

REPUBLIC OF KENYA



Enhancing Accountability

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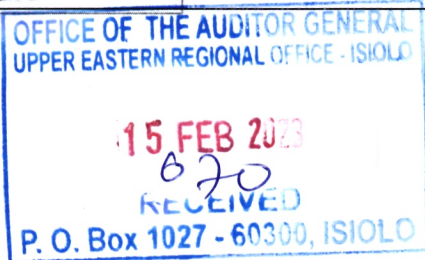
THE AUDITOR-GENERAL

ON

**SAMBURU COUNTY EXECUTIVE STAFF
MORTGAGE (MEMBERS) SCHEME FUND**

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





**SAMBURU COUNTY EXECUTIVE STAFF MORTGAGE (MEMBERS)
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)**

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**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

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**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

1. Key Entity Information and Management

a) Background information

Samburu County Executive Staff Mortgage (Members) Scheme Fund was established by and derives its authority and accountability from Samburu County Executive Staff Mortgage Scheme Fund Regulations, 2016. The Fund is wholly owned by the County Government 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.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide loan facility to members.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Mr. Moses Omondi	Chair Person
2	Mrs. Alice Lengalen	Vice Chair Person
3	Mr. David Lesamana	Secretary
4	Mr. Tyson Lemako	Member
5	Dr. Andrew Lanyasunya	Member
6	Ms. Joy Letooyia	Member
7	Mr. Marios Lerugum	Member

d) Key Management

Ref	Name	Position
1	Mr. Moses Omondi	Chair Person
2	Mrs. Alice Lengalen	Vice Chair Person
3	Mr. David Lesamana	Secretary

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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For the year ended June 30, 2022**

e) Registered Offices

P.O. Box 3 – 20600
Samburu County Headquarters,
Maralal-Nyahururu Road,
Maralal, KENYA

f) Fund Contacts

Telephone: +254 065 62456, +254 65 62075

E-mail: info@samburu.go.ke

g) Website: www.samburu.go.ke Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Kenya Commercial Bank
P.O. BOX 260
Maralal, Kenya
Branch: Maralal
Account No. 1169663966

h) Independent Auditors



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

i) Principal Legal Adviser




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

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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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
<p>Mr. Moses Omondi</p> 	<p>Mr. Moses Omondi Okeyo was born on 01-OCT-1985. He holds M.A. Planning and B.A. Urban and Regional Planning from University of Nairobi and Maseno University respectively with in-depth knowledge in spatial development planning, urban management, land administration, environmental planning and computer aided design platforms such as Geographical Information System. He is registered Physical Planner No. 280, corporate member of Kenya Institute of Planners (KIP) No. 232, Registered as NEMA Lead Expert No. 9070 and lead member of Environment Institute of Kenya (EIK). He has experience in public and private sector. He has served in public sector and is presently the Director in charge of physical and land use planning in Samburu and also the Acting Chief Officer of Lands, Housing, Physical Planning and Urban Development.</p>
<p>Mrs. Alice Lengalen</p> 	<p>Ms. Alice Lenanyokie was born 28-NOV-1982, she holds an MBA in Finance and B.A. in Economics from St. Marys University of Minnesota and St. Lawrence University, United States of America (USA) respectively, with in-depth knowledge in financial management and investment banking. Alice has undertaken several management courses such as Senior Management Course (SMC) and Strategic Leadership Development Programme (SLDP) from Kenya School of Government. She is currently undertaking a professional course, Certified Public Secretaries (CPS) with KASNEB.</p> <p>Alice has over 15 years of experience both at private sector (working in banking) and public sector. She is currently the Chief officer in charge of County Transport, Roads and Public Works, Samburu County Government.</p>

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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<p>Mr. David Lesamana</p> 	<p>David Lesamana was born on 26-JUN-1982. David Holds A masters in Project planning and management from the university of Nairobi, Bsc IT from JKUAT, Certified Project management professional from PMI, a member of ISACA, Certified Prince2 Practitioner. He has over 12 years' experience and currently Chief Officer Economic planning & ICT and Ag.Chief officer finance, Samburu County Government</p>
<p>Mr. Tyson Lemako</p> 	<p>Mr Lemako Tyson was born on 13-FEB-1974. He holds BSc Agricultural Education & Extension from Egerton University, Diploma in Educational Management, Senior Management Course and several other short management courses. Has wealth of experience after working in Public service for more than 20yrs.</p> <p>Currently he is the Director of Agriculture and Ag Chief Officer; Department of Agriculture, Livestock & Fisheries Samburu County Government</p>
<p>Dr. Andrew Lanyasunya</p> 	<p>Dr. Ropilo Lanyasunya was born on 15-JUL-1964. Andrew has a PhD in Educational Leadership & Mgt (MKU), EMEd (Moi), MA Sociology (UoN), MBA HR, MPA, PGDE (Egerton), PDHRM, PGDMgt, BA (UoN), DipWildlife & Forestry, DipECDE (KNEC), DipMgt, CertPH, Cert Range Mgt & Animal Husbandry, and several Accounting qualifications among others. Currently pursuing PhD Social Work (CUEA), PhD Economics of Edu (Kabarak), LLB (London), LLB (OUTZ) among others.</p> <p>Memberships: Kenya Asst of Prof Counsellors, Kenya Medical Social Work Ass, Kenya Ass of Edu Admin & Mgt, Kenya Ass of Social Workers, IHRM, KUJ, TSC, among others.</p> <p>Dr. Lanyasunya is currently Chief Officer, Medical Services, Public Health, & Sanitation, Samburu County Government.</p>

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
 Reports and Financial Statements
 For the year ended June 30, 2022**




<p>Ms. Joy Letooyia</p> 	<p>Joy N Letooyia was born on 25-MAY-1977. Joy holds under graduate Degree in Education, and she has a vast experience in education matters of over 10 years.</p> <p>She is the Chief Officer- Education for Samburu County.</p>
<p>Mr. Marios Lerugum</p> 	<p>Marios Lerugum was born on 16-NOV-1971. He holds a P1 certificate from Mosoriot Teachers college, Diploma in special Education from Kenya institute of special Education</p> <p>Bachelor’s Degree in Education Arts, from Kenya Methodist University.</p> <p>Marios has a total of 14 years in teaching experience 11 years as a principal education officer in the ministry of Education.</p> <p>Marios initially served as Chief Officer Education from 2017 to 2021. Currently, he serves as Chief Officer Gender , Culture Social Services and acting Chief Officer Youth and Sports Samburu County Government</p>

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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3. Management Team

Name	Details of qualifications and experience
<p data-bbox="156 387 416 421">Mr. Moses Omondi</p> 	<p data-bbox="707 387 1374 1048">Mr. Moses Omondi Okeyo was born on 01-OCT-1985. He holds M.A. Planning and B.A. Urban and Regional Planning from University of Nairobi and Maseno University respectively with in-depth knowledge in spatial development planning, urban management, land administration, environmental planning and computer aided design platforms such as Geographical Information System. He is registered Physical Planner No. 280, corporate member of Kenya Institute of Planners (KIP) No. 232, Registered as NEMA Lead Expert No. 9070 and lead member of Environment Institute of Kenya (EIK). He has experience in public and private sector. He has served in public sector and is presently the Director in charge of physical and land use planning in Samburu and also the Acting Chief Officer of Lands, Housing, Physical Planning and Urban Development.</p>
<p data-bbox="156 1066 427 1099">Mrs. Alice Lengalen</p> 	<p data-bbox="707 1066 1366 1541">Ms. Alice Lenanyokie was born 28-NOV-1982, she holds an MBA in Finance and B.A. in Economics from St. Marys University of Minnesota and St. Lawrence University, United States of America (USA) respectively, with in-depth knowledge in financial management and investment banking. Alice has undertaken several management courses such as Senior Management Course (SMC) and Strategic Leadership Development Programme (SLDP) from Kenya School of Government. She is currently undertaking a professional course, Certified Public Secretaries (CPS) with KASNEB.</p> <p data-bbox="707 1552 1353 1731">Alice has over 15 years of experience both at private sector (working in banking) and public sector. She is currently the Chief officer in charge of County Transport, Roads and Public Works, Samburu County Government.</p>

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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<p>Mr. Tyson Lemako</p> 	<p>Mr Lemako Tyson was born on 13-FEB-1974. He holds BSc Agricultural Education & Extension from Egerton University, Diploma in Educational Management, Senior Management Course and several other short management courses. Has wealth of experience after working in Public service for more than 20yrs.</p> <p>Currently he is the Director of Agriculture and Ag Chief Officer; Department of Agriculture, Livestock & Fisheries Samburu County Government</p>
<p>Dr. Andrew Lanyasunya</p> 	<p>Dr. Ropilo Lanyasunya was born on 15-JUL-1964. Andrew has a PhD in Educational Leadership & Mgt (MKU), EMed (Moi), MA Sociology (UoN), MBA HR, MPA, PGDE (Egerton), PDHRM, PGDMgt, BA (UoN), DipWildlife & Forestry, DipECDE (KNEC), DipMgt, CertPH, Cert Range Mgt & Animal Husbandry, and several Accounting qualifications among others. Currently pursuing PhD Social Work (CUEA), PhD Economics of Edu (Kabarak), LLB (London), LLB (OUTZ) among others.</p> <p>Memberships: Kenya Asst of Prof Counsellors, Kenya Medical Social Work Ass, Kenya Ass of Edu Admin & Mgt, Kenya Ass of Social Workers, IHRM, KUJ, TSC, among others.</p> <p>Dr. Lanyasunya is currently Chief Officer, Medical Services, Public Health, & Sanitation, Samburu County Government.</p>

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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<p>Mr. Marios Lerugum</p> 	<p>Marios Lerugum was born on 16-NOV-1971. He holds a P1 certificate from Mosoriot Teachers college, Diploma in special Education from Kenya institute of special Education</p> <p>Bachelor’s Degree in Education Arts, from Kenya Methodist University.</p> <p>Marios has a total of 14 years in teaching experience 11 years as a principal education officer in the ministry of Education.</p> <p>Marios initially served as Chief Officer Education from 2017 to 2021. Currently, he serves as Chief Officer Gender , Culture Social Services and acting Chief Officer Youth and Sports Samburu County Government</p>

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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4. Board/Fund Chairperson's Report

I would like to thank members of staff involved in the day to day operations of the Fund that includes the payroll staff, Fund Accountant and the reporting unit of the County Treasury. I take special notice that financial reports for this fund have been continuously done on monthly basis in the last financial year, accurate financial standing from where future decisions will be based on.

Though the fund had temporarily halted issuance of new loans from June 2018, new loans were issued in the last Financial Year ended June 2021 and now in June 2022.

From these Financial Reports, we noted the following challenges;

- Lower than expected payroll recoveries on all the members that benefited. This has resulted in under recovery of about 35,192,856 from the inception of the fund up to the end of June 2022. The following table gives a summary schedule of amounts making up the total underpayments

S. No	Names	Amounts Received	Principal	Interest	Accrued Principal	Accrued Interest	Underpayment
1	H.E. Moses Lenolkulal	12,997,088.50	10,763,580.17	5,099,467.32	38,079.47	2,827,879.52	(2,865,958.99)
2	H.E. Joseph Lemarkat	991,801.00	3,051,523.80	1,658,415.20	2,185,427.03	1,532,710.96	(3,718,138.00)
3	Hon. Jonathan Leisen	4,531,127.20	3,934,371.24	1,552,376.52	65,178.40	890,442.16	(955,620.56)
4	Hon. Stephen Lekupe	3,721,326.70	3,271,314.54	1,540,955.98	71,459.46	1,019,484.35	(1,090,943.82)
5	Hon. Irene Senei	3,883,067.40	3,336,292.81	731,284.21	53,969.96	130,539.66	(184,509.62)
6	Hon. Peter Leshakwet	2,214,167.60	2,052,627.22	805,609.00	184,823.68	459,244.93	(644,068.61)
7	Hon. Peter Lolmoodoni	2,332,124.15	2,111,755.45	801,716.65	152,525.17	428,822.78	(581,347.95)
8	Vincent Learaman	4,043,325.60	3,415,521.79	1,479,583.93	32,424.20	819,355.92	(851,780.12)
9	Hon. Christine Lentoimaga	133,548.55	576,598.76	366,662.29	461,937.21	347,775.29	(809,712.50)
10	Hon. Grace Lempeci	1,298,396.40	1,915,826.78	795,348.18	773,221.19	639,557.37	(1,412,778.55)
11	Mr. Stephen Letinina	4,175,325.10	3,413,900.27	1,694,138.50	6,091.95	926,621.72	(932,713.67)
12	Mr. Bosco Sambu	2,279,052.90	1,967,946.01	779,731.05	78,863.88	389,760.29	(468,624.16)
13	Bernard Lesurmat	3,109,599.35	2,616,969.34	1,495,284.37	102,428.50	900,225.87	(1,002,654.36)
14	Lydia Letinina	2,889,190.75	2,331,517.50	1,322,868.42	7,789.41	757,405.76	(765,195.17)
15	Josephine Lenasalia	1,628,052.20	1,368,066.07	646,494.31	-	386,508.18	(386,508.18)
16	Linus Lenolgenje	3,074,116.44	2,456,442.91	1,300,145.23	-	682,471.70	(682,471.70)
17	Julius Leseeto	2,139,874.15	2,353,179.77	1,304,899.83	561,099.45	957,106.00	(1,518,205.45)
18	Reuben Lemunye	2,484,338.10	2,002,401.35	1,179,585.76	-	697,649.02	(697,649.02)
19	Daniel Lenolkirna	3,100,822.80	2,625,052.03	1,494,635.77	119,458.21	899,406.79	(1,018,865.00)
20	Dorcas Lekisanyal	2,026,390.35	1,712,042.06	774,425.24	-	460,076.95	(460,076.95)
21	Samwel Lempushuna	652,334.60	1,199,159.05	775,458.52	636,207.82	686,075.16	(1,322,282.98)
22	Alice Nabaru Lenanyokie	2,001,608.50	1,681,854.53	782,813.63	4,843.13	458,216.52	(463,059.66)
23	Dickson Loorubat	1,447,509.10	1,169,359.75	645,254.44	-	367,105.08	(367,105.08)
24	Thomas Lekesike	544,333.80	1,002,619.26	651,216.14	577,090.31	532,411.29	(1,109,501.61)
25	Lilian Balanga	2,418,875.40	2,223,083.30	1,326,640.25	113,810.03	1,017,340.93	(1,130,848.15)
26	Paul Lolmingani	2,936,661.91	3,084,533.70	1,449,928.68	554,347.84	1,043,452.63	(1,597,800.47)
27	Timothy Lesingiran	1,435,022.25	1,660,934.18	726,607.77	579,345.64	373,174.06	(952,519.70)
28	Abednego Lenemiria	742,459.70	1,213,178.22	773,499.45	633,853.17	610,364.80	(1,244,217.97)

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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29	Patrick Yamako Lekimain	759,626.40	1,226,657.37	783,464.02	631,596.97	618,898.02	(1,250,494.99)
30	Bernard Saidimu Lenarogoito	137,333.60	989,043.95	652,564.94	851,710.35	652,564.94	(1,504,275.29)
31	Hon. Mary Ekai	1,249,520.25	1,162,779.95	647,846.86	130,537.80	430,568.77	(561,106.57)
32	Simon Lteeni	1,240,578.55	1,190,265.61	646,275.97	225,226.80	370,736.24	(595,963.04)
33	Simon Lekembe	990,127.85	983,730.95	531,114.56	45,474.83	479,242.83	(524,717.66)
34	Davoli Lepatoyie	575,315.65	673,427.27	311,254.72	172,161.82	237,204.52	(409,366.34)
35	Joseph Lekalkuli	1,904,486.40	1,189,734.56	714,751.85	-	0.01	(0.01)
36	Tommy Lekimain	1,150,919.25	1,340,803.83	466,002.67	320,408.67	335,478.57	(655,887.25)
37	Josphat Lekamario	1,455,209.45	1,443,616.43	116,801.27	95,208.16	10,000.08	(105,208.24)
38	David Njenga	783,860.45	654,561.53	129,438.48	-	139.55	(139.55)
39	Silvana Lenaitorono	1,401,054.20	1,290,295.89	110,758.32	-	0.01	(0.01)
40	Veronica Lemalasia	400,860.20	274,960.60	125,899.62	-	0.02	(0.02)
41	Moses Omondi	288,390.70	160,788.53	127,602.22	-	0.05	(0.05)
42	Paul Lenkupae	583,224.20	460,085.30	123,138.93	-	0.02	(0.02)
43	Edward Lolokuru	780,192.40	660,035.26	120,157.15	-	0.01	(0.01)
44	Samuel Nakope	1,402,887.85	1,358,141.28	44,746.57	-	0.00	(0.00)
45	Charles Leleruk	305,501.30	178,158.18	127,343.20	-	0.07	(0.07)
46	Komitu Leshoomo	-	15,537.99	10,000.00	15,537.99	10,000.00	(25,537.99)
47	Andrew Lesiapadei	-	20,314.50	9,750.00	20,314.50	9,750.00	(30,064.50)
48	Simon Leirana	-	22,930.22	5,000.00	22,930.22	5,000.00	(27,930.22)
49	Simon Lekimain	-	23,977.22	7,500.00	23,977.22	7,500.00	(31,477.22)
50	Benson Lengalen	-	18,248.68	10,000.00	18,248.68	10,000.00	(28,248.68)
51	Julian Lenaseyan	-	12,528.73	10,000.00	12,528.73	10,000.00	(22,528.73)
52	Nancy Murda	-	96,421.76	7,500.00	96,421.76	7,500.00	(103,921.76)
53	David Lempesie	-	73,330.04	7,500.00	73,330.04	7,500.00	(80,830.04)
	Totals	90,640,629.20	86,032,027.49	39,801,457.98	10,749,889.66	24,443,269.42	(35,192,856.27)

- Members who initially benefitted have continuously defaulted on their repayments. The committee has in the past held meetings and deliberations on how these gaps would be bridged and it is only a matter of time before the challenges noted are fully addressed.

An important development with regards to the management of this fund is that the office has already procured a system for the fund and it is in trial stages. This will go a long way in enhancement of day to day operations and improve the overall management and performance of the fund.

With measure already in place, it's my belief that Samburu County Executive Staff Mortgage (Members) Scheme Fund will soon perform to its optimal capacity and expectation for the benefit of all its members.

Signed: 

Moses Omondi

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

5. Report of The Fund Administrator

On behalf of the Committee charged with administration of Samburu County Executive Staff Mortgage (Members) Scheme Fund, I would like to take this early opportunity to register my deep appreciation to all the stakeholders that have undertaken any function or task in the management of this Fund in the financial year ended June 2022.

It is worth mentioning that due to a myriad of challenges, the fund had stopped issuance of new loans to members but this has now resumed having put measures in place that guaranteed safety and accountability of the funds. Consequently, the reporting team has been in a position to generate monthly financial reports that have kept management of the fund abreast with current financial information of the fund. The committee needs to intensify its meetings in order to address issues that come up on timely basis.

Apart from the challenges mentioned above, the Committee has been able to pin point a few other challenges and how they can be addressed as follows;

- Lower than expected threshold on repayments by beneficiaries in prior periods. While the committee put up some efforts in recovery process, not much was achieved so far since this is an on-going process.
- Some of our former staff members whose employment were terminated for one reason or the other have stopped making monthly repayments.

The committee will pursue all defaulters by serving them with demand letters before engaging other recovery measures.

- Use of manual excels in generation of reports – This has been possible due to the few number of beneficiaries but this may not be feasible in future. The Fund had initiated the process of procurement an accounting system for the fund and we are glad the system is currently in its testing stage.
- Funds borrowed to implement county activities amount to KES 16,300,000 needs to be repaid back to the Fund account. The mentioned amount represents the sum total of withdrawals done from the fund’s bank account during periods of extreme cash unavailability to facilitate urgent activities that were time bound eg. 2017 camel derby event. Nonetheless, Samburu County Executive has made arrangements to repay back the amounts to the Fund’s bank account in FY 2022/23.

Having identified the mentioned gaps and with measures already put in place, the Fund is in a better place relative to prior periods.

In conclusion I would like to thank all the stakeholders who have contributed positively to the wellbeing of the fund and it is my hope that we will be able to continue to serve with the same spirit going into the future in order to ensure that the intent and objective of the scheme comes to fruition.

Signed:  _____ -

Solomon Letrok

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

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

Right from its commencement, the objective of Samburu County Executive Staff Mortgage (Members) Scheme fund has always been that the Fund shall provide loan schemes for the purchase, development, renovation or repair of residential property by members of the Scheme.

Up until June 2022, the Fund had disbursed a total of KES 311,900,000 to fifty-three members. One of the pre-requisites for members to qualify for loans has been submission of residential building plans on bona-fide land ownership. On repayments schedule, a total of KES 90,640,629.20 had been repaid. However, this was noted as an under repayment of KES 35,192,856.27 majorly due to prior years under recovery on all beneficiaries at the payroll level. Consequently, a few of former employees stopped making their repayments shortly after they left employment. The Management Committee of the fund will deliberate on this and issue out its recommendations.

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

7. Corporate Governance Statement

The top decision making organ charges with corporate governance with regards to the management of Samburu County Executive Staff Mortgage (Members) Scheme Fund is the Loans Management Committee. With its recent appointment, the Committee endeavours to execute its mandate in line with the provisions of the Act.

The appointment of the Committee stems its authority from Samburu County Executive Staff Mortgage Scheme Fund Regulations, 2016. This therefore means, members of the committee are bound to hold office for the duration that they will be employed by Samburu County Government as Chief Officers in the respective departments defined in the Act. This therefore means should there be an occurrence either in form of dismissal or transfers to departments not defined by the Act, they cease to be members of the Committee and the CEC member automatically appoints a new office bearer to take up the vacant position in adherence with the Act.

Members are expected to hold quarterly meetings or adhoc meetings should there arise an urgent need to do so. Members require trainings on the administration of the fund especially at this point when they are all newly appointed. Performance of members is expected to be in line with the recommendations of the Act.

Should there be a conflict of interest in the execution of Committee duties, concerned members are encouraged to declare the interest in writing and communicate the same to the Chairperson. Members are expected to draw sitting allowances from the Fund commensurate with amounts recommended by the SRC should there be meetings.

It is the expectation of public, employer and all other stakeholders that members act impartially and with decorum in the execution of their duties.

Governance audit is expected to be conducted annually hand in hand with financial audits.

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

8. Management Discussion and Analysis

According to management, the Fund has performed fairly well given the conditions that pre-existed in the year.

A lot have been identified as challenges and the committee now that it has the mandate to operate will endeavour to bridge the gaps identified in order to improve the standing of fund going into the future.

The committee does not have intentions to conduct investments or implement projects at this point in time. The committee will continue to neutralize the challenges identified in order to optimize its operational capacity and ensure that members' confidence is built in the scheme.

The fund is governed by Samburu County Executive Staff Mortgage Scheme Fund Regulations, 2016 and will endeavour to comply with the Act and other statutory requirements in execution of its mandates.

The major risk that the Fund faces is risk of defaults as a result of members who may no longer be in employment. Though these are covered by the collaterals provided at the point of loan application.

9. Environmental and Sustainability Reporting

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

- 1. Sustainability strategy and profile -**
- 2. Environmental performance**
- 3. Employee welfare**
- 4. Market place practices-**
- 5. Community Engagements-**

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports 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 activity of the Fund is issuance and management of mortgage loans to members of staff.

Results

The results of the Fund for the year ended June 30, 2022 are set out on page 1.

Trustees

The Loans Management Committee who served during the year are shown on page viii.

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:

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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For the year ended June 30, 2022**

11. Statement of Management’s Responsibilities

Right from its commencement, the objective of Samburu County Executive Staff Mortgage (Members) Scheme fund has always been that the Fund shall provide loan schemes for the purchase, development, renovation or repair of residential property by members of the Scheme.

Up until June 2022, the Fund had disbursed a total of KES 311,900,000 to fifty-three members. One of the pre-requisites for members to qualify for loans has been submission of residential building plans on bona-fide land ownership. On repayments schedule, a total of KES 90,640,629.20 had been repaid. However, this was noted as an under repayment of KES 35,192,856.27 majorly due to prior years under recovery on all beneficiaries at the payroll level. Consequently, a few of former employees stopped making their repayments shortly after they left employment. The Management Committee of the fund will deliberate on this and issue out its recommendations.

Approval of the financial statements

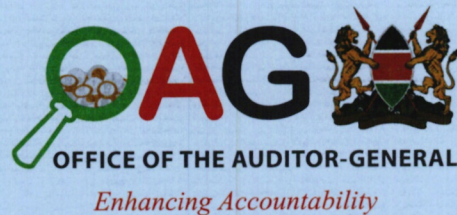
The Fund’s financial statements were approved by the Board on 10th Feb 2022 and signed on its behalf by:


.....

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 EXECUTIVE STAFF MORTGAGE (MEMBERS) SCHEME 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

Qualified Opinion

I have audited the accompanying financial statements of Samburu County Executive Staff Mortgage (Members) Scheme Fund set out on pages 1 to 54, 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 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Samburu County Executive Staff Mortgage (Members) Scheme 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 comply with the Public Finance Management Act, 2012 and the Public Finance Management (Samburu County Staff Mortgage Scheme Fund) Regulations, 2016.

Basis for Qualified Opinion

1.0 Doubtful Long-term Receivables from Exchange Transactions

As previously reported, long term receivables from exchange transaction balance of Kshs.238,280,133 as at 30 June, 2022 which as disclosed in Note 12 to the financial statements reflects includes loans amounting to Kshs.45,000,000 disbursed to County Executive Members, Chief Officers, Chief of Staff, former Governor, Political Advisor and Members of the County Public Service Board. Review of the loans revealed that the outstanding loans comprises of an amount of Kshs.13,323,922 due and relating to the aforementioned members who had not deposited any collateral and their employment terms had already been terminated. However, Management did not provide a provision for doubtful debts in the financial statements.

Further, the loans were amortized for a period of twenty (20) years instead of the number of months to the end of the term of employment or lapse of employment contract of the respective borrowers as required by Regulation 13 of the Public Finance Management (Samburu County Executive Staff Mortgage Scheme Fund) Regulations, 2016, which provides that a loan granted under these regulations shall be fully repaid at the end of the maximum period a member is eligible for.

In the circumstance, the recoverability of loans balance could not be confirmed.

2.0 Unsupported Loan Disbursement

As disclosed in Note 12 to the financial statements, the statement of financial position reflects receivables from long term exchange transaction balance of Kshs.238,280,133 which further includes an amount of Kshs.104,000,000 in respect to loans disbursed to various members of staff. However, the respective loan application files were not provided for audit review.

In the circumstances, the accuracy and completeness of the loan disbursed to members 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 Executive Staff Mortgage (Members) Scheme Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the 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, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Disbursement of Loans Without Collateral

The statement of financial position and as disclosed in Note 12 to the financial statements reflects long term receivables from exchange transactions balance of Kshs.206,670,996 and a current portion of Kshs22,826,513 being loans to staff of the County Executive.

The loans were disbursed without any collateral. Further, the loans and mortgages granted to members did not have a mortgage protection policy and fire policy with an approved insurance firm contrary to Regulation 16(1) of the Public Finance Management (Samburu County Executive Staff Mortgage Scheme Fund) Regulations, 2016 which require that a borrower shall take out and maintain a mortgage protection policy and a fire policy with an insurance firm approved by the Committee the cost of which shall be borne by the borrower.

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

2.0 Unsupported Borrowings by the County Executive

As previously reported, the statement of financial position as at 30 June, 2022 reflects borrowings of Kshs.16,300,000 and as disclosed in Note13 to the financial statements being outstanding loan balance lent out to the Samburu County Executive. However, review of the loans revealed that the amount represents cash withdrawals from the Fund Account whose supporting documentation on how the funds were applied were not provided for audit review.

Further, the borrowing by the County Executive was not supported by County Assembly approval and acknowledgement of Funds by County Treasury contrary to Section 142(1) of the Public Finance Management Act, 2012 which requires county government entities to seek the authority of the County Assembly to borrow cash on a short-term basis for cash management purposes only. In addition, the amount was not repaid within the financial year in line with Section 142(3) of the Public Finance Management Act, 2012 which provides that a county government entity that has any such borrowing shall ensure that the money borrowed is repaid within a year from the date on which it was borrowed.

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

3.0 Operating Without a Budget

The statement of comparison of budget and actual amounts reflects total expenditure of Kshs.27,001,065 for the year ended 30 June, 2022. However, there was no approved operational budget for the year ended 30 June, 2022 contrary to Section 149(2)(h) of the Public Finance Management Act, 2012 which requires the Accounting Officer to prepare estimates of the expenditure of the entity in conformity with strategic plan and Section 149(2)(i) which requires the Accounting Officer to submit the estimates of an entity which is not a county corporation to County Executive Committee member for finance; for approval by the County Executive Committee and subsequently the County Assembly.

In the circumstances, the Fund 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, based on the audit procedures performed, except for the matter described in the 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, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Risk Management Policy

As previously reported, the Samburu County Executive Staff Mortgage (Members) Scheme Fund did not have a risk management policy to develop risk management strategies which include fraud prevention mechanism and internal control that builds robust business operations ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operations.

In the circumstance, it was not possible to confirm whether the internal controls in the financial and operational environment were effective.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 going concern 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


04 April, 2023

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

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

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	6,456,186	5,975,632
Other income	5	-	-
Total revenue		6,456,186	5,975,632
Expenses			
Employee Costs	6	100,000	480,000
Use of Goods and Services	7	1,065	5,005
General Expenses	8	-	-
Finance costs	9	-	-
Total expenses		101,065	485,005
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
Surplus/(deficit) for the period		6,355,121	5,490,627

.....
Name: Solomon Letrok
Administrator of the Fund

.....

Name:
Fund Accountant: Joseph Lekalkuli
ICPAK Member Number: 6711

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

14. Statement of Financial Position As At 30 June 2022

2022				
KSh				
Assets				
Current assets				
Cash and cash equivalents	11	9,828,665	9,703,797	
Total Current Receivables	12	22,780,999	21,522,861	
Receivables from The County Executive	13	16,300,000	16,300,000	
Inventories	14	-	-	
Non-current assets				
Property, plant and equipment	15	-	-	
Intangible assets	16	-	-	
Total Non-Current Receivables	12	238,280,133	233,438,657	
Total assets		287,189,797	280,965,316	
Liabilities				
Current liabilities				
Trade and other payables from exchange transactions	17	-	130,640	
Provisions	18	-	-	
Current portion of borrowings	19	-	-	
Employee benefit obligations	20	-	-	
Non-current liabilities				
Non-current employee benefit obligation	20	-	-	
Long term portion of borrowings	19	-	-	
Total liabilities		-	130,640	
Net assets				
Revolving Fund		247,992,000	247,992,000	
Reserves		-	-	
Accumulated surplus		39,197,797	32,842,676	
Total net assets and liabilities		287,189,797	280,965,316	

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports 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 10th Feb 2023 and signed by:



.....
Name: Solomon Letrok
Administrator of the Fund

.....
Name: Joseph Lekalkuli
Fund Accountant
ICPAK Member Number: 6711

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

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

Balance as at 1 July 2020	247,992,000	-	27,352,049	1,589,211	276,933,260
Surplus/(deficit) for the period			5,490,627		5,490,627
Funds received during the year					-
Receipts from other operating activities				587,880	587,880
Refund to County Assembly				(2,046,451)	(2,046,451)
Revaluation gain					-
Balance as at 30 June 2021	247,992,000	-	32,842,676	130,640	280,965,316
Balance as at 1 July 2021	247,992,000	-	32,842,676	130,640	280,965,316
Surplus/(deficit) for the period			6,355,121		6,355,121
Funds received during the year					-
Receipts from other operating activities					-
Refund to County Assembly				(130,640)	(130,640)
Revaluation gain					
Balance as at 31st Jan 2022	247,992,000	-	39,197,797	0	287,189,797

.....
Name: Solomon Letrok
Administrator of the Fund

.....

Name: Joseph Lekalkuli
Fund Accountant
ICPAK Member Number: 6711

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

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

Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Interest received		-	-
Receipts from other operating activities (receipts from assembly staff)		-	587,880
Total Receipts		-	587,880
Payments			
Employee Costs	6	100,000	480,000
Use of Goods and Services	7	1,065	5,005
Finance cost			-
Total Payments		101,065	485,005
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	21	-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)	22	(130,640)	(2,046,451)
Net cash flows from operating activities		(231,705)	(1,943,576)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		27,256,573	12,117,754
Loan disbursements paid out		(26,900,000)	(34,000,000)
Net cash flows used in investing activities		356,573	(21,882,246)
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 and cash equivalents		124,868	(23,825,822)
Cash and cash equivalents at 1 JULY	11	9,703,797	33,529,619
Cash and cash equivalents at 30 JUNE	11	9,828,665	9,703,797

(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)

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**



.....
Name: Solomon Letrok
Administrator of the Fund



.....
Name: Joseph Lekalkuli
Fund Accountant
ICPAK Member Number: 6711

Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022

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

	Original budget		Actual on comparable basis		Performance difference - utilisation	
	2022	2022	2022	2022	2022	2022
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Mortgage Capital Fund	-	-	-	-	-	0%
Interest Income	6,456,186	-	6,456,186	6,456,186	-	100%
Receipts from other operating activities	-	-	-	-	-	0%
Total income	6,456,186	-	6,456,186	6,456,186	-	100%
Expenses						
Employee costs	105,000	-	105,000	100,000	5,000	95%
Use of Goods and Services	1,100	-	1,100	1,065	35	97%
Total expenditure	106,100	-	106,100	101,065	5,035	95%
Surplus for the period	6,350,086	-	6,350,086	6,355,121	(5,035)	100%

Budget notes

- 1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14*
- 2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*
- 3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

18. Notes to the Financial Statements

1. General Information

Samburu County Executive Staff Mortgage (Members) Scheme Fund is established by and derives its authority and accountability from Samburu County Executive Staff Mortgage Scheme Fund Regulations, 2016. The entity is wholly owned by Samburu County Government and is domiciled in Kenya. The entity's principal activity is provision of loans to members.

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

IPSAS 41: Financial Instruments	Applicable: 1st January 2023:
	<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 Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

Standard	Effect 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>(State the impact of the standard to the Entity if relevant)</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><i>(State the impact of the standard to the Entity if relevant)</i></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.

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Other improvements to IPSAS</p>	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 43</p>	<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>

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Standard	
	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<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>State the impact of the standard to the Entity if relevant</i></p>

(iii) Early adoption of standards

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

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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.

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 nil 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 xxx of these financial statements.

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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.

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

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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.

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

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

g) Foreign currency transactions

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

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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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 Samburu County Executive Staff Mortgage Scheme Fund Regulations, 2016 in the Ministry of Planning and Devolution. Its ultimate parent is the County Government of Samburu.

n) Currency

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

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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

**Samburu County Executive Staff Mortgage (Members) 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	0	0
Contributions From The Public	0	0
Total	0	0

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	0	0
Payments By County On Behalf Of The Entity	0	0
Total	0	0

3. Fines, penalties and other levies

Description	2021-2022	2020-2021
	Kshs	Kshs
Late Payment Penalties	0	0
Fines	0	0
Total	0	0

(Provide brief explanation for this revenue)

4. Interest income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income From Mortgage Loans	6,456,186	5,975,632
Interest Income From Car Loans	0	0
Interest Income From Investments	0	0
Interest Income On Bank Deposits	0	0
Total Interest Income	6,456,186	5,975,632

(Provide brief explanation for this revenue)

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Notes to the Financial Statements Continued

5. Other income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	0	0
Income From Sale Of Tender Documents	0	0
Miscellaneous Income	0	0
Total Other Income	0	0

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

6. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries And Wages	-	125,000
Staff Gratuity	0	0
Staff Training Expenses	0	0
Social Security Contribution	0	0
Other staff costs(Committee Allowances)	100,000	355,000
Total	100,000	480,000

7. Use of Goods and Services

General Office Expenses	0	0
Loan Processing Costs	0	0
Professional Services Costs	0	0
Administration Fees	0	0
Committee Allowances	0	0
Bank Charges	0	0
Electricity And Water Expenses	0	0
Fuel And Oil Costs	0	0
Insurance Costs	0	0
Postage And Courier	0	0
Printing And Stationery	0	0

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Description	2021/22	2020/21
	Kshs.	Kshs.
Rental Costs	0	0
Security Costs	0	0
Telephone And Communication Expenses	0	0
Bank Charges	1,065	5,005
Audit Fees	0	0
Provision For Doubtful Debts	0	0
Other (<i>Specify</i>)	0	0
Total	1,065	5,005

8. Depreciation and Amortization Expense

Description	2021/22	2020/21
	Kshs.	Kshs.
Property Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

9. Finance costs

Description		
Interest On Bank Overdrafts	0	0
Interest On Loans From Banks	0	0
Total	0	0

10. Gain/(loss) on disposal of assets

Description		
Property, Plant And Equipment	0	0
Intangible Assets	0	0
Total	0	0

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Xxx Car Loan Account	0	0
Xxx County Mortgage Account	0	0
Fixed Deposits Account	0	0
On – Call Deposits	0	0
Current Account	9,828,665	9,703,797
Others	0	0
Total Cash And Cash Equivalents	9,828,665	9,703,797

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

a) Fixed Deposits Account			
Kenya Commercial Bank		0	0
Equity Bank, Etc.		0	0
Sub- Total		0	0
b) On - Call Deposits			
Kenya Commercial Bank		0	0
Equity Bank - Etc.		0	0
Sub- Total		0	0
c) Current Account			
Kenya Commercial Bank		9,828,665	9,703,797
Bank B		0	0
Sub- Total		9,828,665	9,703,797
d) Others(Specify)			
Cash In Transit		0	0
Cash In Hand		0	0
Sub- Total		0	0
Grand Total		9,828,665	9,703,797

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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12. Receivables from exchange transactions

Description	FY 2021/2022 KShs	FY 2020/2021 KShs
Current Receivables		
Interest receivable	1,616,757	2,764,761
Current loan repayments due	19,196,977	16,402,477
Other exchange debtors	1,967,265	2,355,624
Less: impairment allowance (withdrawals)		
Total Current receivables	22,780,999	21,522,861
Non-Current receivables		
Long term loan repayments due	206,670,996	206,949,904
Long term portion of Interest receivable	22,826,513	20,061,752
Long term portion of Other exchange debtors	8,782,624	6,427,001
Total Non-current receivables	238,280,133	233,438,657
Total receivables from exchange transactions	261,061,132	254,961,518

Additional disclosure on interest receivable

Description	FY 2021/2022 KShs	FY 2020/2021 KShs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	0	0
Current loan repayments due		
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

13. Receivables from County Executive

Description	FY 2021/2022 KShs	FY 2020/2021 KShs
Borrowings by the County Executive	16,300,000	16,300,000

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Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments (Specify)	0	0
Total	16,300,000	16,300,000

14. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories (Specify)	0	0
Total Inventories At The Lower Of Cost And Net Realizable Value	0	0

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Notes To The Financial Statements (Continued)

15. Property, plant and equipment

Cost	Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2020	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	-	-	(0)
Transfers/Adjustments	0	(0)	0	(0)	(0)
At 30th June 2021	0	0	0	0	0
At 1st July 2021					
Additions	0	0	0	-	0
Disposals	(0)	-	-	-	(0)
Transfer/Adjustments	(0)	0	0	(0)	(0)
At 30th June 2022	0	0	0	0	0
Depreciation And Impairment					
At 1 st July 2020	(0)	(0)	(0)	(0)	(0)
Depreciation	(0)	(0)	(0)	(0)	(0)
Impairment	(0)	-	-	-	(0)
At 30th June 2021	0	0	0	0	0
At 1st July 2021					
Depreciation	(0)	(0)	(0)	-	(0)
Disposals	0	-	-	-	0
Impairment	(0)	(0)	-	-	(0)

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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		Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	0	(0)	(0)	0	0
At 30th June 2022	0	0	0	0	0
Net Book Values					
At 30 th June 2021	0	0	0	0	0
At 30 th June 2022	0	0	0	0	0

**Samburu County Executive Staff Mortgage (Members) 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	0	0
Additions	0	0
At End Of The Year	0	0
Amortization And Impairment	0	0
At Beginning Of The Year	0	0
Amortization	0	0
At End Of The Year	0	0
Impairment Loss	0	0
At End Of The Year	0	0
NBV	0	0

17. Trade and other payables from exchange transactions

Description	2022	2021
Trade Payables	0	0
Refundable Deposits	0	0
Accrued Expenses	0	0
Other Payables-County Assembly	0	130,000
Total Trade And Other Payables	0	130,000

18. Provisions

Balance At The Beginning Of The Year (1.07.2021)	0	0	0	0
Additional Provisions	0	0	0	0
Provision Utilised	(0)	(0)	(0)	(0)
Change Due To Discount And Time Value For Money	(0)	(0)	(0)	(0)
Transfers From Non -Current Provisions	0	0	0	0
Balance At The End Of The Year (30.06.2022)	0	0	0	0

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Notes To The Financial Statements (Continued)

19. Borrowings

Description	2021-2022 KShs	2020-2021 KShs
Balance At Beginning of The Period	0	0
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments Of External Borrowings During the Period	(0)	(0)
Repayments Of Domestic Borrowings During the Period	(0)	(0)
Balance At End of The Period	0	0

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

Description	2021-2022 KShs	2020-2021 KShs
External Borrowings		
Dollar Denominated Loan From 'X Organisation'	0	0
Sterling Pound Denominated Loan From 'Y Organisation'	0	0
Euro Denominated Loan from Z Organisation'	0	0
Domestic Borrowings		
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
Total Balance at End Of The Year	0	0

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

Description	2021-2022 KShs	2020-2021 KShs
Short Term Borrowings(Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)

**Samburu County Executive Staff Mortgage (Members) 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	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total	0	0	0	0	0

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	0	0
Adjusted For:		
Depreciation	0	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	(0)	(0)
Interest Income	(0)	(0)
Finance Cost	0	0
Working Capital Adjustments		
Increase In Inventory	(0)	(0)
Increase In Receivables	(0)	(0)
Increase In Payables	0	0
Net Cash Flow From Operating Activities	0	0

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

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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For the year ended June 30, 2022**

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'	0	0
Transfers To Related Parties	130,640	2,046,451

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

Other Disclosures Continued

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Xxx Against The Fund	0	0
Bank Guarantees	0	0
Total	0	0

(Give details)

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0
At 30 June 2021				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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For the year ended June 30, 2022**

Total	0	0	0	0
--------------	----------	----------	----------	----------

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

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

The entity has significant concentration of credit risk on amounts due from 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	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2021				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Total	0	0	0	0
--------------	----------	----------	----------	----------

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	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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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.

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%	0	0
USD	10%	0	0
2021			
Euro	10%	0	0
USD	10%	0	0

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.

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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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)

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	0
Revolving fund	0	0
Accumulated surplus	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	(0)	(0)
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0%	0%

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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 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	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Incorrect Loan Amortization It was observed that the loan status report presented for audit review was incorrect in that; Total principal plus interest owed up to February 2021 was computed for only one year instead of distribution over the repayment period as per the loan agreement. Consequently, the incorrect loan amortization resulted in underpayment of Kshs 31,609,137 as at 30 June 2021. See Appendix I for details.</p>	<p>Loan amortization is accurately computed for all loan beneficiaries for the period of loan repayments. Attached as annexure 1 are samples of loan amortization schedules confirming accuracy of computations. However, actual amounts received as monthly recoveries had been less than the expected monthly recoveries as per the amortization schedules,</p>	Joseph Lekalkuli	Resolved	

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>resulting to arrears mentioned. Nonetheless, the Fund's management upon realization of this anomaly facilitated readjustment of monthly repayments for every loan beneficiary in accordingly. Evidence of this adjustment is hereby attached as annexure 2.</p> <p>Total arrears as at close June 2021 stood at KES 31,609,137. The Fund's management had instituted a recovery process commencing in the month of December 2021 and so far a total of KES has been recovered. Evidence of the on-going recovery of the</p>			

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																											
		outstanding arrears is hereby attached as annexure 3.																														
	<p>Non-Performing Loans Note 12 to the financial statements includes long term receivables balance of Kshs. 233,438,657.11 as at 30 June 2021 which includes an amount of Kshs 10,687,449.99 (As tabulated below) in respect to outstanding repayments on loans which were issued to members whose employment were terminated. The former members of staff have defaulted on the repayment of the loans which had no collateral therefore the recoverability of these loans is doubtful.</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount Disbursed (Kshs)</th> <th>Underpayment as at 30 June 2021</th> </tr> </thead> <tbody> <tr> <td>H.E Joseph Lemarkat</td> <td>10,000,000</td> <td>3,068,585.94</td> </tr> <tr> <td>Hon. Christine Lentoimaga</td> <td>2,000,000</td> <td>765,344.69</td> </tr> <tr> <td>Hon. Grace Lempei</td> <td>5,000,000</td> <td>1,124,466.27</td> </tr> <tr> <td>Samwel Lempushuna</td> <td>5,000,000</td> <td>986,240.25</td> </tr> <tr> <td>Thomas Lekesike</td> <td>4,000,000</td> <td>1,021,142.44</td> </tr> <tr> <td>Timothy Lesingiran</td> <td>5,000,000</td> <td>657,303.78</td> </tr> <tr> <td>Abednego Lenemiria</td> <td>5,000,000</td> <td>909,414.71</td> </tr> <tr> <td>Patrick Yamako Lekimain</td> <td>5,000,000</td> <td>916,883.47</td> </tr> </tbody> </table>	Name	Amount Disbursed (Kshs)	Underpayment as at 30 June 2021	H.E Joseph Lemarkat	10,000,000	3,068,585.94	Hon. Christine Lentoimaga	2,000,000	765,344.69	Hon. Grace Lempei	5,000,000	1,124,466.27	Samwel Lempushuna	5,000,000	986,240.25	Thomas Lekesike	4,000,000	1,021,142.44	Timothy Lesingiran	5,000,000	657,303.78	Abednego Lenemiria	5,000,000	909,414.71	Patrick Yamako Lekimain	5,000,000	916,883.47	<p>The Fund's management acknowledges existence of non-performing loans resulting from staff who had left the organization.</p> <p>In order to address this issue, the committee had a sitting on 18th Jan 2022 to deliberate on various issues including this. The Committee recommended that the report be updated in order to have the most current loan position. Once this is established, loan beneficiaries with non-</p>	The Committee	Not Resolved	
Name	Amount Disbursed (Kshs)	Underpayment as at 30 June 2021																														
H.E Joseph Lemarkat	10,000,000	3,068,585.94																														
Hon. Christine Lentoimaga	2,000,000	765,344.69																														
Hon. Grace Lempei	5,000,000	1,124,466.27																														
Samwel Lempushuna	5,000,000	986,240.25																														
Thomas Lekesike	4,000,000	1,021,142.44																														
Timothy Lesingiran	5,000,000	657,303.78																														
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**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)						
	<table border="1"> <tr> <td>Bernard Saidimu Lenarogoito (Deceased)</td> <td>4,000,000</td> <td>1,238,068.44</td> </tr> <tr> <td>Total</td> <td></td> <td>10,687,449.99</td> </tr> </table>	Bernard Saidimu Lenarogoito (Deceased)	4,000,000	1,238,068.44	Total		10,687,449.99	performing loans will be served with demand notifications to repay.			
Bernard Saidimu Lenarogoito (Deceased)	4,000,000	1,238,068.44									
Total		10,687,449.99									
	<p>Lack of Security for Loans Disbursed</p> <p>The statement of Financial Position as at 30 June 2021 indicates long term receivables from exchange transactions balance of Kshs. 233,438,657 and current portion of long-term receivables Kshs 21,522,861 which were loans to staff of the county executive. However, it was noted that loans were just disbursed through cheque payments without charging title documents on properties attached as collateral to loans.</p> <p>Further, the loans and mortgages granted to members did not have a mortgage protection policy and fire policy with an approved insurance firm contrary to regulation 16(1). This exposes the mortgage scheme to loss of funds in the event of any occurrence.</p>	<p>Following the deliberations of the Committee meeting held on 18th Jan 2022, members directed that in future, titles submitted as collaterals be charged against loans awarded.</p> <p>In the minutes of the previous meeting by the Committee, the Fund's management had already procured insurance services and loans currently being awarded are being insured. Attached as annexure 4 are</p>	The Committee	Not Resolved							

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																											
		minutes of the immediate last committee meeting affirming selection of an insurance firm for the Fund's activities.																														
	<p>Missing Loan Files The following loan application files were not submitted for audit verification:</p> <table border="1" data-bbox="409 911 949 1262"> <thead> <tr> <th>Name of Applicant</th> <th>Amount Disbursed</th> </tr> </thead> <tbody> <tr><td>H.E. Moses Lenolkulal</td><td>30,000,000</td></tr> <tr><td>H.E. Joseph Lemarkat</td><td>10,000,000</td></tr> <tr><td>Stephen Lekupe</td><td>10,000,000</td></tr> <tr><td>Irene Senei</td><td>5,000,000</td></tr> <tr><td>Peter Leshakwet</td><td>5,000,000</td></tr> <tr><td>Peter Lolmoodoni</td><td>5,000,000</td></tr> <tr><td>Vincent Learaman</td><td>10,000,000</td></tr> <tr><td>Christine Lentoimaga</td><td>2,000,000</td></tr> <tr><td>Grace Lembei</td><td>5,000,000</td></tr> <tr><td>Julius Leseeto</td><td>9,000,000</td></tr> <tr><td>Daniel Lenolkima</td><td>10,000,000</td></tr> <tr><td>Dickson Loorubat</td><td>4,000,000</td></tr> <tr><td>Joseph Lekalkuli</td><td>5,000,000</td></tr> </tbody> </table>	Name of Applicant	Amount Disbursed	H.E. Moses Lenolkulal	30,000,000	H.E. Joseph Lemarkat	10,000,000	Stephen Lekupe	10,000,000	Irene Senei	5,000,000	Peter Leshakwet	5,000,000	Peter Lolmoodoni	5,000,000	Vincent Learaman	10,000,000	Christine Lentoimaga	2,000,000	Grace Lembei	5,000,000	Julius Leseeto	9,000,000	Daniel Lenolkima	10,000,000	Dickson Loorubat	4,000,000	Joseph Lekalkuli	5,000,000	While we acknowledge absence of loan files for the beneficiaries listed, the management commits to ensure that all files will be put in place.	The Committee	Not Resolved
Name of Applicant	Amount Disbursed																															
H.E. Moses Lenolkulal	30,000,000																															
H.E. Joseph Lemarkat	10,000,000																															
Stephen Lekupe	10,000,000																															
Irene Senei	5,000,000																															
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**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Lack of a Risk Management Policy As previously reported, Samburu County Executive Staff Mortgage (Members) Scheme Fund did not have a risk management policy contrary to Section 158(1)(a) and (b) of the Public Finance Management (County Government) 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.</p> <p>Risks</p> <ul style="list-style-type: none"> • Fraud and other risks can neither be detected nor prevented within reasonable time. • Weak controls can result into wastage of resources and losses 	Samburu County Executive has come up with a draft risk management policy that will be presented to the cabinet for approvals. Attached as annexure 5 is the draft risk management policy.			
	<p>Cash and Cash Equivalents - Receipts in the cashbook not in the bank statements Included in cash and bank balance of Kshs. 9,703,797 as at 30 June is an amount of Kshs. 4,319,502 being receipts in</p>	This relate to staff payroll deductions for June 2021 amounting to KES 1,638,317 that remained cash in transit	Joseph Lekalkuli	Resolved	

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>cash book not reflected in the bank statements. The management has failed to give reasons for the delay in banking these receipts amounting to Kshs. 4,319,502.</p>	<p>as of 30th June 2021 and KES 2,681,184.70 relating to prior periods. These two amounts were both received into the Fund's bank account on 17th July 2021.</p> <p>With the use of accrual concept of accounting in generating the Fund's Financial Statements, these two transfers had been recognized at the time of their being earned and not when actual cash was received. As such, they therefore gave the correct loan status as at the point of reporting. Attached as annexure 6 is a copy of</p>			

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)										
		bank statement extract confirming receipt of the said amounts into the Fund's bank account.													
	<p>Failure to Prepare a Trial Balance The Samburu County Executive Staff Mortgage (Members) Scheme Fund management did not provide the trial balance from which the balances reflected in the financial statements are drawn. Therefore, the source, accuracy and the correctness of the financial statement figures for the year under review could not be confirmed.</p>	Attached as annexure 7 is a copy of trial balance for the Fund.	Joseph Lekalkuli	Resolved											
	<p>Authenticity of Land Ownership Documents A review of some of the land ownership documents attached by the mortgage applicants revealed that the land ownership documents might not have been authentic as analyzed below.</p> <table border="1"> <thead> <tr> <th>Loan Applicant</th> <th>Amount Disbursed-Kshs.</th> <th>Plot No.</th> <th>Area</th> <th>Findings</th> </tr> </thead> <tbody> <tr> <td>Timothy Lesingiiran</td> <td>5,000,000</td> <td>12</td> <td>Shabaa Area</td> <td>The plot belongs to Rebecca Muthoni as</td> </tr> </tbody> </table>	Loan Applicant	Amount Disbursed-Kshs.	Plot No.	Area	Findings	Timothy Lesingiiran	5,000,000	12	Shabaa Area	The plot belongs to Rebecca Muthoni as	The Fund's management will engage the department of Physical Planning and Lands to confirm the authenticity of the documents presented as land ownership documents.	The Committee	Not Resolved	
Loan Applicant	Amount Disbursed-Kshs.	Plot No.	Area	Findings											
Timothy Lesingiiran	5,000,000	12	Shabaa Area	The plot belongs to Rebecca Muthoni as											

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor					Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
					per the plot register provided				
	Patrick Lekimain	5,000,000	LP307	LPOROS Area	The plot does not exist in the plot register for Lporos Area				
	Linus Milton	9,000,000	24	Shabaa Area	The plot belongs to Lekalau Sabiya as per the plot register provided				
	Lydia Letinina	9,000,000	84	LPOROS Area	The plot has not been assigned to anyone as per the plot register provided				
	Samuel Nakope	2,000,000	P1	Baragoi Township	The plot number does not exist in the plot				

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor					Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
					register provided				
	Mary Ekai	4,000,000	13Q	Yare Area	The plot number does not exist in the plot register provided				
	Josphat Lodi Lekamario	4,000,000	134 KH	Refinery Area	The plot number does not exist in the plot register provided				
	<p>Loan Application Procedures Contrary to the provisions of the Public Finance Management (Samburu County Executive Mortgage Scheme Fund) Regulations, 2016, the management had disbursed loans to the executive and staff of the County Government amounting to Kshs.254,961,518 as at 30 June 2021 without following the procedures stipulated in the regulations governing the fund. Anomalies noted in the application procedures were as follows;</p>					<p>The Fund's Management will review all loans application forms to ensure that;</p> <ul style="list-style-type: none"> All loans application forms are duly completed where amounts applied for will be indicated, 	The Committee	Resolved	

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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 For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>1. Mortgage loans were issued to staff without duly completed loan applications. Files presented for audit review revealed that some applications did not indicate amount applied for, particulars of the property, purpose of loan and approval by mortgage scheme fund committee.</p> <p>2. Most 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 Member in charge of lands, physical planning and housing.</p> <p>3. As required by regulation 15(2)c the borrowers did not provide transfer deeds duly signed by the borrower and a letter authorizing the committee to sell the property in case of default in payment. This would assist in charging the property offered as collateral.</p> <p>4. Valuation reports were not attached to applications where loans were used to buy land and developed properties. This would help in assessing the amount of loan required by a borrower.</p>	<p>particulars of the property, purpose of loan and approvals by Mortgage Committee.</p> <ul style="list-style-type: none"> All loan applications will be accompanied with copies of approved designs, bills of quantities, official search of property, and certified ownership of documents. All loan applicants will provide transfer deeds duly signed by the borrower and a letter authorizing the Committee to sell the 			

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
 Reports and Financial Statements
 For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>5. In the files, 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. Sampled files with details are as shown in Appendix II</p>	<p>property in case of default.</p> <ul style="list-style-type: none"> Property valuation reports where loans were used to purchase land and developed properties. Monitoring and Evaluation reports of projects will be produced and attached to every file. 			
	<p>Unsupported Borrowings The statement of financial position as at 30 June, 2021 reflects borrowings balance of Kshs.16,300,000 and as disclosed in Note13 to the financial statements. However, records availed for audit indicate that the amount represents cash withdrawals from the fund account which are not supported by way of documentation showing how the funds were applied as detailed below:</p>	<p>These withdrawals relate to amounts drawn as imprest for implementation of projects. The said amounts had been recovered from payroll and erroneously deposited to the County's</p>	<p>The Committee</p>	<p>Not Resolved</p>	

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																																							
	<table border="1"> <thead> <tr> <th>Date</th> <th>Description</th> <th>Amount (Kshs)</th> </tr> </thead> <tbody> <tr> <td>3/7/2017</td> <td>Cash Withdrawal</td> <td>5,000,000</td> </tr> <tr> <td>4/13/2017</td> <td>Cash Withdrawal</td> <td>1,700,000</td> </tr> <tr> <td>7/21/2017</td> <td>Cash Withdrawal</td> <td>200,000</td> </tr> <tr> <td>9/2/2017</td> <td>Cash Withdrawal</td> <td>2,000,000</td> </tr> <tr> <td>2/22/2018</td> <td>Cash Withdrawal</td> <td>800,000</td> </tr> <tr> <td>5/31/2018</td> <td>Cash Withdrawal</td> <td>1,400,000</td> </tr> <tr> <td>7/28/2018</td> <td>Cash Withdrawal</td> <td>400,000</td> </tr> <tr> <td>8/28/2018</td> <td>Cash Withdrawal</td> <td>2,600,000</td> </tr> <tr> <td>3/29/2019</td> <td>Cash Withdrawal</td> <td>950,000</td> </tr> <tr> <td>3/29/2019</td> <td>Cash Withdrawal</td> <td>300,000</td> </tr> <tr> <td>3/29/2019</td> <td>Cash Withdrawal</td> <td>950,000</td> </tr> <tr> <td></td> <td>Total</td> <td>16,300,000</td> </tr> </tbody> </table> <p>This is contrary to Regulation 18(1) of the Public Finance Management (Samburu County Executive Staff Mortgage Scheme) Regulations 2016 that states that the officer administering the fund shall supervise and control the administration of the fund.</p>	Date	Description	Amount (Kshs)	3/7/2017	Cash Withdrawal	5,000,000	4/13/2017	Cash Withdrawal	1,700,000	7/21/2017	Cash Withdrawal	200,000	9/2/2017	Cash Withdrawal	2,000,000	2/22/2018	Cash Withdrawal	800,000	5/31/2018	Cash Withdrawal	1,400,000	7/28/2018	Cash Withdrawal	400,000	8/28/2018	Cash Withdrawal	2,600,000	3/29/2019	Cash Withdrawal	950,000	3/29/2019	Cash Withdrawal	300,000	3/29/2019	Cash Withdrawal	950,000		Total	16,300,000	revenue account instead of the Fund's account. As such, the Committee has resolved to ensure that the amounts will first be provided for in the next supplementary budget to enable subsequent transfers to the Fund's account accordingly.			
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**Samburu County Executive Staff Mortgage (Members) Scheme Fund
 Reports and Financial Statements
 For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Lack of an Approved Budget The Samburu County Executive Staff Mortgage (Members) Scheme Fund did not provide a budget for the year ending 30th June 2021 for audit review. Further the fund's financial statement did not reflect any figures on the statement of comparison of budget and actual amounts for the period ended 30 June 2021.</p>	<p>In the year ended June 2021, the County Executive had not provided any new budget for the Fund. The minimal costs incurred on staff costs and general expenses had been met by the revolving income received in the year. Given that there had not been a budget provision for the Fund in the year, the same situation was thereby reflected in statement of comparison of budget and actual amounts provided in the final Financial Reports for the Fund.</p>	Joseph Lekalkuli	Resolved	

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Errors in Annual Reports and Financial Statements The annual reports and the financial statements prepared and presented for audit had the following errors: -</p> <ol style="list-style-type: none"> 1. The responsibilities and date of births for some of the fund management team have been omitted on pages 4,5 and 6 of the financial statements. 2. Page 9 under the fund’s Chairperson Report is not signed 3. Page 10 under report of the fund administrator reference is made to nine defaulting former staff members. However, the outstanding loan balances are not indicated against each staff. 4. Page 12 under report of the fund administrator reference is made to Kshs.16,300,00 borrowed by the county executive from the fund. However, no reference is made to the borrowing period and under what circumstances the monies were borrowed. 5. Page 34 under financial risk management, the credit risk under paragraph 19 a) discloses receivables from exchange transactions balance of Kshs.227,103,641 to be 	<p>Attached as annexure 8 is the updated Financial Reports whose updates includes;</p> <ul style="list-style-type: none"> • Rounding off of the figures to the nearest whole numbers • Responsibilities and photographs have been updated for Alice and Lanyasunya. • Fund’s Chairperson report has now been signed. • In the Fund’s Administrator report, the second table shows nil amounts received from the 	Joseph Lekalkuli	Resolved	

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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 For the year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>fully performing whereas the report of fund administrator on page 10 reflects underpayments of Kshs. 31,609,137 and other members who have defaulted on their loans.</p>	<p>defaulters in the year. The first table which demonstrates defaults made, includes the same nine defaulters with amounts outstanding.</p> <ul style="list-style-type: none"> The KES 16,300,000 withdrawals relate to amounts drawn as imprest for implementation of projects. The said amounts had been recovered from payroll and erroneously deposited to the County's revenue account instead of the 			

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
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 For the year ended June 30, 2022**

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		<p>Fund's account. As such, the Committee has resolved to ensure that the amounts will first be provided for in the next supplementary budget to enable subsequent transfers to the Fund's account accordingly.</p> <p>Page 34 under financial risk management, receivables from exchange transactions has been updated to include fully performing and past due.</p>			

Guidance Notes:

**Samburu County Executive Staff Mortgage (Members) Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2022**

- 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.*