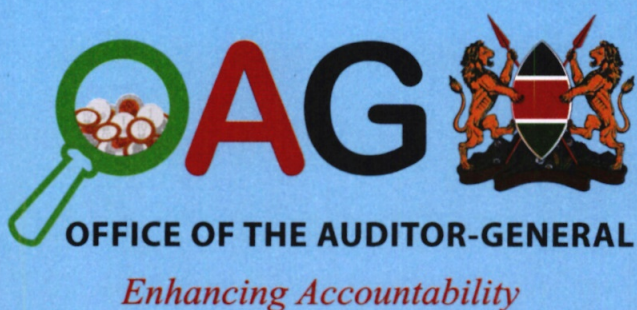


REPUBLIC OF KENYA



REPORT

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OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2023**

| PAPERS LAID | |
|--------------------|---------|
| DATE | 27/3/24 |
| TABLED BY | M.L. |
| COMMITTEE | CPIC |
| CLERK AT THE TABLE | Angel |



MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

Migori County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended 30 June, 2023

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MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

1. ACRONYMS AND GLOSSARY OF TERMS

a) Acronyms

| | | |
|------|-------|--|
| i. | BOM | Board of Management |
| ii. | ICPAK | Institute of Certified Public Accountants of Kenya |
| iii. | IPSAS | International Public Sector Accounting Standards |
| iv. | PFM | Public Finance Management |
| v. | PSASB | Public Sector Accounting Standards Board |
| vi. | Kshs | Kenya Shillings |

b) Glossary of Terms

| | | |
|------|----------------------|---|
| i. | Fiduciary Management | The key management personnel who had financial responsibility |
| ii. | CLM | Car Loan & Mortgage |
| iii. | CPIAC | County Public Investments and Accounts Committee |
| iv. | BOT | Board of Trustees |
| v. | CASB | County Assembly Service Board |
| vi. | CLMA | Car Loan and Mortgage Act |

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

2. KEY FUND INFORMATION AND MANAGEMENT

a) Background information

Migori County Assembly Car Loan & Mortgage Fund was established in the year 2014 and derives its authority and accountability from The Migori Car Loan and Mortgage Act, 2014. The Act was amended on..... The Fund is wholly owned by the County Assembly of Migori and is domiciled in Kenya.

The principal purpose and object of the Act is to establish a loan scheme to provide loans to Members of the Scheme to purchase Motor Vehicles or residential houses in addition to develop, renovate or repair residential property.

b) Principal Activities

The principal mandate of the Fund is to provide affordable Car and Mortgage loans to Members of County Assembly and Staff

c) Board of Management

| Ref | Name | Position |
|-----|-----------------------------|---------------------------|
| 1 | Chairperson | Miss. Vincensia A. Kionge |
| 2 | Committee Member | Dr. John Achuora |
| 3 | Fund Manager/ Administrator | Alcent Matiku |
| 4 | Committee Member | Philip Akumu Olella |

d) Key Management Team

| Ref | Name | Position |
|-----|-----------------------------|---------------------------|
| 1 | Fund Manager/ Administrator | Miss. Vincensia A. Kionge |
| 2 | Fund Accountant | Rayler Maeri |
| 3 | Member | Salome Nguka |
| 4 | Member | Caleb Onyinge |

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

KEY FUND INFORMATION AND MANAGEMENT (Continued)

e) Fiduciary Oversight Arrangements

| SN | Position | Name |
|-----------|---|---------------------------|
| 1 | Ag Internal Auditor | Beryl Pendo Mauko |
| 2 | Migori County Assembly Budget & Appropriation Committee | Hon. Graham Kagali Angogo |
| 3 | Migori County Assembly Finance Committee. | Hon. Ongele Caleb Owuor |
| 4 | Migori County Assembly CPIAC | Hon. Jacobs Akal |

f) Migori County Assembly Headquarters

P.O. Box 985-40400 Suna-Kenya
ISOLATED BUILDING
Migori Level 4 hospital-Highway

g) Fund Contacts

Telephone: (254) 0721516006
E-mail: www.migorica.go.ke
Website: www.migoricountyassembly.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Diamond Trust Bank
Migori Branch
Kenya

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

KEY FUND INFORMATION AND MANAGEMENT (Continued)

i) Independent Auditors




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

j) Principal Legal Adviser

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




MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

3. BOARD OF MANAGEMENT

| Name | Details of qualifications and experience |
|--|--|
|  <p>Miss. Vinsensia A. Kionge</p> | <p>D.O.B: 31/08/1984</p> <p>Academic Qualifications: Bachelor of Business Administration, Post Graduate Higher Diploma in HRM and Executive Certificate in HRM Information Systems (HRMIS)</p> <p>Work Experience: Was employed in Migori County Assembly as Human Resources Officer in 2014. She rose through the ranks to the position of Deputy Clerk in charge of Human Resources and Administration. She is currently serving as Acting Clerk of the County Assembly</p> |
|  <p>Dr. John Achuora</p> | <p>D.O.B:</p> <p>Academic Qualifications:</p> <p>Work Experience: Currently Serving as the Migori County Chief Officer of Finance and Planning</p> |
|  <p>Mr. Alcent Matiku- Secretary to the Board</p> | <p>D.O.B: 04/08/1989</p> <p>Academic Qualifications: Bachelor of Commerce (Human Resource Management Option), Diploma in HRM</p> <p>Work Experience: Employed in the County Assembly as Human Resources Officer. Currently Serving as Senior Administration Officer</p> |
| <p>Mr. Philip Akumu Olella</p> | <p>D.O.B:</p> <p>Academic Qualifications:</p> <p>Work Experience: Joined the Migori County Assembly Service Board in 2022</p> |

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023**

4. MANAGEMENT TEAM

| Name | Details of qualifications and experience |
|--|--|
|  <p>Miss. Vinsensia A. Kionge</p> | <p>D.O.B: 31/08/1984</p> <p>Academic Qualifications: Bachelor of Business Administration, Post Graduate Higher Diploma in HRM and Executive Certificate in HRM Information Systems (HRMIS)</p> <p>Work Experience: Was employed in Migori County Assembly as Human Resources Officer in 2014. She rose through the ranks to the position of Deputy Clerk in charge of Human Resources and Administration. She is currently serving as Acting Clerk of the County Assembly</p> |
|  <p>Alcent Matiku- Fund Secretary</p> | <p>D.O.B: 04/08/1989</p> <p>Academic Qualifications: Bachelor of Commerce (Human Resource Management Option), Diploma in HRM</p> <p>Work Experience: Employed in the County Assembly as Human Resources Officer. Currently Serving as Senior Administration Officer</p> |
| <p>Rayler Maeri- Fund Accountant</p> | <p>D.O.B:</p> <p>Academic Qualifications: Masters in Business Administration</p> <p>Work Experience: Currently Serving as Senior Finance Officer</p> |
| <p>Caleb Onyinge- Member</p> | <p>D.O.B: 16/08/1988</p> <p>Academic Qualifications: Diploma in Law</p> <p>Work Experience: Serving as the legal clerk</p> |
|  <p>Miss. Salome Nguka</p> | <p>D.O.B: 12/05/1985</p> <p>Academic Qualifications: Bachelor of Business Administration</p> <p>Work Experience: Currently serving as Principal Clerks Assistant</p> |


MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

5. FUND CHAIRPERSON'S REPORT

The Financial Statements for the County Assembly Car Loan and Mortgage Fund for the financial year 2021/2022 were prepared in accordance with the Accrual Basis of Accounting Method under International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board of Kenya.

The County Assembly Service Board entered into agreement with Diamond Trust Bank Limited to run the day to day administration of the Fund on behalf of the Board. The Board Keeps a closer supervision of the Bank and has to approve any amount being disbursed for adequate checks. All the loans being disbursed are secured and an insurance cover is there to cushion the Assembly in case of any eventuality.

In the FY 2022/2023 Kshs 96,000,000 as an appropriation from Annual Budget of Migori County Assembly. The Fund disbursed Kshs.300,000,000 and Kshs.18,500,000 to Honourable Members and Staff respectively. Despite the challenges of the limited resources, the Assembly endeavours to appropriate additional funding to the fund to benefit the remaining members of staff.

Vincensia Awino Signature..........Date.....27/12/22.....
Chairperson of the Board

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

6. REPORT OF THE FUND ADMINISTRATOR

During the Financial Year ended 30th June 2023, Migori County Assembly's Car Loan & Mortgage Board received a budget allocation of Kshs. 96,000,000.

The Migori County Assembly Car Loan and Mortgage was amended to accommodate staff of the county assembly as the amended law excluded staff of the Assembly as the beneficiaries.

The fund managed to grant loan to 60 Members of the County Assembly and 8 staff. The fund has limited resources which has made it impossible for eligible staff to benefit from the fund. We hope to get additional appropriation in the subsequent years which will enable staff to benefit from the fund.

We look forward to a better future.

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

7. STATEMENT OF PERFORMANCE AGAINST THE 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.

- a) The fund is in the process of formulating strategic plan which will guide the fund for the period of five years from 2023/2024 to 2028/2029

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

| Program | Objective | Outcome | Indicator | Performance |
|---|--|---------------------------------------|---------------------------------------|--|
| Provision of Mortgage facilities to all members of staff | To ensure all staff have access to Mortgage facilities | Number mortgages successfully applied | % of staff taking Mortgage facilities | During FY ,20 Members of staff accessed the facility and were able build their own houses |
| Program 2 | Objective | Outcome | indicator | Performance |
| | | | | |

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023**

8. CORPORATE GOVERNANCE STATEMENT

Meeting Attendance in the year ended June 30,2023

| No | Name | Position | Meetings Attended |
|----|------------------|-------------|-------------------|
| 1 | Vincensia Awino | Chairperson | 4 |
| 2 | Alcent Matiku | Secretary | 4 |
| 3 | Philip Olella | Member | 2 |
| 4 | Dr. John Achuora | Member | 0 |

Membership of the Board is defined by Sec. 7 of The Migori County Assembly Car Loan and Mortgage Act, 2014

The role of the Board is:

- (a) Making recommendations with respect to the conditions under which a car loan and or a mortgage shall be granted or repaid
 - (b) Processing applications for the granting of loans and mortgages to Members of the County Assembly subject to the provisions of any agreement relating to the provision of the loan and or mortgage
 - (c) Receiving, administering and investing the Migori Car Loan and Mortgage resources of the Fund;
 - (d) Supervising the day-to-day running of the Fund
 - (e) Liaising with financial institutions (if any) to set up a revolving fund for the disbursement of the loans;
- and (1) Generally doing all that is expedient or necessary for the proper exercise of its duties and functions with respect to the fund.

There was no Board training in the year ended June 30, 2023.

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

9. MANAGEMENT DISCUSSION AND ANALYSIS

During the Financial Year ended 30th June 2023, Migori County Assembly's Car Loan & Mortgage Board received a budget allocation of Kshs.96,000,000.

The Migori County Assembly Car Loan and Mortgage was amended to accommodate staff of the county assembly as the amended law excluded staff of the Assembly as the beneficiaries.

The fund managed to grant loan to 60 Members of the County Assembly and 8 staff. The fund has limited resources which has made it impossible for eligible staff to benefit from the fund. We hope to get additional appropriation in the subsequent years which will enable staff to benefit from the fund.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

1. Sustainability strategy and profile -

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

2. Environmental performance

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

3. Employee welfare

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

4. Market place practices-

The organisation should outline its efforts to:

- a) Responsible competition practice.
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices
- d) Product stewardship- outline efforts to safeguard consumer rights and interests

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

11. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund is to establish a loan scheme to provide loans to Members of the Scheme to purchase Motor Vehicles or residential houses in addition to develop, renovate or repair residential property.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1-6.

Trustees

The members of the Board of Trustees who served during the year are shown on page iv. There were no changes in the Board during the financial year.

Auditors

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

By Order of the Board



.....

Ag. Clerk Vincensia Awino

Chair of the Fund Administration Committee

Date: 27/12/2023

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

12. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of The Migori County Assembly Car Loan and Mortgage Fund established by The Migori County Assembly Car Loan and Mortgage Fund Act, 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

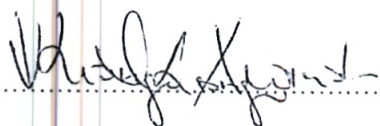
The Administrator of the Migori County Assembly Car Loan and Mortgage Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This 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 Migori County Assembly Car Loan and Mortgage Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Migori County Assembly Car Loan and Mortgage Fund Act, 2014. 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, 2023, 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.

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 27/12/ 2023 and signed on its behalf by:


.....

Vincensia Awino

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 MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2023

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 Migori County Assembly Car Loan and Mortgage Fund set out on pages 1 to 24, which comprise of the statement of

financial position as 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 the Migori County Assembly Car Loan and Mortgage Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Migori County Assembly Car Loan and Mortgage Fund Act, 2014 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0 Inaccuracies in the Financial Statements

The statement of financial position reflects accumulated deficit of Kshs.3,824,396 which differs with re-computed accumulated deficit of Kshs.72,649,900 resulting to a variance of Kshs.68,825,504 representing opening balance of accumulated deficit. However, no explanation has been provided for excluding the latter amount in the computation of accumulated deficit as at 30 June, 2023.

Further, the statement of financial position reflects revolving fund opening balance of Kshs.109,080,993 while the statement of changes in net assets shows a corresponding balance of Kshs.40,255,156 resulting to unexplained and unreconciled variance of Kshs.68,825,837.

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

2.0 Undisclosed Interest Income

The statement of financial performance reflects Nil interest income. However, records and documents provided for audit indicated that during the year under review, loans amounting to Kshs.318,500,000 were advanced at an interest rate of 3%. No satisfactory explanation has been provided for failure to disclose interest on these car loans and mortgages.

In the circumstances, the accuracy and completeness of the statement of financial performance could not be confirmed.

3.0 Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 4 to the financial statements reflects cash and cash equivalents balance of Kshs.131,163,306. The following unsatisfactory matters were noted:

3.1 Unsupported Cash and Cash Equivalents

Management did not provide for audit cash book, bank reconciliation statements and Board of Survey Committee report on cash balances to support the balance of Kshs.131,163,306.

3.2 Undisclosed Bank Account(s)

The balance of Kshs.131,163,306 was held in one (1) bank account at DTB Bank. Review of the loan disbursement schedule from the DTB provided for audit revealed that loans disbursed during the year under review amounted to Kshs.318,500,000 comprising of Kshs.300,000,000 disbursed to sixty (60) Members of the County Assembly (MCAs) and Kshs.18,500,000 to the staff of the Assembly. Management has clarified that out of the amount of Kshs.318,500,000, Kshs.140,500,000 was disbursed by the Fund, while the balance of Kshs.178,000,000 was disbursed by Migori County Executive Car Loan and Mortgage Fund. However, the disbursements of Kshs.140,500,000 could not be traced in the bank statement of the disclosed bank account for the year under review, an indication that there was (were) other bank account(s) that had not been disclosed for the audit as at 30 June, 2023.

In addition, the disbursement by the Fund of Kshs.140,500,000 was not included in the statement of cashflows.

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

3.3 Unsupported Current Portion of Long-Term Receivables from Exchange Transactions

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.24,928,425 whose supporting amortization schedule was not provided for audit review.

Further, an approved letter of offer was issued by the Bank to the Members of County Assembly (MCAs) on 11 January, 2023, indicating total loan amount of Kshs.5,000,000, comprising Kshs.3,000,000 for mortgage and Kshs.2,000,000 for car loan. However, the following supporting documents were not provided for audit:

- i. Supporting schedule and dully filled application forms by the MCAs to the Board as required by the Act.
- ii. Evidence of collateral charge or joint registration of securities as required by the Act prior to disbursement.
- iii. Evidence of acknowledgement of receipt of security documents and their safe custody.
- iv. The valuation reports of the securities given as collateral against the loan disbursements.

In the circumstances, the accuracy and completeness of the current portion of long-term receivables from exchange transactions balance of Kshs.24,928,425 could not be confirmed.

4.0 Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.23,660,971 whose supporting schedule and other relevant documents were not provided for audit.

In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.23,660,971 could not be confirmed.

5.0 Unsupported Repayment of Borrowings Amount

The statement of cash flows reflects repayment of borrowings amount of Kshs.24,928,425 under financing activities. However, the schedules and other relevant documentation showing the loan beneficiaries who repaid the loans were not provided for audit.

In the circumstances, the accuracy and completeness of the repayment of borrowing amount of Kshs.24,928,425 could not be confirmed.

6.0 Non-Compliance with the Prescribed Reporting Requirements

The Fund Accountant signed the statement of financial performance and statement of financial position without indicating ICPAK membership number as required by the reporting template prescribed for County Public Funds and Schemes. This is contrary to Section 164(1) of the Public Finance Management Act, 2012 which requires Accounting Officer of a County Government entity to prepare financial statements of the entity in format to be prescribed by the Accounting Standards Board.

In the circumstances, the financial statements do not comply with the accounting standards as prescribed by the Public Sector Accounting Standards Board. In addition, Management was in breach of the law.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Migori 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.

Emphasis of Matter

Lack of Approved Expenditure Budget

The statement of comparison of budget and actual amounts shows the Fund incurred expenses amounting to Kshs.3,824,390 without an approved expenditure budget. This is contrary to Regulation 31(a) of the Public Financial Management (County Governments)

Regulations, 2015 which requires all revenues and expenditures to be entered in the budget estimates.

In the circumstances, the regularity of the expenditure of Kshs.3,824,390 could not be confirmed. In addition, Management was in breach of the law.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year matters

In the audit report for the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources sections. However, the Management had neither resolved the issues as at 30 June, 2023 nor given any explanation for failure to resolve the prior year audit matters.

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 and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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

Violation of One-Third Rule in Booking Car and Mortgage Loan Installments

During the year under review, Management disbursed loans totaling to Kshs.300,000,000 to sixty (60) Members of County Assembly each of whom earned a monthly basic salary of Kshs.144,375. However, the sixty (60) were booked for monthly instalments of Kshs.100,908 each while, according to Section 19(3) of the Employment Act, 2007, the maximum instalment to be booked ought to be Kshs.96,250 per MCA, resulting to over booking of Kshs.4,658 each.

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

The audit was conducted in accordance with ISSAI 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the

financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance

with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional scepticism 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 controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

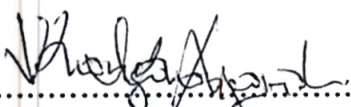
13 March, 2024

**Migori County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended 30 June, 2023**

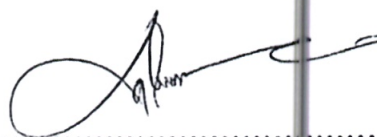
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

| Description | Note | 2022/2023 | 2021/2022 |
|---|------|--------------------|--------------|
| | | Kshs | Kshs |
| Revenue From Non-Exchange Transactions | | | |
| Transfers From the County Government | 1 | - | - |
| | | - | - |
| Revenue From Exchange Transactions | | | |
| Interest Income | 2 | - | |
| | | | |
| Total Revenue | | - | |
| | | | |
| Expenses | | | |
| Use of goods and services | 3 | 3,824,396 | 180 |
| Total Expenses | | 3,824,396 | 180 |
| Other Gains/Losses | | | |
| Surplus/(Deficit) for the Period | | (3,824,396) | (180) |

The notes set out on pages 6 to 23 form an integral part of these Financial Statements



.....
Name: Vincensia Awino
Administrator of the Fund



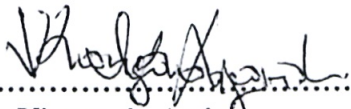
.....
Name: Rayler Maeri
Fund Accountant

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023


15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

| Description | Note | 2022/2023 | 2021/2022 |
|--|------|--------------------|--------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 4 | 131,163,306 | 40,255,156 |
| Current Portion of Long- Term Receivables From Exchange Transactions | 5 | 24,928,425 | 76,905,840 |
| Total current assets | | 156,091,731 | 117,160,996 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | | | |
| Intangible Assets | | | |
| Long Term Receivables from Exchange Transactions | | | |
| Investment Property | | | |
| Total non- current assets | | - | - |
| Total Assets | | 156,091,731 | 117,160,996 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables from Exchange Transactions | 6 | 23,660,971 | 76,905,840 |
| Total current liabilities | | 23,660,971 | 76,905,840 |
| Non-Current Liabilities | | | |
| Long Term Portion of Borrowings | | | |
| Non-Current Employee Benefit Obligation | | | |
| Social benefit liabilities | | | |
| Total Liabilities | | 23,660,971 | 76,905,840 |
| Net Assets | | | |
| Revolving Fund | | 136,255,156 | 109,080,993 |
| Reserves | | - | - |
| Accumulated Surplus | | (3,824,396) | (68,825,504) |
| Total Net Assets and Liabilities | | 156,091,731 | 117,160,996 |

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 _____ 2023 and signed by:



Name: Vincensia Awino
Administrator of the Fund



Name: Rayler Maeri
Fund Accountant

**Migori County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended 30 June, 2023**

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2023

| Description | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total |
|----------------------------------|----------------|---------------------|---------------------|--------------|
| | Kshs | Kshs | Kshs | Kshs |
| Balance As At 1 July 2021 | 109,080,660 | | | 109,080,660 |
| Surplus/(Deficit) For the Period | (68,825,504) | | | (68,825,504) |
| Funds Received During the Year | | | | 0 |
| Transfers | | | | 0 |
| Revaluation Gain | | | | 0 |
| Balance As At 30 June 2022 | 40,255,156 | | - | 40,255,156 |
| Balance As At 1 July 2022 | 40,255,156 | | | 40,255,156 |
| Surplus/(Deficit) For the Period | | | (3,824,396) | (3,824,396) |
| Funds Received During the Year | 96,000,000 | | | 96,000,000 |
| Transfers | | | | |
| Revaluation Gain | | | | |
| Balance As At 30 June 2023 | 136,255,156 | | (3,824,396) | 132,430,760 |

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

| Description | Note | 2022/2023 | 2021/2022 |
|---|------|--------------------|---------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the county government | | - | |
| Interest received | | | |
| Total receipts | | - | |
| Payments | | | |
| General expenses | | (3,824,396) | |
| Finance cost | | | 180 |
| Other payments | | | |
| | | | |
| Net cash flows from operating activities | 7 | (3,824,396) | (180) |
| | | | |
| 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 | | 23,660,971 | 8,080,335 |
| Loan disbursements paid out | | - | (76,905,840) |
| Net cash flows used in investing activities | | 23,660,971 | (68,825,504) |
| | | | |
| Cash flows from financing activities | | | |
| Proceeds from revolving fund receipts | | 96,000,000 | |
| Additional borrowings | | | |
| Repayment of borrowings | | (24,928,425) | |
| Net cash flows used in financing activities | | 71,071,575 | |
| Net increase/(decrease) in cash & cash Equivalents | | 90,908,150 | (68,825,504) |
| Cash and cash equivalents at 1 July | | 40,255,156 | 109,080,660 |
| Cash and cash equivalents at 30 June | | 131,163,306 | 40,255,156 |

Migori County Assembly Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended 30 June, 2023

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % Utilization |
|------------------------------------|-------------------|-------------------|-------------------|----------------------------|------------------------|---------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| | a | b | C=(a+b) | d | e=(c-d) | f=d/c*100 |
| Revenue | | | | | | |
| Public Contributions and Donations | - | - | - | - | - | |
| Transfers From County Govt. | | | | | | |
| Interest Income | - | - | - | - | - | |
| Other Income | - | - | - | - | - | |
| Total Income | - | - | - | - | - | |
| Expenses | | | | | | |
| Fund Administration Expenses | - | - | - | - | - | |
| General Expenses | - | - | - | 3,824,396 | (3,824,396) | |
| Finance Cost | - | - | - | - | - | |
| Total Expenditure | - | - | - | 3,824,396 | (3,824,396) | |
| Surplus For the Year | - | - | - | (3,824,396) | 3,824,396 | |
| Capital expenditure | 20,000,000 | 76,000,000 | 96,000,000 | 96,000,000 | - | 100% |

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Migori County Assembly Car Loan and Mortgage Fund entity is established by and derives its authority and accountability from The Migori County Car Loan and Mortgage Act, 2014 and as amended in 2021. The entity is wholly owned by the Migori County Assembly and is domiciled in Kenya. The entity's principal activity is to establish a loan scheme to provide loans to members of the scheme to purchase motor vehicles or residential houses.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

| Standard | Effective date and impact |
|---|---|
| <p>IPSAS 41: Financial Instruments</p> | <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> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> |

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

| Standard | Effective date and impact |
|---|---|
| | <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> <p>(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> |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>Applicable: 1st January 2023</p> <p>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> <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>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> |

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

| Standard | Effective date and impact: |
|-----------------|---|
| <p>IPSAS 43</p> | <p>Applicable 1st January 2025</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</p> |

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

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

(iii) Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on 21 June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Kshs.96,000,000 on the FY 2022/2023 budget following the governing body's approval.

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

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

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

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.

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

Significant Accounting Policies (Continued)

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

e) Investment property

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

f) Financial instruments

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

Financial assets

Classification of financial assets

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

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

Significant Accounting Policies (Continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Significant Accounting Policies (Continued)

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/ equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) 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.

h) 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.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) 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.*

l) 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.

m) Employee benefits – Retirement benefit plans

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

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

n) 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

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

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.

o) 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.

p) 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.

q) 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.

r) Comparative figures

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

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

6. Notes To The Financial Statements

1. Transfers from County Government

| Description | 2022/2023 | 2021/2022 |
|--|-------------------|-----------|
| | Kshs | Kshs |
| Transfers From County Govt. –Operations | 96,000,000 | - |
| Payments By County On Behalf Of The Entity | - | - |
| Unconditional Development grants | - | - |
| Total | 96,000,000 | - |

2. Interest Income

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Interest Income from Mortgage Loans | - | - |
| Interest Income From Car Loans | - | - |
| Interest Income From Investments in financial assets | - | - |
| Interest Income On Bank Deposits | - | - |
| Total Interest Income | - | - |

3. Use of Goods and Services

| Description | 2022/2023 | 2021/2022 |
|-----------------------|------------------|------------|
| | Kshs. | Kshs. |
| Loan Processing Costs | 3,185,000 | |
| Bank Charges | 639,396 | 180 |
| Total | 3,824,396 | 180 |

4. Cash and cash equivalents

| Description | 2022/2023 | 2021/2022 |
|--|--------------------|-------------------|
| | Kshs | Kshs |
| Migori Car and Mortgage Loan Account | 131,163,306 | 40,255,156 |
| Total Cash And Cash Equivalents | 131,163,306 | 40,255,156 |

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

Notes to the Financial Statements (Continued)

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

| Financial Institution | Account number | 2022/2023 | 2021/2023 |
|---|----------------|--------------------|-------------------|
| | | Kshs | Kshs |
| Current Account | | | |
| DTB- Migori County Assembly Car Loan & Mortgage | 0029608001 | 131,163,306 | 40,255,156 |
| Grand Total | | 131,163,306 | 40,255,156 |

5. Receivables from exchange transactions

| Description | 2022/2023 | 2021/2022 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Interest Receivable | | |
| Current Loan Repayments Due | 24,928,425 | 76,905,840 |
| Other Exchange Debtors | | |
| Less: Impairment Allowance | | |
| Total Current Receivables | 24,928,425 | 76,905,840 |
| Non-Current Receivables | | |
| Long Term Loan Repayments Due | | |
| Total Non- Current Receivables | | |
| Total Receivables From Exchange Transactions | 24,928,425 | 76,905,840 |

6. Trade and other payables from exchange transactions

| Description | 2022/2023 | | 2021/2022 | |
|---|-------------------|-----------------------|-------------------|-----------------------|
| | | Kshs | | Kshs |
| Trade Payables | | 23,660,971 | | 76,905,840 |
| Total Trade and Other Payables | | 23,660,971 | | 76,905,840 |
| Ageing analysis (Trade and other payables) | 2022/2023 | % of the Total | 2021/2022 | % of the Total |
| Under one year | 23,660,971 | 100% | 76,905,840 | 100% |
| 1-2 years | | % | | % |
| 2-3 years | | % | | % |
| Over 3 years | | % | | % |
| Total (tie to above total) | 23,660,971 | 100% | 76,905,840 | 100% |

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

Notes To The Financial Statements (Continued)

7. Cash generated from operations

| Description | 2022/2023 | 2021/2022 |
|--|--------------------|--------------|
| | Kshs | Kshs |
| Surplus/ (Deficit) For the Year Before Tax | (3,824,396) | (180) |
| Adjusted For: | | |
| Depreciation | | |
| Amortisation | | |
| Gains/ Losses On Disposal Of Assets | | |
| Interest Income | | |
| Finance Cost | | |
| Working Capital Adjustments | | |
| Increase In Inventory | | |
| Increase In Receivables | | |
| Increase In Payables | | |
| Net Cash Flow From Operating Activities | (3,824,396) | (180) |

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

Notes To The Financial Statements (Continued)

8. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| Description | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|------------------------------|----------------------------------|--------------------------|--------------------------|
| At 30 June 2022 | | | | |
| Receivables From Exchange Transactions | | | | |
| Receivables From Non-Exchange Transactions | | | | |
| Bank Balances | | | | |
| Total | | | | |
| At 30 June 2021 | | | | |
| Receivables From Exchange Transactions | | | | |
| Receivables From Non-Exchange Transactions | | | | |
| Bank Balances | | | | |
| Total | | | | |

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

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

Notes To The Financial Statements (Continued)

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

The 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.

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|---------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2023 | | | | |
| Trade Payables | | | | |
| Current Portion Of Borrowings | | | | |
| Provisions | | | | |
| Employee Benefit Obligation | | | | |
| Total | | | | |
| At 30 June 2022 | | | | |
| Trade Payables | | | | |
| Current Portion Of Borrowings | | | | |
| Provisions | | | | |
| Employee Benefit Obligation | | | | |
| Total | | | | |

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

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

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

| Description | Change in currency rate | Effect on surplus/ deficit | Effect on equity |
|-------------------------|----------------------------|-------------------------------|---------------------|
| | Kshs | Kshs | Kshs |
| (Current FY) | | | |
| Euro | 10% | | |
| USD | 10% | | |
| (Comparative FY) | | | |
| Euro | 10% | | |
| USD | 10% | | |

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. 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 0 (2022: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (2021 – Kshs 0).

MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

| Description | Current FY | Comparative FY |
|---|------------|----------------|
| | Kshs | Kshs |
| Revaluation reserve | | |
| Revolving fund | | |
| Accumulated surplus | | |
| Total funds | | |
| | | |
| Total borrowings | | |
| Less: cash and bank balances | | |
| Net debt/(excess cash and cash equivalents) | | |
| Gearing | | |

9. Events after the reporting period

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

10. Ultimate and Holding Entity

The entity is a County Public Fund established by The Migori County Assembly Car Loan and Mortgage Act, 2014.

11. Currency

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

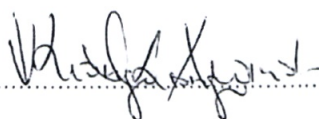
**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND
Annual Report and Financial Statements for the year ended 30 June, 2023**

20. ANNEXES

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|---|----------------------------|--|---|
| 1.0 | Inaccuracy in the Financial Statements | | Not Resolved | 6 Months |
| 2.1 | Unsupported Cash and Cash Equivalents | | Not Resolved | 6 Months |
| 2.2 | Undisclosed Funds Transfer | | Not Resolved | 6 Months |
| 3.0 | Unsupported Current Portion of Long-term Receivables from Exchange Transactions | | Not Resolved | 6 Months |
| 4.0 | Unsupported Trade and other trade payables from Exchange Transactions | | Not Resolved | 6 Months |
| 5.0 | Unsupported Cash flows from Investing Activities | | Not Resolved | 6 Months |
| 6.0 | Effectiveness of Internal Controls, Risk Management and, Governance | | Not Resolved | 6 Months |


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The Clerk of County Assembly

Date 27/12/2023
.....