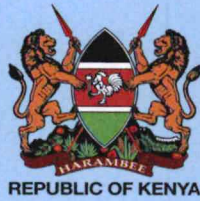
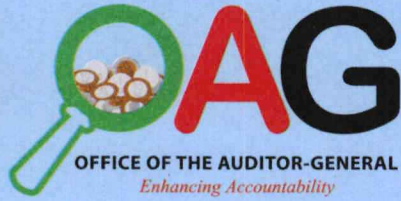


REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

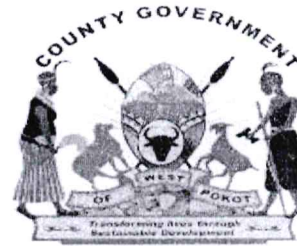
ON

**WEST POKOT COUNTY CAR LOAN
AND MORTGAGE SCHEME FUND**

FOR THE YEAR ENDED

30 JUNE, 2025

PAPERS LAID	
DATE	02/12/2025
TABLED BY	S.M.L
COMMITTEE	
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WEST POKOT COUNTY CAR LOAN AND MORTGAGE FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025**

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

West Pokot County Executive
West Pokot County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

A. Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
FY	Financial Year

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

West Pokot County Executive Car Loan and Mortgage Fund is established by and derives its authority and accountability from West Pokot County Car Loan and Mortgage Scheme Fund Regulations, 2016. The Fund is wholly owned by the County Government of West Pokot and is domiciled in Kenya.

The fund's objective is to enable Car loan and Mortgage to be advanced to the Members of the scheme as may be prescribed the Salaries and Remunerations Commission.

The Fund's principal activity is to provide car and mortgage loans to its members

b) Principal Activities

The principal mandate of the Fund is to provide loan scheme for the purchase of vehicles, house or land for development, renovation and repair of residential property by members of the scheme.

c) Fund Administration Committee

Ref	Position	Name
1.	Chairperson of the Board	Hon. Joshua Rutto
2.	Member	Hon. Esther Chelimo
3.	Member	Hon. Rebecca Kide
4.	Member	Hon. Claire Parklea
5.	Principal Finance Officer	Mr. Shadrack Tomeyan
6.	Assistant Director Transport services	Mr. Leonard Kilekwang
7.	County Solicitor	Mr. Philip Magal
8.	Assistant Director Human Resource services	Mr. Geoffrey Kapatet
9.	Fund Administrator	Ms. Priscillah Mungo

d) Key Management team

Ref	Position	Name
1.	Chairperson of the Board	Hon. Joshua Rutto
2.	Fund Administrator	Ms. Priscillah Mungo
3.	Fund Accountant	CPA Shadrack Tomeyan

e) Fiduciary Oversight Arrangements

The following are fiduciary oversight arrangements applicable to the West Pokot Car loan and Mortgage fund:

i. **West Pokot County Assembly**

Article 185(3) provides that a County Assembly, while respecting the principle of the separation of powers, may exercise oversight over the County executive committee and any other County executive organs. The oversight role of the County assembly is exercised directly by all members of the County assembly and through County assembly committees. The following are the committees responsible for oversight of the fund in the County assembly:

- Public Accounts and Investment Committee
- Finance and Planning Committee

ii. **Controller of Budget**

Article 228(4) of the Constitution of Kenya provides that the Controller of Budget shall oversee the implementation of the budgets of the national and County governments by authorizing withdrawal from public funds. The Controller of Budget is also mandated to inquire into any matter which may be brought to his/her attention or which he/she considers necessary in the process of budget implementation.

iii. **Audit Committee**

The West Pokot County Audit Committee was constituted and inducted on 1st July 2018 as per the provisions of the Public Finance and Management Act, 2012. It is mandated to review audit reports and advise the County government on institutional risk management.

f) Registered Offices

P.O Box 222 – 30600
Office of the Governor
Off Kapenguria County Hospital Road
Kapenguria, Kenya

g) Fund Contacts

Telephone: (254) 0532014000

E-mail: carloanmortgagefund@westpokot.go.ke

Website: www.westpokot.go.ke

h) Fund Bankers

Co-operative Bank of Kenya

Kitale Branch

P.O. Box 1058 - 30200

Kitale, Kenya

i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

k) County Attorney

The County Attorney

P.O. Box 222 - 30600

Off Kapenguria County Hospital Road

Kapenguria, Kenya

3. Fund Administration Committee

Name	Details of qualifications and experience
1. Hon. Joshua Rutto	Date of Birth: 12 th September 1983 Qualification: BSc. Education Experience: 16 years in Civil service Position: CECM – Finance & Economic Planning
2. Hon. Esther Chelimo	Date of Birth: 02 nd April 1984 Qualification: BA. Education Experience: 17 years in Civil service Position: CECM – Lands, Housing, Physical Planning and Urban Development.
3. Hon. Rebecca Kide	Date of Birth: 1 st January 1967 Qualification: BA. Education Experience: 31 years in Civil service Position: CECM – Education and Technical Training
4. Hon. Claire Parklea	Date of Birth: 17 th July 1976 Qualification: HND. anaesthesia Experience: 24 years in Civil service Position: CECM –Trade, Industrialization, Energy and Co-operatives Development.
5. Mr. Shadrack Tomeyan	Date of Birth: 1 st February 1991 Qualification: Masters in Business Administration (Finance) Experience: 9 years in Private and Public Sector. Position: Senior Principal Finance Officer.
6. Mr. Leonard Kilekwang	Date of Birth: 13 th September 1993 Qualification: BA. Neuroscience and Minor Economics Experience: 5 Yrs Position: Assistant Director Transport
7. Ms. Priscillah Mungo	Date of Birth: 4 th September 1977 Qualification: Msc. in Business Administration Experience: 21 Yrs in Public Sector and NGOs Position: Chief Officer Finance & Economic planning
8. Mr. Philip Magal	Date of Birth: 19 th August 1980 Qualification: Masters in Law Experience: 17 Yrs in Private and Public Sector Position: County Solicitor
9. Mr. Geoffrey Kapatet	Date of Birth: 31 st August 1985 Qualification: Bachelors of Business Administration (Human Resource) Experience: 11 years in Civil service Position: Ag. Director Human Resource

West Pokot County Executive
West Pokot County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

4. Management Team

Name	Details of qualifications and experience
1. Hon. Joshua Rutto	Date of Birth: 12 th September 1983 Qualification: BSc. Education Experience: 16 years Position: CECM – Finance & Economic Planning
2. Ms. Priscillah Mungo	Date of Birth: 4 th September 1979 Qualification: Msc in Business Administration Experience: 21 Yrs in Public Sector and NGOs Position: Chief officer Finance & Economic planning, Fund Administrator/Secretary.
3. CPA Shadrack Tomeyan	Date of Birth: 1 st February 1991 Qualification: Masters in Business Administration (Finance) Experience: 9 years in Private and Public Sector. Position: Senior Principal Finance Officer.

5. Fund Chairperson's Report

The financial statements for West Pokot County Car Loan & Mortgage Fund for the FY 2023/2024 have been prepared to comply with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya. During the Financial year under review, the fund granted loans to 8 new members which amounted to Ksh.24,600,000 as at June 30, 2025. This brings the total number of beneficiaries to 110. During the year under review, total actual loan repayment amounted to Ksh 49,025,543. The total outstanding loans (principal and interest) from members as at 30th June 2025 amounted to Ksh.214,597,904. The fund earned total interest of Kshs.6,777,869 during the period. The Fund committee held two meetings during the period under review. The available Bank balance as at 30th June, 2025 amounted to Ksh.39,359,416. The committee administering the fund is fully committed to maximizing stakeholders' value and serving the public better while adhering to existing regulations governing management of the Fund.

Name.....*Paul Wajakale*.....Signature.....*[Signature]*.....Date.....*23/10/2025*.....
Chairperson of the Fund

6. Report of The Fund Administrator

The County Executive Car loan & Mortgage scheme fund is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 dated 14th February 2014 and SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014.

The SRC circulars provided guidelines for accessing car loan and mortgage benefits by state and public officers. It is in lieu of this, the County Car loan and mortgage scheme fund was created.

The financial statements for Car & Mortgage for the period ended 30th June, 202 have been prepared in accordance to Section 167 of the Public Finance Management (PFM) Act 2012 which '[mandates the administrator of the fund to prepare and present the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of each reporting period.

The fund is keen on enforcing fiscal responsibility principles with key focus on efficiency and effectiveness in the implementation of the fund's objective. The funds received during the year under review were repayments from loanees. A total of Kshs.49,025,543 were received out of which Ksh 28,316,700 was transferred to the main account to facilitate loan disbursement and operations of the fund.

Despite this, there are a few challenges with the major one being defaulting by former county employees. However, measures to curb this has continuously been put in place so as to secure sustainability of the fund.

The management team is committed to ensure all funds submitted to the scheme fund are used for their intended purposes and have been duly accounted for.

West Pokot County Executive
West Pokot County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

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

The key development objective of the Car loan and Mortgage Scheme Regulations 2016 are derived from the SRC circular 023/12/2014. These are:

- a) Provide affordable government loans to purchase cars
- b) Provide access to mortgage facilities.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Car Loan and Mortgage	To provide affordable government loans to purchase cars and access to mortgage facilities	Increased number of officers accessing the Car loan and Mortgage fund	No of officers granted Car Loan and Mortgage.	-In the Period under review 8 staff members were advanced loans

8. Corporate Governance Statement

The county government of West Pokot is committed to best practice and has adopted SRCs guidelines and principles in implementing civil servants' car loans and mortgage schemes and as per West Pokot car Loan and Mortgage Scheme Fund Regulations 2016.

These guidelines have been used to manage the fund. Therefore, the county executive wishes to report on corporate governance as part of its commitment to preserving stakeholders' confidence.

Committee composition

The Fund regulations established a loans management committee known as Car and Mortgage loan management committee. Its membership consists of:

- a. County Executive Committee Finance and Economic planning as chairperson
- b. Two members of the County Executive Committee
- c. Head of Transport (for Car Loan)
- d. Officer in charge of Housing (For Mortgage)
- e. Head of human resource
- f. County Attorney
- g. The Chief officer Finance/Secretary (ex-officio)
- h. Principal Finance officer

The Car loan and mortgage Committee is responsible for the general administration and management of the affairs of the fund. The committee is responsible for;

- Making recommendations with respect to the conditions under which car loan and mortgage shall be granted or repaid.
- Processing applications for the granting of loans to members of the scheme subject to provisions of any agreement relating to the provision of car loan or mortgage
- Receiving and administering the resources of the fund
- Supervising the day-to-day running of the fund
- Liaising with financial institutions to set up a revolving fund for the disbursement of loans
- Call in loans in cases of breach by the borrower.

Induction and training, Administration Committee members and member's performance

The committee determines the induction and training of the committee members are done on a needs assessment basis and the committee determines approval for all training.

Conflict of interest

The Committee decisions are consensually based and guided by the Car loan and mortgage regulations 2016. This approach is embraced to ensure that fund operates in a transparent and fair manner.

Board remuneration

The Committee allowances are paid based on the SRC circular on payment of taskforce allowance and remuneration of tribunal, boards and committees. All allowances are paid by the fund administrator with the approval of the Committee.

9. Management Discussion and Analysis

a. Operational and financial performance of the Fund during the period

The fund and financial performance for the period under review was satisfactory. Some of the major achievements made were:

- Preparation of Cash books and bank reconciliations
- Generated and issued Individual statements to the beneficiaries.

b. Fund's compliance with statutory requirements,

The West Pokot car loan and mortgage fund is fully compliant with all statutory requirement as mandated by laws governing the establishment and operations of funds.

c. Major risks facing the Fund, material arrears in statutory and other financial obligations

In every entity, there are emerging risks that may hinder or delay the implementation of the entity's objectives. It is important therefore to identify the risks in time so as to employ proper methods in managing the risks. Embedding a strong risk culture among the staff and the leadership, articulating the organizations risk appetite levels, and institutionalizing knowledge and awareness of risk management at all levels in all areas of operations is paramount.

The major risk areas in the delivery of the fund's objective are:

- funding and budget constraint.
- Lack of procedures for charging of collateral to secure loans
- Lack of a software to manage the fund
- Huge expectation from staff on loan amounts.

10. Environmental and Sustainability Reporting

West Pokot Car loan and Mortgage fund exists to transform lives of the county executive staff employees. This is achieved through granting of affordable car loan and mortgages to provide affordable housing.

The fund is keen to conserve the environment, promote education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives, however the fund did not engage in any Corporate social responsibilities' activities during the period under review.

Below is a brief highlight of our achievements:

1. Sustainability strategy and profile

The fund has been able to sustain its activities of disbursing loans despite limited resource allocation in the County budget. This has been attributed by prompt repayments from the beneficiaries thereby sustaining the fund. This is a good indicator of repayments however the fund still risks the loss of funds from defaulters. To minimize this, the fund has made efforts to limit defaulting by capping gaps that existed during loan application such as limit of loan repayment period and reviewing of the loan application form and loan agreement between the beneficiaries and the fund.

11. Report of The Committee

The Committee submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide car and mortgage loans to its members

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1

Trustees

The members of the Committee who served during the year are shown on page vi.

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



PAUL PKUKOT WOYAKAPEL

Chair of the Fund Administration Committee

Date:23/10/2025.....

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by West Pokot County Car Loan and Mortgage Scheme Fund Regulations, 2016 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and West Pokot County Car Loan and Mortgage Scheme Fund Regulations, 2016. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the West Pokot County Car Loan and Mortgage Scheme Fund has assessed the Fund's ability to continue as a going concern and

West Pokot County Executive
West Pokot County Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025

disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 23/10/ 2025 and signed on its behalf by:



NAOMI CHEROTICH LEMRENG
Fund Administrator
West Pokot County Car Loan and Mortgage Scheme Fund

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON WEST POKOT COUNTY CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of West Pokot County Car Loan and Mortgage Scheme Fund set out on pages 1 to 32, which comprise of the statement

Report of the Auditor-General on West Pokot County -Car Loan & Mortgage Scheme Fund for the year ended 30 June, 2025

of financial position as at 30 June, 2025, 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 West Pokot County Car Loan and Mortgage Scheme Fund as at 30 June, 2025 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 West Pokot County Car Loan and Mortgage Scheme Fund Regulations, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Cash and Cash Equivalents

The statement of financial position reflects a cash and cash equivalents balance of Kshs.39,359,416 as disclosed in Note 8 to the financial statements. However, review of the cash book, bank reconciliation statements and the bank statements revealed a cash book balance of Kshs.43,972,963 resulting in an unreconciled variance of Kshs.4,613,547.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.39,359,416 could not be confirmed.

2. Inaccuracies in the Statement of Cash Flows

The statement of cash flows for the year under review reflects interest received amount of Kshs.4,686,524 and proceeds from loan principal repayments of Kshs.44,503,789 as disclosed in Notes 6 and 11 respectively all totaling to Kshs.49,190,313. However, review of the cash books revealed actual receipts amount of Kshs.53,109,866, resulting in an unexplained variance of Kshs.3,919,553.

In the circumstances, the accuracy and completeness of the amounts reported in the statement of cash flows could not be confirmed.

3. Unsupported Current Portion of Long-Term Receivables

The statement of financial position reflects a current portion of long-term receivables from exchange transactions balance of Kshs.214,597,907 as disclosed in Note 9 to the financial statements. This balance includes current loan repayments due balance of Kshs.49,025,545 which was not supported by general ledgers, loan registers, loan agreements, repayment schedules and amortization table.

In the circumstances, the accuracy and completeness of the current loan repayments due balance of Kshs.49,025,545 could not be confirmed

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the West Pokot County Car Loan and Mortgage Scheme Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final budget of Kshs.58,243,620, against actual receipts of Kshs.55,803,411 resulting in an underfunding of Kshs.2,440,209, representing 4% of the budget. Further, the Fund incurred actual expenditures totaling Kshs.28,979,903 against actual receipts of Kshs.55,803,411, resulting in an under-expenditure of Kshs.26,823,508 equivalent to 48% of actual receipts.

The underfunding and under-utilization may have affected delivery of services to the stakeholders of the scheme.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters above, provide the basis for my audit opinion on the accompanying financial statements.

Other Information

The Management is responsible for the Other Information set out on page iv to xvii which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Fund Chairperson's Report, Report of The Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental

and Sustainability Reporting, Report of The Committee and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Recovery of Defaulted Loans

Review of the car loan and mortgage records revealed a balance of Kshs.74,269,584 in outstanding loans to twenty-seven (27) former West Pokot County Government's staff, which remained unrecovered for over one (1) year. Despite the clear default on these loans, Management did not provide documentary evidence such as default notices to indicate measures taken to recover these loans. This was contrary to Regulation 20 of the Public Finance Management (West Pokot County Car Loan and Mortgage Scheme Fund) Regulations, 2016, which requires the Mortgage Management Committee to call in a loan and in the event of default, to sell the charged property where a borrower is in breach of the loan agreement.

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

2. Unsecured Loans

Review of the underlying loan records confirmed that loans were issued without surrendering the car logbooks and titles deeds for car loans and mortgages respectively

as mandatory securities for the loans. This was contrary to Regulation 10(2) and 18(1) of the Public Finance Management (West Pokot County Car Loan and Mortgage Scheme Fund) Regulations, 2016, which requires that an approved loan shall be released on account of security of the funds and that a charge registered on the property financed through the loan.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON 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 effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Poor Maintenance of Loan Records and Registers

Review of records revealed that the Fund did not maintain separate repayment schedules or ledgers for car loans and mortgages transactions. Further, the Fund did not keep a comprehensive master loan register, for capturing key details such as borrower names, loan amounts, disbursement dates, applicable interest rates, repayment periods, outstanding balances, an ageing analysis of loan balances, amortization schedules, provisions for doubtful debts and records of correspondences or legal actions taken against defaulters.

In the circumstances, the effectiveness of internal controls and proper management of the funds could not be confirmed.

2. Weaknesses in the Approval Processes on Loan Disbursements

Review of loan files revealed incomplete loan application forms while the Fund failed to maintain records of the Loan Committee's review and approvals with no minutes or approval letters available. Further, critical supporting documentation for mortgage applications such as approved building plans, title deeds, valuation reports and sale agreements were also missing.

In the circumstances, the effectiveness of internal controls and proper management of the funds could not be confirmed.

3. Lack of Insurance Cover on the Properties on Loan

Review of documents revealed that members who obtained car loans failed to obtain comprehensive insurances for their vehicles as provided in Regulation 11 of Public Finance Management (West Pokot County Car Loan and Mortgage Scheme Fund) Regulations. Further, there was no evidence that mortgage loanees maintained the required mortgage protection and fire insurance policies while the officer administering the Fund failed to keep the original property documents in safe custody as required.

In the circumstances, the Fund is exposed to potential financial loss in the event of accidents, fire or the death of a borrower.

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes

and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the Fund's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

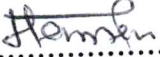
Nairobi

17 November, 2025

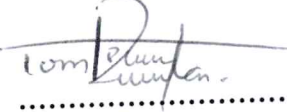
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14. Statement of Financial Performance for the Year Ended 30th June 2025

Description	Note	FY2024/2025	FY2023/2024
		Kshs	Kshs
Revenue From Exchange Transactions			
Interest Income	6	6,777,869	7,015,593
Total Revenue		6,777,869	7,015,593
Expenses			
Use of goods and services	7	4,379,903	1,992,415
Total Expenses		4,379,903	1,992,415
Surplus/(Deficit) for the Period		2,397,966	5,023,178



Name: Naomi Cherotich Lemreng
Fund Administrator




Name: CPA Shadrack Tomeyan
Fund Accountant
ICPAK Member Number:26136

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15. Statement of Financial Position As at 30 June 2025

Description	Note	FY2024/2025	FY2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	8	39,359,416	19,149,006
Current Portion of Long- Term Receivables from Exchange Transactions	9	214,597,907	232,330,618
Total current assets		253,957,323	251,479,624
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	10	561,340	481,608
Total current liabilities		561,340	481,608
Net Assets (A-B)		<u>253,395,983</u>	<u>251,479,624</u>
Represented By:			
Revolving Fund		225,000,000	225,000,000
Accumulated Surplus		28,395,983	25,998,017
Net Assets		<u>253,395,983</u>	<u>251,479,624</u>

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 27/10/ 2025 and signed by:



Name: Naomi Cherotich Lemreng
Fund Administrator



Name: CPA Shadrack Tomeyan
Fund Accountant
ICPAK Member Number:26136

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16. Statement of Changes in Net Assets for the year ended 30th June 2025

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2023	225,000,000	-	20,974,839	245,974,839
Surplus/(deficit) for the period	-	-	5,023,178	5,023,178
Funds received during the year		-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2024	225,000,000	-	25,998,017	250,998,017
Balance as at 1 July 2024	225,000,000	-	25,998,017	250,998,017
Surplus/(deficit) for the period	-	-	2,397,966	2,397,966
Funds received during the year		-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2025	225,000,000	-	28,395,983	253,395,983

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17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	FY2024/2025	FY2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest received		4,686,524	5,267,563
Total receipts		4,686,524	5,267,563
Payments			
Fund administration expenses		4,379,903	1,992,415
Net cash flows from operating activities		306,621	3,275,148
Cash flows from investing activities			
Proceeds from loan principal repayments	11	44,503,789	37,206,669
Loan disbursements paid out	12	(24,600,000)	(42,500,000)
Net cash flows used in investing activities		19,903,789	(5,293,331)
Net increase/(decrease) in cash & cash		20,210,410	(1,950,927)
Equivalents			
Cash and cash equivalents at 1 July	8	19,149,006	21,099,932
Cash and cash equivalents at 30 June	8	39,359,416	19,149,006

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18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Receipts					-	
Interest Income	8,550,000	-	8,550,000	6,777,869	1,772,131	79%
Other Income	49,693,620		49,693,620	49,025,543	668,077	99%
Total Income	58,243,620	-	58,243,620	55,803,411	2,440,209	96%
Expenses			-			
Fund administration expenses	4,448,000	-	4,448,000	4,379,903	68,097	98%
Loan disbursements	48,123,200		48,123,200	24,600,000	23,523,200	51%
Overpayments reimbursements	117,228		117,228	-	-	0%
Finance Cost	7,000	-	7,000	-		
Total Expenditure	52,695,428	-	52,695,428	28,979,903	48,315,525	8%

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

West Pokot County Car Loan and Mortgage is established by and derives its authority and accountability from West Pokot County Car Loan and Mortgage Scheme Fund Regulations, 2016. The entity is wholly owned by the West Pokot County Government and is domiciled in Kenya. The entity’s principal activity is to provide car and mortgage loans to its 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) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

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

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and	<i>Applicable 1st January 2025</i> The Standard requires,

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Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and

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	cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

(i) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 22nd June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. There were no subsequent revisions or additional appropriations made to the approved budget.

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,

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whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial cash flows has been presented.

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the

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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair

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value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

f) **Social Benefits**

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

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements. There were no reserves maintained by the fund during the period under review.

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

The Fund 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

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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.

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the 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.

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Fund'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 Fund 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 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.

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Notes To the Financial Statements Continued

6. Interest income

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Interest income from loans receivable	2,091,345	1,748,030
Interest income received	4,686,524	5,267,563
Total Interest Income	6,777,869	7,015,593

7. Use of Goods and Services

Description	FY2024/2025	FY2023/2024
	Kshs.	Kshs.
Administration Fees	4,374,900	1,985,800
Bank Charges	5,003	6,615
Total	4,379,903	1,992,415

8. Cash and cash equivalents

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Current account-01141694710300 - MAIN ACCOUNT	148,028	600,505
01141694710301 - REPAYMENT ACCOUNT	39,211,388	18,548,501
Total Cash and Cash Equivalents	39,359,416	19,149,006

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

Financial Institution	Account number	FY2024/2025	FY2023/2024
		Kshs	Kshs
a) Current Account			
Cooperative Bank			
Main Account	1141694710300	148,028	600,505
Repayment Account	1141694710301	39,211,388	18,548,501
Sub- Total		39,359,416	19,149,006

9. Receivables from exchange transactions

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Current Receivables	-	
Current Loan Repayments Due	49,025,545	42,474,232
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	165,572,362	189,856,386
Total Receivables From Exchange Transactions	214,597,907	232,330,618

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10. Trade and other payables from exchange transactions

Description	FY 2024 - 2025	FY 2023 2024
	Kshs	Kshs
Trade Payables	326,960	
Refundable Deposits	234,380	481,608
Accrued Expenses		
Other Payables		
Total Trade and Other Payables	561,340	481,608

Ageing analysis (Trade and other payables)	FY 2024 - 2025	% of the Total	FY 2023 2024	% of the Total
Under one year	326,960	58%	-	-
Over 3 years	234,380	42%	481,608	100%
Total (tie to above total)	561,340		481,608	

11. Proceeds from Loan Principal Repayments

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Principal Payments Recieved	44,503,789	37,206,669
Total	44,503,789	37,206,669

12. Loan Disbursements.

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Loan Disbursed During the year	24,600,000	42,500,000
Total	24,600,000	42,500,000

13. 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) Fund Administration committee

Other Disclosures Continued

14. 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.

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

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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Fund Administration committee 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.

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 Fund's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The Fund has no 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.

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 endeavored to bank with institutions that offer favorable 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.

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.

15. Events after the reporting period

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

16. Ultimate and Holding Entity

The entity is a County Public Fund established by West Pokot County Car Loan and Mortgage Scheme Fund Regulations, 2016 under the Department of Finance and Economic Planning. Its ultimate parent is the County Government of West Pokot.

17. Currency

The financial statements are presented in Kenya Shillings (Kshs)

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20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Non-recovery of Defaulted Loans	Defaulters were forwarded to the County Legal department.	Resolved	February 2025
2	Lack of an Approved Budget	Approved Budget was presented to the County Assembly for Approval.	Resolved	January 2025

Fund Administrator

Date..... 23/10/2025 