointment, remuneration term of the committee members, conduct of meetings, committees' term of reference, conflict of interest among others. The charter will be premised on the best Corporate Governance Practices.

Process of appointment and removal of Administration Committee members

Turkana County Executive State and Public officers Car Loan and Mortgage Fund has an established committee known as the Loans Management Committee. The committee comprise of; County Secretary, Chief officer, public service, administration & Disaster management, Chief Officer, Finance.

Members Include, Chief Officer Roads, transport and infrastructure, Director- urban areas management, Director- Supply chain management, Director- Human resource management and Deputy director - HRM and Payroll management. Ex-officio Member- County Attorney.

Roles and functions of the Committee members

- a) The Committee shall consider and may approve the loan applications presented by the officer administering the Fund.
- b) The Committee shall open an account under the names Turkana County Car Loan and Mortgage Scheme in a recognized commercial bank: and
- c) The chairperson of the committee, the secretary to the committee and one member appointed by CEC Finance among the committee shall be the mandatory signatory to the account.

Turkana County Executive State and Public Officers Car Loan and Mortgage fund Annual Report and Financial Statements for the year ended June 30, 2022

Induction and Training

The Turkana County Executive State and Public officers Car Loan and Mortgage Fund has put in place measures for human resource development. The new committee members are taken through their new roles as per the Fund regulation, 2016 under which the fund is established.

Committee Member Performance

The performance of the committee is evaluated on regular basis. This is aimed at enabling the committee to gauge their performance and identify areas of improvement.

Conflict of Interest

The Committee members have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Fund. Committee members are obligated to disclose any real or potential conflict of interest; which may come to their attention whether direct or indirect. During every committee meeting, an agenda item exists which requires members to make a declaration of any conflict of interest they may have in the Loan disbursement to be discussed. The practice has been observed by the committee in the Financial Year under review.

Committee Renumeration

As per the PFM Act, 2012 section 195(12) the remuneration payable allowance to the members of the Committee are determined by the Salaries and Remuneration Commission. Details of the committee allowance are included in the Financial Statement.

Ethics and conduct as well as audit

The Turkana County Executive State and Public officers Car Loan and Mortgage Fund as a responsible fund is alive to the tenets of the constitution of Kenya and fully compliant with the provisions of the Fund Regulation, 2016 under which the Fund is established.

Turkana County Executive State and Public Officers Car Loan and Mortgage fund Annual Report and Financial Statements for the year ended June 30, 2022

7. Management Discussion and Analysis

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

The principal mandate/objective of the Turkana County Executive Car Loan and Mortgage Fund is to provide a loan scheme for the purchase of motor vehicles and purchase, development, renovation or repair of residential property by Turkana county executive State and Public Officers as prescribed by the salaries and Remuneration Commission in their letter dated 17th December, 2014 referenced as SRC/ADM/CIR/1/13/Vol.III (128).

The report for this Fund covers 12 months' period beginning from July 2021 to June 2022. The budgetary allocation for the fund during the year was Kshs.40, 000,000 but the fund did not realize the release of the said amount during the financial year. Disbursements in loans worth Kshs.48, 700,000 were made to 16 County Executive staff after conducting one (3) Committee meeting. The County Treasury owes the fund Kshs.45, 445,263 and it's expected to be refunded in the FY 2022/2023. During the year the Fund generated an income interest of Kshs.3,011,841 from loans issued. The Fund received a further income of Kshs.28,000 from loan application fees. The fund incurred an amount of Kshs.3,639,242 on use of goods and services.

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

8. 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 Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund Regulations, 2016 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Turkana County Executive State and Public Officers Car Loan and Mortgage 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, 2022. 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 Turkana County Executive State and Public Officers Car Loan and Mortgage Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Fund Regulations, . 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, 2022, and of the Fund's financial position as at that date.

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

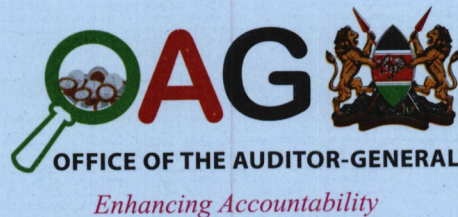
The Turkana County Executive State and Public Officers Car Loan and Mortgage Fund financial statements were approved by the Committee on 20-01- 2023 and signed on its behalf by:



.....

Administrator of the Fund

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON TURKANA COUNTY EXECUTIVE STATE AND PUBLIC OFFICERS CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

Opinion

I have audited the accompanying financial statements of Turkana County Executive State and Public Officers Car Loan and Mortgage Fund set out on pages 1 to 37, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and

Report of the Auditor-General on Turkana County Executive State and Public Officers Car Loan and Mortgage Fund for the year ended 30 June, 2022

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, the financial statements present fairly, in all material respects, the financial position of Turkana County Executive State and Public Officers Car Loan and Mortgage 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 (Turkana County Executive State and Public Officers Mortgage Scheme Fund) Regulations, 2016.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.6,000,000 and Kshs.3,039,841 respectively resulting to an under-funding of Kshs.2,960,159 or 39% of the budget. Similarly, the Fund spent Kshs.3,639,242 against a budget of Kshs.4,510,000 resulting to an under-expenditure of Kshs.870,758 or 19% of the budget. No explanations have been provided for the significant variation of the actual performance from the budget.

In addition, Kshs.40,000,000 that had been budgeted to be disbursed from the County Executive as additional capital to the Fund was not disbursed.

In the circumstances, the Fund may not have achieved its object of providing mortgage and car loan scheme for the state and public officers of the County Executive of Turkana.

Other Information

The Fund Management are responsible for the other information, which comprises the Fund Chairperson's Report, Fund administrator's report, the statement of corporate governance, management discussions and analysis, environmental and sustainability reporting and the statement of management responsibilities. The other information does not include the financial statements and my report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare an Operational Budget

The statement of financial performance reflects revenue from exchange transactions of Kshs.3,039,841 and total expenses of Kshs.3,639,242 for the year ended 30 June, 2022. However, there was no evidence to that the operational budget for the year ended 30 June, 2022 was prepared and approved contrary to Section 149(2)(h) of the Public Finance Management Act, 2012 which requires the accounting officer to prepare estimates of the expenditure of the entity in conformity with strategic plan and Section 149(2)(i).

In the circumstances, the Management was in breach of the law by operating without an approved operational budget for the year ended 30 June, 2022.

2. Irregular Internal Borrowing /Lending

The statement of financial position reflects current portion of long-term receivables from non-exchange transactions of Kshs.45,445,263 as at 30 June, 2022 which was in respect of outstanding short term borrowing due from the Turkana County Executive.

As reported previously, the short-term borrowing by the County Executive was not supported by county assembly approval and acknowledgement of funds by County Treasury contrary to Section 142 sub-section (1) of the Public Finance Management Act, 2012.

In the circumstances, the Fund Management was in breach of the law which may cause the Fund not be able to effectively meet its objective due to lack of funds.

3. Unsecured Mortgage Loans

The statement of financial position reflects current portion of short term receivables from exchange transactions balance of Kshs.17,985,588 and long term receivables from exchange transactions balance of Kshs.88,124,062 all totaling to Kshs.106,109,650 being car and mortgage loans owed by thirty five (35) members as disclosed in Note 12 to the financial statements.

During the year under review, car loans of Kshs.1,400,000 and mortgage loans of Kshs.47,300,000 all totaling to Kshs.48,700,000 were approved by Turkana County Executive State and Public Officers Car Loan and Mortgage Scheme Committee and

disbursed to sixteen (16) members. However, and as reported previously, the following observations were made:

- i. There was no evidence of prior authority in writing for pension dues and or gratuity to be utilized to clear any outstanding debt in case the member losses their job before fully repaying the loan in respect of mortgage disbursements contrary to Regulation 12(2) of The Public Finance Management (Turkana County Executive State and Public Officers Mortgage Scheme Fund) Regulations, 2016.
- ii. Borrowers did not maintain a mortgage protection policy and a fire policy with an insurance firm approved by the Board contrary to Regulation 17 of The Public Finance Management (Turkana County Executive State and Public Officers Mortgage Scheme Fund) Regulations, 2016.
- iii. There was no evidence to show that property acquired through the Scheme have been charged to the Fund contrary to Regulation 20(b) of The Public Finance Management (Turkana County Executive State and Public Officers Mortgage Scheme Fund) Regulations, 2016.
- iv. The original ownership documents of properties developed or purchased were not kept in custody of the Fund contrary to Section 18(1) of the regulations.
- v. There is no documentary evidence to show that the borrowers deposited twenty percent of value of the property to the Fund contrary to section 13 of the regulations.
- vi. Loan balance of Kshs.106,109,650 as at 30 June, 2022 includes loan balance of Kshs.4,133,572 due from Gladys Arika. The member has not been servicing loan as per terms and conditions of the loan resulting to under payment of principle loan amount of Kshs.769,064 as at 30 June, 2022. Further, at the time of audit in November, 2022, two state officers whose term had come to an end had outstanding loan balance of Kshs.1,289,361 contrary to section 16 of the Public Finance Management (Turkana County Executive State and Public Officers Mortgage Scheme Fund) Regulations, 2016.

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

4. Fringe Benefit Tax

The statement of financial position reflects current portion of short-term receivables from exchange transactions of Kshs.17,985,588 and long-term receivables from exchange transactions balance of Kshs.88,124,062 all totaling to Kshs.106,109,650 being car and mortgage loans owed by thirty-five (35) members who are charged annual interest rate of 3%.

However, there was no evidence that the Fund management deducted and remitted fringe benefit tax to Kenya Revenue Authority contrary to Section 12(B) (2) of the Income Tax Act cap 470.

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

5. Implementation of Oversight Bodies' Recommendations

Turkana County Executive State and Public Officers Car Loan and Mortgage Fund was established during the year ended 30 June, 2016 to provide loan scheme for the purchase

of motor vehicles and purchase, development, renovation or repair of residential property. Statutory audit of the Fund for the years ended 30 June, 2017, 2018, 2019, 2020 and 2021 were concluded and reports issued to Fund Management by the Auditor-General. However, there was no evidence that the reports had been discussed by the County Assembly and action taken as required by Section 50(2) of the Public Audit Act, 2015 that within three months of receiving an audit report referred to under subsection (1), Parliament or the relevant county assembly shall debate and consider the report and take appropriate action.

In the circumstances, the recommendations of the Auditor-General may not be implemented in the absence of effective oversight of public funds.

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.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 June, 2023

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

10. Statement of Financial Performance for The Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
Total Revenue From Non Exchange Transaction		-	-
Revenue From Exchange Transactions			
Interest Income	4	3,011,841	2,974,397
Other Income	5	28,000	96,000
Total Revenue From Exchange Transactions		3,039,841	3,070,397
Total Revenue		3,039,841	3,070,397
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	3,639,242	124,700
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		3,639,242	124,700
Other Gains/Losses		-	-
Gain/Loss on Disposal of Assets	10	-	-
Surplus/(Deficit) For The Period		(599,401)	2,945,697



.....
Name: Abraham Losinyen
Administrator of the Fund



.....
Name: Simon Logilae
Fund Accountant

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

11. Statement of Financial Position As At 30 June 2022

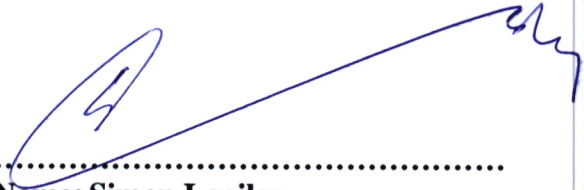
	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	2,871,649	23,990,169
Current Portion of Short- Term Receivables From Exchange Transactions	12	17,985,588	-
Current Portion of Short- Term Receivables From Non-Exchange Transactions	12 B	45,445,263	45,445,263
Prepayments	13	-	-
Inventories	14	-	-
Total Current Assets		66,302,500	69,435,432
Non-Current Assets			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	88,124,062	85,451,187
Total Non- Current Assets		88,125,062	85,451,187
Total Assets		154,426,562	154,886,619
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	139,344	-
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
Total Current Liabilities		139,344	-
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20	-	-
Long Term Portion of Borrowings	19	-	-
Total Non-Current Liabilities		-	-
Total Liabilities		139,344	-
Net Assets		154,287,218	154,886,619
Revolving Fund		150,822,217	150,822,217
Reserves		-	-
Accumulated Surplus		3,465,001	4,064,402
Total Net Assets and Liabilities		154,287,218	154,886,619

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 20.01. 2023 and signed by:



.....
Name: Abraham Losinyen
Administrator of the Fund




.....
Name: Simon Logilae
Fund Accountant

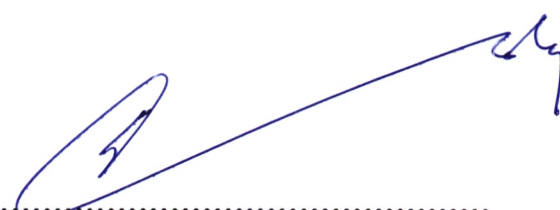
**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

12. Statement Of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2020	120,064,000		1,118,705	121,182,705
Surplus/(Deficit) For the Period	-	-	2,945,697	2,945,697
Funds Received During the Year	30,758,217	-		30,758,217
Transfers	-		-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2021	150,822,217	-	4,064,402	154,886,619
Balance As At 1 July 2021	150,822,217	-	4,064,402	154,886,619
Surplus/(Deficit) For the Period	-	-	(599,401)	(599,401)
Funds Received During the Year	-	-	-	-
Transfers	-		-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	150,822,217	-	3,465,001	154,287,218



Name: Abraham Losinyen
Administrator of the Fund



Name: Simon Logilae
Fund Accountant

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

13. Statement Of Cash Flows For The Year Ended 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	-
Transfers from the county government	2	-	-
Interest received	4	3,011,841	2,974,397
Receipts from other operating activities	5	28,000	96,000
Total receipts		3,039,841	3,070,397
Payments			
Employee cost	6	-	-
Use of goods and services	7	3,639,242	124,700
Depreciation and Amortization expense	8	-	-
Finance costs	9	-	-
Total Payments		3,639,242	124,700
Net cash flows from operating activities	21	-599,401	2,945,697
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		28,180,881	25,534,717
Loan disbursements paid out		(48,700,000)	(57,588,100)
Net cash flows used in investing activities		(20,519,119)	(32,053,383)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	30,758,217
Additional borrowings		-	(4,972,950)
Repayment of borrowings		-	8,037,292
Net cash flows used in financing activities		-	33,822,559
Net increase/(decrease) in cash & cash Equivalents		(21,118,520)	4,714,873
Cash and cash equivalents at 1 july	11	23,990,169	19,275,296
Cash and cash equivalents at 30 june	11	2,871,649	23,990,169

.....
Administrator of the Fund

.....
Fund Accountant

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

14. Statement Of Comparison Of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	% Utilisation
	2022	2022	2022	2022	2022
	Kshs	Kshs	Kshs	Kshs	
Revenue					
Public Contributions And Donations	-	(-)	-	-	-
Transfers From County Govt.	-	-	-	-	-
Interest Income	5,800,000	-	5,800,000	3,011,841	52%
Other Income	200,000	-	200,000	28,000	14%
Total Income	5,000,000	(-)	5,000,000	3,039,841	61%
Expenses					
Employee cost	-	-	-	-	0%
Use of goods and services	4,510,000	(-)	4,510,000	3,639,242	81%
Finance Cost	-	(-)	-	-	
Total Expenditure	4,510,000	(-)	4,510,000	3,639,242	81%
Surplus For The Period	490,000	-	490,000	(599,401)	

Turkana County Executive State and Public Officers Car Loan and Mortgage fund Annual Report and Financial Statements for the year ended June 30, 2022

15. Notes to the Financial Statements

1. General Information

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

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</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"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> 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.

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	<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><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></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>

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	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 1st 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.

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly. 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 did not record any additional appropriations in 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 14 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 an entity of financial assets is impaired. A financial asset or an 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.

c) 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.

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

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

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:

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18.

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

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

6. Notes To The Financial Statements

1. Public contributions and donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From the Public	-	-
Total	-	-

2. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2021-2022	2020-2021
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income From Mortgage Loans	3,011,841	2,974,397
Interest Income From Car Loans	-	-
Interest Income From Investments	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	3,011,841	2,974,397

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes to the Financial Statements Continued

5. Other income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Income -Application Fees	28,000	96,000
Total Other Income	28,000	96,000

6. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other	-	-
Total	-	-

7. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	3,635,600	116,000
Committee Allowances	-	-
Bank Charges	3,642	8,700
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Total	3,639,242	124,700

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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Description	2021/22	2020/21
	Kshs.	Kshs.
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

8. Depreciation and Amortization Expense

Description	2021/22	2020/21
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Car Loan and Mortgage Account	2,871,649	23,990,169
Turkana County	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
Total Cash And Cash Equivalents	2,871,649	23,990,169

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank		2,871,649	23,990,169
Bank B		-	-
Sub- Total		2,871,649	23,990,169
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		2,871,649	23,990,169

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

12. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	17,985,588	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	17,985,558	
Non-Current Receivables		
Long Term Loan Repayments Due	88,124,062	85,451,187
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	106,109,650	85,451,187

Additional disclosure on interest receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

12B Receivable from Non Exchange Transaction

Description	2020/2021	2020/2021
	KShs	KShs
Transfer to county Executive	45,445,263	45,445,263
Transfer from Fund	-	-
Total receivables from non-exchange transactions	45,445,263	45,445,263

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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13. Prepayments

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (Specify)	-	-
Total	-	-

14. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories At The Lower Of Cost And Net Realizable Value	-	-

Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30th June 2021	-	-	-	-	-
At 1st July 2021					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30th June 2022	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2020	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June 2021	-	-	-	-	-
At 1st July 2021					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)

Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	-	(-)	(-)	-	-
At 30th June 2022	-	-	-	-	-
Net Book Values					
At 30th June 2021	-	-	-	-	-
At 30th June 2022	-	-	-	-	-

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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Notes To The Financial Statements (Continued)

16. Intangible assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At Beginning Of The Year	-	-
Additions	-	-
At End Of The Year	-	-
Amortization And Impairment		
At Beginning Of The Year	-	-
Amortization	-	-
At End Of The Year	-	-
Impairment Loss	-	-
At End Of The Year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	139,344	-
Refundable Deposits	-	-
Accrued Expenses	-	-
Other Payables	-	-
Total Trade And Other Payables	139,344	-

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2021)	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	(-)	(-)	(-)	(-)
Change Due to Discount And Time Value For Money	(-)	(-)	(-)	(-)
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End Of The Year (30.06.2022)	-	-	-	-

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Notes To The Financial Statements (Continued)

19. Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	(-)	(-)
Repayments Of Domestic Borrowings During the Period	(-)	(-)
Balance At End of The Period	-	-

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

	2021-2022	2020-2021
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From	-	-
Sterling Pound Denominated Loan	-	-
Euro Denominated Loan	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from ABSA Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End Of The Year	-	-

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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Notes To The Financial Statements (Continued)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2021-2022	2020-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(599,401)	2,945,697
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Interest Income	(-)	(-)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	(-)	(-)
Increase In Payables	-	-
Net Cash Flow From Operating Activities	(599,401)	2,945,697

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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Other Disclosures

22. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	45,445,263	45,445,263
Total	45,445,263	45,445,263

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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Other Disclosures Continued

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Ksh s	Impaire d Kshs
At 30 June 2022				
Receivables From Exchange Transactions	106,109,650	106,109,650	-	-
Receivables From Non-Exchange Transactions	45,445,263	45,445,263	-	-
Bank Balances	2,871,649	2,871,64	-	-
Total	154,426,562	154,426,562	-	-
At 30 June 2021				
Receivables From Exchange Transactions	85,451,187	85,451,187	-	-
Receivables From Non Exchange Transactions	45,445,263	45,445,263	-	-
Bank Balances	23,990,169	23,990,169		
Total	154,886,619	154,886,619		

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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

The entity has significant concentration of credit risk on amounts due from none

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2022: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2021 – KShs xxx)

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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d) Capital risk management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	150,822,217	150,822,217
Accumulated surplus	3,465,001	4,064,402
Total funds	154,287,218	154,886,619
Total borrowings	-	-
Less: cash and bank balances	(2,871,649)	(23,990,169)
Net debt/(excess cash and cash equivalents)	2,871,649	23,990,169
Gearing	00%	00%

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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16. Progress On Follow Up of Prior Year Auditor’s Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Unsupported Capital Grant The revolving balance of Kshs.150,822,217 includes tranfers of Kshs.30,758,217 which is not reflected as a transfer in financial statements of Turkana County Executive.	This was corrected in the Financial Statement.	Resolved	30.06.2023
1	Budgetary underfunding and underperformance	This was corrected.	Resolved	30.06.2023
1.1	Internal Borrowing The short-term borrowing by the County Executive is not supported by county assembly approval and acknowledgement of funds by County Treasury and borrowing was not repaid within a year from the date on	The county treasury is working on repaying the borrowings in FY 2022-2023.	Unresolved	30.06.2023

**Turkana County Executive State and Public Officers Car Loan and Mortgage fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	which it was borrowed.			
1.2	<p>Unsecured loans</p> <p>Outstanding car loan and mortgage of Kshs.85,451,187 are not insured, the acquired property have not been charged as security for loan and there is no prior authorization to attach gratuity to repay the loans incase of default. are not be charged a</p>	The Process of acquiring an insurance firm was initiated.	Unresolved	30.06.2023