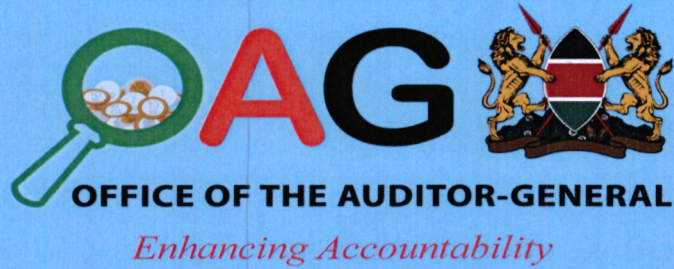


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REPORT

OF

THE AUDITOR-GENERAL

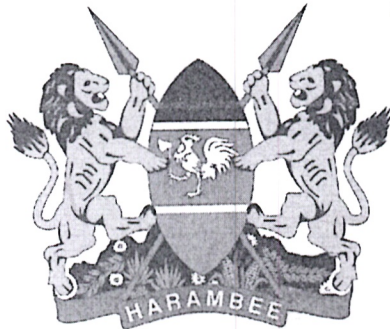
ON

**SAMBURU COUNTY ASSEMBLY CAR
LOAN AND MORTGAGE FUND**

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



OFFICE OF THE AUDITOR GENERAL
UPPER EASTERN REGIONAL OFFICE - ISIOLO
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32
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P. O. Box 1027 - 60300, ISIOLO



SAMBURU COUNTY ASSEMBLY STAFF MORTGAGE SCHEME FUND

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

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

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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**Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

1. Key Entity Information and Management

a) Background information

SAMBURU COUNTY ASSEMBLY STAFF MORTGAGE SCHEME FUND is established by and derives its authority and accountability from the public finance management Act on 2012. The Fund is wholly owned by the County Assembly of Samburu and is domiciled in Kenya.

The fund's objective is to provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme.

The Fund's principal activity is to advance mortgage facilities to the members of the scheme for purposes of acquiring and owning residential properties.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to advance mortgage facilities to the members of the scheme for purposes of acquiring and owning residential properties.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Hon. Solomon Lempere	Chairman of the Board
2	Hon. Adamson Lanyasunya	Vice-Chairman of the Board
3	Hon. Nicholas Leparsayia	Other trustees/Committee Members
4	Mr. Jackson Lenaituriae	Other trustees/Committee Members
5	Ms. Purity Namayian	Other trustees/Committee Members

d) Key Management

Ref	Name	Position
1	Hon. Adamson Lanyasunya	Chairman of the Fund
2	Hon. Nicholas M. Leparsayia	Vice-Chairman of the Fund
3	Mr. Patrick K. Leshore	Fund Manager/ Administrator
4	Mr. Nelson J. Lesorogol	Director Finance and Accounting
5	Ms. Faustine S. Leshornai	Director HRM
6	Ms. Pascaline N. Letipila	Legal Officer
7	Mr. Feisal A. Abdi	Fund Accountant

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Registered Offices

P.O. Box 3-20600

Samburu County Assembly Building

Maralal-Baragoi Road

Maralal, KENYA

e) Fund Contacts

Telephone: (254) 721818492

E-mail: pleshore@countyassembly.go.ke

Website: www.samburuassembly.go.ke

f) FundBankers

- 1) KCB BANK GROUP LTD – Maralal Branch

g) Independent Auditors

Auditor General

Office of the AuditorGeneral

Anniversary Towers, University Way

P.O.Box 30084

GOP 00100

Nairobi, Kenya

h) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue



P.O. Box 40112

City Square 00200

Nairobi, Kenya





Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

2. The Board of Trustees (or any other governing body for the Fund)

Name	Details of qualifications and experience
1. Hon. Solomon Lempere	<p>Speaker of the county Assembly of Samburu and the chairman of the County Assembly Service Board(CASB). Chairman of Board of Trustee of the Mortgage Fund. Undergraduate Degree of Law from Moi University. Master Degree of Law</p>
<p>2. Hon. Adamson Lanyasunya</p> 	<p>Member of County Assembly for Loosuk Ward and Deputy speaker. Majority leader and Vice-chairman of the County Assembly Service Board. Chairman of the Mortgage Fund Management Committee</p>
3. Hon. Nicholas M Leparsayia	<p>Member of County Assembly for Baawa Ward and Leader of Minority in the House. Member of the Mortgage Fund Board of Trustee</p>
<p>4. Mr. Patrick Leshore</p> 	<p>The Clerk of the County Assembly and Secretary to the county Assembly Service Board. Fund Administrator of the Mortgage Fund.</p>
5. Mr. Jackson K Lenaituriae	
6. Ms. Purity N Lentaano	

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

3. Management Team

Name	Details of qualifications and experience
<p>1.</p> 	<p>Hon. Adamson Lanyasunya Member of County Assembly for Loosuk Ward and Deputy speaker. Majority leader and Vice-chairman of the County Assembly Service Board. Chairman of the Mortgage Fund Management Committee</p>
<p>2.</p>	<p>Hon. Nicholas M Leparsayia Member of County Assembly for Baawa Ward. Minority leader in County Assembly Vice-Chairman of the Mortgage Fund Management Committee.</p>
<p>3.</p> 	<p>Mr Patrick K Leshore The Clerk of the County Assembly and Secretary to the county Assembly Service Board. Fund Administrator of the Mortgage Fund.</p>
<p>4.</p> 	<p>Mr Nelson J Lesorogol Director Finance, Procurement and Accounting. CPA and ICPAK member. Undergraduate and Master Degree Holder.</p>
<p>5.</p> 	<p>Mr Feisal A Abdi Fund Accountant to the Mortgage Fund. Holder of under Graduate Degree in Bachelor of Commerce from the University of Nairobi. Holder of Master Degree in Master of Science (Msc) Finance and Investment from the University of Nairobi.</p>
<p>6.</p>	

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

7.	
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Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

4. Board/Fund Chairperson's Report

First and foremost I wish to thank the County assembly Service Board and the mortgage management committee for their unrelenting effort in making sure the fund lives to deliver on its intended objectives.

I wish to put forth that with regards to the governing board and management committee members, there is no change in the composition of the same. It is anticipated that the two committees will oversee the operations of the fund until the end of the term of the current house.

It is with humility that I report that we have so far managed to offer loanfacilities to more than seventy five (75%) percent of our staff and all honourable members serving in the current house.

Going forward it is expected that more loans will be recovered and the same used to offer loans to the remaining lot of our staff members.

The Fund will also be in a position to cater for its operations cost in the future after the enactment of the revised mortgage regulation which is currently on the table of the board of trustees.

Signed: FOR [Signature]

Hon. Adamson Lanyasanya

Chairman of the Fund

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

5. Report of The Fund Administrator

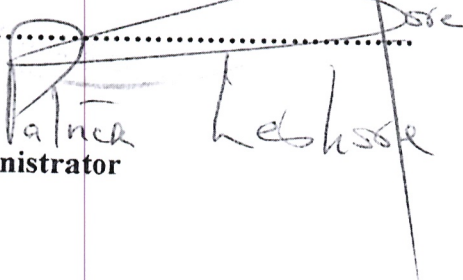
The fund expected to recover mortgage repayments and use the same funds to offer mortgage facilities to members of staff and other disbursements. The fund managed to disburse a total of Kenya Shillings Fifty One Million (Kshs. 51,000,000.00). A total of Kenya Shillings Seventeen Million Nine Hundred and Thirty Five Thousand (Kshs. 17,935,000.000) as Car Grant to Members of The County Assembly.

The Fund over the years have advanced mortgage facilities to members of staff and honourable members which have helped them in realising their dreams of acquiring and owning the residential properties.

The fund have been experiencing challenges in terms of data management because there was mortgage management system in place in the past. We have exponential growth in data related to mortgage loans which prompted to the procurement and acquisition of a mortgage management system in the current financial year. The said system is expected to minimise financial errors as well as ensuring the accurate and safe custody of mortgage record going forward.

.....
Name:

Fund Administrator



A handwritten signature in black ink, appearing to read 'Patrick Lebusse', is written over a horizontal dotted line. The signature is somewhat stylized and includes a large loop at the end.

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

Introduction

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

The Samburu County Assembly Staff Mortgage Scheme Fund has no mandate to carry out any development activities within the County. It is therefore accurately reported here that the Fund did not plan for and has not carried out any development activities in the financial year ended 30 June, 2022.

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

7. Corporate Governance Statement

The Fund Administration Committee held eighteen meetings in the financial year under audit which was attended by a majority of the committee members.

There were no deliberations on succession plan in the various committee meeting since the mortgage regulations guides on who holds office and for what durations.

The mortgage fund does not have any service charter but the committee members have envisioned to adopt one in the near future.

The mortgage fund regulation provides the mechanisms for office holders.

The mortgage fund has no means of undertaking and trainings and development programs for its management committee members because the regulation that guides the fund does not provide for such costs.

The fund administration committee had no any conflict of interest registered in the period under review.

The board of trustees does not benefit from any remuneration package from the mortgage fund for the period the fund had been in existence because the regulation guiding the fund did not envision the need for such expenditure.

The fund is guided by the public officers' ethics Act since the fund has got no self-made code of conduct for its members and administrators. The board of trustees did not carry out any governance audit on the fund for the period under review.

8. Management Discussion and Analysis

The fund expected to recover mortgage repayments and use the same funds to offer mortgage facilities to members of staff and other disbursements. The fund managed to disburse a total of Kenya Shillings Fifty One Million (**Kshs. 51,000,000.00**). A total of Kenya Shillings Seventeen Million Nine Hundred and Thirty Five Thousand (**Kshs. 17,935,000.000**) as Car Grant to Members of The County Assembly.

The Fund management also managed to make loan recoveries to the tune of Kenya Shillings Sixty Five Million Two Hundred and Fifty Two Thousand Eight Hundred and Fourty Five (**Kshs. 65,252,845**) in the financial year ended 30 June, 2022.

The Fund over the years have advanced mortgage facilities to members of staff and honourable members which have helped them in realising their dreams of acquiring and owning residential properties.

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

9. Environmental and Sustainability Reporting

The Samburu County Assembly Staff Mortgage Scheme Fund have no CSR activities done in the financial year ended 30 June, 2022 due to lack of proper strategies, policies and regulations. The fund administration envision to adopt various policies in the near future which will enable it engage in the said activities going forward.

**Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

10. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund is to *continue* providing mortgage facilities to the members of the scheme for purposes of acquiring and owning residential properties.

Results

The results of the Fund for the year ended June 30, 2022 are set out on page one.

Trustees

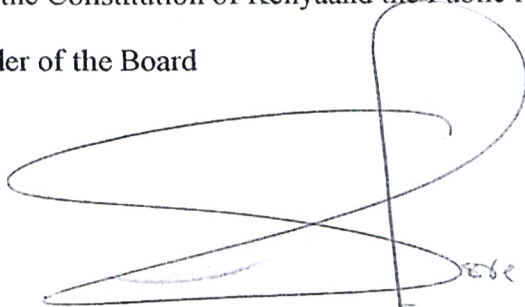
The members of the Board of Trustees who served during the year are shown on page iii.

There were no changes in the Board during the financial year 2021-2022.

Auditors

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

By Order of the Board



.....
Chair of the Board/Fund Administration Committee

Date: 29-9-2022

**Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Samburu County Assembly Staff Mortgage Scheme *Fund* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Samburu County Assembly Staff Mortgage Scheme *Fund*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

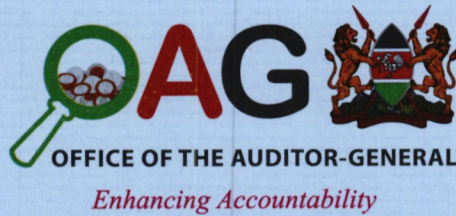
The Fund's financial statements were approved by the Board on 29-9-22 2022 and signed on its behalf by:

.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SAMBURU COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Samburu County Assembly Car Loan and Mortgage Fund set out on pages 1 to 38, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant

Report of the Auditor-General on Samburu County Assembly Car Loan and Mortgage Fund for the year ended 30 June, 2022

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Samburu County Assembly Car Loan and Mortgage Fund as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and Samburu County Assembly Car Loan and Mortgage Fund Regulations, 2021.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

The financial statements presented for audit contained the following anomalies: -

- i. The financial statements provided for audit indicate the name of the Fund as "Samburu County Assembly Staff Mortgage Scheme Fund". However, Regulation 3 of the Samburu County Assembly Car Loan and Mortgage Fund Regulations, 2021 defined the name of the Fund as "Samburu County Assembly Car Loan and Mortgage Fund". In the draft audit report dated 30 January, 2023 the matter was brought to the client's attention for rectification but the client never responded to the draft report.
- ii. The statement of financial performance reflects interest income amount of Kshs.8,761,705 which differs from the trial balance amount of Kshs.52,883,267 resulting to unexplained variance of Kshs.44,121,562;
- iii. The statement of cash flows reflects interest received amount of Kshs.7,780,675 which differs with the amount reflected in the statement of financial performance of Kshs.8,761,705 by an unexplained variance of Kshs.981,030;
- iv. The comparative balances reflected as at 30 June, 2022 differs with the balances reflected in the previous year audited financial statements as tabulated below:

	Current Year Comparative Balance (Kshs.)	Audited 2021 Balances (Kshs.)	Variance (Kshs.)
Interest Income	8,804,565	8,879,105	(74,540)
Surplus /(Deficit)	8,799,465	8,874,005	(74,540)
Current Portion of Long-Term Receivables	46,801,840	9,574,792	37,227,048
Long Term Receivables	294,310,787	294,962,570	(651,783)
Accumulated Surplus	44,096,211	44,748,014	(651,803)
Proceeds from Loan Principal Repayments	57,390,211	59,606,276	(2,216,065)

- v. Progress on follow-up on prior year auditor's recommendations did not reflect the audit observations of the previous year.

In the circumstances, the accuracy of the financial statements could not be confirmed.

2. Non-Performing Loans

As previously reported, the statement of financial position reflects long term receivables from exchange transactions balance of Kshs.294,962,570. This includes Kshs.7,573,288 in respect to outstanding loans which were issued to Members of County Assembly (MCAs) in the first Assembly between the years 2013 and 2017 but were not re-elected to office. The members defaulted on the repayment of the loans which had no collateral or loan security.

In the circumstances, the recoverability of the loan balances amounting to Kshs.7,573,288 could not be confirmed.

3. Irregular Transfer of Funds from the Fund to the County Assembly

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.147,078,653 which includes other exchange debtors balance of Kshs.34,447,208 as disclosed under Note 12 to the financial statements . This includes Kshs.7,831,507 which was transferred from the Fund to the County Assembly operations account. However, no approval for the withdrawal of the funds was provided for audit.

In the circumstances, the accuracy and validity of the transfer of Kshs.7,831,507 to the County Assembly operations account could not be confirmed.

4. Unsupported Expenditure

The statement of financial performance reflects under use of goods and services amount of Kshs.1,873,105 which includes professional services amount of Kshs.584,640 as disclosed under Note 7 to the financial statements. However, payment vouchers, invoices and contracts for the same were not provided for audit review.

In the circumstances, occurrence and accuracy of professional services amount of Kshs.584,640 could not be confirmed.

5. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.4,232,540 as is also disclosed under Note 17 to the financial statements. As previously reported, although the balance relates to refundable deposits, Management did not explain their nature or supported them by way of creditors' ledger and statements.

In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.4,232,540 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Samburu County Assembly Car Loan and Mortgage Fund Management in accordance with ISSAI 130 on Code of Ethics. I have

fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the report of the previous year, several issues were raised under Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the matters remained unresolved as Management did not provide any evidence to support action taken to resolve the prior year reported issues

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Security for Mortgage Loans Disbursed

The statement of financial position as at 30 June, 2022 reflects a balance of Kshs.189,569,475 in respect to a long-term receivable from exchange transactions which were loans to Members of County Assembly and Staff. However, no collateral was charged to secure the loans. This was contrary to Regulation 16(1) of the of the Samburu County Assembly Car Loan and Mortgage Fund Regulations, 2021 which states that the Committee 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 the law.

2. Failure to Remit Loan Deductions

Note 12 to the financial statements reflects other exchange debtors balance of Kshs.34,447,208 as at 30 June, 2022 in respect of monthly loan deductions from the staff payroll which had not been remitted to the Mortgage Fund. This was contrary to Section 19(4) of Employment Act, 2007 which requires an employer who deducts an amount from

an employee's remuneration in accordance with subsection (1)(a), (f), (g) and (h) to pay the amount so deducted in accordance with the time period and other requirements specified in the law, agreement, court order or arbitration as the case may be.

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

3. Non-Adherence to Mortgage Fund Regulations

Review of loans records revealed instances of non-compliance with the mortgage fund regulations as detailed out below: -

- i. Applications were not accompanied by copies of approved designs, bills of quantities, official search of the property intended to be purchased, certified copy of sale agreement and ownership documents that are authentic;
- ii. No evidence that valuation was done where loans were used to buy land and developed properties;
- iii. There was no monitoring and evaluation of projects financed by the scheme to foresee that the monies sent to the borrowers were utilized for the intended purpose;
- iv. Loans were issued to members without duly completed loan applications. Files presented for audit review revealed that some applications did not indicate amounts applied for, particulars of the property, purpose of loan, applicant's signature and approval by Fund Management Committee;
- v. Applicants did not sign offer letters/agreements indicating amount applied for, repayment period, terms and conditions of the loans;
- vi. Loan applications were not accompanied by copies of approved designs, bills of quantities, official search of the property intended to be purchased, certified copy of sale agreement and ownership documents that are authentic and certified by the County Executive Committee Member in charge of lands, physical planning and housing; and
- vii. The borrowers did not provide transfer deeds duly signed by the borrower and a letter authorizing the Fund Committee to sell the property in case of default in payment.

In the circumstances, Management was in breach of Regulations 11-24 of the Samburu County Assembly Car Loan and Mortgage Fund Regulations, 2021 which provides for a detailed procedure and documents to be provided when applying for Car Loans and Mortgages.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Risk Management Policy

The Fund did not have a Risk Management Policy. This is contrary to Regulation 158(1)(a) and (b) of the Public Finance Management Act (County Governments) Regulations, 2015 which requires the Accounting Officer to develop risk management strategies which include fraud prevention mechanism and internal control that builds robust business operations.

In the absence of a Risk Management Policy, it has not been possible to confirm whether the internal controls built within the financial and operational systems were functioning as intended during the year under review.

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

Responsibilities of Management and the Management Committee

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 controls, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

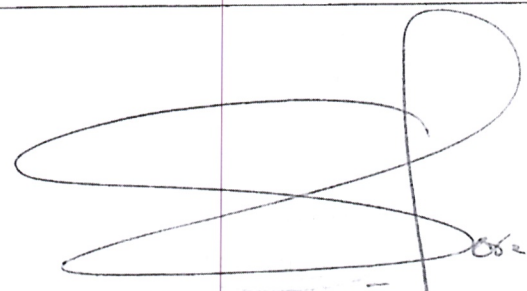
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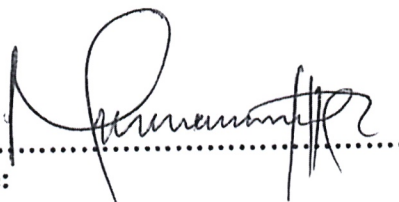
26 April, 2023

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

13. Statement of Financial Performance For The Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	8,761,705	8,804,565
Other Income	5	-	-
Total Revenue		8,761,705	8,804,565
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	1,873,805	-
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	5,100
Total Expenses		1,873,805	5,100
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Surplus/(Deficit) For The Period		6,887,900	8,799,465


 Name: Patrick Keshore
 Administrator of the Fund


 Name: _____
 Fund Accountant
 ICPAK Member Number: _____

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

14. Statement of Financial Position As At 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	23,568,544	12,216,144
Current Portion of Long-Term Receivables From Exchange Transactions	12	147,078,653	46,801,840
Prepayments	13	-	-
Inventories	14	-	-
		-	-
Non-Current Assets			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	189,569,475	294,310,787
Total Assets		360,216,671	353,328,771
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	4,232,540	4,232,540
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
		4,232,540	4,232,540
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20	-	-
Long Term Portion of Borrowings	19	-	-
		-	-
Total Liabilities		4,232,540	4,232,540
Net Assets			
Revolving Fund		305,000,000	305,000,000
Reserves		-	-
Accumulated Surplus		50,984,131	44,096,231
Total Net Assets and Liabilities		360,216,671	353,328,771

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2022 and signed by:

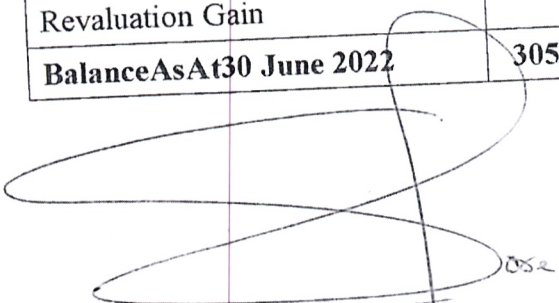
.....
Name: Patrick Lelele
Administrator of the Fund

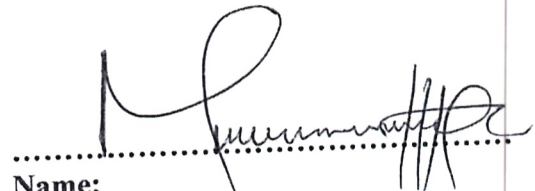
.....
Name: [Signature]
Fund Accountant
ICPAK Member Number:

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance As At 1 July 2020	305,000,000.00	-	35,296,766.23	340,296,766.23
Surplus/(Deficit) For the Period	-	-	8,799,465.01	8,799,465.01
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2021	305,000,000.00	-	44,096,231.24	349,096,231.24
Balance As At 1 July 2021	305,000,000.00	-	44,096,231.24	349,096,231.24
Surplus/(Deficit) For the Period	-	-	6,887,900.00	6,887,900.00
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	305,000,000.00	-	50,984,131.24	355,984,131.24


 Name: Patrick Lechisa
 Administrator of the Fund


 Name: _____
 Fund Accountant
 ICPAK Member Number: _____

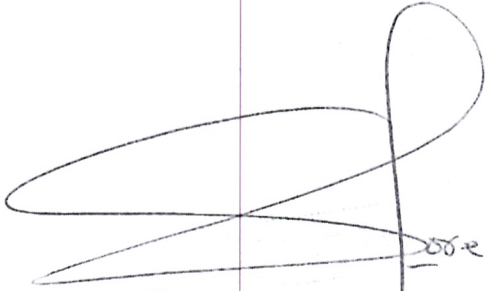
Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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


	No te	2021-2022 Kshs	2020-2021 Kshs
Cashflows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		7,780,675	7,276,131
Receipts from other operating activities		-	-
Total receipts		7,780,675	7,276,131
Payments			
Fund administration expenses		-	-
General expenses	7	1,873,805	5,100
Finance cost		-	-
Other payments		-	-
Total Payments		1,873,805	5,100
Net cash flows from operating activities	21	5,906,870	7,271,031
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		65,252,845	57,390,211.07
Loan disbursements paid out		(59,807,316)	(54,767,134.00)
Net cash flows used in investing activities		5,445,530	4,839,141.87
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		(-)	(-)
Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash & cash Equivalents		11,352,399	12,110,172.55
Cash and cash equivalents at 1 July	11	12,216,144	105,971.15
Cash and cash equivalents at 30 June	11	23,568,543	12,216,143.70

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)



.....
Name: Patrick Lechase
Administrator of the Fund



.....
Name:
Fund Accountant
ICPAK Member Number:

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

17. Statement of Comparison of Budget and Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Public Contributions And Donations	-	(-)	-	-	(-)	-
Transfers From County Govt.	-	-	-	-	-	-
Interest Income	8,650,650.00	-	8,650,650.00	8,761,705.00	(111,055.00)	1.013
Other Income	-	-	-	-	-	-
Total Income	8,650,650.00	-	8,650,650.00	8,761,705.00	(111,055.00)	1.013
Expenses						
Fund Administration Expenses	-	-	-	-	(-)	-
General Expenses	2,250,000.00	-	2,250,000.00	1,873,805.00	376,195.00	0.833
Finance Cost	-	(-)	-	-	(-)	-
Total Expenditure	2,250,000.00	-	2,250,000.00	1,873,805.00	376,195.00	0.833
Surplus For The Period	6,400,650.00	-	6,400,650.00	6,887,900.00	(487,250.00)	1.076

18. Notes to the Financial Statements

1. General Information

Samburu County Assembly Staff Mortgage Scheme Fund entity is established by and derives its authority and accountability from Public Finance Management Act. The entity is wholly owned by the Samburu County Assembly and is domiciled in Kenya. The entity's principal activity is provide car loan and mortgage facility to staff and Members of the County Assembly.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The standard is not relevant to the Fund and not applied in the preparation and presentation of the financial statements.</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p>The Fund have enabled its members possess their own residential houses thereby improving their standard of living. The improved standard of living is brought about by the extra money saved from paying low interest rates compared to loans from</p>

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	<p>commercial banks as well as the low monthly mortgage deductions as compared to the monthly market rate of house rents.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>The standard is not relevant to the Fund and not applied in the preparation and presentation of the financial statements.</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>The standard is not relevant to the Fund and not applied in the preparation and presentation of the financial statements.</i></p>

**Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The standard is not relevant to the Fund and not applied in the preparation and presentation of the financial statements.</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The standard is not relevant to the Fund and not applied in the preparation and presentation of the financial statements.</i></p>

(iii) Early adoption of standards

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

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

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

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

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

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

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cashflows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary Of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

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

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

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

c) Provisions

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

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

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

Contingent liabilities

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

Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

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

f) Employee benefits– Retirement benefit plans

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

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

g) Foreign currency transactions

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

Summary Of Significant Accounting Policies (Continued)

h) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

i) Related parties

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

j) Cash and cash equivalents

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

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance Management Act under the Ministry of Finance. Its ultimate parent is the County Assembly of Samburu.

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

The Entity did not provide for any provisions in the FY2021/2022.

Samburu County Assembly Staff Mortgage Scheme Fund
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6. Notes To The Financial Statements

1. Public contributions and donations

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

2. Transfers from County Government

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

3. Fines, penalties and other levies

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

4. Interest income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income From Mortgage Loans	8,761,705	8,804,565
Interest Income From Car Loans	0.00	0.00
Interest Income From Investments	0.00	0.00
Interest Income On Bank Deposits	0.00	0.00
Total Interest Income	8,761,705	8,804,565

The total interest income figure in the table above relates to the total estimated interest income from loans disbursed to members in the financial year 2021-2022

Samburu County Assembly Staff Mortgage Scheme Fund
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Notes to the Financial Statements Continued

5. Other income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

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

7. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	584,640	-
Administration Fees	-	-
Committee Allowances	1,285,000	-
Bank Charges	3,465	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	827,907
Postage And Courier	-	-
Printing And Stationery	-	-

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Description	2021/22	2020/21
	Kshs.	Kshs.
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	5,100
Total	1,873,105.00	883,007

8. Depreciation and Amortization Expense

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

9. Finance costs

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

10. Gain/(loss) on disposal of assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property,PlantAndEquipment	-	-
Intangible Assets	-	-
Total	-	-

Samburu County Assembly Staff Mortgage Scheme Fund
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Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
County Assembly of Samburu Car Loan Account	-	-
County Assembly of Samburu Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	23,568,544	12,216,144
Others	-	-
TotalCashAndCashEquivalents	23,568,544	12,216,144

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank		23,568,544	12,216,144
Bank B		-	-
Sub- Total		23,568,544	12,216,144
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		23,568,544	12,216,144

Samburu County Assembly Staff Mortgage Scheme Fund
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12. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Interest Receivable	10,426,617.67	9,574,791.72
Current Loan Repayments Due	102,204,827.54	-
Other Exchange Debtors	34,447,208.04	37,227,048.60
Less: Impairment Allowance	-	-
Total Current Receivables	147,078,653.25	46,801,840.32
Non-Current Receivables		
Long Term Loan Repayments Due	189,569,474.49	294,310,787.22
Total Non- Current Receivables	189,569,474.49	294,310,787.22
Total Receivables From Exchange Transactions	336,648,127.74	341,112,627.54

Additional disclosure on interest receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	100,678,447.12	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	1,526,380.42	-

13. Prepayments

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

Samburu County Assembly Staff Mortgage Scheme Fund
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Total	-	-
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14. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
ConsumableStores	-	-
SparePartsAndMeters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
TotalInventoriesAtTheLowerOfCostAndNetRealizableValue	-	-

Samburu County Assembly Staff Mortgage Scheme Fund
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Notes To The Financial Statements (Continued)

15. Property, plant and equipment

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

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	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers and office equipment Kshs	Total Kshs
Cost	-	(-)	(-)	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 30th June 2022	-	-	-	-	-

Samburu County Assembly Staff Mortgage Scheme Fund
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Notes To The Financial Statements (Continued)

16. Intangible assets

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

17. Trade and other payables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	4,232,540	4,232,540
Refundable Deposits	-	-
Accrued Expenses	-	-
Other Payables	-	-
Total Trade And Other Payables	4,232,540	4,232,540

18. Provisions

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

Samburu County Assembly Staff Mortgage Scheme Fund
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Notes To The Financial Statements (Continued)

19. Borrowings

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

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

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

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

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

Samburu County Assembly Staff Mortgage Scheme Fund
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Notes To The Financial Statements (Continued)

20. Employee benefit obligations

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

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	6,887,900	8,799,465
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Interest Income	8,761,705	8,804,565
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	(9,742,735)	(10,332,999)
Increase In Payables	-	-
Net Cash Flow From Operating Activities	5,906,870	7,271,031

Samburu County Assembly Staff Mortgage Scheme Fund
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Other Disclosures

22. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

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

c) Key management remuneration

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

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Samburu County Assembly Staff Mortgage Scheme Fund
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Other Disclosures Continued

e) Due to related parties

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

23. Contingent assets and contingent liabilities

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

Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	336,648,127	336,648,127	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	23,568,544	-	-	-
Total	360,216,671	336,648,127	-	-
At 30 June 2021				
Receivables From Exchange Transactions	341,112,628	341,112,628	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	12,216,144	-	-	-
Total	353,328,771	341,112,628	-	-

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	-	-	4,232,540	4,232,540
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	4,232,540	4,232,540
At 30 June 2021				
Trade Payables	-	-	4,232,540	4,232,540
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	4,232,540	4,232,540

Samburu County Assembly Staff Mortgage Scheme Fund
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c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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

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d) Capital risk management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	0.00	0.00
Revolving fund	305,000,000	305,000,000
Accumulated surplus	6,887,900	8,799,465
Total funds	411,887,900	413,799,465
Total borrowings	-	-
Less: cash and bank balances	(23,568,543.50)	(12,216,143.70)
Net debt/(excess cash and cash equivalents)	(23,568,543.50)	(12,216,143.70)
Gearing	0.00%	0.00%

**Samburu County Assembly Staff Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

19. Progress On Follow Up Of Prior Year Auditor’s Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Note

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.