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THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF MARSABIT
CAR LOAN AND MORTGAGE
SCHEME FUND**

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



OFFICE OF THE AUDITOR - GENERAL
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COUNTY ASSEMBLY OF MARSABIT CAR LOAN AND MORTGAGE SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
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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
KES	Kenya Shillings
MCA	Marsabit County Assembly
SRC	Salaries and Remuneration Commission
CASB	County Assembly Service Board
CHRP	Certified Human Resources Professional
CPA-K	Certified Public Accountant of Kenya
M&CL	Mortgage and Car Loan

2. Key Entity Information and Management

a) Background information

The Car Loan & Mortgage Scheme Fund for the County Assembly of Marsabit was established by and derives its authority and accountability from Section 116 of the Public Finance Management Act (2012), The Marsabit County Assembly Car Loan Scheme Fund Regulations, 2014 & The Marsabit County Assembly Mortgage Scheme Fund Regulations, 2014 with subsequent edition in 2023. The Fund is wholly owned by the County Assembly of Marsabit and is domiciled in Kenya.

The objective of the fund is twofold: to provide a loan scheme for the purchase of vehicles by members of the scheme, and to provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme. In so doing, the fund intends to facilitate Members of County Assembly to acquire a personal means of transport that enables them to move from their area of residence to the office and also have a decent shelter.

All members of the County Assembly are eligible for the scheme loans either for building or purchasing a residential house or for acquisition of personal vehicle.

The cost of purchasing a single-family home has risen in relation to incomes particularly in larger metropolitan areas and in faster growing regions of the country. The conveniences to traverse a vast County as well as Wards have also necessitated the ownership of a personal motor vehicle by the Members of the County Assembly (MCAs). Therefore, the County Assembly of Marsabit have recognized these critical needs and hence established a fund that provided their Members with financial assistance to help purchase and finance their primary residences and motor vehicles through SRC guided scheme loans.

The fund has been deposited at the Cooperative bank, Marsabit branch. The total fund stands at Kenya Shillings One hundred and Seventy Million (170M) where 100M was slated for Mortgage scheme and 70M for Car loan scheme. The Fund has been established in a manner that is revolving in nature so that by the end of every County Assembly term, the members borrowing are fully recaptured.

b) Principal Activities

The principal activity of the Fund is to lend to members the scheme loans i.e. Mortgage and Car loan. This function includes receiving of applications, appraisal of applications, committee approval decision, disbursement of loans, recoveries of advanced monies, monitoring and evaluation of fund performance, enforcement of compliance, undertaking loan clearance when due, and prepare periodic reports as required.

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
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c) Vision

To be an excellent fund that spurs growth and prosperity ultimately enhancing welfare of its membership.

d) Mission

To provide our members with superior ownership experience through innovative, affordable, and competitive loan products that fulfils the dream of home and car ownership.

e) Core Objectives

The objectives of the Scheme is to provide loans to Members of County Assembly and Senior staff for purchase of an existing residential property; purchase of land and construction, renovation and improvement of an existing residential property, takeover of loans on existing mortgages or equity release and purchase of motor vehicle.

f) Fund Administration Committee

Ref	Name	Position
1	Hon. Leakono Bata	Chairperson
2	Hon. Halkano Konso	Vice-Chair Person
3	Hon. Buke Diba	Member
4	Hon. Siba Haila	Member
5	Hon. Daniel Burcha	Member
6	Hon. Daud Tamasot	Member
7	Hon. Jacob Elisha	Member
8	Hon. Lucy Kargiya	Member
9	Hon. Ebise Waqo	Member

g) Key Management team

Ref	Name	Position
1	Chare Mato	Clerk/Secretary (CASB)
2	Jarso Roba	Fund Administrator
3	Adan Katelo	Deputy Director – Supply Chain Management
4	Fredrick Injela	Fund Accountant
5	Bokayo Guyo	Assistant Director - Legal Services
6	Hawa Omar	Head – Internal Audit
7	Arbe Galgallo	Committee Clerk

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
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h) Fiduciary Oversight Arrangements

Here below are the members who bear the fiduciary responsibility to the Car Loan and Mortgage Fund of the County Assembly.

1	Internal Audit Department	CPA Hawa Omar Abdi
2	Marsabit Staff Car Loan and Mortgage Committee member	Elijah Chiwe
3	Marsabit Staff Car Loan and Mortgage Committee member	CPA Chare Mato
4	Marsabit Staff Car Loan and Mortgage Committee member	Salim Kato
5	Marsabit Staff Car Loan and Mortgage Committee member	CPA Paul Chamo
6	Marsabit Staff Car Loan and Mortgage Committee member	Francis Hargura
7	Marsabit Staff Car Loan and Mortgage Committee member	Qabale Hussein

i) Registered Office Address

P.O. Box 29-60500
Marsabit County Assembly Headquarters Building
Marsabit, KENYA.

j) Fund Contacts

E-mail: info@marsabitassembly.go.ke

Website: www.marsabitassembly.go.ke

Facebook: Marsabit County Assembly

X:@mbtassembly

Youtube: Marsabit County Assembly

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k) Fund Bankers

Co-operative Bank of Kenya
Marsabit Branch.

l) Independent Auditors

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

m) Principal Legal Advisor




The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112 – 00100, GPO
Nairobi, Kenya

n) The County Attorney





County Government of Marsabit
P.O. Box 384 – 60500
Marsabit, Kenya

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

3. Fund Administration Committee

<p>1. Hon. Leakono Bata</p> 	<p>Chairman of Mortgage and Car Loan Committee from the onset of Third County Assembly. He serves in the committee being a Leader of Majority. He is an elected member of the County Assembly. Official record indicates that he was born on 19th January, 1977.</p> <p>He served in the Second County Assembly. He is a degree Holder and a career teacher before joining politics.</p>
<p>2. Hon. Halkano Konso</p> 	<p>Vice Chairman of Mortgage and Car Loan Committee from the onset of Third County Assembly. He serves in the committee being a Leader of Minority.</p> <p>He is an elected member of the County Assembly. Official record indicates that he was born on 31st December, 1978. He holds a BA –Finance & Accounting and a Master of Arts degree in Procurement & Contract Management. He boasts of twelve years of service in private and public entities where among those he served as a head of procurement at the County Government of Tana River and also a professional at Kenya Urban Roads Authority.</p>
<p>3. Hon. Buke Diba</p> 	<p>Member of Mortgage and Car Loan Committee from the onset of Second County Assembly. He serves in the committee being a representative from North Horr Sub-county.</p> <p>He was born on 01st July, 1967. He is an elected member of the County Assembly. He holds a Diploma in Medical Laboratory and BSC – Biomedical Science. He was a career public servant in the health ministry spanning over twenty two years until he was elected in to the County Assembly as an MCA.</p>
<p>4. Hon. Siba Haila</p>	<p>Member of Mortgage and Car Loan Committee from the onset of Third County Assembly. He serves in the committee being a representative from Moyale Sub-county.</p> <p>He is an elected member of the County Assembly. Official record indicates that he was born on 31st July, 1996.</p>

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
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	<p>He worked in the business sector before joining the County Assembly.</p>
<p>5. Hon. Daniel Burcha</p> 	<p>Member of Mortgage and Car Loan Committee from the onset of Third County Assembly. He serves in the committee being a representative from Laisamis Sub-county.</p> <p>He is an elected member of County Assembly and previously served in the Second County Assembly and has experience in the police service for over twenty two years. Official record indicates that he was born on 01st July, 1974.</p>
<p>6. Hon. Daud Tamagot</p> 	<p>Member of Mortgage and Car Loan Committee from the onset of Second County Assembly.</p> <p>Official records indicate that he was born on 01st July, 1967. He is the Chairman of Budget & Appropriations Committee.</p> <p>He holds a Diploma in Animal Health. He served as a humanitarian personnel for over thirteen years up until he was elected an MCA during the First County Assembly and re-elected for subsequent terms.</p>
<p>7. Hon. Jacob Elisha</p> 	<p>Member of Mortgage and Car Loan Committee from the onset of Third County Assembly. Official records indicate that he was born on 22nd October, 1977. He serves in the committee being a <u>representative from Saku Sub-county</u>.</p> <p>He served in the business sector before joining the County Assembly.</p>

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

8. Hon. Lucy Kargiya



Member of Mortgage and Car Loan Committee from the onset of Third County Assembly. Official records indicate that she was born on 01st January, 1978.

9. Hon. Ebise Waqo



Member of Mortgage and Car Loan Committee from the onset of Third County Assembly. Official records indicate that she was born on 26th December, 1997.

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
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4. Management Team

1. CPA CHARE MATO



Clerk of the County Assembly and a Secretary to the County Assembly Service Board (CASB). Being the Chief Executive Officer, all matters of responsibility and accountability of the fund rests with his office. He was born on 2nd February 1978. Works in liaison with the Mortgage and Car loan Committee to ensure effective management of scheme loans.

Holds a Master Degree in Finance and also a certified Accountant (CPA-K). Has served in this capacity since the July 2022 and nineteen years in the Accounting career.

He has previously worked with Teachers Service Commission as an Accountant.

2. CHRP JARSO ROBA



Director of Human Resources & Administration at the County Assembly. Holds a Master Degree in Business Administration and also a certified Human Resource practitioner. Has been in the career for the last eighteen years with ten years being at the County Assembly. He was born on 15th August 1980.

He performs fund administration by overseeing the general administration of Mortgage and Car loan funds in terms of application, appraisal, disbursement and monitoring of recoveries.

He has previously worked in Directorate of personnel management in the Public Service.




3. CPA FREDRICK INJELA



Assistant Director - Accounting Services at the County Assembly also doubling up as the Fund Accountant for the Mortgage and Car loan scheme fund. He holds a Bachelor's Degree in Accounting and CPA (K). He has served in this career in the public service for the last thirty one years, ten of which is at the County Assembly. He was born on 18th November 1969.

He has previously worked with the National Treasury as an Accountant

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<p>4. COUNSEL BOKAYO GUYO</p> 	<p>Assistant Director - Legal Services in charge of the Legal, Legislative and Procedural Services within the County Assembly. A member of Mortgage and Car loan scheme management team. Served in this capacity for the last eight years. Holds a Bachelor's degree in Law and graduate of Kenya School of Law. Also an advocate of high court of Kenya. She was born on 25th August 1990.</p> <p>Has a role of offering technical and legal support to the M&CL committee so as to enforce compliance and mitigate risks.</p>
<p>5. ADAN KATELO</p> 	<p>Head of procurement function at the County Assembly. Holds a Master Degree in Supplies Chain Management. Have served in this capacity since the year 2014. A member of team managing M&CL scheme by way of offering technical support. He was born on 12th June 1989.</p> <p>He has worked previously with the Independent Electoral and Boundaries Commission in the procurement department.</p>
<p>6. ARBE GALGALLO</p> 	<p>A Committee Clerk attached to M&CL committee of the County Assembly. Holds a Bachelor's Degree in Development Studies. Has served in this capacity since the year 2015. Offers secretarial and clerical support to the M&CL committee in terms of agenda preparation, issue meeting notices, minute preparation, perform amortization, prepare loan disbursement and recovery schedules and general records management. She was born on 1st July 1987.</p>

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
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5. Fund Chairperson's Report

The Mortgage and Car Loan Committee appreciates the support by the County Assembly towards establishment and sustenance of the mortgage and car loan schemes. The establishment and eventual operationalization of the schemes in 2014 significantly heralded and resonated well with the government's endeavour to provide affordable housing. The mortgage scheme particularly enables government's realization of the housing agenda.

The fund had an opening balance of KES 149,886,994 and an additional of KES 48,613,883 during the year resulting to total of KES 198,500,877 as a revolving funds.

The fund didn't have any changes during the year in terms of the key management team. The Fund earned interest income of KES 3,802,048 and expenses totaling to KES 1,635,285.

As at 30th June, 2024, only KES 170,000,000.00 was injected into the fund for both schemes against the expected KES 184,000,000.00 (five million for each Member of County Assembly and nineteen million for the Speaker). Out of this, a total of KES 000.00 was disbursed the year under review while earlier disbursements are being recovered and revolved.

I take this opportunity to thank the County Assembly for the continued support to adequately sustain the funds. I also thank the fund administrator for the guidance and support which has made this scheme sustainable for successive terms. Further, I thank the scheme loan committee for their commitment in appropriating the funds.

Signed: *Leakono Bata* Date: 06th August 2024

Hon. Leakono Bata

Chairperson, County Assembly of Marsabit Car Loan and Mortgage Scheme Fund

6. Report of the Fund Administrator

I am pleased to present the financial statements for the year ended 30th June, 2024, in compliance with Section 116(7) and 167 of the Public Finance Management Act (2012). The objective of the County Assembly Mortgage and Car Loan Fund is to motivate its employees by facilitating access to low interest credit facilities to own residential homes and acquire vehicles to enable their movement.

The County Assembly has engaged the Cooperative Bank Limited to hold fund deposits from which the Committee appropriates request for loans. During the year under review, a total of Kenya Shillings 16,730,000.00 was disbursed to six beneficiaries who included two MCAs, Speaker, two external board members and one senior staff. Moreover, a total of KES 34,721,212.10 and KES 3,802,048.22 were recovered as principal and interests respectively during the financial year 2023-24. The fund operates as a revolving fund, therefore does not prepare budget annually, during the year under review one senior staff, two external board members, speaker and two Members of County Assembly benefited from the fund.

As at 30th June, 2024, only KES 170,000,000.00 was injected into the fund for both schemes against the expected KES 189,000,000.00 (five million for each Member of County Assembly and nineteen million for the Speaker). This indicates a fund deficit of KES 19,000,000.00. Out of this, a total of KES 16.73 Million was disbursed the year under review while earlier disbursements are being recovered and revolved.

In administering the fund, the Fund Administrator maintained adequate financial management controls to ensure compliance, transparency and accountability. The measures were aimed at making sure that the funds are utilized prudently and included maintenance of proper accounting records. Further, the financial statement have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and represents a true and fair view of the state of affairs of the fund for the period under review. As the fund administrator, I confirm the completeness of the accounting records maintained for the fund, which have been relied upon, in the preparation of the financial statements.

From the past audit report, the fund administration addressed the queries and responded procedurally. Nevertheless, the queries that bordered on policy intervention such as matters of the

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
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consolidation of the two funds was addressed through the revision of the Regulations by way of merging the two scheme funds.

The administrator appreciates the acquisition of fire proof cabinet thus the guaranteed safety of the loan security documents such as Title deeds and Logbooks henceforth. The fire proof cabinet indeed serves as a risk management strategy.

Finally, I wish to report that there was no fraud or default in repayment of the loans and hence a testament that the fund is a going concern.

For Signed:  Date: 06th August 2024

Mr. Jarso Roba

Fund Administrator, County Assembly of Marsabit Car Loan and Mortgage Scheme Fund

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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 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 objective of the fund is:

- (i) To provide a loan scheme for the purchase of vehicles by members of the scheme; and
- (ii) To provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme. In so doing, the fund intends to facilitate Members of County Assembly to acquire a personal means of transport that enables them to move from their area of residence to the office and also have a decent shelter.

Provision of Car Loan and Mortgage facilities to all members of County Assembly(MCA)	To ensure all members of County Assembly have access to car loan and Mortgage facilities	Two Members of County Assembly, Speaker, One Senior Staff, Two Board members applied for Marsabit Car Loan & Mortgage Scheme successfully during the year	100% of members of county assembly of Marsabit taking car loan and Mortgage facilities.	During financial year 2023/2024 Two Members of County Assembly, Speaker, One Senior Staff, Two Board members accessed the facility and were able build their own houses
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The County Assembly of Marsabit Car Loan & Mortgage Scheme Fund was established by and derives its authority and accountability from Section 116 of the Public Finance Management Act (2012), The Marsabit County Assembly Car Loan Scheme Fund, 2014 & The Marsabit County Assembly Mortgage Scheme Fund Regulations, 2014 with subsequent edition in 2017. The Fund is wholly owned by the County Assembly of Marsabit and is domiciled in Kenya.

The initial budget for the Car Loan and Mortgage Scheme Fund is Kenya Shillings One hundred and Seventy Million (170M) where 100M was slated for Mortgage scheme and 70M for Car loan scheme except that the car loan fund was depleted as it was converted into car grant. The Fund has been established in a manner that it is revolving in nature so that by the end of every political term, the members borrowing are fully recaptured. The fund has been deposited at the Cooperative bank, Marsabit branch.

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
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8. Corporate Governance Statement

Matters of M&CL scheme are squarely under the purview of designated committee. In this regard, the M&CL committee have held 23 sittings during the year under review to discuss and approve mortgage loans and assess various loan recoveries among other agendas. The scheme regulations approved by the County Assembly has provided elaborate ways of establishing a committee with defined membership consisting of the Leader of majority (Chairperson), Leader of Minority, Chairperson of Budget committee, Majority Whip, Minority whip, other four MCAs for special interests and the Clerk of the County Assembly. The outlined position holders are by default members of the committee and were constituted.

The fundamental role of the committee is to manage loans with respect to approvals. This mandate range from receiving applications, appraisal of applications and ultimate consideration of applications based on its merits.

Traditionally, the committee is bound to undergo at least one training in a year with a focus on improving scheme loan management and performance. The training content usually features matters of prudent public finance management which ranges from procedural approvals to effective securities and recoveries. Luckily, the committee has undergone this relevant training during the last quarter of the year. Committee capacity building being a critical need will hopefully be done every financial year.

As guided by the SRC, the committee members are granted sitting allowances for every sitting they hold. The sitting is regulated by a quorum and usually payment is dictated by attendance of the members. At a point where a conflict of interest is suspected, for instance, where a committee member's application is being discussed, the committee by practice asks the member to excuse himself/herself from the meeting as the matter is discharged without any reference to the applicant.

The committee activities in terms of fund expenditure by way of loan disbursements, training facilitation or sitting allowances are all subject to government taxes and audit. The records of loans and bank statements are subjected to audit every end of financial year. This undertaking is primarily embraced not only because it is a statutory requirement but also to ensure financial accountability of the committee and to safeguard sustainability of the fund.

Procurement of a logical system that schedules loan, amortize, reschedule when need arise and generate periodical reports according to user needs is highly desired. The software is expected to store information of a borrower in terms of loan application, loan register and loan discharge upon final instalments. The system is also crucial as it alerts on due annual insurances and also give accurate information for decision support. Embracing technology will definitely underpin transparency and accountability hence corporate governance.

9. Management Discussion and Analysis

The fund has been operated without any default during the year under review. Further, the fund earned an interest income of **KES 3,802,048.22** and a recovery of **KES 34,721,212.10** of the principal amount. The persons who benefitted from the fund as at 30th June, 2024 totaled thirty four (34).

In order to keep abreast with changing trends and also ensure the fund is compliant with dictates of law and regulations, the committee members deserve at least one training every year. For the last two years of 2022/23 & 2023/24, the mortgage committee attended only one inaugural training. This followed financial constraints and competing needs within County Assembly businesses. Nevertheless, an annual training that feature emerging trends in financial management and government policies is highly desired.

During the year under review six employees benefitted from the fund involving two MCAs, the Speaker, two external board members and one senior staff. Out of the six, the Speaker and the two Members of County Assembly obtained a top-up to the optimum allowed by regulation. The top-up arrangement followed the initial funding challenges once all the members take the maximum amount as prescribed. All the disbursed loans were sanctioned to be recovered at a duration that will not go beyond the contract end date of the applicant.

There was no loan default experienced within the year but there is an apparent threat from evolving statutory charges promulgated from time-to-time such as Housing Levy, NITA, NHIF and NSSF that will automatically lead to breach of One-Third rule.

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

10. Environmental and Sustainability Reporting

1. Sustainability Strategy and Profile

Marsabit Car Loan and Mortgage Scheme Fund has made various sustainable efforts that focus on service delivery to the members of staff. The strategic area of focus for service delivery includes but not limited to:

- (i) To provide a loan scheme for the purchase of vehicles by members of the scheme; and
- (ii) To provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme. In so doing, the fund intends to facilitate Members of County Assembly to acquire a personal means of transport that enables them to move from their area of residence to the office and have a decent shelter.

2. Environmental performance

Marsabit Car Loan and Mortgage Scheme Fund works towards the Health and Safety measures that aims at prevention and protection of employees against accidents and occupational hazards arising at the workplace as well as reduce the environmental impact of the institution activities and products.

Marsabit Car Loan and Mortgage Scheme Fund has put in place measures to prevent and mitigate against accidents, explosions, fire, floods, earthquakes, bomb threats and prepared procedures to be followed in such events. There is a Fire assembly point in case of Fire and the employees have been briefed on its importance

3. Employee welfare

Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund has committed to ensuring that employee welfare is taken into consideration to ensure maximum efficiency and effectiveness. Amongst the welfare opportunities present to Marsabit Car Loan and Mortgage Scheme Fund includes: Prompt payment of Salaries, Annual incremental of Salaries, advance of salary, subsistence & foreign allowance, acting allowance and leave allowance.

The Marsabit County Assembly Staff Car Loan and Mortgage Scheme Fund also provides Medical Cover to the Members and Staff. The medical covers entail impatient, outpatient, dental, Optical Maternity as well as last expense.

Marsabit Car Loan and Mortgage Scheme Fund has also taken into consideration occupational Safety and Health by providing Occupational Benefits; Group Life Insurance, Group Personal Accident and Work Injury Benefit Act (WIBA).

Marsabit Car Loan and Mortgage Scheme Fund also enjoy various workshops and training programmes intended to improve the employee performance and productivity and increase their morale.

4. Market place practices

Marsabit Car Loan and Mortgage Scheme Fund as a corporate citizen has always been guided by various rules and regulations, Acts and other government directions to run its day to day activities.

All procurement related issues are published through supplier portals to give fair competitions to suppliers following guidelines from PPOA and PFM ACT 2012.

5. Community Engagements-

Marsabit Car Loan and Mortgage Scheme Fund continually engages the general public through public participations in delivering its mandate and responsibilities. All bills, plans and policies go through public participation before being enacted. This is done through various radio stations outlets.

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

11. Report of The Fund Administration committee

The 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 activity of the Fund is to lend to members the scheme loans i.e. Mortgage and Car loan. This function includes receiving of applications, appraisal of applications, committee decision, disbursement of loans, recoveries of advanced monies, monitoring and evaluation of fund performance, enforce compliance, undertake loan clearance when due, and prepare reports as required.

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1-6

Fund Administration Committee

The members of the Fund Administration Committee who served during the year are listed below:

SN	Name	Position
1	Hon. Leakono Bata	Chairperson
2	Hon. Halkano Konso	Vice Chairperson
3	Hon. Buke Diba	Member
4	Hon. Siba Haila	Member
5	Hon. Daniel Burcha	Member
6	Hon. Jacob Elisha	Member
7	Hon. Lucy Kargiya	Member
8	Hon. Daud Tamagot	Member
9	Hon. Ebise Waqo	Member

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya, 2010 and the Public Audit Act 2015, for the year ended June 30, 2024.

By Order of the Board



Sign:

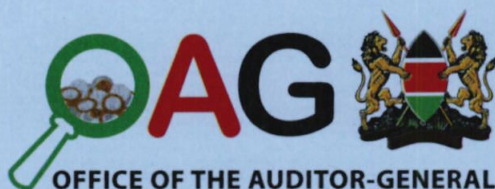
Name: CPA Fredrick Injela

Fund Accountant - County Assembly of Marsabit Car Loan and Mortgage Scheme Fund

Date: 06th August 2024

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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF MARSABIT CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on 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 the 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 County Assembly of Marsabit Car Loan and Mortgage Scheme Fund set out on pages 1 to 37, which comprise the

Report of the Auditor-General on County Assembly of Marsabit Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2024

statement of financial position as at 30 June, 2024, and the statement of 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 County Assembly of Marsabit Car Loan and 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) The Public Finance Management (County Assembly of Marsabit Car Loan and Mortgage Scheme Fund) Regulations 2023 and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Marsabit Car Loan and 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.

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 Information

The Management is responsible for the other information set out on page iii to xxii which comprise of Key Entity Information and Management, Management team, Report of the Fund Administrator, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Fund Administration committee, Statement of Management Responsibilities and 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 County Government of Marsabit County Assembly Car Loan and Mortgage Scheme Fund's 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 THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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

Failure to Charge the Title Deeds

Note 13 to the financial statement reflects receivables from exchange transactions amounting to Kshs.109,086,259 as at 30 June, 2024. This represents amount due from members for the loan advanced in respect to mortgage. However, the management has not registered a charge on contrary to Regulation 29(1) of the Public Management (County Assembly of Marsabit car Loan and Mortgage Scheme Fund) Regulations, 2023 that states the board shall have a charge registered on the property financed through a loan granted under these regulations and shall be entitled to have its name entered in all documents of title for such property.

In the circumstances, Management was in breach of 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 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.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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 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


30 December, 2024

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement of Financial Performance for the Year Ended 30th June 2024

Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
Revenue From Exchange Transactions			
Interest Income	4	3,802,048	1,859,696
Other Income	5	-	-
		3,802,048	1,859,696
Total Revenue		3,802,048	1,859,696
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	1,635,285	769,586
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		1,635,285	769,586
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		2,166,763	1,090,110

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 Name: Jarso Roba
 Administrator of the Fund

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 Name: CPA Fredrick Maleya Injela
 Fund Accountant
 ICPAK Member No:26400

County Assembly of Marsabit Car Loan and 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

		2024	2023
Assets			
Current Assets			
Cash and Cash Equivalents	12	84,898,237	7,467,012
Current Portion of Long- Term Receivables From Exchange Transactions	13	38,651,254	15,247,575
Prepayments	14	-	-
Accounts Receivables	15	12,613,183	-
Investments in financial assets	16	-	-
Total current assets		136,162,674	22,714,587
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	70,435,005	133,078,266
Investment Property	19	-	-
Total non- current assets		70,435,005	133,078,266
Total Assets (A)		206,597,679	155,792,853
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions	21	-	-
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-


**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Total Liabilities (B)		-	-
Net Assets (A-B)		206,597,679	155,792,853
Represented By:			
Revolving Fund		198,500,877	149,862,814
Reserves		-	-
Accumulated Surplus		8,096,802	5,930,039
Net Assets		206,597,679	155,792,853

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 6th August 2024 and signed by:



Name: Jarso Roba
Administrator of the Fund



Name: CPA Fredrick Injela
Fund Accountant
ICPAK Member No:26400

County Assembly of Marsabit Car Loan and 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 30th June 2024

Balance As At 1 July 2022	94,318,103	-	4,839,929	99,158,032
Surplus/(Deficit)For the Period		-	1,090,110	1,090,110
Funds Received During the Year	55,544,711	-	-	55,544,711
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	149,862,814	-	5,930,039	155,792,853
Balance As At 1 July 2023	149,862,814	-	5,930,039	155,792,853
Surplus/(Deficit)For the Period		-	2,166,763	2,166,763
Funds Received During the Year	48,638,063	-	-	48,638,063
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	198,500,877	-	8,096,802	206,597,679

County Assembly of Marsabit Car Loan and 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

Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		3,802,048	1,859,696
Receipts from other operating activities		-	-
Total receipts		3,802,048	1,859,696
Payments			
Fund administration expenses		1,635,285	769,586
General expenses		-	-
Finance cost		-	-
Other payments		-	-
Net cash flows from operating activities	24	2,166,763	1,090,110
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets			-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		42,997,391	15,568,891
Loan disbursements paid out		(16,757,109)	(145,900,000)
Net cash flows used in investing activities		26,240,282	(130,331,109)
Cash flows from financing activities			
Proceeds from revolving fund receipts		49,000,000	40,000,000
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		49,000,000	40,000,000
Net increase/(decrease) in cash & cash Equivalents		77,407,045	(89,240,999)
Cash and cash equivalents at 1 July		7,491,192	96,732,191
Cash and cash equivalents at 30 June		84,898,237	7,491,192

County Assembly of Marsabit Car Loan and 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 Ended 30th June 2024

	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.	-	-	-	-	-	
Interest Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
Total Income	-	-	-	-	-	
Expenses						
Fund Administration Expenses	-	-	-	-	-	
General Expenses	-	-	-	-	-	
Finance Cost	-	-	-	-	-	
Total Expenditure	-	-	-	-	-	
Surplus For the Period	-	-	-	-	-	
	-	-	-	-	-	
Capital expenditure	-	-	-	-	-	

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Marsabit County Assembly Car Loan and Mortgage Fund is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Marsabit County Assembly and is domiciled in Kenya. The entity's principal activity is : to provide a loan scheme for the purchase of vehicles by members of the scheme, and to provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme.

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	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current	<i>Applicable 1st January 2025</i> The Standard requires,

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
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Assets Held for Sale and Discontinued Operations	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: 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	Applicable 1st January 2025 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	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	Applicable 1st January 2026 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	Applicable 1st January 2026 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.

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

IPSAS Retirement Benefit Plans	49-	<p>Applicable 1st January 2026 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.</p>
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(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year

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 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,

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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.

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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 has been presented under page 30 of these financial 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.

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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 County Assembly of Marsabit Car Loan and Mortgage Scheme Fund 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.

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
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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.

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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 does not create and maintains reserves in terms of specific requirements.

i) Employee benefits – Retirement benefit plans

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

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

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Summary of Significant Accounting Policies (Continued)

j) 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.

k) 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.

l) Related parties

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

m) Cash and cash equivalents

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

n) Comparative figures

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

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The management did not any 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 in the preparation of the Marsabit County Assembly Car Loan and Mortgage Scheme Fund financial statements

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Notes To The Financial Statements Continued

1. Public contributions and donations

Description	2023/2024 KSh	2022/2023 KSh
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

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

3. Fines, penalties and other levies

Description	2023/2024 KSh	2022/2023 KSh
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2023/2024 KSh	2022/2023 KSh
Interest Income from Mortgage Loans	3,750,780	1,844,792
Interest Income From Car Loans	51,268	14,904
Total Interest Income	3,802,048	1,859,696

This income relates to the interest earned from the loans issued out to the members of the county assembly either in form of car loan or mortgage facility.

Notes to the Financial Statements Continued

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

5. Other income

Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

General Office Expenses	969,700	-
Bank Charges	7,880	24,180
Insurance Costs	657,705	745,406
Total	1,635,285	769,586

8. Depreciation and Amortization Expense

Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

9. Finance costs

Description	2023/2024 KSh	2022/2023 KSh
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2023/2024 KSh	2022/2023 KSh
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

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

12. Cash and cash equivalents

Description	2023/2024 KSh	2022/2023 KSh
Marsabit County Assembly Car Loan and Mortgage Account	84,898,237	7,491,192
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Total Cash And Cash Equivalents	84,898,237	7,491,192

**County Assembly of Marsabit Car Loan and 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:

a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Cooperative Bank Limited		84,898,237	7,491,192
Bank B		-	-
Sub- Total		84,898,237	7,491,192
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		84,898,237	7,491,192

13. Receivables from exchange transactions

Current Receivables		
Interest Receivable	2,782,063	-
Current Loan Repayments Due	35,869,191	15,247,575
Other Exchange Debtors		-
Less: Impairment Allowance		-
Total Current Receivables	38,651,254	15,247,575
Non-Current Receivables		
Long Term Loan Repayments Due	70,435,005	133,078,266
Total Non- Current Receivables	70,435,005	133,078,266
Total Receivables From Exchange Transactions	109,086,259	148,325,841

County Assembly of Marsabit Car Loan and 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	2024	2023
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	2,782,108	1,859,696
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	35,869,779	15,247,575

14. Prepayments

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

15. Inventories

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

County Assembly of Marsabit Car Loan and 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

a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank	-	-
Bank	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

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	-	-
At the end of the year	-	-

e) Shareholding in other entities

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

	%	%	%	Kshs	Kshs	Kshs
Entity	-	-	-	-	-	-
Entity	-	-	-	-	-	-
Entity	-	-	-	-	-	-
	-	-	-	-	-	-

County Assembly of Marsabit Car Loan and 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

At 1st July 2022	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
At 1st July 2023	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2024	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-
At 1 st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
At 1st July 2023	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2024	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
At 30th June 2024	-	-	-	-	-

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

18. Intangible assets

Intangible Assets		
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

Investment Property		
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

**County Assembly of Marsabit Car Loan and 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

	2023/2024	2022/2023		
Trade Payables	-	-		
Refundable Deposits	-	-		
Accrued Expenses	-	-		
Other Payables	-	-		
Total Trade and Other Payables	-	-		
Ageing analysis (Trade and other payables)	2023/2024	% of the Total	2022/2023	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

21. Provisions

Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

22. Borrowings

Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

External Borrowings		
Dollar Denominated Loan	-	-
Sterling Pound Denominated Loan	-	-
Euro Denominated Loan	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

County Assembly of Marsabit Car Loan and 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

	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non-current social benefits	-	-
Total (tie to totals above)	-	-

County Assembly of Marsabit Car Loan and 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.

Surplus/ (Deficit) For the Year Before Tax	2,166,763	1,090,110
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	2,166,763	1,090,110

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

26. 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

	2023/2024	2022/2023
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2023/2024	2022/2023
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2023/2024	2022/2023
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Other Disclosures Continued

e) Due to related parties

Due to related parties		
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent assets and contingent liabilities		
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

28. 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:

At 30 June 2022					
Receivables From Exchange Transactions	-	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-	-
Bank Balances	-	-	-	-	-
Total	-	-	-	-	-
At 30 June 2021					
Receivables From Exchange Transactions	-	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-	-
Bank Balances	-	-	-	-	-
Total	-	-	-	-	-

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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.

	Less than 12 months	12 months to 24 months	24 months to 36 months	More than 36 months
At 30 June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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:

	USD	EUR	GBP
At 30 June 2024			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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.

2023/2024			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. The fund operates at a fixed interest rate of 3% on reducing balance basis.

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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:

	2023	2022
Revaluation reserve		
Revolving fund	198,500,877	149,886,994
Accumulated surplus	8,096,802	5,930,039
Total funds	206,597,679	155,817,033
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The Marsabit County Assembly Car Loan & Mortgage Scheme Fund was established by and derives its authority and accountability from Section 116 of the Public Finance Management Act (2012), The Marsabit County Assembly Car Loan Scheme Fund, 2014 & The Marsabit County Assembly Mortgage Scheme Fund Regulations, 2014 with subsequent edition in 2017. The Fund is wholly owned by the County Assembly of Marsabit and is domiciled in Kenya.

31. Currency

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

**County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 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)
1.0	Inappropriate Financial Statements	The financial statements has been revised	Resolved	
2.0	Accuracy of the Financial Statements	The financial statements has been revised	Resolved	

Jarso Roba 
Fund Administrator

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund

Date.....

County Assembly of Marsabit Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Annex II: Inter-Fund Confirmation Letter

The Marsabit Car Loan and Mortgage Scheme Fund did not had inter fund transfers for the year ended 30th June 2024.

Annex III: Reporting of Climate Relevant Expenditures

The Marsabit Car Loan and Mortgage Scheme Fund did not had Climate Relevant Expenditures for the year ended 30th June 2024.

Annex IV: Reporting on Disaster Management Expenditure

The Marsabit Car Loan and Mortgage Scheme Fund did not had Disaster Management Expenditure for the year ended 30th June 2024.