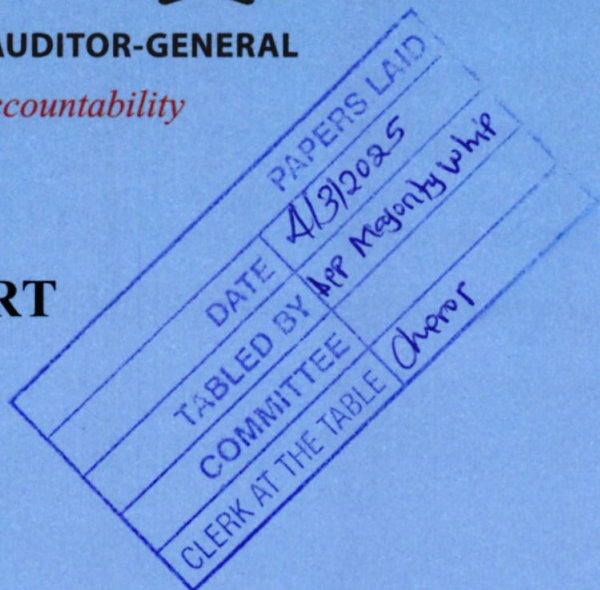


REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MARSABIT COUNTY STATE OFFICERS AND  
OTHER PUBLIC OFFICERS MORTGAGE  
SCHEME FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



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**COUNTY GOVERNMENT OF MARSABIT**  
**MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS MORTGAGE**  
**SCHEME FUND.**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2024**

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

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**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
CECM	County Executive Committee Member
CSR	Corporate Social Responsibility
FY	Financial Year
CPA	Certified Public Accountant

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**2. Key Entity Information and Management**

**a) Background information**

Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund is established by and derives its authority and accountability from Public Finance (Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund) Regulations, 2015. The Fund is wholly owned by the County Government of Marsabit and is domiciled in Kenya.

The object and purpose of the fund shall be to provide a mortgage scheme for the purchase, development, renovation or repair of residential properties of the members of the scheme.

**Principal Activities**

The principal activity/mission/ mandate of the Fund is to provide house mortgage to members.

**Board of Trustees/Fund Administration Committee**

Ref	Name	Position
1.	Chief Officer Administration	Mr. Roba Qoto
2.	Chief Officer finance	Mr. Boru Dulacha
3.	Committee Member	Mrs Hilter Rikoi
4.	Chief Executive Officer – Marsabit County Public Service Board	Galgallo Muse Ganale
5.	Fund Administrator	CPA Dabasso Bonaya Adano

**b) Key Management Team**

Ref	Name	Position
1	CPA Dabasso Bonaya Adano	Fund Manager/ Administrator
2	CPA Hussein Rob Boye	Fund Accountant
3		
4		

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

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**Key Entity and Management (Continued)**

**c) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate of Internal Audit	Mr. Simon Khobes
2	Staff Mortgage Advisory Committee – Chairman	Mr. Boru Daba Dulacha
3	Staff Mortgage and car Loan Advisory Committee	Mr. Hitler Rikoi
4	Staff Mortgage and car Loan Advisory Committee	Mr. Roba Qoto
5	Staff Mortgage and car Loan Advisory Committee	Mr. Galgallo Muse Ganale
6	Fund Administrator	CPA Dabasso Bonaya Adano
7	Fund Accountant	CPA Hussein Rob Boye

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**d) Registered Offices**

P.O. Box 384-60500  
Marsabit County Headquarter Building  
Treasury Office  
Marsabit, KENYA

**e) Fund Contacts**

Telephone: (254) 724821768  
E-mail: [adanoadabasso@gmail.com](mailto:adanoadabasso@gmail.com)  
Website: [www.marsabit.go.ke](http://www.marsabit.go.ke)

**f) Fund Bankers**

Marsabit County Mortgage Scheme Fund  
BANK: Equity Bank  
Branch: Marsabit  
Account No. 1010268149700 - Marsabit Branch

**Key Entity and Management (Continued)**

**g) Independent Auditors**

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

**h) Principal Legal Adviser**


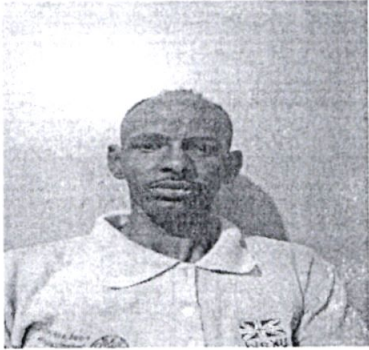

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**i) County Attorney**



P.O. Box 384-60500  
Marsabit County Headquarter Building  
Marsabit, KENYA

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**3. Board of Trustees/ Fund Administration Committee**




Name	Details of qualifications and experience
<p>1. Mr. Boru Duba Dulacha Fund Administration Committee- Chairman</p> 	<p>Date of Birth: <b>18.04.1972</b></p> <p>Key academic Qualifications: Msc. Agricultural Rural Development, BSc. Appropriate Technology</p> <p>Work Experience:</p> <ul style="list-style-type: none"> <li>➤ Chief Officer Finance – Marsabit County.</li> <li>➤ Constituency Coordinator- IEBC</li> <li>➤ Returning Officer –IEBC</li> <li>➤ Project Coordinator Farm Africa</li> <li>➤ FHI – livestock Marketing Coordinator.</li> </ul>
<p>2. Dr. Hitler Rikoi Fund Administration Committee</p> 	<p>Date of Birth: 1975</p> <p>Academic Qualification: Bachelor of Veterinary Medicine – University of Nairobi.</p> <p>Work experience</p> <ul style="list-style-type: none"> <li>➤ <i>chief Officer Fisheries- Marsabit County.</i></li> <li>➤ <i>chief Officer Roads - Marsabit County.</i></li> <li>➤ Colony Manager-Institute of Primate Research. - National Museums of Kenya</li> </ul>
<p>3. Mr. Roba Qoto Fund Administration Committee</p> 	<p>Academic Qualification: Bachelor of Education – Kenyatta University</p> <p>Year of Birth: 1964</p> <p>Work Experience:</p> <ul style="list-style-type: none"> <li>➤ Chief Officer Administration-County Government of Marsabit,</li> <li>➤ Sub county Administrator - County Government of Marsabit,</li> <li>➤ Public Participation and civil education officer, County Government of Marsabit.</li> </ul>

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

<p>4. Mr. Galgallo Muse Ganale Fund Administration Committee.</p> 	<p>Year of Birth: <b>1983</b></p> <p><b>Key academic Qualifications:</b> MBA Strategic Management, Bachelor of Arts (Government and Public Administration). CPS(K) and CHRP(K)</p> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>➤ CEO Marsabit County Public Service Board.</li> <li>➤ Relationship/Credit Manager KCB-HQ.</li> </ul>
<p>5. Dabasso Bonaya Adano Fund administrator</p> 	<p>Date of Birth: 06.04. 1984</p> <p><b>Key academic Qualifications:</b> MSC-Finance, BCOM –Finance. CPA(K),</p> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>➤ Director Finance – Marsabit County,</li> <li>➤ Director – Accounting Services, Marsabit County.</li> <li>➤ Financial Analyst Central Bank of Kenya,</li> <li>➤ Finance Officer –Care International in Kenya</li> </ul>

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**4. Management Team**

Name	Details of qualifications and experience
<p>1. Mr. Boru Duba Dulacha Chairperson – Fund committees</p> 	<p>Date of Birth: <b>18.04.1972</b></p> <p>Key academic Qualifications: Msc. Agricultural Rural Development, BSc. Appropriate Technology</p> <p>Work Experience:</p> <ul style="list-style-type: none"> <li>➤ Chief Officer Finance – Marsabit County.</li> <li>➤ Constituency Coordinator- IEBC</li> <li>➤ Returning Officer –IEBC</li> <li>➤ Project Coordinator Farm Africa</li> <li>➤ FHI – livestock Marketing Coordinator.</li> </ul>
<p>2. CPA Dabasso Bonaya Adano Fund Administrator</p> 	<p>Date of Birth: 06.04. 1984</p> <p>Key academic Qualifications: MSC-Finance, BCOM –Finance. CPA(K),</p> <p>Work Experience:</p> <ul style="list-style-type: none"> <li>➤ Director Finance – Marsabit County</li> <li>➤ Director – Accounting Services, Marsabit County.</li> <li>➤ Financial Analyst Central Bank of Kenya</li> <li>➤ Finance Officer –Care International in Kenya</li> </ul>
<p>3. CPA Hussein Rob Boye Fund Accountant</p> 	<p>Date of Birth: 25.02.1992</p> <p>Key academic Qualifications: MBA -Finance, Bsc. Economics, CPA(K).</p> <p>Work Experience:</p> <ul style="list-style-type: none"> <li>➤ Assistant Director – Accounting Services, Marsabit County.</li> <li>➤ Principal Accountant –Marsabit County .</li> <li>➤ Fund Accountant – Marsabit County.</li> </ul>

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**5. Board/Fund Chairperson's Report**

The Mortgage fund has over the years made remarkable progress in its core business of generating and disbursing of funds to its members, through prudent financial management.

During the year under review, the Fund issued five new loans totaling Kshs. **10,500,000**.

The Fund strives to build on its success legacy, through good governance, to provide housing solutions to its members, in a conducive environment that provides favourable progress and experiences.

**Funding by the County Government of Marsabit.**

The fund is running on a capital base of Kshs. **121,000,000** given earlier from the county government.

This was a great support; without which we could not have realized the great milestones achieved. Nine beneficiaries completed servicing their loans.

The year under review was however a challenging period for the fund. Various factors affected our operating environment adversely and overshadowed the planned developments in our business due to the effects of transition and changes in the political environment which hampered repayment ability of some of our members.

**Key activities during the financial year under review**

The following are the key activities that took place during the period under review that ended 30<sup>th</sup> June 2024

I.	The fund recovered loan principal amounting Kshs.	<b>11,886,877</b>
II.	The fund generated Interest income of Kshs.	<b>1,985,006</b>
III.	The overall surplus amounted to Kshs.	<b>1,533,856</b>

**Key Challenges**

The following are the main challenges faced by the Mortgage Scheme Fund during the year under review:

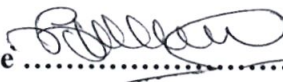
- i. Delay in Appointment of CECM and Chief officers.
- ii. Changes in financial, social and technological environments which affect the Mortgage Fund Scheme in general, with capital requirements.

**Future outlook**

The Mortgage Scheme Fund intends to formulate a Strategic Plan, clearly stipulates the aspirations of the Fund in the realization of Kenya Vision 2030 and the Bottom Up Economic Transformation Agenda. Implementation of the Strategic Plan will see the Fund achieve: financial stability, long term sustainability, enhanced infrastructure, governance, partnerships and increased collaborations.

**Appreciation**

I wish to express my sincere appreciation to the County Government of Marsabit through the Finance Department, for the support accorded to the Fund during the year under review.

Name ROSE DULAKHA Signature  Date 7/11/2024

**Chairperson of the Fund Administration Committee**

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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## **6. Report of The Fund Administrator**

The fund is fairly small operating on the initial capital from the county government and below were the key deliverables.

IV.	The fund recovered loan principal amounting Kshs.	<b>11,886,877</b>
V.	The fund generated Interest income of Kshs.	<b>1,985,006</b>
VI.	The overall surplus amounted to Kshs.	<b>1,533,856</b>

During the year under review the fund managed to put in place strategies to recover all non-performing loans and managed to bring all borrowers into loan servicing program.

### **Budgetary Performance**

The fund is running on a capital base of Kshs. **121,000,000** given earlier from the county government that has benefited 54 County Staffs.

### **Key Challenges**

The following are the main challenges faced by the Mortgage Scheme Fund during the year under review:

- i. Delay in disbursement of fund by National Treasury.
- ii. Inadequate Funding due to Scarcity of resources.
- iii. Changes in financial, social and technological environments

### **Future outlook**

The Mortgage Scheme Fund intends to formulate a Strategic Plan, clearly stipulates the aspirations of the Fund in the realization of Kenya Vision 2030 and the Bottom Up Economic Transformation Agenda. Implementation of the Strategic Plan will see the Fund achieve: financial stability, long term sustainability, enhanced infrastructure, governance, partnerships and increased collaborations.

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**7. 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 Fund strives to build on its success legacy, through good governance, to provide housing solutions to its members, in a conducive environment that provides favourable progress and experiences.

**Funding by the County Government of Marsabit.**

The fund is running on a capital base of **Kshs.121,000,000** given earlier from the county government. This was a great support; without which we could not have realized the great milestones achieved. Ten beneficiaries completed servicing their loans.

**Progress on attainment of Strategic development objectives**

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	Number Mortgage successfully processed	% of staff taking Mortgage facilities	During the period five Members of staff applied for the loan and accessed the facility.
Recovery of Long Outstanding Loans	To recover loans from non-servicing members	Number of Loans being serviced	Long outstanding loan be serviced	The following beneficiaries have resumed servicing their loans. <ul style="list-style-type: none"> <li>1. Golicha Sora</li> <li>2. Aboran James</li> <li>3. Hawo Abdullahi</li> <li>4. Mohamed Konse</li> <li>5. Isacko Galgallo</li> <li>6. Yasmin Shariff</li> <li>7. Alio Ibrahim</li> </ul>

## **8. Corporate Governance Statement**

### **(i) Roles and functions**

The Mortgage Scheme Fund Administration Committee is at the centre of good governance practice, for protection of long-term interests of all the stakeholders of the Fund. The Fund Administration Committee provides leadership, oversight to management, integrity and good judgment in directing Fund operations in the best interest of the stakeholders for continued viability and sustainability. The Mortgage Fund Administration Committee is vested with powers and authority by relevant laws of Kenya, to discharge its mandate, and to effectively fulfil its corporate governance responsibility towards stakeholders. The Mortgage Fund Administration Committee ensures adoption of corporate governance best practices in support of the Fund vision and to provide world-class services that delight customers, create value for money and meet stakeholders' expectations.

### **(ii) Appointment**

The Fund Administration Committee served at the Mortgage Fund during the year under review was appointed in accordance with the Public Finance (Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund) Regulations, 2015.

### **(iii) Induction and capacity building for Fund Administration Committee members**

Members of the Fund Administration Committee regularly attend trainings on corporate governance and other relevant fields, to equip them with the knowledge that is required to effectively discharge their responsibilities.

### **(iv) Succession planning of the Mortgage Fund Administration Committee**

The Mortgage Fund Administration Committee has reliable mechanisms for developing skills of the Fund Administration Committee members, to ensure seamless continuity of the Mortgage Fund business in the event some members leave Mortgage Fund. All members are prepared to assume different roles, to make them effective in various positions. As part of succession planning, Fund Administration Committee members are assigned more than one committee, to expose them to various operations of the Mortgage Fund.

### **(v) Meetings of the Mortgage Fund Administration Committee**

Dates for Mortgage Fund Administration Committee meetings in the ensuing year are decided in advance and scheduled in an annual work plan. The Fund Administration Committee holds its regular meetings on quarterly basis to transact planned business of the Mortgage Fund. However, special meetings of the Fund Administration Committee may be called when there is significant business to transact.

During the year under review the committee met four times to deliberate the business of the fund.

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**(vi) Conflict of interest**

As a routine, "Conflict of interest" appears as an item in the agenda of each Mortgage Fund Administration Committee meeting. The Fund Administration Committee has a conflict of interest register for recording any declared conflict of interest. Each Fund Administration Committee member indicates by signing, whether they are conflicted in any way. A conflicted member takes leave during deliberations of any issues that may lead to conflict of interest.

**(vii) Remuneration of Mortgage Fund Administration Committee**

Fund Administration Committee members are entitled to sitting allowance for every meeting attended. Each member also receives lunch allowance.

**(viii) Ethical standards**

Mortgage Fund Administration Committee is committed to ensuring that members of the Mortgage Fund Management and all employees, conduct themselves with integrity and professionalism in accordance with the approved Staff Code of Conduct, and holds them individually accountable for their conduct.

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**9. Management Discussion and Analysis**

The fund recovered loan principal during the financial year amounting Kshs. 11,886,877 thereby reducing the loan liability to members making it possible to ensure that the revolving fund has sufficient cashflow to operate during the financial year.

Out of the process of loaning the members and in accordance with the interest rates provided in the regulations the fund generated Interest income of Kshs. 1,985,006 which did not overrun the fund administration expenses during the year thereby generating an overall surplus of Kshs. 1,533,856

During the year under review the fund managed to put in place strategies to recover non-performing loans and managed to bring all borrowers into loan servicing program.

**Key Challenges**

The following are the main challenges faced by the Fund during the year under review:

- a) Intense competition from other mortgage providing institutions which limit officers ability and therefore the members fail to take full advantage of the Fund.
- b) Changes in financial, social and technological environments which affect financial mobilization from the government and other sources.
- c) Political and social economical changes that predispose loan repayment ability for members whose position depends on the political terms of the head of the institution.

## **10. Environmental and Sustainability Reporting**

Marsabit County State officers and Other Public Officers Mortgage Scheme Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

### **1. Sustainability strategy and profile**

The top management especially the accounting officer refer to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

### **2. Environmental performance**

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

### **3. Employee welfare**

Give account of the policies guiding the hiring process and whether they consider the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

### **4. Market place practices**

The organisation should outline its efforts to:

#### **a) Responsible competition practice.**

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

#### **b) Responsible Supply chain and supplier relations**

Explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) **Responsible marketing and advertisement**

Outline efforts to maintain ethical marketing practices

d) **Product stewardship**

Outline efforts to safeguard consumer rights and interests

5. **Community Engagements**

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community (The organisation gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**11. Report of The Fund Administration Committee**

The Fund Administration Committee submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Fund are creating a revolving fund, provide housing loans and manage the loan account of members.

**Results**

The performance of the for the period ended June 30, 2024, are set out on page 1 to 6 of these report.

**Committee Members**

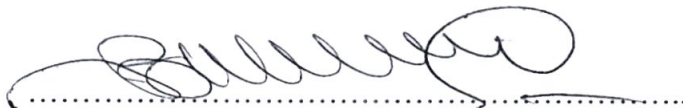
The members of the Fund Administration Committee who served during the year are shown on page iii, Vi and vii. There were no changes in the Fund Administration Committee during the financial year.

**Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

BORE DULACHA DUBA



**Chair of the Fund Administration Committee**

**Date: 7<sup>th</sup> November 2024**

**12. 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 Public Finance (Marsabit County State Officers and other Public Officers Mortgage Scheme Fund) Regulations,2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Finance (Marsabit County State Officers and other Public Officers Mortgage Scheme Fund) Regulations,2015. 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, 2024, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

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

**Approval of the financial statements**

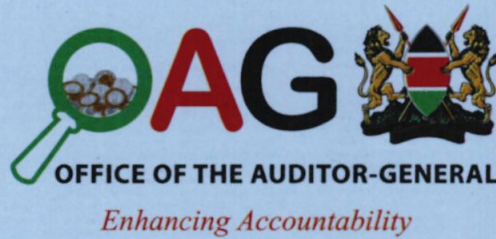
The Fund’s financial statements were approved by the Board on 7<sup>th</sup> November 2024 and signed on its behalf by:

  
.....

**Fund Administrator**

# 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 MARSABIT COUNTY STATE OFFICERS AND OTHER PUBLIC OFFICERS MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

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 Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2024, and the statement of

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*Report of the Auditor-General on Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund for the year ended 30 June, 2024*

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Public Finance (Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund) Regulations, 2015.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund Management in accordance with ISSAI 130 on the 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 opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects an expenditure budget of Kshs.1,985,006 against an actual expenditure of Kshs.451,150 resulting in an under-expenditure of Kshs.1,533,856 (77%). As a result, the under-expenditure may have affected the planned activities by the fund and may have negatively impacted service delivery.

Further, the management did not provide an approved budget for audit review to support the budget statement reported in the financial statements.

In the circumstances, the members may not have received services as planned.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

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*Report of the Auditor-General on Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund for the year ended 30 June, 2024*

## **Prior Year Unresolved Audit Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not provided reasons for the delay in resolving the prior year audit issues.

## **Other Information**

The Management is responsible for the other information set out on page iii to xviii which comprise of Key Entity Information and Management, Key management team, Chairman's Report, Report of the Fund Administrator, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Fund committee, Statement of Management Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance 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 Charge Titles on Mortgaged Properties**

Note 13 to the financial statement reflects Kshs.122,261,052 in respect of receivables from exchange transactions as mortgage loans advanced to members. However, while the Fund management retained custody of the original titles as security for the loans issued, the titles were not charged or registered in the names of the Fund and the respective loanees contrary to Regulation 16(1) of the Public Finance (Marsabit County State Officers and other Public Officers Mortgage Scheme Fund) Regulations, 2015

which provides that the committee shall have a charge registered on the property and have its name entered in all titles of the properties.

In the circumstances, management is in breach of the law.

## **2. Failure to Maintain a Mortgage Protection Policy and Fire Policy**

Note 13 to the financial statement reflects Kshs.122,261,052 in respect to receivables from exchange transactions. However, there was no evidence of existence of loanees' mortgage protection policy and fire policy contrary to section 17(1) the Public Finance (Marsabit County State Officers and other Public Officers Mortgage Scheme Fund) Regulations, 2015.

In the circumstances, the Fund is in breach of the law.

## **3. Failure to Recover Long Outstanding Loans**

Note 13 to the financial statements reflects Kshs.115,962,979 in respect to long-term loan repayments due which includes Kshs.6,648,666 in respect to long outstanding loans advanced to ten (10) county officers which had not been repaid for in two (2) successive financial years. Further, there was no evidence of debt recovery measures taken by the Fund in line with the requirements of Regulations 18 of the Public Finance (Marsabit County State Officers and other Public Officers Mortgage Scheme Fund) Regulations, 2015 which requires that the committee may call in a mortgage and in case of default, sell the charged property by public action.

In addition, as reported in the prior year audit report, included in the long-term receivables is Kshs.38,188,712 loan outstanding balance of a loan advance of Kshs.40,000,000 for a county officer whose term of office will expire on 6 August, 2027, which is thirty-seven (37) months from the reporting date of 30 June, 2024. At the reported repayment rate, the officer will repay Kshs.14,800,000 within the remaining period, leaving an unrecovered balance of Kshs.23,388,712 by then.

In the circumstances, the Management lacks proactive measures to safeguard public funds and is in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 THE 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 governance were not effective.

## **Basis for Conclusion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions 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 controls, 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve 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 Funds 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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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

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*Report of the Auditor-General on Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund for the year ended 30 June, 2024*

material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

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

**Nairobi**


**31 December, 2024**


**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2024**

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1		
Transfers From the County Government	2		
Fines, Penalties and Other Levies	3		
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	1,985,006	872,979.78
Other Income	5		
		<b>1,985,006</b>	<b>872,979.78</b>
<b>Total Revenue</b>		<b>1,985,006</b>	<b>872,979.78</b>
<b>Expenses</b>			
Employee Costs	6		
Use of goods and services	7	451,150	301,560
Depreciation and Amortization Expense	8		
Finance Costs	9		
<b>Total Expenses</b>		<b>451,150</b>	<b>301,560</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10		
Gain /Loss on fair value of investments	11		
<b>Surplus/(Deficit) for the Period</b>		<b>1,533,856</b>	<b>571,419.78</b>

*(The notes set out on pages 18 to 42 form an integral part of these Financial Statements)*

.....  
  
**Name: CPA Dabasso Bonaya Adano**  
**Administrator of the Fund**

.....  
  
**Name: CPA Hussein Rob Boye**  
**Fund Accountant**  
**ICPAK Member Number: 29375**

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**


**15. Statement of Financial Position As at 30 June 2024**

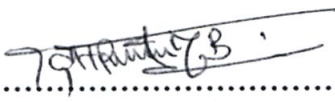
Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	4,905,060	871,511
Current Portion of Long- Term Receivables From Exchange Transactions	13	6,298,073	7,410,889
Prepayments	14		
Inventories	15		
Investments in financial assets	16		
<b>Total current assets</b>		<b>11,203,133</b>	<b>8,282,400</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17		
Intangible Assets	18		
Long Term Receivables from Exchange Transactions	13	115,962,979	117,341,635
Investment Property	19		
<b>Total non- current assets</b>		<b>115,962,979</b>	<b>117,341,635</b>
<b>Total Assets (A)</b>		<b>127,166,112</b>	<b>125,624,035</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	20	8,222	
Current Provisions	21		
Current Portion of Borrowings	22		
Employee Benefit Obligations	23		
Social benefit liabilities	24		
<b>Total current liabilities</b>		<b>8,222</b>	
<b>Non-Current Liabilities</b>			
Non-Current Provisions	21		
Long Term Portion of Borrowings	22		
Non-Current Employee Benefit Obligation	23		
Social benefit liabilities	24		

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
<b>Total Liabilities (B)</b>		<b>8,222</b>	
<b>Net Assets (A-B)</b>		<b>127,157,890</b>	<b>125,624,035</b>
<b>Represented By:</b>			
Revolving Fund		<b>121,000,000</b>	<b>121,000,000</b>
Reserves			
Accumulated Surplus		6,157,890	4,624,035
<b>Net Assets</b>		<b>127,157,890</b>	<b>125,624,035</b>

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 7<sup>th</sup> November 2024 and signed by:

  
 .....  
**Name: CPA Dabasso Bonaya Adano**  
**Administrator of the Fund**

  
 .....  
**Name: CPA Hussein Rob Boye**  
**Fund Accountant**  
**ICPAK Member Number: 29375**

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2024**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2022</b>	81,000,000		4,052,615	85,052,615
Surplus/(Deficit) For the Period			571,420	571,420
Funds Received During the Year	40,000,000			40,000,000
Transfers				
Revaluation Gain				
<b>Balance As At 30 June 2023</b>	<b>121,000,000</b>		<b>4,624,035</b>	<b>125,624,035</b>
<b>Balance as at 1 July 2023</b>	<b>121,000,000</b>		<b>4,624,035</b>	<b>125,624,035</b>
Surplus/(Deficit) For the Period			1,533,856	1,533,856.02
Funds Received During the Year				
Transfers				
Revaluation Gain				
<b>Balance As At 30 June 2024</b>	<b>121,000,000</b>		<b>6,157,890</b>	<b>127,157,890.8</b>

Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations			
Interest received	4	1,985,006	872,980
Receipts from other operating activities	25	1,112,816	2,726,678
<b>Total receipts</b>		<b>3,097,822</b>	<b>3,599,658</b>
<b>Payments</b>			
Use of goods and services	7	451,150	
General expenses			301,560
Finance cost			
Other payments			
		<b>451,150</b>	<b>301,560</b>
<b>Net cash flows from operating activities</b>	25	<b>2,646,672</b>	<b>3,298,098</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets			
Proceeds from sale of property, plant & equipment			
Proceeds from loan principal repayments	26	11,886,877	5,748,283
Loan disbursements paid out	26	10,500,000	49,760,000
<b>Net cash flows used in investing activities</b>		<b>1,386,877</b>	<b>(44,011,717)</b>
<b>Cash flows from financing activities</b>			
Transfers from the county government			40,000,000
Additional borrowings			
Repayment of borrowings			
<b>Net cash flows used in financing activities</b>			<b>40,000,000</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>4,033,549</b>	<b>(713,619)</b>
Cash and cash equivalents at 1 July	12	871,511	1,585,130
<b>Cash and cash equivalents at 30 June</b>	12	<b>4,905,060</b>	<b>871,511.22</b>

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2024

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations						
Transfers From County Govt.						
Interest Income	1,985,006		1,985,006	1,985,006		100
Other Income						
<b>Total Income</b>	<b>1,985,006</b>		<b>1,985,006</b>	<b>1,985,006</b>		<b>100</b>
<b>Expenses</b>						
Use of goods and services	1,985,006		1,985,006	451,150	1,533,856	23
General Expenses						
Finance Cost						
<b>Total Expenditure</b>	<b>1,985,006</b>		<b>1,985,006</b>	<b>451,150</b>	<b>1,533,856</b>	<b>23</b>
<b>Surplus For the Period</b>				<b>1,533,856</b>		
<b>Capital expenditure</b>						

**Budget notes**

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)

- a) The underutilization on Use of goods and services was occasioned by less sittings by the fund administration committee since with no numerous cases to handle and less loans to issue and monitoring recoveries was the only activity.

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund is established by and derives its authority and accountability from Public Finance (Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund) Regulations, 2015. The entity is wholly owned by the Marsabit County Government 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) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*

There were no new and amended standards issued in the financial year.

*(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> 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> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires, 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>

Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Discontinued Operations	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.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1<sup>st</sup> January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<i>Applicable 1<sup>st</sup> January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1<sup>st</sup> January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1<sup>st</sup> January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1<sup>st</sup> January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**(i) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**2. Summary of 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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2023/2024 was approved by the fund administration committee at the beginning of the financial year, the county assembly did not provide any subsequent funding in the county budget. No subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded no additional appropriations for the FY 2023/2024.

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.

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

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 in normally prepared and presented however no differences were observed between the two statements.

**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.

**a) 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.

**b) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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

**c) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

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

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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

**Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**d) Inventories**

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**e) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**f) Social Benefits**

Social benefits are cash transfers provided to

- i) specific individuals and / or households that meet the eligibility criteria,
- ii) mitigate the effects of social risks and
- iii) Address the need of society as a whole.

The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
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**Summary of Significant Accounting Policies (Continued)**

**g) 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.

**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.

**h) Nature and purpose of reserves**

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

**i) 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.

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

The Entity provides Mortgage facilities to the employees of Marsabit County Government and the County has attached its employees to run the fund. In this regard the fund does not have employees of its own. The retirement benefit plan for the officer attached to the fund is taken care of by the Executive.

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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

**k) 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.

**l) 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.

**m) 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 CECM Finance, CO Finance, Fund Administration Committee Member and directors.

**n) 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 Equity Bank – Marsabit Branch at the end of the financial year.

**o) Comparative figures**

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

**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.

**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.

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.

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
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**6. Notes To The Financial Statements Continued**

**1. Public contributions and donations**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Donation From Development Partners		
Contributions From The Public		
<b>Total</b>		

*(Provide brief explanation for this revenue)*

**2. Transfers from County Government**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations		
Payments By County On Behalf Of The Entity		
Unconditional Development grants		
<b>Total</b>		

**3. Fines, penalties and other levies**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Late Payment Penalties		
Fines		
<b>Total</b>		

**4. Interest income**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Interest Income from Mortgage Loans	1,985,006	872,979.78
Interest Income from Investments in financial assets		
Interest Income On Bank Deposits		
<b>Total Interest Income</b>	<b>1,985,006</b>	<b>872,979.78</b>

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to the Financial Statements Continued**

**5. Other income**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Insurance Recoveries		
Income from Sale of Tender Documents		
Bad debts recovered		
Miscellaneous Income		
<b>Total Other Income</b>		

*(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).*

**6. Employee Costs**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Salaries And Wages		
Staff Gratuity		
Staff Training Expenses		
Social Security Contribution		
Other <i>(Specify)</i>		
<b>Total</b>		

**7. Use of Goods and Services**

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
General Office Expenses	450,000	300,000
Loan Processing Costs		
Professional Services Costs		
Administration Fees		
Committee Allowances		
Bank Charges	1,150	1,560
Electricity And Water Expenses		
Fuel And Oil Costs		
Insurance Costs		

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Postage And Courier		
Printing And Stationery		
Rental Costs		
Security Costs		
Telephone And Communication Expenses		
Bank Charges		
Audit Fees		
Provision For Doubtful Debts		
Other ( <i>Specify</i> )		
Social benefit expenses*		
<b>Total</b>	<b>451,150</b>	<b>301,560</b>

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42*

**8. Depreciation and Amortization Expense**

Description	FY 2023-2024	FY 2022-2023
	Kshs.	Kshs.
Property Plant and Equipment		
Intangible Assets		
<b>Total</b>		

**9. Finance costs**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Interest On Bank Overdrafts		
Interest On Loans From Banks		
<b>Total</b>		

Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024

10. Gain/(loss) on disposal of assets

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Property, Plant and Equipment		
Intangible Assets		
<b>Total</b>		

11. Gain/ (loss) on Fair Value Investments

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Investments at Fair Value- Equity investments		
Fair value – Investment property		
Fair value- other financial assets (specify)		
<b>Total Gain</b>		

12. Cash and cash equivalents

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Marsabit County Car Loan Account		
Marsabit County Mortgage Account	4,905,060	871,511
Fixed Deposits Account		
On – Call Deposits		
Current Account		
Others ( <i>Specify</i> )		
<b>Total Cash And Cash Equivalents</b>	<b>4,905,060</b>	<b>871,511</b>

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Notes to the Financial Statements Continued**

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

Financial Institution	Account number	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank			
Equity Bank, Etc.			
<b>Sub- Total</b>			
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank			
Equity Bank - Etc.			
<b>Sub- Total</b>			
<b>c) Current Account</b>			
Equity Bank		4,905,060	871,511
<b>Sub- Total</b>		<b>4,905,060</b>	<b>871,511</b>
<b>d) Others(Specify)</b>			
Cash In Transit			
Cash In Hand			
<b>Sub- Total</b>			
<b>Grand Total</b>		<b>4,905,060</b>	<b>871,511</b>

**13. Receivables from exchange transactions**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable		
Current Loan Repayments Due	6,298,073	7,410,889
Other Exchange Debtors		
Less: Impairment Allowance		
<b>Total Current Receivables</b>	<b>6,298,073</b>	<b>7,410,889</b>
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	115,962,979	117,341,635
<b>Total Non- Current Receivables</b>	<b>115,962,979</b>	<b>117,341,635</b>
<b>Total Receivables from Exchange Transactions</b>	<b>122,261,052</b>	<b>124,752,524</b>

Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
<b>Interest Receivable</b>		
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		
<b>Current loan repayments due</b>		
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		

**14. Prepayments**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Prepaid Rent		
Prepaid Insurance		
Prepaid Electricity Costs		
Other Prepayments ( <i>Specify</i> )		
<b>Total</b>		

**15. Inventories**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Consumable Stores		
Spare Parts And Meters		
Catering		
Other Inventories ( <i>Specify</i> )		
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>		

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**  
**Notes to the Financial Statements Continued**

**16. Investments in financial assets**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK		
CBK		
Sub- total		
<b>b. Investment with Financial Institutions/ Banks</b>		
Sub- total		
<b>c. Equity investments (specify)</b>		
<b>Grand total</b>		

*(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.*

**Movement of Equity Investments**

Impairment allowance/ provision	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
At the beginning of the year		
Purchase of investments in the year		
Sale of investments during the year		
Gain/(loss) in fair value of investments through surplus or deficit		
<b>At the end of the year</b>		

**e) Shareholding in other entities**

*For investments in equity share listed above, list down the equity investments under the following categories:*

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding	Kshs	Current year	Prior year
	%	%	%		Kshs	Kshs

Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2022</b>					
Additions					
Disposals					
Transfers/Adjustments					
<b>At 30<sup>th</sup> June 2023</b>					
<b>At 1<sup>st</sup> July 023</b>					
Additions					
Disposals					
Transfer/Adjustments					
<b>At 30<sup>th</sup> June 2024</b>					
<b>Depreciation And Impairment</b>					
At 1 <sup>st</sup> July 2022					
Depreciation					
Impairment					
<b>At 30<sup>th</sup> June 2023</b>					
<b>At 1<sup>st</sup> July 2023</b>					
Depreciation					
Disposals					
Impairment					
Transfer/Adjustment					
<b>At 30<sup>th</sup> June 2024</b>					
<b>Net Book Values</b>					
<b>At 30<sup>th</sup> June 2023</b>					
<b>At 30<sup>th</sup> June 2024</b>					

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**  
**Notes To The Financial Statements (Continued)**

**18. Intangible assets**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>		
Additions		
<b>At End of The Year</b>		
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>		
Amortization		
<b>At End of The Year</b>		
Impairment Loss		
<b>At End of The Year</b>		
<b>NBV</b>		

**19. Investment Property**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
<b>At beginning of the year</b>		
Additions		
Disposal during the year		
Depreciation		
Impairment		
Gain/(loss) in fair value (if fair value is elected)		
<b>At end of the year</b>		

*(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.*

Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2024  
Notes To The Financial Statements (Continued)

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

Description	FY 2023-2024		FY 2022-2023	
	Kshs		Kshs	
Trade Payables				
Refundable Deposits				
Accrued Expenses				
Other Payables		8,222		
<b>Total Trade and Other Payables</b>		<b>8,222</b>		
<b>Ageing analysis (Trade and other payables)</b>	<b>FY 2023-2024</b>	<b>% of the Total</b>	<b>FY 2022-2023</b>	<b>% of the Total</b>
Under one year	8,222	100	0	0
1-2 years				
2-3 years				
Over 3 years				
<b>Total (tie to above total)</b>	<b>8,222</b>	<b>100</b>	<b>0</b>	<b>0</b>

*(NB: Amount under deposits and retentions should tie to cash held in deposit account)*

**21. Provisions**

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
<b>Balance b/f</b>				
Additional provisions				
Provision utilised				
Change due to discount and time value for money				
<b>Total provisions year end</b>				
Current Provisions				
Non-Current Provisions				

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**  
**Notes To The Financial Statements (Continued)**

**22. Borrowings**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>		
External Borrowings During the Year		
Domestic Borrowings During the Year		
Repayments of External Borrowings During the Period		
Repayments of Domestic Borrowings During the Period		
<b>Balance At End of The Period</b>		

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

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan		
Sterling Pound Denominated Loan		
Euro Denominated Loan		
<b>Domestic Borrowings</b>		
<b>Total Balance at End of The Year</b>		

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

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)		
Long Term Borrowings		
<b>Total</b>		

*(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)*

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**  
**Notes To The Financial Statements (Continued)**

**23. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	FY 2023-2024	FY 2022-2023
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Current Benefit Obligation					
Non-Current Benefit Obligation					
<b>Total</b>					

**24. Social Benefit Liabilities**

Description	FY 2023-2024	FY 2022-2023
	<b>Kshs</b>	<b>Kshs</b>
Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
Elderly social benefit scheme		
Bursary social benefits		
<b>Total</b>		
Current social benefits		
Non- current social benefits		
<b>Total (tie to totals above)</b>		

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.*

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024**  
**Notes To The Financial Statements (Continued)**

**25. Cash generated from operations.**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	1,533,856	571,419.78
<b>Adjusted For:</b>		
Depreciation		
Amortisation		
Gains/ Losses On Disposal Of Assets		
Interest Income		
Finance Cost		
<b>Working Capital Adjustments</b>		
Increase In Inventory		
Decrease In Receivables	1,112,816	
Increase In Payables		
<b>Net Cash Flow From Operating Activities</b>	<b>2,646,672</b>	<b>571,419.78</b>

*(The total of this statement should tie to the cash flow section on net cash flows from operating activities)*

**26. Loan Disbursements and Repayments**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Proceeds from loan principal repayments	11,886,877	5,748,283
Loan disbursements paid out	10,500,000	49,760,000
<b>Net cashflow from investing activities</b>	<b>1,386,877</b>	<b>(44,011,717)</b>

**Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund**  
*Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024*

**Notes To The Financial Statements (Continued)**

**27. 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**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Transfers From Related Parties'		
Transfers To Related Parties		

**c) Key management remuneration**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Board Of Trustees		
Key Management Compensation		
<b>Total</b>		

**d) Due from related parties**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Due From Parent Ministry		
Due From County Government		
<b>Total</b>		

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**Other Disclosures Continued**

**e) Due to related parties**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Due To Parent Ministry		
Due To County Government		
Due To Key Management Personnel		
<b>Total</b>		

**28. Contingent assets and contingent liabilities**

Contingent Liabilities	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Court Case Against the Fund		
Bank Guarantees		
<b>Total</b>		

*(Give details)*

**Notes To The Financial Statements (Continued)**

**29. 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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
<b>Total</b>				
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
<b>Total</b>				

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity’s statement of financial position)*

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**Notes To The Financial Statements (Continued)**

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 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
<b>Total</b>				
<b>At 30 June 2023</b>				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
<b>Total</b>				

**Notes To The Financial Statements (Continued)**

**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:

Description	Other currencies		Total
	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>			
Financial Assets			
Investments			
Cash			
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables			
Borrowings			
<b>Net Foreign Currency Asset/(Liability)</b>			

*The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.*

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**Notes To The Financial Statements (Continued)**

**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.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>FY 2024</b>			
Euro			
USD			
<b>FY 2023</b>			
Euro			
USD			

**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.

**Notes To The Financial Statements (Continued)**

**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:

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Revaluation reserve		
Revolving fund		
Accumulated surplus		
<b>Total funds</b>		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
<b>Gearing</b>		

**30. Events after the reporting period**

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

**31. Ultimate and Holding Entity**

The entity is a County Public Fund established by Public Finance Management Act, Marsabit County Mortgage Fund Scheme Regulation 2015 under the Department of Finance and Economic Planning. Its ultimate parent is the County Government of Marsabit.

**32. Currency**

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

Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund

Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024

20. Annexes

**Annex I: 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.

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)
<b>Basis for Qualified Opinion</b>				
1	Unexplained Variance Between Ledger and Financial Statements Balances	Explanation for the variance is available for review	Not resolved awaiting senate sittings	Awaiting senate summon
2	Unsupported Adjustment for Receivables	Support for the receivables adjustment is now available for review	Not resolved awaiting senate sittings	Awaiting senate summon
<b>Other Matters</b>				
1	Prior Year Unresolved Audit Matters	The reports for prior years have been discussed in the senate	Resolved	Resolved
<b>Report on Lawfulness and Effectiveness in Use of Public Resources No. 1</b>				
1	Failure to Charge Titles of Mortgaged Properties	Management is in process of securing the loans	Not resolved awaiting senate sittings	Awaiting senate summon
2	Non-Remittance of Mortgage Deductions	Management is following up for the remittances to be made.	Not resolved awaiting senate sittings	Awaiting senate summon
3	Long Outstanding Mortgage Loans	Management has initiated the process of recovering the loans	Not resolved awaiting senate sittings	Awaiting senate summon
4	Lack of Mortgage Protection Policy	Management is in process of securing the mortgages	Not resolved awaiting senate sittings	Awaiting senate summon

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5	Incorrect Fund's Name	The Financial statements for the current year use the right name	Not resolved awaiting senate sittings	Awaiting senate summon



CPA Dabasso Bonaya Adano

Fund Administrator

**Date: 7<sup>th</sup> November 2024**

Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund

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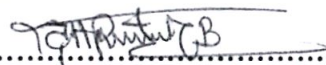
Annex II: Inter-Fund Confirmation Letter

The Mortgage Scheme Fund did not receive any funding support from external sources during the year ended 30<sup>th</sup> June 2024.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 <sup>th</sup> June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 <sup>th</sup> June 2024				Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

I confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Fund:**

Name: CPA Hussein Rob Boye      Sign       Date: 7<sup>th</sup> November 2024

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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments